

Approved: 5-7-10
Date

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 10:24 a.m. on April 22, 2010, in Room 346-S of the Capitol.

All members were present except:

Representative Ray Merrick- excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Jill Wolters, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Stephen Huggins, Chief of Staff, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 FY 2010 and FY 2011 State General Fund Estimates
- Attachment 2 FY 2010 and FY 2011 State General Fund Ending Balances
- Attachment 3 Items for Omnibus Consideration
- Attachment 4 Governor's Budget Amendment FY 2010 and FY 2011

Chairman Yoder welcomed committee members and reviewed the meeting agenda. He stated that subcommittees will meet at 1:30 p.m. this afternoon, and subcommittee reports will be presented in committee tomorrow as work begins on the Omnibus Act.

Alan Conroy, Director, Kansas Legislative Research Department, reviewed the Revised FY 2010 and FY 2011 State General Fund (SGF) estimates, (Attachment 1). He stated that the Consensus Estimating Group met last week to review the status of the State General Fund receipts. The estimate for FY 2010 was decreased by approximately \$46 million, and a decrease for FY 2011 of approximately \$84 million. Mr. Conroy discussed economic indicators used to forecast revenue estimates. He noted that the net transfers reflect current law and does not reflect recommendations made by the Governor, House or Senate.

Mr Conroy responded to questions from committee members. It was noted that \$88.1 million was borrowed from the Federal Government to pay unemployment insurance benefits, which will be repaid with interest. Mr. Conroy discussed personal income growth, which is projected to increase by 3.5% in FY 2011. He reviewed potential economic and investment growth areas, and noted the impact unemployment and individual income tax receipts will have on revenue projections.

Mr. Conroy reviewed the State General Fund Ending Balances, (Attachment 2), which is incorporated into the Governor's Profile, Senate and House Committee recommendations. He reviewed options and the impact of budget adjustments that the committee may consider in order to get to a zero balance. Mr. Conroy noted that based on the House Substitute for **SB 73**, the SGF reflects a negative balance of \$75.5 million for FY 2010, and a positive ending balance of \$159.3 million for FY 2011.

Mr. Conroy responded to questions from committee members. He stated that additional information would be provided to the committee on gaming transfers for FY 2011, as requested. Mr. Conroy noted the projected tax growth rate for FY 2011 of 3% and 4% for FY 2012.

J.G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department, reviewed the contents of the packet distributed to members that included items for Omnibus consideration, (Attachment 3).

Michael Steiner, Analyst, Kansas Legislative Research Department, responded to questions from committee members. He stated that the Kansas Economic Opportunity Initiative Fund, (KEOIF) is a revolving loan that

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 10:24 a.m. on April 22, 2010, in Room 346-S of the Capitol.

will be paid back. The balance of this loan will be provided, as requested by a committee member.

J.G. Scott responded to questions from committee members. He stated that the tobacco settlement was on the national level and will be divided among all states.

Amy Deckard, Analyst, Kansas Legislative Research Department, reviewed the consensus caseload estimates for FY 2010 and FY 2011. She noted that FY 2010 estimates were based on current law and reflects a decrease of \$3.1 million from all funding sources and \$34.7 million from the State General Fund, (SGF). The FY 2011 estimates were based on the Governor's recommendations, and represents a decrease of \$1.6 million from all funding sources, but an increase of \$1 million from SGF. Ms. Deckard stated that the SGF reduction is a result of the clawback reduction in the amount of \$8.4 million for FY 2011, and the regular medical estimate does not include changes in federal health reform expenditures.

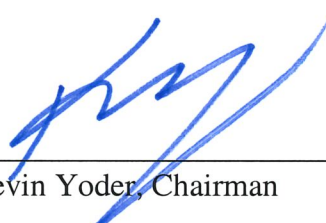
Duane Goossen, Secretary, Kansas Department of Administration, reviewed the Governor's suggested budget amendments for FY 2010 and FY 2011, (Attachment 4).

Secretary Goossen responded to questions from committee members. He responded that the state carries a \$5 million deductible per incident for storm damage repairs. There are adequate funds in the State Institutions Building Fund to cover repairs at Osawatomie State Hospital and the Kansas Soldiers Home. Secretary Goossen stated that \$5 million was included in the Governor's budget for state match for federal disaster payments for FY 2011. When the Legislature is not in session, the State Finance Council could release additional dollars, if necessary. Secretary Goossen noted that the latest estimates for FY 2011 are less than \$24 million in disaster funds.

Chairman Yoder stated that subcommittees will meet at 1:30 p.m. this afternoon. The Appropriations Committee will meet tomorrow at 9:00 a.m. to begin work on House Substitute for SB 73. Subcommittee reports will include modifications of SB 73 with recommendations for the full committees' consideration for adoption or amendments with the intent that a bill that can be reported out favorably by the committee. He stated that normally this process would include amending existing law, however, the committee will be considering amending the existing bill.

The next meeting is scheduled for April 23, 2010.

The meeting was adjourned at 11:28 a.m.



Kevin Yoder, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: April 22, 2010

NAME	REPRESENTING
Marilyn Jacobsen	DDA
Sharon Joseph	Kansas ADAPT
Rachelle Womala	KS Chamber
Patrick Vogelsberg	Kearney and Assoc.
W. Hottel	KFC
Mark Boranyak	Capitol Strategies
Kim Fowler	Judicial Branch
Mitzy McFetrich	KABC
Tom Conant	KDOR
Watts Casey	GPA
Pat Terick	CPRF
Tom Rink	KASB
Ron Seiber	KGFA
Berend Koops	Hein Law Firm
Bob Powell	FHSC
Stacey Worthington	KDA
Megan Bouthberg	KDOL
Ros Searcy	JA
Michelle Weiland	KTEC

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 4/22/10

NAME	REPRESENTING
Barb Coxart	KDOA
Julia Mavers	KSBHA
Justin Moya	KHPA
TERRY FORESTILL	KVERA
SUE PETERSON	State
Emily C. Haug	K-STATE
Terry Heidner	KDOT
Jane Carter	KOSE
Jerry Sloan	Judiciary Branch
Vicki Weasel	Budget
Alan Burt	SOS
Chad Austin	KHA
Dick Kewst	KDWP
JOHN BOTTENBERG	BOTTENBERG & ASSOC.
Jan Brack	KSC
Wayne Bollig	KCUA
Leslie Kaufman	Ks Co-op Council
Asuluy Dopita	Pinegar, Smith & Assoc.
Wigh Keck	Heinlaw Firm

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 4-22-10

NAME	REPRESENTING
Diane Duff	Kansas Bd of Regents
Dodie Weyshar	Ad Astra Group
Amy Campbell	KS Mental Health Coalition
Rt Wilson	KOSF
Susan Horn	SBOE
Bill Pfe	KDOL

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

68-West-Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.ks.gov

<http://www.kslegislature.org/klrd>

April 16, 2010

To: Governor Mark Parkinson and Legislative Budget Committee

From: Kansas Legislative Research Department
Kansas Division of the Budget

Re: Initial SGF Memo for Revised FY 2010 and FY 2011 Estimates

The Consensus Estimating Group met today to revise the November 5 estimates for FY 2010 and FY 2011. The revised estimates incorporate the fiscal impact of all 2010 legislation signed into law thus far. The impact of all other Kansas legislation becoming law after April 16 will be quantified in a separate legislative adjustments report prepared at the conclusion of the *sine die* adjournment.

A far more detailed memo will be available soon which contains the economic forecast for Kansas upon which the forecasts are based, as well as a discussion of other factors influencing the individual source estimates.

The overall estimate for both fiscal years was decreased by a combined \$130.2 million.

For FY 2010, the estimate was decreased by \$46.4 million, or 0.9 percent, below the November estimate. The estimate for total taxes was decreased by \$104.6 million, while the estimate for other revenues was increased by \$58.2 million (and includes various FY 2010 transfer adjustments enacted earlier in the session). The overall revised SGF estimate of \$5.254 billion represents a 6.0 percent reduction below final FY 2009 receipts.

The revised estimate for FY 2011 of \$5.095 billion was decreased by \$83.8 million, or 1.6 percent below the November estimate. The new forecast represents 3.0 percent reduction below the newly revised FY 2010 figure. The primary reason for the reduction of revenues is a net change in \$320.0 million for transfers. Excluding these transfers, FY 2011 receipts would have been increased 3.1 percent.

Table 1 compares the new FY 2010 and FY 2011 estimates with actual receipts from FY 2009. Tables 2 and 3 show the revisions in the estimates for each fiscal year.

Appropriations Committee
Date 4-22-10
Attachment 1-1

Table 1
Consensus Revenue Estimate for Fiscal Years 2010 and 2011
and FY 2009 Actual Receipts
(Dollars in Thousands)

	FY 2009 (Actual)		FY 2010 (Revised)		FY 2011 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$ 29,257	0.8 %	\$ 24,000	(18.0) %	\$ 24,000	-- %
Income Taxes:						
Individual	\$2,682,000	(7.4) %	\$2,510,000	(6.4) %	\$2,585,000	3.0 %
Corporation	240,258	(44.4)	250,000	4.1	255,000	2.0
Financial Inst.	26,192	(21.0)	20,000	(23.6)	23,000	15.0
Total	\$2,948,450	(12.3) %	\$2,780,000	(5.7) %	\$2,863,000	3.0 %
Estate Tax	\$ 22,530	(49.1) %	\$ 9,000	(60.1) %	\$ 5,000	(44.4) %
Excise Taxes:						
Retail Sales	\$1,689,516	(1.3) %	\$1,640,000	(2.9) %	\$1,690,000	3.0 %
Compensating Use	235,026	(4.6)	205,000	(12.8)	230,000	12.2
Cigarette	107,216	(4.9)	99,000	(7.7)	95,000	(4.0)
Tobacco Products	5,728	3.2	6,300	10.0	6,600	4.8
Cereal Malt Bev.	2,089	(6.2)	2,100	0.5	2,100	--
Liquor Gallonage	18,215	3.6	18,200	(0.1)	18,800	3.3
Liquor Enforcement	53,794	7.6	56,500	5.0	58,000	2.7
Liquor Drink	9,141	2.7	9,100	(0.4)	9,300	2.2
Corp. Franchise	41,720	(10.6)	34,000	(18.5)	17,000	(50.0)
Severance	124,249	(16.1)	84,000	(32.4)	98,400	17.1
Gas	73,814	(19.3)	41,400	(43.9)	50,900	22.9
Oil	50,436	(11.0)	42,600	(15.5)	47,500	11.5
Total	\$2,286,693	(2.7) %	\$2,154,200	(5.8) %	\$2,225,200	3.3 %
Other Taxes:						
Insurance Prem.	\$ 119,590	1.7 %	\$ 118,800	(0.7) %	\$ 123,000	3.5 %
Miscellaneous	1,794	(65.7)	1,800	0.3	1,800	--
Total	\$ 121,384	(1.2) %	\$ 120,600	(0.6) %	\$ 124,800	3.5 %
Total Taxes	\$5,408,314	(8.4) %	\$5,087,800	(5.9) %	\$5,242,000	3.0 %
Other Revenues:						
Interest	\$ 64,199	(42.3) %	\$ 23,000	(64.2) %	\$ 25,000	8.7 %
Net Transfers	35,582	109.4	91,000	155.7	(228,491)	(351.1)
Agency Earnings	80,879	50.1	52,500	(35.1)	56,200	7.0
Total	\$ 180,660	185.0 %	\$ 166,500	(7.8) %	\$ (147,291)	(188.5) %
Total Receipts	<u>\$5,588,974</u>	<u>(1.9) %</u>	<u>\$5,254,300</u>	<u>(6.0) %</u>	<u>\$5,094,709</u>	<u>(3.0) %</u>

Table 2
State General Fund Receipts
FY 2010 Revised
Comparison of November 2009 Estimate to April 2010 Estimate
(Dollars in Thousands)

	FY 2010 CRE Est.	FY 2010 CRE Est.	Difference	
	Revised 11/05/09	Revised 04/16/10	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 24,000	\$ 24,000	\$ --	-- %
Income Taxes:				
Individual	\$ 2,560,000	\$ 2,510,000	\$ (50,000)	(2.0) %
Corporation	245,000	250,000	5,000	2.0
Financial Inst.	24,000	20,000	(4,000)	(16.7)
Total	\$ 2,829,000	\$ 2,780,000	\$ (49,000)	(1.7) %
Estate Tax	\$ 14,500	\$ 9,000	\$ (5,500)	(37.9) %
Excise Taxes:				
Retail Sales	\$ 1,660,500	\$ 1,640,000	\$ (20,500)	(1.2) %
Compensating Use	222,000	205,000	(17,000)	(7.7)
Cigarette	102,000	99,000	(3,000)	(2.9)
Tobacco Product	6,000	6,300	300	5.0
Cereal Malt Beverage	2,200	2,100	(100)	(4.5)
Liquor Gallonage	18,500	18,200	(300)	(1.6)
Liquor Enforcement	57,000	56,500	(500)	(0.9)
Liquor Drink	9,500	9,100	(400)	(4.2)
Corporate Franchise	26,000	34,000	8,000	30.8
Severance	101,700	84,000	(17,700)	(17.4)
Gas	47,700	41,400	(6,300)	(13.2)
Oil	54,000	42,600	(11,400)	(21.1)
Total	\$ 2,205,400	\$ 2,154,200	\$ (51,200)	(2.3) %
Other Taxes:				
Insurance Premiums	\$ 117,500	\$ 118,800	\$ 1,300	1.1 %
Miscellaneous	2,000	1,800	(200)	(10.0)
Total	\$ 119,500	\$ 120,600	\$ 1,100	0.9 %
Total Taxes	\$ 5,192,400	\$ 5,087,800	\$ (104,600)	(2.0) %
Other Revenues:				
Interest	\$ 20,000	\$ 23,000	\$ 3,000	15.0 %
Net Transfers	33,700	91,000	57,300	170.0
Agency Earnings	54,600	52,500	(2,100)	(3.8)
Total Other Revenue	\$ 108,300	\$ 166,500	\$ 58,200	53.7 %
Total Receipts	\$ 5,300,700	\$ 5,254,300	\$ (46,400)	(0.9) %

Table 3
State General Fund Receipts
FY 2011 Revised
Comparison of November 2009 Estimate to April 2010 Estimate
(Dollars in Thousands)

	FY 2011 CRE Est.	FY 2011 CRE Est.	Difference	
	Revised 11/05/09	Revised 04/16/10	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 24,000	\$ 24,000	\$ --	-- %
Income Taxes:				
Individual	\$ 2,610,000	\$ 2,585,000	\$ (25,000)	(1.0) %
Corporation	245,000	255,000	10,000	4.1
Financial Inst.	25,000	23,000	(2,000)	(8.0)
Total	\$ 2,880,000	\$ 2,863,000	\$ (17,000)	(0.6) %
Estate Tax	\$ 5,000	\$ 5,000	\$ --	-- %
Excise Taxes:				
Retail Sales	\$ 1,710,000	\$ 1,690,000	\$ (20,000)	(1.2) %
Compensating Use	250,000	230,000	(20,000)	(8.0)
Cigarette	100,000	95,000	(5,000)	(5.0)
Tobacco Product	6,200	6,600	400	6.5
Cereal Malt Beverage	2,200	2,100	(100)	(4.5)
Liquor Gallonage	19,100	18,800	(300)	(1.6)
Liquor Enforcement	59,000	58,000	(1,000)	(1.7)
Liquor Drink	9,700	9,300	(400)	(4.1)
Corporate Franchise	15,000	17,000	2,000	13.3
Severance	118,800	98,400	(20,400)	(17.2)
Gas	62,800	50,900	(11,900)	(18.9)
Oil	56,000	47,500	(8,500)	(15.2)
Total	\$ 2,290,000	\$ 2,225,200	\$ (64,800)	(2.8) %
Other Taxes:				
Insurance Premiums	\$ 123,000	\$ 123,000	\$ --	-- %
Miscellaneous	2,000	1,800	(200)	(10.0)
Total	\$ 125,000	\$ 124,800	\$ (200)	(0.2) %
Total Taxes	\$ 5,324,000	\$ 5,242,000	\$ (82,000)	(1.5) %
Other Revenues:				
Interest	\$ 22,000	\$ 25,000	\$ 3,000	13.6 %
Net Transfers	(223,700)	(228,491)	(4,791)	(2.1)
Agency Earnings	56,200	56,200	--	--
Total Other Revenue	\$ (145,500)	\$ (147,291)	\$ (1,791)	(1.2) %
Total Receipts	\$ 5,178,500	\$ 5,094,709	\$ (83,791)	(1.6) %

**State General Fund Ending Balances
FY 2010 through FY 2012**
(In Millions)

	<u>FY 2010 Revised</u>	<u>FY 2011 Revised</u>	<u>FY 2012 Projected</u>
Governor's Profile* (estimated)	\$ (72.2)	\$ (510.0)	Not available
Senate Ways and Means Committee*	(89.4)	(411.7)	(570.3)
House Appropriations Committee*	(75.5)	159.3	(351.0)

*) All profiles have been adjusted to reflect the April 16, 2010 State General Fund Consensus Revenue estimate. Profiles also assume that the ending balance is never below zero. Senate Ways and Means Committee recommendations are based on Senate Substitute for HB 2631. House Appropriations Committee recommendations are based on House Substitute for SB 73.

Appropriations Committee
 Date 4-22-10
 Attachment 2-1

2-2

FY 2011 House Appropriations Committee Recommendations
House Substitute for Senate Bill No. 73
Adjusted for April State General Fund Consensus Revenue Estimate

STATUS OF THE STATE GENERAL FUND
FY 2010-FY 2012
(In Millions)

	House Appropriations Committee FY 2010	House Appropriations Committee FY 2011	Estimated FY 2012
Beginning Balance	\$ 49.7	\$ 0.0	\$ 159.3
Receipts (April, 2010 Consensus Revenue Estimate)	5,254.3	5,094.7	5,640.0 *
Governor's Other Revenue Adjustments (adjust transfers; continue KDOT transfer, etc.)	-	274.6	-
NO Governor's Recommended Sales/Use Tax Increase - 5.3% to 6.3%	-	-	-
NO Governor's Recommended Cigarette and Tobacco Product Tax Increase**	-	-	-
House Appropriations Committee Revenue Adjustments	37.5	109.8	-
Total Available Revenue	\$ 5,341.5	\$ 5,479.1	\$ 5,799.3
Expenditures ***	6,144.3	6,088.9	6,150.3
Federal Economic Stimulus Legislation	(530.7)	(257.9)	-
Subtotal - Expenditures	5,613.5	5,831.0	6,150.3
Less Governor's Allotments and Net Other Adjustments	(162.6)	-	-
House Appropriations Committee Expenditure Adjustments	(30.6)	(519.7)	-
Human Services Caseload Adjustments	(3.3)	8.5	-
Expenditures Adjusted for a Zero Ending Balance	(75.5)	-	(351.0)
Total Adjusted Expenditures	5,341.5	5,319.8	5,799.3
Ending Balance	\$ 0.0	\$ 159.3	\$ 0.0
Ending Balance as a Percentage of Expenditures	0.0%	3.0%	0.0%
Adjusted Receipts in Excess of Unadjusted Expenditures	\$ (75.5)	\$ 159.3	\$ (351.0)

*) Assumes 4.0 percent growth in tax receipts. *fy 12*

***) Excludes Governor's recommended cigarette tax increase from \$0.79 to \$1.34 per pack; tobacco product tax increase from 10 percent to 40 percent.

****) FY 2012 expenditures include replacing federal economic stimulus funds; KPERS employer contribution increase; human services caseloads; special education increase and state employee undermarket salary adjustment.

2-3

FY 2011 Senate Ways and Means Committee Recommendations, EXCLUDING Tax Increases
Senate Ways and Means Committee Recommendations as of April 21, 2010 (Senate Sub. for HB 2631)
 Adjusted for April State General Fund Consensus Revenue Estimate

STATUS OF THE STATE GENERAL FUND
FY 2010-FY 2012
 (In Millions)

	Senate Ways and Means Committee FY 2010	Senate Ways and Means Committee FY 2011	Estimated FY 2012
Beginning Balance	\$ 49.7	\$ -	\$ -
Receipts (April, 2010 Consensus Revenue Estimate)	5,254.3	5,094.7	5,640.0
Governor's Allotments (Revenue Adjustments) and Sen. Sub. for HB 2222	-	-	-
Governor's Other Revenue Adjustments (adjust transfers; continue KDOT transfer, etc.)	-	274.6	-
NO Governor's Recommended Sales/Use Tax Increase - 5.3% to 6.3%	-	-	-
NO Governor's Recommended Cigarette and Tobacco Product Tax Increase**	-	-	-
Senate Ways and Means Committee Revenue Adjustments (Senate Sub. for HB 2631)	27.5	12.3	-
Senate Ways and Means Omnibus Adjustments	(7.4)	(13.3)	-
Total Available Revenue	\$ 5,324.1	\$ 5,368.3	\$ 5,640.0
Expenditures ***	6,144.3	6,088.9	6,210.3
Federal Economic Stimulus Legislation	(530.7)	(257.9)	-
Subtotal - Expenditures	5,613.6	5,831.0	6,210.3
Less Governor's Allotments and Net Other Adjustments	(162.6)	-	-
Senate Ways and Means Committee Adjustments (Senate Sub. for HB 2631)	(31.5)	(96.2)	-
Human Services Caseload Adjustments	(3.3)	9.0	-
Senate Ways and Means Omnibus Adjustments	(2.7)	36.2	-
Expenditures Adjusted for a Zero Ending Balance	(89.4)	(411.7)	(570.3)
Total Adjusted Expenditures	5,324.1	5,368.3	5,640.0
Ending Balance	\$ -	\$ -	\$ -
Ending Balance as a Percentage of Expenditures	0.0%	0.0%	0.0%
Adjusted Receipts in Excess of Unadjusted Expenditures	\$ (89.4)	\$ (411.7)	\$ (570.3)

*) Assumes 4.0 percent growth in tax receipts.

***) Excludes Governor's recommended cigarette tax increase from \$0.79 to \$1.34 per pack; tobacco product tax increase from 10 percent to 40 percent.

****) FY 2012 expenditures include replacing federal economic stimulus funds; KPERS employer contribution increase; human services caseloads; special education increase and state employee undermarket salary adjustment.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

68-West-Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.ks.gov

<http://www.kslegislature.org/klrd>

April 22, 2010

ITEMS FOR OMNIBUS CONSIDERATION

Health Policy Authority

A. Salary and Wages Reduction (Senate Committee and House Committee). The Senate Committee recommended the deletion of \$526,316, including \$200,000 from the State General Fund, to reduce salary and wages funding for FY 2011. This would increase the agency shrinkage rate, for reportable and non-reportable salaries, from 13.1 percent to 16.1 percent. The Senate Committee recommended consideration of the restoration of the salary and wages reduction for FY 2011.

The House Committee recommended the deletion of \$2,105,263, including \$800,000 from the State General Fund, to reduce salaries and wages funding for FY 2011. This would increase the agency shrinkage rate, for reportable and non-reportable salaries, from 13.1 percent to 25.1 percent. The House Committee recommended consideration of the restoration of the salary and wages reduction for FY 2011.

The shrinkage rate for FY 2010 is 13.1 percent for reportable and non-reportable salary expenditures.

B. State Children's Health Insurance Program Premiums Increase (Senate Committee and House Committee). The Senate Committee recommended the deletion of \$5.5 million, including \$1.4 million from the State General Fund, to reflect increasing monthly HealthWave premiums by \$20 for FY 2011.

Federal Poverty Level (FPL) Percent	Current Monthly HealthWave Premium	Proposed Monthly HealthWave Premium
151-175	\$ 20	\$ 40
175-200	30	50
201-225	50	70
226-241	75	95

Appropriations Committee
Date 4-22-10
Attachment 3-1

The Senate Committee recommended consideration of the restoration of funding for the State Children's Health Insurance Program for FY 2011 to eliminate a recommended increase in premiums.

The House Committee recommended the deletion of \$15.0 million, including \$4.5 million from the State General Fund, to reflect increasing monthly HealthWave premiums to the maximum federally allowed for FY 2011.

Federal Poverty Level (FPL) Percent	Current Monthly HealthWave Premium	Proposed Monthly HealthWave Premium
151-175	\$ 20	\$ 67
175-200	30	79
201-225	50	90
226-241	75	101

The House Committee recommended consideration of the restoration of funding for the State Children's Health Insurance Program for FY 2011 to eliminate a recommended increase in premiums.

KHPA indicated that the provisions of recent federal health reform prevent states from reducing eligibility for the Medicaid program and the State Children's Health Insurance Program (SCHIP). The agency noted that the federal Centers for Medicare and Medicaid Services demonstrated a willingness to enforce this policy promptly and completely by threatening to suspend Arizona's matching payments following a recent legislative decision to terminate their state children's health insurance program.

The agency indicated that eligibility maintenance of effort requirements may jeopardize the proposed increase for SCHIP premiums at risk. CMS has not yet provided guidance on interpretation of the new maintenance of effort for CHIP eligibility, and it is not clear whether they will deem premium increases to be a violation. The agency indicated that the new health reform law effectively converts SCHIP into a federally capped entitlement.

C. MediKan Program Funding (Senate Committee and House Committee). The MediKan program provides a limited array of medical and pharmacy services to individuals awaiting federal disability determination.

The Senate Committee recommended the deletion of \$5.1 million, all from the State General Fund, for FY 2011 to reduce funding for the MediKan program. The Senate Committee recommended consideration of the restoration of funding for the MediKan program for FY 2011. Prior to the spring Human Services Consensus Caseload estimate, the reduction would have resulted in remaining funding of \$5.7 million, all from the State General Fund.

The House Committee recommended the deletion of \$5.4 million, all from the State General Fund, for FY 2011 to reduce half of the funding for the MediKan program. The House Committee recommended consideration of the restoration of funding for the MediKan program for FY 2011. Prior to the spring Human Services Consensus Caseload estimate, the reduction would have resulted in remaining funding of \$5.4 million, all from the State General Fund.

D. Transitional Medicaid Program Funding (Senate Committee). The Senate Committee recommended the deletion of \$5.8 million, including \$2.3 million from the State General Fund, to capture savings associated with eliminating transitional Medicaid assistance after the expiration of the enhanced federal match for the Medicaid program for FY 2011. Transitional Medicaid benefits are provided to individuals whose level of income has recently increased and allows the individuals to maintain benefits while transitioning off of assistance.

The agency indicated that recently passed federal health reform legislation prevent states from changing eligibility for Medicaid and the State Children's Health Insurance Program. The agency further indicated that the penalty for making changes could result in suspension of all federal matching payments for the programs. This would prevent the elimination of the transitional assistance program.

The Senate Committee recommended consideration of the restoration of funding for the transitional Medicaid program for FY 2011.

E. Comprehensive Neuroscience Project (Senate Committee). The Senate Committee recommended a review of the status of new funding for the Comprehensive Neuroscience Project, which is designed to help the state evaluate mental health prescribing practices and improve care for Medicaid beneficiaries who receive behavioral health medications.

KHPA indicated it has had conversations with representatives of Eli Lilly regarding this project. The agency reported the following as outcomes of those conversations: Eli Lilly indicates that they are likely able to resume funding for this project following a review of the program parameters by the Mental Health Prescription Drug Advisory Committee. Eli Lilly indicates that their funding is only worthwhile if the program is designed in a way that is thought to be acceptable to the Mental Health Prescription Drug Advisory Committee.

KHPA will place this topic on the agenda for the May meeting of the Mental Health Prescription Drug Advisory Committee, and will take a formally approved structure to Lilly as soon one is agreed to by the Committee.

The Mental Health Prescription Drug Advisory Committee was convened in June of 2009 to advise the KHPA and the Drug Utilization Review Board regarding mental health treatment issues.

F. Hospice Services Funding (Senate Committee). The Senate Committee recommended the deletion of \$8.3 million, including \$2.9 million from the State General Fund, to capture savings associated with reducing the maximum hospice benefits from six months to three months for FY 2011. The agency indicated that currently one-third of 3,300 hospice beneficiaries are in hospice for longer than 90 days.

Total funding for hospice services for FY 2011, prior to the Senate reduction was \$28.4 million, including \$8.8 million from the State General Fund.

The Senate Committee recommended consideration of the restoration of funding for hospice services for FY 2011 to eliminate a reduction in the maximum benefit from 60 days to 30 days.

G. Securitization of Drug Rebate Income (Senate Committee). The Senate recommended a review of the options regarding the securitization of drug rebate income, including viability and any issues which exist.

KHPA has requested an opinion from the Kansas Development Finance Authority (KDFA) on the potential for securitizing Medicaid drug rebate revenue. The KHPA indicated that it provided seven years of historical data on collections and discussed the financial parameters of a bond offering and are expecting a response from KDFA by April 14th.

The agency did not provide KLRD with any information regarding the content of the report from KDFA as of Friday, April 16, 2010.

H. Status of the Electronic Prescribing Project (Senate Committee). The Senate Committee recommended a review of the status of the electronic prescribing (e-prescribing) project.

KHPA indicated it supports the idea of expanding electronic prescribing to the entire Medicaid population. The suggestion heard in Committee was that the KHPA use funds that were recently received by the Kansas Department of Health and Environment (KDHE) to fund the implementation of an e-prescribing initiative.

KHDE received a grant of nearly \$9.0 million that is designated for use in design and implementation of a statewide Health Information Exchange. The E-Health Advisory Committee, which is a public/private committee appointed by the Governor, has been given the task of guiding the development of the statewide Health Information Exchange. The E-Health Advisory Committee is making determinations about the strategic and operational plan for the statewide Health Information Exchange. Part of the planning process is determining whether the statewide Health Information Exchange should create a statewide e-prescribing program, or if it should simply include an interface for accepting all types of e-prescribing data.

While it is still possible that a portion of the grant funds at KDHE could be used to assist in developing an e-prescribing program in the Medicaid program, KHPA is not in a position to unilaterally make such a decision. Through its position on the e-health advisory committee, the KHPA will promote an e-prescribing solution that is incorporated into the statewide Health Information Exchange, and that the solution is funded with the maximum amount of federal dollars possible.

I. Co-pay for Non-preferred Brand Name Drugs (Senate Committee). The Senate Committee recommended a review of the status of implementation of a co-pay for non-preferred brand name drugs.

KHPA indicated that all medications, whether preferred or non-preferred, brand or generic, have a \$3.00 co-pay unless the beneficiary is in a co-pay exempt group. It would be possible to increase the co-pay (subject to federal rules regarding maximum allowable cost-sharing for Medicaid beneficiaries), however current preferred drug list compliance (meaning use of a preferred agent) is over 90 percent and use of non-preferred agents requires prior authorization. Another limitation on the effect of increasing Medicaid co-pays is the federal restriction against making payment a condition for providing services to beneficiaries under the poverty line. Most Kansas Medicaid recipients are under the poverty line, and many of those who are above the poverty line are children. Lack of enforceability limits the impact of co-pays on beneficiaries' use of services, and often results in a cost-shift to providers, whose reimbursement is reduced by the amount of the co-pay. Although consistent with the goal of incentivizing prudent purchases, federal restrictions on enforceability and pre-existing incentives for prescribers' duplicative administrative procedures suggest that increasing the co-pay for non-preferred brands would have a negligible impact on drug utilization and would provide no cost-savings.

J. Dose Optimization for Chronic Pain Medications (Senate Committee). The Senate Committee recommended a review of the status of dose optimization for chronic pain medications.

KHPA indicated the Drug Utilization Review Board approved implementation of the dose optimization edits at its April meeting. Additionally, the agency indicated that a review by actuaries indicate approximately \$120,000 from all funding sources in cost avoidance per fiscal year after implementation.

K. Coverage for Over-the-Counter Medications (Senate Committee). The Senate Committee recommended a review of the status of a policy to eliminate coverage for over-the-counter medications in the Medicaid program.

KHPA indicated that Medicaid currently pays for a selected group of over-the-counter products. To be eligible for coverage under Medicaid, the over-the-counter product must be prescribed by a physician or other health professional with prescribing privileges and must have a drug rebate contract with the federal Centers for Medicare and Medicaid Services. Expenditures in FY 2009 on over-the-counter products were \$1.5 million, which is 0.08 percent of the total pharmacy budget. Examination of over-the-counter product utilization has identified some products that could likely be removed from Medicaid coverage with limited negative impact on the beneficiary, and without pushing utilization towards more expensive products. Expenditures on these products, which primarily include eye and nose irritation treatments, cough and cold products, and topical products, was approximately \$200,000, from all funding sources. According to KHPA, removal of coverage for other over-the-counter products would likely result in increased utilization of more expensive prescription-only products. For example, Medicaid paid claims for 42,000 prescriptions for the over-the-counter second generation antihistamines loratadine and cetirizine in FY 2009, for a total cost of \$645,000, or 43 percent of total over-the-counter expenditures. If these beneficiaries instead were prescribed fexofenadine, a comparable prescription-only second generation antihistamine, expenditures on these claims would be approximately \$1.6 million.

L. Alignment of Medicaid Reimbursement Rates for Dental Services with Private Insurance (Senate Committee). The Senate Committee recommended a review of the status of a policy to align Medicaid reimbursement rates for dental services with private insurance.

KHPA performed a comparison of claims costs from the Medicaid program and the State Employee Health Plan. The preliminary analysis showed that the current Medicaid dental services would be more costly if they were paid under the State Employee Health Plan. At this time, KHPA is not able to determine whether or not there are areas for financial savings in the Medicaid program as a result of aligning rates with the private sector. KHPA is continuing to analyze the dental usage patterns of the Medicaid program and the State Employee Health Plan dental program to find areas where efficiencies for either program might exist. The findings of these further analyses will be forwarded to the Legislature upon completion.

An estimate for time of completion was not provided by KHPA.

M. Co-pay for Professional Services and Procedures (Senate Committee). The Senate Committee recommended a review of the status of the implementation of a co-pay for professional services and procedures.

KHPA indicated it reviewed the amount and type of co-payments assessed during FY 2009, along with federal regulation (42 CFR 457.555, as effective on December 21, 2009) and current policy. Assessed co-payments reduced claims payments by approximately \$4.4 million from all funding sources in FY 2009. The current policy requires co-payments of \$1, \$2, or \$3 based on

the type of service. The new federal regulation allows for an increase in nominal co-payments based on the cost of the service of \$1.15 for services of \$15 or less, \$2.30 for services \$15.01 to \$40, \$3.40 for services \$40.01 to \$80, and \$5.70 for services of \$80.01 or more.

Based on this review, the adoption in Kansas of the newly-allowed nominal co-payments adjusted for the medical component of the CPI-U, for adult professional, outpatient, and pharmacy services, including cross-over claims, would reduce claims costs by approximately \$360,000 from all funding sources for FY 2011. This would occur if Kansas implemented the higher allowable co-payment of \$5.70 for pharmacy services with a total cost of over \$80.00, as opposed to the \$3.00 currently charged for these services. Otherwise, the claims cost reduction would only be in the \$60,000 to \$75,000 range. Raising all other co-payments for professional services greater than \$80.00 to the maximum co-payment amount of \$5.70 would reduce claims by an additional \$142,000 from all funding sources for FY 2011.

Kansas could also increase the inpatient co-payment, currently at \$48 per admission, to a level not exceeding 50.0 percent of the payment the state would make under the fee-for-service system for the first day of care under the newly enacted regulation. While Kansas pays at a diagnosis related groups (DRG) level, approximating half the daily inpatient cost resulted in an estimate co-payment level of \$468, almost ten times the current level. Regulatory issues would arise at this level, since regulations (42 CFR 457.560) also state cumulative cost sharing cannot exceed 5.0 percent of a family's total income over the eligibility period. At the higher inpatient co-payments level, Kansas would incur additional unknown administrative costs to monitor the total co-payments charged a family to insure the 5.0 percent limit was not violated. Raising the inpatient co-payments to a lesser level to reduce the likelihood of violation, such as \$150 per admission, would reduce claims cost by another \$300,000 per year from all funding sources over current assessments.

The new federal regulation allows the state to charge a co-pay of up to twice the charge for non-institutional services or up to \$11.35 for services furnished in a hospital emergency room if those services are not emergency services. KHPA proposed a reduced resource item to KHPA Board of Directors to create a \$25 co-pay for non-emergent visits to the emergency room. The \$25 co-pay was expected to save \$93,000 in FY 2011, including \$28,500 from the State General Fund. The relatively small savings amount was due to federal restrictions to charging co-pays for low income and medically fragile individuals. Savings related to a co-payment at the new federal rate of \$11.35 would be less than \$40,000 given the same set of assumptions.

In addition, the new federal regulations allow for the state to charge co-pays to some currently exempt populations, such as children, and to allow providers to refuse service to beneficiaries with incomes above the poverty line who are unable to pay the co-pay if Kansas amends its state plan. Kansas does not currently allow providers to refuse services for non-payment of a Medicaid co-pay. Because co-pays are not enforced in this way in Kansas, KHPA is frequently told by providers that the co-pay is often uncollectable, and serves primarily as a reduction in payment to the provider.

N. Removal of Current Exceptions to the Brand Limit Policy (Senate Committee). The Senate Committee recommended a review of the status of removing current exceptions to the drug brand limit policy.

Exemptions to the five single-source prescriptions are outlined in the Pharmacy Provider Manual and include: KanBeHealthy beneficiaries, antiretroviral drugs, preferred drugs on the Preferred Drug List, anti-rejection drugs, anti-emetics, chemotherapy drugs, interferons, immune globulins, antihemophiliac drugs, most drugs used to treat mental illness, and contraceptives.

Removal of exemptions to the five single-source prescription policy may result in savings in some of the drug classes/populations. However, for several of the exempted drug classes, appropriate medical therapy for the disease being treated commonly require more than five single-source drugs (for example, antiretrovirals for HIV and chemotherapy for cancer) and therefore KHPA would not expect a decrease in drug expenditures. For those drug classes/diseases with greater generic availability, additional staff would be required to review the increased volume of prior authorization requests. The additional FTE would likely need to be a clinical pharmacist as a determination of the medical necessity for every drug regimen would be impossible to evaluate through the Drug Utilization Review Board, which provides the approval criteria utilized by the prior authorization unit nurses.

The agency also noted that a strict five drug limit on single-source prescriptions would conflict with the blanket protection from pharmacy management afforded to mental health drugs in Kansas statute.

O. Expanded Surveillance Utilization Review (Senate Committee). The Senate Committee recommended a review of the status of an expanded Surveillance Utilization Review to include review for a longer time period. The agency provided the following information:

Since the Surveillance Utilization Review unit began using multiple pharmacy/multiple prescriber reports to identify beneficiaries for review, the Surveillance Utilization Review unit has utilized several different time periods to find a balance between identifying beneficiaries who may be abusing drugs and having the staff to review those identified. Initially, they pulled six months of data, however it was found that many beneficiaries moved, changed providers, or saw specialists in that period of time, and had many "false hits" or suspects with legitimate reasons for this behavior that required review time, only to find no problems. The timeframe was narrowed to three months to reduce the number of "false hits." This decreased the number of "false hits," however, it still identified several hundred for review with each report run, which exceeded the capacity of the Surveillance Utilization Review unit to complete in addition to direct referrals and other identification sources. Utilizing a single month time frame allows for identification of a manageable quantity of beneficiaries to review while still flagging the beneficiaries most likely to be abusing their Medicaid benefits. Expanding the time period would identify more beneficiaries for review, and certainly capture some beneficiaries not found in the single-month review. According to KHPA, review of these additional beneficiaries would require an increase in staffing for the Surveillance Utilization Review unit or shifting their focus from reviews generated by other reports.

P. Hard Edit for Narcotics to Prohibit Refill of 30 Day Prescriptions Before 28 Days (Senate Committee). The Senate Committee recommended a review of the status of implementing a hard edit for narcotics to prohibit refill of 30 day prescriptions before 28 days.

KHPA indicated that the creation of a 28 day hard edit for narcotic refills to supplement the current maximum monthly limitations is possible, with some claims system modification. The agency indicated it is actively examining the design of this system modification as part of increased management of opioids. A new claims system hard edit will have to be programmed as the current "refill too soon" edit does not allow for different edit types (e.g. soft edits that can be overridden vs. hard edits that cannot be overridden) to be used on different drug classes. The agency indicated that the creation of a non-overridable edit for narcotics will provide some cost-savings for the program, however the current soft (as in, overridable at the pharmacy) edit does require a pharmacist to use their clinical judgment and knowingly override the refill too soon edit, which the agency believes frequently results in the pharmacist refusing to fill the medication without prescriber authorization.

Q. Maximum Allowable Charge for Specialty Drugs (Senate Committee). The Senate Committee recommended a review of the status of an agency review of the maximum allowable charge for specialty drugs.

Kansas Medicaid does not currently have a separate distinction for specialty drugs versus other types of medications. Application of the specialty drug list utilized by the State Employee Health Plan Pharmacy Benefit Manager, CVS/Caremark, to Medicaid data shows approximately \$7.0 million in expenditures on specialty drugs. The agency indicated that it already employs a special pricing mechanism on drugs that utilize approximately \$4.5 million of those expenditures. Application of a more aggressive pricing strategy on the remaining \$2.5 million in expenditures is estimated to provide a \$264,000 cost savings from all funding sources per year.

R. Expansion of the Lock-In Program (Senate Committee). The Senate Committee recommended a review of the status of the proposed expansion of the Lock-In program.

A Beneficiary Pharmacy Lock-In Program addresses issues which include, in part, potential fraud and abuse with the use of multiple pharmacies and physicians. Beneficiaries are only able to obtain prescriptions paid by Medicaid from a single pharmacy.

KHPA indicated it is not opposed to expanding the number of Medicaid beneficiaries that are placed on lock-in. Expanding the number of beneficiaries that are on "lock-in" would further restrict the ability of beneficiaries to acquire excessive prescriptions. However, the lock-in review process is labor-intensive and is performed through a third party contract. Since that contract is part of KHPA's administrative budget, it has been significantly reduced over the past two fiscal years. As such, according to KHPA, increasing the number of lock-in beneficiaries would require additional resources, or would require a decrease in the amount of utilization review that occurs in other parts of the Medicaid program. The estimated cost for adding a single beneficiary to the Lock-in program is \$2,100 per fiscal year.

S. Status of Senate Bill 560, Regarding Managed Care Organizations' Privilege Fees (Senate Committee). The Senate Committee recommended a review of the status of SB 560, regarding Managed Care Organizations privilege fees.

SB 560 was referred to the Senate Ways and Means Committee. The provisions of SB 560 were placed in House Sub. for SB 200, which was signed by the Governor on April 8, 2010. House Sub. for SB 200 removes the phase-in for the assessment of privilege fees for new Health Maintenance Organizations (HMOs) operating in Kansas. Under K.S.A. 2009 Supp. 40-3213: HMOs operating in Kansas for less than three years have owed no fee; HMOs operating at least three years but not more than five years paid an amount equal to 0.5 percent on all premiums charged, and HMOs operating for more than five years paid a rate of 1.0 percent.

The revenue generated from enactment of SB 200, as well as the recent action by the Insurance Commissioner to rescind the waiver previously exempting Medicaid Managed Care Organizations from the privilege fee, results in approximately \$4.1 million in State General Fund revenues in FY 2011. This increased revenues was included in the April 2010 Consensus Revenue Estimate.

T. Governor's Budget Recommendations and House Committee Recommended Reductions (House Committee). The House Committee recommended a review of the entire FY 2011 budget for this agency, including reductions recommended by the Governor, and all reductions approved in any 2010 appropriations act or recommended by the House Committee.

The Governor recommends FY 2011 reportable operating expenditures of \$1.5 billion, including \$477.5 million from the State General Fund. The recommendation is an all funds increase of \$73.9 million, or 5.2 percent, and a State General Fund increase of \$90.0 million, or 23.2 percent, above the FY 2010 recommendation. The Governor's recommendation is an increase of \$35.2 million, or 2.4 percent, above the agency's request. The Governor's recommendation includes 288.7 FTE positions.

The Governor recommends the addition of \$50.8 million, including \$39.6 million from the State General Fund, for human service caseloads, as agreed to at the fall 2009 consensus estimating group. The portion of expenditures anticipated to be funded by the federal government for the Medicaid program decreased in FY 2011 due to the end of the federal American Recovery and Reinvestment Act (ARRA) funding at the end of December 2010, or halfway through FY 2011. In addition, the base Medicaid matching rate for federal contribution, excluding ARRA funding, was reduced by 1.33 percent between FY 2010 and FY 2011.

In addition, the Governor's recommendation includes one of the agency's enhancement request, totaling \$9.5 million, all from federal funds, and 24.0 FTE positions for the Kansas Access to Covering Health (KATCH) grant, which will allow the agency to develop a user-friendly, web-based enrollment/eligibility system for publically funded health insurance program and provide additional outreach.

The Governor's recommendation also includes operational reductions totaling \$4.1 million, including \$2.0 million from the State General Fund. The Governor's recommendation also continues the policy from the FY 2010 allotments to limit MediKan benefits to 12 months, resulting in FY 2011 savings of \$1.1 million, all from the State General Fund. The Governor recommends revising downward the estimate for the State Children's Health Insurance Program (SCHIP) resulting in savings of \$3.3 million, including \$1.0 million from the State General Fund in FY 2011.

The Governor recommends accepting all of the agency's reduced resources, totaling \$5.8 million, including \$2.0 million from the State General Fund. The reduced resources include:

- **Professional Services Rate Leveling:** Reduction of \$2.8 million, including \$1.0 million from the State General Fund, by leveling the majority of professional fees to 83.0 percent of the Medicare fee schedule. This leveling would exclude basic primary service rates. This action would result in some reimbursement rates being decreased, partially offset by other rates being increased.
- **Streamlining Prior Authorization:** Reduction of \$1.2 million, including \$543,000 from the State General Fund, as the net result of implementation of an automated prior authorization system. The streamlining would increase the automation and expansion of the decision rules used to evaluate requests for medical services.

The House Committee recommended the following reductions not discussed elsewhere in this memorandum:

- Delete \$67.0 million, all from the State General Fund, and add the same amount from federal funds for FY 2011 to capture savings associated with the proposed extension of the enhanced federal match for the Medicaid program, from December 31, 2010, to June 30, 2011.

- Delete \$40.0 million, all from the State General Fund, and add the same amount from other funding sources, to capture savings associated with third party liability recoveries for FY 2011.
- Delete \$12.3 million, including \$3.7 million from the State General Fund, to capture savings from the implementation of a policy limiting the Medicaid recipients from receiving more than four brand name prescriptions per month and implementing a tiered formulary with variable co-pays for FY 2011.
- Delete \$2,923,357, including \$877,007 from the State General Fund, for FY 2011 to capture savings from the implementation of a statewide smoking ban.

U. Non-mandatory Medicaid spending (House Committee). The House Committee recommended a review at Omnibus regarding the potential for savings for FY 2011 from the reduction or elimination of non-mandatory Medicaid spending for all Medicaid services.

Medicaid services fall into one of two broad statutory groups, mandatory and optional. The services that a participating state must cover are known as mandatory services; the others which they may also cover are referred to as optional services. Since state participation in the Medicaid program is voluntary, no state is required to cover any of the approximately 30 federal statutory categories of Medicaid benefits. However, if a state wants federal matching funds to help it pay for the cost of acute care services for its low-income residents, and the costs of long-term care and behavioral health for its low-income disabled and elderly residents, it must cover specific categories of services for certain groups of Medicaid beneficiaries. Most of the spending on Medicaid is for optional services.

KHPA provided the following information regarding the higher cost optional services delivered in Kansas. Reflected are the number of beneficiaries served in 2009 and the projected costs of services to be delivered in State Fiscal Year 2011. A statement that assumes the impact of eliminating the service is included.

Ambulatory Surgical Centers

Ambulatory surgery centers are health care facilities which offer patients the opportunity to have selected surgical and procedural services performed outside a hospital setting. Ambulatory surgery centers are specialize in providing surgery, including certain pain management and diagnostic services, in an outpatient setting.

Number of beneficiaries: 5,518
State General Fund: \$538,700
All funds: \$1,246,126
Program responsibility: KHPA

If eliminated: According to KHPA, costs to the Medicaid program would increase as more surgeries that could be provided at an ASC would need to be performed in a more expensive hospital setting. KHPA currently pays ASCs at or below outpatient hospital rates, and the services provided by an ASC are generally covered for outpatient hospitals.

Pharmacy

Pharmacy services provide prescribed medications and are available to any Medicaid eligible person.

Number of beneficiaries: 126,365
State General Fund: \$39,904,551
All funds: \$123,200,220
Program responsibility: KHPA

If eliminated: According to KHPA, other costs to the Medicaid system would increase and beneficiaries' health and safety would be jeopardized. Lack of access to prescribed medications could result in increased use in physician hospital and other services due to inability to control disease symptoms, such as high blood pressure, asthma attacks, increased blood sugar, mental illness.

Vision

Vision services include routine eye exams, medically necessary eye exams, eye glasses, prosthetic eyes, and contact lenses. Vision services were eliminated in the past. When large numbers of providers and beneficiaries protested, services were reinstated. Simultaneous to the previous service elimination, cost increases were reflected in ophthalmologist services which had not been suspended, as beneficiaries migrated there seeking services.

Number of beneficiaries: 30,485
State General Fund: \$456,473
All funds: \$1,475,588
Program responsibility: KHPA

If eliminated: According to KHPA, eye disease may go undetected, and beneficiaries would have reduced access to appropriate eye wear.

Dental

A comprehensive range of dental services are provided for HealthWave children, including x-rays, exams, fillings, root canals, limited orthodontia, oral surgery and sedation as needed. Children are the highest utilizers of dental services, and services for children are considered mandatory. Adults have only limited or emergency dental services; infected teeth are removed and associated fees, x-ray, exam, sedation would be covered. Other emergency services include oral lesions and broken bones. The HCBS adult waiver programs have eliminated dental services, though KDOA will provide limited-prior authorized services based on crisis exceptions.

Number of beneficiaries: 113,197
State General Fund: \$732,560
All funds: \$2,614,417
Program responsibility: KHPA/KDOA/SRS

If eliminated: According to KHPA, discontinuing limited adult services will most likely result in increased visits to the ER for oral conditions. Premature deliveries, heart disease and cancer have been related to poor oral hygiene; therefore an increase in conditions related to these diagnoses would be anticipated.

Hospice

Hospice services provide an integrated program of palliative, non-curative home and hospital care for those who are terminally ill. Hospice consists of a set of enhanced services available on a fee for service basis to terminally ill patients who elect to receive these services in exchange for limitations on curative care. These services include a physician-directed, nurse-coordinated, interdisciplinary team approach to patient care which is available 24 hours a day, seven days a week. Hospice services provide personal and supportive medical care for terminally ill individuals and supportive care to the families through medical social workers, chaplain services, nutritionists and other needed service providers. To be eligible for hospice services, a Medicaid beneficiary must be certified as terminally ill by the medical director or physician member of hospice as well as by the patient's attending physician. The beneficiary also must have filed an election statement that is completed by the attending physician and signed by the beneficiary indicating that his or her condition is terminal and that life expectancy is six months or less. Hospice services can be provided in a hospital setting, in a nursing home, in a skilled nursing facility, or the patient's home.

Number of beneficiaries: 2,964
State General Fund: \$8,800,326
All funds: \$28,397,310
Program responsibility: KHPA

If eliminated: According to KHPA, a significant number of hospice recipients reside in nursing facilities; consequently these individuals would still receive nursing care if hospice were eliminated. However, recipients who receive hospice services at home, particularly persons who are not yet Medicare eligible would feel the greatest impact if hospice were discontinued. These individuals would likely seek end of life care outside of the home in nursing facilities.

Community Mental Health Centers

Twenty-seven Community Mental Health Centers provide community based-public mental health safety net services in Kansas. Since the implementation of the Pre-Paid Ambulatory Health Plan (PAHP), the vast majority of Medicaid mental health services provided by the community mental health centers are paid for through the PAHP. Only a small number of people remain in the fee for service population, primarily those people who are institutionalized. Community mental health centers services include outpatient clinical services, comprehensive mental health rehabilitation services such as psychosocial rehabilitation, community psychiatric supportive treatment, peer support, case management and attendant care. Kansas law also designates the community mental health centers as the gatekeepers for admission to the state mental health hospitals, they currently provide for pre-admission screening and resident review (PASRR) Level Two screening for admission. By contractual affiliations, community mental health centers also provide PASRR services for psychiatric residential treatment facilities, and to Medicaid funded community psychiatric hospitals, however, this function is coordinated through the administrative oversight of Kansas Health Solutions the mental health managed care organization.

Number of beneficiaries: 6,940
State General Fund: \$399,213
All funds: \$1,120,442
Program responsibility: SRS

If eliminated: According to KHPA, persons utilizing these services may be able to continue living in the community, accessing the necessary supports available to them at community mental health centers. Community mental health centers also provide services to people returning to the community from state hospital placements. However, without access to needed services and supports, including crisis services, persons with persistent mental illness may end up in the corrections system, or return to the state hospitals, as capacity allows. While most of the funding for optional mental health services community mental health centers provide comes from the PAHP, according to KHPA, eliminating this group of providers would erode the mental health system in Kansas. There would be some impact to the waiver as these are the only providers allowed to provide rehabilitation services.

Durable Medical Equipment and Supplies, Orthotics/Prosthesis

Durable medical equipment and supplies (DME) include walkers, wheelchairs, beds, oxygen, ventilators, wound care supplies, respiratory equipment, communication devices, ostomy supplies, urinary supplies, feeding tubes, enteral feedings, Total Parenteral nutrition, apnea monitors, support surfaces, commodes, nebulizers and diabetes supplies. The Orthotics/Prostheses program provides different types of braces, walking devices, and prosthetic limbs.

Number of beneficiaries: 24,419
State General Fund: \$3,668,685
All funds: \$11,587,760
Program responsibility: KHPA

If eliminated: According to KHPA, if DME is eliminated, there will be an increase in emergency room visits and hospital inpatient stays due to loss of necessary supplies for diabetes and wound care. A number of the DME items are life sustaining and without them, people would be hospitalized or reside in nursing care facilities. According to KHPA, without Orthotics/Prosthetics services, many children and adults would not be able to walk or function in their daily lives. It could potentially cause an increase in attendant or home care services.

Head Injury Rehabilitation Facility

Rehabilitation therapy is limited to services that are restorative in nature and are provided following physical debilitation due to acute physical trauma or physical illness. Recipients of these services must be assessed prior to admission and once admitted must be reassessed to determine the need of continued services on a regular basis as defined by state law, regulation, and/or policy. Services include inpatient restorative and rehabilitative therapies designed to prevent physical or mental deterioration, achieving and maintaining maximum use of physical or cognitive capabilities and health, and/or restoring and retaining self-help and adaptive skills necessary to achieve the recipient's discharge from inpatient status at the earliest possible time. These services are designed to provide active treatment for the purpose of relearning independent living skills for those individuals who have experienced a traumatic brain injury (TBI).

Number of beneficiaries: 378
State General Fund: \$3,344,473
All funds: \$9,386,676
Program responsibility: SRS

If eliminated: According to KHPA, persons in this situation would not have access to services that aid in partial or potentially total recovery from traumatic head injuries and other physical traumas. Lack of rehabilitation services in this instance could result in the need to access higher cost supports and services in the future.

Targeted Case Management

Targeted Case Management services are services which assist beneficiaries in gaining access to needed medical, social educational and other services. Services include assessment of an individual to determine service needs, development of a specific care plan, referral and related services, and monitoring and follow up activities. Targeted case management is available to the following populations:

Mental Retardation/Developmental Disability

Number of beneficiaries: 17,565
State General Fund: \$5,028,860
All funds: \$14,114,116
Program responsibility: SRS

Frail Elderly

Number of beneficiaries: 8,571
State General Fund: \$1,818,788
All funds: \$5,201,293
Program responsibility: KDOA

Traumatic Brain Injury/ Physical Disability/ Mental Health

Number of beneficiaries: 10,893
State General Fund: \$2,049,317
All funds: \$6,745,611
Program responsibility: SRS

If eliminated: According to KHPA, persons in need of services would no longer have a resource to help them navigate these complicated service delivery systems in order to access needed supports.

Optional Services Administered through Managed Care

Managed care offers bundled health care services, either comprehensive or limited to enrolled members of organized managed health care organizations (MCOs). MCOs develop a network of health care providers and facilities to deliver these services. Through contractual agreements with the State, MCOs are paid for providing hospital, physician, and other Medicaid services to beneficiaries through a capitated payment structure, either risk or non-risk based.

- UniCare and Children's Mercy Family Health Partners are the managed care organizations that coordinate a full range of physical health services for persons who are enrolled in Title 19 Medicaid and Title 21 HealthWave programs.

- Medicaid funded community mental health services are provided through a Pre-paid Ambulatory Health Plan (PAHP). Services in this mental health managed care program include all mental health State Plan services, the HCBS waiver services for children with serious emotional disturbance, and the Psychiatric Residential Treatment Facility Community Based Alternatives grant. SRS contracts with Kansas Health Solutions to administer this managed care program.
- As required by state statute, SRS has oversight and licenses over 250 agencies providing treatment for substance abuse. For substance abuse disorders, assessment and treatment is provided through a Pre-paid Inpatient Health Plan (PIHP) administered by Value Options Kansas. Inpatient and outpatient substance abuse treatment services are provided.

HealthWave

Number of beneficiaries: 40,000
State General Fund: \$7,083,527
All funds: \$24,724,353
Program responsibility: KHPA

Mental Health Managed Care Plan/PAHP

Number of beneficiaries: 315,785
State General Fund: \$24,248,738
All funds: \$68,662,274
Program responsibility: SRS

Substance Abuse Managed Care Plan/PIHP

Number of beneficiaries: 311,658
State General Fund: \$3,195,227
All funds: \$8,967,798
Program responsibility: SRS

If eliminated: According to KHPA, adults enrolled in HealthWave include those who qualify due to extremely low income that are deemed Poverty Level Eligible, and parents who qualify for Temporary Assistance to Families. Pregnant women are included in the population, and remain enrolled throughout their pregnancy. The range of optional Medicaid benefits available to this group are provided through Managed Care, and are the same as optional benefits available to fee for service beneficiaries. If these services were eliminated, these beneficiaries would have a reduced package of benefits in HealthWave and/or be converted to fee-for-service programs and receive only mandatory Medicaid services.

Mental health and substance abuse services works in tandem with the other. People who experience mental illness often struggle with substance abuse. If substance abuse treatment through the PIHP structure is eliminated, it might impact not only that treatment network, but the mental health system as well. The opposite is equally accurate; elimination of mental health services provided through the PAHP system would be corrosive. Without access to needed services, including crisis services, individuals may end up in the corrections system, or at the state hospitals, as capacity allows. This scenario will shift the cost of their care, but will not eliminate the associated costs of care.

Nursing Facility Mental Health (NF/MH)

Eleven facilities provide out of home residential care and rehabilitation services for persons experiencing severe symptoms of mental illness. NF/MHs provide around-the-clock supervision, care and treatment for mentally ill beneficiaries, and are licensed by the Kansas Department of Health and Environment. Bed capacity has decreased from 1,200 to less than 700. Because of federal restrictions, Kansas does not receive the increased federal match rate on residents who are eligible for Medicaid but who are under age 65.

Number of beneficiaries: 757
State General Fund: \$1,244,298
All funds: \$3,492,277
Program responsibility: SRS

If eliminated: According to KHPA, without access to needed services and supports, including crisis services, persons with persistent mental illness may end up in the corrections system, or at the state hospitals, as capacity allows, which will shift the cost of their care, but will not eliminate the associated costs of care.

Intermediate Care Facility/Mental Retardation (ICF/MRs)

ICF/MRs were created under the federal Social Security Act, to fund institutions (four or more beds) for people with mental retardation or other related conditions, and specifies that these institutions must provide active treatment as defined by the Secretary of SRS. According to federal regulation, ICF/MRs are defined as institutions that are primarily for the diagnosis, treatment, or rehabilitation of people with mental retardation. In this instance, these are privately operated, small bed ICF/MRs. They provide, in a protected, residential setting, ongoing evaluation, planning, 24-hour supervision, coordination, and integration for health or rehabilitative services to help individuals function at their greatest ability.

Number of beneficiaries: 623
State General Fund: \$4,968,991
All funds: \$13,946,087
Program responsibility: SRS

If eliminated: According to KHPA, persons residing in this environment could be placed in community based residential placements, if available. State ICF/MR referrals to Kansas Neurological Institute and Parsons State Hospital are not being pursued due to the Governor's recommendation to the Facility and Closure Commission to reduce census at those facilities in the future.

Home and Community Based Services

Home and Community Based Services (HCBS) rules allow states to waive certain provisions of the Medicaid statute contained in the federal Social Security Act in order to receive federal Medicaid matching funds for the cost of providing community based services. States may limit the geographic areas in which such services are offered, and the number of individuals in those areas who may qualify for the services. HCBS services are structured to meet the needs of the specific population they serve. Across the waivers, services include:

- Frail Elderly: Adult day care, assistive technology, attendant care, nursing evaluation visit, personal emergency response, sleep cycle support, medication reminder, oral health services, comprehensive support and wellness monitoring. In January 2010, four of these services, assistive technology support, sleep cycle support, comprehensive support service and dental care were suspended.
- Mental Retardation/Developmental Disability (MR/DD): Case management, residential services, day services, home modifications, van lift, medical alert, wellness monitoring, family and individual supports, which may be supportive home care, respite care, and night support.
- Technical Assistance (TA): Respite care, medical equipment and supplies, case management; State Plan services include: skilled nursing, home health and therapies.
- Physical Disability (PD): Independent living counseling, personal services, assistive services.
- Traumatic Brain Injury/Head Injury: Personal services, assistive services, rehabilitation services, transitional living skills.
- Severe Emotionally Disturbed: Wraparound facilitation, parent support and training, independent living skills building, attendant care, professional resource family care, short-term respite care.
- Autism: Respite care, parent support and training, intensive individual supports, consultative clinical and therapeutic services, family adjustment counseling.

Number of beneficiaries: 20,485

Mental Retardation/Developmental Disability: 10,250
Traumatic Brain Injury/Head Injury: 390
Technology Assistance: 381
Severe Emotionally Disturbed: 545
Physically Disabled: 8,872
Autism: 47

State General Fund: \$175,714,815
All funds: \$493,165,352
Program Responsibility: SRS

Number of beneficiaries Frail Elderly Waiver: 7,726
State General Fund: \$24,412,574
All funds: \$69,596,911
Program Responsibility: KDOA

If eliminated: According to KHPA, if HCBS services were discontinued, many people who use these services to reside in the community would seek institutional placements which are more expensive to provide.

State Psychiatric Hospital

Three institutional facilities provide comprehensive residential treatment services to children and adults with severe and persistent mental illness.

- **Larned State Hospital:** Children's services currently available are group and individual therapy, family therapy, medication, rehabilitative skills development, and other activity therapies. Larned will no longer be serving children after May 1, 2010. For adults, the Crisis Stabilization Unit provides short term treatment to stabilize psychiatric symptoms and interrupt problematic behaviors. Longer term treatment involves managing psychiatric conditions that take longer to stabilize, referral to specialized substance abuse treatment facilities, 72-hour social detoxification services are also provided.
- **Osawatomie State Hospital and Rainbow Mental Health Facility:** These facilities provide individual, group and family therapies, pharmacological management, and various activity based therapies. The people served here and at Larned State Hospital are those experiencing serious symptoms of mental illness and cannot be treated safely or effectively in the community. Once severe symptoms are stabilized, persons may successfully return home with support provided by the community mental health centers or other providers.

Number of beneficiaries: 353
State General Fund: \$358,502
All funds: \$1,006,179
Program responsibility: SRS

If eliminated: According to KHPA, state hospitals are one option to serve people who experience extreme, chronic, or episodic mental disorders. Though this is an Institute for Mental Disease (IMD) setting, these facilities may serve individuals age 18-21 for whom the Early and Periodic, Screening, Diagnostic and Treatment mandate for covering "medically necessary" service would apply. Medicaid funds can be expended for this population and may be extended to persons up to age 22. If treatment is deemed medically necessary, this group of people require services at a cost to Medicaid. These facilities also have a small number of individuals, age 65 and over, for whom Medicaid payment is also made. These facilities are continually operating at full capacity, and often over census - indicating a high level of demand for this resource. The facilities provide crisis stabilization for people who are newly diagnosed or in need of first time inpatient hospitalization. As indicated previously, without access to needed services and supports including crisis services, persons with persistent mental illness may end up in the corrections system, others may seek support at nursing facilities, community-based inpatient treatment, or become homeless.

State Mental Retardation Hospitals

There are two state hospitals that serve persons with mental retardation and intellectual disabilities, Kansas Neurological Institute (KNI) and Parsons State Hospital. Both facilities provide opportunities for residents to increase social relationships and to develop and maintain relationships with people in their communities. In addition to offering specialized residential services for persons with

very severe disabilities, people living in the facilities are provided person centered supports, positive behavioral support, adaptive equipment, health care services, and supported employment for people with severe disabilities.

Number of beneficiaries: 374
State General Fund: \$11,032,783
All funds: \$30,964,869
Program responsibility: SRS

If eliminated: According to KHPA, both Parsons and KNI are working toward census reduction and placement of residents into community based residential and support programs. According to KHPA, there are some barriers to transitioning this population from these facilities. Some of the people residing in these institutional settings have previously failed in community placements. Community providers claim an inability to serve individuals with higher needs under the current reimbursement rate structure. As these facilities reduce the number of individuals served through planned closure processes, new residential services and supports necessary to live in the community will have to be developed to accommodate community-based living arrangements.

KHPA indicated that the provisions of recent federal health reform prevent states from reducing eligibility for the Medicaid program. KHPA further indicated that the penalty for doing so is suspension of all federal matching payments for the Medicaid program. Optional services in Medicaid continue to be optional with the passage of health reform, however federal health reform does place maintenance of effort provisions on Medicaid including some service and eligibility mandates. KHPA is still investigating how the maintenance of effort requirements affects services.

V. Medicaid Fraud and Abuse (House Committee). The House Committee recommended a review of the actions the agency has taken, or is planning to take, for FY 2011 to aggressively investigate fraud and abuse in the Medicaid program. In addition, the Committee requested a report, prepared by the agency, regarding the areas identified by the federal government, be reviewed.

KHPA submitted the following report:

Prevention

KHPA utilizes a number of methods to decrease waste, fraud, and abuse in Medicaid. The first step in the process is prevention, and a key to prevention is provider enrollment. In June of 2008, KHPA began the process of renewing provider agreements with all providers enrolled in Medicaid. During the same time period, a new Disclosure of Ownership and Control form was implemented. The form was designed to better screen applicants who may be excluded from participation in the program or otherwise sanctioned, and to deter applicants who owe money to the state under one provider number from obtaining a new provider number to avoid payment. In the last year, this has resulted in two denials and one termination.

Since 1994, onsite visits were made to Durable Medical Equipment providers to ensure the Kansas Administrative Regulations were being followed. In July of 2009, the Provider Representatives positions that were conducting the visits were eliminated because of budget reductions. In order to continue to protect the integrity

KHPA Report continued:

of the program and comply with the regulation, a DME Attestation Form was created and added to the enrollment packet. Because of the information provided on the attestation form, three applications have been denied since July, 2009 for not meeting the regulation.

Another key to detecting and preventing waste, fraud, and abuse is to closely monitor and evaluate Medicaid spending to make sure that any unusual increases in spending are identified and explained. KHPA addresses this overarching purpose in at least two key business practices on a regular basis. First, our process for estimating consensus caseload costs entails twice-yearly reviews of spending in each major category of service to identify trends and distinguish from outlying, unusual or anomalous spending. The result is a population-specific review and projection of spending specifically designed to identify cost-drivers. Results are discussed with program staff, then shared publicly with the KHPA Board.

The second key business practice that KHPA has adopted to identify unnecessary spending is the comprehensive program improvement process, more commonly referred to as Medicaid Transformation program reviews. The Kansas Health Policy Authority maintains an ongoing process of reviewing elements of its programs and operations to identify opportunities for improvement, efficiencies and savings. The Program Improvements process began in 2008 with reviews of 14 major pieces of the Kansas Medicaid program. Those reviews led to the publication of the first Medicaid Transformation report in January 2009. The 2009 KHPA program improvement process is nearly complete, with 11 published reviews covering topics such as school-based services and services provided out-of-state. In 2010 that process is being expanded to cover all programs and operations within KHPA, including the State Employee Health Benefits Program and KHPA internal operations. The overall purpose is to produce and publish regular program reviews to monitor, assess, diagnose and address policy issues in each major program area within the agency. The presentation of these reviews is designed to serve as the basis for KHPA budget and policy initiatives on an ongoing basis. Examples include cost-saving recommendations that have now been implemented in the areas of Medicaid transportation services, durable medical equipment, pharmacy, hospice, and home health.

