

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on January 13, 2010, in Room 548-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Major General Tod M. Bunting, Adjutant General
Joan Wagon, Secretary, Department of Revenue
Rochelle Chronister, Chairperson, Facilities Closure and Realignment Commission

Others attending:

See attached list.

Introduction of Legislation

Senator Vratil moved to introduce legislation concerning school districts and contracts for employment (9rs1284). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Vratil moved to introduce legislation concerning earned tax credit (9rs1324). The motion was seconded by Senator Apple. Motion carried on a voice vote.

Senator Emler moved to introduce legislation concerning the State Fair Board (9rs1304). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Introduction of Interns

Senator Kultala introduced her intern, Wayne Hodges. Senator Emler introduced his intern, James Fisher.

Presentation on Armory Closings

Major General Tod M. Bunting, Adjutant General, presented an update on armory closings and disaster funding (Attachment 1). Major highlights of General Bunting's testimony includes:

- The Kansas National Guard has announced the closure of 18 of its 56 National Guard Armories in early 2010 due to budget cuts, continued force structure reductions and long-term sustainment plans.
- The closures will address the cut of \$156,662 for the state agency in FY 2010 and \$264,217 for FY 2011.
- The closures have resulted in a loss of 1,536 authorized personnel.
- To ensure future sustainability, the Kansas National Guard is joining with other public safety and community partners in future armory projects.
- With fewer armories strategically located around the state, the Kansas National Guard will be better positioned to sustain the remaining 38 facilities and provide Kansas communities with proper service.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on January 13, 2010, in Room 548-S of the Capitol.

Responding to questions from the Committee, General Bunting, stated that he felt the closed facilities would not be reopened any time in the near future. There are standardized rules provided by the Kansas National Guard; however, the individual armories can modify the rules. The rent collected for use does not cover the cost of maintenance of the facilities. The Adjutant General noted that some of the \$10 million in bonding received by the National Guard in past years was used to at some of the facilities that are now being closed to modernize and bring them into ADA compliance. General Bunting indicated that there is a historical agreement made between the armories and the cities in which they were located when the armories were built indicating that if the armories were closed, they would be returned to the city.

The Committee expressed concern that with the return of the armories to the cities, the local citizens would incur additional tax liability.

- The Committee requested that information be provided concerning whether cities were required to accept the armories and if the armories could be sold by the cities.

Presentation on State Disaster Funding

Major General Tod Bunting, Adjutant General, presented information concerning the State Disaster Funding (Attachment 2). General Bunting stated that approximately \$30 million may be needed in FY 2011 to cover disaster funding. The Governor's FY 2011 proposed budget includes \$5.173 million for disaster funding. General Bunting indicated that many disaster's take a number of years to finalize as they are not closed until all expenses are forthcoming. Because disasters carry different federal matching rates, it is wise to proceed slowly in order to receive a larger portion of federal dollars possible.

Overview of Tax Statements

Joan Wagon, Secretary, Department of Revenue, presented testimony on Settlement of Tax Appeals during the first two quarters of FY 2010 (Attachment 3). A total of \$32,277,923 has been collected to date from the original group of cases targeted for settlement. Other assessments have collected \$7,761,975 for a total of \$40,039,898 collected and deposited. Responding to a question from the Committee, Ms. Wagon stated that the payment plan agreement will be ongoing.

Update on Facilities Closure and Realignment Commission

Rochelle Chronister, Chairperson, Facilities Closure and Realignment Commission, presented an update on recommendations proposed by the Commission (Attachment 4). Recommendations of the Commission include:

- Combine the areas of administration, maintenance, security and food service for the Kansas State School for the Blind (KSSB) and the Kansas School for the Deaf (KSD).
- Budget KSSB and KSD as a single entity.
- Close the Rehabilitation Center for the Blind and Visually Disabled (RCBVD) and invest savings into outreach programs.
- Move toward downsizing state hospitals by pursuing public/private partnerships with community hospitals.
- Recommends that Department of Social and Rehabilitation Services (SRS) develop criteria for placement of Kansas Neurological Institute (KNI) and Parsons State Hospital (Parsons) residents in community based services.
- Recommends SRS review the residents at KNI and Parsons for placement in the community with residents not meeting the criteria at KNI to be moved to Parsons.
- Recommends that an Executive Reorganization Order (ERO) be prepared for closure of KNI. In addition, the Commission recommends that the ERO specifically require the transfer of all dollars from KNI to the HCBS DD Waiver prior to closure of the facility.