Cost Avoidance

Pre-payment monitoring through the use of edits and audits in the Medicaid Management Information System (MMIS) serves to stop claims from being paid that would likely be erroneous payments. There are approximately 1,500 edits and audits in MMIS that are designed to ensure payments are made only for approved Medicaid services, the payments are made only to legitimate Medicaid providers, and that payments are made only on behalf of beneficiaries enrolled in the program at the time the service was provided.

Prior authorization (PA) is used to contain costs by ensuring medical services provided to beneficiaries are medically necessary prior to the procedures being performed. This is accomplished by identifying, researching, and reviewing designated procedures or services and then implementing measures to promote performance and reimbursement of services considered medically necessary. In FY 2009, \$5.6 million in costs were avoided as a result of prior authorization.

KHPA Report continued:

When a provider has exhibited a pattern of inaccurate billing, the provider may be placed on pre-payment review. Providers placed on pre-payment review must submit documentation of their claims prior to the claims being paid. In FY 2009, the pre-payment review processed saved \$95,087.30 in costs.

Detection

KHPA contracts with EDS to conduct post-payment reviews on claims that have already been paid. The program, Surveillance and Utilization Review, is federally mandated in order to safeguard against unnecessary or inappropriate use of services and against excess payments, and to assess the quality of services. Among other techniques, the Surveillance Utilization Review unit uses data mining and peer profiling to identify providers who may be billing inappropriately. Common findings include incorrect coding of procedures, lack of medical necessity, incomplete documentation, and billing for more units than provided. In FY 2009, the Surveillance Utilization Review unit completed 290 reviews and identified \$5.9 million in overpayments, of which, \$4 million was recovered from these and previously identified overpayments.

KHPA contracts with the Kansas Foundation for Medical Care to conduct post-payment reviews on inpatient hospital claims. The Foundation identified and recovered \$17.4 million in FY 2009.

In the 2009 process, KHPA also reviewed its Surveillance and Utilization Review process, which is explicitly designed to identify and waste, fraud and abuse (see description of utilization review below).

Recommendations from the 2009 KHPA review of Medicaid surveillance and utilization review:

1. Consider resuming the extrapolation of statistically valid random sample findings to providers' entire claims universes once the issue of identifying these claims as having been corrected has been resolved. This would avoid having these claims being identified as errors in outside audits and mass adjustments. A complete review of KHPA policies regarding extrapolations should be completed along with a comparison of other states' methods and CMS guidelines for extrapolations.
2. Calculate the dollars identified and time spent for recoupment from full reviews separately from the dollars identified and time spent from focused reviews. This would be done to assist in determining the effectiveness and possibly improving the selection process to maximize the Surveillance Utilization Review analysts' time and efforts. It would also aid in evaluating the tools used to identify aberrant billing patterns.
3. Complete the process of changing the Recipient's Explanation of Medical Benefits (REOMBs) to target specific provider types or beneficiary populations to reach areas more vulnerable to fraud and abuse and to increase referrals alleging fraud or abuse.

KHPA Report continued:

4. Explore other initiatives, such as the use of random pre-payment reviews and provider self audits, that were identified as best practices in the Legislative Coordinating Council study.
5. Continue to evaluate the effectiveness of the Surveillance Utilization Review and Kansas Foundation for Medical Care programs and the results of program initiatives to improve quality.
6. Continue to keep abreast of and participate in nationwide initiatives in Medicaid program integrity.

It is important to recognize that while Surveillance Utilization Reviews serve as a deterrent to fraud and abuse and help identify areas where provider education is needed, they can also impact provider decisions to remain in the Medicaid program.

Whether or not a Surveillance Utilization Review results in negative findings, there is a burden on the provider to collect, copy, and submit documentation. Collecting and submitting rebuttal information and filing an appeal adds to that burden. If the provider is upheld on appeal, much effort has been exerted for no appreciable gain to the state and some negative perception of the Medicaid program on the part of the provider.

The Governor's recent 2010 budget allotment required a 10 percent payment reduction to Medicaid providers which could result in some loss of providers and less access to care for beneficiaries. Combined effects of Surveillance Utilization Reviews and payment reductions could result in fewer providers; however, national emphasis is toward increased program integrity activities. KHPA will monitor provider participation and determine if, and how, Surveillance Utilization Reviews may contribute to loss of providers.

Prosecution

KHPA refers all cases of suspected fraud to the Medicaid Fraud Control Unit of the Attorney General's office. Twenty cases of suspected fraud were referred to Medicaid Fraud Control Unit in FY 2009. KHPA also cooperates with the Medicaid Fraud Control Unit and assists the Medicaid Fraud Control Unit with investigations and prosecutions as needed.

Initiatives

The Centers for Medicare and Medicaid Services (CMS) Medicaid Integrity Group has developed several initiatives to assist states in their program integrity efforts. One initiative is the Medicaid Integrity Institute. The Medicaid Integrity Institute is located on the campus of the University of South Carolina in Columbia, South Carolina. It focuses on developing a comprehensive program of study addressing aspects of Medicaid program integrity including fraud investigation, data mining and analysis, and case development. Medicaid Integrity Institute training is provided at no cost to the states. Since its inception in 2008, 19 KHPA staff members have attended

KHPA Report continued:

classes at the Medicaid Integrity Institute and it is anticipated more will attend before the end of FY 2010.

In addition to courses offered by the Medicaid Integrity Institute, the Medicaid Integrity Institute also provides states with opportunities to share algorithms and other information with other states to detect new fraud trends as they occur. KHPA staff has shared this information with the fiscal agent to use to detect potential fraud in Kansas.

One KHPA staff member participates in monthly Fraud and Abuse Technical Advisory Group meetings sponsored by CMS. These meetings are usually held by conference call and include topics relevant to KHPA including CMS and Medicaid Integrity Group updates, CMS legislative initiatives, and other topics shared by the states. The staff member also participates in quarterly regional program integrity calls sponsored by CMS.

Office of the Inspector General

In 2007, the Legislature created an Office of Inspector General within KHPA under K.S.A. 75-7427. The Office of Inspector General conducts audits and reviews to help improve the integrity of KHPA programs and operations, thereby enhancing KHPA's fraud prevention and detection efforts. The Office of Inspector General is also tasked with directly investigating potential fraud, waste, abuse, and illegal acts by KHPA or its agents, employees, vendors, contractors, consumers, clients, health care providers or other providers.

To date, the Office of Inspector General has conducted audits of KHPA's Fee-for-Service Home Health Program and the Medicaid Management Information System claim payments, recommending some changes to policies and procedures ensuring the accuracy, appropriateness and timeliness of claim payments. The Office of Inspector General has also periodically conducted preliminary investigations of complaints received from the public.

W. Senate Substitute for House Bill 2160 - Coverage for Autism Spectrum Disorder (Law). Senate Sub. for HB 2160 enacts new law and amends existing law to specify certain requirements applied only to the coverage of services for the diagnosis and treatment of autism spectrum disorder under the state health care benefits program and for the coverage for orally administered anticancer medications, on a basis no less favorable than intravenously or injected cancer medications that are covered as medical benefits.

KHPA indicated that benefit expenditures for the State Employee Health Plan would increase by an estimated \$4.2 million, to provide coverage for autism spectrum disorder. This estimate would provide coverage, limited from birth to age seven up to \$36,000 per member per year, and up to \$27,000 per member per year for members from age seven to age nineteen, beginning January 1, 2011. Coverage would be subject to plan deductibles, co-pays and coinsurance, but must include any service ordered by a physician or psychologist for treatments recognized by peer reviewed literature as providing a medical benefit to someone with autism spectrum disorder.

X. Durable Medical Equipment (Senate Committee). The Kansas Health Policy Authority indicated that the current issue surrounding durable medical equipment stems from a reimbursement reduction and an enforcement of an existing policy. The 10 percent provider rate reduction applied to all providers including providers of durable medical equipment. The second and more impactful issue is the result of a 2009 KHPA program review. In the review, KHPA recommended enforcement of a policy requiring durable medical equipment providers to show actual costs of all manually priced durable medical equipment items, which would ensure reimbursement at cost plus 35 percent. Prior to the review this policy was not enforced and according to KHPA probably resulted in overpayment of the equipment provided. The transformation recommendation was included in the Governor's FY 2010 budget recommendation and was part of the consensus caseload estimates in FY 2010.

The agency indicated that from their perspective, durable medical equipment providers have hesitated to provide the required cost information. Suppliers that have not agreed to the Medicaid requirements for reimbursement have refused to provide these very specialized pieces of equipment and wheelchairs. KHPA indicated it is currently in negotiations with durable medical equipment providers to reach an agreement on the reimbursement standards to be followed.

Y. Technical. The Governor's recommendation reduced the Department of Administration request for non-FTE positions by 6.0 as part of a decision to move the positions to the Kansas Health Policy Authority. The Governor's recommendation inadvertently failed to increase the FTE limitation for the Kansas Health Policy Authority by 6.0 FTE positions.

Currently, KHPA purchases information technology support from Department of Administration, Division of Information Systems and Communications (DISC) through a service level agreement. That agreement covers most of the information technology services and infrastructure support KHPA uses to support business functions. The agreement also includes provisions for 6 information technology support positions, including a security specialist, two desktop support staff, and three server administrators.

The technical amendment would allow the funding to be shifted from contractual services to salaries and wages and for the addition of 6.0 FTE positions for FY 2011.

Z. Human Services Consensus Caseloads. The FY 2010 Spring Consensus Caseload Estimate for the Regular Medical Program is a State General Fund decrease of \$16.4 million, and the same estimate from all funding sources. The State General Fund savings in Medicaid programs resulting from the enhanced Federal Medical Assistance Percentage rate included in the American Recovery and Reinvestment Act of 2009 (ARRA) has been included in prior estimates. However, the federal government recently announced that for a limited period, the state portion of the Medicaid Clawback that all states pay will be reduced by a corresponding percentage. This reduction in clawback payments of \$16.4 million from the State General Fund, which was included in the Governor's March plan to reduce the budget, is incorporated into the caseload estimate for KHPA's Regular Medical Program. The Regular Medical estimate does not include any change in expenditures that will result from federal health reform. KHPA did not provide an estimate of expenditures that will result from enactment of the federal legislation.

The FY 2010 Spring Consensus Caseload Estimate for the Regular Medical program is an increase of \$410,885, but a State General Fund decrease of \$1.9 million from the State General Fund. This State General Fund reduction is largely due to the FY 2011 clawback reduction of \$8.4 million. The Regular Medical estimate does not include the use of a Preferred Drug List for mental health drugs as was recommended by the Governor, but it does include the use of a prior authorization system for prescription drugs and the professional rate leveling reductions. The Regular Medical estimate also does not include any change in expenditures that will result from

federal health reform. KHPA did not provide an estimate of expenditures that will result from enactment of the federal legislation. The estimates for Medicaid Programs that had a 10.0 percent provider rate reduction in FY 2010 result in FY 2011 savings from the time lag in billing. The estimates for Regular Medical include rate changes for managed care organizations that have recently begun paying privilege fees to the Insurance Department.

More information on the Spring Consensus Caseload Estimates is included under the Department of Social and Rehabilitation Services, Item U, Page 42.

Social and Rehabilitation Services

A. Extension of the Enhanced Federal Match for the Medicaid Program (Senate Committee). The Senate Committee recommended a review of the status of the extension of the enhanced federal match for the Medicaid program until June 30, 2011.

Federal HR 4213, the American Workers, State, and Business Relief Act of 2010 contains the extension of the enhanced federal match for the Medicaid program, originally authorized in the 2008 Federal American Recovery and Reinvestment Act. The provisions of the proposed federal legislation would extend the enhanced match until June 30, 2011. The Senate passed the legislation on Wednesday, March 10, by a vote of 63-36, and the bill has moved to the House for consideration. Extension of the enhanced federal match for the Medicaid program would result in an additional \$127.3 million for the Kansas Medicaid Program for the second half of FY 2011.

B. Centers for Independent Living Funding (Senate Committee and House Committee). The Senate Committee and the House Committee recommended a review of the addition of \$1.1 million, all from the State General Fund, for FY 2011 to restore the Governor's reduction to the Centers for Independent Living.

The Governor's reduction results in remaining funding of \$1.2 million, including \$592,312 from the State General Fund. The Governor's reduction is a reduction of 47.9 percent below the requested amount and a 50.3 percent below the FY 2010 recommendation.

The Centers for Independent Living receive grants to provide information, training in independent living skills, peer counseling, and deinstitutionalization supports. Information provided by the agency indicates that if funding is not restored, an estimated 9,276 consumers will lose services for FY 2011.

C. General Assistance Program Funding (Senate Committee). The Senate Committee recommended the deletion of \$3.7 million, all from the State General Fund, to suspend all General Assistance (GA) payments. This action would leave \$100 in the program to ensure the restoration of the assistance payments is considered in the future. The GA population consists of adults with severe disability barriers living in extreme poverty. GA provides monthly cash assistance to 2,373 low-income adults with disabilities who do not qualify for any other assistance programs.

The Senate Committee recommends consideration of the restoration of the funding for the GA program for FY 2011. Restoration of the funding would enable 2,373 adults to retain cash assistance. Restoring funds would help prevent communities from having to bear the burden of providing substitute services.

D. Salary and Wages Funding (Senate Committee). The Senate Committee recommended the deletion of \$4.1 million, including \$1.8 million from the State General Fund, for salary and wages reductions. This increases the agency's shrinkage rate from 18.5 percent to 20.5 percent. The shrinkage rate for FY 2010 is 16.0 percent.

The Senate Committee recommends consideration of the restoration of salary and wages for FY 2011. The Department indicated that restoration of this reduction would allow for the retention of approximately 77 staff based on an average salary and would not undermine the ability of SRS to provide services given the current unprecedented low staffing levels.

E. Home and Community Based Services Waivers Funding (Senate Committee). The Senate Committee recommended the deletion of \$17.4 million, including \$6.2 million from the State General Fund, in reductions to the home and community based services waivers after the enhanced federal match for the Medicaid program expires. The Governor's recommendation includes funding of \$456.0 million, including \$151.4 million from the State General Fund. This may result in individuals who are currently receiving waiver services no longer being determined qualified for these services due to a change in eligibility. This would mainly affect the HCBS waiver for the physically disabled and the HCBS waiver for the developmentally disabled. It could also affect the other HCBS waivers, including the autism, traumatic brain injury, and technology assistance waivers.

As of February 25, 2010, the Home and Community Based Services Waiver for Individuals with Developmental Disabilities (HCBS/DD) had a waiting list for services totaling 2,990, which includes 2,075 individuals receiving no services and 915 who are underserved. In addition, the HCBS/DD waiver stopped providing dental services effective January 1, 2010 and temporary respite care effective February 1, 2010. As of March 31, 2010 the waiting list totaled 3,161, which includes 2,246 receiving no services and 915 who are underserved.

As of February 25, 2010, the Home and Community Based Services Waiver for Individuals with Physical Disabilities (HCBS/PD) had a waiting list of 1,728 individuals requesting but not receiving services. In addition, effective January 1, 2010, the HCBS/PD waiver stopped providing dental services and chore services, limited personal services to 10 hours per day, and limited assistive services to crisis situations. Prior to that, the HCBS/PD waiver had implemented a hard freeze (crisis exceptions only) and new rules regarding plans of care for individuals aimed at cost containment effective November 1, 2009. As of March 31, 2010 the waiting list was 1,975.

The Senate Committee recommended consideration of the restoration of the Home and Community Based Services funding. Restoration of the funding would enable 539 individuals to retain services on the Physical Disabilities Waiver and 1,953 individuals to retain services on the Developmental Disabilities Waiver.

F. Funeral Assistance Program Funding (Senate Committee). The Senate Committee recommended the deletion of \$519,900, all from the State General Fund, to eliminate funding for the Funeral Assistance program for FY 2011. This action would leave \$100 in the program to ensure the restoration of the assistance payments is considered in the future.

The funding for this program was transferred from the county level to the state when the Department of Social and Rehabilitation Services was created. However, the statutory responsibility for this program still resides with the counties (K.S.A. 39-713d). Senate Bill 320 was introduced by the Senate Committee on Ways and Means during the 2009 Session to formally transfer the responsibility to the state for this program. As of April 1, 2010, SB 320 remained assigned to the Senate Committee on Ways and Means.

The Senate Committee recommended consideration of the restoration of funding for the Funeral Assistance program for FY 2011. Restoration of the funding would allow the families of 954 deceased, former SRS recipients, to receive assistance. The Funeral Assistance program mission is to convey dignity and compassion to very low income families facing the loss of a relative. The agency notes that the restoration of these funds would prevent a further burden from being placed on counties who are also financially pressed.

G. Mental Health Consolidated Grants (Senate Committee). The Senate Committee recommended the deletion of \$5.8 million, all from the State General Fund, to reduce Mental Health Consolidated grants. Consolidated Mental Health grants are awarded to Community Mental Health Centers (CMHCs) and are used to fund services necessary to meet the community-based needs of persons with severe and persistence mental illness or children with severe emotional disturbance who do not have the means to pay for mental health services. This action would leave \$5.0 million in CMHC Consolidated grants.

The Senate Committee recommended consideration of the restoration of Mental Health Consolidated grants distributed to the CMHCs for FY 2011. Restoration of the funding would allow approximately 18,334 persons with mental illness to retain their current level of services.

H. Mental Health State Aid (Senate Committee). The Senate Committee recommended deletion of \$5.2 million, all from the State General Fund, to reduce Mental Health State Aid. This action would leave \$5.0 million in Mental Health State Aid. Mental Health State Aid is used to subsidize the cost of providing services to individuals who do not have third party reimbursement, including Medicaid. Specific emphasis is placed on providing emergency care and care for the homeless.

The Senate Committee recommends the proposed reductions for Mental Health State Aid be distributed to CMHCs for FY 2011. Restoration of funding would allow approximately 6,644 persons with mental illness to retain their current level of services.

I. Community Developmental Disabilities Organizations Direct Services Grants (Senate Committee). The Senate Committee recommended deletion of \$1.3 million, all from the State General Fund, to reduce direct services grants. This action would leave \$2.0 million in direct services grants. Funding for the direct services grants is provided to Community Developmental Disability Organizations (CDDOs) to provide a comprehensive array of community-based support and direct services for persons with developmental disabilities. This is done in partnership with individuals served, their families, advocates, and private providers. The CDDOs use these grant funds to primarily provide direct day and residential services for adults with developmental disabilities and family support services for families whose child is developmentally disabled. Grants for direct services supports over 2,300 individuals and families.

The Senate Committee recommends consideration of the restoration of direct services grants for Community Developmental Disabilities Organizations (CDDOs) for FY 2011. Restoration of funding would allow approximately 2,000 persons to retain their current level of services. These services include transportation, day and residential services, and early childhood services. Rates to providers of day and residential services could also remain at the current level.

J. Developmental Disabilities State Aid (Senate Committee). The Senate Committee recommended deletion of \$3.2 million, all from the State General Fund, to reduce Developmental Disabilities State Aid. This action would leave \$2.0 million in Developmental Disabilities State Aid. State Aid is allocated to CDDOs based on a statutory formula (K.S.A. 65-4413). CDDOs have significant latitude in how state aid is utilized. Examples of how funding is utilized include: payments to affiliates, infrastructure, consumer expenditures, independent living, and administration.

The Senate Committee recommended consideration of restoration of Developmental Disabilities State Aid for FY 2011 and priority be given to the restoration. Restoration would allow approximately 2,000 persons to retain their current level of services. These services include transportation, day and residential services, and early childhood services. Rates to providers of day and residential services could also remain at the current level.

K. Information Technology Expenditures (Senate Committee). The Senate Committee recommended the deletion of \$500,000, all from the State General Fund, from the Information Technology Services program. The Information Technology Services program manages the agency-wide information technology system which includes reporting, and maintaining core infrastructure and other resources.

The Senate Committee recommended consideration of the restoration of information technology expenditures for FY 2011. Restoration of this reduction would allow the Department to continue to contract for programming services, which would allow it to continue to provide the current level of support and maintenance to the antiquated Child Support Enforcement (CSE) system and would allow mandated changes to the CSE system to occur. Furthermore, restoration of funds would allow for the ongoing support, maintenance, and required technology refresh of the server and network computing infrastructure within SRS and would prevent a future infrastructure failure.

L. Children's Initiatives Fund Reductions (Senate Committee). The Senate Committee recommended the deletion of \$9.0 million, all from the Children's Initiatives Fund, for FY 2011, to reduce expenditures for each program by 24.0 percent. The proportionate reduction of Children's Initiatives Fund expenditures for the Department of Social and Rehabilitation Services and the Department of Education results in a \$12.0 million overall reduction.

The Senate Committee requested that the Children's Cabinet review the Senate reduction recommendations and present a proposal to the Committee prior to Omnibus with alternative reductions totaling \$12.0 million, across all agencies, to reflect the areas most appropriate for reduction.

The Senate Committee recommended consideration of the restoration of \$12.0 million, all from the Children's Initiatives Fund, in early childhood program reductions for FY 2011. In addition, the Senate Committee recommended a review of the recommendation from the Children's Cabinet on how the reduction, if not restored, should be distributed.

Children's Cabinet Recommendation

The Kansas Children's Cabinet and Trust Fund (KCCTF) met on April 15, 2010 and submitted the following recommendations regarding how a \$12.0 million reduction in Children's Initiatives Fund expenditures should be applied. The recommendation utilized a weighted formula that takes into consideration the level of evidence base, the quality of evaluation, the level of outcomes measured, and if funds are considered as federal match to leverage additional dollars into the State. The Children's Cabinet indicated that careful consideration was made to ensure the most fair and reasoned criteria were used.

Programs	Agency	FY 2011	Weighted Budget Cut*
Children's Cabinet Accountability Fund	KCCTF	\$ 541,802	\$ 184,213
Child Care Assistance Program	SRS	1,400,000	476,000
Child Care Quality Initiatives	SRS	500,000	95,000
Children's Mental Health Initiative	SRS	3,800,000	722,000
Early Childhood Block Grant - Autism	KCCTF	50,000	17,000
Early Childhood Block Grant	KCCTF	11,049,830	2,099,468
Early Head Start	SRS	3,452,779	310,750
Family Centered Systems of Care	SRS	5,000,000	1,200,000
Family Preservation	SRS	3,241,062	291,696
Healthy Start Home Visitors	KDHE	250,000	47,500
Infants & Toddlers	KDHE	5,700,000	513,000
Juvenile Graduated Sanctions Grants	JJA	5,214,186	990,695
Juvenile Prevention & Intervention Program Grants	JJA	3,785,814	908,595
Newborn Hearing Aid Loaner Program	KDHE	50,000	17,000
Newborn Screening	KDHE	2,219,766	421,756
Parents As Teachers	KSDE	7,539,500	1,055,530
Pre-K Pilot	KCCTF	5,000,000	950,000
SIDS Network Grant	KDHE	75,000	18,000
Smart Start Kansas	KCCTF	8,443,161	1,604,201
Smoking Cessation	KDHE	1,000,000	90,000
Totals		\$ 68,312,900	\$ 12,012,403

*Criteria were: level of evidence base, quality of evaluation, level of outcomes measured and if funds are used as Federal match to leverage additional dollars into the State.

M. Eligibility requirements for the Home and Community Based Services Waivers (House Committee). The House Committee recommended a review of the eligibility requirements for the Home and Community Based Services Waivers and the effects, including any savings for FY 2011, from changing eligibility requirements.

WAIVER	AUTISM	DEVELOPMENTAL DISABILITY	PHYSICAL DISABILITY	TECHNOLOGY ASSISTED	TRAUMATIC BRAIN INJURY
Point of Entry	HCBS/Autism Program Manager	Community Developmental Disability Organization (CDDO)	Case management Entities	Case management Entities	Case management Entities
General Eligibility Guidelines	Time of diagnosis through 5 years of age Diagnosis of an Autism Spectrum Disorder or PDD-NOS Eligible for State Institutional	Individuals age 5 and up Meet definition of mental retardation or developmental disability per the Developmental Disabilities Reform Act (K.S.A.39-1803) Eligible for ICF/MR level of care	Age 16-64* Determined disabled by SSA Need assistance with activities of daily living. Eligible for nursing facility care *At age 65 may choose to stay on the PD waiver or move to the FE waiver	Children under age 22 Dependent upon intensive medical technology Medically fragile Requires the level of care provided in an acute hospital	Individuals age 16-65 Have traumatic, non-degenerative brain injury resulting in residual deficits and disabilities Eligible for in-patient care in a Head Injury Rehabilitation Hospital

WAIVER	AUTISM	DEVELOPMENTAL DISABILITY	PHYSICAL DISABILITY	TECHNOLOGY ASSISTED	TRAUMATIC BRAIN INJURY
<p>Functional Eligibility Guidelines (Assessment)</p>	<p>Individuals are assessed utilizing the Vineland II Survey Interview Adaptive Behavior Scale, administered by a Functional Eligibility Specialist.</p> <p>One of the following scoring criteria is required for eligibility:</p> <p>Total score or score on at least two Adaptive Areas (Communication, Daily Living, Motor and Socialization, skills) of 70 or below; or</p> <p>Adaptive Areas score of 71-85, and a clinically significant v-scale score of 21-24 Maladaptive Behaviors.</p>	<p>Individuals are assessed utilizing the Vineland II Survey Interview Adaptive Behavior Scale, administered by a Functional Eligibility Specialist.</p> <p>One of the following scoring criteria is required for eligibility:</p> <p>Total score or score on at least two Adaptive Areas (Communication, Daily Living, Motor and Socialization, skills) of 70 or below; or</p> <p>Adaptive Areas score of 71-85, and a clinically significant v-scale score of 21-24 Maladaptive Behaviors.</p>	<p>Individuals are assessed utilizing the Uniform Assessment Instrument. Assessments are completed by case managers.</p> <p>A score of 26 or greater is required to be eligible for HCBS PD waiver services.</p>	<p>Individuals are assessed utilizing the Medical Assistive Technology Level of Care (MATLOC), administered by registered nurses. Two scores are determined; the Medical Technology Score and the Nursing Acuity Score.</p> <p>The following scoring criteria is required for eligibility:</p> <p>Age 0-21 yrs. - 50 point Medical Technology Score and supporting documentation for nursing acuity; or</p> <p>Age 1-5 yrs. - 25 point Medical Technology Score and 20 point Nursing Acuity Score; or</p> <p>Age 6-21 yrs. - 25 point Medical</p>	<p>Individuals are assessed utilizing the Uniform Assessment Instrument (UAI) and the TBI Assessment Addendum. Assessments are completed by cases managers.</p> <p>One of the following scoring criteria is required to be eligible:</p> <p>24 or above on the TBI Assessment Addendum, Parts 2 & 3; or</p> <p>26 or above on the UAI; or</p> <p>Combined score of 25 from the Addendum and UAI.</p>

WAIVER	AUTISM	DEVELOPMENTAL DISABILITY	PHYSICAL DISABILITY	TECHNOLOGY ASSISTED	TRAUMATIC BRAIN INJURY
<p>Financial Eligibility Rules</p>	<p>Only the individual's personal income & resources are considered</p> <p>Parent's income & resources are not counted, but are considered for the purpose of determining a family participation fee</p> <p>Income over \$727 per month must be contributed towards the cost of care</p>	<p>Only the individual's personal income & resources are considered</p> <p>For individuals under age 18, parent's income & resources are not counted, but are considered for the purpose of determining a family participation fee</p> <p>Income over \$727 per month must be contributed towards the cost of care</p>	<p>Only the individual's personal income & resources are considered</p> <p>For individuals under age 18, parent's income & resources are not counted, but are considered for the purpose of determining a family participation fee</p> <p>Income over \$727 per month must be contributed towards the cost of care</p>	<p>Only the individual's personal income & resources are considered</p> <p>For individuals under age 18, parent's income & resources are not counted, but are considered for the purpose of determining a family participation fee</p> <p>Income over \$727 per month must be contributed towards the cost of care</p>	<p>Only the individual's personal income & resources are considered</p> <p>For individuals under age 18, parent's income & resources are not counted, but are considered for the purpose of determining a family participation fee</p> <p>Income over \$727 per month must be contributed towards the cost of care</p>
<p>Services/ Supports</p> <p>Additional regular Medicaid services are provided</p>	<p>Consultative Clinical and Therapeutic Services (Autism Specialist)</p> <p>Intensive Individual Supports</p> <p>Parent Support/and training</p> <p>Family Adjustment Counseling</p> <p>Respite Services</p>	<p>Assistive Services</p> <p>Day Services</p> <p>Medical Alert Rental</p> <p>Sleep Cycle support</p> <p>Personal Assistant Services</p> <p>Residential Supports</p> <p>Supported Employment</p> <p>Supportive Home Care</p> <p>Wellness Monitoring</p>	<p>Personal Services</p> <p>Assistive Services</p> <p>Sleep Cycle Support</p> <p>Personal Emergency Response</p> <p>Personal Emergency Response Installation</p>	<p>Case Management</p> <p>Specialized medical care (skilled nursing)</p> <p>Long term community care attendant</p> <p>Medical respite</p> <p>Home modifications</p>	<p>Personal Services</p> <p>Assistive Services</p> <p>Rehabilitation Therapies</p> <p>Transitional Living Skills</p> <p>Sleep Cycle Support</p> <p>Personal Emergency Response</p> <p>Personal Emergency Response Installation</p>

Restrictions on ARRA funding prevent SRS from making changes to eligibility requirements. The ARRA funding is currently scheduled to expire on December 31, 2010. However, federal legislation is being considered that would extend this funding source through June 30, 2011. The only way to achieve savings in the waivers while the ARRA funding is in effect would be to reduce provider rates. Changes in eligibility requirements could be made once the ARRA funding expires.

The Department indicated that recently passed federal health reform legislation requires states to maintain eligibility standards, methodologies and procedures for the Home and Community Based Services Waivers that were in place as of March 23, 2010.

N. Recommended funding reductions and impact (House Committee). The House Committee recommended a review of all reductions recommended by the Governor and House recommended reductions, including the impact the reductions will have on the agency and individuals served by the agency. The agency provided the following table:

SRS Impact of the House Appropriations Committee Budget Cuts			
	FY 2011		
Agency Specific Adjustments	State Funds	All Funds	Impact
Administration	\$(1,000,000)	\$(1,889,615)	Eliminate approximately 28 administrative employees. These are Legal, Human Resource, ITS, and Accounting positions and a reduction would impact the ability to maintain computer functions, make payroll, meet federal accounting and reporting requirements, and meet personnel and legal rules and regulations.
Strategic Development	(500,000)	(651,554)	Eliminate approximately 9 employees (70 percent of all employees) plus contractual services that support agency wide and mandatory professional development for 6,000 employees. Reduce infrastructure, consultation, and support for training and virtual tools. Investment in capacity and technology here contributes to reduced travel costs and time away from work for agency staff.
ISD Admin	(50,000)	(123,395)	This reduction will limit the ability to hire approximately two positions necessary to manage on-going and ARRA-related responsibilities. To meet this reduction the division would need to reprioritize work.

SRS Impact of the House Appropriations Committee Budget Cuts			
	FY 2011		
Agency Specific Adjustments	State Funds	All Funds	Impact
CFS Other Grants & Contracts	(565,057)	(581,965)	Reduce the Adoption Exchange contract by 11.4 percent by eliminating payment for corporate indirect costs. This contract supports a federal requirement for states to maintain information regarding prospective adoptive resources for children in the custody of the Secretary. Reduce the Family Resource Contract for emergency shelter services by 25.5 percent. This grant supports short term case management services for approximately 6,800 children annually with the goal to prevent out of home placement in foster care. Services in this contract are provided by 13 organizations across the state including emergency shelters who serve children in police protective custody. Reduce the Foster Care and Prevention Tribal Grants by 25.5 percent. This grant supports direct child protection and case management services to families with children by four recognized Tribes in Kansas.
Eliminate Developmental Disability Grants	(3,325,000)	(3,325,000)	Eliminate services for 1,669 individuals. These grants provide a "safety net" for individuals with developmental disabilities by giving the CDDOs the flexibility to utilize these funds when individuals are in need of supports and waiver services are not available. Without the grant funds the number of crisis requests for MR/DD waiver services may increase.
Cut Early Childhood Block Grant and Replace SGF in Foster Care	(5,000,000)	(5,000,000)	A \$5.0 million (45.0 percent cut) in the Early Childhood Block Grant would result in 3,251 at-risk infants, toddlers, and preschoolers losing services.
Early Head Start CIF Reduction	(2,000,000)	(2,000,000)	The immediate impact of this reduction is to reduce the number of children served by approximately 208, or by 17.6 percent. Research has consistently shown that the comprehensive services provided by Early Head Start programs substantially improve the lives of children and families living in poverty. Investing in Early Head Start pays long term dividends with regard to healthy, ready-to-learn children who will grow to become educated and productive citizens.
Reduce MediKan Program by 50.0 Percent	(2,300,000)	(2,300,000)	This will reduce mental health supports for persons with serious mental illness who are awaiting disability determination. These services have already been limited to 12 months. Please note a similar reduction would occur in KHPA.

SRS Impact of the House Appropriations Committee Budget Cuts			
	FY 2011		
Agency Specific Adjustments	State Funds	All Funds	Impact
1.0 Percent State General Fund Reduction excluding Consensus Caseload for SRS and State Hospitals	(4,274,848)	(4,274,848)	This will result in additional reductions in mental health, developmental disability, and independent living grants and state aid, and these additional reductions will result in the loss of services to individuals with serious mental health needs, developmental disabilities, and other disabilities.
Assume Six Month Extension of Higher Medicaid Match Rate	(39,428,661)	-	This will replace SGF expenditures with federal funds from an anticipated extension of the ARRA FMAP rate. Assuming the extension of the rate occurs, this will have no effect on operations. If the extension is not approved by the federal government and this SGF reduction was not restored, then there would be drastic cuts to all Medicaid programs.
Add \$3.3 million SGF for the Developmental Disabilities Waiver	3,300,000	10,885,341	This funding will allow the addition of 145 persons to the DD waiver, plus continuing to serve persons in crisis. This assumes the number of persons in crisis is roughly equivalent to the number of persons leaving the waiver, which has been our experience in FY 2010. The AF number assumes the six month extension of the ARRA FMAP rate.
Add \$3.6 million SGF for the Physical Disabilities Waiver	3,600,000	11,874,918	This additional funding will allow us to begin a rolling waiting list, with one on for every one off, including crisis within those totals. That would stabilize the waiver at just over 6,840 persons in FY 2011. The AF number assumes the six month extension of the ARRA FMAP rate.
<i>Total Agency Specific Adjustments</i>	<i>\$(51,543,566)</i>	<i>\$ 2,613,882</i>	

O. Status of all Home and Community Based Services waivers (House Committee). The House Committee recommended a review of the status of all Home and Community Based Services waivers, including funding levels and waiting lists for services for FY 2011.

FY 2010 Waiver Information							
Waiver	FY 2010 GBR		FY 2010 Current Projection		FY 2010 Difference		FY 2010 Waiting List
	State Funds	All Funds	State Funds	All Funds	State Funds	All Funds	As of 2/28/2010
Developmental Disabilities Waiver	\$ 93,118,263	\$ 306,511,728	\$ 94,027,247	\$ 309,503,775	\$ (908,984)	\$ (2,992,047)	2236
Physical Disabilities Waiver	39,763,397	130,864,410	40,879,705	134,561,240	(1,116,308)	(3,696,830)	1,896
Traumatic Brain Injury Waiver	3,473,585	11,432,012	3,282,146	10,803,641	191,439	628,371	0
Technical Assistance Waiver	7,347,919	24,182,778	7,363,079	24,236,601	(15,160)	(53,823)	0
Autism Waiver	370,929	1,220,762	252,748	831,954	118,181	388,808	243
TOTAL	\$ 144,074,093	\$ 474,211,690	\$ 145,804,925	\$ 479,937,211	\$ (1,730,832)	\$ (5,725,521)	
FY 2011 Waiver Information							
Waiver	FY 2011 GBR		FY 2011 Current Projection		FY 2011 Difference		FY 2011 Waiting List
	State Funds	All Funds	State Funds	All Funds	State Funds	All Funds	Projection for 06/30/2011
Developmental Disabilities Waiver	\$ 108,495,440	\$ 304,390,963	\$ 109,039,314	\$ 306,032,316	\$ (543,874)	\$ (1,641,353)	2,556
Physical Disabilities Waiver	40,690,575	114,193,451	41,518,675	116,527,293	(828,100)	(2,333,842)	4,264
Traumatic Brain Injury Waiver	4,154,541	11,659,566	3,538,900	9,932,361	615,641	1,727,205	0
Technical Assistance Waiver	8,750,088	24,556,415	8,644,740	24,262,531	105,348	293,884	0
Autism Waiver	394,040	1,105,828	389,842	1,094,139	4,198	11,689	294
TOTAL	\$ 162,484,684	\$ 455,906,223	\$ 163,131,471	\$ 457,848,640	\$ (646,787)	\$ (1,942,417)	

P. Reductions in mental health and developmental disability aid and grants (House Committee). The House Committee recommended a review of all FY 2011 reductions in mental health and developmental disability aid and grants.

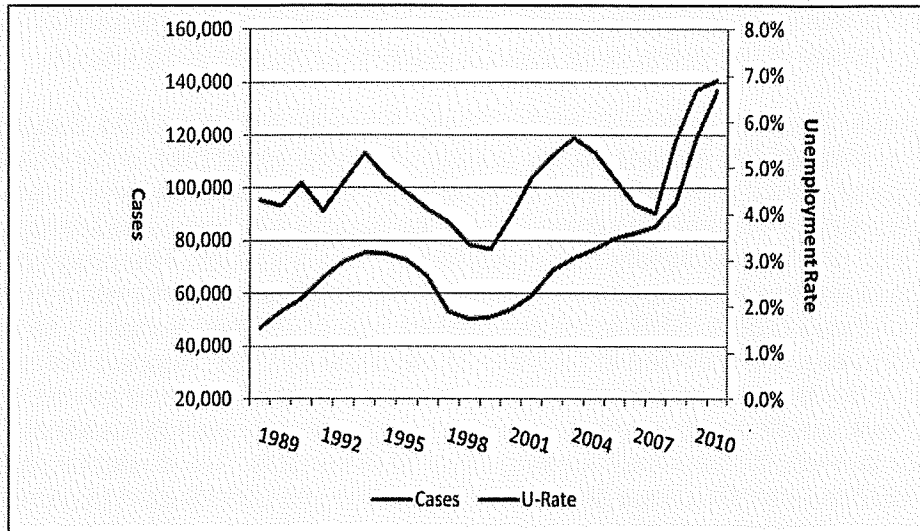
SRS FY 2011 Reduction for DD and CMHC Grants			
	FY 2011 SGF	FY 2011 All Funds	Impact
Developmental Disabilities Grant			
FY 2011 Base Budget	\$ 4,896,190	\$ 4,896,190	
Governor Reduction	(1,300,000)	(1,300,000)	This will result in a reduction in the amount of services received.
<i>FY 2011 GBR</i>	<i>3,596,190</i>	<i>3,596,190</i>	
House recommendation to eliminate DD Grants	(3,325,000)	(3,325,000)	This would eliminate services for 1,669 individuals
<i>Remaining FY 2011 Budget if House Recommendation Adopted</i>	<i>271,190</i>	<i>271,190</i>	The remaining funds would be used for miscellaneous grants.
Community Mental Health Center Grants			
FY 2011 Base Budget	\$14,874,340	\$ 17,340,141	
Governor Reduction	(3,983,347)	(3,983,347)	This reduction reflects the estimated amount it would take to provide approximately 1,380 uninsured persons community mental health services.
<i>FY 2011 GBR</i>	<i>\$10,890,993</i>	<i>\$ 13,356,794</i>	

Q. Temporary Assistance for Needy Families Fund (TANF) (House Committee). The House Committee recommended a review of the balance of the Temporary Assistance for Needy Families Fund and FY 2011 expenditures from this funding source.

TANF Block Grant Item	FY 2009 Actual	FY 2010 Budget	FY 2011 Budget	FY 2012 Estimate	FY 2013 Estimate
Beginning Balance	\$ 18,456,109	\$ 43,552,971	\$ 10,740,335	\$ 10,102,994	\$ 7,135,510
Revenue					
TANF Block Grant	101,931,061	101,931,061	101,931,061	101,931,061	101,931,061
TANF Emergency Fund - ARRA		3,500,000	5,800,000		
TANF Contingency Fund	18,687,361				
Transfer to CCDF	(23,325,892)	(21,900,000)	(23,400,000)	(20,901,922)	(21,179,884)
Transfer to SSBG	(7,191,254)	(7,191,254)	(7,191,254)	(7,191,254)	(7,191,254)
Transfer to KS Dept of Revenue		(18,687,361)			
Total	\$ 90,101,276	\$ 57,652,446	\$ 77,139,807	\$ 73,837,885	\$ 73,559,923
Total Revenues Available	\$ 108,557,385	\$ 101,205,417	\$ 87,880,142	\$ 83,940,879	\$ 80,695,433
Expenditures					
Central Office Administration	\$ 2,065,644	\$ 2,037,676	\$ 2,162,901	\$ 2,216,974	\$ 2,272,398
Information Technology	1,505,572	1,315,424	1,320,907	1,353,930	1,387,778
Regional Staff	13,816,127	13,888,325	13,863,673	14,210,265	14,565,521
TAF Cash Assistance	15,230,774	26,682,472	24,218,122	27,562,656	30,432,449
Child Care Assistance	7,414,801	5,817,317	5,737,677	5,737,677	5,737,677
TAF Employment Services	11,862,025	12,356,133	12,356,133	12,356,133	12,356,133
Domestic Violence Prevention	1,527,427	1,685,848	1,685,848	1,685,848	1,685,848
Substance Abuse	1,496,280	1,408,000	1,408,000	1,408,000	1,408,000
Foster Care Contracts	5,862,528	5,424,150	5,699,150	5,699,150	5,699,150
Permanent Custodianship	1,188,538	612,184	612,184	612,184	612,184
Family Preservation	3,034,698	4,237,553	3,962,553	3,962,553	3,962,553
Replace SGF in Foster Care		15,000,000			
Emergency Fund Local Initiatives			4,750,000		
Total Expenditures	\$ 65,004,414	\$ 90,465,082	\$ 77,777,148	\$ 76,805,369	\$ 80,119,691
Ending Balance	\$ 43,552,971	\$ 10,740,335	\$ 10,102,994	\$ 7,135,510	\$ 575,742

R. Supplemental Nutrition Assistance Program (House Committee). The House Committee recommended a review of the Supplemental Nutrition Assistance Program (SNAP), including FY 2011 funding and the number of individuals requesting assistance.

Food Assistance benefits are funded fully by the U.S. Department of Agriculture. The food assistance caseload over the last two decades is detailed in the following graph and table. The unemployment rate is superimposed in the graph to illustrate the direct relationship between the caseload and economic conditions.



Fiscal Year	Average Monthly Cases	Percent Change	Average Monthly Persons	Food Assistance Benefits
1990	53,380	13.5%	139,376	\$ 93,611,321
1991	58,327	9.3%	151,985	109,756,846
1992	65,906	13.0%	170,225	130,177,293
1993	72,164	9.5%	185,068	141,350,397
1994	75,749	5.0%	192,050	147,923,912
1995	75,280	-0.6%	186,595	147,620,784
1996	72,795	-3.3%	175,490	140,484,299
1997	66,345	-8.9%	156,657	120,631,488
1998	53,443	-19.4%	120,465	87,345,057
1999	50,336	-5.8%	110,767	79,702,839
2000	51,116	1.5%	110,619	81,380,145
2001	53,923	5.5%	117,241	89,183,403
2002	59,610	10.5%	131,723	106,751,719
2003	68,908	15.6%	155,800	133,948,144
2004	73,521	6.7%	167,971	154,099,365
2005	77,007	4.7%	175,710	174,875,666
2006	81,137	5.4%	182,821	185,134,708
2007	82,996	2.3%	184,036	190,314,485
2008	85,428	2.9%	187,375	205,730,500
2009	94,499	10.6%	208,007	263,141,489
2010 est	119,000	25.9%	262,038	391,893,551
2011 est	137,000	15.1%	301,674	460,194,999

The Department indicated that the food assistance caseload lags behind economic conditions, generally peaking four years after the beginning of a recession, and subsiding when the labor market improves. Predicting the current post-recession peak is difficult because of the depth of the current recession and the absence of historical experience on the scale of the current economic downturn.

The Department also receives funding to help cover the administration of this program.

S. Child Support Collections System (House Committee). The House Committee recommended a review of the child support collections system and consideration of the possibility of requesting a study of the entire child support system during the 2010 Interim.

Congress enacted Title IV-D of the Social Security Act, the Child Support Enforcement Program, to counteract the increasing tax burden of public assistance programs for children left unsupported by one or both parents and to improve the lives of children living in poverty. The Child Support Enforcement Program is a joint federal, state (judicial and executive branches), county, and private operation which must satisfy numerous federal requirements. The program must provide a full range of child and medical support services from the establishment of orders to modification and enforcement of those orders. SRS is the designated Title IV-D Child Support Enforcement agency for Kansas. Services are provided in all areas of the State by Child Support Enforcement regional staff and by contracts with most court trustees, one county attorney, and private sector providers (private attorneys, credit bureaus, process servers, and paternity testing facilities). These services are not just for low-income persons receiving other SRS benefits. Any custodial parent may ask for Child Support Enforcement's unique absent parent location and Child Support Enforcement services. No other private or government agency has the legal authority to provide these services.◦

The Child Support Collections System has two main goals:

- Financial stability for children, whether the family receives public assistance or not; and
- A reasonable level of reimbursement for public assistance supplied to children.

An important element of financial stability for children is medical support, whether in the form of health insurance coverage or additional cash for uninsured medical needs.

Child Support Enforcement collects child support from:

- Voluntary payments-including payments to prevent accumulation of arrearages that trigger credit reporting, liens on real estate, passport denial, and other sanctions;
- Income withholding from wages and other periodic income (e.g., workers compensation payments);
- Federal debt setoff-interception of income tax refunds, USDA agricultural subsidies, and other federal payments to individuals;
- State debt setoff-interception of tax refunds and rebates, Kansas Lottery winnings, and other state payments to individuals;
- A share of unemployment insurance (UI) benefits;

- Payments to release sanctions that have been imposed, such as federal passport denial, Kansas drivers license restrictions, Kansas professional license sanctions, and denial of Kansas recreational permits;
- Garnishment of financial assets, such as bank accounts; and
- Use of legal proceedings, such as contempt or hearings in aid of execution, to compel payment or identify assets that may be attached or garnished.

State Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010 est	FY 2011 est
Kansas CSE caseload	130,367 cases	129,002 cases	127,217 cases	125,325 cases	123,899 cases
Collections paid to Kansas families	\$129.1 million	\$139.9 million	\$145.1 million	\$143.2 million	\$144.0 million
Collections paid to HHS or to another state	25.9 million	30.5 million	30.9 million	35.4 million	37.2 million
State's retained share	17.9 million	16.8 million	16.9 million	15.5 million	15.9 million
Total CSE collections	\$172.9 million	\$187.2 million	\$192.8 million	\$194.1 million	\$197.1 million

System improvements that could improve the level of collections:

The Child Support Enforcement automated system received extensive modifications during the 1990s and was awarded federal certification in 2002. Since then, changes have been put into production to meet new federal requirements and to improve program performance, as resources have allowed. The Department indicated that reengineering the IT processing would allow the Department to more securely and effectively communicate with employers, debtors, and others via the internet and emails. Improved communication with employers and new customer-oriented functions should translate into increased collections, according to the agency.

T. Senate Substitute for House Bill 2356, Licensure and Inspection, Certain CC Facilities (Conference Committee). Senate Sub. for HB 2356 would create a new law, to be known as Lexie's Law, and amend current law concerning the supervision, licensing and inspection requirements for specified child care facilities. The new law would define competent supervision for children in family child care homes or day care homes as regulated by the KDHE. The bill would eliminate the category of registered family day care home and replace the category with licensed family child care home. The new category of family child care home would be included in the existing general definition of a child care facility and the new category would be required to be inspected.

SRS indicates that passage of the bill would result in increased expenditures for the child care assistance program by \$275,313, all from special revenue funds, for FY 2011. The increased expenditures are the result of the associated increase in payment rates for registered family day care homes to the licensed provider rate. The Department indicated it would have federal funds available to cover the increased expenditures.

U. Human Services Consensus Caseloads and GBA No. 1, Item 2, Page 2. The Division of the Budget, Legislative Research Department, Department of Social and Rehabilitation Services (SRS), Kansas Health Policy Authority (KHPA), Department on Aging, and the Juvenile Justice Authority (JJA) met on April 14, 2010 to revise the estimates on caseload expenditures for FY 2010 and FY 2011. The consensus estimates include expenditures for Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families, General Assistance, the Reintegration/Foster Care contracts, and JJA psychiatric residential treatment facilities and out of home placements. The estimating group used the Governor's budget recommendation as the starting point for the current estimate.

For FY 2010, the new estimate is a decrease from all funding sources of \$3.1 million and \$34.7 million from the State General Fund. The decrease in caseload expenditures is the result of lower expenditures in Nursing Facilities, JJA out-of-home services, General Assistance, and Temporary Assistance to Families (TAF). The expenditure reductions for Nursing Facilities and JJA out-of-home services are due to higher than budgeted savings from the 10.0 percent rate reduction that was included in the Governor's November 2009 Allotment. The reduction in the General Assistance Program is the result of a greater impact from the new 12-month limit on benefits that was initiated in the last allotment. The reduction in the TAF Program reflects that the number of recipients is not rising as quickly as was anticipated at the fall consensus caseload meeting. These decreases were partially offset by higher estimates for the number of individuals in Foster Care and mental health services.

The State General Fund savings in Medicaid programs resulting from the enhanced Federal Medical Assistance Percentage rate included in the American Recovery and Reinvestment Act of 2009 (ARRA) has been included in prior estimates. However, the federal government recently announced that for a limited period, the state portion of the Medicaid Clawback that all states pay will be reduced by a corresponding percentage. This reduction in clawback payments of \$16.4 million from the State General Fund, which was included in the Governor's March plan to reduce the budget, is incorporated into the caseload estimate for KHPA's Regular Medical Program. The Regular Medical estimate does not include any change in expenditures that will result from federal health reform. KHPA did not provide an estimate of expenditures that will result from enactment of the federal legislation.

The estimates for Regular Medical, mental health services, and addiction treatment services include rate changes for managed care organizations that have recently begun paying privilege fees to the Insurance Department. Also incorporated from the Governor's March plan is the use of an additional \$15.0 million from the federal Temporary Assistance to Needy Families Fund for the Foster Care Program. Actual spending for the Temporary Assistance to Families Program has been less than originally expected and the savings can be used to replace State General Fund expenditures in Foster Care. Additional State General Fund savings are included in the Foster Care estimate to reflect that SRS has improved its practices to increase the amount of federal funding that can be drawn for the program.

	FY 2010 Adjustments	
	All Funds	State General Fund
Nursing Facilities	\$ (4,750,000)	\$ (861,550)
Aging Targeted Case Management	0	0
Psychiatric Residential Treatment Facilities	0	0
Out of Home Placements	(373,837)	(914,847)
Nursing Facilities Mental Health	0	0
Temporary Assistance for Families	(2,496,500)	0
General Assistance	(376,320)	(376,320)
Regular Medical Assistance- Health Policy Authority	0	(16,400,000)
Reintegration/ Foster Care	1,926,102	(16,840,057)
Mental Health	2,944,382	642,890
Community Supports and Services	0	0
Addiction and Prevention Services	0	0
TOTAL	\$ (3,126,173)	\$ (34,749,884)

For FY 2011, the estimate is a decrease of \$1.6 million from all funding sources, but an increase of \$1.0 million from the State General Fund. These adjustments include decreases from all funding sources of \$107,907 for the Department on Aging's Targeted Case Management (TCM) Program, \$7.8 million for Temporary Assistance to Families, and \$683,304 for General Assistance. TCM and TAF are still expected to increase over FY 2010 expenditures, but beneficiaries and program expenditures are not expected to increase as much as was originally estimated. The estimates for Psychiatric Residential Treatment Facility expenditures are increased in JJA and SRS Mental Health reflecting both an increase in children served and system capacity. Estimates for Foster Care and JJA out-of-home placements are also increased. However, both agencies have additional federal funding that can be drawn for the programs, so less State General Fund is required.

The overall estimate for Nursing Facilities is unchanged from the fall, but the estimate does now include the addition of the Kansas Soldiers' Home and the Kansas Veterans' Home to the program. The estimate for Regular Medical is an increase of \$410,885, but the State General Fund portion is decreased by \$1.9 million. This State General Fund reduction is largely due to the FY 2011 clawback reduction of \$8.4 million. The Regular Medical estimate does not include the use of a Preferred Drug List for mental health drugs as was recommended by the Governor, but it does include the use of a prior authorization system for prescription drugs and the professional rate leveling reductions. The Regular Medical estimate also does not include any change in expenditures that will result from federal health reform. KHPA did not provide an estimate of expenditures that will result from enactment of the federal legislation. The estimates for Medicaid Programs that had a 10.0 percent provider rate reduction in FY 2010 also include estimated savings of \$7.5 million, including \$2.6 million from the State General Fund, which will be realized in FY 2011 from the time lag in billing. The estimates for Regular Medical, mental health services, and addiction treatment services include rate changes for managed care organizations that have recently begun paying privilege fees to the Insurance Department.

The caseload estimates for FY 2011 include the enhanced federal Medicaid funding from the American Recovery and Reinvestment Act of 2009 for the period from July 1, 2010 to December 31,

2010. However, there is a possibility that the enhanced Federal Medical Assistance Percentage rate will be extended from January 1, 2011 to July 1, 2011. If that happens, the required state match for Medicaid programs will be reduced by approximately \$127.3 million. The savings for Medicaid Programs that are included in the consensus process would total \$98.2 million. Additionally, Medicaid Programs that are not included in the process, such as the home and community-based services waivers, would save an estimated \$29.1 million.

	FY 2011 Adjustments	
	All Funds	State General Fund
Nursing Facilities	\$ 0	\$ 0
Aging Targeted Case Management	(107,907)	(38,447)
Psychiatric Residential Treatment Facilities	1,316,022	468,899
Out of Home Placements	335,403	(54,343)
Nursing Facilities Mental Health	0	0
Temporary Assistance for Families	(7,760,850)	0
General Assistance	(683,304)	(683,304)
Regular Medical Assistance- Health Policy Authority	410,885	(1,921,180)
Reintegration/ Foster Care	4,376,087	1,657,089
Mental Health	490,082	1,583,581
Community Supports and Services	0	0
Addiction and Prevention Services	0	0
TOTAL	\$ (1,623,582)	\$ 1,012,295

V. GBA No. 1, Item 3, Page 4—Osawatomie State Hospital Electrical Sub-Station

Department on Aging

A. Review Funding for the Nutrition Program, Home and Community Based Services/Frail Elderly Program, and the Senior Care Act (House Committee). The House Committee requested a review of the FY 2011 funding for the Nutrition program, Home and Community Based Services/Frail Elderly program, and the Senior Care Act, should the federal government extend the enhanced federal match for the second half of FY 2011. The current recommended funding for all three programs is \$89.7 million, including \$30.1 million from the State General Fund, for FY 2011.

The enhanced federal match for the Medicaid program was originally authorized in the 2008 federal American Recovery and Reinvestment Act. The provisions of the proposed federal legislation would extend the enhanced match until June 30, 2011. The U.S. Senate passed the legislation on March 10, by a vote of 63-36, and has now moved to the U.S. House for consideration. Extension of the enhanced federal match for the Medicaid program would result in an additional \$130.0 million for all agencies financed with Medicaid for the second half of FY 2011.

B. Add the Telehealth Service to the HCBS/FE Waiver Program for FY 2011 (Senate Committee and House Committee). The House and Senate Committee's requested review of the agency's enhancement request for \$1.1 million, including \$382,900 from the State General Fund, to add a telehealth service to the HCBS/FE waiver program for FY 2011. The agency has funded a telehealth pilot study, and the Kansas University Medical Center is evaluating the study results.

Results of the three-year study will be available by the end of FY 2010. The request would fund 500 telehealth monitor units a year at approximately \$6 per day.

C. Spring Consensus Caseload Estimates – Caseload Adjustments (Governor). The FY 2010 Spring Consensus Caseload Estimate for nursing facilities is a decrease of \$4,750,000, including \$861,550 from the State General Fund. The FY 2010 Spring Consensus Caseload Estimate for targeted case management is being held the same as the FY 2010 approved amount. The reduction in the State General Fund estimate for caseload programs is largely due to higher than budgeted savings from the 10.0 percent provider rate reduction that was included in the Governor's November 2009 Allotment.

The FY 2011 Spring Consensus Caseload Estimate for nursing facilities is being held the same as the FY 2011 Governor's recommendation of \$373,700,000, including \$133,149,324 from the State General Fund. The FY 2011 Spring Consensus Caseload Estimate for targeted case management is a decrease of \$107,907, including \$38,447 from the State General Fund. The caseload estimates for FY 2011 include the enhanced federal Medicaid funding from the American Recovery and Reinvestment Act of 2009 for the period from July 1, 2010 to December 31, 2010. However, there is a possibility that the enhanced Federal Medical Assistance Percentage rate will be extended from January 1, 2011 to July 1, 2011. If that happens, the required state match for Medicaid programs will be reduced. It should be noted that caseload estimate includes a State General Fund savings of \$1,109,578 for a billing delay associated with the 10.0 percent provider reimbursement reduction in FY 2010 that carries forward to FY 2011.

These items are included in the Spring Consensus Caseload Item under the Department of Social Rehabilitation Services, Item U, page 42.

Governmental Ethics Commission

A. Faculty Members Employed by State Education Institutions and Submission of Statements of Substantial Interests (Senate Committee). The Senate Committee recommended review at Omnibus of the appropriation of \$457,232, all from the State General Fund, should House Substitute for SB 416 not be enacted into law. Currently, the bill has been passed by the Senate Committee of the Whole and was referred to the House. House Substitute for SB 416 would delete the requirement that certain faculty members employed by state education institutions submit a statement of substantial interests (SSI) to the Kansas Governmental Ethics Commission. The fiscal note for House Substitute for SB 416 indicated that, should the bill not be enacted into law, then the agency will need an additional \$4,500 each year for the staff salary and postage (certified mail) to obtain compliance for faculty members at universities earning over \$50,000. This estimate is based on historical trends over the past four years. In FY 2010, to save staff time trying to obtain compliance, certified notices will be sent early June, which would mean 1,100 individuals will receive certified notices at a cost of \$6,094. This accelerated process will mean more individuals will have complaints filed against them, which should expedite the submission of the SSI forms for these individuals.

SRS Hospitals

A. Hospital Vacant FTE Report (Senate Committee). The Senate Committee requested a report regarding vacant FTE positions at the five state hospitals. SRS submitted the following information:

Vacancy Breakout as of April 5, 2010

	LSH		OSH		RMHF		PSH		KNI		Total		
	Direct Care	Non Direct Care	Direct Care	Non Direct Care	Direct Care	Non Direct Care	Direct Care	Non Direct Care	Direct Care	Non Direct Care	Direct Care	Non Direct Care	Total Positions
0 to 6 months	36.50	27.00	22.00	9.50	9.00	3.00	14.25	3.00	21.00	4.00	102.75	46.50	149.25
6 to 12 months	6.00	19.00	7.00	-	3.00	-	1.00	3.00	8.00	1.00	25.00	23.00	48.00
1 to 2 years	15.00	15.00	10.81	6.00	2.00	-	3.00	6.00	9.00	2.50	39.81	29.50	69.31
2+ years	8.90	13.50	1.00	1.00	0.80	-	-	2.00	16.50	2.50	27.20	19.00	46.20
Total Vacant Positions	66.40	74.50	40.81	16.50	14.80	3.00	18.25	14.00	54.50	10.00	194.76	118.00	312.76
2+ Year total	22.40		2.00		0.80		2.00		19.00				46.20
Number of Positions to eliminate	22.50		2.00		1.00		2.00		23.50				51.00

Department of Corrections

A. Stockton Correctional Facility (House Committee). The House Committee recommended reviewing the addition of \$531,859, all from the State General Fund, and 32.0 FTE positions for FY 2011 to reopen the Stockton Correctional Facility.

The Kansas Sentencing Commission's population projections indicate that the male population will exceed capacity sometime during FY 2011. The House Budget Committee heard testimony that the Department of Corrections is already operating close to capacity for male inmates and has exceeded capacity for short periods of time in FY 2010.

The addition of \$531,859, all from the State General Fund, would provide for the hiring and training of 32.0 FTE positions for FY 2011. The 128 beds at Stockton Correctional Facility would then be available for use in late FY 2011 or early FY 2012. The Department of Corrections included this item as a State General Fund enhancement in the FY 2011 budget request but the funding was not recommended by the Governor.

B. Community Corrections Grants (House Committee). The House Committee recommended reviewing the addition of \$1.1 million, all from the State General Fund, for Community Corrections grants disbursed by the Department of Corrections for FY 2011.

The Department of Corrections reduced the Community Corrections grant disbursements in FY 2009 from \$19.5 million to \$18.5 million as part of reductions made during the 2009 Legislative session and requested the restoration of the funding as a State General Fund enhancement for FY 2011.

C. Offender Management Information System and Total Offender Activity and Document System Replacement (House Committee). The House Committee recommended reviewing the addition of \$3.0 million, all from the State General Fund, to begin the replacement of the Offender Management Information System and Total Offender Activity and Document System for FY 2011.

According to the Department of Corrections, the Offender Management Information System and Total Offender Activity and Document System is the second oldest inmate management system in the nation and is becoming increasingly difficult to maintain and repair. The Department of Corrections reports it would lose the ability to accurately track inmate information, communicate with other state correctional agencies, and generate necessary reports for inmate processing should the Offender Management Information System and Total Offender Activity and Document System become unusable. The Department of Corrections included this item as a State General Fund enhancement in the FY 2011 budget request but the funding was not recommended by the Governor.

Juvenile Justice Authority

A. Incentive Grant Funding (House Committee). The House Committee recommended review of the Incentive Grant program. The Governor recommended eliminating the Incentive Grant program and deleted \$627,311, all from the State General Fund. The Committee requested a review to consider the restoration of \$506,292, all from the State General Fund, for FY 2011 to keep the funding the same as the FY 2010 Incentive Grant program.

The Incentive Grant program was created in FY 2009 to engage local governments in developing and supporting local juvenile justice programs. If local funds could be used to leverage state funds then districts could expand or create new programs that target at-risk youth before they entered the juvenile justice system. Incentive funds are granted to districts that agree to match dollar for dollar and utilize the grant and match funds only for enhancing services in the categories of prevention, community supervision services, and intake and assessment programs. Any funds that are not used are lapsed back to the State General Fund.

B. Spring Consensus Caseload Estimates. The Division of the Budget, Legislative Research Department, and the Juvenile Justice Authority met on April 14, 2010 to estimate the caseload expenditures for FY 2010 and FY 2011. The consensus estimates include expenditures for Psychiatric Residential Treatment Facilities (PRTFs) and Out-of-Home Placement contracts. The estimating group used the approved budget in FY 2010 and the Governor's Recommendation for FY 2011 as the starting point for the current estimate.

For FY 2010 the estimate includes expenditures of \$6,922,500 for Psychiatric Residential Treatment Facilities, including \$2,103,322 from the State General Fund. This is the same as the amount approved for FY 2010. Out-of-Home Placements have an estimated cost of \$21,953,671, including \$18,112,661 from the State General Fund. This is an all funds decrease of \$373,837, or 1.7 percent, and a State General Fund decrease of \$914,847, or 4.8 percent, below the FY 2010 approved amount.

For FY 2011 the estimate includes expenditures of \$7,816,022 for Psychiatric Residential Treatment Facilities, including \$2,784,849 from the State General Fund. This is an all funds increase of \$1,316,022, or 20.2 percent, and a State General Fund increase of \$468,899, or 20.2 percent, above the FY 2011 Governor's Recommendation. The increase is due to rising population projections as well as the medicaid FMAP rate change in the middle of FY 2011. Out-of-Home Placements have an estimated cost of \$23,718,873, including \$20,982,883 from the State General Fund. This is an all funds increase of \$335,403, or 1.4 percent, and a State General Fund decrease of \$54,343, or 0.3 percent, from the FY 2011 Governor's Recommendation. The increase in all funds is due to rising population projections. The decrease in State General Fund is due to additional federal funding.

These items are included in the Spring Consensus Caseload Item under the Department of Social Rehabilitation Services, Item U, page 42.

Fort Hays State University

A. House Bill 2414 (Law). House Bill 2414 authorizes the State Board of Regents, on behalf of Fort Hays State University, to sell and convey to the City of Hays, all of the rights, title, and interest, except mineral rights, in two tracts of real estate. One tract contains 120.0 acres, the second tract contains 10.037 acres. These tracts will be used for a sports complex and expansion of the City's golf course.

The sale of the property is estimated to net revenues of \$320,574, which would be credited to the Restricted Fees Fund of Fort Hays State University for the University's benefit, specifically for use by the University Farm for possible future purchases of land, equipment, or other farming needs.

Board of Regents

A. Report from Kan-ed Regarding the Costs and Potential Cost Savings of Distance Education (House Committee). The House Education Budget Committee requested a report from KAN-ED to the 2010 Budget Committee during Omnibus regarding the costs and potential cost savings of distance education for both K-12 and postsecondary education.

The report concluded that while a simple analysis based on higher education yielded estimated cost savings in some settings, further study would be necessary to yield valid and reliable results. According to KAN-ED, the following items should be incorporated in any cost-inclusive analysis of distance education:

1. All parties planning to use the result of the analysis need to clearly define what is meant by "distance education" and by "cost-savings";
2. All types of costs to be included in the analysis should be operationally defined;
3. A comprehensive model for cost-inclusive analysis should be designed that encompasses all 'costs';
4. Comparable fixed, variable, and indirect costs should be gathered from all entities that provide distance education while maintaining the confidentiality of the institution; and
5. Appropriate measures to capture macro-level costs should be determined.

Department of Education

A. Review Funding for the Discretionary Grants Program (Senate Committee). The Senate Committee requested a review of the addition of \$670,000, all from the State General Fund, for the Discretionary Grants Program. The Senate Committee deleted \$660,000, all from the State General Fund, for this program and added the funding to the Driver's Education Program. The remaining \$10,000, all from the State General Fund, would fund the Kansas Teacher of the Year program. The Discretionary Grants Program includes the following:

- **After School Programs**

The After School Enhancement program provides grants to existing after school programs to provide expanded learning and enhancement opportunities. The Department of Education approves funding for projects that provide expanded learning opportunities designed to help students meet or exceed state and local standards in core academic subjects, as well as fine arts, fitness and health and other needed areas. Those programs which receive funding must primarily serve students from schools with a free and reduced lunch percentage of at least 40.0 percent or greater and provide a dollar for dollar local match. The maximum award for the grant is \$25,000. The Department anticipates that it will award approximately 15 grants on a competitive basis in FY 2010. Total funding for the program in FY 2010 is \$375,000, all from the State General Fund.

- After School Programs for Middle School Students

This program provides funding for after-school programs for middle school students in sixth, seventh and eighth grades and students in fifth and ninth grades if they attend a junior high. Those programs which receive funding must provide safe, supervised, enriching and skill building opportunities for middle school youth, and must also provide age-appropriate physical activity, career and higher learning opportunities and academic enhancement. The programs must operate a minimum of two hours every day that school is session. Summer programs must operate a minimum of six hours a day, five days a week for five weeks. Grants are limited to school districts, non-profit agencies and city or county agencies. All programs provide dollar for dollar match. The maximum award for the grant cannot exceed \$25,000. Total funding for the program in FY 2010 is \$250,000, all from the State General Fund.

- Environmental Education

The Kansas Association for Conservation and Environmental Education (KACEE) provides workshops and environmental education resources for preservice and inservice teacher professional development in using the engaging and relevant context of the environment as an integration tool to more effectively teach mathematics, science, social studies and reading and writing standards developed at the state level. Funding is used to pay approximately half of the administrative budget of the KACEE and to leverage approximately \$340,000 in additional funding.

- Communities in Schools

The Communities in Schools program serves more than 25,000 children in 75 schools. The program matches children and families in need of services with existing community resources, such as tutoring, mentoring, health, social, and family services. In addition to funding from discretionary grants, the program receives funding from a \$50,000 transfer from the Family and Children Investment Fund. Total funding for this program in FY 2010 is \$35,000, all from the State General Fund.

- Kansas History Teaching Materials

The State Historical Society, in cooperation with the Department of Education, prepares teaching materials that will be aligned with social studies standards adopted by the State Board of Education. Activities underway in the current year include the development of "Read Kansas!" for high school students and include the development of supplemental Kansas history reading materials that address the needs of the at-risk student population; continued development of the on-line Kansas history student encyclopedia; and the development of a special Kansas history hands-on kit to assist learning for students with disabilities. Total funding for this program in FY 2010 is \$35,000, all from the State General Fund.

- Kansas Teacher of the Year

Funding is used to pay for a substitute teacher to replace the person selected as Kansas Teacher of the Year as they perform their duties. According to the agency, the Teacher of the Year has a heavy schedule of conferences, presentations, and other responsibilities that cause the teacher to be away from the classroom.

B. Review funding for the Interstate Compact on Education Opportunity for Military Children (Senate Committee). The Senate Committee requested a review of the Interstate Compact on Education Opportunity for Military Children and the funding associated with the Compact. The 2008 Legislature passed House Bill 2714 which authorized Kansas membership in the Interstate Compact on Educational Opportunity for Military Children. The program is intended to remove barriers to educational success imposed on children of military families caused by frequent moves and the deployment of parents. The Compact states it would accomplish seamless transitions for students to new schools by providing instant records transfer and facilitation of the student placement process, including qualification and eligibility for enrollment, student participation in extracurricular activities, scheduling, grading and assessments. Provisions of the bill apply to children of active members of the military, including those members severely injured and medically discharged and those retired (for a period of up to one year). 2008 House Bill 2714 requires Kansas to pay a fee to the Compact which equates to \$1 for each student whose parents qualify. According to the Department of Education, this would result in a cost of \$15,695, all from the State General Fund, for FY 2011.

C. Review Funding for the Driver's Education Program (Senate Committee). Driver's Education is funded by the State Safety Fund. Money in the fund is distributed to school districts in order to provide funding for driver training courses in the schools. According to Kansas law, the following amounts are credited to the State Safety Fund:

- 37.5 percent of all money received from Class C driver's licenses (vehicle);
- 20.0 percent of all money received from Class M driver's licenses (motorcycle);
- 20.0 percent of all Class A or B and commercial driver licensee classes remaining after a \$2 credit is paid to the Truck Driver Training Fund.

In FY 2006, the Governor recommended a transfer of \$2.0 million from the State Safety Fund to the State General Fund. This amount was increased \$600,000 by the 2005 Legislature for a total transfer of \$2.6 million. Since that time, the Governor has continued to recommend the transfer. In FY 2007, the Governor reduced the transfer to \$2.0 million and it was approved by the 2006 Legislature. The transfer was again reduced in FY 2008 and FY 2009 to \$1.7 million, and the Legislature approved the transfers. The 2009 Legislature deleted the FY 2010 transfer of \$1.5 million to the State General Fund. For FY 2011, \$3.15 million is scheduled to be transferred to the State General Fund which leaves a balance of \$1.1 million for distribution to school districts. The result is a reimbursement of approximately \$38 per student for the 2009-2010 and 2010-2011 school year. In the past, reimbursements have been approximately \$110 per student.

D. Review Funding for the State Student Assessment Program (Senate Committee). The Senate Committee requested a review of the addition of \$120,955, all from the State General Fund, for the state student assessment program. For FY 2011, the Governor recommended deleting \$120,955, all from the State General Fund, for the contract with the University of Kansas to develop new test items.

The Department of Education budget includes \$4.7 million, including \$1.1 million from the State General Fund, to fund the state assessment contract. The Kansas Department of Education (KSDE) has a contract with WestEd Corporation to develop test items and a contract with the Center for Education Testing and Evaluation at the University of Kansas to develop, administer, score and report state assessment results. As of the current school year (2009-2010), the state assessments are aligned with requirements of the federal No Child Left Behind Act, which call for testing at more

frequent intervals. States have received funding from the federal government to assist in test development.

E. Review Funding for Membership Dues for the Council of Chief State School Officers and the National Association of State Boards of Education (Senate Committee). The Senate Committee requested a review of the addition of \$82,823, all from the State General Fund, for membership dues for the Council of Chief State School Officers and the National Association of State Boards of Education for FY 2011. The Governor recommended deleting the funding for these programs.

The Council of Chief State School Officers is a nonpartisan, nationwide, nonprofit organization of public officials who head departments of elementary and secondary education. The Council provides leadership, advocacy, and technical assistance on major educational issues. The National Association of State Boards of Education is a nonprofit association that represents state and territorial boards of education. The National Association of State Board of Education assists with research and policy development on specific education issues and aids Boards through processes such as long-range planning, skills training, media training, policy audits, or the selection or evaluation of chief state school officers. The National Association of State Board of Education also offers issue-specific targeted assistance, helping states develop policies around areas of expertise the association has gained through research projects, action networks, and study groups.

F. Review Funding for an Architect Position Within the Department of Education (Senate Committee). The Senate Committee requested a review of the addition of \$81,118, all from the State General Fund, for an architect position within the Department of Education. K.S.A. 31-150 requires that all school building plans be approved by the State Board of Education. The Governor recommended this duty be transferred to the State Fire Marshal since they currently review school building plans, which would result in the elimination of the 1.0 FTE architect position and the funding associated with that position within the Department of Education. In order to achieve this, 2010 Senate Bill 383 was introduced. The bill would transfer the responsibilities for reviewing school construction plans from the Board of Education to the State Fire Marshal. According to the State Fire Marshal, the agency does not review the plans at the same level of detail as the Department of Education, including reviews of the mechanical, electrical, and structural designs, in addition to complying with the Americans with Disabilities Act. As a result, the agency indicated it cannot perform a timely review of the plans with its existing staff. The agency estimates that an Architect position and an Administrative Specialist position would be needed to implement SB 383 at a total cost of \$143,524, including \$128,523 for salaries and wages, and \$15,000 for other operating expenditures, including rent, computers, and communication expenses. The bill is currently in the Senate Education Committee.

G. House Bill 2704 (Conference Committee). House Bill 2704 would:

- Expand a statute authorizing discussions regarding school district consolidation so that the statute would allow the boards of education of any two or more districts to discuss issues relating to consolidation and enter into agreements to form one or more consolidated unified districts so long as the result is fewer school districts.
- Amend a provision in the special education law which provides for the payment of Medicaid replacement aid to school districts. Under current law, during the school years of 2007-2008, 2008-2009, and 2009-2010, the State Board of Education is required to designate a portion of special education state aid as Medicaid replacement. This funding cannot exceed \$9.0 million in any school

year. The bill would remove the designated school years resulting in designation on a permanent basis.

- Define "taxable tangible property" as real property, personal property, state-assessed property, and motor vehicles in the school finance law regarding the tax levies for ancillary facilities weighting, cost of living, and declining enrollment. Under current law, motor vehicle taxes are not factored into these levies.
- Provide that any student transferring from a closed or discontinued school because of school district consolidation would be eligible for interschool activities immediately upon enrollment at another school in the consolidated district. The student would be required to enroll in a school near the student's home allowing the student to reside at home and meet all other eligibility requirements.

According to the Department of Education, including motor vehicle taxes as taxable tangible property for tax levies for ancillary facilities weighting, cost of living, and declining enrollment, would reduce General State Aid payments to school districts by approximately \$2.0 million, beginning in FY 2011. This is a result of the Department counting the additional revenue from motor vehicle taxes in the applicable levies in the school finance formula. This would reduce the Base State Aid Per Pupil (BSAPP) by approximately \$3, resulting in a BSAPP of \$4,009, if the bill was not funded.

H. Special Education Funding - Federal Maintenance of Effort Waiver Request. In FY 2010, \$55.7 million in federal American Recovery and Reinvestment Act (ARRA) funds were utilized by deleting a corresponding amount from the State General Fund. Federal law requires the Secretary of the U.S. Department of Education to reduce the allocation of federal special education funds for any fiscal year following the fiscal year in which the state's support falls below the amount of support for the preceding fiscal year. This occurred between FY 2008 and FY 2009. In May 2009, the State Department of Education (KSDE) filed a waiver request citing a substantial decline in state revenues. Additional information was provided at the U.S. Department of Education's request in August. On March 22, 2010, the KSDE received a letter from Deputy Secretary Anthony Miller granting approval of a partial waiver in the amount of \$44.5 million for FY 2010. The approved waiver amount was computed by applying the percentage reduction in total state general fund expenditures, as of August 2009, to the state's contribution for special education state aid for FY 2009. Since total general fund expenditures in the current year have been further reduced since September the KSDE filed a revised waiver request on March 24, 2010 based upon the most recent percentage reduction. The additional waiver request is for \$13.7 million. KSDE has verified with the U.S. Department of Education that the waiver request has been received; however, no date has been given as to when a decision might be made. The revised waiver request was based on the same methodology used by the U.S. Department of Education in computing the partial waiver amount. Should the revised request be approved, the state would still fail to meet the federal maintenance of effort requirement by \$2,038,080. Denial of the revised request would result in a shortfall of \$15.7 million.

Judicial Branch

A. Senate Substitute for House Bill 2476 - Increased Docket Fees (Law). Senate Substitute for HB 2476 increases and extends to June 30, 2011, the Judicial surcharge authorized by the Legislature in 2009 SB 66 to fund nonjudicial personnel. The surcharge would be increased from \$10 to \$17.50 on most court docket fees. Expungement of conviction, expungement of arrest record, marriage license fee, general rule on court procedures, and expungement of juvenile

adjudication surcharges would be increased more than \$10. In addition, a \$100 docket fee is added for expungement of an adult conviction or a juvenile adjudication. The bill would delete the provision requiring a \$10 surcharge on a request for an alias order or writ of execution, an alias order for garnishment, an alias writ or order of sale, an alias order for hearing in aid of execution, and an alias order of attachment.

The Judicial Branch indicates the implementation of this bill will generate approximately \$9.0 million in revenue.

B. House Bill 2581 - Correctional Service Fee (Law). House Bill 2581 changes the term probation or community correctional service fee to a correctional supervision fee. The bill increases the correctional service fee amount offenders are required to pay if convicted of a misdemeanor from \$25 to \$60. For felony convictions, the correctional services fee would increase from \$50 to \$120. The bill also creates a new fund, the Correctional Supervision Fund, in the state treasury. The additional funds collected from the payment by offenders of the increased correctional service fee will be deposited in the Correctional Supervision Fund. The correctional supervision fee is deposited directly to either the Correctional Supervision Fund or the State General Fund, as specified in KSA 21-4610a, and would not be commingled with the docket fees.

Attorney General

A. Senate Bill 326 (Law). SB 326 increases the amount that may be transferred from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund from \$100,000 to \$300,000 annually. The House and Senate Committee each added language in the appropriation bill to allow for this transfer for each fiscal year from FY 2010 through FY 2015. With passage of the bill, the language in the appropriation bills is no longer needed.

Office of the Governor

A. Funding for Domestic Violence and Sexual Assault Prevention Grants and Children's Advocacy Centers (Senate Committee). The Senate Committee recommended review at Omnibus of funding for domestic violence and sexual assault prevention grants and Children's Advocacy Center (CAC) grants. The Governor's recommendations for these grants total \$4.6 million, all from the State General Fund for FY 2011. This is a decrease of \$255,173, or 5.3 percent, below the amount recommended in the current year, and a decrease of \$688,325 or 13.1 percent, below the actual FY 2009 amount. The domestic violence and sexual assault prevention grants are used to enhance and expand domestic violence and sexual assault outreach services to underserved areas and underserved populations and to provide a cash match for federal grant programs. The CAC grants are used to initiate, enhance or expand grant projects that establish comprehensive Children's Advocacy Centers. CACs are child-focused, community-oriented programs that coordinate investigation and intervention services for abused children. In the budget of the Attorney General, both the House and Senate Committees recommended the addition of \$150,000, all from the Crime Victims Assistance Fund, for these grants for FY 2011.

Secretary of State

A. Senate Concurrent Resolution 1614 (Conference Committee). SCR 1614 would amend Article 11 of the Kansas Constitution by establishing a Budget Stabilization Fund and a Debt Prepayment Fund in the state treasury. The Secretary of State is required to publish notice of a

constitutional amendment election three times in at least one newspaper in each county. The Secretary of State estimates expenditures of \$222,000, all from the State General Fund, for FY 2011 for publication of SCR 1614. The Secretary of State had previously requested \$102,752, all from the State General Fund, for FY 2011, to publish SCR 1611, passed by the 2009 Legislature. The Governor recommended funding these costs from agency fee funds.

Department of Health and Environment

A. State Match for Federal Preparedness Funding (Senate Committee and House Committee). Both the House Committee and the Senate Committee requested that the issue of funding to provide a state match for federal preparedness funds be reviewed at Omnibus. The agency requested \$577,310, all from the State General Fund, for FY 2011 as a state match for the Public Health Emergency Preparedness Cooperative Agreement from the Centers for Disease Control and Prevention (CDC) and the Hospital Preparedness Cooperative Agreement from the Department of Health and Human Services (HHS). The funding will help sustain ongoing preparedness and response efforts among the state's local health departments, hospitals, and EMS providers. Beginning in August 2009, a state match is required for the two agreements. Kansas is required to provide a 5.0 percent match during federal FY 2009 and a 10.0 percent match for federal FY 2010 and subsequent federal fiscal years.

Kansas has received federal funding with no match requirement through the Public Health Emergency Preparedness Cooperative Agreement from the CDC since 1999 and through the Hospital Preparedness Cooperative Agreement from the Department of Health and Human Services since 2002. To date, the state has received \$114.3 million in funding from these two sources, which includes a total of \$39.7 million for the state's local health departments and \$23.5 million for the state's hospitals. In December 2006, the federal Pandemic and All-Hazards Preparedness Act (PAHPA) was enacted. It requires a state match for the federal public health and hospital preparedness funds starting in August 2009. Local health departments and community hospitals have identified in-kind matching funds to meet the 5.0 percent match requirement for FY 2010. However, in FY 2011, a 10.0 percent match of \$1.2 million is required. According to the agency, if local health departments and community hospitals are required to provide additional matching local funds, increases in attrition rates of local agencies not participating in the state's overall preparedness program will likely result. The Department states that failure on the part of the state to provide the additional 5.0 percent above the in-kind match provided by local health departments and community hospitals (\$577,310) could result in the loss of \$12.2 million in federal funds.

B. Funding for the Infant and Toddler Program (Senate Committee and House Committee). Both the House Committee and the Senate Committee recommended review of funding for the Infant and Toddler Program during Omnibus. The Governor's budget recommendation eliminates all State General Fund financing for the program for FY 2011. The Department testified that failure to meet the FY 2009 maintenance of effort (MOE) level of \$5.9 million will make the state ineligible to apply for continued federal funding of over \$3.8 million. The Governor's recommendation includes \$5.7 million from the Children's Initiatives Fund in FY 2011, leaving the maintenance of effort amount short by \$178,083. The federal requirements authorize in-kind match activities to count toward the MOE, and the Department indicated at the time that it had been working with its local partners, attempting to establish in-kind and other activities which would qualify. The House Committee added \$87,478, all from the State General Fund, for the program for FY 2011, and deleted the same amount from the Governor's recommendation for the Youth Mentoring program to offset the expenditure. The House Committee directed the Department to continue in its efforts to find additional ways, working with local partners, to fully fund this effort, and report back during Omnibus. The Senate Committee did not provide any additional funding, but also

requested a review of this item during Omnibus. The Senate Committee also requested that Omnibus review of the program include consideration of relocating the program to a different lead agency.

Since the House and Senate Committees made their recommendations, the agency reports that it has worked with its local partners and has located sufficient in-kind resources to meet the maintenance of effort required to continue to access the federal funding for FY 2011. Any changes to the Children's Initiatives Fund expenditures which have been recommended by the Governor for the program, however, would also affect this maintenance of effort issue.

With regard to relocating the program to another lead agency, the Department indicates that it would have no objection to moving the program.

C. Review Reduction in Funding for the Immunization Program (House Committee).

In its FY 2011 budget submission, the agency identified reduced resources which included the reduction of \$55,346, all from the State General Fund, for FY 2011 for the Immunization Program. The Governor's recommendation included this reduction. According to the agency, the reduction will reduce each county's immunization allotment to the local health departments for local action plans, which are developed by local health departments to improve immunization rates. The House Committee recommended that this item be reviewed at Omnibus.

D. Funding for Youth Mentoring Program (House Committee). In making its recommendations, the House Social Services Budget Committee recommended deleting a total of \$102,478, all from the State General Fund, for FY 2011 for the Youth Mentoring program. The funding was redirected to two other programs (\$87,478 to the Infant and Toddler program, and \$15,000 to the Women's Right to Know program). The House Committee's recommendation deletes all of the funding recommended for the Youth Mentoring program for FY 2011. The House Committee recommended that consideration be given to restoring the funding for the program during Omnibus.

E. Funding for the Women's Right to Know Program (House Committee). The House Social Services Budget Committee added \$15,000, all from the State General Fund, for the Women's Right to Know program for FY 2011 and deleted the same amount from the Youth Mentoring program. The House Committee requested this issue be reviewed at Omnibus. The Women's Right to Know Act was enacted by the 1997 Legislature, and among other things, requires the Department to make available printed materials and DVDs to pregnant women. In its FY 2011 budget submission, the Department included a reduced resources item eliminating the funding, which was to be used for to produce and distribute printed materials or DVDs for the program. Web-based materials would still be available. This would require mothers-to-be to access these resources through the website as physical copies would not be available at doctors' offices. The Governor's recommendation included this expenditure reduction.

F. Status of Fund for Senator Stan Clark Pregnancy Maintenance Initiative (House Committee). As part of its recommendation, the House Committee directed the Department of Health and Environment to expend \$199,113, from existing State General Fund resources, for FY 2011 to provide funding for the Senator Stan Clark Pregnancy Maintenance Initiative (PMI). The PMI was initially funded in FY 2000 when the agency was directed to expend \$300,000 from existing resources for the program, and amounts from the State General Fund were either authorized or expended in: FY 2001 (\$300,000 from existing resources); FY 2003 (a \$300,000 appropriation); FY 2004 (\$300,000 from existing resources); FY 2006 (a \$300,000 appropriation); FY 2007 (a \$500,000 appropriation); FY 2008 (a \$400,000 appropriation); and FY 2009 (a \$300,000 appropriation). No funding was recommended in FY 2002 or FY 2005, and an appropriation of \$355,000 in FY 2010 was eliminated in the Governor's July 2009 State General Fund allotment. The Governor's recommendation for FY 2011 did not include any funding for the PMI.

G. Residential Childhood Lead Poisoning Prevention Act (House Committee). The House Committee included language in the bill which prohibits the Secretary of Health and Environment from adopting rules and regulations for the Residential Childhood Lead Poisoning Prevention Act that are more stringent than those of the federal Environmental Protection Agency (EPA). This language is also included in 2010 HB 2596. The Committee also recommended that this issue be reconsidered during Omnibus. The bill including the language was recommended by the House Committee on Commerce and Labor, but in the House Committee of the Whole, the bill was re-referred to the House Federal and State Affairs Committee.

H. Senate Committee Reductions (Senate Committee). The Senate Committee directed the agency to report back at Omnibus on its plan to manage the approximate 2.5 percent FY 2011 State General Fund reduction recommended by the Senate Committee. This reduction totals \$845,247, all from the State General Fund for FY 2011, including \$654,054 for the Health function, and \$191,193 for the Environment function. To meet the expenditure reductions recommended by the Senate Committee, the Department proposes to make the following reductions:

	<u>State General Fund Reduction</u>	<u>FTE Positions</u>
Health:		
Aid to Local Units	\$ (62,000)	-
Primary Care Funding	(238,000)	-
Cerebral Palsy Posture Seating	(105,537)	-
Kansas Mentoring	(52,110)	-
School Nurse Collaborative Project	(18,000)	-
Healthy Families Program	(51,934)	-
Health Operating Expenditures-Local and Rural Health Administration	(56,616)	(1.0)
HIV Case Management	(49,857)	-
Coordinated School Health	(20,000)	-
<i>Subtotal-Health</i>	<u>\$ (654,054)</u>	<u>(1.0)</u>
Environment:		
Office of the Director	\$ (44,145)	(1.0)
Technical Services-Ambient Water Monitoring	(38,203)	(1.0)
Clean Air Activities	(98,079)	(1.0)
Public Water Supply	(10,766)	-
<i>Subtotal-Environment</i>	<u>(191,193)</u>	<u>(3.0)</u>
TOTAL	<u><u>\$ (845,247)</u></u>	<u><u>(4.0)</u></u>

I. Funding for Telehealth Services (Senate Committee). The Department requested a total of \$1.2 million, all from the State General Fund, for telehealth services for FY 2011. The funding would be used to contract with a long-term care provider that provides both nursing facility (NF) and home and community based long-term care services (HCBS), to expand telehealth services in order to facilitate continued in-home care. According to the agency, telehealth encompasses preventive, promotive and curative aspects. The agency indicates that typical NF care costs \$2,950

per month. Services under the HCBS program typically cost \$950 per month. Based on these estimates, the agency indicates that moving 500 individuals from NF care to HCBS care could result in an annual savings of \$12.0 million. Telehealth uses remote monitoring equipment to capture and transmit data to a monitoring station. Unacceptable data trends are identified and a monitoring nurse intercedes with appropriate action. The request includes \$1.0 million to purchase or lease remote monitoring equipment for 410 clients at \$2,439 per unit, and \$200,000 for research to follow up on the effectiveness of the services. The Department on Aging also requested funding for telehealth services (\$1.1 million, including \$382,900 from the State General Fund) for FY 2011. Both the House and Senate Committee recommended the Department on Aging's request also be reviewed again at Omnibus.

J. Senate Substitute for House Bill 2115 (Vetoed). Senate Sub. for HB 2115 revises current law regarding late-term abortions. As it relates to the Department of Health and Environment (KDHE), the Department would be required to adopt rules and regulations related to: changes in reporting requirements; changes in the information required to be retained; and reports to be submitted by physicians performing abortions. KDHE also would be required to include any new information in its annual public report on abortions performed in Kansas. The Department is estimating that it will require \$70,000, all from the State General Fund, for FY 2011, to provide for computer system changes, and for assistance with writing rules and regulations.

Department of Agriculture

A. Addition of 2.0 FTE Positions (Senate Committee). The Senate Committee recommended Omnibus review of the addition of 2.0 FTE positions in the agency's Lodging Inspection program for FY 2011. The addition of 2.0 FTE positions would be contingent on the passage of 2010 SB 570, which would increase license fees to generate revenue for inspections of lodging establishments for FY 2011. Currently, SB 570 has passed the Senate and has been referred to the House Committee on Agriculture and Natural Resources.

B. Transfer from the Department of Revenue to the Department of Agriculture (Senate Committee). The Senate Committee recommended Omnibus review of the transfer of \$29,000 from the Department of Revenue to the Department of Agriculture for FY 2011 to fund agricultural land valuations performed by the agency's Agricultural Statistics program.

C. Missouri River Association of State and Tribes (MoRAST) Funding (House Committee). The House Committee recommended Omnibus review of the addition of \$6,250, all from the State General Fund, for the agency's membership in the Missouri River Association of State and Tribes (MoRAST) for FY 2011. MoRAST is a regional interstate organization formed by joint resolution of the Governors of Wyoming, Montana, North Dakota, South Dakota, Nebraska, Iowa, and Kansas, and the Mni Sose Intertribal Water Rights Coalition.

MoRAST was formed to help resolve issues of concern to the basin states and tribes and to serve as a forum to foster communication and information exchange among the member states, tribes, and various other governmental units. The association also exists to facilitate the management of the natural resources of the Missouri River Basin, including water resources and fish and wildlife, while considering the impacts to economic, historical, cultural, and social resources.

D. Agricultural Statistics Funding (House Committee). The House Committee recommended Omnibus review of the addition of \$20,000, all from the State General Fund, for the Agricultural Statistics program for FY 2011 to fund two livestock market reports. The agency receives funding from the state and the federal governments to provide data on Kansas feeder cattle

prices at the Pratt and Salina auction markets. The agency stated in its budget submission for FY 2011 that without additional funding from the state, the reports would be discontinued.

E. Specialty Crop Grant Management Funding (House Committee). The House Committee recommended Omnibus review of the addition of \$55,000, all from the State General Fund, for the Administrative Services and Support program for FY 2011 to fund 1.0 FTE administrator position within the Specialty Crop Grant Management subprogram. The agency testified that the position administers the Specialty Crop grant for the state, which provides grants to enhance the competitiveness of specialty crops, provides public information, works with activities associated with the State Fair, and other agricultural-related duties. Currently, the agency's Chief Financial Officer is administering the program, because the position is being held vacant as a result of budget reductions.

F. Division of Water Resources Funding (House Committee). The House Committee recommended Omnibus review of the addition of \$100,000, all from the State General Fund, for the Division of Water Resources for FY 2011 to fund interstate water management and other water appropriation activities. The additional funding would allow the Division of Water Resources to fill a vacant Interstate Water Issues program Professional Civil Engineer I FTE position based in Topeka; restore the Water Use Cooperative Agreement with the U.S. Geological Survey, restore stream gauge funding, and restore dam safety inspection positions.

Animal Health Department

A. Feral Swine Eradication (House Committee). The House Committee recommended Omnibus review of the funding that the agency receives for feral swine eradication for FY 2011 and an update on feral swine eradication in the state.

Kansas first documented the presence of feral swine in 1993. In 1995, the Kansas Legislature passed a law that prohibited the possession, importation, or transportation of feral swine in the state to hopefully prevent future introductions of the animal into the state. A single population was identified on the premises of the Fort Riley Military Installation in 1995 and over the next five years, the population was eradicated by the U.S. Department of Agriculture, Animal and Plant Health Inspection Service, Wildlife Services Division. By the time the Fort Riley feral swine population was eradicated in 2000, it was evident that other populations were establishing across the state. In 2006, a Kansas Feral Pig Control program was enacted jointly by the Kansas Animal Health Department (KAHD) and the Wildlife Services Division to control the growing populations of feral swine. The 2006 Legislature passed additional legislation further limiting the hunting of feral swine and declared them to be an invasive species.

According to the 2009 Report on the Kansas Feral Pig Control program by the Wildlife Services Division, there are currently 13 separate populations of feral swine in 21 different counties in Kansas, totaling 1,000-1,200 free-ranging feral swine, and new populations continue to be found throughout the state. The Wildlife Services Division states that the majority of these populations are from illegal release for hunting purposes. Since the enactment of the Kansas Feral Pig Control program, the Wildlife Services Division has documented over \$1.2 million dollars worth of agricultural damage, mainly to corn, milo, and wheat crops. In that time period, the Wildlife Services Division has removed a total of 1,777 pigs from the state through various control methods: helicopter gunning, trapping, infrared night-vision shooting, and snaring.

The Wildlife Services Division and the KAHD monitor and sample an average of 100 feral swine each year for a variety of disease. According to the Wildlife Services Division, the data shows

there is a Toxo Plasmosis prevalence of about 22.0 percent each year, and in 2009, there was a positive swine brucellosis sample taken in South Central Kansas, which is a cause for concern considering Kansas livestock have attained a brucellosis-free status for several years.

The agency first received funding to combat feral swine infestation of \$119,873, all from the State General Fund, in FY 2007 to contract with the Wildlife Services Division for 1.0 FTE Wildlife Biologist position, equipment, vehicle, and aerial hunting of feral swine. In FY 2008, the agency received funding of \$214,000, all from the State General Fund, which was an increase of \$94,127 for a second 1.0 FTE Wildlife Biologist position and additional aerial hunting time. In FY 2010, the agency reduced the program's funding by 15.0 percent to \$180,830 due to declining State General Fund revenues, and for FY 2011, the agency budgeted additional decreases due to an anticipated decrease in its State General Fund budget.

Kansas State Fair Board

A. Workers Compensation Coverage (House Committee). The House Committee recommended Omnibus review of 2010 HB 2658 and 2010 SB 364, which would allow the agency to pursue workers compensation coverage through the private market, rather than paying for coverage through the state. In addition, the House Committee recommended review of the agency's workers compensation coverage costs for FY 2011.

HB 2658 and SB 364 each had hearings in the House Committee on Commerce and Labor and the Senate Committee on Business and Labor respectively during the 2010 Legislative Session; however, no action has been taken on the bills by either committee. The Governor recommends FY 2010 and FY 2011 workers compensation coverage expenditures of \$101,858 and \$120,239. The agency presented information to the House and Senate committees that the agency has received preliminary quotes for workers compensation coverage from private insurers that would total \$19,000 for FY 2011, a savings of \$101,239, all from the agency's State Fair Fee Fund.

Kansas State Fair Capital Improvements

A. State Fair Capital Improvements Fund Deficit (Senate Committee). The Senate Committee recommended Omnibus review of the transfer of \$12,899 in FY 2010 and \$225,404 in FY 2011 from the State General Fund to the State Fair Capital Improvements Fund to finance an anticipated shortfall in the agency's FY 2010 and FY 2011 debt service payments.

The operating costs for the Kansas State Fair are primarily financed from special revenue funds consisting of receipts from State Fair and non-fair activities on the State Fairgrounds. These receipts include admission fees to the State Fair, grandstand entertainment, premium book advertising, building rentals, sales and concessions, and parking fees. The State Fair alone generates over 90.0 percent of the agency's total receipts, in addition to non-fair use of the State Fairgrounds by close to 400 events throughout the year. Receipts are deposited in the agency's State Fair Fee Fund.

In addition to the revenue generated by the State Fair, K.S.A. 2-223 provides that the agency transfer an amount that is not less than 5.0 percent of the annual gross receipts that are deposited in the State Fair Fee Fund to the State Fair Capital Improvements Fund. Furthermore, the statute provides that an amount not exceeding \$300,000 will be transferred to the State Fair Capital Improvements Fund from the State General Fund on July 1 of each year. The Legislature has suspended this match in FY 2002, FY 2004, FY 2005, and FY 2010.

For FY 2010 and FY 2011, the Governor recommended suspending the match from the State General Fund to the State Fair Capital Improvements Fund. The suspension of the match is projected to leave a deficit in the State Fair Capital Improvements Fund on April 1, 2010, and April 1, 2011, when the agency's debt service payments are due. The deficit projected by the agency in the State Fair Capital Improvements Fund totals \$12,899 for FY 2010 and \$225,404 for FY 2011.

The Governor also included language in his FY 2011 recommendation that increase the agency's \$300,000 transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund to \$350,000 for FY 2011 and moves the date of the transfer from July 1, 2011, to March 1, 2011.

Department of Wildlife and Parks

A. House Bill 2434 (Conference Committee). House Bill 2434 in its current form would designate Prairie Spirit Rail Trail as the 25th state park. In addition, the bill would change existing law to allow the Secretary of Wildlife and Parks to directly set fees for the use of cabins owned or operated by the Kansas Department of Wildlife and Parks. The bill also would amend existing law related to clothing requirements when hunting deer or elk and would change the term of office for members of Drainage District No. 2 of Finney County from a three-year staggered term to a four-year staggered term. The House version of HB 2434 contained language that would direct the Secretary of Wildlife and Parks to reopen the Tuttle Creek State Park river pond area west entrance and operate the entrance in a similar manner to how it was operated in September 2007. The Senate version of HB 2434 does not contain this language. The agency states the fiscal impact of the west entrance language in the House version of HB 2434 would total \$46,420, all from the State General Fund, for FY 2011. The addition of this funding would be used for operating and maintenance expenditures for the west gate entrance. The remainder of the bill would not require any additional funding.

State Water Plan Fund

A. Restoration of the Statutory Transfer from the State General Fund and State Water Plan Fund Expenditures (House Committee). The House Committee recommended Omnibus review of the transfer of \$4.7 million from the State General Fund to the State Water Plan Fund for FY 2011 and the proportional increase of State Water Plan Fund expenditures by the same amount in the following agencies: Department of Agriculture, Kansas Department of Health and Environment, State Conservation Commission, Kansas Water Office, Department of Wildlife and Parks, and the University of Kansas Geological Survey.

Department of Administration

A. Financial Management System Report. (House Committee). The House Committee requested a report, prepared by the Department of Administration, regarding the cost of the new Financial Management System. The system is called the Statewide Management, Accounting, and Reporting Tool (SMART). The Committee requested the report include an update on the progress of the implementation of the system, the total costs of the system, any cost savings created by the system, a list of agencies that will not use the system and the reasons those agencies cited for not using the system, and the cost savings should those agencies use the system.

No report has been submitted to the Legislative Research Department. SMART is scheduled to become operational July 1, 2010.

Board of Indigents' Defense Services

A. House Bill 2528 (Conference Committee). HB 2528 would amend current law on the court procedure for the forfeiture of an appearance bond. Specifically, the bill would:

- Add a provision establishing that an appearance bond would be revoked by the execution of a warrant for the defendant's arrest for a violation of a bond condition;
- Provide a court discretion to set aside a forfeiture, prior to the judgment of default, if the surety can provide the court a sworn affidavit setting forth details that the defendant is incarcerated somewhere within the United States;
- Require that no judgment may be entered against the obligor in an appearance bond until more than 60 days after notice is served on the clerk of the court; and
- Provide that no judgment may be entered against the obligor in an appearance bond more than 2 years after the defendant's failure to appear.

The State Board of Indigents' Defense Services received \$343,205 in bond forfeiture fees in FY 2009, an average of \$28,600 per month. Currently, BIDS receives monthly payments from the State Treasurer's Office. If HB 2528 were enacted, there would be a two-month delay in the receipt of fees, an amount that the Board reports it must have to operate. Also, when defendants appear during the new 60-day time frame, the associated funding would be lost entirely. With the delay and diminished fees, the Board would have to look to the State General Fund to replace operating costs currently paid with forfeiture bonds. In addition, the bill relieves the bondsmen from the duty to advise whether the defendant is in custody in another jurisdiction. That burden would fall on the public defenders whose staff could not handle the extra work load. The majority of defendants are out on bond. To determine whether those who fail to appear are incarcerated in another jurisdiction would require one support person for each of the six smaller public defender offices and at least two support people in the three largest offices. The starting salary for the 12.00 FTE support positions would be \$324,000 from the State General Fund.

B. GBA No. 1, Item 1, Page 1—Assigned Counsel Caseload. When public defender offices cannot handle the volume of cases or when conflicts exist that prevent public defenders from being involved, private assigned counsel is used. Payment is made to private counsel at an hourly rate up to \$80 per hour. All payments to assigned counsel are funded by the State General Fund.

During the fall of 2009, the agency, the Division of the Budget, and the Legislative Research Department developed a caseload estimate for the assigned counsel program of \$9.3 million for FY 2010 and FY 2011. Since that estimate was made, the Governor recommended reducing the hourly payment to private counsel from \$80 per hour to \$62 per hour in order to achieve cost savings. The recommendation captured those savings in both FY 2010 and FY 2011. As a result, the Governor's recommendation for FY 2010 was adjusted to \$8.6 million for FY 2010 and \$8.1 million for FY 2011.

The same estimating group met in April 2010. The group estimates expenditures of \$9.3 million for FY 2010. The group notes that private counsel is paid at the end of a case by contract.

Most of the contracts were entered into before the reduction was made in the hourly rate and those contracts were not altered after the reduction was recommended by the Governor. As a result, the savings captured in FY 2010 will not be fully realized in FY 2010. The estimating group maintained the estimate made during the fall of 2009 at \$9.3 million. Committee action would be required to add funding to finance the caseload estimate.

For FY 2011, many of the private attorneys will be at the lowered hourly rate of \$62 per hour. The group estimates expenditures totaling \$8.1 million for FY 2011. The figures for FY 2011 will be reviewed by the group during the fall of 2010.

Kansas Lottery

A. Expanded Lottery Act Privilege Fee Reduction (Senate Committee and House Committee). The consensus gaming revenue estimating group met in April 2010 to discuss estimated revenue from casino and racetracks in FY 2010 and FY 2011. Previously, the group estimated \$50.0 million in FY 2010 revenue from privilege fees, \$25.0 million from the Wyandotte County casino group and \$25.0 million from the Sumner County casino group. On April 5th, 2010, the Sumner County casino group formally withdrew its application after the Governor denied the Lottery Review Board a 60-day extension, requested on behalf of the casino group.

The Kansas Lottery plans to reopen bidding on the South Central Gaming Zone. The following bullet points provide a timeline for possible approval of a new applicant:

- Application Deadline: 90 Days—Late July 2010;
- Contract Negotiations with the Kansas Lottery: 90 days—Late November 2010;
- Lottery Review Board, staffed by Racing and Gaming: 60 days—Late January 2011; and
- Kansas Racing and Gaming Commission Approval: 70 days—Late March to Early April 2011.

Assuming no extensions are requested, or granted, a new applicant could be selected and approved by the last quarter of FY 2011.

Expert consultants working with the Lottery and the Racing and Gaming Commission have continued to express the viability of a casino in the South Central gaming zone. The Lottery has heard of at least one new applicant that will submit an application within the 90 day application period. Due to these factors, the consensus gaming revenue estimating group has deleted \$25.0 million in expected revenue from the FY 2010 budget, and added the same amount to the FY 2011 budget.

No additional adjustments from the November estimates were made to projected revenues for FY 2010 or FY 2011. No racetracks are expected to open in FY 2010 or FY 2011.

B. Regular Lottery Proceed Transfer (Senate Committee and House Committee). The Governor recommended a FY2010 transfer of \$72.0 million from the proceeds of lottery ticket sales to the State Gaming Revenues Fund. Members of the Kansas Lottery, the Division of the Budget, and the Legislative Research Department met in April 2010, to project estimated revenues for FY 2010 and FY 2011. Based on reduced ticket sales, the group reduced the FY 2010 estimate to

\$69.3 million. Additionally, the monthly transfer dates would need to be changed to accommodate the new SMART system. The group did not adjust the Governor's FY 2011 estimate of \$72.0 million.

School for the Blind

A. Statutory Salary Compliance Funding (Senate Committee and House Committee).

Both the Senate and House Committees recommended review of the addition of \$118,442, all from the State General Fund, to fund the statutory requirement that ties teacher salaries at the School for the Blind to teacher salaries at U.S.D. 233, the Olathe School district, for the previous year. The Governor recommended increasing the salaries, but did not add any funding. In effect, the School would need to find the funding from within their approved budget.

B. Johnson Building Roof Replacement (Joint Committee on State Building Construction). The Joint Committee on State Building Construction requested a review of adding funding to re-roof the Johnson Building. The Johnson Building is used for classroom instruction. The agency requested \$161,430, all from the State Institutions Building Fund, to replace the roof on the Johnson Building, which has experienced leaks. The Governor did not recommend the funding. The agency provided an updated estimate of the cost of the project at \$239,700.

School for the Deaf

A. Statutory Salary Compliance Funding. (Senate Committee and House Committee).

Both the Senate and House Committees recommended review of the addition of \$183,255, all from the State General Fund, to fund the statutory requirement that ties teacher salaries at the School for the Deaf to teacher salaries at U.S.D. 233, the Olathe School district, for the previous year. The Governor recommended increasing the salaries, but did not add any funding. In effect, the School would need to find the funding from within their approved budget.

B. Electrical Distribution Upgrade. (Joint Committee on State Building Construction).

The agency requested emergency funding, all from the State Institutions Building Fund, to address safety concerns with the campus electrical distribution system.

The Committee heard testimony that the current electrical system includes a 12,470 volt central distribution line. The line has experienced compromised insulation, oil leaks, and structural deterioration which has caused safety concerns. The added funding to replace the current system with a building-by-building service delivery scenario would result in elimination of high voltage lines in tunnels, oil switches, and splice pots. The new system would be reduced to a 480 volt system, alleviate safety concerns, and begin the process of phasing-in a campus-wide installation.

The Joint Committee on State Building Construction requested a definitive, detailed plan on the total cost of the project and the cost adjustment of the utility bills moving forward.

The agency worked with the Division of Facilities Management (DFM) and Westar to provide estimates for the plan. The total aggregate estimate is \$339,415. The estimate from Westar to change the current 12,470 volt system to a 480 volt system is \$158,709. DFM estimates expenditures of \$180,706 for their portion of the project, which includes engineering and design, bidding process, construction administration, on site inspections and final inspection. The FY 2011 ending balance in the State Institution's Building Fund is \$10,524,320, which is the same as the Governor's recommendation.

Additionally, Westar has indicated that utility rates would decrease from 7 cents per kilowatt hour to approximately 6.4 cents per kilowatt hour.

C. Cost Savings from Shared Services (House Committee). The House Committee requested review of the cost savings of sharing services between the School for the Blind and School for the Deaf. The agency provided the following information:

The agency reviewed expenditures and, between the two schools, the net savings amounts to an estimated \$101,000. The agency states it will need to promote and move staff, paying them for increased duties and responsibilities. The agency will need a network administrator to develop, implement and support a communication infrastructure to allow shared services between two completely different models--one visual and one auditory or tactual. There are separate communication issues on each campus which must be solved so that staff at either campus could communicate equally and be able to track requests and needs through an accessible tracking system--for both blind and deaf staff members. The \$101,000 reflects one position that is not being filled for FY 2011.

Department of Commerce

A. Senate Substitute for Substitute for House Bill 2538 (Vetoed). Senate Sub. for Sub. for HB 2538 would expand the Promoting Employment Across Kansas (PEAK) program which offers qualified companies that are relocating operations to Kansas the ability to retain a percentage of their payroll withholding tax for a period of 5 to 7 years. The bill would expand the definition of "expanding business" and "metropolitan county." Additionally, it would change certain eligibility requirements for companies relocating in Kansas. The bill includes a provision which prohibits members of the Kansas Legislature from availing themselves of any PEAK program until after July 1, 2015.

The fiscal note indicates that the agency would require \$160,000, and 1.5 FTE positions in FY 2011 to implement the provisions of the bill. The 1.5 FTE positions include an economic development representative (1.0 FTE) and an administrative assistant position (0.5 FTE). The funding would include salary and wages and operational expenses to manage the application process. No source has been identified for the additional \$160,000.

The bill would also create the Program Analysis Fund in Kansas, Inc. starting in FY 2011. Under the bill, \$250,000 would be transferred from the IMPACT Services Fund within the Department of Commerce to the Program Analysis Fund in Kansas, Inc. so that Kansas, Inc. could conduct program audits of tax credit programs. The bill would allow Kansas, Inc. to use funds to acquire necessary software. At the request of either the Secretary of Revenue or the Secretary of Commerce, Kansas, Inc. would conduct a program audit of tax credit programs. The Secretary of Revenue would have the authority to disclose certain confidential taxpayer information to Kansas, Inc. and its contracts which are held to the same level of confidentiality as the Department of Revenue and the Department of Commerce.

The Impact Program Services Fund is funded through the proceeds from the issuance of bonds for the Investment in Major Projects and Comprehensive Training (IMPACT) Program.

Department of Revenue

A. Vacant Positions in the Tax Operations Division (Senate Committee) and Senate Bill 430 (Governor). The Senate Committee recommended Omnibus review of 9.0 vacant FTE

positions in the Tax Operations Division. The Tax Operations Division collects various taxes for the state and the Division currently has 9.0 vacant FTE positions, which have been held open due to reductions in the Division's State General Fund appropriation. The agency has estimated that each vacant position has the potential to collect approximately \$1.3 million in tax revenue. The average salary for the 9.0 vacant FTE positions is approximately \$50,000.

The provisions of SB 430, which has been presented to the Governor, includes a \$10 fee for any delinquent taxpayer who enters into an installment payment plan in excess of ninety days from the date of the payment plan agreement. This fee would be deposited in the Recovery Fund for Enforcement Actions and Attorney Fees (RFEAAF).

The installment payment plan fees would be expected to produce \$340,000 in FY 2011 for the RFEAAF and the Conference Committee on SB 430 noted the additional fee would allow the Department to hire additional personnel in the Tax Operations Division. The RFEAAF would receive the first \$350,000 in certain delinquent tax collections by Department of Revenue personnel hired with receipts attributable to the \$10 fees. The Department of Revenue also indicated that an additional \$7.0 million in FY 2011 SGF receipts would be produced as a result of additional personnel hired using the additional RFEAAF receipts.

It should be noted that as of January 31, 2010, the Department estimated there is approximately \$105.0 million in outstanding receipts.

B. Reduced Resources and House Bill 2521 (Senate Committee). The agency submitted a reduced resources budget of \$862,984, all from the State General Fund, for FY 2011. It would mandate the electronic filing of sales and withholding taxes for businesses when the combination of both exceed \$45,000. The agency has indicated that the mandate would reduce postage and other contractual expenses by \$700,000 and it would eliminate 5.5 FTE positions, which would produce savings totaling \$162,984. The Governor recommended the reduced resources estimate for FY 2011 and the savings are included in the Governor's FY 2011 budget recommendation.

HB 2521 and SB 428 were introduced at the beginning of the 2010 Legislative Session making the statutory changes necessary to implement the requirement to file sales and withholding taxes. HB 2521 was amended in the House Committee on Taxation and a substitute bill was introduced which included the required statutory changes. Substitute for HB 2521 currently resides in the Senate Committee on Assessment and Taxation. SB 428 is still in the first committee, the Senate Committee on Taxation and Assessment. However, the contents relating to the statutory changes needed were included in SB 430, which is currently with the Governor.

C. Agency Fee Funds (House Committee). The House Committee recommended Omnibus review of the agency's fee funds. The Department of Revenue maintains four special revenue funds which are maintained through the assessment of fees. They include the Division of Vehicles Modernization Fund, the Photo Fee Fund, the Electronic Databases Fee Fund, and the Vehicle Information Processing System and Computer-Assisted Mass Appraisal (VIPS/CAMA) Fee Fund. Both the Electronic Databases Fee Fund and the VIPS/CAMA Fee Fund may be used for operating expenses. Included in the chart below is a fee fund analysis for each of the Department's fee funds. Currently, both the House and the Senate are concurring with the Governor's recommendation.

- Division of Vehicles Modernization Fund

The Division of Vehicles Modernization Fund, which was created by the 2008 Legislature, is funded through a \$4 surcharge on vehicle registration. It is a multi-year project designed to integrate the three current vehicle systems into one system. Under the project the Vehicle

Information Processing System (VIPS), the Kansas Drivers License System (KDLS), and the Kansas Vehicle Inventory System (KVIS) will be merged into one system.

Resource Estimate	Actual FY 2009	Agency Estimate FY 2010	Gov. Rec. FY 2010	Agency Request FY 2011	Gov. Rec. FY 2011
Beginning Balance	\$ 0	\$ 5,666,149	\$ 5,666,149	\$ 5,206,590	\$ 5,206,590
Net Receipts	5,821,396	12,249,628	12,249,628	12,310,016	12,310,016
Total Funds Available	\$ 55,821,396	\$ 17,915,777	\$ 17,915,777	\$ 17,516,606	\$ 17,516,606
Less: Expenditures	111,668	12,709,187	12,709,187	17,516,606	17,516,606
Transfers	43,579	0	0	0	0
Ending Balance	\$ 5,666,149	\$ 5,206,590	\$ 5,206,590	\$ 0	\$ 0
Ending Balance as Percent of Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

- Photo Fee Fund

The Photo Fee Fund is funded through a \$4 surcharge when obtaining a new drivers license. K.S.A. 8-299 authorizes the Photo Fee Fund and provides that it shall be used "only for the purpose of funding administration and operation, including equipment, associated with the issuance of drivers' licenses and identification cards." The agency uses this fund to provide financing in DOV for the cost of the driver license and identification card hardware and software.

Resource Estimate	Actual FY 2009	Agency Estimate FY 2010	Gov. Rec. FY 2010	Agency Request FY 2011	Gov. Rec. FY 2011
Beginning Balance	\$ 586,867	\$ 756,512	\$ 756,512	\$ 4	\$ 4
Net Receipts	3,303,053	4,831,552	4,831,552	5,872,000	5,872,000
Total Funds Available	\$ 3,889,920	\$ 5,588,064	\$ 5,588,064	\$ 5,872,004	\$ 5,872,004
Less: Expenditures	3,133,408	5,588,060	5,588,060	5,867,597	5,867,597
Transfers	0	0	0	0	0
Ending Balance	\$ 756,512	\$ 4	\$ 4	\$ 4,407	\$ 4,407
Ending Balance as Percent of Expenditures	24.1%	0.0%	0.0%	0.1%	0.1%

- Electronic Databases Fee Fund

The Electronic Databases Fee Fund is funded through fees which are collected to provide access to, or to furnish copies of, date constituting public records. K.S.A. 74-2022 establishes the Electronic Databases Fee Fund and provides that it shall be used "to operate, maintain and improve the specific electronic database system in which the data are stored or maintained, including the costs incurred providing access to or furnishing copies of such data."

Resource Estimate	Agency			Agency	
	Actual FY 2009	Estimate FY 2010	Gov. Rec. FY 2010	Request FY 2011	Gov. Rec. FY 2011
Beginning Balance	\$ 1,176,483	\$ 827,793	\$ 827,793	\$ 647,369	\$ 647,369
Net Receipts	8,084,814	8,641,091	8,641,091	8,300,000	8,300,000
Total Funds Available	\$ 9,261,297	\$ 9,468,884	\$ 9,468,884	\$ 8,947,369	\$ 8,947,369
Less: Expenditures	8,329,577	8,821,515	8,821,515	8,947,369	8,947,369
Transfers	103,927	0	0	0	0
Ending Balance	<u>\$ 827,793</u>	<u>\$ 647,369</u>	<u>\$ 647,369</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ending Balance as Percent of Expenditures	9.9%	7.3%	7.3%	0.0%	0.0%

- VIPS/CAMA Fee Fund

The VIPS/CAMA Fee Fund is funded through a \$3 surcharge on the titling of vehicles. The 2004 Legislature removed the June 30, 2004 sunset date for the fund. K.S.A. 74-2021 establishes the VIPS/CAMA Technology Hardware Fund and provides that it shall be used "for the purpose of upgrading the VIPS/CAMA hardware for the state or for the counties."

Resource Estimate	Agency			Agency	
	Actual FY 2009	Estimate FY 2010	Gov. Rec. FY 2010	Request FY 2011	Gov. Rec. FY 2011
Beginning Balance	\$ 457,377	\$ 198,543	\$ 198,543	\$ 52	\$ 52
Net Receipts	2,095,290	2,175,256	2,175,256	2,100,000	2,100,000
Total Funds Available	\$ 2,552,667	\$ 2,373,799	\$ 2,373,799	\$ 2,100,052	\$ 2,100,052
Less: Expenditures	2,312,290	2,373,747	2,373,747	2,100,052	2,100,052
Transfers	41,834	0	0	0	0
Ending Balance	<u>\$ 198,834</u>	<u>\$ 52</u>	<u>\$ 52</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ending Balance as Percent of Expenditures	8.6%	0.0%	0.0%	0.0%	0.0%

D. Department of Revenue Technology and Software Upgrades (House Committee).

The House Committee recommended Omnibus review all agency technology and software upgrades. The Department of Revenue currently has three technology upgrades in process and they include the following:

- Division of Vehicles Modernization Project

The Division of Vehicles Modernization Project was created by the 2008 Legislature and is funded by a \$4 surcharge on vehicle registrations. It is a multi-year project designed to integrate the three current vehicle systems into one system. Under the project the Vehicle Information Processing System (VIPS), the Kansas Drivers License System (KDLS) and the Kansas Vehicle Inventory System (KVIS) will be merged into one system. The goal is to organize the Kansas Division of Motor Vehicles processes with an automated system that will administer all licensing, titling, registration, inventory, and driver records. Under the new system manual, paper driven processes will be replaced with data imaging software that will help county treasurers and their staff process transactions efficiently, with fewer duplicated processes. The system will tie each driver to all their records and documents, which will simplify business transactions at the state and county levels.

The \$4 surcharge on vehicle registrations began on January 1, 2009 and the project began in August 2009. The VIPS and KVIS portions will be completed in July 2011 and the KDLS will be completed in January 2012. The agency has indicated the total costs for the software and hardware upgrades will be approximately \$40.0 million and the project is currently on schedule.

- **Computer-Assisted Mass Appraisal (CAMA) Project**

The CAMA system is designed to help county appraisers determine property values, and to help the Department monitor the appraisal process. County appraisal staff collect and enter property data and ensure computer results reflect local real estate conditions. County appraisers then review the information and visit the property to determine the final property value. A replacement system, known as ORION, will allow county officials to acquire multi-year information, to store more information to better assist in determining property values, to improve document production, to sketch properties, and to link with photos and geographic information system data. The replacement effort began in FY 2000 and all counties will be in production by August 2011, producing values for 2012.

The original CAMA system began in the 1980s and in 1996 the Legislature passed SB 662 which earmarked certain revenue for the improvement of the CAMA system. Currently, the CAMA system is funded through a \$3 surcharge on the titling of vehicles.

- **Photo First Drivers License Project**

Currently the Department uses a procedure where the applicant's photograph for the driver's license is captured at the end of the application process. In 2008 the Department was awarded a \$925,026 federal grant from the Department of Homeland Security (DHS) to develop and implement a pilot photo first model office where the applicants photograph is captured at the beginning of the application process when a driver first applies for a drivers license. The goal is to improve the integrity and security of the Kansas drivers license system. Currently, the Department is implementing phase two of the system which will enable the Department to implement the pilot photo first model office at five drivers license offices in Kansas. Phase two will be paid with federal funds from the DHS.

Adjutant General

A. Disaster Assistance (Senate Committee and House Committee). The House and Senate Committees recommended Omnibus review of the newest disaster assistance estimates on any open and new disasters for FY 2011.

The agency is currently tracking eleven open disasters for FY 2011, for which the agency estimates disaster assistance payments totaling \$264.2 million, including \$27.0 million from the State General Fund. The Governor's recommended FY 2011 budget includes \$43.4 million, including \$5.2 million from the State General Fund (a State General Fund difference of \$21.8 million). The agency states that it understands the fiscal situation of the state of Kansas as well as the fact that the estimate is a best guess. While the agency states that it would prefer to have full funding at the beginning of each year, if the fiscal situation does not allow for full funding of the request at this time, the agency states that it understands that there are other avenues to obtain the additional funding after the new fiscal year has begun. The agency noted that their main concern is to avoid having local units of government and approved non-profits experiencing late reimbursements from the state.

The agency noted difficulty in estimating how many state dollars will actually be needed, as there are a number of factors that affect the distribution of disaster funds for any approved project. One of these difficulties is weather, which makes it hard for infrastructure repairs and rebuilding. The

agency states that this spring included an additional unexpected delay with the Federal Emergency Management Agency (FEMA) placing a temporary freeze on the federal portion of any new or adjusted requests (no time frame has been provided for when the freeze will be lifted). The agency added that there is also the continuing possibility that Kansas may experience additional disasters at some time in FY 2011, but what has been provided is the Adjutant General's best estimate at this point.

Disaster funds are provided to help state and local governments with the cost of debris removal, roads, bridges, public buildings, public utilities, and other infrastructure damage associated with a disaster. The federal government usually pays 75.0 percent of the cost, with a 25.0 percent non-federal match. If the payment is made to a non-state agency, the state pays 10.0 percent with the local unit responsible for the remaining 15.0 percent. If the payment is made to a state agency, the state agency is responsible for the entire 25.0 percent.

B. Senate Substitute for House Bill 2582 (Conference Committee). Senate Sub. for HB 2582 would enact new law relating to 911, and amend existing law.

The bill would create a statewide 911 coordinator, appointed by the Governor, and housed in the Division of Emergency Management (KDEM) in the Office of the Adjutant General. The coordinator would: advise and coordinate with the 911 Coordinating Council, the Local Collection Point Administrator, and various other entities, and enable the operation of emergency services in Kansas to function efficiently and effectively; implement statewide 911 planning and ensure that policies adopted by the 911 Coordinating Council are carried out; and administer the Next Generation 911 (NG911) federal grant, which is transferred from the Governor's Grants Program to the Division of Emergency Management to be administered by the 911 Statewide Coordinator, create the NG911 Federal Grant Fund in the State treasury, and authorize adoption of rules and regulations necessary to administer the grant.

The fiscal note on the bill indicated a cost of \$129,683, all from the State General Fund, for FY 2011. The agency requests 1.0 FTE Public Service Administrator II position (\$60,915), and 1.0 FTE Accountant II position (\$56,001). These positions would require office supplies (\$750) and computer workstations (\$3,500). The coordinator also would require travel and per diem (\$8,000). Expenditures for these positions and duties would continue in the agency budget, and State General Fund cost estimates total \$129,328 for FY 2012, and \$132,553 for FY 2013.

The agency states that there is some ambiguity in the estimation of expenditures as expenditures are dependent upon the Next Generation 911 plan being adopted. No details yet exist on the enforcement or imposition of penalties, or who will be responsible for audits, reviews, cost recovery, and if funds will be disbursed through this agency or the State Treasurer.

Kansas Bureau of Investigation

A. DNA Lab Backlog Funding (Senate Committee). The Senate Committee requested Omnibus review of the Governor's FY 2011 recommendation to add \$1.1 million, all from the State General Fund, to assist in addressing the DNA backlog. Funds were recommended to allow for the outsourcing of samples, purchase of new equipment, consumables, and computer and software licenses.

The KBI laboratory division was funded in FY 2009 at \$6.3 million, including \$3.5 million from the State General Fund; are currently budgeted in FY 2010 (HB 2222 rescission bill) at \$6.3 million, including \$3.4 million from the State General Fund, and for FY 2011 (excluding the Governor's recommended addition of \$1.1 million from the State General Fund) \$6.6 million, including \$3.9

million from the State General Fund. Also, according to the agency, the current funding level is insufficient to maintain the databank once the backlog is eliminated and samples are processed.

The agency states that while pending legislation may positively affect the courts' ability to collect additional funding for the KBI DNA database in the future, there are insufficient funds to eliminate the backlog of arrestee DNA samples currently at the KBI.

While not requesting a continued operating expenditures increase, the KBI Forensic Science Laboratory does request \$1.1 million, all from the State General Fund, to purchase new equipment, consumables, and computer and software licenses, to process the backlog of arrestee samples. If the funding is approved it will be used to purchase the following:

- A) One 3130 genetic analyzer, one 3130xl genetic analyzer (\$250,000);
- B) Consumables, DNA kits, vials, pipette tips, and other supplies (\$720,630);
- C) Additional equipment to increase genetic analyzer capacity (\$10,000);
- D) Overtime to for technical review of samples, 600 hours x \$50.00 (\$30,000); and
- E) Additional computers and software licenses (\$70,000).

With the recent completion in validating new software in the DNA database laboratory, it is the agency's intention to complete all backlogged arrestee samples at the KBI. The new software, equipment and computers will increase the efficiency of the databank.

If the requested funding is provided, the KBI laboratory will not outsource any arrestee samples to private companies.

B. Kansas Criminal Justice Information System (KCJIS) Communication Lines (Senate Committee). The Senate Committee requested Omnibus review of the agency's request for \$464,823, all from the State General Fund, for the KCJIS communications lines upgrades and replacement of network interface cards.

Testimony heard in Subcommittee explained that the existing 56K lines are slow and will be discontinued December 31, 2010. Additionally, in consultation with Division of Information Systems and Communications (DISC), KCJIS requires an increased bandwidth connection to 1.5 MB (T1) to each mandated site in order to continue service. KCJIS provides year round access to vital criminal justice information and is utilized by over 9,000 criminal justice and law enforcement users in over 1,700 agencies across the state. The Subcommittee noted this enhancement was requested last Session, and that by working with DISC and AT&T, the existing contract was extended for an additional year. The Subcommittee encouraged the agency to seek further extension of the 56K communication lines in light of state budgeting constraints.

The agency states that Senate Substitute for House Bill 2226, which is in Conference Committee, would, among other things, raise district court traffic fines by \$5 to provide funding for the KCJIS circuits. The increase would provide an estimated \$660,000 per year for the KCJIS circuits. Funding is intended to offset the \$291,000 from the State General Fund that is currently provided as part of the KBI's budget, as well as providing an additional \$464,823 that was requested for FY 2011 to increase capacity and upgrade the circuits.

The agency states that as the new circuits will be phased in over a period of time in FY 2011, the additional funding needed for FY 2011 is actually \$442,000 (as opposed to the \$464,823 that was originally requested).

If the bill is adopted, the following summarizes the effects on the KBI's budget: to provide for the upgraded lines, the agency is requesting an additional \$442,000 for FY 2011 (this includes \$62,400 in startup costs); this is in addition to the \$291,000 provided in the KBI State General Fund budget for KCJIS circuits. This would provide a total of \$733,000, all from the State General Fund, in funding needed for KCJIS communication lines and associated upgrade for FY 2011.

If Senate Sub. for HB 2226 is enacted, it is estimated that \$660,000 in offsetting funds would be provided by traffic fees for KCJIS circuits. Which means that \$73,000 of the total cost of upgraded communication lines would not be offset in FY 2011. If this bill passes, the agency requests that of the \$291,000 currently being received for KCJIS circuits, \$73,000 remain in the budget.

The agency noted that \$693,423 would be requested for FY 2012, and \$660,000 would be provided by traffic fees (assuming the passage of Senate Substitute for House Bill 2226), requiring that \$33,423 of the traditional \$291,000 remain in the KBI's budget for FY 2012 to pay for KCJIS circuits.

C. Substitute for House Bill 2517. (Law). Substitute for House Bill 2517 creates new law that requires, on or after July 1, 2011, a domestic violence designation in a criminal case by the court if the trier of fact determines that a defendant committed a domestic violence offense. Only if the court finds, on the record, that the defendant has not previously committed a domestic violence offense or participated in a diversion agreement on a complaint alleging a domestic violence offense, and the domestic violence offense was not used to coerce, control, punish, intimidate, or take revenge against a person with whom the offender is involved or has been involved in a dating relationship or against a family or household member, would the court be authorized to not place a domestic violence designation on the criminal case or the defendant. The bill allows, but does not require, a court to place a "DV" designation on the criminal case number uniquely identifying the case. The Attorney General is required to promulgate rules and regulations, on or before July 1, 2011, to carry out the provision providing for disposition of a criminal case with a domestic violence designation. The bill provides that the court, at disposition, for any criminal offense with a domestic violence designation, be:

- Required to order the defendant to undergo, and pay for, a domestic violence offender assessment and follow all recommendations, unless otherwise ordered by the court or the Kansas Department of Corrections;
- Authorized, but not required, to order a defendant to undergo, and pay for, a domestic violence offender assessment and any other evaluation prior to sentencing if the assessment or evaluation would assist the court in determining an appropriate sentence; and
- Required to provide the domestic violence assessment and any other evaluation to any entity responsible for supervising the defendant.

One of the requirements in the bill is for the Kansas Bureau of Investigation to make available to the Governor's Domestic Violence Fatality Review Board crime record information related to domestic violence. The information would be required to be transmitted in a manner that does not identify individual offenders or victims.

The fiscal note on the bill states that the KBI would not significantly increase the number of records submitted to the Central Repository of Criminal History Records at the agency. However, the agency would be required to update code tables for its Incident Based Reporting (IBR) database to support the definitions of domestic violence and intimate relationships. The agency is requesting funding for programming changes costing \$2,100, all from the State General Fund, in FY 2010. The KBI also states that local law enforcement agencies would have to modify their IBR programs to meet the standards of House Bill 2517. However, there are no data on which to estimate the cost to all affected law enforcement agencies.

Kansas Department of Transportation

A. House Bill 2552 (Law). House Bill 2552 enacts the Midwest Interstate Passenger Rail Compact. The purpose of the compact is to promote improvements to intercity passenger rail service in the region, to coordinate interaction among states on passenger rail issues, to promote development and implementation of long range plans for high speed rail passenger service, to work with public and private sectors at all levels to ensure coordination, and to support efforts of transportation agencies in developing and implementing passenger rail service. Each member state chooses four commissioners for two-year terms; the Governor or Governor's designee, a member of the private sector chosen by the Governor, and two Legislators, one from each chamber. Commission duties have to do with coordination of planning, implementation, and related activities. The Commission is to work with federal agency officials and members of Congress on long-term interstate plans for passenger rail service. Each member state is to have equal voting privileges.

The Kansas Department of Transportation (KDOT) states that the annual membership fee to the Compact is \$15,000. The bill does not specify which state agency would be responsible for paying the fee; however, KDOT states that if it were to pay the membership fee it would require an expenditure limitation increase in the agency's State Highway Fund operations account. Legislative Administrative Services indicates the FY 2011 legislative compensation is \$88.66 per day for salary and \$116 per day for subsistence. The bill contains no restrictions on the number of days or locations where members may meet so the precise fiscal effect cannot be estimated at this time.

B. Senate Bill 409 (Law). Senate Bill 409 authorizes the Secretary of Transportation to establish and implement a passenger rail service program. With the program, the Secretary is authorized to take the following actions:

- Enter into agreements with Amtrak, other rail operators, local jurisdictions, and other states;
- Provide assistance to local jurisdictions to ensure that rail stations and terminals are designed and developed to meet safety and efficiency standards, aid intermodal transportation, and encourage economic development; and
- Provide loans or grants to passenger rail service providers from a Passenger Rail Service Revolving Fund established by the bill. Those loans or grants could be used for three purposes: restoration, conservation, improvement, and construction of railroad lines, switching yards, sidings, highway grade separations, and other railroad-related improvements; rail economic development projects that improve rail facilities, including locomotives and rolling stock; and costs associated with the initiation, operation, and maintenance of passenger rail service.

Expenditures from the Passenger Rail Service Revolving Fund would be made in accordance with appropriations. The bill authorizes the Secretary to adopt rules and regulations to implement the bill's other provisions.

According to the fiscal note, the bill does not propose a revenue mechanism for financing any of the activities the bill authorizes. The Kansas Department of Transportation indicates it would not initiate any such activities nor incur any additional expenses. However, the agency requests that the Passenger Rail Service Revolving Fund created by the bill be appropriated as a no limit fund.

C. House Bill 2561 (Conference Committee). House Bill 2561 would allow the Secretary of Transportation to authorize transit buses to be operated on the right shoulders of highways in the state highway system in Johnson County. Transit buses would be allowed to operate on the highway shoulder only if traffic speed on the highway is less than 35 miles per hour. The transit bus could not exceed traffic speed by more than 10 miles per hour and would be required to yield to merging, entering, and exiting traffic and to other vehicles on the shoulder. The bill would authorize the Secretary to promulgate rules and regulations on topics including required signage, to implement the bill's provisions. The bill also would authorize a transit bus being operated in accordance with the bill's other provisions to pass another vehicle on the right. The bill would require the Secretary and a representative of Johnson County to report to the Legislature annually on the program.

According to the fiscal note, KDOT states it would need to develop a signing scheme for each authorized route that would inform highway users that a transit bus could operate on the shoulder at that location. KDOT indicates that a 17-mile corridor on I-35 in Johnson and Wyandotte counties has been proposed for bus-on-shoulder operations, and that a total of \$150,090 would be needed for signage and shoulder pavement markings for FY 2011. The agency requests an increase in the expenditure limitation of \$150,090 to KDOT's State Highway Fund agency operations account.

D. House Bill 2555 (Law). House Bill 2555 designates a portion of K-14 Highway, U.S. Highway 160 and K-2 Highway as the SFC David R. Berry/SGT Willsun M. Mock Memorial Highway. The bill also contains the following provisions related to signage:

- Requires the Secretary of Transportation to place the signs along the highway right-of-way at proper intervals to indicate the designation;
- Precludes the signs from being erected until the Secretary has received sufficient moneys from gifts and donations to reimburse the Secretary for the cost of placing the signs and an additional 50.0 percent of the initial cost to defray future maintenance or replacement of the signs; and
- Allows the Secretary to accept and administer gifts and donations to aid in obtaining and installing suitable signs.

The fiscal note on the bill indicates that the Kansas Department of Transportation would have to receive \$2,250 from donations before installing the signs - \$1,500 for the cost of the signs including installation and an additional 50.0 percent (\$750) for future maintenance. The agency is requesting an operating expenditure increase of \$1,500 in the State Highway Fund, to expand donations, for FY 2011.

E. House Bill 2436 (Law). House Bill 2436 designates bridge No. 64 on U.S. Highway 77 in Marshall County as the 1st Lieutenant Michael Hugh Breeding Memorial Bridge. The bill also contains the following provisions related to signage:

- Requires the Secretary of Transportation to place the signs along the highway right-of-way at proper intervals to indicate the designation;

- Precludes the signs from being erected until the Secretary has received sufficient moneys from gifts and donations to reimburse the Secretary for the cost of placing the signs and an additional 50.0 percent of the initial cost to defray future maintenance or replacement of the signs; and
- Allows the Secretary to accept and administer gifts and donations to aid in obtaining and installing suitable signs.

The fiscal note on the bill indicates that the Kansas Department of Transportation would have to receive \$2,040 from donations before installing the signs - \$1,360 for the cost of the signs including installation and an additional 50.0 percent (\$680) for future maintenance. The agency is requesting an operating expenditure increase of \$1,360 in the State Highway Fund, to expand donations, for FY 2011.