Ms. Chronister noted that the Commission proposed that the savings from the closure of KNI be used to move additional people off the Home and Community Based Waiver waiting list. The Committee expressed concern will the loss of the dental and wheelchair clinics at KNI, as well as acute medical care - services that will need

CONTINUATION SHEET

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to be obtained at another location and paid for by the state.

Adjournment

The next meeting is scheduled for January 14, 2010.

The meeting was adjourned at 11:35.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE: January 13, 2010

NAME	REPRESENTING
Randy McHaver	Division of Energy Management ^{State}
Janice Harper	Adjutant General's Dept.
Tod Bunting	" " "
Cheri Froetscher	Budget
Brendan Yorkley	Budget
Kelli Kirkwood	KLA
Leslie Kaufman	Ks Co-op Council
John Frolinski	Boeing
Virginia Kralewski	KOSE
Jane Carter	KOSE
Markus Hauer	Hauer's Counsel Repairs
April Holman	Kansas Action for Children
John Peterson	Cyrtal Strategy
Bernie Koch	KEPC
Hyle Edelman	Intern
Rafiel Woods	BRS
Rocky Nichols	DRC Kansas
Stan Ahlerich	Kansas, Inc
Ron Seebur	KGFA
Larry Howe	Omalley Equip
William Joe Gardenhire	Sen Unberger
Joe Mosimann	PMCA
Kelsey Nepote	KNIBW

Kansas National Guard Armory Closure Factsheet – January 2010

1. **Background.** Due to recent and projected budgetary cuts, continued force structure reductions and long-term sustainment plans, the Kansas National Guard announced the closure of 18 of its 56 National Guard Armories. The closures are scheduled for early 2010 and will not result in any personnel layoffs. While we would like to be able to keep all the armories open, the realities of force structure reductions and budget cuts made this a necessary decision. It is important to note, we have never had a facility in every community, but we've always responded anywhere we were needed including Greensburg, Chapman and many others locations.

2. **Budget.** Closing the 18 armories addresses the \$156,662 state agency cut for Fiscal Year 2010 and \$264,217 for Fiscal Year 2011. For the past ten years, the state funding of armories has been reduced by more than 70% from \$837,000 in 2000 to \$229,000 in 2011. This does not allow us to properly maintain adequate facilities for our personnel. Also, during this period utility costs have increased almost \$500,000. Meanwhile, federal support is also a concern and has only been at 65% of the necessary funds for our armories. And, with funding below the required levels for several years now, we have not been able to bring all of the facilities up to code. We received a one-time bond to improve armories, but will need to have a new round of funding for future needs.

3. **Force Structure and Demographic Changes.** Since the year 2000, the Kansas National Guard has lost one Field Artillery Brigade Headquarters and One Field Artillery Battalion. Additionally, the 1st Battalion 137th Infantry and 1st Battalion 635th Armor were combined into one battalion. The total loss for Kansas was 1,536 authorized personnel. Closing 18 facilities is keeping in line with these force structure reductions. Our armories were built 40 to 50 years ago based on demographics and key transportation routes of the time and were designed to support Company/Battery size units – 100 to 150 or more troops, but many of the facilities to be closed have 50 or less soldiers training at them.

4. **Reductions.** Although the focus has been on armories, additional cost-saving reductions have been applied throughout the agency. These include the Air National Guard significantly reducing their operations in excess of \$80,000 which equates to over \$320,000 with Federal matching funds. As the Adjutant General's Department has always been a lean organization, the final choice for dealing with the cuts ultimately had to be infrastructure or essential personnel. In order to continue providing disaster-related emergency services, most cuts were taken in infrastructure.

5. **New kind of armory.** To ensure future sustainability, the Kansas National Guard is joining with other public safety and community partners in future armory projects. We have done this in Pittsburg, partnering with Pittsburg State University, and will build similar facilities in Wichita and Kansas City, maximizing shared use space with other agencies and partners to increase long-term sustainability.