F. House Bill 2678 (Law). House Bill 2678 designates a portion of US-59 in Franklin County as the Vern Chesbro Memorial Highway. The portion of US-59 so designated is between the northern boundary of Franklin County and the intersection of US-59 and I-35. The bill also contains the following provisions related to signage:

- Requires the Secretary of Transportation to place the signs along the highway right-of-way at proper intervals to indicate the designation;
- Precludes the signs from being erected until the Secretary has received sufficient moneys from gifts and donations to reimburse the Secretary for the cost of placing the signs and an additional 50.0 percent of the initial cost to defray future maintenance or replacement of the signs; and
- Allows the Secretary to accept and administer gifts and donations to aid in obtaining and installing suitable signs.

The fiscal note on the bill indicates that the Kansas Department of Transportation would have to receive \$2,820 from donations before installing the signs - \$1,880 for the cost of the signs including installation and an additional 50.0 percent (\$940) for future maintenance. The agency is requesting an operating expenditure increase of \$1,880 in the State Highway Fund, to expand donations, for FY 2011.

G. House Bill 2535 (Law). House Bill 2535 designates a portion of Highway K-61, from the north city limits of Hutchinson to the south city limits of Medora, as the John Neal Memorial Highway. The bill also contains the following provisions related to signage:

- Requires the Secretary of Transportation to place the signs along the highway right-of-way at proper intervals to indicate the designation;
- Precludes the signs from being erected until the Secretary has received sufficient moneys from gifts and donations to reimburse the Secretary for the cost of placing the signs and an additional 50.0 percent of the initial cost to defray future maintenance or replacement of the signs; and
- Allows the Secretary to accept and administer gifts and donations to aid in obtaining and installing suitable signs.

The fiscal note on the bill indicates that the Kansas Department of Transportation would have to receive \$5,220 from donations before installing the signs - \$3,480 for the cost of the signs including installation and an additional 50.0 percent (\$1,740) for future maintenance. The agency is requesting an operating expenditure increase of \$3,480 in the State Highway Fund, to expand donations, for FY 2011.

H. GBA No. 1, Item 5, Page 4—State Highway Fund.

Highway Patrol

A. Special Revenue Fund Depletion (Senate Committee). The Senate Committee recommended Omnibus review of the Governor's FY 2011 recommendation to shift State General Fund expenditures to special revenue funds, and in doing so leave a number of agency funds with a low or zero ending balance.

The Subcommittee heard testimony from the agency regarding the disparity between the fund balances and the agency's estimated needs to cover the next 60 days of expenditures. These funds include the: General Fees Fund, Vehicle Identification Number (VIN) Fee Fund, KHP Training Center Fund, and KHP Federal Fund.

The agency provided the following information in regards to actions taken to these special revenue funds and related impacts:

1. General Fees Fund: The Governor recommended a transfer of \$240,570 from the General Fees Fund to the KHP Operations Fund to support State General Fund reductions, leaving a FY2011 zero ending balance. The next 60 days of expenditures are estimated at \$111,916.
2. VIN Fee Fund: The Governor recommended a transfer of \$37,153 from the VIN Fee Fund to the KHP Operations Fund to support State General Fund reductions, leaving a FY2011 ending balance of \$8,783. The next 60 days of expenditures are estimated at \$336,936.
3. KHP Training Center Fund: The Governor recommended a transfer of \$333,588 from the KHP Training Fee Fund to the KHP Operations Fund to support State General Fund reductions, leaving a FY2011 zero ending balance. The next 60 days of expenditures are estimated at \$207,782.
4. KHP Federal Fund: The Governor recommended a transfer of \$354,402 from the KHP Federal Fund to support State General Fund reductions, leaving a FY2011 ending balance of \$130,771. The next 60 days of expenditures are estimated at \$482,347.

The total estimated FY 2012 60-day expenditures equal \$1.1 million, leaving a potential shortfall of \$999,427.

The agency states that it had anticipated the VIN Fee Fund would be reduced to \$35,114. This was done to reduce the reliance of the program on operating funds, due to the State General Fund reductions, and to pay as many positions as possible from these fees. The agency states that this was followed by the introduction of Senate Bill 518 to increase these fees from \$10 to \$20, and

if Senate Bill 518 passes, the VIN Fee Fund would be much more stable (estimated to generate an additional \$1.6 million).

The agency states that additional reductions will be necessary for FY 2011. If this cannot be achieved through attrition of staff and a hiring freeze, then the following actions will be necessary, in priority order:

1. Providing compensatory time in lieu of holiday pay for additional holidays (Veterans Day, Thanksgiving and Martin Luther King Jr. Day already have to be compensated with time off);
2. Eliminating of the annual payment for uniform cleaning allowance;
3. Providing compensatory time in lieu of part, or any, of the overtime pay. (Operationally funded overtime has been reduced to only that which cannot be avoided for work related to vehicle accidents, emergencies and arrests for offenses such as driving under the influence.);
4. Furloughing of uniformed and civilian staff; and
5. Staff layoffs.

Behavioral Sciences Regulatory Board

A. Undermarket Salary Adjustments (House Committee). The House Committee recommended Omnibus review the addition of \$5,682, all from the Behavioral Sciences Regulatory Board Fee Fund, to continue undermarket salary adjustments for FY 2011. The 2009 Legislature authorized \$5,682, all from the Behavioral Sciences Regulatory Board Fee Fund, for undermarket salary adjustments in FY 2010. The adjustments were not included in the agency's FY 2011 budget request or the Governor's FY 2011 budget recommendation. Some biennial agencies had included the undermarket salary adjustments in their FY 2011 request and the Governor recommended those adjustments. Under the Governor's FY 2011 recommendation, expenditures from the Behavioral Sciences Regulatory Board Fee Fund are \$595,421 and the projected ending balance of \$64,691.

B. Information Technology Purchase (House Committee). The House Committee recommended Omnibus review the addition of \$36,000, all from the Behavioral Sciences Regulatory Board Fee Fund, to purchase computer workstations, laptops, and a server that will be replaced as part of the agency's three-year information technology plan for FY 2011.

C. House Bill 2577 (Law). House Bill 2577 creates the Addictions Counselor Licensure Act, requiring the Behavioral Sciences Regulatory Board to develop and administer rules regulating addiction counselors. The bill increases the membership of the agency's board to twelve members and requires the new member to be a licensed addiction counselor or a licensed clinical addiction counselor appointed by the Governor. The agency has indicated the cost to add the new board member would total \$3,095 from the agency's fee fund for FY 2011.

The bill also requires the licensure of clinical addiction counselors, licensed addiction counselors, and substance abuse counselors. The bill establishes statutory maximums for fees for licenses, temporary permits, and renewals, and the licenses would be valid for 24 months. The agency has estimated that the bill would increase revenue by \$175,000, of which \$140,000 would be deposited into the agency's fee fund and the remaining \$35,000 (20.0 percent) into the State

General Fund. The bill also sets conditions on which the Board may refuse to grant licensure, or may suspend, revoke, condition, limit, qualify, or restrict licensure.

The fiscal impact to implement HB 2577 in FY 2011 would be an increase of the Behavioral Sciences Regulatory Board Fee Fund expenditure limitation by \$3,095. There would be no costs with the licensure of clinical addiction counselors in FY 2011.

D. House Substitute for Senate Bill 25 (Law). House Substitute for Senate Bill 25 amends the continuing education requirements for baccalaureate, master, and specialist clinical social workers. Beginning January 1, 2011, applicants for first-time licensure renewal would be required to have completed, as part of their continuing education requirements, not less than six hours of social worker safety awareness training. If the applicant has taken the training as part of a previous level of social worker licensure renewal, the applicant would not be required to complete an additional six hours of social worker safety awareness training.

The Behavioral Sciences Regulatory Board estimates that implementing the provisions of the bill would cost approximately \$2,650, all from the agency's fee fund. The cost will cover several items: 1) implement a tracking method in the agency's database for the continuing education requirement; 2) mail a separate renewal letter to explain the new requirement to licensees; 3) update agency information forms; and 4) revise the online renewal process. The agency states that these are one-time expenditures for FY 2011.

Board of Healing Arts

A. Moving Expenses (House Committee). The House Committee recommended Omnibus review the addition of \$118,528, all from the Healing Arts Fee Fund, for moving expenses and prorated rent for FY 2011. The agency stated that its current lease will expire in January 2011, and the current landlord did not submit a bid to renew the lease. The agency stated that the Division of Facilities Management estimated total moving related costs for the agency at \$118,528. Moving costs are estimated at \$83,250, calculated at the rate of \$1,850 per FTE for 45.0 FTE positions. The remaining \$35,278 represents additional rent for the remainder of FY 2011 (from February to June 2011) due to increased costs for the new space. The agency will move to 800 SW Jackson in Topeka when the current lease expires. The expiring lease cost \$14.78 per square foot, combined, for two spaces, office space and storage space. The new lease is estimated to cost \$13.69 per square foot for one space that includes office space and storage space.

B. Senate Bill 489 (Law). Senate Bill 489 amends current law concerning the dispensing of contact lenses to Kansas residents by a person or entity not licensed to practice optometry, medicine, or surgery in the state. The bill broadens the specific reference to make the Patient's Contact Lens Prescription Relief Act, which was enacted in 2003, applicable to all distributors of contact lenses in Kansas, not just those who mail contact lenses through the United States Postal Service. The Board of Healing Arts currently registers six distributors of contact lenses that mail contact lenses through the mail and collects \$150 per distributor in registration fees. The agency has stated that implementing SB 489 would require amendments to applications, online booklets, and other affected website information. The agency has estimated the cost for these revisions to be approximately \$1,000. Additionally, the agency has indicated that SB 489 requires the agency to register more distributors of contact lenses, although the exact number is unknown. The agency has stated that if the total number of distributors reaches more than 1,500, an additional FTE position would be needed to handle the registration requirements for these distributors. The cost to add a new position to handle these registrations is estimated at \$34,290 per year.

Anticipated revenue is currently unpredictable because of the unknown number of distributors that would need to be registered. If the agency registers 1,500 distributors at a fee of \$150 per distributor, the agency would collect \$225,000, with \$45,000 going to the State General Fund (20.0 percent).

The Board of Healing Arts requests an overall expenditure limitation increase of \$1,000, all from the Healing Arts Fee Fund, to implement SB 489 in FY 2011. Under the Governor's FY 2011 recommendation, expenditures from the Healing Arts Fee Fund total \$3.9 million and the projected ending balance is \$2.6 million.

C. House Substitute for Senate Bill 83 (Law). House Substitute for Senate Bill 83 contains the contents of 2010 HB 2575 and 2010 SB 490. The bill would create the Naturopathic Doctors Licensure Act by amending existing law to change the regulatory status of naturopathic doctors from registrants to licensees. The bill authorizes naturopathic doctors to form professional corporations and provides clarifying language that licensure does not require health insurance to provide covered services. The Board of Healing Arts has stated that an expenditure limitation increase of \$2,000 would be needed to make changes to the rules and regulations, applications, online booklets, and other website information as they apply to naturopathic doctors to reflect the new regulatory status of licensure and the new scope of practice.

The bill also amends the Physical Therapy Practice Act by creating two new licensure categories: exempt license and federally active license. The bill lists conditions on obtaining either type of license. The agency has stated that an expenditure limitation increase of \$20,000 would be needed to make changes to the rules and regulations, forms, applications, and other agency website items (\$2,000), as well as updating the agency's electronic database and online renewal system (\$18,000).

The Board of Healing Arts requests an overall expenditure limitation increase of \$22,000, all from the Healing Arts Fee Fund, to implement House Substitute for SB 83 in FY 2011.

Emergency Medical Services Board

A. Education Incentive Grant Program (Senate Committee and House Committee). The House Committee and the Senate Committee recommended Omnibus review of adding funding to the Education Incentive Grant (EIG) program. The EIG program is funded through a transfer from the Emergency Medical Services (EMS) Operating Fund. In FY 2010, the Governor recommended, and the Legislature concurred, a reduction of the funding level from \$294,000 to \$257,871. For FY 2011, the Governor recommended, and the House and Senate Committees concurred, a further reduction of the funding level from \$257,871 to \$250,000. The decrease is attributed to the potential change in the way the agency is funded. The Governor's recommendation anticipated legislation (2009 SB 322 or 2009 HB 2387) that would alter the \$200,000 transfer from fire insurance premiums to the State General Fund. Currently, the entire transfer comes from the State Fire Marshal, whereas the anticipated legislation would split the transfer amongst the State Fire Marshal, the Emergency Medical Services Board, and the University of Kansas Fire and Rescue Training Institute. This would result in a reduced transfer to the EMS Operating Fund by approximately \$40,000. The Governor has included language in the appropriations bills to change the distributions, but only for FY 2011.

The Education Incentive Grant (EIG) program aids rural ambulance services in recruiting, training, and certifying ambulance attendants. For services in densely settled rural populations, only part-time or volunteer services would qualify. The application for EIG funds must be submitted by the licensed ambulance service, with a clear stipulation that any dollars awarded through the

program cannot be used to replace dollars budgeted to the service. A second Memorandum of Agreement is required between the student and the ambulance service which states the student's responsibilities. Students repay the grant moneys in full if they drop out of the education course; if they fail the education course or are prohibited from taking the certification exam, they repay half of the grant moneys. If students fail to meet their service obligation (working for the ambulance service for a minimum of 240 hours for one year for EMTs and First Responders - two year requirement for paramedics), they repay the grant moneys in full.

Special City County Highway Fund

A. 2010 Senate Bill 575 (Senate Committee). The Senate Committee recommended Omnibus review of the status of 2010 SB 575, which deals with the repayment of underpaid counties through the Special City and County Highway Fund. The Senate Committee previously added language to the appropriations bill to repay the counties of Barton, Butler, Douglas, Leavenworth, and Shawnee a total of \$11.1 million from FY 2011 to FY 2015. The payments would be deducted from the quarterly distributions of the Special City and County Highway Fund to the one hundred remaining counties that were overpaid from FY 2000 to FY 2009. SB 575 contains the same provisions as the language in 2010 Senate Substitute for HB 2631. SB 575 has passed the Senate and is awaiting action in the House Committee on Transportation.

Kansas Guardianship Program

A. Kansas Guardianship Program Budget (Senate Committee and House Committee). The House Appropriations Committee recommended review at Omnibus of the House Committee's addition of \$34,632, all from the State General Fund, for FY 2011 and an examination of whether reductions have been made in other agencies to offset this increase. The Kansas Guardianship program states the additional funds will allow the agency to restore the volunteer stipend to \$30 per guardian or conservator which was reduced to \$28 in April of 2010, discontinue furloughs of one day per month for all employees implemented on January 2010, restore some reduced operating expenses for travel, communications and printing, and avert further delays in addressing the waiting list for guardian or conservator nominees. The Governor's FY 2011 recommended budget for the agency is \$1,124,763, all from the State General Fund.

The Senate Ways and Means Committee recommended review at Omnibus of the Senate Committee's deletion of \$32,513, all from the State General Fund, from the FY 2011 Governor's recommended budget. The Kansas Guardianship Program states the reduction in funds will require the agency to: maintain the volunteer stipend at \$28 per guardian or conservator; furlough all staff for 12 days in FY 2011; and reduce field staff and related operating expenses for travel and subsistence.

Health Care Stabilization Fund Board

A. Senate Bill 414 (Law) and Health Care Stabilization Fund Budget (Senate Committee and House Committee). Senate Bill 414 would amend the Health Care Provider Insurance Availability Act to exempt transfers from the State General Fund to the Health Care Stabilization Fund (HCSF) as required by K.S.A. 2009 Supplement 40-3403(j) from the allotment authority delegated by statute (K.S.A. 75-3722) to the Secretary of Administration.

The bill would further amend the Act to provide that the funds require transfer to the Health Care Stabilization Fund for the payments specified in law (K.S.A. 2009 Supp. 40-3403(j)) for state

Fiscal Years 2010, 2011, 2012, and 2013 shall not be transferred prior to July 1, 2013. The Director of Accounts and Reports would be required to maintain a record of the amounts certified by the Health Care Stabilization Fund Board of Governors for the specified fiscal years. The bill establishes a process for the repayment of the deferred State General Fund payments, as follows: beginning on July 1, 2013 and on an annual basis through July 1, 2017, twenty percent of the total amount of the State General Fund deferred transfers are to be made to the Health Care Stabilization Fund. No interest will be allowed to accrue on the deferred payments. The Senate and House Committees also requested review of this item, pending passage of this bill.

Department of Labor

A. Unemployment Insurance Compensation Borrowing (House Committee) and Senate Bill 551 (Senate Committee). The House Appropriations Committee recommended review at Omnibus of the funds borrowed from the Federal Unemployment Insurance Trust Fund in CY 2010 for payment of unemployment claims in Kansas, the interest projected to be paid on the loans of those funds and measures recommended by the Kansas Department of Labor (KDOL) to pay the interest.

As of April 21, 2010, Kansas had borrowed \$88.1 million from the federal government to pay unemployment benefits. Under the federal American Recovery and Reinvestment Act (ARRA) interest on those loans will not begin to accrue until January 1, 2011. KDOL projects interest of \$42.0 million for FY 2011 that will come due in FY 2012. In the event the interest payment is not made, employers will lose their offset credits against the Federal Unemployment Tax Assessment. Additionally, interest payments must be paid from a separate revenue stream from the regular Kansas Unemployment Tax Assessments.

The KDOL endorses the recommendations of the Employment Security Advisory Council regarding the payment of the interest on loans from the Federal Treasury. The recommendation is contained within SB 551. According to the KDOL, the legislation would implement a special assessment dedicated to paying only the interest accrued on Federal Loans for the Trust Fund. The legislation would provide that this assessment be paid into a separately created employment security interest assessment fund. The amount would be a flat percentage on an employers' current tax rate, to be set by the Secretary of Labor upon determination of the amount needed to pay interest due on advances. The assessment would be in addition to current contributions and would be used to pay for interest owed the federal Treasury for Trust Fund borrowing. For FY 2011 the KDOL estimates that the interest assessment rate would be 8.75 percent of the employers FY 2011 unemployment contribution assessment. However, this percentage assumes that employers will begin paying interest rate assessment on January 1, 2011. As SB 551 was not taken up by the legislature, employers will have a reduced amount of time in CY 2011 to make the payments.

B. House Bill 2676 (Law). House Bill 2676 would amend the Employment Security Law regarding contribution rates, penalties, and interest. The bill would provide that for calendar year 2010 and 2011, the charge for contributing employers in positive rate balance groups 1 through 32 would be that of the 2010 original tax rate computation table. contributing employers in positive rate balance groups 33 through 51 would be capped at a 5.4 percent contribution rate. In addition, employers would have 90 days past the due date to file their contribution without being charged interest for the first three quarters of each of the two years.

According to the Department of Labor, the bill would reduce the amount of funds collected for the Unemployment Insurance Trust Fund from employer contributions by \$43.7 million in CY 2010

and \$63.6 million in CY 2011. The bill would also increase the amount of accrued interest on loans to the Trust Fund by \$5.9 million in CY 2010 and \$7.8 million in CY 2011.

Additionally, the agency estimates the Penalty and Interest Fund would experience reduced revenues of \$136,000 in FY 2010 and \$81,250 in FY 2011 as a result of deferring payments. This revenue is used to pay for administrative costs for the Unemployment Insurance Program. The agency would have to find another revenue source to finance these ongoing administrative costs.

Commission on Veterans Affairs

A. Kansas Commission on Veterans' Affairs Medicare and Medicaid Certification Process (Senate Committee and House Committee). The House Appropriations Committee added \$648,584, all from the State General Fund, to the Kansas Commission on Veterans Affairs in order to maintain the FY 2011 State General Fund appropriation at the same level as FY 2010. The Senate Ways and Means Committee deleted \$185,702 from the Governor's recommended budget for FY 2011. Both Committees requested review at Omnibus of the status of Medicare and Medicaid certification at the Soldiers' Home and Veterans' Homes.

The Kansas Soldiers' Home has been certified to process both Medicare and Medicaid claims. As of March 31st, the Soldiers' Home has received \$22,282 in Medicare funds and anticipates receiving between \$80,000 and \$100,000 in Medicare funding in FY 2010. The Soldiers' Home originally projected \$188,000 in Medicare funding in the current fiscal year. The Commission states that the shortfall is attributable to the development of the billing process to most effectively capture revenue on nursing care patients. The Kansas Soldiers' Home is currently averaging \$200 per resident per day and hopes to achieve a billing rate between \$300 and \$350 per resident per day as the staff becomes more familiar with the billing process.

The Soldiers' Home anticipates between \$20,000 and \$30,000 in Medicaid funding in FY 2010 but has received no funds to date. The facility originally projected \$180,000 in Medicaid funding in the current fiscal year. The Commission states that the shortfall is attributable to eligibility challenges in that a resident must have assets of less than \$2,000 to receive Medicaid funds. Some of the residents have assets which interfere with eligibility. The total shortfall from the projected revenue in Medicare and Medicaid claims at the Kansas Soldiers' Home is approximately \$253,000 in FY 2010. For FY 2011, the Kansas Soldiers' Home anticipates receiving \$558,000 in combined Medicare and Medicaid funding. The agency states that it is too soon to project how near to the target they will reach.

The Kansas Veterans' Home completed the health and life safety code portions of an initial Medicaid certification survey on March 29th and 30th. The facility has been working on plans of correction and presentation of credible evidence of compliance related to cited deficiencies. The Centers for Medicare and Medicaid Services (CMS) Regional Office will make the final certification decision, it is anticipated that materials can be sent to CMS by April 9th. The initial survey is for Medicaid only. The Kansas Veterans Home indicated that it did not desire a Medicare survey at the time of the visit. It is the opinion of the Commission that the Veterans' Home will receive no Medicaid funding in the current fiscal year. The Home originally projected \$90,000 in Medicaid funding for FY 2010. For FY 2011, the Kansas Veterans' Home is projected to receive \$548,000 in combined Medicare and Medicaid funding. The Home will need to complete the Medicare certification early in FY 2011 in order to achieve this target.

At the spring human services consensus caseload estimate meeting, approximately \$1.5 million from all funding sources were included in the nursing facilities expenditure estimate for the

two state operated veterans homes. See page 42, item U, for additional information on the spring consensus caseload estimates.

B. GBA No. 1, Item 4, Page 4—Replacement of Storm Damaged Roofs at the Kansas Soldiers' Home.

Division of Post Audit

A. Review of SB 580 (Senate Committee). The Senate Committee requested an update on the status of SB 580. This bill would prohibit school district audits from being performed in FY 2011 or FY 2012. The bill would allow the Department to shift audit costs away from the Division's own budget, financed from the State General Fund, to a mix of funding sources, provided by the state agencies covered by the statewide audit.

The Senate passed this bill on a vote of 40 to 0. The House received the bill and referred it to the House Appropriations Committee where it is currently located.

State Employee Pay

A. Classified State Employee Market Salary Adjustment (Senate Committee). During the 2007 interim, the State Employee Compensation Oversight Commission was charged with the development of a new pay plan for classified employees for the Governor, Chief Justice of the Supreme Court and 2008 Legislature to consider. The Commission endorsed the recommendation of the Hay Group that five separate pay plans be created for state employees in the classified service, with different opportunities for pay increases to acknowledge the different types of work performed. The five pay plans recommended include: a management pay plan for those involved in managerial functions (increases based on performance); a professional individual contributor for employees requiring knowledge of principles and theories of a professional discipline that is normally obtained through a college curriculum (increases within broad bands to reflect different levels of work and performance against established standards); a protective service pay plan for uniformed officers and all other positions that meet the definition of police or law enforcement officer (increases based on achievement of milestone and certification events as well as time on the job and performance); a basic vocational pay plan for employees that perform routine, structured, work where performance can be measured on a pass/fail basis (increases based on the traditional step movement approach, based on time on the job); and a general classified pay plan for those employees who do not fall within the parameters of the other four plans (the pay ranges will have steps below the market rate and an open range above the market rate).

The time frame to fully implement the recommended plan is five years. Under the Governor's recommendations, the classified employees will be divided into three groups to first address those with the greatest salary disparity to the market rate. In the first year, FY 2009, the first phase included the basic vocational classes, as well as the isolated worst cases costing \$16.0 million, including \$8.5 million from the State General Fund. The Governor did not recommend funding of approximately \$3.5 million to maintain salary parity for the first group of employees in FY 2011. The 2008 Legislature appropriated \$8.5 million from the State General Fund for FY 2010 through FY 2013 to the State Finance Council for distribution to state agencies. The second year of the plan (FY 2010) was funded and has been implemented. The Governor does not recommend changing the funding for FY 2011 and leaves the money appropriated to the State Finance Council. Both the Senate Ways and Means Committee and the House Appropriations Committee have deleted the \$8.5 million appropriation to the State Finance Council for FY 2011. The Senate Committee

recommended a review for the possible restoration of \$8.5 million for the classified state employee market salary adjustment.

50625

[Faint, illegible text, possibly bleed-through from the reverse side of the page]

**Bill Explanation for 2010 House Substitute for Senate Bill 73
As Amended by the House Committee on Appropriations**

Sec. 2 --Department of Commerce

AGENCY ESTIMATE. The agency is estimating FY 2010 operating expenditures of \$154.1 million, including \$14,323 from the State General Fund and \$16.7 from the Economic Development Initiatives Fund (EDIF). The request is an all funds increase of \$36.7 million or 31.2 percent, and an EDIF increase of \$500,000, or 3.1 percent, above the amount approved by the 2009 Legislature. The agency's State General Fund request remains the same as the approved amount. The all funds increase is largely attributable to the agency receiving several federal grants, including an \$18.3 million grant from the United States Department of Housing and Urban Development. The EDIF increase is attributable to the Governor's November allotment of \$500,000 which is not included in the agency's FY 2010 request.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 operating expenditures of \$153.6 million, including \$14,323 from the State General Fund and \$16.3 million from the Economic Development Initiatives Fund (EDIF). The recommendation is an all funds increase of \$36.2 million or 30.8 percent, above the amount approved by the 2009 Legislature. The all funds increase is largely attributable to the agency receiving several federal grants, including an \$18.3 million grant from the United States Department of Housing and Urban Development. The Governor's State General Fund and EDIF recommendation is the same as the amount approved by the 2009 Legislature. The Governor's recommendation is a decrease of \$500,000, or 0.3 percent, below the agency's FY 2010 estimate. The decrease is a result of the agency not including the allotment of \$500,000 in their revised budget submission.

The Governor recommends lapsing \$5,001 from the Economic Development Initiatives Fund (EDIF) in FY 2010 and replacing the lapsed amount with a \$5,000 appropriation to the EDIF for the Senior Community Service Employment Program funded through the American Recovery and Reinvestment Act (ARRA).

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 3 --Kansas Lottery

AGENCY ESTIMATE. The agency estimates a revised FY 2010 budget totaling \$65.7 million, a reduction of \$4.3 million, or 6.2 percent, below the approved amount. The agency has reduced the estimate for lottery ticket sales in FY 2010. The reduction below the approved amount is a result of lowered expenditures in selling tickets and paying prizes. All expenditures requested would come from special revenue funds. The agency estimate does not include any funding from the State General Fund. The estimate includes 89.0 FTE positions.

The agency requested a reduced transfer amount from the proceeds of lottery ticket sales from \$72.0 million to \$69.0 million.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2010 budget totaling \$65.5 million, all from special revenue funds. The recommendation is a reduction of \$4.5 million, or 6.4 percent, below the approved amount, and \$162,650, or 0.2 percent, below the agency's revised estimate. The reduction below the agency's request is the result of the Governor's recommendation to increase shrinkage rate from 2.0 percent to 5.0 percent. The Governor concurs with the agency's FTE position request.

The Governor recommends holding the transfer amount at \$72.0 million. However, updated estimates suggest an increase in the Veterans' Scratch Ticket from \$1,460,000 to \$1,600,000. All proceeds from those tickets are transferred through the State General Fund by statute, and distributed to the Kansas Commission on Veterans' Affairs (30.0 percent), the Kansas National Guard Museum (30.0 percent), and Kansas National Guard scholarships (40.0 percent). The Governor recommends a reduction of the same amount from the regular lottery tickets in order to keep the level at the same as the approved amount.

To carry out the Governor's recommendation, two items are included in the appropriations bill. The first reduces the regular lottery ticket proceed transfer from \$70,540,000 to \$70,400,000. The second reduced the agency's FTE limitation by 10.0.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 4 --Kansas Racing and Gaming Commission

AGENCY ESTIMATE. The agency estimates a revised FY 2010 budget totaling \$6,990,328, all from special revenue funds. The revised estimate is a reduction of \$1,518,646, or 17.8 percent, below the approved amount. The 2009 Legislature approved a budget that would allow flexibility in the event casino operators would be selected in FY 2010. The revised budget more accurately reflects the agency's needs for FY 2010, which includes regulatory activity for one-half year of operation at the casino in the Southwest Gaming Zone (Dodge City). The estimate does not include any supplemental funding requests and includes 73.5 FTE positions, the same as the approved amount.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's request.

To carry out the Governor's current year recommendation, two new special revenue funds are included in the appropriations bill. Both funds are related to casino regulation and provide separation and transparency in the agency's expenditures.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 5 --Kansas Corporation Commission

AGENCY ESTIMATE. The agency estimates a revised FY 2010 budget totaling \$27.3 million, all from special revenue funds, which is an increase of \$6.3 million, or 29.7 percent, above the amount approved by the 2009 Legislature. The increase is partially attributed to a supplemental request totaling \$438,680, all from special revenue funds, to implement two bills passed by the 2009 Legislature. The fiscal impacts for these bills were not included in the FY 2010 Omnibus Bill. Absent the supplemental request, the revised FY 2010 estimate is \$26.9 million, which is an increase of \$5.8 million, or 27.6 percent, above the amount approved by the 2009 Legislature. Further, the increase can be attributed to the receipt of a large amount of American Recovery and Reinvestment Act (ARRA) funding, which will be spent over the next three years to implement additional energy efficiency programs.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's revised current year estimate.

To carry out the Governor's current year recommendation, the aggregate limit of the public service regulation fund, the motor carrier license fees fund, and the conservation fee fund is increased by \$610,044 from \$16,290,795 to \$16,900,839. Additionally, the position limitation is increased from 214.00 to 216.00.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 6 --Department of Revenue

AGENCY ESTIMATE. The agency estimates FY 2010 operating expenditures of \$106,714,650, including \$16,882,790 from the State General Fund. The estimate is an all funds decrease of \$8,389,156, or 7.3 percent, and a State General Fund increase of \$506,484, or 3.1 percent, from the amount approved by the 2009 Legislature. The Governor's July 2009 allotment reduction of \$1,800,000 from the State General Fund and the Governor's November 2009 allotment of \$506,484 from the State General Fund change the amount approved by the 2009 Legislature. The State General Fund increase is attributable to the November 2009 allotment not being included in the agency's estimate for FY 2010. The all funds decrease is largely due to a reduction in several special revenue funds including the Special County Mineral Production Tax Fund, the State Emergency Fund-CO Business Restoration (Kiowa County Business Restoration Assistance Program) and the State Emergency Fund-SE KS Business Recovery (Southeast Kansas Business Restoration Assistance Program).

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 operating expenditures of \$106,218,166, including \$16,376,306 from the State General Fund. The recommendation is an all funds decrease of \$8.9 million, or 7.7 percent, below the amount approved by the 2009 Legislature. The State General Fund

recommendation of \$16,376,306 is the same as the amount approved by the 2009 Legislature. The all funds decrease is largely due to a reduction in several special revenue funds including the Special County Mineral Production Tax Fund, the State Emergency Fund-CO Business Restoration (Kiowa County Business Restoration Assistance Program) and the State Emergency Fund-SE KS Business Recovery (Southeast Kansas Business Restoration Assistance Program)

Included in the Governor's recommendation is a transfer of \$195,395 from the Kansas Qualified Biodiesel Fuel Producer Incentive Fund to the State General Fund for FY 2010. This is an incentive available to qualified producers of biodiesel fuel in Kansas and producers may be paid a production incentive in the amount of \$.30 for each gallon of biodiesel sold by the producer.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 7 --Court of Tax Appeals

AGENCY ESTIMATE. The agency estimates a revised FY 2010 operating budget of \$1,978,383, an increase of \$42,807, or 2.2 percent, above the amount approved by the 2009 Legislature, as adjusted by the Governor's July 2009 and November 2009 State General Fund allotments. Requested State General Fund expenditures total \$1,426,891, an increase of \$42,807, or 3.1 percent, above the approved amount. The agency's budget was submitted prior to the Governor's November 2009 State General Fund allotments which reduced the agency's State General Fund expenditures by an additional \$42,807. Absent that allotment, the agency's revised estimate of State General Fund expenditures would be the same as the currently approved budget.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 operating expenditures of \$1,978,383, including \$1,384,084 from the State General Fund. The decrease of \$42,807 is a result of the Governor's November allotment of \$42,807 not being included in the agency's FY 2010 estimate.

The Governor recommends increasing the expenditure limitation on the Court of Tax Appeals Filing Fee Fund by \$42,807 from \$546,492 to \$589,299 in FY 2010.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 8 --Abstracters Board of Examiners

AGENCY ESTIMATE. The agency's revised estimate for FY 2010 is \$23,407, all from the Abstracter's Fee Fund. This is an increase of \$2,200, or 10.4 percent, above the amount approved by the 2009 Legislature. The increase is the result of revised salary and wages calculations. The estimate does not include any FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's FY 2010 estimate.

To carry out the Governor's current year recommendation, the expenditure limitation on the Abstracter's Fee Fund is increased from \$21,207 to \$23,407.

AGENCY ESTIMATE. The agency estimates \$23,407, all from the Abstracter's Fee Fund, for operations for FY 2011. This is an increase of \$2,200, or 10.4 percent, above the amount approved by the 2009 Legislature. The increase is the result of revised salary and wages calculations. The estimate does not include any FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's FY 2011 estimate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 9 --Board of Accountancy

AGENCY ESTIMATE. The agency estimates a revised FY 2011 budget totaling \$311,661, an increase of \$1,829, or 0.6 percent, above the amount approved by the 2009 Legislature. All expenditures would be made from special revenue funds. The request includes \$178,179 for salaries and wages, an increase of \$5,519, or 3.2 percent, above the amount approved for FY 2011. The increase is due to the agency's inclusion of \$1,829 to continue the state undermarket pay adjustment which began in FY 2010, and \$3,690 due to scheduled increases in the employers' contributions rate for Group Health Insurance benefits and KPERS benefits. The agency reduced contractual services by \$3,690, or 2.8 percent, to partially offset increases in salaries and wages. The estimate also includes \$4,747 for commodities and 3.0 FTE positions, the same as the FY 2010 estimate.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's estimate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 10 --Governmental Ethics Commission

AGENCY ESTIMATE. The agency estimates \$667,993, the same amount approved by the 2009 Legislature, and includes \$429,599 from the State General Fund in FY 2010. The request includes 9.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$667,993, the same amount approved by the 2009 Legislature in FY 2010. The recommendation includes \$416,711 from the State General Fund which is 12,888, or 3.0 percent, below the agency's request and the FY 2010 approved amount. The reduction from the State General Fund was part of the November 2009 Governor's allotments and was supplemented with funding from the Governmental Ethics Commission Fee Fund. The recommendation includes 9.0 FTE positions.

AGENCY ESTIMATE. The agency requests \$708,860, including \$481,443 from the State General Fund for FY 2011. The request is a State General Fund increase of \$9,032, or 2.1 percent, above the FY 2011 approved amount. The increased amount is attributable to expenditure scheduled rate increases in the employee's contribution to Group Health Insurance and KPERS benefits. The request includes 9.0 FTE positions.

GOVERNOR'S RECOMMENDATION.

The Governor recommends \$708,860, including \$457,232 from the State General Fund. The recommendation is a State General Fund decrease of \$13,179, or 2.8 percent, below the FY 2011 approved amount and a Governmental Ethics Fee Fund increase of \$22,211, or 9.8 percent above the FY 2011 approved amount. The recommendation is an all funds increase of \$9,032, or 1.9 percent, above the FY 2011 approved amount. The increased amount is attributable to expenditure scheduled rate increases in the employee's contribution to Group Health Insurance and KPERS benefits. The request includes 9.0 FTE positions.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$40,521, all from the State General Fund, and increase expenditures from the agency's fee fund by \$40,521 for FY 2011.

Sec. 11 --Home Inspection Registration Board

AGENCY ESTIMATE. The agency estimates \$36,020, all from the Home Inspectors Registration Fee Fund, for operating expenditures in FY 2010.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's FY 2010 estimate.

To carry out the Governor's current year recommendation, the expenditure limitation on the Home Inspectors Registration Fee Fund is decreased from no limit to \$36,020.

AGENCY'S ESTIMATE. The agency estimates \$35,750, all from the Home Inspectors Registration Fee Fund, for operating expenditures for FY 2011.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's FY 2011 estimate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 12 --Board of Mortuary Arts

AGENCY ESTIMATE. The agency estimates \$275,039, all from the Board of Mortuary Arts Fee Fund for FY 2011. The request is an increase of \$3,529 all funds, or 1.3 percent, above the FY 2011 approved amount. The increase is attributable to salary and wages adjustments. The request includes 3.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$271,510, all from the Board of Mortuary Arts Fee Fund. The request is an all funds increase of \$853, or 0.3 percent, above the FY 2011 approved amount and includes 3.0 FTE positions.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 13 --Board of Nursing

AGENCY ESTIMATE. The agency estimates FY 2011 operating expenditures of \$1,887,059, all from the Board of Nursing Fee Fund. The request is an increase of \$74,060, or 4.1 percent, above the amount approved by the 2009 Legislature. The increase corresponds with the undermarket salary adjustments that were authorized by the 2009 Legislature for FY 2010 and were not reflected in the approved amount for FY 2011. The request includes 24.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's estimate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 14 --Securities Commissioner

AGENCY ESTIMATE. The agency estimates FY 2011 expenditures of \$2,830,556, all from special revenue funds, an increase of \$200, above the FY 2011 approved amount. The request includes an increase of \$52,979 in salaries and wages offset by a reduction of \$60,318 in contractual services from FY 2010 to FY 2011. The agency states that the shift is necessitated due to the promotion of one Special Investigator and one State Auditor resulting in higher salary costs; however, in June of 2010 the Commission will relocate their facilities, saving approximately \$73,028 over the FY 2010 amount. The estimate includes 32.1 approved FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency estimate for FY 2011 operating expenditures of \$2,830,556, all from special revenue funds. The Governor further recommends that the Legislature transfer \$1.25 million from the Investor Education Fund to the State General Fund from monies received as part of the multi-state settlement on auction rate securities.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add language prohibiting the agency from making any expenditures for advertising that bears the name or likeness of any employee of the agent for FY 2011 .

Sec. 15 --Board of Technical Professions

AGENCY ESTIMATE. The agency estimates \$586,103, all from the Technical Professions Fee Fund, for operating expenditures for FY 2011. This is an increase of \$2,635, or 0.5 percent, above the amount approved by the 2009 Legislature. The increase is a result of the agency including the undermarket increases from FY 2010 in the approved amount for FY 2011. The request includes 5.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's estimate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 16 --Board of Veterinary Examiners

AGENCY ESTIMATE. The agency's revised estimate for operating expenditures in FY 2010 is \$264,908, all from the Veterinary Examiner's Fee Fund. This is a decrease of \$1,798, or 0.7 percent, below the amount approved by the 2009 Legislature. The decrease is the result of revised salary and wages calculations. The request includes 3.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's FY 2010 estimate.

To carry out the Governor's current year recommendation, the expenditure limitation on the Veterinary Examiner's Fee Fund is decreased from \$266,706 to \$264,908.

AGENCY'S ESTIMATE. The agency estimates \$268,382, all from the Veterinary Examiner's Fee Fund, for operating expenditures for FY 2011. This is an increase of \$1,676, or 0.6 percent, above the amount approved by the 2009 Legislature. The increase is the result of revised salary and wages calculations. The estimate includes 3.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's FY 2011 estimate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 17 --Attorney General

AGENCY ESTIMATE. The agency estimates a revised FY 2010 budget totaling \$20.7 million, an increase of \$3.5 million, or 20.0 percent, above the amount approved by the 2009 Legislature, as adjusted by State General Fund reappropriations, and the Governor's July and November 2009 allotments. Requested State General Fund expenditures total \$4.8 million, an increase of \$2.1 million, or 79.8 percent, above the approved amount. The agency's revised budget request was submitted prior to the Governor's November 2009 allotments, which reduced State General Fund expenditures by \$2.2 million. Excluding the allotments, the agency's revised State General Fund request would have been a decrease of \$40,840 from the approved amount, as adjusted by State General Fund reappropriations totaling \$223,180. The revised estimate includes additional supplemental expenditures of \$987,430, all from special revenue funds. The request would fund the currently approved 110.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor recommends a revised FY 2010 budget of \$20.6 million, an increase of \$3.3 million, or 19.4 percent, above the approved FY 2010 amount. The State General Fund recommendation of \$2.7 million is the same as the approved amount, as adjusted by State General Fund reappropriations and the Governor's July and November 2009 State General Fund allotments. The Governor concurs with \$939,430 of the agency's requested supplemental expenditures, for interstate water litigation activities, tobacco master settlement agreement compliance activities, and to reimburse counties for sexually violent predator determinations.

To carry out the Governor's current year recommendation, three items are included in the appropriations bill: the transfer of \$232,432 from the Kansas Endowment for Youth Fund to the agency's Tobacco Master Settlement Agreement Compliance Fund; the transfer of \$686,998 from the agency's Medicaid Fraud Prosecution Revolving Fund to the agency's Interstate Water Litigation Fund; and the transfer of \$20,000 from the agency's Crime Victims Assistance Fund to the agency's Sexually Violent Predator Expense Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$20,000, all from the Sexually Violent Predator Expense Fund, for FY 2010 and delete the \$20,000 transfer from the Crime Victims Compensation Fund to the Sexually Violent Predator Expense Fund recommended to fund the expenditure. The Governor recommended the funding and the transfer to provide funding for expenditures to reimburse counties for proceedings to determine whether individuals are sexually violent predators.

2. Add language increasing the cap on annual transfers from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund by \$200,000, from \$100,000 to \$300,000, from FY 2010 through FY 2015.

Sec. 18 --Judicial Branch

AGENCY ESTIMATE. The agency estimates FY 2010 operating expenditures of \$124.4 million, an increase of \$13.1 million, or 11.7 percent, above the amount approved by the 2009 Legislature. The revised estimate includes State General Fund expenditures of \$104.8 million, an increase of \$7.6 million, or 7.8 percent, above the approved amount. A majority of the increase is due to a supplemental request of \$8.0 million, all from the State General Fund, for operating expenditures. The agency estimates \$19.6 million in expenditures from all other funds, an increase of \$5.5 million, or 38.8 percent, above the approved amount. The increase is mainly due to 2009 SB 66 which employed a surcharge to raise approximately \$5.0 million. The estimate includes 1,855.3 FTE positions. Absent the supplemental request, the agency estimate is \$116.4 million, including \$98.6 million from the State General Fund. This is a State General Fund decrease of \$422,146, or less than 1.0 percent, below the FY 2010 approved amount. It is an all funds increase of \$5.1 million, or 4.5 percent, above the FY 2010 approved amount.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 operating expenditures of \$121.4 million, including \$101.8 million from the State General Fund. The recommendation is an all funds decrease of \$3.0 million, or 2.4 percent, below the agency FY 2010 estimate. It is a State General Fund decrease of the same amount. The decrease is due to the Governor's recommendation to fund the agency's supplemental request at \$5.0 million, instead of \$8.0 million as the agency requested.

To carry out the Governor's current year recommendation, the bill appropriates the District Magistrate Judge Supplemental Compensation Fund for FY 2010 to receive supplemental funding provided by counties to District Magistrate Judges.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$800,000, all from the State General Fund, to restore Judicial Branch funding in the current year to prevent furloughs of non-judicial employees.

Sec. 19 --Social and Rehabilitation Services

AGENCY ESTIMATE. The agency estimates FY 2010 operating expenditures of \$1.6 billion, including \$567.6 million from the State General Fund. The revised estimate is an increase of \$105.9 million, or 7.1 percent, from all funding sources above the amount approved by the 2009 Legislature. This includes a State General Fund increase of \$15.4 million, or 2.8 percent, above the approved amount. The estimate includes State General Fund reappropriations of \$1.3 million. In addition, the revised estimate includes supplemental requests totaling \$85.8 million, including \$3.2 million from the State General Fund.

The agency's estimate includes the addition of \$217,755, including \$66,165 from the State General Fund, which was transferred from the Department on Aging to account for the Money Follows the Person Program. In addition, the agency recommends transferring \$3.1 million, all from the State General Fund, from the state hospitals to the Department of Social and Rehabilitation Services. The agency indicates that these funds were available from increased federal match in the Medicaid program which were not accounted for during the 2009 Legislative Session. The Department also requested an additional \$80.8 million in federal funding and \$1.6 million in special revenue fund expenditures in FY 2010. The majority of this funding was requested for the energy assistance program, child care assistance, and the Medicaid waivers.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 operating expenditures of \$1.6 billion, including \$551.8 million from the State General Fund. The recommendation is an all funds increase of

\$102.1 million, or 6.8 percent, above the approved amount. The Governor's recommendation is a State General Fund decrease of \$383,835, or less than 0.1 percent, below the approved amount. The Governor's recommendation is a State General Fund decrease of \$15.8 million, or 2.8 percent, below the agency's estimate.

The Governor does not recommend the transfer from the state hospitals, and instead recommends transferring \$450,000, all from the State General Fund, from the Department to Larned State Hospital for the Sexual Predator Treatment program. In addition, the Governor recommends increasing expenditures from the TANF fund by \$7.5 million in FY 2010. The Governor's recommendation reduces the agency's estimate for federal fund expenditures by \$10.1 million.

This bill contains an expenditure limitation increase for the Social Welfare Fund of \$1.1 million in FY 2010.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$15.0 million, all from the State General Fund, in FY 2010 for the Foster Care program and add the same amount from the Temporary Assistance for Needy Families Fund.

Sec. 20 --Health Policy Authority

AGENCY ESTIMATE. The agency estimates a revised FY 2010 reportable budget totaling \$1.5 billion, an increase of \$42.2 million, or 3.0 percent, above the amount approved by the 2009 Legislature. Estimated State General Fund expenditures total \$386.0 million, a decrease of \$1.5 million, or 0.4 percent, below the approved amount. The estimate would fund 281.7 FTE positions. The agency submitted supplemental requests totaling \$2,095,359, including \$168,166 from the State General Fund, in FY 2010.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 reportable operating expenditures of \$1.4 billion, including \$387.5 million from the State General Fund. The FY 2010 recommendation is an increase of \$5.8 million, or 0.4 percent, above the amount approved by the 2009 Legislature. The recommendation is a decrease of \$36.4 million, or 2.5 percent, below the agency's revised estimate. The Governor recommends one of the agency's supplemental requests, totaling \$1.8 million, all from federal funds, and 21.0 FTE positions for the Kansas Access to Covering Health Program (KATCH) federal grant. In addition, the recommendation includes funding totaling \$11.3 million, including \$18.3 million from the State General Fund, for human services caseloads as agreed to in the fall 2009 consensus caseload process.

This bill contains an expenditure limitation decrease of \$8.6 million for the Medical Programs Fee Fund and smaller decreases for the Health Committee Insurance Fund in FY 2010. In addition, the bill contains expenditure limitation increases in FY 2010 for Other State Fees Fund, and increases the salaries and wages limitation for the State Workers Compensation Self Insurance Fund, the Dependent Care Assistance Program Fund, and the Preventative Health Care Program Fund. The bill also increases the FTE position limitation in FY 2010 by 7.0 FTE positions.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$16.4 million, all from the State General Fund, in FY 2010 and add the same amount from federal funds, due to the application of the enhanced federal contribution for Medicare clawback. This application will decrease the amount the state owes the federal government by \$24.7 million over two years. The enhanced match will be retroactive back to the beginning of the ARRA benefit period, October 2008.

Sec. 21 --Commission on Veterans Affairs

AGENCY ESTIMATE. The agency estimates current year operating expenditures of \$20,497,297, an all funds decrease of \$416,379, or 2.0 percent, below the amount approved by the 2009 Legislature. The estimate includes FY 2010 State General Fund operating expenditures of \$9,146,139, an increase of \$926,344, or 11.3 percent, above the FY 2010 State General Fund approved amount. The estimate includes supplemental requests of \$580,956,

including \$122,956 from the State General Fund. Without the supplemental requests, the agency estimate is \$19,916,341, a decrease of \$997,335, or 4.8 percent, below the FY 2010 approved amount.

GOVERNOR'S RECOMMENDATION. The Governor recommends current year operating expenditures of \$19,556,065, a decrease of \$1,357,611, or 6.5 percent, below the amount approved by the 2009 Legislature. The Governor recommends FY 2010 State General Fund expenditures of \$8,204,907, a decrease of \$14,888, or 0.2 percent, below the FY 2010 approved amount. The FY 2010 Governor's Recommendation from special revenue fund is equivalent to the FY 2010 agency request. The State General Fund reduction from the approved amount is attributable to special revenue fund reductions in the agency request and the replacement of State General fund dollars by Medicaid and Medicare funds in the amount of \$458,000. The majority of the special revenue fund reduction in the agency request is due to \$1,263,929 in expenditure decreases at the Kansas Soldiers' Home in the physical plant, primarily housekeeping and general maintenance.

To carry out the Governor's current year recommendation, two items are included in the appropriations bill: the appropriation of the Soldiers' Home Medicaid Fund as no limit and the appropriation of the Veterans' Home Medicaid Fund as no limit.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 22 --Department of Education

AGENCY ESTIMATE. The agency estimates FY 2010 operating expenditures of \$3.87 billion, including \$3.06 billion from the State General Fund. This an all funds increase of \$204.2 million, or 5.6 percent, and a State General Fund increase of \$215.4 million, or 7.6 percent, above the amount approved by the 2009 Legislature. The State General Fund increase is due to the adjustment in the FY 2010 approved budget for the Governor's November 2009 allotment totaling \$124.0 million and the agency's supplemental request totaling \$91.4 million, all from the State General Fund. The request includes 212.5 FTE positions, a decrease of 1.3 FTE positions below the FY 2010 approved amount. The estimate includes a supplemental request of \$53.7 million, all from the State General Fund, for General State Aid and \$37.7 million, all from the State General Fund, for Supplemental State Aid.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 operating expenditures of \$3.7 billion, including \$2.8 billion from the State General Fund. This is an all funds increase of \$85.7 million, or 2.7 percent, above the FY 2010 approved amount. The recommendation is the same as the FY 2010 approved State General Fund expenditure of \$2.8 billion. The all funds increase is due to a lapse of \$85.4 million, all from the State General Fund, and subsequent replacement of those funds with federal stimulus funds. These funds were initially planned for FY 2011 expenditures but instead transferred to FY 2010.

To carry out the Governor's current year recommendation, the bill transfers an amount certified by the Commissioner of Education from the Motorcycle Safety Fund in the Department of Education to the Motorcycle Safety Fund in the state Board of Regents for reimbursement for the cost of motorcycle safety training courses provided by postsecondary institutions.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 23 --Board of Regents

AGENCY ESTIMATE. The agency's current year estimate of operating expenditures is \$214.4 million, which is a net reduction of \$25.6 million, or 10.7 percent, below the approved budget. Of this amount, \$172.9 million is from the State General Fund, which is an increase of \$5.2 million, or 3.1 percent, above the approved budget and reflects reappropriations as well as November allotments totaling \$7.0 million. The estimate includes other funds totaling \$41.6 million, a decrease of \$30.7 million, or 42.5 percent, below the approved amount, reflecting the transfer of federal American Recovery and Reinvestment Act (ARRA) funds to the universities totaling \$32.2 million, partially offset by reappropriations.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$207.4 million, including \$165.9 million from the State General Fund, in FY 2010, a decrease of \$32.6 million, or 13.6 percent, all funds and \$1.8 million,

or 1.1 percent, State General Fund, below the FY 2010 approved amount. The Governor's recommendation includes the November allotment reduction of \$7.0 million, all from the State General Fund.

To carry out the Governor's current year recommendation, two items are included in the appropriations bill: language prohibiting the issuance of additional bonds for the Postsecondary Education Infrastructure (PEI) Maintenance Program in FY 2010; and language allowing the Board of Regents the authority to transfer funds between the PEI infrastructure debt service State General Fund account and other State General Fund accounts.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 24 --Kansas State University

AGENCY ESTIMATE. The agency's current year estimate of operating expenditures is \$428.2 million, which is a decrease of \$63.7 million, or 12.9 percent, below the approved budget. The agency estimates FY 2010 State General Fund expenditures of \$104.3 million, which is an increase of \$343,695, or 0.3 percent, above the approved budget. The State General Fund increase is due mainly to transfers from the Board of Regents. The all funds decrease reflects lower than anticipated revenues in a portion of special revenue funds, partially offset by increases in other special revenue funds.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's estimate in FY 2010.

To carry out the Governor's current year recommendations, language is included in the appropriations bill appropriating the agency Energy Conservation Improvements Fund as a no limit fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 25 --Department of Corrections

AGENCY ESTIMATE. The revised estimate for FY 2010 includes capital improvements expenditures totaling \$7.4 million, including \$2.3 million from the State General Fund. The capital improvements request includes \$3.6 million for debt service principal payments and \$3.7 million for rehabilitation and repair as well as other capital projects including an enhancement of \$504,000.

GOVERNOR'S RECOMMENDATION. The Governor's recommendation for FY 2010 capital improvements expenditures totals \$6.7 million, including \$1.8 million from the State General Fund. The recommendation is a decrease of \$647,000, or 8.8 percent, below the FY 2011 agency request. The difference is due to the enhancement request made by the agency that is not recommended by the Governor and a downward projection of \$143,000 in the available funds in the Correctional Institutions Building Fund.

To carry out the Governor's current year recommendation the appropriations bill includes a lapse of \$108,687, all from the Correctional Institutions Building Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 26 --Juvenile Justice Authority

AGENCY ESTIMATE. The agency estimates FY 2010 operating expenditures of \$68,614,929, including \$42,511,782 from the State General Fund. The estimate is an all funds increase of \$2,302,923, or 3.5 percent, above the amount approved by the 2009 Legislature and a State General Fund increase of \$1,418,094, or 3.5 percent, above the amount approved by the 2009 Legislature. The State General Fund increase can be attributed to the addition of maintenance costs associated with the Atchison Youth Residential Center and undermarket increases, which were partially offset by the November allotment reduction.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 operating expenditures of

\$67,817,362, including \$42,006,643 from the State General Fund. The recommendation is an all funds increase of \$1,505,356, or 2.3 percent, and a State General Fund increase of \$912,955, or 2.0 percent, above the amount approved by the 2009 Legislature. The increase is mostly due to the increase of salary and wages. The recommendation is an all funds decrease of \$797,567, or 1.2 percent, and a State General Fund decrease of \$505,139, or 1.2 percent, below the agency request.

To carry out the Governor's current year recommendation, the bill lapses \$162,301, all from the State General Fund, from the Incentive funding account in FY 2010.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 27 --Adjutant General

AGENCY ESTIMATE. For FY 2010, the agency's revised estimate for operating expenditures is \$232,838,320, which is a decrease of \$25,598,838, or 9.9 percent, below the current approved amount for FY 2010. The FY 2010 revised estimate includes State General Fund expenditures totaling \$32,769,757, which is an increase of \$282,751, or 0.9 percent, above the current approved for FY 2010. The increase in State General Fund expenditures is attributable to budgeted expenditures included in the FY 2010 budget that were removed as part of the November allotment, which included shutting 18 armories for savings totaling \$156,662, and an additional \$126,089 for four supplemental requests. The FY 2010 revised estimate includes 219.0 FTE positions, the same as the current approved amount.

GOVERNOR'S RECOMMENDATION. For FY 2010, the Governor recommends expenditures totaling \$232,075,569, including \$32,487,006 from the State General Fund. The recommendation is an all funds decrease of \$26,361,589, or 10.2 percent, below the approved amount, but no change from the State General Fund amount approved by the 2009 Legislature. The FY 2010 recommendation is an all funds decrease of \$762,751, or 0.3 percent, and a State General Fund decrease of \$282,751, or 0.9 percent, below the agency's FY 2010 revised estimate. The Governor does not recommend any additional State General Fund expenditures for the agency's supplemental requests, however, the Governor does recommend transferring the requested amounts for the Civil Air Patrol (\$4,231) and for Military Activation bonus payments (\$21,858) from the agency's allocated State General Fund operating account to the respective State General Fund accounts for these programs. The Governor recommends that the agency use existing hazard mitigation funds to finance the Kansas Hazard Mitigation Plan, and includes a reduction to expenditures and transfer of \$180,000 from the Adjutant General Expense Fund - Hazard Mitigation to the State General Fund (original funding in this account came from the State General Fund).

To carry out the Governor's current year recommendation, three items are included in the appropriations bill: the lapse of \$26,089 from the State General Fund operating account of the Adjutant General; the appropriation of the same amount in order to fund within existing resources additional operating expenditures for the Civil Air Patrol, and funding to provide for additional military activation bonus payments, and the transfer of \$180,000 from the Adjutant General's Expense Fund - Hazard Mitigation to the State General Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$459,357, all from the National Guard Museum Assistance Fund, in FY 2010 for the 35th Infantry Division museum expansion. In addition, add language transferring \$459,357 from the State General Fund to the National Guard Museum Assistance Fund in FY 2010. Funding is based on 2008 Senate Substitute for HB 2923, Section 6, which provides that an amount equal to 30.0 percent of net profits from the Veteran's Benefit instant scratch-off tickets from July 1, 2008, to June 30, 2010, to fund the 35th Infantry Division Museum and Museum Education Center. The additional \$459,357 would allow for the completion of the expansion project.

Sec. 28 --State Fire Marshal

AGENCY ESTIMATE. The agency estimates FY 2010 operating expenditures of \$4,884,774, an increase of \$443,835, or 10.0 percent, above the amount approved by the 2009 Legislature. Of the FY 2010 expenditures,

\$3,628,716 are financed by the Fire Marshal Fee Fund, an increase of \$444,857, or 14.0 percent, above the 2009 approved amount. The entire budget is funded from fee funds and federal funds. The request includes 53.0 FTE positions, the same as the approved amount.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's revised estimate for FY 2010 operating expenditures.

To carry out the Governor's current year recommendation, two items are included in the appropriations bill: the decrease of \$22,265 in salaries and wages expenditures from the Fire Marshal Fee Fund, attributed to a transfer of the same amount to the Kansas Department of Health and Environment to support the Youth Programs Division; and an increase of \$12,000 in expenditures from the Hazardous Materials Emergency Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 29 --Highway Patrol

AGENCY ESTIMATE. For FY 2010, the agency's revised estimate for operating expenditures is \$88,671,613, which is an increase of \$11,940,598, or 15.6 percent, above the current approved for FY 2010. The State General Fund estimate of \$33,145,795 is an increase of \$997,798, or 3.1 percent, above the current approved for FY 2010. The increase in State General Fund expenditures is attributable to budgeted expenditures included in the FY 2010 budget that were removed as part of the November allotment, which included the substitution of compensatory time for holiday pay as well as a shift of State General Fund expenditures to fee funds (\$994,268), and the State General Fund portion of the agency's supplemental request for the cost of fuel (\$3,530).

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 operating expenditures totaling \$87,875,823, including \$32,147,997 from the State General Fund. The recommendation is an all funds increase of \$11,144,808, or 14.5 percent, above the approved amount, and a decrease of \$795,790, or 0.9 percent, below the agency's FY 2010 revised estimate. The State General Fund recommendation is the same as the approved, and a decrease of \$997,798, or 3.0 percent, below the agency's FY 2010 revised estimate. The State General Fund change from the agency revised estimate is due to the November allotment (\$994,268), and the Governor not recommending the agency's supplemental request for additional expenditures related to fuel prices (\$3,530). The all funds recommendation change of \$795,790 from the agency's revised estimate is due to the November allotment reduction (\$994,268), the shift of State General Fund salaries and wages expenditures to the Highway Patrol Training Center Fund as part of the November allotment (\$588,268), and the reduction of special revenue fund expenditures related to the supplemental for fuel expenditures (\$389,790).

To carry out the Governor's current year recommendation, two items are included in the appropriations bill: language allowing expenditure authority of a reappropriated balance should it exist; and the transfer of funds between Highway Patrol funds to be used for salaries and wages expenditures offsetting State General Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 30 --Kansas Parole Board

AGENCY ESTIMATE. The FY 2010 revised estimate totals \$503,158, all from the State General Fund. The revised estimate is an increase of \$28,090, or 5.9 percent, above the approved amount. All of the change is due to a supplemental request for building space rent. The FY 2010 request includes 3.0 FTE positions, the same as the approved amount.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$503,158, all from the State General Fund. The recommendation is the same as the agency's FY 2010 revised estimate, including the supplemental request for building space rent.

To carry out the Governor's current year recommendation the appropriations bill includes a supplemental appropriation of \$28,090, all from the State General Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 31 --Kansas State Fair Board

AGENCY ESTIMATE. The agency estimates \$5.7 million, including \$341,861 from the State General Fund, for FY 2010 operating expenditures. The revised FY 2010 estimate is an increase of \$120,108, or 2.2 percent, above the amount approved by the 2009 Legislature. The change is attributed to increases in contractual services (\$109,848); commodities (\$76,649); and capital outlay (\$50,000). The increases are partially offset by a decrease in salaries and wages (\$116,389).

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's revised FY 2010 estimate of expenditures. In addition, the Governor recommends the lapse of \$186,283 in the agency's State Emergency Fund for building damage that occurred in May 2008. The agency was reimbursed for its expenditures by the Federal Emergency Management Agency (FEMA).

To carry out the Governor's current year recommendation, the bill transfers \$186,283 from the agency's State Emergency Fund - building damage May 23/25 2008 account of the State Fair Board to the State General Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 32 --Department of Wildlife and Parks

AGENCY ESTIMATE. The agency estimates a revised FY 2010 operating budget totaling \$50.0 million, which is an increase of \$300,278, or 0.6 percent, above the amount approved by the 2009 Legislature, as adjusted by the Governor's July 2009 and November 2009 State General Fund allotments. Requested State General Fund expenditures total \$5.3 million, which is an increase of \$171,991, or 3.4 percent, above the approved amount. The agency's budget request for FY 2010 was submitted prior to the Governor's November allotments. Including the Governor's allotments, the revised FY 2010 estimate for funding from the State General Fund is the same as the amount approved by the 2009 Legislature. In addition, the agency requests an expenditure limitation increase of \$50,000 in the Cabin Revenue Fund - Capital Improvement account, which would allow the agency to build additional cabins at state parks and on public lands.

GOVERNOR'S RECOMMENDATION. The Governor recommends a revised FY 2010 operating budget totaling \$49.8 million, which is an increase of \$128,995, or 0.3 percent, above the FY 2010 approved amount, and a decrease of \$171,991, or 0.3 percent, below the agency's revised FY 2010 estimate. The Governor does not recommend the agency's supplemental request. In addition, the Governor recommends a reduction of \$171,991, all from the State General Fund, for contractual services funding in the Administration program.

To carry out the Governor's current year recommendations, three items are included in the appropriations bill: add \$8,419, all from the State General Fund, for debt service payments for the Kansas City district office; add \$13,832, all from the Boating Fee Fund, for debt service payments for the Kansas City district office; and add \$37,887, all from the Wildlife Fee Fund, for debt service payments for the Kansas City district office.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add language in FY 2010 that requires the agency to open the west gate entrance at Tuttle Creek State Park on or before May 1, 2010, and to fund the opening and to maintain the entrance within the agency's existing budget, with the flexibility to decide which of the agency's funds should fund the project.

Sec. 33 --Kansas Department of Transportation

AGENCY ESTIMATE. The agency estimates a revised reportable FY 2010 budget totaling \$1.4 billion, which is an increase of \$181.8 million, or 14.5 percent, above the amount approved by the 2009 Legislature. Requested

reportable expenditures from the State Highway Fund total \$1.1 billion, which is an increase of \$153.2 million, or 16.7 percent, above the approved amount. The agency's FY 2010 revised estimate includes nonreportable expenditures of \$190.2 million, which is an increase of \$8.1 million, or 4.5 percent, above the amount approved by the 2009 Legislature. The increase of \$181.8 million is primarily due to Construction Program expenditures attributable to the shift of project expenditures from prior fiscal years. The agency's FY 2010 estimate includes reductions to achieve the Governor's July 2009 allotment, which recommended reducing operations and maintenance to transfer \$30.0 million to the State General Fund. Adjustments to achieve the Governor's November 2009 allotment, which recommended a \$50.0 million reduction to operations and maintenance and transfer to the State General Fund, are not reflected in the FY 2010 revised estimate. All allotments recommended for KDOT require legislative approval. The revised request includes 3,113.5 FTE positions, which is the same as the approved amount.

For FY 2010, the agency estimates expenditures of \$8,697,357, all from the State Highway Fund, for building projects. Expenditures include \$4,265,826 for projects and \$4,431,531 for rehabilitation and repair.

GOVERNOR'S RECOMMENDATION. For FY 2010, the Governor recommends a reportable budget of \$1.4 billion, which is an increase of \$110.1 million, or 8.8 percent, above the amount approved by the 2009 Legislature, and a decrease of \$71.7 million, or 5.0 percent, below the agency's FY 2010 revised estimate. This includes reportable expenditures from the State Highway Fund totaling \$996.3 million, which is an increase of \$81.5 million, or 8.9 percent, above the amount approved by the 2009 Legislature, and a decrease of \$71.7 million, or 6.7 percent, below the agency's FY 2010 revised estimate. The decrease from the agency's request is due to the Governor's July and November allotments, which require Legislative approval. Not including allotment adjustments, the Governor concurs with the agency's request with regards to shifts in construction expenditures, nonreportable expenditures, and FTE positions.

The Governor concurs with the agency's request for FY 2010 building projects.

To carry out the Governor's current year recommendation, the bill reduces the agency's operating expenditures by \$24.9 million as part of the Governor's recommended July and November 2009 allotments.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$28.0 million, all from the State Highway Fund, in FY 2010 and transfer the same amount to the State General Fund. This reduction is achieved by reducing planned maintenance lettings with project costs totaling \$87.0 million over a number of fiscal years.

Sec. 34 --Board of Cosmetology

AGENCY ESTIMATE. The agency estimates \$806,017, all from the Board of Cosmetology Fee Fund, which is an increase of \$33,200, or 4.3 percent above the approved FY 2010 amount. Included in the estimate is one enhancement request of \$15,200 for replacement of one high millage vehicle. Absent the enhancement request, the agency's estimate is \$790,817 for FY 2011 which is \$18,000, or 2.2 percent, above the amount approved for FY 2011. The \$18,000 difference is attributable to the agency budgeting for the inclusion of the software enhancement from the FY 2010 request. The estimate includes 12.0 FTE.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$772,817, all from the Board of Cosmetology Fee Fund, which is the same as the amount approved for FY 2011. The recommendation includes 12.0 FTE.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$15,000, all from the agency's fee fund, to purchase one replacement vehicle for FY 2011.

Sec. 35 --Office of the Governor

AGENCY ESTIMATE. The agency requests a revised FY 2010 reportable budget totaling \$18.6 million, an increase of \$6.1 million, or 49.3 percent, above the amount approved by the 2009 Legislature, as adjusted by State

General Fund reappropriations, and the Governor's July 2009 and November 2009 State General Fund allotments. Requested State General Fund expenditures total \$8.0 million, an increase of \$667,246, or 9.1 percent, above the approved amount. The request would fund 39.0 FTE positions, an increase of 1.2 FTE positions above the approved number of 37.8 FTE positions. Most of the increased expenditures are attributed to higher estimated receipts of federal funds in FY 2010.

GOVERNOR'S RECOMMENDATION. The Governor recommends a total of \$17.9 million in reportable operating expenditures in FY 2010. The recommendation is an all funds increase of \$5.5 million, or 43.9 percent, above the approved amount. The State General Fund recommendation of \$7,305,933 is the amount approved by the 2009 Legislature, as adjusted by State General Fund reappropriations and the Governor's July and November 2009 State General Fund allotments.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$21,553, including \$16,026 from the State General Fund, in FY 2010 to reduce the salaries of all employees of the Office of the Governor by 5.0 percent for the remainder of the current fiscal year.

Sec. 36 --Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments

AGENCY ESTIMATE. The agency estimates \$32,603, all from the Kansas Board of Examiners in the Fitting and Dispensing of Hearing Instruments Fee Fund. The request is an all funds increase of \$2,680, or 9.0 percent, above the FY 2010 approved amount.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$31,357, all from the Kansas Board of Examiners in the Fitting and Dispensing of Hearing Instruments Fee Fund, in FY 2010. The recommendation is an all funds increase of \$1,434, or 4.8 percent, above the FY 2010 approved amount.