6. **Comparison.** A comprehensive strategic statewide analysis was conducted examining a variety of options surrounding the closure of armories and consolidation of operations. The analysis included: location and proximity to other armories, historical and projected demographic shifts in population, feasibility of consolidation of operations, condition of current facilities, the potential to expand to accommodate new mission requirements, required facility upgrades, maintenance costs, and ensuring a National Guard presence in each of the seven homeland security regions to support domestic response operations. Comparisons to other states:

<u>State</u>	<u>Population</u>	<u>Force Authorizations</u>	<u>No. Armories</u>	<u>Ratio</u>
KS	2.8M	5,550	56 (without closings)	98 soldiers per station
NE	1.8M	3,699	26	142 soldiers per station
KS	2.8M	5,550	38 (after closings)	146 soldiers per station
IA	3.0M	7,340	47	156 soldiers per station
OK	3.6M	7,424	51	146 soldiers per station
CO	4.9M	3,771	24	157 soldiers per station
AZ	6.5M	5,400	30	180 soldiers per station

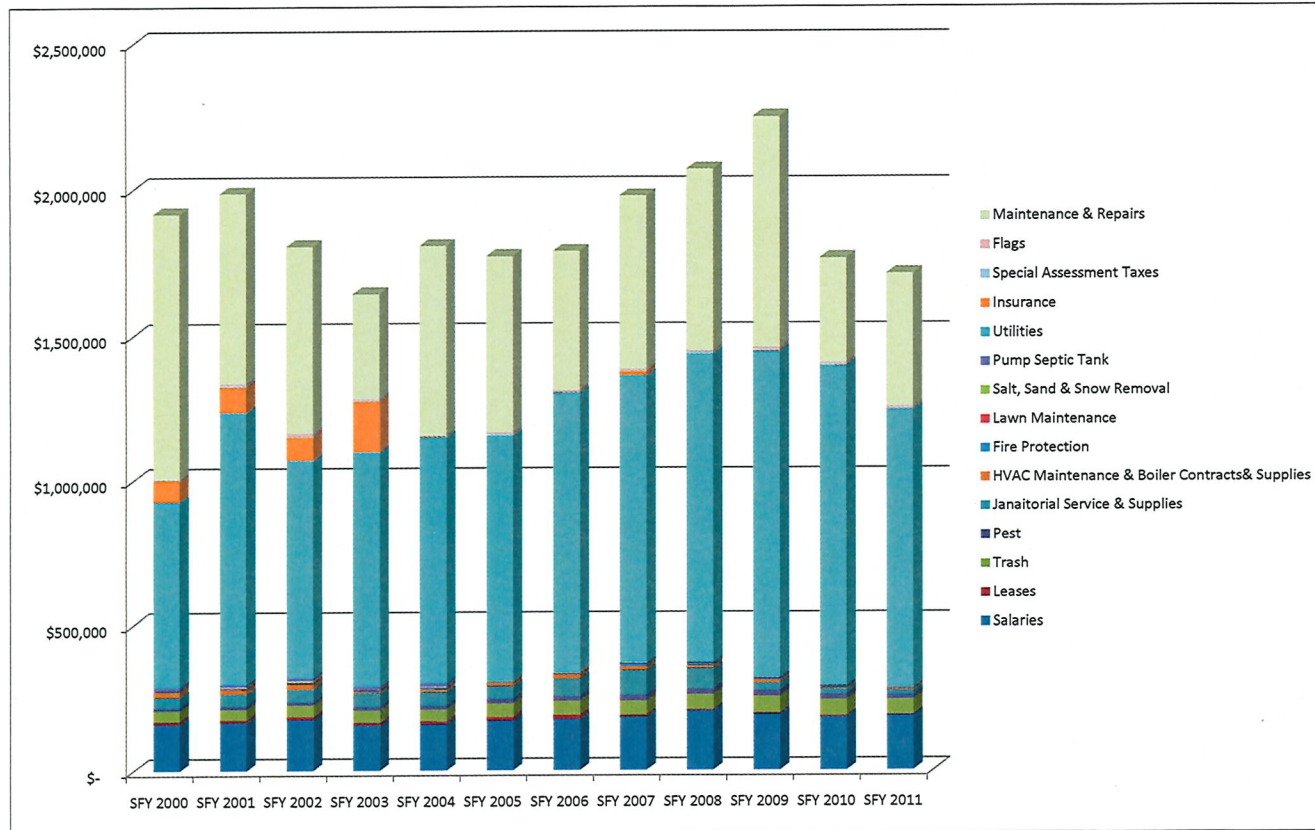
7. **The Future.** With fewer armories strategically located around the state, we will sustain the remaining 38 facilities and provide Kansas communities with the ty