AGENCY ESTIMATE. The agency estimates \$32,726, all from the Kansas Board of Examiners in the Fitting and Dispensing of Hearing Instruments Fee Fund. The estimate is an all funds increase of \$2,803, or 9.4 percent, above the FY 2011 approved amount.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$31,352, all from the Kansas Board of Examiners in the Fitting and Dispensing of Hearing Instruments Fee Fund, for FY 2011. The recommendation is an all funds increase of \$1,429, or 4.8 percent, above the FY 2011 approved amount.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 37 --State Bank Commissioner

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$8,894,993, all from special revenue funds, an increase of \$381,553, or 4.5 percent, above the FY 2011 approved amount. The increase is attributable an enhancement request for additional salaries and wages in both the Examination and the Consumer and Mortgage Lending Departments. The 2009 Legislature reduced the expenditure authority for FY 2011 below the amount approved for FY 2010 by \$267,536. The agency states that it will not be able to maintain operations without the enhancement funding. The request includes 99.0 FTE positions, the same level as the approved amount.

GOVERNOR'S RECOMMENDATION. The Governor does not concur with the agency request, but recommends FY 2011 expenditures totaling \$8,513,440, the same level as the FY 2011 approved amount. The Governor does not recommend the enhancement for salaries and wages.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$381,553, all from special revenue funds, for additional salary and wages for the Examination and Consumer and Mortgage Lending departments in order to maintain operations

for FY 2011. The 2009 Legislature reduced the expenditure authority for FY 2011 below the amount approved for FY 2010 by \$267,536.

Sec. 38 --Department of Credit Unions

AGENCY ESTIMATE. The agency's revised estimate for FY 2010 operating expenditures is \$949,324, all from special revenue funds, an increase of \$14,800, or 1.7 percent, above the FY 2010 approved amount. The increase is attributable to a supplemental request of \$14,800 to replace a vehicle. The request includes 12.0 FTE positions, the same as the approved amount.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2010 operating expenditures of \$934,524, all from special revenue funds, the same as the approved amount. The Governor does not recommend the agency's request to purchase a replacement vehicle.

AGENCY ESTIMATE. The agency's revised estimate for FY 2011 operating expenditures is \$910,296, all from special revenue funds, an increase of \$15,200, or 1.7 percent, above the FY 2011 approved amount. The increase is attributable to an enhancement request of \$15,200 to replace a vehicle. The request includes 12.0 FTE positions, the same as the approved amount.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$895,096, all from special revenue funds, the same as the approved amount. The Governor does not recommend the agency's request to purchase a replacement vehicle.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Add \$14,800, all from the agency's special revenue funds, to purchase one vehicle in FY 2010.
2. Add \$15,200, all from the agency's special revenue funds, to purchase one vehicle for FY 2011.

Sec. 39 --Board of Healing Arts

AGENCY ESTIMATE. The agency estimates FY 2011 operating expenditures of \$4,004,385, all from the Board of Healing Arts Fee Fund. The estimate is an increase of \$168,037, or 4.4 percent, above the amount approved by the 2009 Legislature. The agency estimates an expenditure limitation increase of \$118,528 to cover the costs of relocating to a larger leased facility and increased rent for five months. The agency estimate also includes \$49,509 for undermarket salary adjustments that were approved by the 2009 Legislature for FY 2010, but not for FY 2011. The request funds 45.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$3,885,857, all from the Board of Healing Arts Fee Fund. The recommendation is \$49,598, or 1.3 percent, above the amount approved by the 2009 Legislature. The Governor did not recommend \$118,528, all from the Board of Healing Arts Fee Fund, for moving expenses and prorated rent. The increase is attributed entirely to undermarket salary adjustments that were authorized by the 2009 Legislature for FY 2010 but not for FY 2011. The recommendation funds 45.0 FTE positions.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 40 --Kansas Dental Board

AGENCY ESTIMATE. The agency estimates FY 2011 operating expenditures of \$370,799, all from the Dental Board Fee Fund. The estimate is an increase of \$4,025, or 1.1 percent, above the amount approved by the 2009 Legislature for FY 2011. The increase is attributed to undermarket salary adjustments that were funded in the FY 2010 approved budget but not in the FY 2011 approved budget. The estimate funds 3.0 FTE positions. At the request of the 2009 Legislature, the agency is considering reductions in fees for administrative services to reduce the large surplus in the agency's fee fund. If the fee reductions are approved, the agency will reduce the FY 2010

revenue projections in the current legislative session, while reduced revenue in FY 2011 will be reflected in the next biennial budget cycle.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's estimate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 41 --Optometry Board

AGENCY ESTIMATE. The agency estimates FY 2011 operating expenditures of \$140,310, all from the Optometry Fee Fund. The estimate is an increase of \$333, or 0.2 percent, above the amount approved by the 2009 Legislature. The increase is attributed to corrections made to compensation calculations for the Optometry Board members. The estimate funds 0.8 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's estimate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 42 --Legislative Coordinating Council

AGENCY REQUEST. The agency requests a FY 2011 budget of \$804,057, all from the State General Fund, an increase of \$62, or less than 0.1 percent, above the revised current year estimate. The increase reflects fringe benefit increases in salaries and wages. The request would include 11.0 FTE positions, the same as requested for the current year.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$727,436, all from the State General Fund, for a reduction of \$6,304, or 0.9 percent, below the FY 2010 recommendation taken all in salary and wages. The recommendation also is a reduction of \$76,621, or 9.5 percent, below the agency request. This reflects a reduction of \$41,319, or 5.5 percent, below the revised request for salary and wages and a reduction of \$35,302, or 74.5 percent, in contractual services.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$550,000, all from the State General Fund, for FY 2011 with language allowing the LCC to distribute up to that amount to any Legislative Branch agency upon certification to the Director of Accounts and Reports.

Sec. 42 --Legislative Research Department

AGENCY REQUEST. The agency requests a FY 2011 budget of \$4,066,423, all from the State General Fund, an increase of \$285,092, or 7.5 percent, above the revised current year estimate. The increase reflects the addition of \$225,820 for the second year of redistricting that is required by the U.S. and Kansas Constitutions. This includes 2.0 additional temporary FTE positions and associated operating expenditures. Absent the cost associated with required redistricting, the agency request would reflect an increase of \$59,272, or 1.6 percent. The increase reflects increases in longevity and fringe benefits. The request would include 40.0 FTE positions, the same as requested for the current year.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$3,420,862, all from the State General Fund, for a reduction of \$77,109, or 2.2 percent, below the FY 2010 recommendation. The reduction totals \$49,511, or 1.5 percent, below the FY 2010 recommendation in salary and wages and \$27,598, or 20.1 percent, in contractual services. The recommendation also is a reduction of \$645,561, or 15.9 percent, below the agency request. This reflects a reduction of \$405,948, or 11.0 percent, below the agency request for salary and wages, a reduction of \$124,798, or 53.2 percent, in contractual services, a reduction of \$57,475, or 74.2 percent, in commodities, and a reduction of \$57,340, or 100.0 percent, in capital outlay.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 42 --Revisor of Statutes

AGENCY REQUEST. The agency requests a FY 2011 budget of \$3,451,541, all from the State General Fund, an increase of \$20,174, or 0.6 percent, above the revised current year estimate. The increase is mainly in contractual expenditures (\$21,000, or 3.6 percent) which is partially offset by a reduction in salaries and wages (\$826, or less than 0.1 percent). The request would include 31.5 FTE positions, the same as requested for the current year.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$3,215,664, all from the State General Fund, for a reduction of \$57,598, or 1.8 percent, below the FY 2010 recommendation. The reduction totals \$136,198, or 5.0 percent, below the FY 2010 recommendation in salary and wages and \$78,600, or 14.8 percent, above the recommendation in commodities. The recommendation also is a reduction of \$235,877, or 6.8 percent, below the agency request. This reflects a reduction of \$235,877, or 8.3 percent, below the agency request for salary and wages.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 43 --Legislature

AGENCY REQUEST. The agency requests a FY 2011 budget of \$17,776,830, including \$17,601,584 from the State General Fund, an increase of \$458,963, or 2.7 percent, above the revised current year estimate. The State General Fund request is an increase of \$383,717, or 2.2 percent, above the FY 2010 revised request. The increase mainly reflects fringe benefit increases in salaries and wages and the addition of 4.0 temporary FTE positions. Included in the FY 2011 agency request is funding in the amount of \$187,667 and 4.0 temporary FTE positions for redistricting activities that begin in the second half of FY 2011. The request would fund 37.0 FTE positions, the same as requested for the current year.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$16,131,233, including \$15,955,987 from the State General Fund. This is a reduction of \$200,448, or 1.2 percent, below the FY 2010 recommendation and a State General Fund reduction of \$275,694 or 1.7 percent, below the FY 2010 recommendation. The recommendation reflects an increase of \$87,917, or 0.9 percent, above the FY 2010 recommendation in salary and wages. The increase is offset by reductions of \$277,032, or 4.1 percent, in contractual services, and a reduction of \$11,333, or 5.0 percent, in commodities.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$125,000, all from the State General Fund, for FY 2011 to continue limiting legislator postage (franking) privileges to 50.0 percent, and cap leadership postage (franking) privileges at \$2,500 annually. This would continue the limitation approved in the current year in HB 2222 (recession bill).
2. Delete \$261,346, all from the State General Fund, for the membership dues to the National Conference of State Legislatures and the Council of State Governments for FY 2011.

Sec. 44 --Division of Post Audit

AGENCY REQUEST. The agency requests a FY 2011 budget of \$2,954,826, all from the State General Fund, an increase of \$186,944, or 6.8 percent, above the revised current year estimate. The increase mainly reflects fringe benefit increases in salaries and wages (\$36,844, or 1.6 percent) and increased contractual expenditures (\$154,800, or 32.0 percent) due to an anticipated increase in the cost of the single state audit. The audit work will increase because of the addition of federal American Recovery and Reinvestment Act funding to many state agency's budgets. The request would fund 27.0 FTE positions, the same as requested for the current year.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$2,557,658, all from the State General Fund, for a reduction of \$41,255, or 1.6 percent, below the FY 2010 recommendation. The reduction totals \$114,855, or 5.2 percent, below the FY 2010 recommendation in salary and wages and \$1,200, or 7.2 percent, below the FY 2010 recommendation in commodities. The decreases are partially offset by an increase of \$74,800, or 20.6 percent, in contractual services.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 45 --Office of the Governor

AGENCY REQUEST. The agency requests a FY 2011 reportable budget of \$18.4 million, a decrease of \$188,053, or 1.0 percent, below the revised current year estimate. The request includes State General Fund expenditures of \$7.3 million, a decrease of \$639,174, or 8.0 percent, below the revised current fiscal year estimate. The request includes 40.0 FTE positions, an increase of 1.0 FTE position above the current fiscal year's revised estimate, based on changing a non-FTE permanent unclassified position to an FTE position.

GOVERNOR'S RECOMMENDATION. The Governor recommends a total of \$18.0 million in reportable operating expenditures for FY 2011, an increase of \$112,492, or 0.6 percent, from all funding sources, and a State General Fund decrease of \$338,629, or 4.6 percent, from the revised FY 2010 estimate. The all funds increase is largely the result of additional anticipated federal fund receipts in FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 46 --Lieutenant Governor

AGENCY REQUEST. The agency requests \$206,539, all from the State General Fund, for FY 2011, a decrease of \$8,206, or 3.8 percent, below the revised current year estimate. Most of the decrease is attributable to reduced travel costs in FY 2011. The request includes 3.5 FTE positions, the same as requested for the current fiscal year. No enhancement funding is requested.

GOVERNOR'S RECOMMENDATION. The Governor recommends a total FY 2011 budget of \$196,212, all from the State General Fund. The recommendation is a reduction of \$7,015, or 3.5 percent, below the revised FY 2010 recommendation, and a reduction of \$10,327, or 5.0 percent, below the agency's request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 47 --Attorney General

AGENCY REQUEST. The agency requests a FY 2011 budget of \$20.0 million, a decrease of \$777,595, or 3.7 percent, below the revised current fiscal year estimate. The request includes State General Fund expenditures of \$4.7 million, a decrease of \$114,793, or 2.4 percent, below the revised current fiscal year estimate. The request includes 110.0 FTE positions, unchanged from the revised current year estimate. The request includes enhancement funding of \$1.7 million, all from special revenue funds. Although the enhancement expenditures are requested from special revenue funds, approximately \$1.2 million of the expenditures would likely require a transfer from the State General Fund (or some other funding source) to agency special revenue funds. Absent the enhancement requests, the requested FY 2011 budget totals \$18.3 million, representing a total decrease of \$2.4 million, or 11.8 percent, below the revised current year estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 budget totaling \$19.9 million, a decrease of \$762,057, or 3.7 percent, below the revised current year recommendation. The recommendation includes State General Fund expenditures of \$2.6 million, a decrease of \$109,317, or 4.1 percent, below the revised current year recommendation. The recommendation includes 110.0 FTE positions, unchanged from the current fiscal year. The Governor's recommendation includes offsetting \$1.9 million in State General Fund expenditures with expenditures from the Medicaid Fraud Prosecution Revolving Fund (\$1.4 million), and the Court Cost Fund

(\$500,000).

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Add \$150,000, all from the Crime Victims Assistance Fund, for grants to domestic violence prevention programs and Children's Advocacy Centers for FY 2011.
2. Delete \$20,000, all from the Sexually Violent Predator Expense Fund, for FY 2011 and delete the \$20,000 transfer from the Crime Victims Compensation Fund to the Sexually Violent Predator Expense Fund recommended to fund the expenditure. The Governor recommended the funding and the transfer to provide funding for expenditures to reimburse counties for proceedings to determine whether individuals are sexually violent predators.
3. Add language prohibiting the agency from making any expenditures for advertising for FY 2011 that bears the name or likeness of any employee of the agency.

Sec. 48 --Secretary of State

AGENCY REQUEST. The agency requests a FY 2011 budget of \$6.7 million, a decrease of \$651,254, or 8.8 percent, below the revised current year estimate. The request includes \$150,993 in State General Fund expenditures. The request includes 55.0 FTE positions, the same number as currently authorized. Enhancement funding of \$150,993, all from the State General Fund, is requested for two items: publication of a proposed constitutional amendment (\$102,752); and funding requested to match additional federal funding available through the Help America Vote Act (\$48,241).

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's FY 2011 total request from all funding sources. The Governor's recommendation includes funding for the two requested enhancements, but funds those enhancements from special revenue funds.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 49 --State Treasurer

AGENCY REQUEST. The agency requests FY 2011 expenditures of \$60,990,508, which is an increase of \$43,978,250, or 258.5 percent, above the revised FY 2010 estimate. The majority of the increase is attributed to the requested transfers to the machinery and equipment tax sliders. For FY 2011, \$35,183,000 will be transferred to the Business Machinery and Equipment Tax Reduction Assistance Fund and \$8,800,000 to the Telecommunications and Railroad Machinery and Equipment Tax Reduction Assistance Fund. The agency requests 53.5 FTE positions, which is a reduction of 2.0 FTE positions from the current year. The agency's request includes \$771,269 for the Pooled Money Investment Board.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 expenditures of \$16,496,223, which is a decrease of \$44,494,285, or 73.0 percent, below the agency's FY 2011 request. The recommendation is a decrease of \$61,035, or 0.4 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend the transfer to the machinery and equipment tax sliders, totaling \$43,983,000, which accounts for the majority of the decrease. The Governor also recommends reducing the Kansas Investments Developing Scholars (KIDS) Matching Grant Program by \$445,000 to \$265,000 to more accurately reflect the state's match. The Governor's recommendation includes \$771,269 for the Pooled Money Investment Board.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add language prohibiting the agency from making any expenditures for advertising for FY 2011 that bears the name or likeness of any employee of the agency.

Sec. 50 --Insurance Department

AGENCY REQUEST. The agency requests budget year operating expenditures of \$24,761,620, an increase of \$511,945, or 2.1 percent, above the FY 2010 agency estimate. The request is completely funded by special revenue funds. The majority of the increase is in two programs. The Workers Compensation Program projects increased attorney costs and increased medical expenses for workers compensation claims. The Insurance Company Regulation Program projects increased costs for salary and wages and communications costs. The agency requests 138.4 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$24,461,620, an increase of \$211,945, or 0.9 percent, above the FY 2010 Governor's recommendation. The recommendation is \$300,000, or 1.2 percent, below the FY 2011 agency request. The Governor recommends an increase of \$6,955 for contractual services. The Governor further recommends suspension of the required transfer from the State General Fund to the Workers' Compensation Fund for FY 2011 be suspended and recommends \$5.0 million be transferred from the Insurance Department Service Regulation fund to the State General Fund. The Governor recommends 138.4 FTE positions.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add language prohibiting the agency from making any expenditures for advertising for FY 2011 that bears the name or likeness of any employee of the agency.

Sec. 51 --Health Care Stabilization Fund Board

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$36,542,940 from the Healthcare Stabilization Fund, an increase of \$1,377,369, or 3.9 percent, above the revised FY 2010 agency estimate. Of the request, \$2,256,290 is for the Administrative Program, while the remaining \$34,286,650 is for the payment of claims and claims related expenditures. The increase in expenditures is primarily attributable to increased legal defense costs and proposed information technology upgrades at the agency. The agency requests 17.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$35,130,178 in operating expenditures for FY 2011, the same as the FY 2010 Governor's recommendation. The Governor's recommendation is \$1,412,762, or 3.9 percent, below the agency's FY 2011 request. Of the request, \$1,658,928 is for the Administrative Program, while the remaining \$33,471,250 is for the payment of claims and claims related expenses. The Governor does not recommend implementation of the proposed enterprise management system and does not recommend increases in legal fees for the claims program. The Governor also recommends that the transfers to the Health Care Stabilization Fund for payments to KU residents, faculty and graduate medical education students be stopped. The total impact of stopping these transfers is approximately \$2.5 million.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add 1.0 FTE position to respond to Kansas Open Records requests and fund the position from existing resources for FY 2011.

Sec. 52 --Judicial Council

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$1,296,116, all from special revenue funds. This is a decrease of \$61,253, or 4.5 percent, below the revised FY 2010 estimate. The request includes 7.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 53 --Board of Indigents' Defense Services

AGENCY REQUEST. The agency requests an FY 2011 operating budget totaling \$25.4 million, including \$23.9 million from the State General Fund. The State General Fund request is \$1.2 million, or 5.1 percent, above the agency's FY 2010 revised request. The increase is due to enhancement requests for increased salaries for public defenders, computer and server upgrades, and eight vehicle replacements, totaling \$931,930. The request includes 195.0 FTE positions, the same as the current year.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$23.5 million, including \$22.0 million from the State General Fund, for FY 2011. The Governor's State General Fund recommendation is a reduction of \$232,226, or 1.0 percent, below the FY 2010 recommendation. It is partially offset by an increase in the agency's fee funds of \$126,871, or 9.0 percent, above the FY 2010 recommendation. When compared to the agency's FY 2011 request, the recommendation is a reduction of \$1.9 million, or 7.5 percent. The entire adjustment reflects a State General Fund reduction of 8.0 percent. The Governor recommends a reduction of \$1.1 million in the Assigned Counsel program by lowering the rate paid to Assigned Counsel from \$80 per hour to \$62 per hour. The reduction is partially offset by an increase in the caseload estimate of \$173,163. The Governor does not recommend any of the agency's enhanced funding requests. The recommendation includes 195.0 FTE positions, the same as the agency's request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 54 --Judicial Branch

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$132.6 million, an all funds increase of \$8.2 million, or 6.6 percent, above the revised FY 2010 estimate. The request includes State General Fund expenditures of \$117.9 million, an increase of \$13.1 million, or 12.5 percent, above the revised FY 2010 estimate. The request includes 1,859.3 FTE positions, an increase of 4.0 FTE above the revised FY 2010 estimate. The FTE increase is due to an enhancement request for 1.0 FTE Research Attorney and the inclusion of 3.0 FTE for the 14th Court of Appeals judge and staff, in the agency request. In addition, the request includes enhancements totaling \$3.9 million, including \$3.7 million from the State General Fund, for the second phase of the nonjudicial employee salary adjustment, 1.0 FTE Research Attorney and funding associated with the position. Absent the enhancements, the request is \$128.7 million, including \$114.1 million from the State General Fund. This is an all funds decrease of \$4.4 million, or 3.5 percent, and a State General Fund decrease of \$9.3 million, or 8.9 percent, below the revised FY 2010 estimate. The agency request also includes \$199,499, all from the State General Fund, for the construction of the 14th Court of Appeals judge's suite.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$123.7 million, including \$104.0 million from the State General Fund. The recommendation is an all funds increase of \$2.3 million, or 1.9 percent, and a State General Fund increase of \$2.3 million, or 2.2 percent, above the Governor's FY 2010 recommendation. The recommendation is an all funds decrease of \$9.0 million, or 6.8 percent, and a State General Fund decrease of \$13.8 million, or 11.7 percent, below the agency FY 2011 request. The recommendation includes a decrease of \$5.1 million, all from the State General Fund, for salaries and wages. In addition, it did not include carrying forward the agency's supplemental appropriation of \$5.0 million, all from the State General Fund, from FY 2010 for a total salaries and wages reduction of \$10.1 million in FY 2011. The Governor did recommend continuing the Judicial Branch Surcharge, currently known as the Emergency Surcharge, to generate approximately \$5.0 million in other funds. The Governor did not recommend the agency's enhancement request totaling \$3.9 million, including \$3.7 million from the State General Fund for the second phase of the nonjudicial adjustment plan and Research Attorney position.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$2,269,000, all from the State General Fund, to reduce judicial operations for FY 2011.
2. Delete \$199,499, all from the State General Fund, for the construction of offices for the 14th Court of Appeals Judge and staff for FY 2011. 2010 SB 541 will delay adding the additional judge until January 1, 2012.

Sec. 55 --Kansas Public Employees Retirement System (KPERs)

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$43,540,730, including \$3,213,748 from the State General Fund. The request is an all funds increase of \$4,116,492, or 10.4 percent, and a State General Fund increase of \$2,574,614, or 403.0 percent, above the FY 2010 estimate. The State General Fund increase is a result of the agency paying both the principal and interest portion of the KPERs 13th Check bond. As a result of the bonds being refinanced no principal payments were made in the current year. The all other funds increase is largely due to an increase in the professional fees associated with KPERs investments.

Included in the request is a transfer of \$67.1 million from the Kansas Endowment for Youth Fund to the Children's Initiatives Fund for FY 2011.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 56 --Kansas Human Rights Commission

AGENCY REQUEST. The Human Rights Commission requests \$2,095,142 for operating expenditures for FY 2011. This is an increase of \$212,745, or 11.3 percent, above the FY 2010 revised estimate. The request includes \$1,774,983 from the State General Fund, an increase of \$249,502, or 16.4 percent, above the FY 2010 revised estimate. Special revenue funds comprise \$320,159 of the request, a decrease of \$36,757, or 10.3 percent, below the FY 2010 revised estimate. The increase is attributed to enhancements totaling \$256,943, all from the State General Fund. Without the enhancements, the request totals \$1,838,199, a decrease of \$44,198, or 2.3 percent, below the agency's FY 2010 estimate reflecting the absence of re-appropriated State General Fund amounts in FY 2011. The agency request includes the 34.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$1,762,297, a decrease of \$120,100, or 6.4 percent, below the FY 2010 Governor's recommendation. The Governor's recommendation is a decrease of \$332,845, or 18.8 percent, below the FY 2011 agency estimate. The recommendation includes \$1,442,138 from the State General Fund, a decrease of \$83,343, or 5.5 percent, below the FY 2010 Governor's recommendation. The decrease is attributable to a 3.3 percent increase in the salary and wages shrinkage rate for the agency for a savings of \$65,058 and a reduction in contractual service expenditures for a savings of \$10,844. The Governor also did not recommend the agency's enhancement requests.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 57 --Kansas Corporation Commission

AGENCY REQUEST. The agency requests a FY 2011 budget totaling \$24.5 million, all from special revenue funds, which is a decrease of \$2.8 million, or 10.4 percent, below the agency's revised FY 2010 estimate. The FY 2010 request includes enhancements totaling \$596,401, all from special revenue funds. Absent the enhancements, the FY 2011 request is \$24.0 million, which is a decrease of \$3.3 million, or 12.2 percent, below the revised FY 2010 estimate. The decrease is attributed to one-time expenditures in FY 2010, such as enhancement funding for the 2010 Project, which sought to strengthen the agency's technology infrastructure, and funding for the Kansas Electric Transmission Authority (KETA). KETA will request funding independently for FY 2011.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 budget totaling \$24.0 million, all from special revenue funds, which is a decrease of \$496,401, or 2.0 percent, below the agency's FY 2011 request and a decrease of \$3.3 million, or 12.2 percent, below the Governor's FY 2010 recommendation. The recommendation does not recommend the \$400,000 transfer from the State General Fund to the Abandoned Oil and Gas Well Fund, but does recommend \$100,000 for KETA funding for FY 2011.

In addition, the Governor recommends the transfer of \$1.5 million in agency fee fund balances to the State General Fund for FY 2011. Specifically, the Governor recommends the transfer of \$350,000 from the Public Service Regulation Fund, \$255,000 from the Gas Pipeline Fee Fund, \$500,000 from the Conservation Fee Fund, \$20,000

from the In-Service Education Fund, \$25,000 from the Petroleum Violation Escrow Fund, and \$350,000 from the Motor Carrier Fee Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 58 --Citizens' Utility Ratepayer Board

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$816,094, all from the Utility Regulatory Fee Fund. The request is a decrease of \$95,192, or 10.4 percent, below the revised FY 2010 estimate. The decrease is attributed to FY 2009 funds that the agency carried forward and has budgeted for contractual services in FY 2010. Consequently, the FY 2011 request for contractual services is decreased by \$103,087, which is partially offset by increases in salary and wages due to higher health insurance costs.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$807,710, all from the Utility Regulatory Fee Fund, which is a decrease of \$9,194, or 1.1 percent, below the agency's FY 2011 request and a decrease of \$104,386, or 11.4 percent, below the Governor's FY 2010 recommendation. The Governor's recommendation to reduce contractual services expenditures by \$9,194 will bring the agency's FY 2011 budget into balance. As submitted, the agency's budget had a negative fee fund balance of \$9,194.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 59 --Department of Administration

AGENCY REQUEST. The agency requests FY 2011 operating expenditures totaling \$78.5 million, an increase of \$13.2 million, or 20.2 percent, above the current year revised estimate. The request includes \$68.7 million from the State General Fund, an increase of \$14.1 million, or 25.8 percent, above the current year revised estimate. The request includes 176.6 FTE positions.

The agency's request includes \$55.4 million, all from the State General Fund, for debt service payments. The request is an increase of \$13.5 million, or 32.3 percent, above the current year revised estimate. In FY 2010, several bonds were restructured which reduced debt service payments. Those reductions are not carried forward to FY 2011, which accounts for the increase.

Without debt service, the agency requests FY 2011 operating expenditures totaling \$23.1 million, a reduction of \$312,245, or 1.3 percent, below the current year revised estimate. The request includes \$13.3 million from the State General Fund, an increase of \$565,382, or 4.4 percent, above the current year revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$77.4 million, an increase of \$12.8 million, or 19.8 percent, above the Governor's FY 2010 recommendation. The recommendation includes \$67.6 million from the State General Fund, an increase of \$13.7 million, or 25.4 percent, above the FY 2010 recommendation. When compared to the agency's request, the Governor's recommendation is a reduction of \$1.1 million, or 1.4 percent. The State General Fund recommendation is a reduction of \$1.1 million, or 1.6 percent.

The recommendation includes \$55.2 million, all from the State General Fund, for debt service payments. Without the debt service, the Governor's recommendation totals \$22.2 million, including \$12.4 million from the State General Fund. The recommendation, absent debt service, is an all funds reduction of \$471,112, or 2.1 percent, below the FY 2010 recommendation and a State General Fund increase of \$406,515, or 3.4 percent, above the FY 2010 recommendation. The State General Fund increase includes \$150,000 for a gubernatorial transition team, and an increase of \$322,804 in the Public Broadcasting Council grant for debt service payments. These increases are partially offset by reductions throughout the agency.

The Governor accepted the agency's reduced resources decreasing the agency's State General Fund request by 5.0 percent, across-the-board. The Governor did not include the agency's enhancement request totaling \$242,664 for the Public Broadcasting Council. The reductions are partially offset by an increase of \$13.5 million in debt service payments and scheduled rate increases in the employer's contribution to Group Health Insurance and KPERs benefits. The Governor concurs with the agency's request for 176.6 FTE positions.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$150,000, all from the State General Fund, to eliminate funding for a Gubernatorial Transition Team for FY 2011.
2. Delete \$843,810, all from the State General Fund, for the Financial Management System program for FY 2011. The action deletes direct State General Fund financing of the Financial Management System, but does not affect approximately \$11.0 million, all from special revenue funds, in fees charged to agencies for implementation and integration of the system.
3. Delete \$272,902, all from the State General Fund, to hold Public Broadcasting Council grant funding to the same level as FY 2010 for FY 2011.
4. Transfer \$11.0 million, all from special revenue funds, to the State General Fund in FY 2011. The special revenue funds would come from the agency's non-reportable budget. The transfer constitutes a charge against the fees charged by the Department of Administration to various state agencies.

Sec. 60 --Office of Administrative Hearings

AGENCY REQUEST. The agency requests \$910,472, all from the Office of Administrative Hearings Fund, for operating expenditures for FY 2011. This is an increase of \$15,472, or 1.7 percent, above the FY 2010 estimate. The increase is due to scheduled increases on employer contributions to group health insurance and Kansas Public Employee Retirement System benefits, as well as operating charges and miscellaneous fees within contractual services. The request includes 13.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's FY 2011 request, and further recommends a transfer of \$150,000 from the Administrative Hearings Fee Fund to the State General Fund for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 61 --Court of Tax Appeals

AGENCY REQUEST. The agency is requesting \$2,036,690 for FY 2011 operating expenditures, including \$1,455,698 from the State General Fund. Included in the agency's request is \$5,000 from the Duplicating Fees Fund and \$575,992 from the Filing Fee Fund. The request is an all funds increase of \$58,307, or 3.0 percent, and a State General Fund increase of \$28,807, or 2.0 percent, above the FY 2010 revised estimate. The increase is largely attributable to increased costs associated with fringe benefits such as higher insurance premiums and KPERs employer contributions. The agency also saw requests increases in contractual services and commodities.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$2,036,690, including \$1,382,913 from the State General Fund, which is the same as the agency's FY 2010 estimate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 62 --Department of Revenue

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$110,707,981, including \$17,214,120 from the State General Fund. The request is an all funds increase of \$3,993,331, or 3.7 percent, and a State General Fund increase of \$331,330, or 2.0 percent, above the FY 2010 estimate. The request includes one enhancement to replace 12 agency vehicles. The enhancement totals \$160,860 and is funded entirely through the Division of Vehicles Operating Fund. Without the enhancement, the request would be an all funds increase of \$3,832,471, or 3.6 percent, above the FY 2010 estimate. The overall increase is partially attributable to an increase

in costs associated with fringe benefits and an increase in the Division of Vehicles Modernization Project. The increase was offset by decreases in several special revenue funds including the VIPS/CAMA Technology Hardware Fund, the Vehicles Dealers and Manufacturers Fee Fund and the Special County Mineral Production Fund.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$109,696,415, including \$16,353,414 from the State General Fund. The recommendation is an all funds increase of \$3,478,249, or 3.3 percent, and a State General Fund decrease of \$22,892, or 0.1 percent, from the Governor's FY 2010 recommendation. The increase is mostly attributable to the continuation of the Division of Vehicles Modernization Project. The recommendation is an all funds decrease of \$1,011,566, or 0.9 percent, and a State General Fund decrease of \$860,706, or 5.0 percent, below the agency's FY 2011 request. The decrease is due to the Governor recommending the agency's reduced resources of \$860,706. Included in the Governor's recommendation is a \$10,000 increase for a technical adjustment for an existing homeland security grant. The technical adjustment also created the Drivers License First Responders Indicator Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$4,800,000 from the Division of Vehicles Modernization Fund and transfer the same amount to the State General Fund, for FY 2011. The reduction maintains the Department of Revenue's Administration program at the FY 2010 level.

Sec. 63 --Kansas Lottery

AGENCY REQUEST. The agency requests a FY 2011 budget totaling \$83.3 million, an increase of \$17.7 million, or 26.9 percent, above the FY 2010 revised request. All requested expenditures would come from special revenue funds. The agency estimates gaming facility operators will be accepted to run, on behalf of the state, one casino in each of the Northeast and the South Central Gaming Zones. The increase is primarily attributed to this activity. The agency also requests enhanced funding for six replacement vehicles, totaling \$119,200. Without the enhancements, the agency's request is \$17.6 million, or 26.7 percent, above the agency's revised FY 2010 request. The request includes 99.0 FTE positions, an increase to the FTE limitation of 10.0 positions. All new positions would be in the Expanded Lottery program.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 budget totaling \$78.3 million, an increase of \$12.9 million, or 19.6 percent, above the FY 2010 recommendation. When compared to the agency's request, the Governor's recommendation is a reduction of \$4,989,300, or 6.0 percent. The Governor does not recommend enhanced funding for vehicles. The recommendation includes additional reductions to salaries and wages designed to encourage the agency to meet the annual recommended \$72.0 million transfer to the State Gaming Revenues Fund. The Governor also recommends reducing the amount of payments made to the Southwest Gaming Zone casino group based on updated estimates.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 64 --Kansas Racing and Gaming Commission

AGENCY REQUEST. The agency requests a FY 2011 budget totaling \$9,441,582, all from special revenue funds. The request is an increase of \$2,451,254, or 35.1 percent, above the agency's FY 2010 revised budget request. The agency has several enhancement requests totaling \$1,301,448. Most of the enhancements are related to casino regulatory activity in the Northeast and South Central Gaming Zones. Without the enhancements, the agency's request is an increase of \$1,149,806, or 16.4 percent, above the current year revised estimate. The remaining increase is due to regulatory activity for a full year of operation at the casino in the Southwest Gaming Zone. The request includes 96.5 FTE positions, an increase of 23.0 positions. The increase in positions is part of the agency's enhancement requests.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$8.1 million, all from special revenue funds, for FY 2011. The recommendation is an increase of \$1.2 million, or 16.4 percent, above the Governor's FY 2010 recommendation. This is related to increases in casino regulation charged to the gaming facility operator in the Southwest Gaming Zone for the first full year in which the casino is open. Additional increases are related to

background checks and other regulatory duties necessary for the gaming facility operators in the Northeast and South Central Gaming Zones. The recommendation does not include any enhancement funding.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Transfer \$2.5 million from the Expanded Lottery Act Regulation Fund to the State General Fund in FY 2011, which is roughly one-half of the amount needed to repay the agency's loan agreement with the Pooled Money Investment Board. The purpose of the loan was to provide start-up funds for casino regulation.

Sec. 65 --Department of Commerce

AGENCY REQUEST. The agency is requesting FY 2011 operating expenditures of \$131,957,323, including \$16,564,779 from the Economic Development Initiatives Fund (EDIF). The agency is not requesting any State General Fund appropriations for FY 2011. The all funds request is a decrease of \$22.2 million, or 14.4 percent, and an EDIF increase of \$312,471, or 2.0 percent, from the agency's FY 2010 revised request. The all funds decrease is largely attributable to a reduction in federal funding and the EDIF increase is attributable to the agency's one enhancement package of \$150,000 to fund the Kansas Sesquicentennial Celebration in 2011.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$131,786,584, including \$15,594,040 from the Economic Development Initiatives Fund (EDIF). The Governor's FY 2011 recommendation does not contain any appropriations from the State General Fund. The Governor's recommendation is an all funds decrease of \$21,843,367, or 14.2 percent, and an EDIF decrease of \$658,268, or 4.1 percent, below the Governor's FY 2010 recommendation. The all funds decrease is largely attributable to the fact that the additional federal funds the agency received in FY 2010 did not continue to FY 2011. The FY 2011 recommendation is an all funds decrease of \$170,739, or 0.1 percent, and an EDIF decrease of \$970,739, or 5.9 percent, below the agency's FY 2011 request. The EDIF decrease is a result of the Governor not recommending the agency's enhancement request of \$150,000, all from the EDIF, for the Kansas Sesquicentennial Celebration and accepting the agency's 5.0 percent reduced resources package of \$820,739. The all funds decrease is offset by an increase in the Kansas Economic Opportunity Initiatives Fund (KEOIF) of \$800,000. The KEOIF is funded through a transfer from the EDIF and for FY 2011 the agency requested \$1,250,000; however, the Governor recommended a transfer of \$2,050,000.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Reduce the transfer from the Economic Development Initiatives Fund to the Kansas Economic Opportunity Initiatives Fund by \$800,000 from \$2,050,000 to \$1,250,000 for FY 2011.
2. Delete \$800,000, all from the Kansas Economic Opportunity Initiatives Fund (KEOIF), for FY 2011, transfer \$725,000 to the State General Fund, and appropriate \$75,000 to the Department of Agriculture. The KEOIF is a no limit fund and the reduction was achieved by decreasing the transfer from the Economic Development Initiatives Fund to the Kansas Economic Opportunity Initiatives Fund for FY 2011.
3. Appropriate the Connected Nation ARRA - Federal Fund as a no-limit fund for FY 2011. The fund would be used to develop a long-term strategy for broadband Internet in the state of Kansas. Activities will include creation of a broadband taskforce, communications with regional leaders, management of research, and cost modeling projects on broadband, federal reporting, planning, and carrying out a Broadband Summit for the state.

Sec. 66 --Kansas Inc.

AGENCY REQUEST. The agency requests \$576,438 for FY 2011 operating expenditures, an increase of \$49,164, or 9.3 percent, above the FY 2010 estimate. The estimate includes \$365,162 from the Economic Development Initiatives Fund (EDIF) and \$211,276 from the Kansas, Inc. Private Fund. The increase is a result of costs

associated with moving the president's salary from contractual services to salaries and wages.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$558,180, including \$346,904 from the Economic Development Initiatives Fund. The recommendation is an all funds reduction of \$18,258, or 3.2 percent, and an Economic Development Initiatives Fund reduction of \$18,258, or 5.0 percent from the agency's FY 2011 request. The reduction is a result of increased shrinkage as a result of holding open the policy analyst position.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 67 --Kansas Technology Enterprise Corp.

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$12,464,950, including \$10,600,000 from the Economic Development Initiatives Fund. The request is an increase of \$2,388,121, or 23.7 percent, above the FY 2010 revised estimate. The request includes three enhancements totaling \$3,740,000. Without the enhancements, the request would be a decrease of \$1,351,879, or 13.4 percent, below the FY 2010 revised estimate. The FY 2011 request includes a decrease of \$343,000, all from the Economic Development Initiatives Fund, for Entrepreneurial Centers, PIPELINE program, and EPSCoR. Also included in the agency's FY 2011 request is a decrease of \$500,000, all from the Economic Development Initiatives Fund, for operating expenses. The agency has requested three enhancements to supplement this funding, \$3,740,000 from the Economic Development Initiatives Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$7,854,950, including \$5,990,000 from the Economic Development Initiatives Fund. The recommendation is a decrease of \$1,971,879, or 20.1 percent, below the Governor's FY 2010 recommendation and a decrease of \$4,610,000, or 37.0 percent, below the agency's FY 2011 request. The Governor reduced the agency's Product Investment Financing, or investments, program by \$600,000 for FY 2011. Additionally, the Governor reduced the agency's Commercialization Program by \$143,000 and imposed a further reduction of \$127,000 on agency expenditures for information technology expenses.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 68 --Kansas Housing Resources Corporation

GOVERNOR'S RECOMMENDATION. The Governor recommends "no limit" expenditure authority for the Housing Trust Fund for FY 2011, the same as FY 2010.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 69 --Department of Labor

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$1,065,692,879, a decrease of \$405,480,704, or 27.6 percent, below the FY 2010 revised estimate. The reduction is attributable to a reduction of \$406,272,901 in projected Unemployment Insurance benefits. The request includes an enhancement of \$106,400, all from special revenue funds, for seven replacement vehicles. The request includes \$478,513 from the State General Fund, an increase of \$7,558, or 1.6 percent, above the FY 2010 revised estimate. The agency is shifting State General Fund expenditures in the Labor Relations program to the Federal Indirect Cost Offset fund but this only partially offsets increased expenditures for salary and wages in the Administration program for FY 2011.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$1,065,562,553, a decrease of \$405,596,901, or 27.6 percent, below the FY 2010 Governor's recommendation. The Governor's recommendation is \$130,326, or less than 0.1 percent, below the FY 2011 agency request. The Governor does not recommend the agency's enhancement requests of \$106,400 in special revenue funds for new vehicles and \$23,926 from the State General Fund due the agency reduced resource package. The reduced

resources proposal totals \$23,926, equivalent to 5.0 percent of the agency State General Fund budget. The Governor does not recommend \$451,920 in capital improvement projects. The Governor further recommends a transfer of \$800,000 from the Workers' Compensation Fee Fund to the State General Fund for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 70 --Commission on Veterans Affairs

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$22,149,048 an increase of \$1,651,751, or 8.1 percent, above the FY 2010 agency estimate. The request includes \$10,299,113 from the State General Fund, an increase of \$1,152,974, or 12.6 percent, above the FY 2010 estimate. The majority of the increase is attributed to enhancements totaling \$1,309,296, all from the State General Fund. Without the enhancements, the request totals \$20,839,752, an increase of \$342,455, or 1.7 percent, above the agency's FY 2010 agency estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$19,406,258, a decrease of \$149,807, or 0.8 percent, below the Governor's FY 2010 recommendation. The Governor recommends FY 2011 State General Fund expenditures of \$7,556,323, a decrease of \$648,584, or 7.9 percent, below the Governor's FY 2010 recommendation.

The Governor's FY 2011 recommendation is a decrease of \$2,742,790, or 26.6 percent, below the FY 2010 agency request. The Governor does not recommend the enhancement proposal totaling \$1,309,296 and partial implementation of the agency reduced resources package for a savings of \$327,494. The Governor further recommends that the agency shift \$1,106,000 in State General Fund expenditures at the Kansas Soldiers' Home and the Kansas Veterans' Home to Medicare and Medicaid Funds and reduce the State General Fund appropriation by the same amount.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$648,584, all from the State General Fund, for FY 2011 in order to maintain the FY 2011 State General Fund appropriation at the same level as FY 2010.

Sec. 71 --Dept. of Health and Environment - Health

AGENCY REQUEST. The agency requests expenditures of \$179.7 million for the Health function, which is an increase of \$12.2 million, or 7.3 percent, above the revised FY 2010 estimate. The request includes enhancements for the Health function totaling \$12.8 million, including \$12.0 million from the State General Fund. Absent enhancements, the request totals \$167.1 million, which is a decrease of \$460,086 below the revised FY 2010 estimate. State General Fund expenditures of \$35.6 million are requested, which is an increase of \$12.1 million, or 51.4 percent, above the FY 2010 revised request. Absent enhancements the request totals \$23.7 million, which is an increase of \$124,549, or 0.5 percent, above the revised FY 2010 estimate. The request also includes \$7.4 million from the Children's Initiatives Fund, \$118.7 million from federal funds, and \$18.0 million from all other funding sources.

GOVERNOR'S RECOMMENDATION. The Governor recommends expenditures of \$166.7 million for the Health function, which is a decrease of \$1.0 million, or 0.6 percent, below the revised FY 2010 recommendation. The recommendation is a reduction of \$13.0 million, or 7.3 percent, below the agency's request. The recommendation includes State General Fund expenditures of \$23.3 million, which is an increase of \$83,582, or 0.4 percent, above the FY 2010 revised recommendation. The State General Fund recommendation is a reduction of \$12.3 million, or 34.6 percent, below the agency's request, mainly because the Governor does not recommend any of the agency's requested enhancements. The recommendation also includes \$7.4 million from the Children's Initiatives Fund, \$118.1 million from federal funds, and \$17.9 million from all other funding sources.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$15,000, all from the State General Fund, from the Youth Mentoring program and add the same amount to the Women's Right to Know program for FY 2011. This funding would allow for the production and distribution of printed materials for the program.

2. Delete \$87,478, all from the State General Fund, from the Youth Mentoring program and add the same amount to the Infant and Toddlers program for FY 2011. The Governor's recommendation eliminated the State General Fund match amount for the program and this would partially fund the maintenance of effort amount required to access available federal funds.

3. Add language directing the agency to expend \$199,113, all from the State General Fund, for the Senator Stan Clark Pregnancy Maintenance Initiative for FY 2011. The funding is to come from existing resources.

4. Add language for FY 2011 that prohibits the Secretary of Health and Environment from adopting rules and regulations for the Residential Childhood Lead Poisoning Prevention Act that are more stringent than those of the federal Environmental Protection Agency. This language is also contained in 2010 HB 2596.

Sec. 72 --Dept. of Health and Environment - Environment

AGENCY REQUEST. The agency requests expenditures of \$73.0 million for the Environment function, which is a decrease of \$2.9 million, or 3.8 percent, below the revised FY 2010 estimate. Enhancements of \$1.5 million, including \$0.9 million from the State General Fund, are requested. Absent enhancements, the request totals \$71.5 million, which is a decrease of \$4.4 million, or 5.8 percent, below the revised FY 2010 estimate. State General Fund expenditures of \$8.8 million are requested, which is an increase of \$0.8 million, or 9.6 percent, above the revised FY 2010 estimate. Absent enhancements, the State General Fund request totals \$7.9 million, which is a decrease of \$130,779, or 1.6 percent, below the revised FY 2010 estimate. The request also includes \$1.9 million from the Children's Initiatives Fund, \$3.8 million from the State Water Plan Fund, \$18.7 million in federal funds, and \$39.8 million from all other funding sources.

GOVERNOR'S RECOMMENDATION. The Governor recommends expenditures of \$73.0 million for the Environment function, which is a decrease of \$2.9 million, or 3.8 percent, below the revised FY 2010 estimate. The recommendation is a reduction of \$2.3 million, or 3.1 percent, below the agency's request. The recommendation includes State General Fund expenditures of \$7.8 million, which is a decrease of \$0.1 million, or 1.8 percent, below the revised FY 2010 recommendation, and a reduction of \$1.0 million, or 11.5 percent, below the agency's recommendation, largely as the result of requested enhancements that are not recommended. The recommendation also includes \$1.9 million from the Children's Initiatives Fund, \$3.0 million from the State Water Plan Fund, \$18.6 million in federal funds, and \$39.4 million from all other funding sources. The Governor's recommendation includes \$350,000, all from the State Water Plan Fund, to match federal funding to provide \$3.5 million in funding for the Treece buyout program.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete 18.0 FTE positions for FY 2011. The agency currently has 39.0 FTE vacant FTE positions in the Environment function of the agency.

2. Add language for FY 2011 to require that fines collected by the agency for environmental violations which normally are deposited into the agency's fee funds be deposited instead into the Interstate Water Litigation account of the State General Fund. Due to specific restrictions on the use of certain funds, this language would not apply to the Air Quality Fee Fund or the Mined Land Conservation and Reclamation Fee Fund. This is to begin restoring the funding for water litigation activities that was accidentally deleted at the end of FY 2007.

Sec. 73 --Department on Aging

AGENCY REQUEST. The agency requests a FY 2011 budget of \$512.1 million, an increase of \$22.6 million, or

4.6 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$179.1 million, an increase of \$32.1 million, or 21.8 percent, above the revised current year estimate. The request includes 214.0 FTE positions and 16.0 non-FTE positions, the same as the revised current year estimate. The request includes eleven enhancements totaling \$22.9 million, including \$11.4 million from the State General Fund. Absent the enhancements, the request would be a decrease of \$300,000, or less than 0.1 percent, from all funding sources below the revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$494.8 million, including \$172.9 million from the State General Fund for FY 2011. The recommendation is a decrease of \$17.2 million, or 3.4 percent, below the agency's request. This includes a decrease of \$6.1 million, or 3.5 percent, below the agency's State General Fund request. The Governor does not recommend the enhancement requests with the exception of \$675,000, all from the State General Fund, for the Nutrition Program to help maintain the number of meals served at the FY 2010 level.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Add \$700,000, all from the State General Fund, to fund the Nutrition Program at the FY 2009 actual level. The Nutrition program includes congregate meals and the Meals on Wheels program.
2. Delete \$4,559,625, including \$1,382,478 from the State General Fund, for FY 2011 to capture savings associated with the billing delay from the Medicaid provider reductions implemented from January 1, 2010 through June 30, 2010.
3. Delete \$24,222,002, all from the State General Fund, and add the same amount from federal funds for FY 2011 to capture savings associated with the proposed extension of the enhanced federal match for the Medicaid program from December 31, 2010 to June 30, 2011.

Sec. 74 --Health Policy Authority

AGENCY REQUEST. The agency requests a FY 2011 reportable operating budget of \$1.5 billion, an increase of \$2.3 million, or 0.2 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$444.8 million, an increase of \$58.7 million, or 15.2 percent, above the revised current year estimate. The request includes 288.7 FTE positions, an increase of 7.0 FTE positions above the revised FY 2010 estimate. The FTE positions include the addition of 24.0 FTE positions, partially offset by reductions in the revised current year estimate.

The request includes enhancement funding of \$10.3 million, including \$366,756 from the State General Fund. Absent the enhancement requests, the FY 2011 request would be a reduction of \$8.0 million, or 0.5 percent, and a State General Fund increase of \$58.4 million, or 15.1 percent, from the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 reportable operating expenditures of \$1.5 billion, including \$477.5 million from the State General Fund. The recommendation is an all funds increase of \$73.9 million, or 5.2 percent, and a State General Fund increase of \$90.0 million, or 23.2 percent, above the FY 2010 recommendation. The Governor's recommendation is an increase of \$35.2 million, or 2.4 percent, above the agency's request.

The Governor recommends the addition of \$50.8 million, including \$39.6 million from the State General Fund, for human service caseloads, as agreed to in the fall 2009 consensus caseload process. The portion of expenditures anticipated to be funded by the federal government for the Medicaid program decreased in FY 2011 due to the end of the federal American Recovery and Reinvestment Act (ARRA) funding at the end of December 2010, or half way through FY 2011. In addition, the base Medicaid matching rate for federal contributions, excluding ARRA funding, was reduced by 1.33 percent between FY 2010 and FY 2011. In addition, the Governor's recommendation includes one of the agency's enhancement requests, totaling \$9.5 million, all from federal funds, and 24.0 FTE positions for the Kansas Access to Covering Health (KATCH) grant.

The Governor's recommendation also includes operational reductions totaling \$4.1 million, including \$2.0 million from the State General Fund. The Governor's recommendation continues the policy from the FY 2010 allotments to limit MediKan benefits to 12 months, resulting in FY 2011 savings of \$1.1 million, all from the State General

Fund. The Governor recommends revising downward the estimate for the State Children's Health Insurance Program (SCHIP) resulting in savings of \$3.3 million, including \$1.0 million from the State General Fund for FY 2011.

The Governor recommends accepting all three of the agency's reduced resource items, totaling \$5.8 million, including \$2.0 million from the State General Fund. The reduced resources include professional services rate leveling, streamlining prior authorization, and mental health pharmacy management.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$8,270,000, all from the State General Fund, for FY 2011 and add the same amount from federal funds, due to the application of the enhanced federal contribution for Medicare clawback payments which will decrease the amount the state owes the federal government by \$24.7 million over two years. The enhanced match will be retroactive to the beginning of the ARRA benefit period, October 2008.
2. Add \$2,000,000, including \$800,000 from the State General Fund, to restore savings anticipated in the Governor's recommendation from the implementation of a preferred drug list for mental health prescriptions for FY 2011.
3. Delete \$2,105,263, including \$800,000 from the State General Fund, for salary and wages savings for FY 2011.
4. Add language prohibiting the agency from implementing a preferred drug formulary for MediKan mental health prescriptions for FY 2011.
5. Add language for FY 2011 directing the agency to conduct an impact study on the State Employee Health Plan requiring insurance companies to reimburse clinical marriage and family therapists, counselors and psychotherapists, and study if proactive mental health treatment results in decreased mental and physical treatment costs. The results of the study are to be reported on the first day of the 2011 Legislative Session.
6. Delete \$67,003,927, all from the State General Fund, and add the same amount from federal funds for FY 2011 to capture savings associated with the proposed extension of the enhanced federal match for the Medicaid program, from December 31, 2010, to June 30, 2011.
7. Delete \$40,000,000, all from the State General Fund, and add the same amount from other funding sources to capture savings associated with third-party liability recoveries for FY 2011.
8. Delete \$5,400,000, all from the State General Fund, to remove half of the funding for the MediKan program for FY 2011.
9. Delete \$14,985,000, including \$4,500,000 from the State General Fund, to reflect increasing monthly HealthWave premiums to the maximum allowed for FY 2011.
10. Delete \$12,320,000, including \$3,696,000 from the State General Fund, for FY 2011 to capture savings from the implementation of a policy limiting Medicaid recipients from receiving more than four brand name prescriptions per month and implementing a tiered formulary with variable co-pays.
11. Delete \$2,923,357, including \$877,007 from the State General Fund, for FY 2011 to capture savings from the implementation of the statewide smoking ban.

Sec. 75 --Social and Rehabilitation Services

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$1.6 billion, a decrease of \$30.2 million, or 1.9 percent, below the revised current year estimate. The request includes State General Fund

expenditures of \$625.3 million, an increase of \$57.7 million, or 10.2 percent, above the revised current year estimate. The request includes 3,669.1 FTE positions and 85.3 non-FTE positions, the same number of FTE positions as the revised current year estimate.

The request includes enhancement funding of \$50.4 million, including \$30.8 million from the State General Fund. Absent the enhancement requests, the request for FY 2011 would total \$1.5 billion, including \$594.5 million from the State General Fund, representing an overall decrease of \$80.6 million, or 5.0 percent, and a State General Fund increase of \$26.9 million, or 4.7 percent, from the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures \$1.6 billion, including \$592.9 million from the State General Fund. The recommendation is an all funds decrease of \$43.4 million, or 2.7 percent below the FY 2010 recommendation. The Governor's recommendation is a decrease of \$17.1 million, or 1.1 percent, below the agency's request. The Governor does not recommend any of the agency's enhancement requests. In addition, the Governor recommends the following adjustments:

A reductions of \$8.3 million, including \$8.1 million from the State General Fund, in Department of Social and Rehabilitation Services savings from reduced resources.

An addition of \$34.5 million, including \$8.1 million from the State General Fund, to fund the human services consensus caseloads agreed to at the fall estimating meeting.

An addition of \$6.7 million in special revenue funds to be expended for the home and community based services waivers. The addition of special revenue funds results in the addition of \$12.1 million of federal Medicaid funds. The increase is partially offset by the loss of \$8.3 million in federal Medicaid funding resulting from the 1.33 percent decrease in the federal base match rate. The net increase to the system is \$10.5 million.

A reduction of \$270,805, all from federal funds for the Intermediate Care Facilities for Persons with Mental Retardation (ICF/MRs), resulting from the 1.33 percent decrease in the federal base match rate.

The Governor also recommends increasing the agency's salary and wages shrinkage by \$3.0 million, including \$1.6 million from the State General Fund, from 16.3 percent to 18.5 percent.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$2,664,564, including \$1,550,000 from the State General Fund, for administrative reductions for FY 2011.
2. Delete \$852,286, including \$565,057 from the State General Fund, in other grants and services for FY 2011. This includes reductions in the adoption exchange contract, the family resources contract, short-term case management services, and the foster care and prevention tribal grants.
3. Delete \$3,325,000, all from the State General Fund, to eliminate all remaining grant funding for Community Developmental Disabilities Organization for FY 2011.
4. Delete \$5,000,000, all from Children's Initiatives Fund, from the Early Childhood Block Grant for FY 2011 and add the same amount for the Foster Care program. In addition, reduce the State General Fund expenditures for the Foster Care Program by \$5,000,000 for FY 2011.
5. Delete \$2,000,000, all from the Children's Initiatives Fund, for the Early Head Start Program for FY 2011 and transfer the same amount to the State General Fund for FY 2011.
6. Delete \$39,428,661, all from the State General Fund, and add the same amount from federal funds for FY 2011 to capture savings associated with the proposed extension of the enhanced federal match for the Medicaid program, from December 31, 2010, to June 30, 2011.
7. Delete \$2,300,000, all from the State General Fund, to remove half of the funding for the MediKan Mental Health program.

8. Add \$10,885,341, including \$3,300,000 from the State General Fund, for FY 2011 to increase funding for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities to ensure all individuals in crisis are able to access waiver services and enable 145 individuals waiting for services to begin receiving services.

9. Add \$11,874,918, including \$3,600,000 from the State General Fund, for FY 2011 to increase funding for the Home and Community Based Services Waiver for Individuals with Physical Disabilities, to implement a rolling waiting list policy to provide services for one new individual for every individual who stops receiving services. The current policy is only individuals in crisis situations begin receiving services.

10. Transfer \$2,000,000, all from the Children's Initiatives Fund, to the State General Fund for FY 2011.

Sec. 75 --Rainbow Mental Health Facility

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$8,846,522, including \$5,774,298 from the State General Fund. The request is an all funds increase of \$79,347, or 0.9 percent, above the FY 2010 revised estimate and a State General Fund decrease of \$51,158, or 0.9 percent, below the FY 2010 revised estimate. The request includes 122.2 FTE positions and does not include any enhancement requests.

GOVERNOR'S RECOMMENDATION. The Governor recommends operating expenditures of \$8,596,522, including \$4,524,298 from the State General Fund. The recommendation is an all funds decrease of \$250,000, or 2.8 percent, below the FY 2011 agency request, and a State General Fund decrease of \$1,250,000, or 21.6 percent, below the FY 2011 agency request. The decrease is attributable to a State General Fund transfer of \$1,000,000 to the Department of Social and Rehabilitation Services and a reduction of \$250,000 due to an increased salary and wages shrinkage rate.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 75 --Kansas Neurological Institute

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$29,985,713, including \$11,927,917 from the State General Fund. The request is an all funds increase of \$185,569, or 0.6 percent, above the FY 2010 revised estimate and a State General Fund increase of \$2,750,155, or 30.0 percent, above the FY 2010 revised estimate. The request includes 570.2 FTE positions and does not include any enhancement requests. In addition, the request includes capital improvements expenditures for \$125,320 from the Title XIX funds for Department of Administration's state energy conservation improvement project expenditures.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$29,485,713, including \$11,327,917 from the State General Fund. The estimate is an all funds decrease of \$500,000, or 1.7 percent, and a State General Fund decrease of \$600,000, or 5.0 percent, below the agency's FY 2011 request. The reduction is attributable to expenditures salary and wages shrinkage adjustments. The recommendation includes 570.2 FTE positions. The Governor concurs with the agency's capital improvements request for \$125,320 from the Title XIX funds for the Department of Administration's state energy conservation improvement project expenditures.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete 30.2 FTE positions for FY 2011. The positions are currently vacant.

Sec. 75 --Parsons State Hospital

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$25,749,221, including \$10,831,700 from the State General Fund. The request is an all funds increase of \$79,334, or 0.3 percent, above the FY 2010 revised estimate and a State General Fund increase of \$3,050,740, or 39.2 percent, above the FY 2010

revised estimate. The request includes 497.2 FTE positions and does not include any enhancement requests.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$25,399,221, including \$10,415,600 from the State General Fund. The estimate is an all funds decrease of \$350,000, or 1.4 percent, and a State General Fund decrease of \$416,100, or 3.8 percent, below the agency's FY 2011 request. The reduction is attributable to salary and wages shrinkage adjustments. The recommendation includes 497.2 FTE positions. The recommendation includes a capital improvement expenditures of \$125,946, including \$66,121 from the State General Fund for Department of Administration's state energy conservation improvement projects.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete 17.2 FTE positions for FY 2011. The positions are currently vacant.

Sec. 75 --Osawatomie State Hospital

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$29,494,180, including \$18,242,009 from the State General Fund. The request is an all funds increase of \$170,725, or 0.6 percent, above the FY 2010 revised estimate and a State General Fund increase of \$1,100,038, or 6.4 percent, above the FY 2010 revised estimate. The request includes 441.3 FTE positions and does not include any enhancement requests.

GOVERNOR'S RECOMMENDATION. The Governor recommends operating expenditures of \$28,594,180, including \$14,342,009 from the State General Fund. The recommendation is an all funds decrease of \$900,000, or 3.0 percent, below the FY 2011 agency request, and a State General Fund decrease of \$3,900,000, or 21.4 percent, below the FY 2011 agency request. The State General Fund reduction reflects the shift of expenditures from the State General Fund to fee funds.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 75 --Larned State Hospital

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$60,370,472, including \$45,208,952 from the State General Fund. The request is an all funds increase of \$3,011,885, or 5.3 percent, above the FY 2010 revised estimate and a State General Fund increase of \$1,804,014, or 4.2 percent, above the FY 2010 revised estimate. The request includes 976.2 FTE positions and one enhancement request in the Sexual Predator Transition Program for \$483,925, all from the State General Fund. Absent the enhancement, FY 2011 operating expenditures for the agency would be \$59,886,547, including \$44,725,027 from the State General Fund.

GOVERNOR'S RECOMMENDATION. The Governor recommends operating expenditures of \$58,886,547, including \$43,745,072 from the State General Fund. The recommendation is an all funds decrease of \$1,483,925, or 2.5 percent, below the FY 2011 agency request, and a State General Fund decrease of \$1,463,880, or 3.2 percent, below the FY 2011 agency request. The decrease is attributable to a State General Fund salary and wages shrinkage increase. The recommendation is an all funds increase of \$2,330,724, or 4.5 percent, above the FY 2010 Governor's recommendation and a State General Fund increase of \$1,342,898, or 3.2 percent, above the FY 2010 Governor's recommendation. The recommendation includes 976.2 FTE positions.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 76 --Kansas Guardianship Program

AGENCY REQUEST. The agency requests \$1,159,395, all from the State General Fund, for FY 2011 operating expenditures. The request is an increase of \$4,994, or 0.4 percent, above the FY 2010 revised estimate. The increase is attributed to salaries and wages expenditures predominantly related to expenses for group health insurance benefits. The increase is partially offset by reductions in contractual services and commodities by

reducing communications costs and expenses for general office supplies.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$1,124,763, all from the State General Fund, an increase of \$4,994, or 0.4 percent, above the FY 2010 Governor's recommendation. The recommendation is a decrease of \$34,632, or 3.0 percent, below the agency's FY 2011 estimate. The Governor's recommendation continues the FY 2010 stipends into FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$34,632, all from the State General Fund, to maintain stipends paid for out of pocket expenses to volunteer guardians and conservators at \$30 per month for FY 2011, which is the same amount as in FY 2010. The Governor's FY 2011 recommendation would reduce the monthly stipend to \$28.

Sec. 77 --Department of Education

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$4.1 billion, an all funds increase of \$245.6 million, or 6.4 percent, above the revised FY 2010 estimate. Included in this amount are State General Fund expenditures of \$3.3 billion, an increase of \$246.1 million, or 8.0 percent, above the revised FY 2010 estimate. The request would fund 212.5 FTE positions, the same as the revised FY 2010 estimate. The agency request includes enhancement requests totaling \$363.5 million, including \$363.1 million from the State General Fund. Absent the enhancements, the request would be \$3.7 billion, including \$2.9 billion, from the State General Fund. This is an all funds decrease of \$117.9 million, or 3.0 percent, and a State General Fund decrease of \$117.0 million, or 3.8 percent, below the FY 2010 request. The decrease is mainly due to a reappropriation of \$74.0 million for General State Aid and Supplemental General State Aid to fund school payments that should have been made during FY 2009 but were delayed to FY 2010. In addition, the agency submitted a supplemental request in FY 2010 in the amount of \$53.7 million to fund the base state aid per pupil amount at \$4,218 and \$37.7 million to fully fund Supplemental General State Aid. These reductions are offset by an increase of \$49.7 million, all from the State General Fund, to cover increases in the KPERS – School Employer Contribution and the employer contribution for group health insurance.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$3.8 billion, including \$3.0 billion from the State General Fund. This is an all funds increase of \$4.9 million, or 0.1 percent, and a State General Fund increase of \$178.9 million, or 6.3 percent, above the FY 2010 recommendation. The recommendation is a decrease of \$359.1 million, or 8.7 percent, below the agency FY 2011 request. The Governor's recommendation includes \$171.8 million, all from the State General Fund, to replace federal stimulus funds that were transferred to FY 2010 for Supplemental State Aid. In addition, the Governor added \$32.7 million, all from the State General Fund, for General State Aid to the Base State Aid Per Pupil \$50 which would equal a BSAPP of \$4,062 for FY 2011. The recommendation also includes \$36.2 million, all from the State General Fund, for the KPERS-School employer contribution rate increase and \$13.5 million, all from the State General Fund, for the KPERS health insurance increase.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$85,949,000, all from the State General Fund, in Supplemental State Aid recommended by the Governor for FY 2011 to replace federal stimulus funds that were used in FY 2010 for Supplemental State Aid.
2. Delete \$85,949,000, all from the State General Fund, in General State Aid recommended by the Governor for FY 2011 to replace federal stimulus funds that were moved from General State Aid and used in FY 2010 for Supplemental State Aid. The funding was originally planned for expenditure in FY 2011, but the Governor, in his November 2009 State General Fund allotment, accelerated the use of the \$85,949,000 in federal American Recovery and Reinvestment Act (ARRA) funding to FY 2010.
3. Delete \$32,750,000, all from the State General Fund, in General State Aid to delete the

Governor's recommendation to increase the Base State Aid Per Pupil (BSAPP) \$50, from \$4,012 to \$4,062, for FY 2011.

Sec. 78 --State Library

AGENCY REQUEST. The agency requests FY 2011 expenditures of \$7,138,455, which is an increase of \$525,648, or 7.9 percent, above the revised FY 2010 estimate. This amount includes \$5,227,980 from the State General Fund, which is an increase of \$537,731, or 11.5 percent, above the revised FY 2010 State General Fund estimate. The State General Fund increase is almost entirely attributed to the agency's FY 2011 enhancement requests of \$510,028. The request shifts 1.0 FTE position to a non-FTE unclassified permanent position. Without the enhancement requests, requested expenditures total \$6,628,427, which is an increase of \$15,620, or 0.2 percent, above the revised FY 2010 estimate. State General Fund expenditures would \$5,700,325, which is a decrease of \$25,975, or 0.5 percent, below the revised FY 2010 estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 expenditures of \$6,392,519, which is a decrease of \$79,581, or 1.2 percent, below the Governor's FY 2010 recommendation. State General Fund expenditures total \$4,482,054, which is a decrease of \$67,488, or 1.5 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend the enhancement requests totaling \$510,028, all from the State General Fund. The Governor accepts the agency's proposed reduced resources budget of \$235,898, all from the State General Fund.

The Governor's FY 2011 recommendation is a decrease of \$745,926, or 10.4 percent, below the agency's FY 2011 request. The Governor's State General Fund recommendation is a decrease of \$745,926, or 14.3 percent, below the agency's State General Fund request. The difference is attributed to the Governor's acceptance of the agency's reduced resources budget and not recommending the enhancement requests for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 79 --Kansas Arts Commission

AGENCY REQUEST. The agency requests FY 2011 expenditures of \$2,483,184, which is an increase of \$134,119, or 5.7 percent, above the revised FY 2010 estimate. Requested State General Fund expenditures total \$1,735,880, which is an increase of \$474,358, or 37.6 percent, above the revised FY 2010 estimate. The request includes enhancements totaling \$468,462, all from the State General Fund, mostly to restore grant funding to the FY 2009 level.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 expenditures of \$1,951,351, which is a decrease of \$275,129, or 12.4 percent, below the Governor's FY 2010 recommendation. The Governor's FY 2011 State General Fund recommendation of \$1,204,047 is an increase of \$65,110, or 5.7 percent, above the Governor's FY 2010 recommendation. The majority of the State General Fund increase is attributed to other assistance in grant programs. The all other funds decrease from FY 2010 is attributed to the receipt of one-time federal American Recovery and Reinvestment Act (ARRA) funds that were available in FY 2010 but are not available for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$65,110, all from the State General Fund, for FY 2011 to reduce the FY 2011 operating budget to the Governor's recommended FY 2010 level.
2. Delete \$300,000, all from the State General Fund, for FY 2011 to reduce grant program funding to individuals and organizations.

Sec. 80 --School for the Blind

AGENCY REQUEST. The agency requests FY 2011 operating expenditures totaling \$6,783,316, including \$6,271,927 from the State General Fund. The request is a State General Fund increase of \$684,995, or 12.3 percent

above the FY 2010 revised estimate, partially offset by a reduction in all other funds of \$32,139, or 5.9 percent. The request includes enhanced funding totaling \$572,665, all from the State General Fund. The request includes 93.5 FTE, the same as the revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures totaling \$6,006,359, including \$5,494,970 from the State General Fund. The recommendation is an all funds increase of \$44,380, or 0.7 percent, above the Governor's FY 2010 recommendation, and a State General Fund increase of \$76,519, or 1.4 percent. The recommendation does not include any funding for enhancement requests and includes additional reductions by adopting the agency's reduced resource reductions relating to vacating and holding open one security guard position and 2.5 FTE outreach positions. The recommendation includes 93.5 FTE positions, the same as the request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$76,519, all from the State General Fund, for FY 2011 to reduce the FY 2011 operating budget to the Governor's recommended FY 2010 level, excluding debt service.

Sec. 81 --School for the Deaf

AGENCY REQUEST. The agency requests FY 2011 operating expenditures totaling \$9,840,205, including \$9,368,440 from the State General Fund. The request is an all funds increase of \$281,734, or 2.9 percent, and a State General Fund increase of \$365,364, or 4.1 percent, above the agency's current year revised estimate. The State General Fund increase is partially offset by reduced expenditures from the agency's special revenue fund accounts. The request includes enhanced funding totaling \$204,755, all from the State General Fund. The request includes 173.5 FTE, the same as the revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures totaling \$9,298,172, including \$8,826,407 from the State General Fund. The recommendation is an all funds increase of \$11,631, or 0.1 percent above the Governor's FY 2010 recommendation. It is a State General Fund increase of \$95,261, or 1.1 percent, above the Governor's FY 2010 recommendation. When compared to the agency's request, the recommendation is a reduction of \$542,033, or 5.5 percent, all from the State General Fund. The Governor does not recommend the agency's \$204,755 enhanced funding request, and recommends one of the agency's reduced resource reductions for residential services for a savings of \$200,953. The recommendation also includes savings totaling \$136,325 by vacating and holding open two administrative support positions and two custodial positions. The recommendation does not adjust the agency's FTE position request of 173.5.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$95,261, all from the State General Fund, for FY 2011 to reduce the FY 2011 operating budget to the Governor's recommended FY 2010 level, excluding debt service.

Sec. 82 --State Historical Society

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$8,935,590, which is an increase of \$76,060, or 0.9 percent, above the revised FY 2010 estimate. Requested State General Fund expenditures total \$5,787,221, which is an increase of \$243,760, or 4.4 percent, above the revised FY 2010 estimate. The request includes enhancements totaling \$165,000, including \$150,000 from the State General Fund for the purpose of commemorating the State's Sesquicentennial in 2011.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$8,785,590, which is a decrease of \$150,000, or 1.7 percent, below the agency's FY 2011 request. The entire decrease is attributed to the Governor not recommending the agency's enhancement requests. Recommended State General Fund operating expenditures total \$5,349,110, which is a decrease of \$438,111, or 7.6 percent, below the agency's FY 2011 request. The Governor recommends the agency's reduced resources budget, which reduces the State General Fund amount by \$288,111. However, the Governor recommends using the agency's special revenue funds to replace the State General Funds in the reduced resources budget.

The Governor's FY 2011 operating expenditures recommendation is a decrease of \$73,940, or 0.8 percent, below the Governor's FY 2010 recommendation. Recommended State General Fund operating expenditures are a decrease of \$46,625, or 0.9 percent, below the Governor's FY 2010 recommendation.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 83 --Fort Hays State University

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$83.4 million, which is an increase of \$398,791, or 0.5 percent, above the current year estimate. The agency requests State General Fund expenditures of \$34.0 million, which is an increase of \$633,906, or 1.9 percent, from the FY 2010 estimate. The increase reflects the enhancement request for \$420,669 for the Kansas Academy of Mathematics and Science and fringe benefit increases, partially offset by reductions in other operating expenditures in order to reach budget targets.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011, with the exception of the enhancement request for the Kansas Academy of Mathematics and Science.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$220,669, all from the State General Fund, to fund a second class for the Kansas Academy of Mathematics and Science (KAMS) for FY 2011.

Sec. 84 --Kansas State University

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$416.2 million, which is a decrease of \$12.0 million, or 2.8 percent, below the current year estimate. The agency requests State General Fund expenditures of \$104.3 million, which is no change from the FY 2010 estimate. The all funds reduction reflects an anticipated decrease in tuition revenues and does not include the third year of American Recovery and Reinvestment Act (ARRA) funds for the Regents.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 85 --KSU - Extension Systems and Agricultural Research Program

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$118.1 million, which is an increase of \$233,305, or 0.3 percent, above the current year estimate. The agency requests State General Fund expenditures of \$48.8 million, which is no change from the FY 2010 estimate. The increase reflects fringe benefit increases, partially offset by reductions in other operating expenditures in order to reach budget targets.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 86 --KSU - Veterinary Medical Center

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$34.6 million, which is a decrease of \$1.6 million, or 4.4 percent, below the current year estimate. The agency requests State General Fund expenditures of \$10.4 million, which is an increase of \$11,377, or 0.1 percent, above the FY 2010 estimate, reflecting the agency's enhancement request for \$11,377 from the State General Fund for the Veterinary Medical Training Program for Rural Kansas. The all funds reduction reflects an anticipated decrease in expenditures from the

Hospital and Diagnostic Lab Revenue Fund due to carry forward funds available in FY 2010 that will not be available for FY 2011.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011, with the exception of the enhancement request for the Veterinary Medical Training Program for Rural Kansas.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 87 --Emporia State University

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$75.6 million, which is a decrease of \$2.9 million, or 3.7 percent, below the current year estimate. The agency requests State General Fund expenditures of \$31.4 million, which is no change from the FY 2010 estimate. The all funds reduction reflects an anticipated decrease in tuition revenues and does not include the third year of federal American Recovery and Reinvestment Act (ARRA) funds that have not yet been appropriated and distributed by the Board of Regents.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 88 --Pittsburg State University

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$87.2 million, which is a decrease of \$560,646, or 0.6 percent, below the current year estimate. The agency requests State General Fund expenditures of \$34.1 million, which is a decrease of \$17,662, or 0.1 percent, below the FY 2010 estimate. The all funds reduction reflects the third year of the American Recovery and Reinvestment Act (ARRA) funding that has not yet been distributed by the Board of Regents for FY 2011, partially offset by increases in fringe benefit rates. The State General Fund reduction reflects reappropriations available in FY 2010 that are not expected to be available for FY 2011 and does not include transfers from the Board of Regents.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 89 --University of Kansas

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$606.1 million, which is an increase of \$3.3 million, or 0.6 percent, above the current year estimate. The agency requests State General Fund expenditures of \$136.2 million, which is an increase of \$21,013, or less than 0.1 percent, above the current year.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 90 --University of Kansas Medical Center

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$279.6 million, which is a decrease of \$2.6 million, or 0.9 percent, below the current year estimate. The agency requests State General Fund expenditures of \$109.7 million, which is a decrease of \$100,369, or 0.1 percent, below the current year. The reduction reflects reappropriations in FY 2010 that are not available for FY 2011.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$586,569, all from the State General Fund, to restore funding for the Cancer Center to \$5.0 million for FY 2011.

Sec. 91 --Wichita State University

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$215.5 million, which is a decrease of \$4.0 million, or 1.8 percent, below the current year estimate. The agency requests State General Fund expenditures of \$66.3 million, which is a decrease of \$69,992, or 0.1 percent, below the current year estimate, reflecting increased fringe benefit rates offset by reductions in other areas. The other funds reduction reflects the absence of a request for aviation infrastructure, funded at \$2.5 million, all from the Economic Development Initiatives Fund (EDIF) in FY 2010, and federal American Recovery and Reinvestment Act (ARRA) funds that have not yet been appropriated and distributed by the Board of Regents.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011, and adds \$5.0 million, all from the Economic Development Initiatives Fund (EDIF), for aviation infrastructure.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Add language for FY 2011 limiting expenditures from the Aviation Infrastructure- Economic Development Initiatives Fund account at Wichita State University to the purchase of training equipment. The language also requires the creation of a Technical Training Board, similar to the Aviation Research Board that advises the National Institute for Aviation Research (NIAR). The new Board would advise the university on the expenditures of funds from the Aviation Infrastructure - Economic Development Initiatives Fund account for the National Center for Aviation Training (NCAT). In addition, the language would require a report from the Technical Training Board to the 2011 Legislature detailing expenditures from the fund.
2. Add reappropriation language to the Aviation Infrastructure - Economic Development Initiatives Fund account, which funds the National Center for Aviation Training (NCAT), for FY 2011.

Sec. 92 --Board of Regents

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$259.3 million, which is a net increase of \$44.9 million, or 20.9 percent, above the current year estimate. Of this amount, \$188.9 million is from the State General Fund, and is an increase of \$16.0 million, or 9.3 percent, above the current year estimate. The request includes enhancements totaling \$16.8 million, all from the State General Fund.

Absent the enhancement requests, the agency request is \$242.5 million, including \$172.1 million from the State General Fund, which is a decrease of \$28.7 million, or 13.1 percent, all funds and an increase of \$745,161, or 0.4 percent, State General Fund, from the FY 2010 estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 expenditures of \$244.0 million, including \$173.5 million from the State General Fund. The recommendation is an increase of \$31.5 million, including \$2.7 million from the State General Fund, above the FY 2010 recommendation. The all funds increase reflects the addition of \$40.0 million, all from federal American Recovery and Reinvestment Act funds, partially offset by reductions in other funds for changes in debt service payments and federal dollars. The State General Fund increase reflects the unified operating grant increase of \$2.1 million, as well as increases for fringe benefit rates and KPERS payments. The Governor's FY 2011 recommendation is a decrease of \$15.4 million, all from the State General Fund, below the agency request due to unfulfilled enhancement requests.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$5,000,000, all from the State General Fund, from the Postsecondary Education operating grant for FY 2011. The action would still leave an enhancement of \$5,000,000 for FY 2011.
2. Lapse \$220,669, from unobligated balances in the Southwest Kansas Access State General Fund account of the Board of Regents for FY 2011, and add the same amount to Fort Hays State University for the Kansas Academy of Mathematics and Science (KAMS).
3. Lapse \$4,331, from unobligated balances in the Southwest Kansas Access State General Fund account of the Board of Regents for FY 2011, and add the same amount to fund the agency's enhancement request for Midwest Higher Education Compact (MHEC) dues increases.
4. Split the Postsecondary Aid for Vocational Education Fund (\$31.0 million) into the Other Institutions Aid for Technical Education Fund (\$12.2 million) and the Technical College Aid for Technical Education Fund (\$18.8 million) for FY 2011 to all for better tracking of expenditures.
5. Delete language for FY 2011 guaranteeing that no institution receiving Postsecondary Aid for Vocational Education should receive less funding for FY 2011 than it did in FY 2010. Due to budget reductions, this language cannot be implemented.

Sec. 93 --Department of Corrections

AGENCY REQUEST. The FY 2011 request for the Department of Corrections operating expenditures totals \$143.2 million, including \$126.0 million from the State General Fund. The revised estimate is an all funds increase of \$19.7 million, or 15.9 percent, above the FY 2010 revised estimate. The changes include an increase of \$21.8 million, or 20.9 percent, from the State General Fund, which is partially offset by a decrease of \$2.1 million, or 10.7 percent, in expenditures from special revenue funds. The increase is due to enhancement requests which total \$20.8 million, including \$20.7 million from the State General Fund. Absent the enhancements, the request totals \$122.4 million, including \$105.3 from the State General Fund. Which is an all funds decrease of \$1.1 million, or 0.9 percent, below the FY 2010 revised estimate but is a State General Fund increase of \$1.1 million, or 1.0 percent. The revised estimate includes 321.0 FTE positions and 118.0 non-FTE unclassified positions.

GOVERNOR'S RECOMMENDATION. The Governor's recommendation for FY 2011 operating expenditures totals \$119.4 million, including \$102.3 from the State General Fund. The request is an all funds decrease of \$23.8 million, or 16.6 percent, and a State General Fund decrease of \$23.7 million, or 18.8 percent, below the agency's FY 2011 request. Most of the decrease is due to the enhancement requests made by the agency that were not recommended by the Governor. Other reductions include the removal of capital outlay expenditures, staffing reductions, food service contract savings, parole services reductions, and the elimination of substance abuse treatment at Topeka Correctional Facility. The recommendation also includes the release of encumbrances from FY 2009 totaling \$272,000, all from the State General Fund, and a transfer of \$500,000 from the Correctional Industries Fund to the State General Fund for FY 2011. The recommendation includes 321.0 FTE and 118.0 non-FTE unclassified positions, the same as the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$494,500, all from the State General Fund, for FY 2011 for 52 therapeutic community substance abuse treatment beds at Ellsworth Correctional Facility and 24 therapeutic community substance abuse treatment beds at Topeka Correctional Facility. The Governor's recommendation for FY 2011 eliminated all of the remaining therapeutic community substance abuse treatment beds in the Department of Corrections system.

Sec. 93 --Topeka Correctional Facility

AGENCY REQUEST. The FY 2011 operating expenditures request for Topeka Correctional Facility (TCF) totals \$14.2 million, including \$13.5 million from the State General Fund. The request is an all funds increase of \$813,364, or 6.1 percent, and a State General Fund increase of \$957,765, or 7.6 percent, above the FY 2010 revised estimate. The request includes enhancements that total \$776,929, all from the State General Fund, to reduce the salary and wages shrinkage rate and fund 11.0 FTE positions that are current authorized but unfunded. The FY 2011 request includes 246.0 FTE positions and 7.0 non-FTE unclassified positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor's FY 2011 recommendation for operating expenditures totals \$13.7 million, including \$13.0 million from the State General Fund. The recommendation is a decrease of \$464,770, all from the State General Fund, below the FY 2011 agency request due to enhancement funding requested by that agency that was not recommended by the Governor. The recommendation does include \$312,159, all from the State General Fund, in enhancement funding to reduce the salary and wages shrinkage rate. The recommendation includes 246.0 FTE and 7.0 non-FTE unclassified positions, the same as the agency request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 93 --Hutchinson Correctional Facility

AGENCY REQUEST. The FY 2011 operating expenditures request for Hutchinson Correctional Facility (HCF) totals \$30.4 million, including \$8.7 million from the State General Fund. The request is an all funds increase of \$1.4 million, or 4.7 percent, and a State General Fund increase of \$635,349, or 7.8 percent, above the FY 2010 revised estimate. The FY 2011 request includes \$21.5 million in American Recovery and Reinvestment Act (ARRA) federal funds. ARRA funds were inserted into the HCF budget by the 2009 Legislature to reduce State General Fund expenditures. The request includes enhancements totaling \$1.4 million, all from the State General Fund, for utilities, officer clothing, a transport bus, capital outlay, and to reduce the salary and wages shrinkage rate. The FY 2011 request includes 512.0 FTE and 3.0 non-FTE unclassified positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures totaling \$29.7 million, including \$8.0 million from the State General Fund. The recommendation is an all funds decrease of \$705,353, or 2.3 percent, and a State General Fund decrease of \$705,353, or 8.1 percent, below the agency's FY 2011 request. All of the difference is due to enhancement funding requested by the agency that was not recommended by the Governor. The recommendation does include enhancement funding totaling \$713,121, all from the State General Fund, to reduce the salary and wages shrinkage rate. The recommendation includes 512.0 FTE and 3.0 non-FTE unclassified positions, the same as the agency's FY 2011 request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 93 --Lansing Correctional Facility

AGENCY REQUEST. The Lansing Correctional Facility (LCF) is requesting \$38.3 million, including \$38.0 million from the State General Fund, for FY 2011 operating expenditures. The request is an all funds increase of \$1.1 million, or 2.9 percent, and a State General Fund increase of \$1.1 million, or 2.8 percent, above the FY 2010 revised estimate. The request includes enhancements totaling \$750,582, all from the State General Fund, for hand-held radio replacement, perimeter camera system upgrades, and to reduce shrinkage. The FY 2011 request includes 682.0 FTE positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$38.2 million, including \$37.9 million from the State General Fund, for FY 2011 operating expenditures. The recommendation is an all funds decrease of \$59,650, or 0.2 percent, and a State General Fund decrease of \$59,650, or 0.2 percent, below the agency's FY 2011 request. All of the difference is due to enhancements requests made by the agency that were not recommended by the Governor. The recommendation does include \$690,932, all from the State General Fund, in enhancement funding to reduce the salary and wages shrinkage rate. The recommendation includes 682.0 FTE and 3.0 non-FTE unclassified positions, the same as the agency request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 93 --Ellsworth Correctional Facility

AGENCY REQUEST. The Ellsworth Correctional Facility requests FY 2011 operating expenditures of \$13.0 million, including \$12.9 million from the State General Fund. The request is an all funds increase of \$382,424, or 3.0 percent, and a State General Fund increase of \$389,215, or 3.1 percent, above the FY 2010 revised estimate. The request includes \$296,899, all from the State General Fund, in enhancement requests for a reduced salary and wages shrinkage rate, capital outlay, and other operating expenditures. The FY 2011 request includes 219.0 FTE and 3.0 non-FTE unclassified positions, the same as FY 2010.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$12.9 million, including \$12,859,512 from the State General Fund, for FY 2011 operating expenditures. The recommendation is an all funds decrease of \$82,785, or 0.6 percent, and a State General Fund decrease of \$82,785, or 0.6 percent, below the agency's FY 2011 request. All of the difference is due to enhancement requests that were not recommended by the Governor. The FY 2011 recommendation does include one enhancement totaling \$214,114, all from the State General Fund, to reduce the salary and wages shrinkage rate. The recommendation includes 219.0 FTE and 3.0 non-FTE unclassified positions, the same as the FY 2011 agency request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 93 --Winfield Correctional Facility

AGENCY REQUEST. The FY 2011 operating expenditures request for Winfield Correctional Facility (WCF) totals \$13.3 million, including \$3.0 million from the State General Fund. The request is an all funds increase of \$753,934, or 6.0 percent, and a State General Fund increase of \$741,974, or 33.1 percent, above the FY 2010 revised estimate. The request includes \$10.0 million in federal American Recovery and Reinvestment Act funds that were inserted by the 2009 Legislature in place of a State General Fund appropriation. The request includes \$795,361, all from the State General Fund, in enhancements for capital outlay, utilities, travel and subsistence, and to reduce the salary and wages shrinkage rate. The FY 2011 request includes 200.0 FTE and 2.0 non-FTE unclassified positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$12.8 million, including \$2.5 million from the State General Fund, for FY 2011 operating expenditures. The recommendation is an all funds increase of \$314,782, or 2.5 percent, and a State General Fund increase of \$302,822, or 13.5 percent, above the FY 2010 recommendation. Most of the increase is in salaries and wages (\$223,682) due to the recommended enhancement to reduce the shrinkage rate and some smaller changes in the fringe benefit contributions. There is also an increase in contractual services (\$125,195), primarily due to budgeted expenditures for electricity. In addition, there is a decrease in commodities (\$4,095), primarily for office supplies and inmate clothing and capital outlay (\$30,000), which is mostly for computer system upgrades or replacement. The recommendation includes 200.0 FTE and 2.0 non-FTE unclassified positions, the same as the FY 2011 agency request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 93 --Norton Correctional Facility

AGENCY REQUEST. The FY 2011 request totals \$14.2 million, including \$4.1 million from the State General Fund. The request is an all funds increase of \$871,404, or 6.5 percent, and a State General Fund increase of \$915,245, or 28.7 percent, above the FY 2010 revised estimate. The FY 2011 request includes enhancements totaling \$1.4 million, all from the State General Fund, to reduce the salary and wages shrinkage rate from 10.7 percent to 5.0 percent, to reopen the Stockton Correctional Facility, and for utilities. The request includes 264.0 FTE and 3.0 non-FTE unclassified permanent positions, an increase of 32.0 FTE positions above the FY 2010 revised estimate due to the enhancement request to reopen the Stockton Correctional Facility.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$13.5 million, including \$3.4 million from the State General Fund, for FY 2011 operating expenditures. The recommendation is a reduction of \$678,204, all from the State General Fund, and 32.0 FTE positions below the FY 2011 agency request. The difference is due to enhancement funding requested by the agency that is not recommended by the Governor. The recommendation includes \$702,536, all from the State General Fund, in enhancement funding to reduce the salary and wages shrinkage rate. The recommendation includes 232.0 FTE and 3.0 non-FTE unclassified positions, the same as the FY 2010 recommendation.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$531,859, all from the State General Fund, and 32.0 FTE positions for FY 2011 to reopen the Stockton Correctional Facility and add language requiring the Secretary of Corrections to certify to the Secretary of Administration that additional bed space is needed to prevent the early release of inmates before the funds are expended.

Sec. 93 --El Dorado Correctional Facility

AGENCY REQUEST. The FY 2011 request for EDCF operating expenditures totals \$24.0 million, including \$24.0 from the State General Fund. The request is an increase of \$662,421, or 2.8 percent, from all funds and \$662,421, or 2.8 percent, from the State General Fund, above the FY 2010 revised estimate. The request includes \$1,040,338, all from the State General Fund, in enhancements for contractual services, commodities, capital outlay expenditures, and to reduce shrinkage. The request includes 426.0 FTE and 3.0 non-FTE positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$23.6 million, including \$23.5 million from the State General Fund, for FY 2011 operating expenditures. The recommendation is an all funds decrease of \$462,160, or 1.9 percent, and a State General Fund decrease of \$462,160, or 1.9 percent, below the FY 2011 revised agency estimate due to three enhancements that were not recommended by the Governor. The recommendation does include one enhancement, totaling \$578,178, all from the State General Fund, to reduce the salary and wages shrinkage rate. The recommendation includes 426.0 FTE and 3.0 non-FTE unclassified permanent positions, the same as the FY 2010 recommendation.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 93 --Larned Correctional Mental Health Facility

AGENCY REQUEST. The FY 2011 agency request totals \$10.0 million, all from the State General Fund. The request is an increase of \$135,993, or 1.4 percent, above the revised FY 2010 estimate. The request includes \$82,431, all from the State General Fund, in enhancements for maintenance equipment and an electronic timekeeping system for employees. The FY 2011 request includes 185.0 FTE positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures totaling \$9.9 million, all from the State General Fund. The recommendation is a decrease of \$82,431, or 0.8 percent, below the agency's request. All of the difference between the agency request and Governor's recommendation is due to three agency enhancement requests, which were not recommended by the Governor. The recommendation includes 185.0 FTE and 1.0 non-FTE unclassified position, the same as the agency request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 94 --Juvenile Justice Authority

AGENCY REQUEST. The agency requests operating expenditures of \$68,592,556, including \$43,049,661 from the State General Fund. The estimate is an all funds decrease of \$22,373, or less than 0.1 percent, and a State

General Fund increase of \$537,879, or 1.3 percent, from the FY 2010 estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 expenditures of \$66,975,679, including \$42,552,940 from the State General Fund. The Governor's recommendation is an all funds decrease of \$841,683, or 1.2 percent, and a State General Fund increase of \$546,297, or 1.3 percent, from the FY 2010 recommendation.

The recommendation is an all funds decrease of \$1,616,877, or 2.4 percent, and a State General Fund decrease of \$496,721, or 1.2 percent, below the agency request. The decrease is attributable to salary and wages, contractual services, and caseload estimates.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$345,410, all from the State General Fund, and add the same amount from federal funds for FY 2011 to capture savings associated with the proposed extension of the enhanced federal match for the Medicaid program, from December 31, 2010, to June 30, 2011.

Sec. 94 --Kansas Juvenile Correctional Complex

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$18,367,507, an increase of \$431,718, or 2.4 percent, above the revised FY 2010 estimate. The agency estimates FY 2011 State General Fund expenditures of \$17,525,210, an increase of \$699,817, or 4.2 percent, above the agency's FY 2010 estimate. The agency is requesting \$487,767, all from the State General Fund, for an enhancement to fund a 2.5 percent Juvenile Corrections Officer (JCO) I salary increase, as negotiated by the union contract, as well as funding for operations at KJCC-West. Without the enhancement, the request is an all funds decrease of \$56,049, or less than 0.1 percent, and a State General Fund increase of \$212,050, or 1.3 percent, from the FY 2010 estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 expenditures \$17,698,651, including \$16,856,354 from the State General Fund. The recommendation is an all funds increase of \$207,018, or 1.2 percent, and a State General Fund increase of \$475,117 or 2.9 percent, above the FY 2010 recommendation.

The recommendation is a State General Fund decrease of \$668,856, or 3.8 percent, below the agency's FY 2011 request. The decrease is mostly attributed to the Governor not recommending the agency's enhancement request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 94 --Larned Juvenile Correctional Facility

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$9,237,283, an increase of \$72,666, or 0.8 percent, above the agency's FY 2010 estimate. The request includes State General Fund expenditures of \$9,041,186, an increase of \$98,393, or 1.1 percent, above the agency's FY 2010 estimate. The agency requests expenditures of \$196,097 from special revenue funds, a decrease of \$25,727, or 11.6 percent, below the revised FY 2010 amount. The agency is requesting \$50,403, all from the State General Fund, for an enhancement to fund a 2.5 percent Juvenile Correctional Officer I salary increase agreed to under the union contract.

GOVERNOR'S RECOMMENDATION. The Governor recommends operating expenditures of \$8,915,682, including \$8,719,585 from the State General Fund. The recommendation is an all funds decrease of \$38,620, or 0.4 percent, below the amount in the Governor's FY 2010 recommendation.

The recommendation is a decrease of \$321,601, or 3.5 percent, all from the State General Fund, below the agency's FY 2011 request. The decrease is mostly attributed to reductions in salary and wages.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 95 --Adjutant General

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$157,558,066, which is a decrease of \$75,280,254, or 32.3 percent, below the FY 2010 revised estimate. The FY 2011 request includes State General Fund expenditures totaling \$18,483,180, which is a decrease of \$14,286,577, or 43.6 percent, below the revised estimate for FY 2010. This decrease is attributable to \$26.3 million added by the 2009 Legislature as the State's portion of FY 2010 disaster relief to cover open disaster obligations. The State's portion of disaster expenditures related to electrical cooperatives and the December 2007 ice storm; partially offset by \$12.1 million in requested FY 2011 enhancements, of which \$10.7 million is for the State's portion of ongoing disaster relief payments. The request includes 219.0 FTE positions, no change from the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures totaling \$112,426,042, including \$11,688,906 from the State General Fund. The recommendation is an all funds decrease of \$119,649,527, or 51.6 percent, and a State General Fund decrease of \$20,798,100, or 64.0 percent, below the FY 2010 recommendation. The recommendation is an all funds decrease of \$45,132,024, or 28.6 percent, and a State General Fund decrease of \$6,794,274, or 36.8 percent, below the FY 2011 agency request. The Governor recommends three of the agency's enhancement requests, but only adds additional funding for the disaster assistance expenditures enhancement at half the requested amount totaling \$43,361,592, including \$5,173,836 from the State General Fund. The other two recommended enhancements, for Civil Air Patrol Operating Funds and Military Activation Bonus Payments, are recommended to be funded within the agency's existing resources. The Governor recommends the agency's reduced resources package for armories funding and capture of savings for FY 2011 achieved through the FY 2010 closure of 18 armories (\$264,217 State General Fund).

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 96 --State Fire Marshal

AGENCY REQUEST. The agency requests FY 2011 operating expenditures of \$4,493,273, a decrease of \$391,501, or 8.0 percent, below the FY 2010 revised estimate. Of the FY 2011 expenditures, \$3,628,715 are financed by the Fire Marshal Fee Fund, a decrease of \$1, or less than 0.1 percent, below the 2010 revised estimate. The agency's request includes enhancements to increase the levy on fire insurance premiums, and adjust the distribution of the fire insurance premium levy. The entire budget is funded from fee funds and federal funds. The request includes 53.0 FTE positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's request for FY 2011 operating expenditures, and recommends the enhancement to change the distribution of the fire insurance premium levy to distribute the State General Fund administrative services fee across the three agencies it supports rather than being solely charged to the State Fire Marshal.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 97 --Kansas Parole Board

AGENCY REQUEST. The agency requests FY 2011 operating expenditures totaling \$510,135, all from the State General Fund. The request is an increase of \$6,977, or 1.4 percent, above the FY 2010 revised estimate. The request includes \$28,609 in enhancement funding for building space rent. The FY 2011 request includes 3.0 FTE positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$510,135, all from the State General Fund. The recommendation is the same as the agency's FY 2011 request, including the enhancement for building space rent.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 98 --Highway Patrol

AGENCY REQUEST. The agency requests a FY 2011 budget of \$84,010,222, which is a decrease of \$4,661,391, or 5.3 percent, below the FY 2010 revised estimate. The request includes State General Fund expenditures of \$33,625,676, which is an increase of \$479,881, or 1.4 percent, above the FY 2010 revised request. The request includes 859.0 FTE positions, the same as the FY 2010 revised estimate. The request includes enhancement funding of \$712,296, including \$6,053 from the State General Fund. Non-enhancement increases primarily occur in salaries and wages, due to budgeting partial restoration of holiday pay for troopers working on state holidays, and increases in fringe benefits. Major adjustments from all other funds include a decrease of approximately \$5.4 million in homeland security funds and federal funds. This reduction is due in part to ARRA funds utilized in FY 2010 and only part of this funding continues into FY 2011. Additionally, the agency states that it receives notice of awarded homeland security funds late in the fiscal year, and potential grant funds for federal fiscal year 2011 are not estimated in the budget.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 operating expenditures of \$82,709,658, including \$31,938,642 from the State General Fund. The recommendation is an all funds decrease of \$5,166,165, or 5.9 percent, below the FY 2010 recommendation, and a decrease of \$1,300,564, or 1.5 percent, below the FY 2011 request. The recommendation is a State General Fund decrease of \$209,355, or 0.7 percent, below the FY 2010 recommendation and a decrease of \$1,687,034, or 5.0 percent, below the FY 2011 request. The Governor does not recommend any of the agency's enhancement requests and recommends part of the agency's reduced resources totaling \$706,917, all from special revenue funds. The recommendation includes a reduction to State General Fund expenditures totaling \$1,680,981, and a shift of expenditures to special revenue funds (\$1,326,579 KHP Operations Fund, \$354,402 Highway Patrol Federal Fund). The recommendation includes the following special revenue fund transfers to the KHP Operations fund to offset the State General Fund reduction: \$921,856, from the Highway Patrol Training Center Fund; \$240,570 from the General Fees Fund; and \$37,153 from the Vehicle Identification Number Fee Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 99 --Kansas Bureau of Investigation

AGENCY REQUEST. The agency requests FY 2011 operating expenditures totaling \$29,006,029, which is an increase of \$1,699,060, or 6.2 percent, above the FY 2010 revised estimate. The request includes \$17,855,183 from the State General Fund, which is an increase of \$2,242,701, or 14.4 percent, above the FY 2010 revised estimate. This increase is due to the agency's enhancement requests. The request includes four operating enhancements totaling \$2,583,112, all from the State General Fund, for: the data exchange project (\$525,000), Kansas Criminal Justice Information System (KCJIS) communication lines (\$464,823), filling 17.0 special agent positions (\$1,343,289), and Lab equipment replacement (\$250,000). The FY 2011 request includes 221.0 FTE positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 expenditures of \$26,740,408, including \$15,589,562 from the State General Fund. The recommendation is an all funds increase of \$427,996, or 1.6 percent, above the FY 2010 recommendation, and a decrease of \$2,265,621, or 7.8 percent, below the FY 2011 agency request. The recommendation is a State General Fund increase of \$971,637, or 6.6 percent, above the FY 2010 recommendation and a decrease of \$2,265,621, or 12.7 percent, below the FY 2011 agency request. The Governor does not recommend any of the agency's enhancement requests (\$2,583,112 all from the State General Fund), and includes a 5.0 percent State General Fund reduction totaling \$763,139, by reducing: \$206,047 from the General Services Program; \$373,938 from the Investigations Program; and \$183,154 from the Laboratory Services Program. Additionally, the Governor recommends adding \$1,080,630, all from the State General Fund, to assist in the DNA backlog. The funds should allow for the outsourcing of samples, purchase of new equipment, purchase consumables, and for the purchase of computer and software licenses. The Governor concurs with the agency's FTE and all other funds expenditures request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$500,000, all from the State General Fund, for the DNA lab backlog for FY 2011. This will

provide a total increase of \$1.6 million for FY 2011 to address the DNA backlog.

Sec. 100 --Emergency Medical Services Board

AGENCY REQUEST. The agency requests FY 2011 expenditures of \$2,221,887, which is a decrease of \$36,534, or 1.6 percent, below the revised FY 2010 estimate. The amount does not include any federal grants, such as the \$100,000 that was awarded in FY 2010. The request includes \$300,000 from the Emergency Medical Services Operating Fund for the Education Incentive Grant Program.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 expenditures of \$2,171,887, which is a decrease of \$50,000, or 2.3 percent, below the agency's request. The decrease is attributed to a \$50,000 reduction in the transfer from the Emergency Medical Services Operating Fund to the Education Incentive Grant Program.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 101 --Sentencing Commission

AGENCY REQUEST. The FY 2011 request for operating expenditures totals \$9.0 million, including \$8.4 million from the State General Fund. The FY 2011 request is an all funds decrease of \$443,494, or 4.7 percent, and a State General Fund decrease of \$869,324, or 9.3 percent, below the FY 2010 revised estimate. The FY 2011 request includes 10.0 FTE and 4.0 non-FTE unclassified positions, the same as the FY 2010 revised estimate.

GOVERNOR'S RECOMMENDATION. The Governor's recommendation for FY 2011 totals \$8.6 million, including \$7.4 million from the State General Fund. The recommendation is an all funds decrease of \$422,208, or 4.7 percent, and a State General Fund decrease of \$1,084,608, or 12.8 percent, below the agency's FY 2011 request. The change is due to a decrease of 5.0 percent to the State General Fund request for 2003 SB 123 drug treatment (\$422,208) and the substitution of \$662,400 in fee funds to offset State General Fund expenditures. The recommendation includes 10.0 FTE and 4.0 non-FTE unclassified positions, the same as the FY 2010 recommendation.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete 1.0 vacant non-FTE unclassified permanent position for FY 2011.

Sec. 102 --Kansas Commission on Peace Officers' Standards and Training (KCPOST)

AGENCY REQUEST. The agency requests FY 2011 operating expenditures totaling \$650,005, all from the Kansas Commission on Peace Officers' Standards and Training Fund, which is an increase of \$71,305, or 12.3 percent, above the FY 2010 revised estimate. The agency states that increases are primarily due to general start-up costs, but also some expenditures were delayed in relation to budget reductions previously made to the FY 2010 budget. The request includes 7.0 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's request for FY 2011, and includes the transfer of \$200,000 from the agency's fee fund to the State General Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 103 --Department of Agriculture

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$30.2 million, which is an increase of \$3.1 million, or 11.5 percent, above the revised FY 2010 estimate. The request includes State General Fund expenditures of \$12.6 million, which is an increase of \$2.4 million, or 24.2 percent, above the revised FY 2010 estimate. The request includes enhancement funding that totals \$3.6 million, including \$2.2 million from the State

General Fund. The enhancement funding accounts for the agency's increase over the revised FY 2010 estimate. Absent the enhancement funding, the agency's FY 2011 request totals \$26.6 million, which is a decrease of \$497,961, or 1.8 percent, below the agency's revised FY 2010 estimate. The request would fund 344.5 FTE positions.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 operating budget totaling \$25.5 million, which is a decrease of \$4.7 million, or 15.5 percent, below the agency's FY 2011 request, and a decrease of \$1.1 million, or 4.3 percent, below the Governor's FY 2010 recommendation. The Governor recommends a reduction of 3.0 FTE positions for FY 2011. The State General Fund recommendation totals \$9.5 million for FY 2011, which is a decrease of \$3.1 million, or 24.3 percent, below the agency's FY 2011 request, and a decrease of \$301,017, or 3.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend any of the agency's State General Fund enhancement requests, which total \$2.2 million. The Governor recommends an additional reduction of \$816,491 from the agency's FY 2011 State General Fund request. The reductions are reflected in the agency's reduced resources budget, which totals \$516,491, and the Governor recommends an additional reduction of \$300,000 from the agency's State General Fund budget.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Add \$75,000, all from the Economic Development Initiatives Fund (EDIF), to the Dairy Inspection program for FY 2011 for operating expenditures.
2. Add language that directs the agency to make every effort to ensure services performed in the Dairy Inspection program will not be compromised by budget reductions that are recommended for FY 2011.
3. Add language that directs the agency to make every effort to ensure services performed in the Grain Warehouse Inspection program will not be compromised by budget reductions that are recommended for FY 2011.

Sec. 104 --Animal Health Department

AGENCY REQUEST. The agency requests a FY 2011 budget of \$2.6 million, which is a decrease of \$139,113, or 5.0 percent, below the agency's revised FY 2010 estimate. The FY 2011 request includes a State General Fund budget of \$840,266, which is a reduction from the revised FY 2010 estimate of \$45,700, or 5.2 percent. The decrease is attributed to one-time funding for computers and related technology in FY 2010, which is partially offset by slight increases in salary and wages and contractual services for FY 2011.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's FY 2011 request; however, the Governor recommends a State General Fund budget totaling \$798,253, which is a decrease of \$42,013, or 5.0 percent, below the agency's FY 2011 request, and a decrease of \$61,133, or 7.1 percent, below the Governor's FY 2010 recommendation. The Governor recommends adding \$42,013 from the agency's special revenue funds to replace the State General Fund dollars.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 105 --Kansas State Fair Board

AGENCY REQUEST. The agency requests \$5.8 million, including \$294,854 from the State General Fund, for FY 2011 operating expenditures. The FY 2011 request is an increase of \$106,734, or 1.9 percent, above the revised FY 2010 estimate. The increase is primarily attributed to the agency's request for enhancement funding, which totals \$120,000 from the Economic Development Initiatives Fund (EDIF). Absent the enhancement funding, the FY 2011 request totals \$5,669,764, which is a decrease of \$13,266, or 0.2 percent, below the revised FY 2010 estimate. The decrease is reflected in the agency's contractual services budget.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 operating budget of \$5.6 million, which is a decrease of \$170,000, or 2.9 percent, below the agency's FY 2011 request, and a decrease of \$63,266, or

1.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend the agency's enhancement requests, which total \$120,000. The Governor recommends transferring \$50,000 from the agency's State Fair Fee Fund to the State Fair Capital Improvement Fund for FY 2011, which would increase the agency's total transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund from \$300,000 to \$350,000. The transfer decreases the agency's expenditures by \$50,000.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 106 --State Conservation Commission

AGENCY REQUEST. The agency requests a FY 2011 budget of \$14.4 million, including \$783,299 from the State General Fund. The request is an increase of \$2.4 million, or 19.7 percent, above the revised FY 2010 estimate. The State General Fund request is a decrease of \$17,234, or 2.2 percent, below the revised FY 2010 estimate. The request includes enhancement funding of \$1.2 million, all from special revenue funds. Absent the enhancement funding, the FY 2011 request totals \$13.2 million, which is an increase of \$1.1 million, or 9.6 percent, above the revised FY 2010 estimate. The increase is attributed to the agency's State Water Plan Fund request.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 budget totaling \$10.3 million, including \$744,134 from the State General Fund. The recommendation is a decrease of \$4.1 million, or 28.7 percent, above the agency's FY 2011 request, and a decrease of \$902,225, or 8.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend any of the agency's enhancement requests, which total \$1.2 million, all from special revenue funds.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Add language that would allow the agency to spend State Water Plan Funds in the Water Resources Cost-Share program for contractual technical expertise and/or on non-salary agency administration expenditures for FY 2011.
2. Add reappropriation language to the Conservation Reserve Enhancement Program (CREP) account of the State Water Plan Fund for FY 2011.

Sec. 107 --Kansas Water Office

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$11.9 million, including \$2.8 million from the State General Fund. The request is an increase of \$3.1 million, or 34.6 percent, above the agency's revised FY 2010 estimate. The agency's request includes enhancement funding of \$3.8 million, including \$770,558 from the State General Fund. Absent the enhancement request, the agency's FY 2011 request totals \$8.2 million, which is a decrease of \$1.4 million, or 14.7 percent, below the agency's revised FY 2010 estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 operating budget of \$7.2 million, including \$1.9 million from the State General Fund. The recommendation is a decrease of \$4.8 million, or 40.1 percent, below the agency's FY 2011 request, and a decrease of \$1.7 million, or 18.8 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend any of the agency's enhancement requests, which total \$3.8 million. The State General Fund recommendation totals \$1.9 million, which is a decrease of \$870,029, or 31.5 percent, below the agency's FY 2011 request, and a decrease of \$76,079, or 3.9 percent, below the Governor's FY 2010 recommendation. The decrease from the agency's request is attributed to the Governor not recommending the agency's State General Fund enhancement requests, which total \$770,558. In addition, the Governor recommends the agency's reduced resources budget of \$99,471, all from the State General Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Change the expenditure limitation for the State Conservation Storage Water Supply Fund from \$0 to no limit for FY 2011.

2. Add language that would prohibit the agency from using funding from the State Conservation Storage Water Supply Fund to purchase water storage in Milford, Perry, Big Hill, or Hillsdale reservoirs for FY 2011.

Sec. 108 --Department of Wildlife and Parks

AGENCY REQUEST. The agency requests a FY 2011 operating budget of \$53.5 million, including \$5.8 million from the State General Fund. The request is an increase of \$3.5 million, or 7.0 percent, above the agency's revised FY 2010 request. Included in the agency's FY 2011 request is enhancement funding of \$1.3 million, all from special revenue funds. Requested State General Fund expenditures total \$5.8 million, which is an increase of \$533,008, or 10.1 percent, above the agency's revised FY 2010 estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 operating budget of \$53.0 million, including \$5,522,436 from the State General Fund. The recommendation is a decrease of \$462,786, or 0.9 percent, below the agency's FY 2011 request, and an increase of \$3.2 million, or 6.4 percent, above the Governor's FY 2010 recommendation. The State General Fund recommendation totals \$5.5 million, which is a decrease of \$290,986, or 5.0 percent, below the agency's FY 2011 request, and an increase of \$414,013, or 8.1 percent, above the Governor's FY 2010 recommendation. The Governor recommends reductions for State Parks capital outlay expenditures (\$40,986) and to replace State General Fund expenditures for State Parks with special revenue funds (\$250,000). The Governor recommends \$848,030, all from special revenue funds, in enhancement funding for vehicle replacements. The Governor does not recommend any other enhancement requests.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Add \$84,000, all from special revenue funds, and 1.0 FTE position, for a Natural Resource Officer position for FY 2011. The position is part of the agency's sworn law enforcement personnel with jurisdiction on public and private lands, that enforces both state and federal fish and wildlife laws, boating laws, and regulation of public lands.
2. Increase the expenditure limitation on the agency's Parks Fee Fund by \$1.0 million for FY 2011. Because the Parks program receives the largest portion of the agency's State General Fund budget, by increasing the expenditure limitation on the Parks Fee Fund, the agency would have flexibility for FY 2011 to spend more from its fee fund on State Parks operations to compensate for the decreased State General Fund amounts.

Sec. 109 --Kansas Department of Transportation

AGENCY REQUEST. The agency requests a FY 2011 reportable budget of \$1.2 billion, which is a decrease of \$261.1 million, or 18.2 percent, below the FY 2010 revised estimate. Reportable expenditures from the State Highway Fund total \$821.1 million, which is a decrease of \$247.0 million, or 23.1 percent, below the FY 2010 revised estimate. The FY 2011 request includes: Non-reportable expenditures of \$183.7 million, which is a decrease of \$6.5 million, or 3.4 percent, below the FY 2010 revised estimate; a decrease of \$261.1 million, primarily due to Construction Program capital improvements project expenditures shifted into FY 2010 for projects that do not continue into FY 2011, and federal ARRA funds expended in FY 2010 that do not reoccur in FY 2011; and an enhancement request for \$4,853,909, all from the State Highway Fund, to replace 264 vehicles.

For FY 2011, the agency requests expenditures of \$7,400,561, all from the State Highway Fund, for building projects. Expenditures include \$3,946,422 for projects and \$3,454,139 for rehabilitation and repair.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 reportable budget of \$1.0 billion, which is a decrease of \$321.8 million, or 23.6 percent, below the FY 2010 recommendation, and a decrease of \$132.4 million, or 11.3 percent, below the agency's FY 2011 request. Reportable expenditures from the State Highway Fund total \$699.7 million, which is a decrease of \$296.6 million, or 29.8 percent, below the FY 2010 recommendation, and a decrease of \$121.3 million, or 14.8 percent, below the agency's FY 2011 request. The Governor recommends the following adjustments: Transfer \$105.0 million from the State Highway Fund to the State General Fund; reduce building project expenditures by \$1,574,131; the Governor does not recommend the agency's enhancement request for replacement vehicles for \$4.8 million; the Governor recommends continuation of

funding for the Kansas Highway Patrol Operations through a transfer to the State General Fund (\$36.2 million); the Governor recommends cancellation of the FY 2009 loan repayment of \$30,896,209 from the State General Fund to the State Highway Fund, that was delayed until FY 2011 by the 2009 Legislature; and the Governor does not recommend making the transfer from the State General Fund to the Special City and County Highway Fund (SCCHF) for FY 2011 (\$10,063,664).

For FY 2011, the Governor recommends expenditures totaling \$5,826,430, all from the State Highway Fund, for building projects. Expenditures include \$2,372,291 for projects and \$3,454,139 for rehabilitation and repair. The Governor does not recommend \$1,574,131 in projects which include: the construction of one vehicle wash bay in Shawnee (\$300,329), Area Shop Renovation in Topeka (\$317,876), District Six Welding Shop Addition in Garden City (\$835,926), and the purchase of land in various locations (\$120,000).

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$6,700,000, all from the State Highway Fund, to reduce heavy equipment purchases for FY 2011.
2. Delete \$50,000,000, all from the State Highway Fund, for FY 2011 and transfer the same amount to the State General Fund. Of that amount, \$44,000,000 is captured as FY 2011 savings for preservation projects that were not let as part of the FY 2010 allotment reductions, and the remaining \$6,000,000 would be achieved by reducing preservation lettings by an additional \$12,000,000 for FY 2011.
3. Add language capping the FY 2011 sales tax transfer to the State Highway Fund at \$225,000,000. This results in a savings of \$50,000,000 to the State General Fund.

Sec. 110 --Position Limitations

This section establishes the FTE positions for each state agency.

Sec. 111 --State Employee Pay

GOVERNOR'S RECOMMENDATION.

The Governor recommends the continuation for FY 2011 of \$8.5 million from the State General Fund for the classified salary market salary adjustment included in 2008 HB 2916 which appropriated \$8.5 million for four years, FY 2010 through FY 2013. The increase is to provide salary increases for classified employees whose salaries are under the market rate and this increase has been implemented for certain salaries in FY 2009 and FY 2010.

For FY 2011, the Governor recommends the continuation of the current temporary longevity bonus payment program. The recommendation provides for a bonus of \$50 per year of service, with a 10-year minimum (\$500) and a 25-year maximum (\$1,250). The current statutory provisions of the longevity bonus payment are \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2011 payments is \$14.4 million, including \$6.0 million from the State General Fund.

The Governor also recommends continuation of provisions authorizing non-session payments to legislators to offset expenses incurred between sessions of the Legislature.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$14.4 million, including \$6.0 million from the State General Fund, and require state agencies to self-fund state employee longevity bonus payments for FY 2011.
2. Delete \$8,534,972, all from the State General Fund, for the State classified employees market pay adjustment for FY 2011.

Sec. 112 --Department of Administration

AGENCY REQUEST. The agency requests \$25.8 million, all from the State General Fund, for capital improvements for FY 2011. Projects are divided into three categories - rehabilitation and repair, specific projects, and debt service principal payments. The agency notes its priority is securing rehabilitation and repair funds. The request for rehabilitation and repair is the same as the FY 2010 revised estimate.

The agency requests non-reportable capital improvement expenditures totaling \$3.0 million, all from special revenue funds. The request includes \$740,000 for rehabilitation and repair projects, and \$2.2 million for debt service principal payments.

GOVERNOR'S RECOMMENDATION. The Governor recommends a reportable FY 2011 capital improvement budget totaling \$19.2 million, a reduction of \$6.6 million below the agency's request. The Governor does not recommend any of the agency's new projects. The recommendation also includes a reduction of \$145,970 for rehabilitation and repair projects as part of the 5.0 percent reduced resources budget. The Governor concurs with the agency's request for debt service interest.

The Governor's non-reportable capital improvement expenditure recommendation is a reduction of \$50,000 below the agency's request. The entire reduction is in the surplus property rehabilitation and repair fund. The agency requested \$50,000, but \$100,000 was inadvertently entered into the budget system.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 113 --Department of Commerce

AGENCY REQUEST. The agency requests FY 2011 capital improvements to be \$160,000 from special revenue funds. The request includes \$80,000 for rehabilitation and repair on various buildings across the State and \$80,000 for debt service principal payments on the Topeka Workforce Development building. The Topeka Workforce Development building was transferred from the Department of Labor to the Department of Commerce in 2004.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 114 --Insurance Department

AGENCY REQUEST. The agency requests FY 2011 capital improvement expenditures of \$132,678, all from special revenue funds. This estimate includes \$67,678 for the debt service principal payment for the HVAC replacement project. The remaining \$65,000 will be used for rehabilitation and repair of the Kansas Insurance Building.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 115 --Social and Rehabilitation Services

AGENCY REQUEST. The agency requests capital improvement expenditures of \$7.7 million for FY 2011. This includes \$3.4 million for debt service principal payments; \$4.1 million for rehabilitation and repair projects at the five state hospitals; and \$200,000 for rehabilitation and repair projects at the Chanute area office.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 capital improvement expenditures of \$5.0 million, a decrease of \$2.6 million, or 34.6 percent, below the agency's request. The reduction is all in the agency's request for rehabilitation and repair projects at the state hospitals.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 116 --Department of Labor

AGENCY REQUEST. The agency requests FY 2011 capital improvement expenditures of \$792,551, an increase of \$228,927, or 40.6 percent, above the FY 2010 revised estimate. The capital improvements projects are fully funded from special revenue funds. Major projects include: Renovation of 401 SW Topeka; Roof Replacement at 417 SW Jackson; Renovation of 1309 SW Topeka; Renovation of Eastman Building at 2650 E. Circle Drive; and Renovation of 427 SW Topeka.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 capital improvements expenditures of \$340,631 including \$80,000 for general rehabilitation and repair and \$260,631 for the payment of debt service principal, all from special revenue funds. The Governor does not recommend any of the major project expenditures listed above.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 117 --Commission on Veterans Affairs

AGENCY REQUEST. The agency requests FY 2011 capital improvement expenditures of \$1,999,322, an increase of \$1,558,509, or 353.6 percent, above the FY 2010 agency estimate.

At the Kansas Soldiers' Home, the agency requests \$1,512,817, all from the State Institutions Building Fund. Included in the request are the following: \$150,000 for major repair and maintenance at the Kansas Soldiers' home; \$200,000 for street repair and replacement at the Kansas Soldiers' Home; \$33,630 to replace the roofs on the power plant building, the garages, and the plumbing shop; \$460,908 to replace the roofs on Nimitz, Lincoln, Grant, and Walt Halls; \$500,000 for repairs due to hail damage from a storm in June 2009; \$130,000 for foundation repairs at various buildings at the facility; and \$38,279 for replacement of windows in the portion of Pershing Hall which houses the CBOC (Community Based Outpatient Clinic).

At the Kansas Veterans' Home, the agency requests \$486,505, all from the State Institutions Building Fund. Included in the request are the following: \$45,000 for updated fire alarm panels; \$100,000 for emergency repair and replacement; \$165,000 to partially replace the carpet in with tile at the facility; and \$176,505 for window replacement in Donlon Hall.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 capital improvement expenditures of \$1,038,414, a decrease of \$960,908, or 48.1 percent, below the FY 2011 agency estimate. The recommendation includes \$551,909 for rehabilitation and repair at the Kansas Soldiers' Home and \$486,505 for rehabilitation and repair at the Kansas Veterans' Home. The Governor concurs with all requests except; \$460,908 for roof replacement at Nimitz, Lincoln, Grant, and Walt Halls and \$500,000 for hail damage repairs at the Kansas Soldiers' Home. The Governor recommends additional cost estimates on the hail damage.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 118 --School for the Blind

AGENCY REQUEST. The agency requests FY 2011 capital improvement expenditures of \$417,818. The request includes \$30,510 from the State General Fund, for debt service principal payments. The remainder would be funded from the State Institutions Building Fund (SIBF). The projects are as follows: \$78,600, all from the SIBF, for general rehabilitation and repair projects; \$105,236, all from the SIBF, to continue upgrades to campus security; \$161,430, all from the SIBF, to reroof sections of the Johnson Building, an instructional building for elementary and high school students; and \$42,042, all from the SIBF, to reseal driveways and parking lots on campus.

GOVERNOR'S RECOMMENDATION. The Governor recommends a FY 2011 capital improvement budget totaling \$109,110, including \$30,510 from the State General Fund. The recommendation includes funding for debt service principal, paid from the State General Fund, and rehabilitation and repair from the SIBF. The Governor does not recommend any funding for the new projects.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 119 --School for the Deaf

AGENCY REQUEST. The agency requests \$930,299 for capital improvement projects. The request includes \$63,850, all from the State General Fund, for debt service principal payments. All remaining funding would come from the State Institutions Building Fund (SIBF) for the following projects: rehabilitation and repair; Roth Dormitory renovation architect fees; Roth Dormitory electrical utility distribution upgrades; and kitchen refrigeration upgrade.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$268,250, including \$63,850 from the State General Fund, for capital improvement requests in FY 2011. The Governor concurs with the agency's request for debt service principal, all from the State General Fund, and concurs with the agency's request for rehabilitation and repair funding, all from the SIBF. The Governor does not recommend any other capital improvement projects in FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 120 --State Historical Society

AGENCY REQUEST. The agency requests \$301,477, including \$209,477 from the State General Fund, for capital improvements projects for FY 2011. The agency requests \$125,000 from the State General Fund for the repair and rehabilitation of the more than fifty structures under its care. The agency requests \$50,000 from the State General Fund for the replacement of faulty lighting fixtures that have caught fire on at least two occasions at the State Historical Society in Topeka. The agency also requests \$14,477 from the State General Fund for Constitution Hall. The agency requests \$27,000 in private funds for Cottonwood Ranch, \$30,000 from federal grants to match the \$20,000 from the State General Fund for the John Brown Museum, and \$35,000 from private funds for Grinter Place.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$301,477, including \$125,000 from the State General Fund, for capital improvements projects for FY 2011. The Governor recommends using the agency's special revenue funds to replace the lighting fixtures (\$50,000), provide the state match for the John Brown Museum (\$20,000), and repair Constitution Hall (\$14,477), instead of using State General Funds as the agency had requested for FY 2011. The Governor concurs with the use of private funds and federal grants for Cottonwood Ranch, Grinter Place, and the John Brown Museum.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 121 --Emporia State University

AGENCY REQUEST. The agency requests FY 2011 capital improvements expenditures of \$1.9 million, all from

special revenue funds. The request includes \$1.0 million for rehabilitation and repair, \$370,000 for deferred maintenance, and \$510,000 for debt service principal payments. The FY 2011 request does not include funding from the Educational Building Fund or the federal American Recovery and Reinvestment Act funds; these funds are appropriated in the Board budget and then distributed to the individual institutions.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 122 --Fort Hays State University

AGENCY REQUEST. The agency requests FY 2011 capital improvements expenditures of \$1.0 million, all from special revenue funds. The request includes rehabilitation and repair projects totaling \$400,000 for parking maintenance and \$615,944 for debt service principal payments. The reduction from FY 2010 to FY 2011 reflects funds that have not yet been distributed by the Board of Regents and interest earnings not yet collected for FY 2011.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 123 --Kansas State University

AGENCY REQUEST. The agency requests FY 2011 capital improvements expenditures of \$7.1 million, including \$165,396 from the State General Fund. The request includes \$1.8 million for deferred maintenance projects and \$4.5 million for debt service principal payments.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 124 --KSU - Extension Systems and Agricultural Research Program

AGENCY REQUEST. The agency requests \$1.0 million, all from special revenue funds, for FY 2011 for a new sheep and goat facility. According to the agency, the sheep unit is being moved because the existing facility no longer meets the needs of the program.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 125 --Pittsburg State University

AGENCY REQUEST. The agency requests FY 2011 capital improvements expenditures of \$2.7 million, including \$332,732 from the State General Fund. The request includes deferred maintenance projects totaling \$375,000 and debt service payments of \$1.4 million. The request does not include transfers from the Board of Regents from the federal American Recovery and Reinvestment Act (ARRA) funds or the Educational Building Fund.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 126 --University of Kansas

AGENCY REQUEST. The agency requests FY 2011 capital improvements expenditures of \$32.1 million, including \$22.5 million from the State General Fund. The request includes an enhancement for \$21.1 million, all from the State General Fund, for deferred maintenance projects. The request is part of the \$92.9 million identified by the Board of Regents as necessary to adequately address deferred maintenance systemwide. This funding would be in addition to the funding received by postsecondary institutions from the Postsecondary Educational Institution Infrastructure Maintenance Program.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 capital improvements funding of \$10.9 million, including \$1.4 million from the State General Fund. The recommendation includes \$5.8 million for debt service principal payments and \$3.2 million for deferred maintenance. The Governor does not recommend the enhancement request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 127 --University of Kansas Medical Center

AGENCY REQUEST. The agency requests FY 2011 capital improvements expenditures of \$10.7 million, including \$9.4 million from the State General Fund. The request includes an enhancement for \$9.0 million, all from the State General Fund, for deferred maintenance projects. The request is part of the \$92.9 million identified by the Board of Regents as necessary to adequately address deferred maintenance systemwide. This funding would be in addition to the funding received by postsecondary institutions from the Postsecondary Educational Institution Infrastructure Maintenance Program.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 capital improvements expenditures of \$1.7 million, including \$440,000 from the State General Fund. The recommendation is a reduction of \$9.0 million, all from the State General Fund, below the agency request due to the unfunded enhancement in that amount for deferred maintenance.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 128 --Wichita State University

AGENCY REQUEST. The agency requests FY 2011 capital improvements expenditures of \$4.3 million, including \$1.4 million from the State General Fund. The request includes deferred maintenance expenditures of \$935,544 and debt services principal payments of \$3.1 million. The request does not include Infrastructure Maintenance Fund or federal American Recovery and Reinvestment Act (ARRA) funds which have not yet been appropriated and distributed by the Board of Regents.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency request for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 129 --Board of Regents

AGENCY REQUEST. The agency requests FY 2011 capital improvement expenditures of \$41.7 million, all from special revenue funds. The expenditures consist of debt service principal payments of \$26.7 million including \$5.2 million for Research Bonds, \$7.5 million for PEI Infrastructure bonds and \$14.0 million for Crumbling Classrooms Bonds, as well as \$15.0 million for general maintenance at the universities.

GOVERNOR'S RECOMMENDATION. The Governor recommends \$39.2 million, including \$5.0 million from the State General Fund, for FY 2011 capital improvements. The recommendation includes debt service principal payments of \$24.2 million. The recommendation is a reduction of \$2.5 million, or 6.0 percent, all funds and an increase of \$5.0 million from the State General Fund. The change is related to the PEI Infrastructure program. The

Governor reduced State General Fund appropriations to the Board of Regents by \$5.0 million in operating expenditures, and increased State General Fund appropriations for principal payments by the same amount. This change was required because the PEI program bonds are guaranteed by the State General Fund. The recommendation allows the Board to keep the principal payments from the institutions and reallocate funds as necessary to equalize the change in State General Fund expenditures.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 130 --Department of Corrections

AGENCY REQUEST. FY 2011 capital improvements expenditures for the Department of Corrections total \$7.4 million, including \$2.3 million from the State General Fund. The request includes \$3.7 million for rehabilitation and repair projects and \$3.6 million for debt service principal payments. The request includes one enhancement request totaling \$504,000, all from the State General Fund, to begin planning on a new men's and women's mental health facility for inmates with severe mental health and behavioral management needs.

GOVERNOR'S RECOMMENDATION. The Governor's recommendation for FY 2011 capital improvements expenditures totals \$6.7 million, including \$1.8 million from the State General Fund. The recommendation is a decrease of \$647,000, or 8.8 percent, below the FY 2011 agency request. The difference is due to a downward projection of \$143,000 in the available funds in the Correctional Institutions Building Fund and \$504,000 in enhancement funds that are not recommended by the Governor.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 131 --Juvenile Justice Authority

AGENCY REQUEST. The agency requests capital improvements for FY 2011 in the amount of \$3,150,973, all from the State Institutions Building Fund. Included in the request is \$860,973 for rehabilitation and repair projects, including professional services, security upgrades, and replacement carpeting. The balance is debt service principal payments for the Kansas Juvenile Correctional Complex and Larned Juvenile Correctional Facility. The funding for capital improvements flows through the central office budget in the budget year and is reflected within facility budgets in the current year.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's request.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 132 --Highway Patrol

AGENCY REQUEST. The agency requests FY 2011 capital improvement expenditures totaling \$1,158,477, all from special revenue funds. The request includes debt service principal payments of \$305,000 on the Fleet Center and the Vehicle Identification Number Facility in Olathe; rehabilitation, repair, and scale replacement totaling \$273,560; and \$579,917 for labor, materials and equipment to replace four roofs and a boiler at the Kansas Highway Patrol Training Academy in Salina.

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 capital improvements expenditures totaling \$451,560, all from special revenue funds. The Governor's recommendation includes the following: the Governor concurs with the agency's request for \$305,000 for debt service principal; reduction and transfer of Academy roof and boiler replacement funds (\$579,917 from the Highway Patrol Training Center Fund) to the KHP Operations Fund to be used for salaries and wages as part of the reduced resources; and reducing scale replacement and rehabilitation and repair expenditures by \$127,000 and leaving funds in the KHP Operations fund to be used for salary and wages as part of the reduced resources.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 133 --Adjutant General

AGENCY REQUEST. The agency requests FY 2011 capital improvements expenditures totaling \$74,870,638. The request includes expenditures totaling \$9,537,403 from the State General Fund. State General Fund expenditures include: \$1,820,000 for debt service principal; and \$7,717,403 in requested enhancements. Federal Fund expenditures (\$65,333,235) include: \$1.0 million in matching funds for the armory renovation program; \$2,790,235 in Architectural and Engineering costs associated with the new Field Maintenance Shop and the Armory in Wichita; and \$61,543,000 for the construction costs of the Wichita Field Maintenance Shop (\$22.8 million, 121,921 sq. ft.) and Armory (\$38.8 million, 209,000 sq. ft.).

GOVERNOR'S RECOMMENDATION. The Governor recommends FY 2011 capital improvements expenditures totaling \$67,153,235, including \$1,820,000 from the State General Fund. The difference, when compared to the agency request, is due to State General Fund reductions of \$7,717,403. The Governor did not recommend any enhanced funding for capital improvements. The Governor concurs with the agency's request for debt service principal (\$1.8 million) and special revenue fund expenditures. The recommendation includes the issuance of the remaining \$3.0 million in armory renovation bonds for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 134 --Kansas State Fair Capital Improvements

AGENCY REQUEST. The agency requests capital improvement expenditures of \$1.4 million, including \$1.3 million from the State General Fund, which is an increase of \$1.1 million, or 423.7 percent, above the revised FY 2010 estimate. The agency requests \$116,592, all from special revenue funds, for rehabilitation and repair projects. In addition, the agency requests \$1.3 million, all from the State General Fund, for debt service principal payments for FY 2011.

In addition, the agency requests \$843,000 be transferred from the State General Fund to the State Fair Capital Improvements Fund. The agency notes that the state has not made its statutory transfer in four of the past nine fiscal years, which has created a void of \$1,043,000 within the State Fair Capital Improvement Fund. The agency requests \$843,000 for FY 2011 from the State General Fund, which in addition to the agency's FY 2010 supplemental request, would fund the match amounts that the state did not transfer in previous fiscal years.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's revised FY 2011 request for expenditures and recommends a transfer of \$50,000 from the State Fair Fee Fund to the State Fair Capital Improvements Fund. This additional transfer would increase the agency's transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund from \$300,000 to \$350,000 for FY 2011. The Governor also recommends that the agency transfer all or part of its contribution earlier than required from the State Fair Fee Fund to the State Fair Capital Improvements Fund in order to make the required bond payment. The Governor does not recommend the enhancement request to transfer \$843,000 from the State General Fund to the State Fair Capital Improvements Fund.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 135 --Department of Wildlife and Parks

AGENCY REQUEST. The agency requests expenditures totaling \$8.9 million, including \$1.5 million from the State General Fund for FY 2011. The request is a decrease of \$5.7 million, or 38.9 percent, below the agency's revised FY 2010 estimate. The request includes an enhancement of \$1.5 million, all from the State General Fund. Absent the enhancement, the agency's State General Fund request for capital improvements totals \$6,300, which is attributed to debt service principal payments. The remainder of the decrease is due to capital improvement projects that are anticipated to conclude in FY 2010 and reappropriated funding that was carried forward from FY 2009 to

FY 2010 that is budgeted to be spent in FY 2010. The agency requests increases in several of the programs to reflect anticipated payments, maintenance, and construction.

GOVERNOR'S RECOMMENDATION. The Governor recommends expenditures totaling \$6.4 million, including \$6,300 from the State General Fund. The recommendation is a decrease of \$2.4 million, or 27.3 percent, below the agency's FY 2011 request, and a decrease of \$8.0 million, or 55.4 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend the agency's enhancement request, which totals \$1.5 million, all from the State General Fund. The Governor also recommends suspending a transfer from the State Highway Fund to the agency's Department Access Roads Fund in FY 2011 totaling \$1,043,528. In addition, the Governor recommends an addition of \$125,000, all from federal funds, for facilities at the State Parks.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 136 --Kansas Bioscience Authority

GOVERNOR'S RECOMMENDATION. The Governor recommends transferring \$35.0 million from the State General Fund to the Bioscience Development and Investment Fund for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 137 --Economic Development Initiatives Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends transferring \$3,018,605 from the Economic Development Initiatives Fund to the State General Fund for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Increase the transfer from the Economic Development Initiatives Fund to the State General Fund by \$725,000, from \$3,018,605 to \$3,743,605, for FY 2011.

Sec. 138 --Loan Repayment Transfer Cancellations

GOVERNOR'S RECOMMENDATION.

(a) The Governor recommends suspending the scheduled transfer of \$250,000 from the State General Fund to the Waste Tire Management Fund of the Department of Health and Environment for FY 2011. This transfer would have repaid 25.0 percent of the amount transferred from the fund to the State General Fund in FY 2003.

(b) The Governor recommends suspending the scheduled transfer of \$2,500,000 from the State General Fund to the Underground Petroleum Storage Tank Release Fund of the Department of Health and Environment for FY 2011. This transfer would have repaid 25.0 percent of the amount transferred from the fund to the State General Fund in FY 2003.

(c) (d) (e) The Governor recommends suspending the scheduled transfer of \$30.9 million from the State General Fund to the State Highway Fund of the Kansas Department of Transportation for FY 2011. This transfer would have repaid 25.0 percent of the amount transferred from the fund during the 2002 and 2003 Legislative Sessions.

(f) The Governor recommends that anticipated transfers from the State General Fund to the Workers' Compensation Fund of \$1.0 million for FY 2011 be halted.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Transfer \$30.9 million from the State General Fund to the State Highway Fund for FY 2012. Of the amount borrowed by the 2002 and 2003 Legislatures, \$61.8 million is still outstanding, and the transfer will repay half of that amount, with the remaining recommended transfer to occur in FY 2013.

2. Transfer \$30.9 million from the State General Fund to the State Highway Fund for FY 2013. This transfer will repay the remaining amount borrowed by the 2002 and 2003 Legislatures.

Sec. 139 --Kansas State Fair Capital Improvements

GOVERNOR'S RECOMMENDATION. The Governor recommends a transfer of \$50,000 from the State Fair Fee Fund to the State Fair Capital Improvements Fund. This additional transfer would increase the agency's transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund from \$300,000 to \$350,000 in FY 2011. The Governor also recommends that the agency transfer all or part of its contribution earlier than required from the State Fair Fee Fund to the State Fair Capital Improvements Fund in order to make the required bond payment.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 140 --Housing Trust Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends adjusting transfer amounts to the State Housing Trust Fund of the Kansas Housing Resources Corporation for FY 2011, FY 2012 and FY 2013. The recommendation would provide no transfer for FY 2011 and FY 2012, and would provide \$2,000,000 from the State General Fund, and \$2,000,000 from the Economic Development Initiatives Fund for a total of \$4,000,000 for FY 2013.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 141 --Health Care Stabilization Board Transfer

GOVERNOR'S RECOMMENDATION. The Governor recommends suspending any planned transfers from the State General Fund to the Healthcare Stabilization Fund for FY 2011 and FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 142 --Abandoned Oil and Gas Well Transfer

AGENCY REQUEST. The agency requests transfers of \$400,000 from the State General Fund, State Water Plan Fund, and the Conservation Fee Fund, for a total of \$1.2 million, to the Abandoned Oil and Gas Well Fund in FY 2010 and FY 2011 for well-plugging activities.