Senate Ways & Means Cmte
Date 1-13-2010
Attachment 1

Armory Expenditures by Category

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Armories & SDB	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budgeted	Budgeted
Category	SFY 2000	SFY 2001	SFY 2002	SFY 2003	SFY 2004	SFY 2005	SFY 2006	SFY 2007	SFY 2008	SFY 2009	SFY 2010	SFY 2011
Salaries	\$ 162,012	\$ 165,784	\$ 177,177	\$ 156,746	\$ 159,787	\$ 173,616	\$ 176,507	\$ 183,886	\$ 205,000	\$ 193,293	\$ 183,596	\$ 188,028
Fixed Costs:												
Leases	\$ 9,926	\$ 9,926	\$ 9,926	\$ 9,926	\$ 9,924	\$ 11,700	\$ 15,902	\$ 6,802	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100
Trash	\$ 36,585	\$ 37,391	\$ 39,334	\$ 41,527	\$ 42,428	\$ 46,671	\$ 45,656	\$ 48,259	\$ 52,433	\$ 57,566	\$ 55,934	\$ 51,802
Pest	\$ 9,711	\$ 11,462	\$ 11,262	\$ 14,093	\$ 13,124	\$ 15,045	\$ 16,716	\$ 20,844	\$ 19,280	\$ 20,387	\$ 19,048	\$ 15,814
Janitorial Service & Supplies	\$ 36,639	\$ 40,729	\$ 43,935	\$ 43,084	\$ 44,559	\$ 42,666	\$ 60,328	\$ 83,602	\$ 68,461	\$ 24,994	\$ 13,200	\$ 12,500
HVAC Maintenance & Boiler Contracts& Supplies	\$ 17,628	\$ 15,134	\$ 17,037	\$ 6,430	\$ 10,578	\$ 11,746	\$ 11,041	\$ 12,401	\$ 10,066	\$ 7,897	\$ 6,040	\$ 4,500
Fire Protection	\$ 4,518	\$ 3,945	\$ 5,415	\$ 4,585	\$ 4,658	\$ 2,945	\$ 3,611	\$ 9,739	\$ 7,496	\$ 6,766	\$ 6,085	\$ 4,435
Lawn Maintenance	\$ 2,080	\$ 1,823	\$ 959	\$ 1,496	\$ 972	\$ 445	\$ 2,913	\$ 1,611	\$ 1,457	\$ 1,672	\$ 1,600	\$ 1,600
Salt, Sand & Snow Removal	\$ 868	\$ 2,551	\$ 5,050	\$ 1,538	\$ 2,232	\$ 1,440	\$ 1,330	\$ 1,950	\$ -	\$ -	\$ -	\$ -
Pump Septic Tank	\$ 7,635	\$ 7,840	\$ 10,175	\$ 10,340	\$ 13,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ 638,552	\$ 939,091	\$ 749,377	\$ 808,104	\$ 847,260	\$ 847,935	\$ 967,055	\$ 992,107	\$ 1,066,880	\$ 1,127,461	\$ 1,104,100	\$ 958,750
Insurance	\$ 74,953	\$ 89,173	\$ 80,811	\$ 175,485	\$ 1,372	\$ 810	\$ 1,566	\$ 13,646	\$ -	\$ 1,190	\$ 1,125	\$ 1,125
Special Assessment Taxes	\$ 4,535	\$ 5,888	\$ 3,873	\$ 3,071	\$ 3,739	\$ 4,150	\$ 4,446	\$ 4,695	\$ 5,113	\$ 5,785	\$ 5,550	\$ 5,350
Flags	\$ -	\$ 5,455	\$ 8,486	\$ 4,515	\$ 2,324	\$ 4,426	\$ 3,468	\$ 2,962	\$ 5,800	\$ 6,900	\$ 5,000	\$ 4,000
Maintenance & Repairs - State Funds	\$ 836,899	\$ 648,246	\$ 513,594	\$ 342,515	\$ 429,760	\$ 494,478	\$ 348,826	\$ 422,099	\$ 327,212	\$ 359,495	\$ 178,986	\$ 229,024
Maintenance & Repairs - Federal Funds	\$ 73,777	\$ 2,500	\$ 129,430	\$ 20,422	\$ 220,794	\$ 113,582	\$ 128,832	\$ 172,485	\$ 294,719	\$ 431,025	\$ 178,986	\$ 229,024
TOTAL	\$ 1,916,319	\$ 1,986,938	\$ 1,805,840	\$ 1,643,877	\$ 1,807,281	\$ 1,771,655	\$ 1,788,197	\$ 1,977,088	\$ 2,068,017	\$ 2,248,531	\$ 1,763,350	\$ 1,710,052