GOVERNOR'S RECOMMENDATION. The Governor recommends transfers from the State Water Plan Fund of \$288,000 in FY 2010 and \$374,865 in FY 2011. The Governor does not recommend a transfer from the State General Fund for FY 2010, FY 2011, or FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 143 --Department of Education - Capital Outlay State Aid - Revenue Transfer

AGENCY REQUEST. The agency requests \$26.4 million, all from the State General Fund, for Capital Outlay State Aid for FY 2011. This is an increase of \$26.4 million, or 100.0 percent, above the revised FY 2010 estimate.

GOVERNOR'S RECOMMENDATION. The Governor recommends suspending any planned transfers from the State General Fund to the School District Capital Outlay State Aid Fund for fiscal years FY 2011 and FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 144 --Department of Education - School District Capital Improvement State Aid - Revenue Transfer

AGENCY REQUEST. The agency requests \$91.7 million for Capital Improvement State Aid for FY 2011. This is an increase of \$5.0 million, or 5.8 percent, above the revised FY 2010 estimate. In November 2008, approximately \$847.0 million in school bonds passed throughout Kansas. The request reflects the anticipated increase in expenditures.

GOVERNOR'S RECOMMENDATION. The Governor concurs with the agency's request and recommends a revenue transfer of \$91.7 million from the State General Fund to the School Districts Capital Improvements Fund for FY 2011 and FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 145 --Omnibus Reconciliation

This section establishes the Omnibus Reconciliation bill as the last appropriations bill, and exempts FY 2011 expenditures from the 7.5 percent ending balance statute.

Sec. 146 --Qualifying Gifts

This section provides for the transfer of matching funds pursuant to the Faculty of Distinction Program.

Sec. 147 --Kansas Development Finance Authority

GOVERNOR'S RECOMMENDATION. The Governor's recommendation would change demand transfers from the State General Fund to Regent Institution Debt Service Funds, or funds at a State Educational Institution for bond payments to revenue transfers for FY 2011 and FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 148 --Infrastructure Maintenance Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends eliminating transfers from the State General Fund to the Infrastructure Maintenance Fund for FY 2010, FY 2011, and FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 149 --Local Ad Valorem Tax Reduction Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends eliminating the transfer from the State General Fund to the Local Ad Valorem Tax Reduction Fund for FY 2010, FY 2011, and FY 2012. The Governor recommends resuming the transfer in FY 2013, FY 2014, and FY 2015. For FY 2013, the transfer will total \$13,500,000.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 150 --County and City Revenue Sharing Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends eliminating the transfer from the State General Fund to the City and County Revenue Sharing Fund for FY 2011 and FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

**Sec. 151 --Business Machinery and Equipment Tax Reduction Assistance Fund - "Slider,"
Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund -
"Slider"**

GOVERNOR'S RECOMMENDATION. The Governor does not recommend the transfer of \$35,183,000 from the State General Fund to the Business Machinery and Equipment Tax Reduction Assistance Fund for FY 2011 and FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Transfer 25.0 percent of the statutory State General Fund transfer to the Business Machinery and Equipment Tax Reduction Assistance Fund for FY 2011, which is estimated to be \$8,795,750. The Governor had recommended that no transfer be made for FY 2011.

**Sec. 152 --Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund -
"Slider"**

GOVERNOR'S RECOMMENDATION. The Governor does not recommend the transfer of \$8,800,000 from the State General Fund to the Telecommunications and Railroad Machinery and Equipment Tax Reduction Assistance Fund for FY 2011 and FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation with the following adjustment:

1. Transfer 25.0 percent of the statutory State General Fund transfer to the Telecommunications and Railroad Machinery and Equipment Tax Reduction Assistance Fund for FY 2011, which is estimated to be \$2,200,000. The Governor had recommended that no transfer be made for FY 2011.

Sec. 153 --Special City County Highway Fund

GOVERNOR'S RECOMMENDATION. The Governor does not recommend making the transfer of \$10,063,664 from the State General Fund to the Special City County Highway Fund for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 154 --Economic Development Initiatives Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends transferring \$200,000 from the Economic Development Initiatives Fund to the Kansas Qualified Biodiesel Fuel Producer Incentive Fund for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 155 --Kansas Retail Dealers Incentive Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends eliminating transfers from the State General Fund to the Kansas Retail Dealer Incentive Fund for FY 2010, FY 2011, and FY 2012.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 156 --State Gaming Revenues Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends adjusting the date on which the Kansas Lottery makes a transfer from lottery proceeds to the State Gaming Revenues Fund from July 15 to June 25.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 157 --State Water Plan Fund

GOVERNOR'S RECOMMENDATION. The Governor recommends reducing the statutory transfer of \$6.0 million to \$1,348,245 from the State General Fund to the State Water Plan Fund for FY 2011.

HOUSE COMMITTEE RECOMMENDATION. The House Committee concurs with the Governor's recommendation.

Sec. 158 --Repealer

This section repeals the existing 2009 K.S.A. Supplement regarding certain transfers.

Sec. 159 --Repealer

This section repeals existing 2009 K.S.A. Supplement statutes.

Sec. 160 --One Percent State General Fund Reduction

HOUSE COMMITTEE RECOMMENDATION

1. Delete \$8.5 million, all from the State General Fund, for a 1.0 percent across the board reduction excluding K-12 education, higher education, corrections, and human services caseloads for FY 2011.

Sec. 161 --Kansas Public Employees Retirement System (KPERS)

Maintain the employer's FY 2010 contribution rate of 7.57 percent for FY 2011. Under current law the employer's contribution rate will increase by 0.6 percent to 8.17 percent. The continuation of the FY 2010 contribution rate of 7.57 percent will achieve savings of approximately \$37.9 million, all from the State General Fund.

Sec. 162 --Kansas Public Employees Retirement System (KPERS)

Suspend all employer contributions to the Kansas Public Employees Retirement System (KPERS) Group Insurance Fund, or Death and Disability Fund, for a three-month period, beginning April 1, 2010 and ending on June 30, 2010. The measure was introduced as part of the Governor's plan to balance the FY 2010 budget

Reduce the employer's contribution rate to the KPERS Group Insurance Reserve Fund, or Death and Disability fund, by 0.25 percent, from 1.0 percent to 0.75 percent for FY 2011. The 0.25 percent reduction will achieve savings of \$4.0 million, all from the State General Fund.

Sec. 163 --Utility Savings

HOUSE COMMITTEE RECOMMENDATION. Add language to capture savings of all State General Fund expenditures on utilities due to closing state offices at 3:00 p.m. every Friday.

Sec. 164 --Tax Amnesty

Provide an amnesty for a variety of state taxes. With the exception of the Kansas privilege tax and individual and corporate income tax, the amnesty will apply to tax liabilities for tax periods ending on or before December 31, 2009. The amnesty will apply to the under-reporting of taxes, the nonpayment of taxes, and the nonreporting of taxes. On or after September 1, 2010, the tax amnesty will not apply if the taxpayer has received notice of an audit or assessment, or if the time for an appeal has not yet expired. The Department will not seek collection of any penalty or interest with respect to taxes eligible for amnesty.

Sec. 165 --Travel Restrictions

HOUSE COMMITTEE RECOMMENDATION

1. Delete \$500,000, all from the State General Fund, and ban out-of-state travel without specific authorization for such travel by the Governor for Executive Branch employees, Chief Justice for Judicial Branch employees, or the Speaker or President for Legislative Branch employees for FY 2011.
2. Delete \$300,000, all from the State General Fund, for FY 2011 to reflect the capture of all state employee travel rewards (frequent flyer miles and hotel bonus points).

Sec. 166 --Overtime Pay Ban

HOUSE COMMITTEE RECOMMENDATION

1. Delete \$200,000, all from the State General Fund, to reflect a ban on overtime pay unless specifically authorized by the Governor for the Executive Branch employees, the Chief Justice for Judicial Branch employees, and the Speaker or President for Legislative Branch employees for FY 2011.

Sec. 167 --Five Percent Pay Suspension for State Employees

HOUSE COMMITTEE RECOMMENDATION

1. Delete \$18,372,570 from the State General Fund in FY 2011 and a 5.0 percent pay suspension for all state employees with the exception of state officers, Highway Patrol troopers, correctional officers, direct care workers, power plant operators, and Regents' employees who are not state officers for FY 2011

Sec. 168 --Five Percent Pay Suspension for State Officers

HOUSE COMMITTEE RECOMMENDATION

1. Delete \$3,575,630 from the State General Fund in FY 2011 and add language to continue the 5.0 percent salary reduction to salaried officers of the state contained in Senate Substitute for HB 2222 (recission bill). The 5.0 percent salary reduction would continue to apply to statewide elected officials, secretary of a department or chief executive officer, members of a board, council, or authority, legislators, legislative leadership, judges and justices and other positions authorized by statute.

Sec. 169 --Hiring Freeze and Vacant Positions

HOUSE COMMITTEE RECOMMENDATION

1. Delete \$19.8 million, all from the State General Fund, for a hiring freeze in all Executive Branch agencies (excluding Regents' institutions), the Judicial Branch and Legislative Branch, with exceptions authorized by the Governor for Executive Branch employees, Chief Justice for

Judicial Branch employees, and Speaker or President for Legislative Branch employees for FY 2011. In addition, delete all vacant positions for FY 2011.

Sec. 170 --Severability

This section provides that if one or more sections of this bill are found by the court to be invalid, the remaining sections shall remain valid.

Sec. 171 --FTE Appeals

This section provides for agencies to exceed the position limitation established by the bill with the approval of the State Finance Council.

Sec. 172 --Appeals to Exceed Limitation

This section provides for agencies to exceed expenditure limitations with the approval of the Governor and the State Finance Council.

Sec. 173 --Savings

This section provides for the reappropriation of special revenue funds that are not specifically appropriated or limited by this, and prior appropriation acts. This section does not apply to the Expanded Lottery Act Revenues Fund, the State Economic Development Initiatives Fund, the Children's Initiatives Fund, the State Water Plan Fund, the Kansas Endowment for Youth Fund, the Kansas Educational Building Fund, the State Institutions Building Fund, or the Correctional Institutions Building Fund,

Sec. 174 --Special Revenue Fund Bond Reappropriations

The Governor's recommendation would allow expenditures in bond special revenue funds for the purposes enumerated by the bond special revenue fund in the event that moneys are credited to the funds and are not appropriated or limited.

Sec. 175 --Federal Grants

This section provides for the expenditure of federal grant funds, pursuant to the grant requirements, for federal funds that are not included in the bill.

Sec. 176 --Correctional Institutions Building Fund

This section provides for the reappropriation of Correctional Institutions Building Fund monies.

Sec. 177 --Education Building Fund Reappropriation

This section provides for the reappropriation of Educational Building Fund monies.

Sec. 178 --State Institutions Building Fund Reappropriation

This section provides for the reappropriation of State Institutional Building Fund monies.

Sec. 179 --Legislative Post Audit Special Revenue Fund Transfers

Provides that state agencies are allowed to exceed their special revenue fund expenditure limitation for the purposes of paying for audits done by Legislative Post Audit.

3-154

STATE GENERAL FUND EXPENDITURES
FY 2009 ACTUAL, FY 2010 HOUSE COMMITTEE RECOMMENDATION, FY 2011 GOVERNOR'S RECOMMENDATION, AND FY 2011 HOUSE COMMITTEE RECOMMENDATION

	Actual FY 2009	House Committee Rec. FY 2010	Gov. Rec. FY 2011	House Committee Rec. FY 2011	Change From FY 2011		Change From FY 2010		
					Governor's Recommendation		House Comm. Recommendation		
					Dollar	Percent	Dollar	Percent	
General Government									
Governmental Ethics Commission	\$ 490,997	\$ 416,711	\$ 457,371	\$ 416,850	\$ (40,521)	(8.9) %	\$ 139	0.0 %	
Legislative Coordinating Council	684,831	1,283,740	727,436	1,277,436	550,000	75.6	(6,304)	(0.5)	
Legislature	16,685,574	16,231,681	15,955,987	15,569,641	(386,346)	(2.4)	(662,040)	(4.1)	
Legislative Research Department	3,318,970	3,497,971	3,420,862	3,420,862	-	-	(77,109)	(2.2)	
Revisor of Statutes	3,108,238	3,273,262	3,215,664	3,215,664	-	-	(57,598)	(1.8)	
Division of Post Audit	2,515,409	2,598,913	2,557,658	2,557,658	-	-	(41,255)	(1.6)	
Office of the Governor	7,556,253	7,289,907	6,967,304	6,967,304	-	-	(322,603)	(4.4)	
Lieutenant Governor	182,164	203,227	196,212	196,212	-	-	(7,015)	(3.5)	
Attorney General	4,726,458	2,683,452	2,574,135	2,574,135	-	-	(109,317)	(4.1)	
Secretary of State	-	-	-	-	-	-	-	-	
State Treasurer	-	-	-	-	-	-	-	-	
Judicial Council	155,368	-	-	-	-	-	-	-	
Board of Indigents' Defense Services	22,461,614	22,195,415	21,963,189	21,963,189	-	-	(232,226)	(1.0)	
Judicial Branch	107,841,890	102,579,899	104,248,535	101,780,036	(2,468,499)	(2.4)	(799,863)	(0.8)	
Kansas Public Employees Retirement System (KPERS)	10,268,448	639,134	3,213,748	3,213,748	-	-	2,574,614	402.8	
Kansas Human Rights Commission	1,623,273	1,525,481	1,442,138	1,442,138	-	-	(83,343)	(5.5)	
Department of Administration	61,349,372	48,351,094	70,653,935	69,387,223	(1,266,712)	(1.8)	21,036,129	43.5	
Court of Tax Appeals	1,563,323	1,384,084	1,382,913	1,382,913	-	-	(1,171)	(0.1)	
Department of Revenue	19,914,508	16,376,306	16,353,414	16,353,414	-	-	(22,892)	(0.1)	
Kansas Technology Enterprise Corp.	580,607	-	-	-	-	-	-	-	
Kansas, Inc.	-	-	-	-	-	-	-	-	
Racing and Gaming Commission	-	-	-	-	-	-	-	-	
Department of Commerce	-	14,323	-	-	-	-	(14,323)	(100.0)	
Total General Government	\$ 265,027,297	\$ 230,544,600	\$ 255,330,501	\$ 251,718,423	\$ (3,612,078)	(1.4) %	\$ 21,173,823	9.2 %	
Human Services									
Social and Rehabilitation Services	\$ 635,388,806	\$ 536,799,910	\$ 592,859,917	\$ 547,591,199	\$ (45,268,718)	(7.6) %	\$ 10,791,289	2.0 %	
Rainbow Mental Health Facility	5,170,163	5,575,456	4,524,298	4,524,298	-	-	(1,051,158)	(18.9)	
Kansas Neurological Institute	10,628,952	8,677,762	11,327,917	11,327,917	-	-	2,650,155	30.5	
Parsons State Hospital	10,050,706	7,497,081	10,447,821	10,447,821	-	-	2,950,740	39.4	
Osawatomie State Hospital	15,683,467	16,691,971	14,342,009	14,342,009	-	-	(2,349,962)	(14.1)	
Larned State Hospital	40,465,285	42,402,174	43,745,072	43,745,072	-	-	1,342,898	3.2	
Subtotal SRS and Institutions	\$ 717,387,379	\$ 617,644,354	\$ 677,247,034	\$ 631,978,316	\$ (45,268,718)	(6.7) %	\$ 14,333,962	2.3 %	

3-155

	Actual FY 2009	House Committee Rec. FY 2010	Gov. Rec. FY 2011	House Committee Rec. FY 2011	Change From FY 2011		Change From FY 2010		
					Governor's Recommendation		House Comm. Recommendation		
					Dollar	Percent	Dollar	Percent	
Commission on Veterans Affairs	\$ 8,712,946	\$ 8,204,907	\$ 7,556,323	\$ 8,204,907	\$ 648,584	8.6 %	\$ -	- %	
Dept. of Health and Environment - Health	24,812,399	23,212,821	23,296,403	23,296,403	-	-	83,582	0.4	
Department of Labor	543,458	456,826	454,587	454,587	-	-	(2,239)	(0.5)	
Kansas Guardianship Program	1,266,501	1,119,769	1,124,763	1,159,395	34,632	3.1	39,626	3.5	
Department on Aging	169,663,202	144,106,372	172,925,292	148,020,812	(24,904,480)	(14.4)	3,914,440	2.7	
Health Policy Authority	436,117,448	371,059,860	477,453,818	347,706,884	(129,746,934)	(27.2)	(23,352,976)	(6.3)	
Total Human Services	\$ 1,358,503,333	\$ 1,165,804,909	\$ 1,360,058,220	\$ 1,160,821,304	\$ (199,236,916)	(14.6) %	\$ (4,983,605)	(0.4) %	
Education									
Board of Regents	\$ 184,610,746	\$ 170,858,608	\$ 178,527,285	\$ 173,531,616	\$ (4,995,669)	(2.8) %	\$ 2,673,008	1.6 %	
Kansas State University	109,573,413	104,490,156	104,466,106	104,466,106	-	-	(24,050)	(0.0)	
KSU - Extension Systems and Agricultural Research Program	52,595,448	48,830,611	48,830,611	48,830,611	-	-	-	-	
KSU - Veterinary Medical Center	10,836,973	10,364,282	10,364,282	10,364,282	-	-	-	-	
University of Kansas	145,337,076	136,880,633	137,597,408	137,597,408	-	-	716,775	0.5	
University of Kansas Medical Center	118,868,086	110,265,299	110,189,930	110,776,499	586,569	0.5	511,200	0.5	
Fort Hays State University	34,978,061	33,342,724	33,555,961	33,776,630	220,669	0.7	433,906	1.3	
Emporia State University	33,138,765	31,436,938	31,436,938	31,436,938	-	-	-	-	
Pittsburg State University	36,391,258	34,280,494	34,440,216	34,440,216	-	-	159,722	0.5	
Wichita State University	73,518,875	66,314,393	67,655,401	67,655,401	-	-	1,341,008	2.0	
<i>Subtotal Regents and Institutions</i>	\$ 799,848,701	\$ 747,064,138	\$ 757,064,138	\$ 752,875,707	\$ (4,188,431)	(0.6) %	\$ 5,811,569	0.8 %	
Department of Education	\$ 3,147,365,233	\$ 2,847,776,163	\$ 3,026,724,647	\$ 2,822,076,647	\$ (204,648,000)	(6.8) %	\$ (25,699,516)	(0.9) %	
State Library	5,264,183	4,549,542	4,482,054	4,482,054	-	-	(67,488)	(1.5)	
Kansas Arts Commission	1,468,764	1,138,937	1,204,047	838,937	(365,110)	(30.3)	(300,000)	(26.3)	
School for the Blind	5,564,377	5,447,559	5,525,480	5,448,961	(76,519)	(1.4)	1,402	0.0	
School for the Deaf	8,796,915	8,792,432	8,890,257	8,794,996	(95,261)	(1.1)	2,564	0.0	
State Historical Society	6,109,773	5,584,794	5,474,110	5,474,110	-	-	(110,684)	(2.0)	
Total Education	\$ 3,974,417,946	\$ 3,620,353,565	\$ 3,809,364,733	\$ 3,599,991,412	\$ (209,373,321)	(5.5) %	\$ (20,362,153)	(0.6) %	
Public Safety									
Department of Corrections	\$ 112,948,542	\$ 102,011,270	\$ 104,154,128	\$ 104,648,628	\$ 494,500	0.5 %	\$ 2,637,358	2.6 %	
Topeka Correctional Facility	11,844,602	12,591,062	13,084,057	13,084,057	-	-	492,995	3.9	
Hutchinson Correctional Facility	27,177,753	8,378,158	8,308,154	8,308,154	-	-	(70,004)	(0.8)	
Lansing Correctional Facility	35,969,776	37,321,747	38,326,136	38,326,136	-	-	1,004,389	2.7	
Ellsworth Correctional Facility	11,838,417	12,630,179	12,936,609	12,936,609	-	-	306,430	2.4	
Winfield Correctional Facility	11,444,927	2,379,740	2,682,562	2,682,562	-	-	302,822	12.7	
Larned Correctional Mental Health Facility	9,039,069	9,883,553	9,950,415	9,950,415	-	-	66,862	0.7	
Norton Correctional Facility	13,298,158	3,357,680	3,601,602	4,133,461	531,859	14.8	775,781	23.1	

3-156

	Actual FY 2009	House Committee Rec. FY 2010	Gov. Rec. FY 2011	House Committee Rec. FY 2011	Change From FY 2011		Change From FY 2010		
					Governor's Recommendation		House Comm. Recommendation		
					Dollar	Percent	Dollar	Percent	
El Dorado Correctional Facility	23,104,644	23,526,801	23,735,057	23,735,057	-	-	208,256	0.9	
Subtotal Corrections and Institutions	\$ 256,665,888	\$ 212,080,190	\$ 216,778,720	\$ 217,805,079	\$ 1,026,359	0.5 %	\$ 5,724,889	2.7 %	
Juvenile Justice Authority	\$ 42,140,517	\$ 42,006,643	\$ 42,552,940	\$ 42,207,530	\$ (345,410)	(0.8) %	\$ 200,887	0.5 %	
Kansas Juvenile Correctional Complex	15,264,090	16,381,237	16,856,354	16,856,354	-	-	475,117	2.9	
Atchison Juvenile Correctional Facility	2,736,746	-	-	-	-	-	-	-	
Beloit Juvenile Correctional Facility	3,552,944	782,471	-	-	-	-	(782,471)	(100.0)	
Larned Juvenile Correctional Facility	8,000,917	8,732,478	8,719,585	8,719,585	-	-	(12,893)	(0.1)	
Subtotal JJA and Institutions	\$ 71,695,214	\$ 67,902,829	\$ 68,128,879	\$ 67,783,469	\$ (345,410)	(0.5) %	\$ (119,360)	(0.2) %	
Adjutant General	\$ 28,427,934	\$ 32,787,006	\$ 13,508,906	\$ 13,508,906	\$ -	- %	\$ (19,278,100)	(58.8) %	
Kansas Parole Board	488,391	503,158	510,135	510,135	-	-	6,977	1.4	
Highway Patrol	35,981,152	32,147,997	31,938,642	31,938,642	-	-	(209,355)	(0.7)	
Kansas Bureau of Investigation	15,158,270	14,622,925	15,589,562	16,089,562	500,000	3.2	1,466,637	10.0	
Sentencing Commission	8,315,982	8,179,370	7,359,555	7,359,555	-	-	(819,815)	(10.0)	
Total Public Safety	\$ 416,732,831	\$ 368,223,475	\$ 353,814,399	\$ 354,995,348	\$ 1,180,949	0.3 %	\$ (13,228,127)	(3.6) %	
Agriculture and Natural Resources									
Department of Agriculture	\$ 11,109,261	\$ 9,814,353	\$ 9,513,336	\$ 9,513,336	\$ -	- %	\$ (301,017)	(3.1) %	
Dept. of Health and Environment - Environment	9,137,734	7,922,917	7,779,768	7,779,768	-	-	(143,149)	(1.8)	
Animal Health Department	883,665	859,386	798,253	798,253	-	-	(61,133)	(7.1)	
Kansas State Fair Board	1,128,980	341,861	1,549,854	1,549,854	-	-	1,207,993	353.4	
State Conservation Commission	852,383	745,997	744,134	744,134	-	-	(1,863)	(0.2)	
Kansas Water Office	2,226,752	1,966,031	1,889,952	1,889,952	-	-	(76,079)	(3.9)	
Department of Wildlife and Parks	8,204,214	5,569,472	5,528,736	5,114,723	(414,013)	(7.5)	(454,749)	(8.2)	
Total Agriculture and Natural Resources	\$ 33,542,989	\$ 27,220,017	\$ 27,804,033	\$ 27,390,020	\$ (414,013)	(1.5) %	\$ 170,003	0.6 %	
Highways and Other Transportation									
Department of Administration	\$ 16,136,075	\$ 8,848,975	\$ 16,150,975	\$ 16,150,975	\$ -	- %	\$ 7,302,000	82.5 %	
Department of Transportation	-	-	-	-	-	-	-	-	
Total Highways and Other Transportation	\$ 16,136,075	\$ 8,848,975	\$ 16,150,975	\$ 16,150,975	\$ -	- %	\$ 7,302,000	82.5 %	
Other Adjustments									
Classified Under Market Pay Plan	\$ -	\$ -	\$ 8,534,972	\$ -	\$ (8,534,972)	(100.0) %	\$ -	- %	
Salary Reductions for Selected Positions	-	(673,314)	-	(21,100,000)	(21,100,000)	-	(20,426,686)	3,033.8	
1.0 Percent Reduction	-	-	-	(8,527,554)	(8,527,554)	-	(8,527,554)	-	
State Travel	-	-	-	(800,000)	(800,000)	-	(800,000)	-	
Utility Savings	-	-	-	(1,400,000)	(1,400,000)	-	(1,400,000)	-	
Other State Pay Adjustments	-	-	-	(67,900,000)	(67,900,000)	-	(67,900,000)	-	
Subtotal - Other Adjustments	\$ -	\$ (673,314)	\$ 8,534,972	\$ (99,727,554)	\$ (108,262,526)	- %	\$ (99,054,240)	- %	
Grand Total	\$ 6,064,360,471	\$ 5,420,322,227	\$ 5,831,057,833	\$ 5,311,339,928	\$ (519,717,905)	(8.9) %	\$ (108,982,299)	(2.0) %	

3-157

EXPENDITURES FROM ALL FUNDING SOURCES
FY 2009 ACTUAL, FY 2010 HOUSE COMMITTEE RECOMMENDATION, FY 2011 GOVERNOR'S RECOMMENDATION, AND FY 2011 HOUSE COMMITTEE RECOMMENDATION

	Actual FY 2009	House Committee Rec. FY 2010	Gov. Rec. FY 2011	House Committee Rec. FY 2011	Change From FY 2011 Governor's Recommendation		Change From FY 2010 House Comm. Recommendation	
					Dollar	Percent	Dollar	Percent
<i>General Government</i>								
Abstracters Board of Examiners	\$ 22,334	\$ 23,407	\$ 23,407	\$ 23,407	\$ -	- %	\$ -	- %
Board of Accountancy	313,334	311,661	311,661	311,661	-	-	-	-
State Bank Commissioner	7,968,514	8,780,976	8,513,440	8,894,993	381,553	4.5	114,017	1.3
Board of Barbering	138,556	141,070	141,070	141,070	-	-	-	-
Behavioral Sciences Regulatory Board	614,977	601,103	595,421	595,421	-	-	(5,682)	(0.9)
Board of Healing Arts	3,624,887	3,885,857	3,885,857	3,885,857	-	-	-	-
Board of Cosmetology	721,503	785,914	772,817	787,817	15,000	1.9	1,903	0.2
Department of Credit Unions	875,142	949,324	895,096	910,296	15,200	1.7	(39,028)	(4.1)
Kansas Dental Board	361,604	370,799	370,799	370,799	-	-	-	-
Board of Mortuary Arts	235,038	271,510	271,510	271,510	-	-	-	-
Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments	25,627	31,357	31,352	31,352	-	-	(5)	(0.0)
Board of Nursing	1,818,186	1,948,559	1,887,059	1,887,059	-	-	(61,500)	(3.2)
Optometry Board	125,743	152,766	140,310	140,310	-	-	(12,456)	(8.2)
Board of Pharmacy	694,118	993,681	991,779	991,779	-	-	(1,902)	(0.2)
Real Estate Commission	976,178	1,418,095	1,223,438	1,223,438	-	-	(194,657)	(13.7)
Real Estate Appraisal Board	283,871	313,282	313,282	313,282	-	-	-	-
Securities Commissioner	2,664,466	2,835,997	2,830,556	2,830,556	-	-	(5,441)	(0.2)
Board of Technical Professions	481,305	586,103	586,103	586,103	-	-	-	-
Board of Veterinary Examiners	259,287	264,908	268,382	268,382	-	-	3,474	1.3
Governmental Ethics Commission	614,070	667,993	708,860	708,860	-	-	40,867	6.1
Legislative Coordinating Council	684,831	1,283,740	727,436	1,277,436	550,000	75.6	(6,304)	(0.5)
Legislature	16,860,806	16,331,681	16,131,233	15,744,887	(386,346)	(2.4)	(586,794)	(3.6)
Legislative Research Department	3,318,970	3,497,971	3,420,862	3,420,862	-	-	(77,109)	(2.2)
Revisor of Statutes	3,108,238	3,273,262	3,215,664	3,215,664	-	-	(57,598)	(1.8)
Division of Post Audit	2,515,409	2,598,913	2,557,658	2,557,658	-	-	(41,255)	(1.6)
Office of the Governor	15,479,745	17,904,776	18,038,821	18,038,821	-	-	134,045	0.7
Lieutenant Governor	182,164	203,227	196,212	196,212	-	-	(7,015)	(3.5)
Attorney General	18,227,128	20,607,763	19,865,706	19,995,706	130,000	0.7	(612,057)	(3.0)
Secretary of State	5,598,398	7,384,474	6,733,220	6,733,220	-	-	(651,254)	(8.8)
State Treasurer	41,284,203	16,557,258	16,496,223	16,496,223	-	-	(61,035)	(0.4)
Insurance Department	22,355,273	24,375,000	24,594,298	24,594,298	-	-	219,298	0.9
Health Care Stabilization Fund Board	31,892,496	35,130,178	35,130,178	35,130,178	-	-	-	-
Judicial Council	1,427,065	1,357,369	1,296,116	1,296,116	-	-	(61,253)	(4.5)
Board of Indigents' Defense Services	23,534,862	23,599,823	23,494,468	23,494,468	-	-	(105,355)	(0.4)
Judicial Branch	121,038,270	122,174,392	123,862,453	121,393,954	(2,468,499)	(2.0)	(780,438)	(0.6)
Kansas Public Employees Retirement System (KPERS)	44,584,826	39,424,238	43,540,730	43,540,730	-	-	4,116,492	10.4
Kansas Human Rights Commission	2,065,820	1,882,397	1,762,297	1,762,297	-	-	(120,100)	(6.4)
Kansas Corporation Commission	21,171,620	27,292,493	23,966,674	23,966,674	-	-	(3,325,819)	(12.2)

3-158

	Actual FY 2009	House	Gov. Rec.	House	Change From FY 2011		Change From FY 2010	
		Committee Rec.	FY 2011	Committee Rec.	Governor's Recommendation		House Comm. Recommendation	
		FY 2010		FY 2011	Dollar	Percent	Dollar	Percent
Citizens' Utility Ratepayer Board	738,009	912,096	807,710	807,710	-	-	(104,386)	(11.4)
Department of Administration	76,869,980	59,012,013	80,437,227	79,170,515	(1,266,712)	(1.6)	20,158,502	34.2
Court of Tax Appeals	1,974,612	1,978,383	2,036,690	2,036,690	-	-	58,307	2.9
Department of Revenue	94,938,662	106,218,166	109,696,415	104,896,415	(4,800,000)	(4.4)	(1,321,751)	(1.2)
Kansas Lottery	46,917,281	65,495,182	78,348,339	78,348,339	-	-	12,853,157	19.6
Kansas Racing and Gaming Commission	6,299,242	6,990,328	8,140,134	8,140,134	-	-	1,149,806	16.4
Department of Commerce	109,471,418	153,784,952	131,946,584	131,146,584	(800,000)	(0.6)	(22,638,368)	(14.7)
Kansas Inc.	523,946	517,274	558,180	558,180	-	-	40,906	7.9
Kansas Technology Enterprise Corp.	12,755,165	9,826,829	7,854,950	7,854,950	-	-	(1,971,879)	(20.1)
Office of Administrative Hearings	-	-	-	-	-	-	-	-
Home Inspection Registration Board	-	36,020	35,750	35,750	-	-	(270)	(0.7)
Total General Government	\$ 748,637,179	\$ 794,984,560	\$ 809,654,427	\$ 801,024,623	\$ (8,629,804)	(1.1) %	\$ 6,040,063	0.8 %
Human Services								
Social and Rehabilitation Services	\$ 1,582,035,428	\$ 1,611,897,675	\$ 1,564,227,116	\$ 1,570,845,525	\$ 6,618,409	0.4 %	\$ (41,052,150)	(2.5) %
Rainbow Mental Health Facility	7,811,108	8,570,783	8,596,522	8,596,522	-	-	25,739	0.3
Kansas Neurological Institute	27,723,536	29,518,386	29,611,033	29,611,033	-	-	92,647	0.3
Parsons State Hospital	24,457,740	25,513,591	25,525,167	25,525,167	-	-	11,576	0.0
Osawatomie State Hospital	25,989,756	29,751,866	28,602,902	28,602,902	-	-	(1,148,964)	(3.9)
Lamed State Hospital	53,447,191	56,355,823	58,886,547	58,886,547	-	-	2,530,724	4.5
Subtotal SRS and Institutions	\$ 1,721,464,759	\$ 1,761,608,124	\$ 1,715,449,287	\$ 1,722,067,696	\$ 6,618,409	0.4 %	\$ (39,540,428)	(2.2) %
Commission on Veterans Affairs	\$ 20,284,990	\$ 19,996,878	\$ 20,444,672	\$ 21,093,256	\$ 648,584	3.2 %	\$ 1,096,378	5.5 %
Dept. of Health and Environment - Health	165,426,972	167,710,802	166,698,051	166,698,051	-	-	(1,012,751)	(0.6)
Kansas Guardianship Program	1,266,501	1,119,769	1,124,763	1,159,395	34,632	3.1	39,626	3.5
Department of Labor	776,287,258	1,471,723,078	1,065,903,184	1,065,903,184	-	-	(405,819,894)	(27.6)
Department on Aging	490,284,041	480,041,474	494,832,254	490,972,629	(3,859,625)	(0.8)	10,931,155	2.3
Health Policy Authority	1,440,305,219	1,421,573,137	1,495,470,569	1,459,736,949	(35,733,620)	(2.4)	38,163,812	2.7
Total Human Services	\$ 4,615,319,740	\$ 5,323,773,262	\$ 4,959,922,780	\$ 4,927,631,160	\$ (32,291,620)	(0.7) %	\$ (396,142,102)	(7.4) %
Education								
Board of Regents	\$ 236,367,401	\$ 225,753,756	\$ 283,160,228	\$ 278,164,559	\$ (4,995,669)	(1.8) %	\$ 52,410,803	23.2 %
Kansas State University	554,157,024	462,843,967	423,232,111	423,232,111	-	-	(39,611,856)	(8.6)
KSU - Extension Systems and Agricultural Research Program	121,438,026	118,401,823	119,130,328	119,130,328	-	-	728,505	0.6
KSU - Veterinary Medical Center	34,999,668	36,251,418	35,726,087	35,726,087	-	-	(525,331)	(1.4)
University of Kansas	615,038,910	633,616,581	616,983,325	616,983,325	-	-	(16,633,256)	(2.6)
University of Kansas Medical Center	269,508,509	290,202,815	281,330,757	281,917,326	586,569	0.2	(8,285,489)	(2.9)
Fort Hays State University	88,766,326	101,559,957	83,998,379	84,219,048	220,669	0.3	(7,340,909)	(17.1)
Emporia State University	82,356,614	84,977,187	77,462,730	77,462,730	-	-	(7,514,457)	(8.8)
Pittsburg State University	90,059,929	94,869,211	89,939,640	89,939,640	-	-	(4,929,571)	(5.2)
Wichita State University	223,577,800	229,649,571	224,875,103	224,875,103	-	-	(4,774,468)	(2.1)
Subtotal Regents and Institutions	\$ 2,316,270,207	\$ 2,278,126,286	\$ 2,235,838,688	\$ 2,231,650,257	\$ (4,188,431)	(0.2) %	\$ (46,476,029)	(2.0) %

3-159

	Actual FY 2009	House	Gov. Rec.	House	Change From FY 2011		Change From FY 2010		
		Committee Rec.	Committee Rec.	Committee Rec.	Governor's Recommendation		House Comm. Recommendation		
		FY 2010	FY 2011	FY 2011	Dollar	Percent	Dollar	Percent	
Department of Education	\$ 3,681,845,285	\$ 3,749,756,309	\$ 3,754,669,919	\$ 3,550,021,919	\$ (204,648,000)	(5.5) %	\$ (199,734,390)	(5.3) %	
State Library	7,248,872	6,472,100	6,392,519	6,392,519	-	-	(79,581)	(1.2)	
Kansas Arts Commission	2,207,983	2,226,480	1,951,351	1,586,241	(365,110)	(18.7)	(640,239)	(28.8)	
School for the Blind	6,392,155	6,350,745	6,115,469	6,038,950	(76,519)	(1.3)	(311,795)	(4.9)	
School for the Deaf	9,601,071	9,697,205	9,567,022	9,471,761	(95,261)	(1.0)	(225,444)	(2.3)	
State Historical Society	8,936,687	9,566,705	9,087,067	9,087,067	-	-	(479,638)	(5.0)	
Total Education	\$ 6,032,502,260	\$ 6,062,195,830	\$ 6,023,622,035	\$ 5,814,248,714	\$ (209,373,321)	(3.5) %	\$ (247,947,116)	(4.1) %	
Public Safety									
Department of Corrections	\$ 134,159,752	\$ 128,140,333	\$ 126,121,625	\$ 126,616,125	\$ 494,500	0.4 %	\$ (1,524,208)	(1.2) %	
Topeka Correctional Facility	13,099,088	13,827,203	13,803,952	13,803,952	-	-	(23,251)	(0.2)	
Hutchinson Correctional Facility	27,943,801	29,525,854	30,001,454	30,001,454	-	-	475,600	1.6	
Lansing Correctional Facility	36,594,556	37,917,849	38,601,136	38,601,136	-	-	683,287	1.8	
Ellsworth Correctional Facility	12,056,580	12,820,512	12,981,033	12,981,033	-	-	160,521	1.3	
Winfield Correctional Facility	12,667,047	12,847,286	12,964,893	12,964,893	-	-	117,607	0.9	
Lamed Correctional Mental Health Facility	9,514,940	10,015,884	9,950,415	9,950,415	-	-	(65,469)	(0.7)	
Norton Correctional Facility	13,621,410	13,627,996	13,706,667	14,238,526	531,859	3.9	610,530	4.5	
El Dorado Correctional Facility	24,361,034	23,721,659	23,775,518	23,775,518	-	-	53,859	0.2	
Subtotal Corrections and Institutions	\$ 284,018,208	\$ 282,444,576	\$ 281,906,693	\$ 282,933,052	\$ 1,026,359	0.4 %	\$ 488,476	0.2 %	
Juvenile Justice Authority	\$ 68,336,369	\$ 70,794,404	\$ 70,126,652	\$ 70,126,652	\$ -	- %	\$ (667,752)	(0.9) %	
Kansas Juvenile Correctional Complex	16,201,094	17,782,553	17,698,651	17,698,651	-	-	(83,902)	(0.5)	
Atchison Juvenile Correctional Facility	2,806,424	0	-	-	-	-	-	-	
Beloit Juvenile Correctional Facility	3,659,827	1,037,188	-	-	-	-	(1,037,188)	(100.0)	
Lamed Juvenile Correctional Facility	8,335,969	8,969,143	8,915,682	8,915,682	-	-	(53,461)	(0.6)	
Subtotal JJA and Institutions	\$ 99,339,683	\$ 98,583,288	\$ 96,740,985	\$ 96,740,985	\$ -	- %	\$ (1,842,303)	(1.9) %	
Adjutant General	\$ 242,472,362	\$ 238,682,470	\$ 179,579,277	\$ 179,579,277	\$ -	- %	\$ (59,103,193)	(24.8) %	
State Fire Marshal	3,739,213	4,884,774	4,493,273	4,493,273	-	-	(391,501)	(8.0)	
Kansas Parole Board	488,391	503,158	510,135	510,135	-	-	6,977	1.4	
Highway Patrol	85,595,026	88,433,623	83,161,218	83,161,218	-	-	(5,272,405)	(6.0)	
Kansas Bureau of Investigation	25,913,804	26,317,412	26,756,065	27,256,065	500,000	1.9	938,653	3.6	
Emergency Medical Services Board	2,491,547	2,258,421	2,171,887	2,171,887	-	-	(86,534)	(3.8)	
Sentencing Commission	8,429,974	8,548,233	8,563,678	8,563,678	-	-	15,445	0.2	
Kansas Commission on Peace Officers' Standards and Training (KCPOST)	457,623	578,700	650,005	650,005	-	-	71,305	12.3	
Total Public Safety	\$ 752,945,831	\$ 751,234,655	\$ 684,533,216	\$ 686,059,575	\$ 1,526,359	0.2 %	\$ (65,175,080)	(8.7) %	
Agriculture and Natural Resources									
Department of Agriculture	\$ 28,703,135	\$ 26,660,391	\$ 25,511,093	\$ 25,586,093	\$ 75,000	0.3 %	\$ (1,074,298)	(4.0) %	
Dept. of Health and Environment - Environment	73,562,323	75,608,959	70,703,382	70,703,382	-	-	(4,905,577)	(6.5)	
Animal Health Department	2,916,911	2,739,788	2,627,255	2,627,255	-	-	(112,533)	(4.1)	
Kansas State Fair Board	6,317,119	5,944,926	6,991,356	6,991,356	-	-	1,046,430	17.6	
State Conservation Commission	16,514,525	11,192,021	10,289,796	10,289,796	-	-	(902,225)	(8.1)	
Kansas Water Office	18,205,826	8,809,128	7,155,147	7,155,147	-	-	(1,653,981)	(18.8)	
Department of Wildlife and Parks	57,154,184	64,308,891	59,479,225	60,149,212	669,987	1.1	(4,159,679)	(6.5)	
Total Agriculture and Natural Resources	\$ 203,374,023	\$ 195,264,104	\$ 182,757,254	\$ 183,502,241	\$ 744,987	0.4 %	\$ (11,761,863)	(6.0) %	

3-160

	Actual FY 2009	House Committee Rec. FY 2010	Gov. Rec. FY 2011	House Committee Rec. FY 2011	Change From FY 2011		Change From FY 2010		
					Governor's Recommendation		House Comm. Recommendation		
					Dollar	Percent	Dollar	Percent	
Highways and Other Transportation									
Department of Administration	\$ 16,136,075	\$ 8,848,975	\$ 16,150,975	\$ 16,150,975	\$ -	- %	\$ 7,302,000	82.5 %	
Department of Transportation	1,590,886,908	1,334,723,429	1,040,944,711	984,244,711	(56,700,000)	(5.4)	(350,478,718)	(26.3)	
Total Highways and Other Transportation	\$ 1,607,022,983	\$ 1,343,572,404	\$ 1,057,095,686	\$ 1,000,395,686	\$ (56,700,000)	(5.4) %	\$ (343,176,718)	(25.5) %	
Classified Under Market Pay Plan									
Salary Reductions for Selected Positions	\$ -	\$ -	\$ 8,534,972	\$ -	\$ (8,534,972)	(100.0) %	\$ -	- %	
1.0 Percent Reduction	-	(955,522)	-	(21,100,000)	(21,100,000)	-	(20,144,478)	2,108.2	
State Travel	-	-	-	(8,527,554)	(8,527,554)	-	(8,527,554)	-	
Utility Savings	-	-	-	(800,000)	(800,000)	-	(800,000)	-	
Other State Pay Adjustments	-	-	-	(1,400,000)	(1,400,000)	-	(1,400,000)	-	
Subtotal - Other Adjustments	\$ -	\$ (955,522)	\$ 8,534,972	\$ (108,127,554)	\$ (116,662,526)	- %	\$ (107,172,032)	- %	
Grand Total	\$ 13,959,802,016	\$ 14,470,069,293	\$ 13,726,120,370	\$ 13,304,734,445	\$ (421,385,925)	(3.1) %	\$ (1,165,334,848)	(8.1) %	

3-161

FULL-TIME EQUIVALENT (FTE) POSITIONS
FY 2009 ACTUAL, FY 2010 HOUSE COMMITTEE RECOMMENDATION, FY 2011 GOVERNOR'S RECOMMENDATION, AND FY 2011 HOUSE COMMITTEE RECOMMENDATION

	Actual FY 2009	House Committee Rec. FY 2010	Gov. Rec. FY 2011	House Committee Rec. FY 2011	Change From FY 2011		Change From FY 2010	
					Governor's Recommendation		House Comm. Recommendation	
					Number	Percent	Number	Percent
General Government								
Abstracters Board of Examiners	-	-	-	-	-	-	-	-
Board of Accountancy	3.0	3.0	3.0	3.0	-	-	-	-
State Bank Commissioner	99.0	99.0	99.0	99.0	-	-	-	-
Board of Barbering	1.5	1.5	1.5	1.5	-	-	-	-
Behavioral Sciences Regulatory Board	8.0	8.0	8.0	8.0	-	-	-	-
Board of Healing Arts	39.0	45.0	45.0	45.0	-	-	-	-
Board of Cosmetology	12.0	12.0	12.0	12.0	-	-	-	-
Department of Credit Unions	12.0	12.0	12.0	12.0	-	-	-	-
Kansas Dental Board	3.0	3.0	3.0	3.0	-	-	-	-
Board of Mortuary Arts	3.0	3.0	3.0	3.0	-	-	-	-
Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments	0.5	0.5	0.5	0.5	-	-	-	-
Board of Nursing	24.0	24.0	24.0	24.0	-	-	-	-
Optometry Board	0.8	0.8	0.8	0.8	-	-	-	-
Board of Pharmacy	8.0	8.0	8.0	8.0	-	-	-	-
Real Estate Commission	15.0	15.0	15.0	15.0	-	-	-	-
Real Estate Appraisal Board	2.0	2.0	2.0	2.0	-	-	-	-
Securities Commissioner	32.1	32.1	32.1	32.1	-	-	-	-
Board of Technical Professions	5.0	5.0	5.0	5.0	-	-	-	-
Board of Veterinary Examiners	3.0	3.0	3.0	3.0	-	-	-	-
Governmental Ethics Commission	9.0	9.0	9.0	9.0	-	-	-	-
Legislative Coordinating Council	15.0	14.0	14.0	14.0	-	-	-	-
Legislature	37.0	37.0	37.0	37.0	-	-	-	-
Legislative Research Department	40.0	40.0	40.0	40.0	-	-	-	-
Revisor of Statutes	31.5	31.5	31.5	31.5	-	-	-	-
Division of Post Audit	27.0	27.0	27.0	27.0	-	-	-	-
Office of the Governor	39.0	39.0	40.0	40.0	-	-	1.0	2.6
Lieutenant Governor	3.5	3.5	3.5	3.5	-	-	-	-
Attorney General	108.0	110.0	110.0	110.0	-	-	-	-
Secretary of State	49.0	54.0	54.0	54.0	-	-	-	-
State Treasurer	55.5	55.5	53.5	53.5	-	-	(2.0)	(3.6)
Insurance Department	143.4	138.4	138.4	138.4	-	-	-	-
Health Care Stabilization Fund Board	17.0	17.0	17.0	18.0	1.0	5.9	1.0	5.9
Judicial Council	7.0	7.0	7.0	7.0	-	-	-	-
Board of Indigents' Defense Services	195.0	195.0	195.0	195.0	-	-	-	-
Judicial Branch	1,855.3	1,855.3	1,858.3	1,858.3	-	-	3.0	0.2
Kansas Public Employees Retirement System (KPERS)	87.3	87.3	87.3	87.3	-	-	-	-
Kansas Human Rights Commission	34.0	34.0	34.0	34.0	-	-	-	-

3-162

	Actual FY 2009	House Committee Rec. FY 2010	Gov. Rec. FY 2011	House Committee Rec. FY 2011	Change From FY 2011 Governor's Recommendation		Change From FY 2010 House Comm. Recommendation		
					Number	Percent	Number	Percent	
Kansas Corporation Commission	214.0	216.0	214.0	214.0	-	-	(2.0)	(0.9)	
Citizens' Utility Ratepayer Board	6.0	6.0	6.0	6.0	-	-	-	-	
Department of Administration	760.5	747.0	747.0	747.0	-	-	-	-	
Court of Tax Appeals	19.0	26.0	26.0	26.0	-	-	-	-	
Department of Revenue	1,027.4	1,096.0	1,096.0	1,096.0	-	-	-	-	
Kansas Lottery	89.0	89.0	99.0	99.0	-	-	10.0	11.2	
Kansas Racing and Gaming Commission	80.0	73.5	73.5	73.5	-	-	-	-	
Department of Commerce	314.8	314.8	314.8	314.8	-	-	-	-	
Kansas Inc.	4.0	4.5	4.5	4.5	-	-	-	-	
Kansas Technology Enterprise Corp.	16.0	14.7	14.7	14.7	-	-	-	-	
Office of Administrative Hearings	-	13.0	13.0	13.0	-	-	-	-	
Home Inspection Registration Board	-	-	-	-	-	-	-	-	
Total General Government	5,554.9	5,631.7	5,641.7	5,642.7	1.0	0.0 %	11.0	- %	
Human Services									
Social and Rehabilitation Services	3,667.5	3,669.1	3,669.1	3,669.1	-	- %	-	- %	
Rainbow Mental Health Facility	122.2	122.2	122.2	122.2	-	-	-	-	
Kansas Neurological Institute	570.2	570.2	570.2	540.0	(30.2)	(5.3)	(30.2)	(5.3)	
Parsons State Hospital	497.2	497.2	497.2	480.0	(17.2)	(3.5)	(17.2)	(3.5)	
Osawatomie State Hospital	441.4	441.4	441.4	441.4	-	-	-	-	
Larned State Hospital	976.2	976.2	976.2	976.2	-	-	-	-	
<i>Subtotal SRS and Institutions</i>	<i>6,274.7</i>	<i>6,276.3</i>	<i>6,276.3</i>	<i>6,228.9</i>	<i>(47.4)</i>	<i>(0.8) %</i>	<i>(47.4)</i>	<i>- %</i>	
Commission on Veterans Affairs	315.0	513.0	498.0	498.0	-	- %	(15.0)	(2.9) %	
Dept. of Health and Environment - Health	408.2	366.4	364.4	364.4	-	-	(2.0)	(0.5)	
Kansas Guardianship Program	12.0	11.0	11.0	11.0	-	-	-	-	
Department of Labor	552.0	552.0	552.0	552.0	-	-	-	-	
Department on Aging	214.0	214.0	214.0	214.0	-	-	-	-	
Health Policy Authority	278.2	279.7	288.7	288.7	-	-	9.0	3.2	
Total Human Services	8,054.0	8,212.4	8,204.4	8,157.0	(47.4)	(0.6) %	(55.4)	- %	
Education									
Board of Regents	63.5	63.5	63.5	63.5	-	- %	-	- %	
Kansas State University	3,514.2	3,510.3	3,510.3	3,510.3	-	-	-	-	
KSU - Extension Systems and Agricultural Research Program	1,285.6	1,198.5	1,198.5	1,198.5	-	-	-	-	
KSU - Veterinary Medical Center	314.9	309.1	309.1	309.1	-	-	-	-	
University of Kansas	5,515.0	5,405.0	5,405.0	5,405.0	-	-	-	-	
University of Kansas Medical Center	2,604.9	2,916.4	2,916.4	2,916.4	-	-	-	-	
Fort Hays State University	784.3	756.5	756.5	756.5	-	-	-	-	
Emporia State University	832.6	835.6	835.6	835.6	-	-	-	-	
Pittsburg State University	896.8	887.5	887.5	887.5	-	-	-	-	
Wichita State University	1,841.2	1,841.2	1,841.2	1,841.2	-	-	-	-	
<i>Subtotal Regents and Institutions</i>	<i>17,653.1</i>	<i>17,723.7</i>	<i>17,723.7</i>	<i>17,723.7</i>	<i>-</i>	<i>- %</i>	<i>-</i>	<i>- %</i>	

3-163

	Actual FY 2009	House Committee Rec. FY 2010	Gov. Rec. FY 2011	House Committee Rec. FY 2011	Change From FY 2011 Governor's Recommendation		Change From FY 2010 House Comm. Recommendation	
					Number	Percent	Number	Percent
Department of Education	213.3	210.3	210.3	210.3	-	-	-	-
State Library	25.0	25.0	25.0	25.0	-	-	-	-
Kansas Arts Commission	7.0	8.0	8.0	8.0	-	-	-	-
School for the Blind	93.5	93.5	93.5	93.5	-	-	-	-
School for the Deaf	173.5	173.5	173.5	173.5	-	-	-	-
State Historical Society	98.0	134.0	134.0	134.0	-	-	-	-
Total Education	18,263.4	18,368.0	18,368.0	18,368.0	-	- %	-	- %
Public Safety								
Department of Corrections	320.7	321.0	321.0	321.0	-	- %	-	- %
Topeka Correctional Facility	246.0	246.0	246.0	246.0	-	-	-	-
Hutchinson Correctional Facility	512.0	512.0	512.0	512.0	-	-	-	-
Lansing Correctional Facility	699.0	682.0	682.0	682.0	-	-	-	-
Ellsworth Correctional Facility	219.0	219.0	219.0	219.0	-	-	-	-
Winfield Correctional Facility	200.0	200.0	200.0	200.0	-	-	-	-
Larned Correctional Mental Health Facility	185.0	185.0	185.0	185.0	-	-	-	-
Norton Correctional Facility	263.0	232.0	232.0	264.0	32.0	13.8	32.0	13.8
El Dorado Correctional Facility	463.0	426.0	426.0	426.0	-	-	-	-
<i>Subtotal Corrections and Institutions</i>	<i>3,107.7</i>	<i>3,023.0</i>	<i>3,023.0</i>	<i>3,055.0</i>	<i>32.0</i>	<i>1.1 %</i>	<i>32.0</i>	<i>1.1 %</i>
Juvenile Justice Authority	42.0	45.0	45.0	45.0	-	- %	-	- %
Kansas Juvenile Correctional Complex	269.5	297.5	297.5	297.5	-	-	-	-
Atchison Juvenile Correctional Facility	77.0	-	-	-	-	-	-	-
Beloit Juvenile Correctional Facility	87.0	59.0	-	-	-	-	(59.0)	(100.0)
Larned Juvenile Correctional Facility	152.0	157.0	157.0	157.0	-	-	-	-
<i>Subtotal JJA and Institutions</i>	<i>627.5</i>	<i>558.5</i>	<i>499.5</i>	<i>499.5</i>	<i>-</i>	<i>- %</i>	<i>(59.0)</i>	<i>(10.6) %</i>
Adjutant General	219.0	219.0	219.0	219.0	-	- %	-	- %
State Fire Marshal	53.0	53.0	53.0	53.0	-	-	-	-
Kansas Parole Board	3.0	3.0	3.0	3.0	-	-	-	-
Highway Patrol	859.0	859.0	859.0	859.0	-	-	-	-
Kansas Bureau of Investigation	220.0	221.0	221.0	221.0	-	-	-	-
Emergency Medical Services Board	14.0	14.0	14.0	14.0	-	-	-	-
Sentencing Commission	10.0	10.0	10.0	10.0	-	-	-	-
Kansas Commission on Peace Officers' Standards and Training (KCPOST)	6.0	7.0	7.0	7.0	-	-	-	-
Total Public Safety	5,119.2	4,967.5	4,908.5	4,940.5	32.0	0.7 %	(27.0)	(0.5) %
Agriculture and Natural Resources								
Department of Agriculture	344.5	344.5	341.5	341.5	-	- %	(3.0)	(0.9) %
Dept. of Health and Environment - Environment	475.9	438.0	431.0	413.0	(18.0)	(4.2)	(25.0)	(5.7)
Animal Health Department	33.0	33.0	33.0	33.0	-	-	-	-

3-164

	Actual FY 2009	House Committee Rec. FY 2010	Gov. Rec. FY 2011	House Committee Rec. FY 2011	Change From FY 2011		Change From FY 2010		
					Governor's Recommendation		House Comm. Recommendation		
					Number	Percent	Number	Percent	
Kansas State Fair Board	24.0	24.0	24.0	24.0	-	-	-	-	
State Conservation Commission	14.0	14.0	13.0	13.0	-	-	(1.0)	(7.1)	
Kansas Water Office	23.5	23.5	23.5	23.5	-	-	-	-	
Department of Wildlife and Parks	416.5	416.5	416.5	417.5	1.0	0.2	1.0	0.2	
Total Agriculture and Natural Resources	1,331.4	1,293.5	1,282.5	1,265.5	(17.0)	(1.3) %	(28.0)	(2.2) %	
<i>Highways and Other Transportation</i>									
Department of Administration	-	-	-	-	-	- %	-	- %	
Department of Transportation	3,113.5	3,113.5	3,113.5	3,113.5	-	-	-	-	
Total Highways and Other Transportation	3,113.5	3,113.5	3,113.5	3,113.5	-	- %	-	- %	
Grand Total	41,436.3	41,586.6	41,518.6	41,487.2	(31.4)	(0.1) %	(99.4)	(0.2) %	

House Appropriations Bill - House Substitute for SB 73

(Reflects House Committee Adjustments for FY 2010, FY 2011, FY 2012, FY 2013, FY 2014, and FY 2015)

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
FY 2010				
<u>Department of Credit Unions</u>				
1. Add \$14,800, all from special revenue funds, to purchase one vehicle in FY 2010.	0	14,800	14,800	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$14,800</i>	<i>\$14,800</i>	<i>0.0</i>
<u>Office of the Governor</u>				
1. Delete \$21,553, including \$16,026 from the State General Fund, in FY 2010 to reduce the salaries of all employees of the Office of the Governor by 5.0 percent for the remainder of the current fiscal year.	(16,026)	(5,527)	(21,553)	0.0
<i>Agency Subtotal</i>	<i>(\$16,026)</i>	<i>(\$5,527)</i>	<i>(\$21,553)</i>	<i>0.0</i>
<u>Attorney General</u>				
1. Delete \$20,000, all from the Sexually Violent Predator Expense Fund, in FY 2010 and delete the \$20,000 transfer from the Crime Victims Compensation Fund to the Sexually Violent Predator Expense Fund recommended to fund the expenditure. The Governor recommended the funding and the transfer to provide funding for expenditures to reimburse counties for proceedings to determine whether individuals are sexually violent predators.	0	(20,000)	(20,000)	0.0
2. Add language increasing the cap on annual transfers from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund by \$200,000, from \$100,000 to \$300,000, in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$20,000)</i>	<i>(\$20,000)</i>	<i>0.0</i>
<u>Insurance Department</u>				
1. Capture \$3.4 million in additional State General Fund revenues in FY 2010 for the 1.0 percent managed care organizations privilege fee.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Judicial Branch</u>				
1. Add \$800,000, all from the State General Fund, to restore Judicial Branch funding in the current year to prevent furloughs of non-judicial employees.	800,000	0	800,000	0.0
<i>Agency Subtotal</i>	<i>\$800,000</i>	<i>\$0</i>	<i>\$800,000</i>	<i>0.0</i>
<u>Health Policy Authority</u>				
1. Delete \$16.4 million, all from the State General Fund, and add the same amount from federal funds in FY 2010 to capture savings associated with the enhanced federal match rate to "clawback" payments for the Medicare Modernization Act of 2003.	(16,400,000)	16,400,000	0	0.0
<i>Agency Subtotal</i>	<i>(\$16,400,000)</i>	<i>\$16,400,000</i>	<i>\$0</i>	<i>0.0</i>
<u>Social and Rehabilitation Services</u>				
1. Delete \$15.0 million, all from the State General Fund, in FY 2010 for the Foster Care program and add the same amount from the Temporary Assistance for Needy Families Fund.	(15,000,000)	15,000,000	0	0.0
<i>Agency Subtotal</i>	<i>(\$15,000,000)</i>	<i>\$15,000,000</i>	<i>\$0</i>	<i>0.0</i>
<u>Adjutant General</u>				
1. Add \$459,357, all from the National Guard Museum Assistance Fund, in FY 2010 for the 35th Infantry Division museum expansion. In addition, add language transferring \$459,357 from the State General Fund to the National Guard Museum Assistance Fund in FY 2010. Funding is based on 2008 Senate Substitute for House Bill 2923, Section 6, which provides that an amount equal to 30.0 percent of net profits from the Veteran's Benefit instant scratch-off tickets from July 1, 2008, to June 30, 2010, to fund the 35th Infantry Division Museum and Museum Education Center. The additional \$459,357 would allow for the completion of the expansion project.	0	459,357	459,357	0.0

 Agency Subtotal \$0 \$459,357 \$459,357 0.0

Department of Wildlife and Parks

- 1. Add language in FY 2010 that requires the agency to open the west gate entrance at Tuttle Creek State Park on or before May 1, 2010, and to fund the opening and to maintain the entrance within the agency's existing budget, with the flexibility to decide which of the agency's funds should fund the project. 0 0 0 0.0

 Agency Subtotal \$0 \$0 \$0 0.0

Kansas Department of Transportation

- 1. Delete \$28.0 million, all from the State Highway Fund, in FY 2010 and transfer the same amount to the State General Fund. This reduction is achieved by reducing planned maintenance lettings with project costs totaling \$87.0 million over a number of fiscal years. 0 (28,000,000) (28,000,000) 0.0

 Agency Subtotal \$0 (\$28,000,000) (\$28,000,000) 0.0

TOTAL: FY 2010	(\$30,616,026)	\$3,848,630	(\$26,767,396)	0.0
-----------------------	-----------------------	--------------------	-----------------------	------------

FY 2011

State Bank Commissioner

- 1. Add \$381,553, all from special revenue funds, for additional salary and wages for the Examination and Consumer and Mortgage Lending departments in order to maintain operations for FY 2011. The 2009 Legislature reduced the expenditure authority for FY 2011 below the amount approved for FY 2010 by \$267,536. 0 381,553 381,553 0.0

 Agency Subtotal \$0 \$381,553 \$381,553 0.0

Board of Cosmetology

- 1. Add \$15,000, all from the agency's fee fund, to purchase one replacement vehicle for FY 2011. 0 15,000 15,000 0.0

 Agency Subtotal \$0 \$15,000 \$15,000 0.0

Department of Credit Unions

- 1. Add \$15,200, all from special revenue funds, to purchase one vehicle for FY 2011. 0 15,200 15,200 0.0

 Agency Subtotal \$0 \$15,200 \$15,200 0.0

Securities Commissioner

- 1. Add language prohibiting the agency from making any expenditures for advertising for FY 2011 that bears the name or likeness of any employee of the agency. 0 0 0 0.0

 Agency Subtotal \$0 \$0 \$0 0.0

Governmental Ethics Commission

- 1. Delete \$40,521, all from the State General Fund, and increase expenditures from the agency's fee fund by the same amount for FY 2011. (40,521) 40,521 0 0.0

 Agency Subtotal (\$40,521) \$40,521 \$0 0.0

Legislative Coordinating Council

- 1. Add \$550,000, all from the State General Fund, for FY 2010 with language allowing the LCC to distribute up to that amount to any Legislative Branch agency upon certification to the Director of Accounts and Reports. 550,000 0 550,000 0.0

 Agency Subtotal \$550,000 \$0 \$550,000 0.0

Legislature

- 1. Delete \$125,000, all from the State General Fund, for FY 2011 to continue limiting legislator postage (franking) privileges to 50.0 percent, and cap leadership postage (franking) privileges at \$2,500 annually. This would continue the limitation approved in the current year in HB 2222 (recission bill). (125,000) 0 (125,000) 0.0

Agency	State General Fund	All Other Funds	All Funds	
2. Delete \$261,346, all from the State General Fund, for the membership dues to the National Conference of State Legislatures and the Council of State Governments for FY 2011.	(261,346)	0	(261,346)	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>(\$386,346)</i>	<i>\$0</i>	<i>(\$386,346)</i>	<i>0.0</i>
<u>Attorney General</u>				
1. Add \$150,000, all from the Crime Victims Assistance Fund, for grants to domestic violence prevention programs and Children's Advocacy Centers for FY 2011.	0	150,000	150,000	0.0
2. Delete \$20,000, all from the Sexually Violent Predator Expense Fund, for FY 2011 and delete the \$20,000 transfer from the Crime Victims Compensation Fund to the Sexually Violent Predator Expense Fund recommended to fund the expenditure. The Governor recommended the funding and the transfer to provide funding for expenditures to reimburse counties for proceedings to determine whether individuals are sexually violent predators.	0	(20,000)	(20,000)	0.0
3. Add language increasing the cap on annual transfers from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund by \$200,000, from \$100,000 to \$300,000, for FY 2011.	0	0	0	0.0
4. Add language prohibiting the agency from making any expenditures for advertising for FY 2011 that bears the name or likeness of any employee of the agency.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$130,000</i>	<i>\$130,000</i>	<i>0.0</i>
<u>State Treasurer</u>				
1. Add language prohibiting the agency from making any expenditures for advertising for FY 2011 that bears the name or likeness of any employee of the agency.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Insurance Department</u>				
1. Add language prohibiting the agency from making any expenditures for advertising for FY 2011 that bears the name or likeness of any employee of the agency.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Health Care Stabilization Fund Board</u>				
1. Add 1.0 FTE position to respond to Kansas Open Records requests and fund the position from existing resources for FY 2011.	0	0	0	1.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>1.0</i>
<u>Judicial Branch</u>				
1. Delete \$2.3 million, all from the State General Fund, to reduce judicial operations for FY 2011.	(2,269,000)	0	(2,269,000)	0.0
2. Delete \$199,499, all from the State General Fund, for the construction of offices for the 14th Court of Appeals Judge and staff for FY 2011. 2010 SB 541 will delay adding the additional judge until January 1, 2012.	(199,499)	0	(199,499)	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>(\$2,468,499)</i>	<i>\$0</i>	<i>(\$2,468,499)</i>	<i>0.0</i>
<u>Department of Administration</u>				
1. Delete \$150,000, all from the State General Fund, to eliminate funding for a Gubernatorial Transition Team for FY 2011.	(150,000)	0	(150,000)	0.0
2. Delete \$843,810, all from the State General Fund, from the Financial Management System line-item for FY 2011. The action deletes direct State General Fund financing of the Financial Management System, but does not affect approximately \$11.0 million, all from special revenue funds, in fees charged to agencies for implementation and integration of the system.	(843,810)	0	(843,810)	0.0
3. Delete \$272,902, all from the State General Fund, to hold funding for the Public Broadcasting Council to the same level as FY 2010 for FY 2011.	(272,902)	0	(272,902)	0.0

<i>Agency</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
4. Transfer \$11.0 million, all from special revenue funds, to the State General Fund in FY 2011. The special revenue funds would come from the agency's non-reportable budget. The transfer constitutes a charge against the fees charged by the Department of Administration to various state agencies.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>(\$1,266,712)</i>	<i>\$0</i>	<i>(\$1,266,712)</i>	<i>0.0</i>
<u>Department of Revenue</u>				
1. Delete \$4,800,000, all from the Division of Vehicles Modernization Fund, and transfer the same amount to the State General Fund for FY 2011. This reduction maintains the Department of Revenue's Administration program at the FY 2010 approved level.	0	(4,800,000)	(4,800,000)	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$4,800,000)</i>	<i>(\$4,800,000)</i>	<i>0.0</i>
<u>Kansas Racing and Gaming Commission</u>				
1. Transfer \$2.5 million from the Expanded Lottery Act Regulation Fund to the State General Fund in FY 2011, which is roughly one-half of the amount needed to repay the agency's loan agreement with the Pooled Money Investment Board. The purpose of the loan was to provide start-up funds for casino regulation.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Commerce</u>				
1. Delete \$800,000, all from the Kansas Economic Opportunity Initiatives Fund (KEOIF), for FY 2011, transfer \$725,000 to the State General Fund, and appropriate \$75,000 to the Department of Agriculture.	0	(800,000)	(800,000)	0.0
2. Add language preventing the Department of Commerce from expending any funds to respond to any request for proposal (RFP) through the America's Job Link Alliance (AJLA) for FY 2011.	0	0	0	0.0
3. Appropriate the Connected Nation ARRA - Federal Fund as a no-limit fund for FY 2011. The fund would be used to develop a long-term strategy for broadband Internet in the state of Kansas. Activities will include creation of a broadband taskforce, communications with regional leaders, management of research, and cost modeling projects on broadband, federal reporting, planning, and carrying out a Broadband Summit for the state.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$800,000)</i>	<i>(\$800,000)</i>	<i>0.0</i>
<u>Commission on Veterans Affairs</u>				
1. Add \$648,584, all from the State General Fund, for FY 2011 to maintain the FY 2011 State General Fund appropriation at the same level as FY 2010.	648,584	0	648,584	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$648,584</i>	<i>\$0</i>	<i>\$648,584</i>	<i>0.0</i>
<u>Dept. of Health and Environment - Health</u>				
1. Delete \$15,000, all from the State General Fund, from the Youth Mentoring program and add the same amount to the Women's Right to Know program for FY 2011. This funding would allow for the production and distribution of printed materials for the program.	0	0	0	0.0
2. Delete \$87,478, all from the State General Fund, from the Youth Mentoring program and add the same amount to the Infant and Toddlers program for FY 2011. The Governor's recommendation eliminated the State General Fund match amount for the program and this would partially fund the maintenance of effort amount required to access available federal funds.	0	0	0	0.0
3. Add language directing the agency to expend \$199,113, all from the State General Fund, for the Pregnancy Maintenance Initiative for FY 2011. The funding is to come from existing resources.	0	0	0	0.0
4. Add language for FY 2011 which prohibits the Secretary of Health and Environment from adopting rules and regulations for the Residential Childhood Lead Poisoning Prevention Act that are more stringent than those of the federal Environmental Protection Agency (EPA). This language is also contained in 2010 HB 2596.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

Dept. of Health and Environment - Environment

- | | | | | |
|--|---|---|---|--------|
| 1. Delete 18.0 FTE positions for FY 2011. The agency currently has 39.0 vacant FTE positions in the Environment function of the agency. | 0 | 0 | 0 | (18.0) |
| 2. Add language for FY 2011 to require that fines collected by the agency for environmental violations which normally are deposited into the agency's fee funds be deposited instead into the Interstate Water Litigation account of the State General Fund. Due to specific restrictions on the use of certain funds, this language would not apply to the Air Quality Fee Fund or the Mined Land Reclamation Fee Fund. This is to begin restoring the funding for water litigation activities that was accidentally deleted at the end of FY 2007. | 0 | 0 | 0 | 0.0 |

<i>Agency Subtotal</i>	\$0	\$0	\$0	(18.0)
------------------------	-----	-----	-----	--------

Department on Aging

- | | | | | |
|---|--------------|-------------|-------------|-----|
| 1. Delete \$4,559,625, including \$1,382,478 from the State General Fund, for FY 2011 to capture savings associated with the billing delay from the Medicaid provider reductions implemented from January 1, 2010, through June 30, 2010. | (1,382,478) | (3,177,147) | (4,559,625) | 0.0 |
| 2. Add \$700,000, for FY 2011 all from the State General Fund, to fund the Nutrition program at the FY 2009 actual level. The Nutrition program includes congregate meals and the Meals on Wheels program. | 700,000 | 0 | 700,000 | 0.0 |
| 3. Delete \$24,222,002, all from the State General Fund, and add the same amount from federal funds for FY 2011 to capture savings associated with the proposed extension of the enhanced federal match for the Medicaid program, from December 31, 2010, to June 30, 2011. | (24,222,002) | 24,222,002 | 0 | 0.0 |

<i>Agency Subtotal</i>	(\$24,904,480)	\$21,044,855	(\$3,859,625)	0.0
------------------------	----------------	--------------	---------------	-----

Health Policy Authority

- | | | | | |
|---|--------------|--------------|--------------|-----|
| 1. Delete \$8.3 million, all from the State General Fund, and add the same amount from federal funds to capture savings associated with the enhanced federal match rate to state "clawback" payments for the Medicare Modernization Act of 2003 for FY 2011. | (8,270,000) | 8,270,000 | 0 | 0.0 |
| 2. Add \$2.0 million, including \$800,000 from the State General Fund, to restore savings associated with the Governor's recommended implementation of a preferred drug formulary for mental health medications and do not implement a preferred drug formulary for FY 2011. | 800,000 | 1,200,000 | 2,000,000 | 0.0 |
| 3. Delete \$2.1 million, including \$800,000 from the State General Fund, for salary and wages savings for FY 2011. | (800,000) | (1,305,263) | (2,105,263) | 0.0 |
| 4. Add language prohibiting the agency from implementing a preferred drug formulary for MediKan mental health prescriptions for FY 2011. | 0 | 0 | 0 | 0.0 |
| 5. Add language for FY 2011 directing the agency to conduct an impact study requiring insurance companies to reimburse clinical marriage and family therapists, counselors and psychotherapists, and study if proactive mental health treatment results in decreased mental and physical treatment costs. The results of the study are to be reported on the first day of the 2011 Legislative Session. | 0 | 0 | 0 | 0.0 |
| 6. Delete \$67.0 million, all from the State General Fund, and add the same amount from federal funds for FY 2011 to capture savings associated with the proposed extension of the enhanced federal match for the Medicaid program, from December 31, 2010, to June 30, 2011. | (67,003,927) | 67,003,927 | 0 | 0.0 |
| 7. Delete \$40.0 million, all from the State General Fund, and add the same amount from other funding sources, to capture savings associated with third party liability recoveries for FY 2011. | (40,000,000) | 40,000,000 | 0 | 0.0 |
| 8. Delete \$5.4 million, all from the State General Fund, to remove half of the funding for the MediKan program for FY 2011. | (5,400,000) | 0 | (5,400,000) | 0.0 |
| 9. Delete \$15.0 million, including \$4.5 million from the State General Fund, to reflect increasing monthly HealthWave premiums to the maximum allowed for FY 2011. | (4,500,000) | (10,485,000) | (14,985,000) | 0.0 |
| 10. Delete \$12.3 million, including \$3.7 million from the State General Fund, to capture savings from the implementation of a policy limiting the Medicaid recipients from receiving more than four brand name prescriptions per month and implementing a tiered formulary with variable co-pays for FY 2011. | (3,696,000) | (8,624,000) | (12,320,000) | 0.0 |

Agency	State General Fund	All Other Funds	All Funds	
11. Delete \$2.9 million, including \$877,007 from the State General Fund, for FY 2011 to capture savings from the implementation of a statewide smoking ban.	(877,007)	(2,046,350)	(2,923,357)	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>(\$129,746,934)</i>	<i>\$94,013,314</i>	<i>(\$35,733,620)</i>	<i>0.0</i>
<u>Social and Rehabilitation Services</u>				
1. Delete \$2.7 million, including \$1.6 million from the State General Fund, for administrative reductions for FY 2011.	(1,550,000)	(1,114,564)	(2,664,564)	0.0
2. Delete \$852,286, including \$565,057 from the State General Fund, in other grants and services for FY 2011. This includes reductions in the adoption exchange contract, the family resources contract, short-term case management services, and the foster care and prevention tribal grants.	(565,057)	(287,229)	(852,286)	0.0
3. Delete \$3.3 million, all from the State General Fund, to eliminate all remaining grant funding for Community Developmental Disabilities Organizations for FY 2011.	(3,325,000)	0	(3,325,000)	0.0
4. Delete \$5.0 million, all from the Children's Initiatives Fund, from the Early Childhood Block Grant and add the same amount for the Foster Care program. In addition, reduce State General Fund expenditures \$5.0 million in the Foster Care program for FY 2011.	(5,000,000)	0	(5,000,000)	0.0
5. Delete \$2.0 million, all from the Children's Initiatives Fund, for the Early Head Start Program, and transfer the same amount to the State General Fund for FY 2011.	0	(2,000,000)	(2,000,000)	0.0
6. Delete \$39.4 million, all from the State General Fund, and add the same amount from federal funds for FY 2011 to capture savings associated with the proposed extension of the enhanced federal match for the Medicaid program, from December 31, 2010 to June 30, 2011.	(39,428,661)	39,428,661	0	0.0
7. Delete \$2.3 million, all from the State General Fund, for FY 2011 to remove half of the funding for the MediKan Mental Health program.	(2,300,000)	0	(2,300,000)	0.0
8. Add \$10.9 million, including \$3.3 million from the State General Fund, for FY 2011 to increase funding for the Home and Community Based Services Waiver for individuals with Developmental Disabilities to ensure all individuals in crisis are able to access waiver services and allow 145 individuals currently not receiving services (on the waiting list) to begin receiving services.	3,300,000	7,585,341	10,885,341	0.0
9. Add \$11.9 million, including \$3.6 million from the State General Fund, for FY 2011 to increase funding for the Home and Community Based Services Waiver for Individuals with Physical Disabilities, to implement a rolling waiting list policy to provide services for one new individual for every individual who stops receiving services. The current policy is only individuals in crisis situations begin receiving services.	3,600,000	8,274,918	11,874,918	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>(\$45,268,718)</i>	<i>\$51,887,127</i>	<i>\$6,618,409</i>	<i>0.0</i>
<u>Kansas Neurological Institute</u>				
1. Delete 30.2 FTE positions for FY 2011. The positions are currently vacant.	0	0	0	(30.2)
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>(30.2)</i>
<u>Parsons State Hospital</u>				
1. Delete 17.2 FTE positions for FY 2011. The positions are currently vacant.	0	0	0	(17.2)
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>(17.2)</i>
<u>Kansas Guardianship Program</u>				
1. Add \$34,632, all from the State General Fund, to maintain stipends paid for out of pocket expenses to volunteer guardians and conservators at \$30 per month for FY 2011, which is the same amount as in FY 2010. The Governor's FY 2011 recommendation would reduce the monthly stipend to \$28.	34,632	0	34,632	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$34,632</i>	<i>\$0</i>	<i>\$34,632</i>	<i>0.0</i>
<u>Board of Regents</u>				
1. Delete \$5.0 million, all from the State General Fund, from the Postsecondary Education operating grant for FY 2011. The action would still leave an enhancement of \$5.0 million for FY 2011.	(5,000,000)	0	(5,000,000)	0.0

Agency	State General Fund	All Other Funds	All Funds	
2. Lapse \$220,669, from unobligated balances in the Southwest Kansas Access State General Fund account of the Board of Regents for FY 2011, and add the same amount to Fort Hays State University for the Kansas Academy of Mathematics and Science (KAMS).	0	0	0	0.0
3. Lapse \$4,331, from unobligated balances in the Southwest Kansas Access State General Fund account of the Board of Regents for FY 2011, and add the same amount to fund the agency's enhancement request for Midwest Higher Education Compact (MHEC) dues increases.	4,331	0	4,331	0.0
4. Split the Postsecondary Aid for Vocational Education Fund (\$31.0 million) into the Other Institutions Aid for Technical Education Fund (\$12.2 million) and the Technical College Aid for Technical Education Fund (\$18.8 million) for FY 2011 to allow for better tracking of expenditures.	0	0	0	0.0
5. Delete language for FY 2011 guaranteeing that no institution receiving Postsecondary Aid for Vocational Education should receive less funding for FY 2011 than it did in FY 2010. Due to budget reductions, this language cannot be implemented.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>(\$4,995,669)</i>	<i>\$0</i>	<i>(\$4,995,669)</i>	<i>0.0</i>
<u>University of Kansas Medical Center</u>				
1. Add \$586,569, all from the State General Fund, to restore funding for the Cancer Center to \$5.0 million for FY 2011.	586,569	0	586,569	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$586,569</i>	<i>\$0</i>	<i>\$586,569</i>	<i>0.0</i>
<u>Fort Hays State University</u>				
1. Add \$220,669, all from the State General Fund, to fund a second class for the Kansas Academy of Mathematics and Science (KAMS) for FY 2011.	220,669	0	220,669	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$220,669</i>	<i>\$0</i>	<i>\$220,669</i>	<i>0.0</i>
<u>Wichita State University</u>				
1. Add language for FY 2011 limiting expenditures from the Aviation Infrastructure - Economic Development Initiatives Fund account at Wichita State University to the purchase of training equipment. The language also requires the creation of a Technical Training Board, similar to the Aviation Research Board that advises the National Institute for Aviation Research (NIAR). The new Board would advise the university on expenditure of funds from the Aviation Infrastructure - Economic Development Initiatives Fund account. In addition, the language would require a report from the Technical Training Board to the 2011 Legislature detailing expenditures from the fund.	0	0	0	0.0
2. Add reappropriation language to the Aviation Infrastructure - Economic Development Initiatives Fund account, which funds the National Center for Aviation Training (NCAT), for FY 2011.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Education</u>				
1. Delete \$85.9 million, all from the State General Fund, in General State Aid recommended by the Governor for FY 2011 to replace federal stimulus funds that were moved from General State Aid and used in FY 2010 for Supplemental State Aid. The \$85.9 million in funding was originally planned for expenditure in FY 2011, but the Governor, in his November 2009 State General Fund allotment, accelerated the use of the \$85.9 million in federal American Recovery and Reinvestment Act (ARRA) funding to FY 2010.	(85,949,000)	0	(85,949,000)	0.0
2. Delete \$85.9 million, all from the State General Fund, in Supplemental State Aid recommended by the Governor for FY 2011 to replace federal stimulus funds that were used in FY 2010 for Supplemental State Aid. The \$85.9 million in funding was originally planned for expenditure in FY 2011, but the Governor, in his November 2009 State General Fund allotment, accelerated the use of the \$85.9 million in federal American Recovery and Reinvestment Act (ARRA) funding to FY 2010.	(85,949,000)	0	(85,949,000)	0.0
3. Delete \$32.75 million, all from the State General Fund, in General State Aid to delete the Governor's recommendation to increase the Base State Aid Per Pupil (BSAPP) \$50, from \$4,012 to \$4,062, for FY 2011.	(32,750,000)	0	(32,750,000)	0.0
<hr/>				
<i>Agency Subtotal</i>	<i>(\$204,648,000)</i>	<i>\$0</i>	<i>(\$204,648,000)</i>	<i>0.0</i>

<i>Agency</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
<u>Kansas Arts Commission</u>				
1. Delete \$65,110, all from the State General Fund, for FY 2011 to reduce the FY 2011 operating budget to the Governor's recommended FY 2010 level.	(65,110)	0	(65,110)	0.0
2. Delete \$300,000, all from the State General Fund, for FY 2011 to reduce grant program funding to individuals and organizations.	(300,000)	0	(300,000)	0.0
<i>Agency Subtotal</i>	<i>(\$365,110)</i>	<i>\$0</i>	<i>(\$365,110)</i>	<i>0.0</i>
<u>School for the Blind</u>				
1. Delete \$76,519, all from the State General Fund, for FY 2011 to reduce the FY 2011 operating budget to the Governor's recommended FY 2010 level, excluding debt service.	(76,519)	0	(76,519)	0.0
<i>Agency Subtotal</i>	<i>(\$76,519)</i>	<i>\$0</i>	<i>(\$76,519)</i>	<i>0.0</i>
<u>School for the Deaf</u>				
1. Delete \$95,261, all from the State General Fund, for FY 2011 to reduce the FY 2011 operating budget to the Governor's recommended FY 2010 level, excluding debt service.	(95,261)	0	(95,261)	0.0
<i>Agency Subtotal</i>	<i>(\$95,261)</i>	<i>\$0</i>	<i>(\$95,261)</i>	<i>0.0</i>
<u>Department of Corrections</u>				
1. Add \$494,500, all from the State General Fund, for FY 2011 for 52 therapeutic community substance abuse treatment beds at Ellsworth Correctional Facility and 24 therapeutic community substance abuse treatment beds at Topeka Correctional Facility. The Governor's recommendation for FY 2011 eliminated all of the remaining therapeutic community substance abuse treatment beds in the Department of Corrections system.	494,500	0	494,500	0.0
<i>Agency Subtotal</i>	<i>\$494,500</i>	<i>\$0</i>	<i>\$494,500</i>	<i>0.0</i>
<u>Norton Correctional Facility</u>				
1. Add \$531,859, all from the State General Fund, and 32.0 FTE positions for 2011 to reopen the Stockton Correctional Facility and add language requiring the Secretary of Corrections to certify to the Secretary of Administration that additional bed space is needed to prevent the early release of inmates before the funds are expended.	531,859	0	531,859	32.0
<i>Agency Subtotal</i>	<i>\$531,859</i>	<i>\$0</i>	<i>\$531,859</i>	<i>32.0</i>
<u>Juvenile Justice Authority</u>				
1. Delete \$345,410, all from the State General Fund, and add the same amount from federal funds for FY 2011 to capture savings associated with the proposed extension of the enhanced federal match for the Medicaid program, from December 31, 2010, to June 30, 2011.	(345,410)	345,410	0	0.0
<i>Agency Subtotal</i>	<i>(\$345,410)</i>	<i>\$345,410</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Bureau of Investigation</u>				
1. Add \$500,000, all from the State General Fund, for the DNA lab backlog for FY 2011. This will provide a total increase of \$1.6 million for FY 2011 to address the DNA backlog.	500,000	0	500,000	0.0
<i>Agency Subtotal</i>	<i>\$500,000</i>	<i>\$0</i>	<i>\$500,000</i>	<i>0.0</i>
<u>Sentencing Commission</u>				
1. Delete 1.0 vacant non-FTE unclassified permanent position for FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Agriculture</u>				
1. Add \$75,000, all from the Economic Development Initiatives Fund (EDIF), to the Dairy Inspection program for FY 2011 for operating expenditures.	0	75,000	75,000	0.0

Agency	State General Fund	All Other Funds	All Funds	
2. Add language that directs the agency to make every effort to ensure services performed in the Dairy Inspection program will not be compromised by budget reductions that are recommended for FY 2011.	0	0	0	0.0
3. Add language that directs the agency to make every effort to ensure services performed in the Grain Warehouse Inspection program will not be compromised by budget reductions that are recommended for FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$75,000</i>	<i>\$75,000</i>	<i>0.0</i>
<u>State Conservation Commission</u>				
1. Add language that would allow the agency to spend State Water Plan Funds in the Water Resources Cost-Share program for contractual technical expertise and/or on non-salary agency administration expenditures for FY 2011.	0	0	0	0.0
2. Add reappropriation language to the Conservation Reserve Enhancement Program (CREP) account of the State Water Plan Fund for FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Water Office</u>				
1. Change the expenditure limitation for the State Conservation Storage Water Supply Fund from \$0 to no limit for FY 2011.	0	0	0	0.0
2. Add language that would prohibit the agency from using funding from the State Conservation Storage Water Supply Fund to purchase water storage in Milford, Perry, Big Hill, or Hillsdale reservoirs for FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Wildlife and Parks</u>				
1. Add \$84,000, all from special revenue funds, and 1.0 FTE position, for a Natural Resource Officer position for FY 2011. The position is part of the agency's sworn law enforcement personnel with jurisdiction on public and private lands, that enforces both state and federal fish and wildlife laws, boating laws, and regulation of public lands.	0	84,000	84,000	1.0
2. Increase the expenditure limitation on the agency's Parks Fee Fund by \$1.0 million for FY 2011. Because the Parks program receives the largest portion of the agency's State General Fund budget, by increasing the expenditure limitation on the Parks Fee Fund, the agency would have flexibility for FY 2011 to spend more from its fee fund on State Parks operations to compensate for the decreased State General Fund amounts.	0	1,000,000	1,000,000	0.0
3. Delete \$414,013, all from the State General Fund, for FY 2011 to reduce the FY 2011 State General Fund operating budget to the Governor's recommended FY 2010 level, excluding debt service.	(414,013)	0	(414,013)	0.0
<i>Agency Subtotal</i>	<i>(\$414,013)</i>	<i>\$1,084,000</i>	<i>\$669,987</i>	<i>1.0</i>
<u>Kansas Department of Transportation</u>				
1. Delete \$6.7 million, all from the State Highway Fund, to reduce heavy equipment purchases for FY 2011.	0	(6,700,000)	(6,700,000)	0.0
2. Add language capping the FY 2011 sales tax transfer to the State Highway Fund at \$225.0 million. This results in a savings of \$50.0 million to the State General Fund.	0	0	0	0.0
3. Delete \$50.0 million, all from the State Highway Fund, for FY 2011. Of that amount, \$44.0 million is captured as FY 2011 savings for preservation projects that were not let as part of the FY 2010 allotment reductions, and the remaining \$6.0 million would be achieved by reducing preservation lettings by an additional \$12.0 million for FY 2011.	0	(50,000,000)	(50,000,000)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$56,700,000)</i>	<i>(\$56,700,000)</i>	<i>0.0</i>
<u>Children's Initiatives Fund</u>				
1. Transfer \$2.0 million from the Children's Initiatives Fund to the State General Fund for FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

<i>Ag</i>	<i>em</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
<u>Economic Development Initiatives Fund</u>					
1.	Increase the transfer from the Economic Development Initiatives Fund (EDIF) to the State General Fund by \$725,000, from \$3,018,605 to \$3,743,605, for FY 2011.	0	0	0	0.0
2.	Reduce the transfer from the Economic Development Initiatives Fund (EDIF) to the Kansas Economic Opportunity Initiatives Fund (KEOIF) by \$800,000, from \$2,050,000 to \$1,250,000, for FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Other Statewide Adjustments</u>					
1.	Delete \$8.5 million, all from the State General Fund, for a 1.0 percent across the board reduction excluding K-12 education, higher education, corrections, and human services caseloads for FY 2011.	(8,527,554)	0	(8,527,554)	0.0
<i>Agency Subtotal</i>		<i>(\$8,527,554)</i>	<i>\$0</i>	<i>(\$8,527,554)</i>	<i>0.0</i>
<u>State Travel</u>					
1.	Delete \$500,000, all from the State General Fund, and ban out-of-state travel without specific authorization for such travel by the Governor for Executive Branch employees, Chief Justice for Judicial Branch employees, or the Speaker or President for Legislative Branch employees for FY 2011.	(500,000)	0	(500,000)	0.0
2.	Delete \$300,000, all from the State General Fund, for FY 2011 to reflect the capture of all state employee travel rewards (frequent flyer miles, hotel bonus points).	(300,000)	0	(300,000)	0.0
<i>Agency Subtotal</i>		<i>(\$800,000)</i>	<i>\$0</i>	<i>(\$800,000)</i>	<i>0.0</i>
<u>Utility Savings</u>					
1.	Delete \$1.4 million, all from the State General Fund, for FY 2011 to capture utility savings generated by early closure of state government on Fridays at 3:00 p.m.	(1,400,000)	0	(1,400,000)	0.0
<i>Agency Subtotal</i>		<i>(\$1,400,000)</i>	<i>\$0</i>	<i>(\$1,400,000)</i>	<i>0.0</i>
<u>State Employee Pay</u>					
1.	Delete \$21.1 million, all from the State General Fund, to continue the 5.0 percent pay suspension for state officers for FY 2011, and apply a 5.0 percent pay suspension for all state employees with the exception of Highway Patrol troopers, correctional officers, direct care workers, power plant operators, and Regents' employees who are not state officers for FY 2011.	(21,100,000)	0	(21,100,000)	0.0
2.	Delete \$8,534,972, all from the State General Fund, for the State classified employees market pay adjustment for FY 2011.	(8,534,972)	0	(8,534,972)	0.0
3.	Delete \$37.9 million, all from the State General Fund, to freeze KPERS employer contributions at the FY 2010 level for FY 2011.	(37,900,000)	0	(37,900,000)	0.0
4.	Delete \$19.8 million, all from the State General Fund, for a hiring freeze in all Executive Branch agencies (excluding Regents' institutions), the Judicial Branch and Legislative Branch, with exceptions authorized by the Governor for Executive Branch employees, Chief Justice for Judicial Branch employees, and Speaker or President for Legislative Branch employees for FY 2011. In addition, delete all vacant positions for FY 2011.	(19,800,000)	0	(19,800,000)	0.0
5.	Delete \$14.4 million, including \$6.0 million from the State General Fund, and require state agencies to self-fund state employee longevity bonus payments for FY 2011.	(6,000,000)	(8,400,000)	(14,400,000)	0.0
6.	Delete \$200,000, all from the State General Fund, to reflect a ban on overtime unless specifically authorized by the Governor for the Executive Branch employees, the Chief Justice for Judicial Branch employees, and the Speaker or President for Legislative Branch employees for FY 2011.	(200,000)	0	(200,000)	0.0
7.	Delete \$4.0 million, all from the State General Fund, for a KPERS death and disability employer contribution reduction of 25.0 percent.	(4,000,000)	0	(4,000,000)	0.0
<i>Agency Subtotal</i>		<i>(\$97,534,972)</i>	<i>(\$8,400,000)</i>	<i>(\$105,934,972)</i>	<i>0.0</i>

Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund - "Slider"

- 1. Transfer 25.0 percent of the statutory State General Fund transfer to the Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund for FY 2011, which is estimated to be \$2,200,000. The Governor had recommended that no transfer be made for FY 2011.

Agency Subtotal \$0 \$0 \$0 0.0

Business Machinery and Equipment Tax Reduction Assistance Fund - "Slider."
Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund - "Slider"

- 1. Transfer 25.0 percent of the statutory State General Fund transfer to the Business Machinery and Equipment Tax Reduction Assistance Fund for FY 2011, which is estimated to be \$8,795,750. The Governor had recommended that no transfer be made for FY 2011.

Agency Subtotal \$0 \$0 \$0 0.0

TOTAL: FY 2011	(\$519,717,905)	\$98,331,980	(\$421,385,925)	(31.4)
-----------------------	------------------------	---------------------	------------------------	---------------

FY 2012

Attorney General

- 1. Add language increasing the cap on annual transfers from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund by \$200,000, from \$100,000 to \$300,000, for FY 2012.

Agency Subtotal \$0 \$0 \$0 0.0

Kansas Department of Transportation

- 1. Transfer \$30.9 million from the State General Fund to the State Highway Fund for FY 2012. Of the amount borrowed by the 2002 and 2003 Legislatures, \$61.8 million is still outstanding, and the transfer will repay half of that amount, with the remaining recommended transfer to occur in FY 2013.

Agency Subtotal \$0 \$0 \$0 0.0

TOTAL: FY 2012	\$0	\$0	\$0	0.0
-----------------------	------------	------------	------------	------------

FY 2013

Attorney General

- 1. Add language increasing the cap on annual transfers from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund by \$200,000, from \$100,000 to \$300,000, for FY 2013.

Agency Subtotal \$0 \$0 \$0 0.0

Kansas Department of Transportation

- 1. Transfer \$30.9 million from the State General Fund to the State Highway Fund for FY 2013. This transfer will repay the remaining amount borrowed by the 2002 and 2003 Legislatures.

Agency Subtotal \$0 \$0 \$0 0.0

TOTAL: FY 2013	\$0	\$0	\$0	0.0
-----------------------	------------	------------	------------	------------

FY 2014

Attorney General

- 1. Add language increasing the cap on annual transfers from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund by \$200,000, from \$100,000 to \$300,000, for FY 2014.

Agency Subtotal \$0 \$0 \$0 0.0

TOTAL: FY 2014	\$0	\$0	\$0	0.0
-----------------------	------------	------------	------------	------------

3-175

FY 2015

Attorney General

1. Add language increasing the cap on annual transfers from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund by \$200,000, from \$100,000 to \$300,000, for FY 2015.	0	0	0	0.0
--	---	---	---	-----

Agency Subtotal

\$0 \$0 \$0 0.0

TOTAL: FY 2015	\$0	\$0	\$0	0.0
-----------------------	------------	------------	------------	------------

**Items for Omnibus Consideration
(Referred by the House Committee)**

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
FY 2010				
<u>Board of Regents</u>				
Require a report from KAN-ED to the 2010 House Education Budget Committee during Omnibus regarding the costs and potential cost savings of distance education for both K-12 and postsecondary education.	0	0	0	0.0
TOTAL	\$0	\$0	\$0	0.0
FY 2011				
<u>Behavioral Sciences Regulatory Board</u>				
Review at Omnibus the addition of \$36,000, all from the Behavioral Sciences Regulatory Board Fee Fund, for computer workstations, laptops, and a server that will be replaced as part of the agency's three-year information technology plan for FY 2011.	0	36,000	36,000	0.0
Review at Omnibus the addition of \$5,682, all from the Behavioral Sciences Regulatory Board Fee Fund, to fund undermarket salary adjustments that were included in the FY 2010 budget, but not in the agency's budget request or the Governor's recommendation for FY 2011.	0	5,682	5,682	0.0
<u>Board of Healing Arts</u>				
Review at Omnibus the addition of \$118,528, all from the Healing Arts Fee Fund, for moving expenses and prorated rent for FY 2011. The agency stated its current lease will expire in January 2011 and the current landlord did not submit a bid. The agency stated that the Division of Facilities Management estimated total costs for the agency at \$118,528. Moving costs are estimated at \$83,250, calculated at the rate of \$1,850 per FTE position and the agency has 45.0 FTE positions. The remaining \$35,278 represents additional rent for the remainder of FY 2011 (from February to June 2011) due to increased costs for the new space.	0	118,528	118,528	0.0
<u>Legislature</u>				
Review the restoration of \$261,346, all from the State General Fund, for the membership dues to the National Conference of State Legislatures and the Council of State Governments for FY 2011.	261,346	0	261,346	0.0
<u>Health Care Stabilization Fund Board</u>				
Review at Omnibus the issue of reimbursements to the Health Care Stabilization Fund for FY 2011 to determine if funds are available in the State General Fund in the amount of \$2.5 million to once again begin paying these claims.	2,500,000	0	2,500,000	0.0
<u>Department of Administration</u>				
Review at Omnibus a report prepared by the agency regarding the cost of the new Financial Management System. The House Committee requests that the report includes: an update on the progress of the implementation of the system; the costs of the system; a list of agencies that will not use the system and the reasons the agencies cited for not using the system, and the cost savings should those agencies use the system, for FY 2011.	0	0	0	0.0
<u>Department of Revenue</u>				
Review at Omnibus all fee funds in the agency and how those funds are allocated for FY 2011.	0	0	0	0.0
Review at Omnibus all software upgrade programs, including but not limited to, the upgrades funded throughout the Division of Vehicles Modernization Fund and the VIPS/CAMA Fund for FY 2011.	0	0	0	0.0

3-177

Agency/Item

State General Fund

All Other Funds

All Funds

FTEs

Department of Labor

Review at Omnibus the funds borrowed from the Federal Unemployment Insurance Trust Fund in CY 2010 for payment of unemployment claims in Kansas and further review the interest projected to be paid on the loans of those funds and measures recommended by the Department of Labor to pay the interest.

Commission on Veterans Affairs

Review at Omnibus the status of the Medicare and Medicaid certification process at the Soldiers' Home and Veterans' Home and consider the appropriation of additional funds.

Dept. of Health and Environment - Health

Review at Omnibus the addition of \$577,310, all from the State General Fund, to provide matching funds for federal bioterrorism funding for FY 2011.

Review at Omnibus the funding for the Infant and Toddler program and consider the addition of \$40,605, all from the State General Fund, to provide the remaining funding necessary for the agency to meet its maintenance of effort requirements for federal funding for FY 2011.

Review at Omnibus the issue of funding for the Senator Stan Clark Pregnancy Maintenance Initiative for FY 2011. The House Committee has recommended the agency provide \$199,113, all from the State General Fund, for FY 2011 from existing resources to fund the initiative.

Review at Omnibus the language which prohibits the Secretary of Health and Environment from adopting rules and regulations for the Residential Childhood Lead Poisoning Prevention Act that are more stringent than those of the federal Environmental Protection Agency (EPA) during FY 2011. This language also is contained in 2010 HB 2596, and should that bill be enacted, the language would be unnecessary.

Review at Omnibus the recommendation to add \$15,000, all from the State General Fund, for the Women's Right to Know program for FY 2011.

Review at Omnibus the restoration of \$102,478, all from the State General Fund, for the Youth Mentoring program for FY 2011.

Review at Omnibus the restoration of \$55,346, all from the State General Fund, for the Immunization program for FY 2011.

Department on Aging

Review at Omnibus the agency's enhancement request for \$1,095,000, including \$382,900 from the State General Fund, to add a telehealth service to the HCBS/FE waiver program for FY 2011. The agency has funded a telehealth pilot study, and the Kansas University Medical Center is evaluating the study results. Results of the three-year study will be available by the end of FY 2010. The request would fund 500 telehealth monitor units a year at approximately \$6 per day.

Review at Omnibus the FY 2011 funding for the Nutrition program, Home and Community Based Services/Frail Elderly program, and the Senior Care Act, should the federal government extend the enhanced federal match for the second half of FY 2011.

Health Policy Authority

Review at Omnibus the agency's report regarding the potential for savings for FY 2011 from the reduction or elimination of non-mandatory Medicaid spending for all Medicaid services.

Review at Omnibus the entire FY 2011 budget for this agency, including reductions recommended by the Governor, and all reductions approved in any 2010 appropriations act.

Review at Omnibus what actions the agency has taken or is planning to take for FY 2011 to aggressively investigate fraud and abuse in the Medicaid program. In addition, review a report by the agency regarding the areas identified by the federal government during federal health insurance reform debate which were most likely to have fraud and abuse and result in Medicaid savings.

Social and Rehabilitation Services

Review at Omnibus all FY 2011 reductions in mental health and developmental disability aid and grants.	0	0	0	0.0
Review at Omnibus all reductions recommended by the Governor and all reductions approved in any 2010 appropriations act for FY 2011, including the impact the reductions will have on the agency and individuals served by the agency.	0	0	0	0.0
Review at Omnibus the addition of \$1.1 million, all from the State General Fund, to restore funding to the Centers for Independent Living for FY 2011.	1,100,000	0	1,100,000	0.0
Review at Omnibus the balance of the Temporary Assistance for Needy Families Fund and FY 2011 expenditures from this funding source.	0	0	0	0.0
Review at Omnibus the child support collections system and consider the possibility of requesting a study of the entire child support system during the 2010 Interim.	0	0	0	0.0
Review at Omnibus the eligibility requirements for the Home and Community Based Services Waivers and the effects, including any savings for FY 2011, from changing eligibility requirements.	0	0	0	0.0
Review at Omnibus the status of all Home and Community Based Services waivers, including funding levels and waiting lists for services for FY 2011.	0	0	0	0.0
Review at Omnibus the Supplemental Nutrition Assistance Program (SNAP), including FY 2011 funding and the number of individuals requesting assistance.	0	0	0	0.0

Kansas Guardianship Program

Review at Omnibus the addition of \$34,632, all from the State General Fund, that was added by the House Committee for FY 2011 and examine where cuts have been made in other agencies to offset this increase.	34,632	0	34,632	0.0
---	--------	---	--------	-----

School for the Blind

Review at Omnibus the addition of \$118,442, all from the State General Fund, for FY 2011 to comply with the statutory requirement that ties teacher salaries at the School for the Blind to the teacher salaries at U.S.D. 233, the Olathe school district, for the previous year.	118,442	0	118,442	0.0
Review at Omnibus the cost savings of consolidating certain administrative and support positions for FY 2011.	0	0	0	0.0

School for the Deaf

Review at Omnibus the addition of \$183,255, all from the State General Fund, for FY 2011 to comply with the statutory requirement that ties teacher salaries at the School for the Deaf to the teacher salaries at U.S.D. 233, the Olathe school district, for the previous year.	183,255	0	183,255	0.0
Review at Omnibus the cost savings of consolidating certain administrative and support positions for FY 2011.	0	0	0	0.0

Department of Corrections

Review at Omnibus the addition of \$1.1 million, all from the State General Fund, for the Community Corrections grants for FY 2011.	1,050,000	0	1,050,000	0.0
Review at Omnibus the addition of \$3.0 million, all from the State General Fund, for the replacement of the Offender Management Information System and Total Offender Activity and Document System (OMIS/TOADS) for FY 2011.	3,000,000	0	3,000,000	0.0
Review at Omnibus the addition of \$531,859, all from the State General Fund, and 32.0 FTE positions, to reopen the Stockton Correctional Facility (SCF) for FY 2011. The Department of Corrections suspended operations at the SCF in FY 2009 to achieve budget savings.	531,859	0	531,859	32.0

Juvenile Justice Authority

Review at Omnibus the Governor's recommendation of eliminating the Incentive Grant program, and consider the restoration of \$506,292, all from State General Fund, for incentive grant funding for FY 2011 to hold the amount even with FY 2010 incentive grant funding.	506,292	0	506,292	0.0
---	---------	---	---------	-----

Agency/Item

State General Fund

All Other Funds

All Funds

FTEs

Adjutant General

Review at Omnibus the newest disaster assistance estimates on any open and/or new disasters for FY 2011. 0 0 0 0.0

Emergency Medical Services Board

Review at Omnibus the addition of \$50,000, all from the EMS Operating Fund, to the Education Incentive Grant Program for FY 2011, if bills (2009 SB 322 and 2009 HB 2387) affecting the fire insurance premiums are not enacted into law. 0 50,000 50,000 0.0

Department of Agriculture

Review at Omnibus the addition of \$100,000, all from the State General Fund, for the Division of Water Resources to fund interstate water management and other water appropriation activities for FY 2011. 100,000 0 100,000 0.0

Review at Omnibus the addition of \$20,000, all from the State General Fund, for the Agricultural Statistics program to fund two livestock market reports for FY 2011. 20,000 0 20,000 0.0

Review at Omnibus the addition of \$55,000, all from the State General Fund, for the Administrative Services and Support program to fund a vacant 1.0 FTE administrator position within the Specialty Crop Grant Management subprogram for FY 2011. 55,000 0 55,000 0.0

Review at Omnibus the addition of \$6,250, all from the State General Fund, for the agency's membership in the Missouri River Association of State and Tribes (MoRAST) for FY 2011. 6,250 0 6,250 0.0

Animal Health Department

Review at Omnibus the funding the agency receives for feral swine eradication and any potential legislation to aid the agency in combating infestation of feral swine for FY 2011. 0 0 0 0.0

Kansas State Fair Board

Review at Omnibus the progress of 2010 HB 2658 and 2010 SB 364, which would allow the agency to pursue workers compensation coverage through the private market, rather than paying for coverage through the state, and also review the agency's workers compensation coverage costs for FY 2011. 0 0 0 0.0

State Water Plan Fund

Review at Omnibus the transfer of \$4,651,755 from the State General Fund to the State Water Plan Fund for FY 2011. In addition, review increasing State Water Plan Fund expenditures proportionally by \$4,651,755 for the Department of Agriculture, Kansas Department of Health and Environment, State Conservation Commission, Kansas Water Office, Department of Wildlife and Parks, and the University of Kansas Geological Survey for FY 2011. 0 4,651,755 4,651,755 0.0

TOTAL	\$40,664,187	\$65,184,152	\$105,848,339	32.0
--------------	---------------------	---------------------	----------------------	-------------

GRAND TOTAL	\$40,664,187	\$65,184,152	\$105,848,339	32.0
--------------------	---------------------	---------------------	----------------------	-------------

3-186

MEMORANDUM

TO: Governor Mark Parkinson and Legislative Budget Committee

FROM: Kansas Division of the Budget and Kansas Legislative Research Department

DATE: April 14, 2010

SUBJECT: Consensus Caseload Estimates for FY 2010 and FY 2011

The Division of the Budget, Legislative Research Department, Department of Social and Rehabilitation Services (SRS), Kansas Health Policy Authority (KHPA), Department on Aging, and the Juvenile Justice Authority (JJA) met on April 14, 2010 to revise the estimates on caseload expenditures for FY 2010 and FY 2011. The consensus estimates include expenditures for Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families, General Assistance, the Reintegration/Foster Care contracts, and JJA psychiatric residential treatment facilities and out of home placements. The estimating group used the Governor's budget recommendation as the starting point for the current estimate. A chart summarizing the estimates for FY 2010 and FY 2011 is included at the end of this memorandum. The estimate for FY 2010 is decreased by \$34.7 million from the State General Fund and \$3.1 million from all funding sources. The new estimate for FY 2011 then increases by \$1.0 million from the State General Fund, but decreases by \$1.6 million from all funding sources.

The estimates include Regular Medical Assistance expenditures by both the Kansas Health Policy Authority and the Department of Social and Rehabilitation Services. Most health care services for persons who qualify for Medicaid, MediKan and other state health insurance programs were transferred to the KHPA from the Division of Health Policy and Finance on July 1, 2006, as directed in 2005 Senate Bill 272. Certain mental health services, addiction treatment services, and services for persons with disabilities that are a part of the Regular Medical Assistance program remained a part of the budget of SRS. The total of the two-year adjustments reflect a State General Fund reduction of \$33.7 million and an all funds reduction of \$4.7 million.

FY 2010

For FY 2010, the new estimate is a decrease from all funding sources of \$3.1 million and \$34.7 million from the State General Fund. The decrease in caseload expenditures is the result of lower expenditures in Nursing Facilities, JJA out-of-home services, General Assistance, and Temporary Assistance to Families (TAF). The expenditure reductions for Nursing Facilities

and JJA out-of-home services are due to higher than budgeted savings from the 10.0 percent rate reduction that was included in the Governor's November 2009 Allotment. The reduction in the General Assistance Program is the result of a greater impact from the new 12-month limit on benefits that was initiated in the last allotment. The reduction in the TAF Program reflects that the number of recipients is not rising as quickly as was anticipated at the fall consensus caseload meeting. These decreases were partially offset by higher estimates for the number of individuals in Foster Care and mental health services.

The State General Fund savings in Medicaid programs resulting from the enhanced Federal Medical Assistance Percentage rate included in the American Recovery and Reinvestment Act of 2009 (ARRA) has been included in prior estimates. However, the federal government recently announced that for a limited period, the state portion of the Medicaid Clawback that all states pay will be reduced by a corresponding percentage. This reduction in clawback payments of \$16.4 million from the State General Fund, which was included in the Governor's March plan to reduce the budget, is incorporated into the caseload estimate for KHPA's Regular Medical Program. The Regular Medical estimate does not include any change in expenditures that will result from federal health reform. KHPA did not provide an estimate of expenditures that will result from enactment of the federal legislation.

The estimates for Regular Medical, mental health services, and addiction treatment services include rate changes for managed care organizations that have recently begun paying privilege fees to the Insurance Department. Also incorporated from the Governor's March plan is the use of an additional \$15.0 million from the federal Temporary Assistance to Needy Families Fund for the Foster Care Program. Actual spending for the Temporary Assistance to Families Program has been less than originally expected and the savings can be used to replace State General Fund expenditures in Foster Care. Additional State General Fund savings are included in the Foster Care estimate to reflect that SRS has improved its practices to increase the amount of federal funding that can be drawn for the program.

FY 2011

For FY 2011, the estimate is a decrease of \$1.6 million from all funding sources, but an increase of \$1.0 million from the State General Fund. These adjustments include decreases from all funding sources of \$107,907 for the Department on Aging's Targeted Case Management (TCM) Program, \$7.8 million for Temporary Assistance to Families, and \$683,304 for General Assistance. TCM and TAF are still expected to increase over FY 2010 expenditures, but beneficiaries and program expenditures are not expected to increase as much as was originally estimated. The estimates for Psychiatric Residential Treatment Facility expenditures are increased in JJA and SRS Mental Health reflecting both an increase in children served and system capacity. Estimates for Foster Care and JJA out-of-home placements are also increased. However, both agencies have additional federal funding that can be drawn for the programs, so less State General Fund is required.

The overall estimate for Nursing Facilities is unchanged from the fall, but the estimate does now include the addition of the Kansas Soldiers' Home and the Kansas Veterans' Home to the program. The estimate for Regular Medical is an increase of \$410,885, but the State General Fund portion is decreased by \$1.9 million. This State General Fund reduction is largely due to the FY 2011 clawback reduction of \$8.4 million. The Regular Medical estimate does not include the use of a Preferred Drug List for mental health drugs as was recommended by the Governor, but it does include the use of a prior authorization system for prescription drugs and the professional rate leveling reductions. The Regular Medical estimate also does not include any

change in expenditures that will result from federal health reform. KHPA did not provide an estimate of expenditures that will result from enactment of the federal legislation. The estimates for Medicaid Programs that had a 10.0 percent provider rate reduction in FY 2010 also include estimated savings of \$7.5 million, including \$2.6 million from the State General Fund, which will be realized in FY 2011 from the time lag in billing. The estimates for Regular Medical, mental health services, and addiction treatment services include rate changes for managed care organizations that have recently begun paying privilege fees to the Insurance Department.

The caseload estimates for FY 2011 include the enhanced federal Medicaid funding from the American Recovery and Reinvestment Act of 2009 for the period from July 1, 2010 to December 31, 2010. However, there is a possibility that the enhanced Federal Medical Assistance Percentage rate will be extended from January 1, 2011 to July 1, 2011. If that happens, the required state match for Medicaid programs will be reduced by approximately \$127.3 million. The savings for Medicaid Programs that are included in the consensus process would total \$98.2 million. Additionally, Medicaid Programs that are not included in the process, such as the home and community-based services waivers, would save an estimated \$29.1 million.

April 2010 Consensus Caseload Estimates

		FY 2010 Governor's Rec.	April Revised FY 2010	Difference from Governor's Rec.	FY 2011 Governor's Rec.	April Revised FY 2011	Difference from Governor's Rec.
Regular Medical	SGF	351,905,687	335,505,687	(16,400,000)	441,517,000	439,595,820	(1,921,180)
	AF	1,280,604,528	1,280,604,528	--	1,353,508,000	1,353,918,885	410,885
Nursing Facilities	SGF	109,614,350	108,752,800	(861,550)	133,149,324	133,149,324	--
	AF	360,750,000	356,000,000	(4,750,000)	373,700,000	373,700,000	--
Aging TCM	SGF	1,540,526	1,540,526	--	1,852,760	1,814,313	(38,447)
	AF	5,070,000	5,070,000	--	5,200,000	5,092,093	(107,907)
PRTF	SGF	2,103,322	2,103,322	--	2,315,950	2,784,849	468,899
	AF	6,922,500	6,922,500	--	6,500,000	7,816,022	1,316,022
Out-of-Home Placements	SGF	19,027,508	18,112,661	(914,847)	21,037,226	20,982,883	(54,343)
	AF	22,327,508	21,953,671	(373,837)	23,383,470	23,718,873	335,403
Temporary Assist. to Families	SGF	23,821,028	23,821,028	--	29,821,028	29,821,028	--
	AF	53,000,000	50,503,500	(2,496,500)	61,800,000	54,039,150	(7,760,850)
General Assistance	SGF	4,212,000	3,835,680	(376,320)	3,707,304	3,024,000	(683,304)
	AF	4,212,000	3,835,680	(376,320)	3,707,304	3,024,000	(683,304)
Reintegration/Foster Care Contract	SGF	85,000,000	68,159,943	(16,840,057)	85,725,000	87,382,089	1,657,089
	AF	131,115,351	133,041,453	1,926,102	131,789,617	136,165,704	4,376,087
Mental Health	SGF	70,629,218	71,272,108	642,890	85,179,413	86,762,994	1,583,581
	AF	233,920,191	236,864,573	2,944,382	241,430,053	241,920,135	490,082
NFMH	SGF	13,552,500	13,552,500	--	14,000,000	14,000,000	--
	AF	15,845,318	15,845,318	--	16,258,274	16,258,274	--
Community Supports & Services	SGF	9,457,500	9,457,500	--	11,700,000	11,700,000	--
	AF	31,130,678	31,130,678	--	32,837,496	32,837,496	--
AAPS	SGF	5,307,200	5,307,200	--	6,734,070	6,734,070	--
	AF	21,823,568	21,823,568	--	18,900,000	18,900,000	--
Total SGF		696,170,839	661,420,955	(34,749,884)	836,739,075	837,751,370	1,012,295
Total AF		2,166,721,642	2,163,595,469	(3,126,173)	2,269,014,214	2,267,390,632	(1,623,582)

SGF - State General Fund

AF - All Funds

* Addiction and Prevention Services (AAPS)/Prepaid Inpatient Health Plan (PIHP)

Children's Initiatives Fund

FY 2009 - FY 2011

House Committee Adjustments

	Actual FY 2009	Gov. Rec. FY 2010	Gov. Rec. FY 2011	House Adjustments FY 2011
Department of Health and Environment				
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Infants and Toddlers Program (Tiny K)	5,700,000	5,700,000	5,700,000	-
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	1,000,000	-
PKU/Hemophilia	208,000	-	-	-
Newborn Hearing Aid Loaner Program	49,852	50,000	50,000	-
SIDS Network Grant	75,000	75,000	75,000	-
Newborn Screening	2,204,382	2,224,106	2,219,766	-
Subtotal - KDHE	\$ 9,487,234	\$ 9,299,106	\$ 9,294,766	\$ -
Juvenile Justice Authority				
Juvenile Prevention Program Grants	\$ 4,976,821	\$ 4,740,406	\$ 3,785,814	\$ -
Juvenile Graduated Sanctions Grants	4,023,179	4,259,594	5,214,186	-
Subtotal - JJA	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ -
Department of Social and Rehabilitation Services				
Children's Cabinet Accountability Fund	\$ 538,197	\$ 545,407	\$ 541,802	\$ -
Children's Mental Health Initiative	3,800,000	3,800,000	3,800,000	-
Family Centered System of Care	5,000,000	5,000,000	5,000,000	-
Child Care Services	1,400,000	1,400,000	1,400,000	-
Community Services - Child Welfare	3,136,934	-	-	-
Smart Start Kansas - Children's Cabinet	8,437,225	8,448,244	8,443,161	-
Family Preservation	3,313,066	3,241,062	3,241,062	-
Early Childhood Block Grants	11,088,987	11,059,475	11,049,830	(5,000,000) a
Early Childhood Block Grants - Autism	-	50,000	50,000	-
Early Head Start	3,452,779	3,452,779	3,452,779	(2,000,000) b
Child Care Quality Initiative	500,000	500,000	500,000	-
Foster Care	-	-	-	5,000,000 a
Subtotal - SRS	\$ 40,667,188	\$ 37,496,967	\$ 37,478,634	\$ (2,000,000)
Kansas Health Policy Authority				
HealthWave	\$ 2,000,000	\$ -	\$ -	\$ -
Medical Assistance	3,000,000	-	-	-
Immunization Outreach	500,000	-	-	-
Subtotal - KHPA	\$ 5,500,000	\$ -	\$ -	\$ -
Department of Education				
Reading and Vision Research	\$ 100,000	\$ -	\$ -	\$ -
Four Year Old at Risk/General State Aid	100,000	-	-	-
Parents as Teachers	7,521,357	7,539,500	7,539,500	-
Pre-K Pilot	5,000,000	5,000,000	5,000,000	-
Subtotal - Dept. of Ed.	\$ 12,721,357	\$ 12,539,500	\$ 12,539,500	\$ -
University of Kansas Medical Center				
Tele-Kid Health Care Link	\$ 394	\$ -	\$ -	\$ -
TOTAL	\$ 77,376,173	\$ 68,335,573	\$ 68,312,900	\$ (2,000,000)

	Actual FY 2009	Gov. Rec. FY 2010	Gov. Rec. FY 2011	House Adjustments FY 2011
Beginning Balance	\$ 12,747,981	\$ 165,984	\$ -	\$ -
Plus: Other Income*	354,705			
State General Fund Transfer Children's Initiatives Reserve Fund				
Transfer In**	-	1,283,705	1,194,152	1,194,152
KEY Fund Transfer In	64,458,892	66,885,884	67,118,748	67,118,748
Total Available	\$ 77,561,578	\$ 68,335,573	\$ 68,312,900	\$ 68,312,900
Less: Expenditures	77,376,173	68,335,573	68,312,900	66,312,900
Transfer Out to KEY Fund	-	-	-	-
Transfer Out to Children's Initiatives	-	-	-	-
Transfer Out to State General Fund	19,421	-	-	2,000,000 b
ENDING BALANCE	\$ 165,984	\$ -	\$ -	\$ -

* Other Income includes released encumbrances, recoveries and reimbursements.

** The 2006 Legislature established the Children's Initiatives Reserve Fund (CIRF) and transferred any unencumbered balance in the Children's Initiatives Fund (CIF) on June 30, 2007 to the CIRF. On July 1, 2007, 25 percent of the balance in the CIRF was transferred to the CIF. The transfer which was scheduled to occur on July 1, 2008, of one third of the remaining balance of the CIRF, was inadvertently omitted. On July 1, 2009, 50 percent of the remaining balance of the CIRF was transferred to the CIF. On July 1, 2010, all remaining funds in the CIRF are to be transferred to the CIF.

*** The Governor's recommendation for FY 2010 transfers funding of \$14.3 million from the Kansas Endowment for Youth (KEY) Fund to the State General Fund. In addition, the Governor's FY 2010 recommendation transfers \$232,432 from the Kansas Endowment for Youth Fund to the Attorney General. The Governor's recommendation for FY 2011 recommends a transfer from the KEY fund to the Attorney General of \$475,985.

a) The House Committee recommends decreasing expenditures for the Early Childhood Block Grant by \$5.0 million, and instead expending the \$5.0 million on the Foster Care program for FY 2011. The Committee further recommends State General Fund expenditures for the Foster Care program be reduced by \$5.0 million for FY 2011.

b) The House Committee recommends decreasing expenditures for Early Head Start by \$2.0 million for FY 2011 and transferring the funds to the State General Fund.

**ECONOMIC DEVELOPMENT INITIATIVES FUND
FY 2009 - 2011**

Agency/Program	Actual FY 2009	Gov. Rec. FY 2010	Gov. Rec. FY 2011	House Adjustments FY 2011
Department of Commerce				
Operating Grant	\$ 14,782,929	\$ 13,513,065	\$ 13,038,871	\$ -
Older Kansans Employment Program	298,036	297,170	294,651	-
Rural Opportunity Program	1,975,363	1,918,581	1,752,035	-
Parsons Ammunition Facility Road Reconstruction Grant	750,000 a	-	-	-
Senior Community Services Employment Program	-	3,941	9,141	-
Kansas Commission on Disability Concerns	-	196,341	192,292	-
Strong Military Bases Program	-	323,210	307,050	-
Subtotal - Commerce	<u>\$ 17,806,328</u>	<u>\$ 16,252,308</u>	<u>\$ 15,594,040</u>	<u>\$ -</u>
Kansas Technology Enterprise Corporation				
Operations	\$ 1,725,918	\$ 1,301,064	\$ 1,191,500	\$ -
University & Strategic Research	4,198,724	3,496,864	2,416,000	-
Product Development Financing	643,319	525,000	-	-
Commercialization	2,571,493	1,888,943	1,382,500	-
Mid-America Manuf. Tech. Center (MAMTC)	1,362,149	545,000	1,000,000	-
Subtotal - KTEC	<u>\$ 10,501,603</u>	<u>\$ 7,756,871</u>	<u>\$ 5,990,000</u>	<u>\$ -</u>
Kansas, Inc.				
Operations	\$ 394,882	\$ 355,162	\$ 346,904	\$ -
Board of Regents & Universities				
Vocational Education Capital Outlay	\$ 2,398,275	\$ 2,565,000	\$ 2,565,000	\$ -
Technology Innovation & Internship	232,140	180,500	180,500	-
KSU - ESARP	275,294	298,668	298,668	-
WSU - Aviation Classroom & Training Equipment	-	2,500,000	5,000,000	-
WSU - Aviation Research	6,968,653	4,994,337	5,000,000	-
Subtotal - Regents & Universities	<u>\$ 9,874,362</u>	<u>\$ 10,538,505</u>	<u>\$ 13,044,168</u>	<u>\$ -</u>
Department of Agriculture				
Dairy Inspection Program	\$ -	\$ -	\$ -	\$ 75,000
State Fair				
Ticket Marketing & Premiums	\$ 65,541	\$ -	\$ -	\$ -
Subtotal - State Fair	<u>\$ 65,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures				
	\$ 38,642,716	\$ 34,902,846	\$ 34,975,112	\$ 75,000
Transfers to Other Funds				
Kansas Economic Opportunity Initiatives Fund	\$ 1,250,000	\$ 2,050,000	\$ 2,050,000	(800,000)
KS Qualified Biodiesel Fuel Producer Incentive Fund	374,000	200,000	200,000	-
State Water Plan Fund	2,846,126	2,000,000	2,000,000	-
Public Use General Aviation Airport Development Fund	-	1,000,000	1,000,000	-
KPERS Death and Disability Moratorium	-	50,534	-	-
Health Insurance Moratorium	-	214,058	-	-
State Housing Trust Fund	-	2,000,000	-	-
State General Fund	-	5,800,000	3,018,605	725,000
Subtotal - Transfers	<u>\$ 4,470,126</u>	<u>\$ 13,314,592</u>	<u>\$ 8,268,605</u>	<u>\$ (75,000)</u>
TOTAL TRANSFERS AND EXPENDITURES				
	\$ 43,112,842	\$ 48,217,438	\$ 43,243,717	\$ -
EDIF Resource Estimate				
Beginning Balance	\$ 4,980,302	\$ 6,696,286	\$ 11,717	-
Gaming Revenues	40,782,869	40,782,869	42,432,000	-
Other Income*	4,045,957	750,000	800,000	-
Total Available	<u>\$ 49,809,128</u>	<u>\$ 48,229,155</u>	<u>\$ 43,243,717</u>	<u>\$ -</u>
Less: Expenditures and Transfers	43,112,842	48,217,438	43,243,717	-
ENDING BALANCE	\$ 6,696,286	\$ 11,717	\$ -	\$ -

* Other income includes interest, transfers, reimbursements and released encumbrances

a Pursuant to 2008 Senate Sub. for HB 2946 the Dept. of Commerce was reimbursed through the EDIF; this reimbursement is reflected in Other Income.

State Water Plan Fund

Agency/Program Expenditures	FY 2009 Actual Expenditures	FY 2010 Governor's Rec.	FY 2011 Governor's Rec.	FY 2011 House Adjustments
KDHE				
Contamination Remediation	\$ 850,831	\$ 447,951	\$ 753,870	\$ -
TMDL Initiatives	217,416	194,959	166,821	-
Local Environmental Protection Program	1,502,848	1,066,942	980,000	-
Non-Point Source Program	300,792	305,876	246,072	-
Water Restoration and Protection Strategy	590,087	431,312	548,696	-
Treece Superfund	-	-	350,000	-
TOTAL	\$ 3,461,974	\$ 2,447,040	\$ 3,045,459	\$ -
Department of Agriculture				
Interstate Issues	\$ 451,518	\$ 332,875	\$ 459,816	\$ -
Water Use	60,000	60,000	46,200	-
Subbasin Water Resources Management	639,273	641,771	490,032	-
TOTAL	\$ 1,150,791	\$ 1,034,646	\$ 996,048	\$ -
State Conservation Commission				
Water Resources Cost-Share	\$ 3,435,957	\$ 2,435,803	\$ 2,142,151	\$ -
Non-Point Source Pollution	3,082,483	2,562,787	2,278,435	-
Water Transition Assistance	2,161,479	100,000	600,984	-
Aid to Conservation Districts	2,253,788	2,266,962	2,113,796	-
Conservation Reserve Enhancement Program	116,123	1,113,584	-	-
Watershed Dam Construction	927,153	726,697	691,975	-
Water Quality Buffer Initiative	267,047	312,163	196,770	-
Riparian and Wetland Program	236,515	187,366	165,144	-
Multipurpose Small Lakes	1,123,176	-	-	-
Water Supply Restoration Program	998,466	-	656,298	-
TOTAL	\$ 14,602,187	\$ 9,705,362	\$ 8,845,553	\$ -
Kansas Water Office				
Assessment and Evaluation	\$ 740,604	\$ 508,002	\$ 490,000	\$ -
GIS Database Development	250,000	177,500	175,000	-
MOU - Storage Operations and Maintenance	296,841	274,500	248,500	-
Technical Assistance to Water Users	490,761	585,849	437,443	-
Water Resource Education	53,449	47,000	38,500	-
Weather Modification	240,000	156,200	168,000	-
Weather Stations	80,000	50,000	49,000	-
Neosho River Basin Issues	65,134	860,080	-	-
Wichita Aquifer Storage and Recovery Project	1,000,000	300,000	563,531	-
TOTAL	\$ 3,216,789	\$ 2,959,131	\$ 2,169,974	\$ -
Department of Wildlife and Parks				
Stream Monitoring	\$ 32,000	\$ 28,800	\$ 28,800	\$ -
University of Kansas				
Geological Survey	\$ 32,000	\$ 28,800	\$ 28,800	\$ -
TOTAL FUNDING	\$ 22,495,741	\$ 16,203,779	\$ 15,114,634	\$ -
Revenues				
Beginning Balance	\$ 2,846,479	\$ 1,205,720	\$ 34,397	\$ -
Adjustments/Receipts				
Released Encumbrances	\$ 1,212,360	\$ 421,700	\$ -	\$ -
State General Fund Transfer	2,000,000	-	1,348,245	-
EDIF Transfer	2,846,126	2,000,000	2,000,000	-
<i>Kansas v. Colorado</i> Suspense Fund	525,729	-	-	-
Fee Revenues	14,590,767	12,898,756	12,118,170	-
Transfer to the KCC - Abandoned Oi/Gas Wells	(320,000)	(288,000)	(374,865)	-
Expenditures	\$ (22,495,741)	\$ (16,203,779)	\$ (15,114,634)	\$ -
ENDING BALANCE	\$ 1,205,720	\$ 34,397	\$ 11,313	\$ -

April 19, 2010

The Honorable Jay Emler, Chairperson
Senate Committee on Ways and Means
Room 548-S, Statehouse

and

The Honorable Kevin Yoder, Chairperson
House Committee on Appropriations
Room 346-S, Statehouse

Dear Senator Emler and Representative Yoder:

The items contained in this memo, Governor's Budget Amendment No. 1, amend the revised FY 2010 and new FY 2011 budget that I submitted to you in January 2010. The items detailed here reflect new issues that have arisen, caseload adjustments, or changes that can be made based on new information. Two of these items change transfers to bring \$38.0 million to the State General Fund in FY 2010. Total adjustments to expenditures are shown below.

	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	(\$ 44,137,755)	\$ 1,012,295
All Other Funds	<u>(57,393,782)</u>	<u>(515,021)</u>
All Funds	(\$ 101,510,413)	\$ 497,274

Board of Indigents Defense Services

1. Assigned Counsel Caseload

I amend my budget to add \$686,456 from the State General Fund to increase expenditures in the Assigned Counsel Program which was arrived at through a consensus caseload process involving the Division of the Budget, the Kansas Legislative Research Department, and the agency. The revised estimate accounts for a steady caseload at the reduced rate of \$62 per hour. Although the majority of cases are now being paid at the reduced rate of

\$62 per hour, there are still some ongoing cases being paid at the \$80 per hour rate. Therefore, the estimated savings from the reduced hourly rate is materializing slower than anticipated.

	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	\$ 686,456	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 686,456	\$ --

**Department of Social & Rehabilitation Services,
Department on Aging, Kansas Health Policy Authority, and Juvenile Justice Authority**

2. Health and Human Service Caseload Adjustments

I amend my FY 2010 and FY 2011 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Kansas Health Policy Authority, the Department of Social and Rehabilitation Services, the Legislative Research Department, the Department on Aging, the Juvenile Justice Authority, and the Division of the Budget. The consensus estimates included Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families (TAF), General Assistance, and Reintegration/Foster Care. My budget recommendation served as the starting point for the revisions.

For FY 2010, this amendment includes a decrease from all funding sources of \$3.1 million from all funding sources and a decrease of \$34.7 million from the State General Fund. The decrease in caseload expenditures is the result of lower expenditures in Nursing Facilities, JJA out-of-home services, General Assistance, and Temporary Assistance to Families (TAF). The expenditure reductions for Nursing Facilities and JJA out-of-home services result from greater savings than were anticipated when I initially announced the 10.0 percent rate reduction in November. The reduction in the General Assistance Program is the result of a greater impact from the new 12-month limit on benefits that was initiated in the last allotment. The reduction in the TAF Program reflects lower than anticipated recipients as was anticipated at the fall consensus caseload meeting. These reductions were partially offset by higher estimates for the number of individuals in Foster Care and mental health services.

The State General Fund savings in Medicaid programs resulting from the enhanced Federal Medical Assistance Percentage rate included in the American Recovery and Reinvestment Act of 2009 (ARRA) has been included in prior estimates. However, the federal government recently announced that for a limited period, the Medicaid Clawback that all states pay will be reduced by a corresponding percentage. This reduction in clawback payments of \$16.4 million from the State General Fund, which was included in my March plan to reduce the budget, is now incorporated into the caseload estimate for KHPA's Regular Medical Program. Also incorporated from my March plan is the use of an additional \$15.0 million from the federal Temporary Assistance to Needy Families Fund for the Foster Care Program. Actual spending for the Temporary Assistance to Families Program has been less than originally expected and the savings can be used to replace State General Fund expenditures in Foster Care. Additional State

General Fund savings are included in the Foster Care estimate to reflect that SRS has improved its practices to increase the amount of federal funding that can be drawn for the program.

For FY 2011, the estimate is a decrease of \$1.6 million from all funding sources, but an increase of \$1.0 million from the State General Fund. These adjustments include decreases from all funding sources of \$107,907 for the Department on Aging's Targeted Case Management (TCM) Program, \$7.8 million for Temporary Assistance to Families, and \$683,304 for General Assistance. TCM and TAF are still expected to increase over FY 2010 expenditures, but beneficiaries and program expenditures are not expected to increase as much as was originally estimated. The estimates for Psychiatric Residential Treatment Facility expenditures are increased in both JJA and SRS Mental Health reflecting both an increase in children served and system capacity. Estimates for Foster Care and JJA out-of-home placements are also increased. However, both agencies have additional federal funding that can be drawn for the programs, so less State General Fund is required.

The overall estimate for Nursing Facilities is unchanged from the fall, but the estimate now includes the addition of the Kansas Soldiers Home and the Kansas Veterans Home to the program. The estimate for Regular Medical is an increase of \$410,885, but the State General Fund portion is decreased by \$1.9 million. This State General Fund reduction is largely due to the FY 2011 clawback reduction of \$8.4 million. The Regular Medical estimate does not include the use of a Preferred Drug List for mental health drugs as I recommended, but it does include the use of a prior authorization system for prescription drugs and the professional rate leveling reductions. The estimates for Medicaid Programs that had a 10.0 percent provider rate reduction in FY 2010 include estimated savings of \$7.5 million, including \$2.6 million from the State General Fund, which will be realized in FY 2011 from the time lag in billing. The tables below the effects these changes have on each state agency over the two years.

Health Policy Authority:	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	\$ (16,400,000)	\$ (1,921,180)
All Other Funds	<u>16,400,000</u>	<u>2,332,065</u>
All Funds	\$ --	\$ 410,885
Dept. of SRS:	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	\$(16,573,487)	\$ 2,557,366
All Other Funds	<u>18,571,151</u>	<u>(6,135,351)</u>
All Funds	\$ 1,997,664	\$ (3,577,985)
Dept. on Aging:	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	\$ (861,550)	\$ (38,447)
All Other Funds	<u>(3,888,450)</u>	<u>(69,460)</u>
All Funds	\$ (4,750,000)	\$ (107,907)
Juvenile Justice Authority:	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	\$ (914,847)	\$ 414,556
All Other Funds	<u>541,010</u>	<u>1,236,869</u>
All Funds	\$ (373,837)	\$ 1,651,425

Department of Social & Rehabilitation Services

3. Osawatomie State Hospital Electrical Sub-Station

I amend my budget to include new amounts from the State Institutions Building Fund (SIBF) in both FY 2010 and FY 2011. For FY 2010, \$261,800 is needed, and \$1,287,000 will be needed in FY 2011 for critical repairs to the Osawatomie State Hospital electrical sub-station. This station provides power to the entire hospital grounds and consists of two transformers, one of which is out of service as a result of damage sustained in an electrical storm. To get the project started, SRS will free \$200,000 from within its capital budget, but additional appropriations will be necessary. Monies are available in the SIBF to finance these repairs.

	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>261,800</u>	<u>1,287,000</u>
All Funds	\$ 261,800	\$ 1,287,000

Kansas Commission on Veterans Affairs

4. Replacement of Storm Damaged Roofs at the Kansas Soldiers Home

I amend my FY 2011 budget to add \$833,856 from the State Institutions Building Fund for replacement of roofs damaged by a hail storm at the Kansas Soldiers Home. This funding will allow the roofs on Halsey, Nimitz, Lincoln, and Grant Halls to be replaced, as well as the roofs on 61 of the cottages at the Home.

	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> </u>	<u>833,856</u>
All Funds	\$ --	\$ 833,856

Department of Transportation

5. State Highway Fund

The Kansas Department of Transportation has canceled nearly all maintenance projects that have not been started in FY 2010, worth \$86.5 million. I amend my budget to transfer \$28.0 million from the State Highway Fund freed up from canceling these projects to the State General Fund in FY 2010.

	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(86,478,876)</u>	<u>--</u>
All Funds	(\$86,478,876)	\$ --

6. Primary Safety Belt Bill

I recommend passage of HB 2130, which would institute a primary safety belt law in Kansas. Enacting this bill will produce \$10.0 million in flexible federal funds for the Department; therefore, I amend my budget to transfer \$10.0 million from the State Highway Fund to the State General Fund in FY 2010.

State Agencies

7. Suspension of Payments to KPERS Death and Disability Fund

As I stated in March, I recommend suspension of employer contributions to the KPERS Death and Disability Fund for a three-month period, beginning April 1, 2010, and ending on June 30, 2010. The suspension will have no effect on payments to beneficiaries, as the Fund has sufficient balances. This moratorium will also benefit local governments. In order to implement this recommendation the Legislature must enact 2010 SB 568.

	<u>FY 2010</u>	<u>FY 2011</u>
State General Fund	(\$10,074,327)	\$ --
All Other Funds	<u>(2,779,293)</u>	<u>--</u>
All Funds	(\$12,853,620)	\$ --

Sincerely,

Mark Parkinson
Governor of the State of Kansas