Adjutant General's Department Budget Requests for Maintenance & Repair Funds

Fiscal Year	Requested				Received				Armory Bonds
	Armories	GPRTC	Forbes	McConnell	Armories	GPRTC	Forbes	McConnell	
FY 2001*	\$ 300,000				\$ 300,000				\$ 2,000,000
FY 2002									\$ 2,000,000
FY 2003	\$ 1,673,432								\$ 6,000,000
FY 2004									\$ 6,000,000
FY 2005			\$ 26,660				\$ 5,000		\$ 6,000,000
FY 2006	\$ 115,138		\$ 91,174	\$ 24,556	\$ 90,000		\$ 76,667	\$ 33,333	
FY 2006 Supplemental	\$ 282,000								
FY 2007	\$ 376,000		\$ 40,541	\$ 6,750	\$ 301,000		\$ 95,067	\$ 6,750	\$ 3,000,000
FY 2008									\$ 3,000,000
FY 2009	\$ 300,000	\$ 79,497							
FY 2010	\$ 320,000	\$ 237,257							
FY 2011	\$ 300,000			\$ 50,000					

* Additional M&R funds had to be used to pay the extra \$250,000 in additional utility costs for a terribly hard winter

Armory Funding Reports to the Legislature

2002 Legislative Session

Rising utility costs in our facilities across the state is a major concern of this agency. Utility costs are a major portion of our agency's military division's budget (25% in FY 2000 and an estimated 34% in FY 2001 and FY 2002). Therefore, we request the issue of utility costs be flagged for Omnibus consideration in order to cover anticipated higher utility costs in FY 2002.

Repair dollars for our 58 statewide armories was cut by \$155,000 for FY 2001 and this cut was sustained in FY 2002. When our agency agreed to pay the debt service on the Armory Bonds for the First Two years, it was assumed the \$155,000 was a one-year cut and would be added back into the budget in subsequent years. With this sustained cut, our agency cannot meet its promise to pay the debt service and still meet the repair needs of the armories.

2003 Legislative Session

◆ Armory Maintenance Staffing:

- Maintaining our state facilities like other state agencies would require 49 FTE
- Our budget only allows us to fund 6 of 7 authorized FTE (either is inadequate)
- After research in other states, we found a team approach was the most efficient way to maintain the Armories. Therefore, last year we requested 38 FTE to staff 5 teams and 1 control Group in order to maintain the renovated facilities so they would not revert to the same dilapidated condition that required the "Aging Armory" bill.

Recognizing the state's fiscal situation, we are not requesting these 38 FTEs this year.

2004 Legislative Session

◆ Armory Maintenance & Repair Funding Cuts

- Fixed cost must be funded first
 - Fixed Costs include leases, taxes, fire protection, utilities, trash, etc.
 - Fixed Costs reduced by elimination of armory insurance requirement
 - Funds not spent on Fixed Costs are available for Maintenance & Repairs
- Maintenance & Repair funds are drastically affected by ongoing budget cuts
 - Available funds down 84% from FY 2000 to FY 2005 recommendations
 - Per square foot reduction from \$0.71 in FY 2000 to \$0.11 in FY 2005
 - Industry average is approximately \$4.00 per square foot
 - Less than \$2,000 a year available per armory
 - Attached graphs illustrate downward spiral
- The Legislature in their 2000 Session, recognizing the Armories had been neglected for decades (like crumbling classrooms) approved the "Aging Armories" Renovation Bond Bill to include annual bond issuances of \$2M, \$2M, \$6M, \$6M, \$6M from 2000 to 2005.
 - We focused bond funds to compensate for maintenance/repair cuts in recent years

1-3

- \$22M bond calculation based on FY 2000 Maintenance & Repair funding level
- Funding change will help a little
 - Army Logistic Sites transition to 100% federal funding
 - \$70,000 SGF will be reprogrammed to the Armories Program
 - After reprogramming the funds:
 - Available funds down 75% from FY 2000 to FY 2005 recommendations
 - Per square foot reduction from \$0.71 in FY 2000 to \$0.18 in FY 2005
 - Just over \$3,000 a year available per armory
- ◆ **Armory Maintenance Staffing:**
 - Maintaining our state facilities like other state agencies would require 49 FTE
 - Our budget only allows us to fund 6 of 7 authorized FTE (either is inadequate)
 - After research in other states, we found a team approach was the most efficient way to maintain the Armories. Therefore, in FY 03 year we requested 38 FTE to staff 5 teams and 1 control Group in order to maintain the renovated facilities so they would not revert to the same dilapidated condition that required the "Aging Armory" bill.

Recognizing the state's fiscal situation, we will not request these 38 FTEs again this year.

2005 Legislative Session

- ◆ **Armory Maintenance & Repair Funding Cuts**
 - Fixed cost must be funded first
 - Fixed Costs include leases, taxes, fire protection, utilities, trash, etc.
 - Fixed Costs reduced by elimination of armory insurance requirement
 - Funds not spent on Fixed Costs are available for Maintenance & Repairs
 - Maintenance & Repair funds have been drastically affected by ongoing budget cuts
 - Available funds down 61.7% from FY 2000 to FY 2006
 - Governor's recommendation to add \$100,000 helps reverse trend; more help needed
 - Per square foot reduction from \$1.55 in FY 2000 to \$1.32 in FY 2006
 - Industry average is approximately \$4.00 per square foot
 - Attached graphs illustrate downward spiral with mild recovery for FY 2006
 - We ask for your support of the Governor's recommended additional funding
 - Current Year Armory funding depleting rapidly
 - After fixed costs, \$184K available for Maintenance/Repair
 - Set aside \$63K more than last FY to accommodate higher natural gas costs
 - Maintenance/Repair needs have depleted the \$184K and have also used \$20K of the \$63K set aside for higher natural gas costs
 - The Legislature in their 2000 Session, recognizing the Armories had been neglected for decades approved the "Aging Armories" Renovation Bonds to include annual bond issuances of \$2M, \$2M, \$6M, \$6M, \$6M from 2000 to 2005.
 - Forced to focused bond funds to compensate for maintenance/repair cuts in recent years
 - \$22M bond calculation based on FY 2000 Maintenance & Repair funding level
 - Due to unpredictable cost increases, will need additional bonds to complete the Armories
 - Primary Reasons: Higher construction costs; Renovation of historical facilities; Code compliance issues
- ◆ **Armory Maintenance Staffing ongoing issue for 4 years:**
 - In order to maintain the renovated facilities so they will not revert to the same dilapidated condition that required the "Aging Armory" bill, additional staffing will be needed in the future
 - Research has shown the most efficient way to maintain Armories is a team approach

Recognizing the state's fiscal situation, we will not request additional FTEs again this year.

2006 Legislative Session

- ◆ **Armory Maintenance & Repair Funding**
 - We want to thank you for the support you provided last year in adding funds for maintenance and repair of the agency's Physical Plant facilities!
 - Properly maintained facilities is a must to sustain the strength of the Kansas National Guard
 - We ask your support to continue adequately funding maintenance and repairs
 - Fixed cost must be funded first
 - Fixed Costs include leases, taxes, fire protection, utilities, trash, etc.

1-4

- Funds not spent on Fixed Costs are available for Maintenance & Repairs
- Maintenance & Repair funds have been drastically affected by ongoing budget cuts
 - Available funds down 63.9% from FY 2000 to FY 2007 due to budget shortfalls
 - Deputy amount of \$93,809 reprogrammed for maintenance & repair included in FY 2006
 - Attached graph illustrates downward spiral of funding with mild recovery for FY 2006
 - Attached graph compares agency funding to Department of Defense cost factors
 - Agency funding only a fraction of Department of Defense cost factors
 - We ask for your support of the recommendation to reprogram Deputy funding for armories
- The Legislature in the 2000 Session, recognizing the Armories had been neglected for decades approved the "Aging Armories" Renovation Bonds to include annual bond issuances of \$2M, \$2M, \$6M, \$6M, \$6M from 2000 to 2005. The Legislature in the 2005 Session approved additional bonding approval of \$3M, \$3M and \$3M from FY 2007 to FY 2009
 - Aging Armories Bond Program a major turn in the right directions to secure infrastructure
 - Bonds generally only cover renovations for code compliance and major building systems
 - Forced to focused bond funds to compensate for maintenance/repair cuts in recent years
 - Additional funds approved for armories in FY 2006 was a move in the right direction
 - Continued commitment of additional funds needed to properly maintain renovated armories
- ♦ **Armory Maintenance Staffing Ongoing Issue for 5 Years:**
 - In order to maintain the renovated facilities so they will not revert to the same dilapidated condition that required the "Aging Armory" bill, additional staffing will be needed in the future
 - Research has shown the most efficient way to maintain Armories is a team approach

Recognizing the state's fiscal situation, we will not request additional FTEs again this year.

2007 Legislative Session

- ♦ **Armory Maintenance & Repair Funding Update**
 - We want to thank you for the support you provided in adding funds for maintenance and repair for the Armories!
 - Fixed Costs include leases, taxes, fire protection, utilities, trash, etc. must be funded first
 - Utilities are a large percent of the fixed costs and always unpredictable
 - Funds not spent on Fixed Costs are available for Maintenance & Repairs
 - Maintenance & Repair funds are at a more acceptable level but still inadequate
 - Maintenance & Repair funding remains less than FY 2000
 - FY 2000 funding level resulted in the armories declining into disrepair
 - Properly maintained facilities is a must to sustain the strength of the Kansas National Guard
 - Adjutant General has shown his commitment to adequately funding the armories by sacrificing the funds provided for the Deputy Adjutant General's position (\$93,809) for armory maintenance & repair
 - These additional maintenance and repair funds have been crucial through FY 2007
 - Maintenance & Repair funds drop again in FY 2008 without the Deputy position's funding
 - We must continue to strive to reach the FY 2000 level of funding for maintenance and repairs for the armories to insure the success of the Kansas National Guard
 - Attached graph illustrates the funding levels and changes throughout the years for maintenance, repair and fixed costs, spreadsheet provides actual numbers
 - We ask your continued support of our efforts to acquire adequate funding for the armories in order to sustain a strong and vital Kansas National Guard
- ♦ **Support Governor's recommendation for the replacement of 1 vehicle**
 - Needed to replace aging and failing vehicle
 - Vehicle needed to sustain the agency's mission to maintain KSNG Armories
- ♦ **Armory Maintenance Staffing Ongoing Issue for 6 Years:**
 - In order to maintain the renovated facilities so they will not revert to the same dilapidated condition that required the "Aging Armory" bill, additional staffing will be needed in the future
 - Research has shown the most efficient way to maintain Armories is a team approach

Recognizing the state's fiscal situation, we will not request additional FTEs again this year.

2008 Legislative Session

- ♦ **Armory Maintenance & Repair Funding Update**
 - We want to thank you for your past support for maintenance and repair funds for the armories!
 - Fixed Costs such as leases, fire protection, utilities, trash, etc. must be funded first

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- Funds not spent on Fixed Costs are available for Maintenance & Repairs
- Maintenance & Repair funds being consumed by ever increasing Fixed Costs
- Provided are examples of the type of work the current funding will not support:
 - Safety related deficiencies i.e. trip hazards, lighting, interior equipment
 - Replacement of outdated high maintenance equipment i.e. mowers, technician diagnostic and maintenance equipment
 - Minor facility modifications to meet Army Physical Security of arms, ammunition and equipment i.e. lighting, gates and fences
 - Continued modifications and efforts to reduce energy consumption
 - Preventive maintenance for exterior brick facings i.e. tuck pointing and sealing
 - Installation of electrical transfer switching for generators at facilities critical to supporting emergency operations
 - Modifications to support high tech communications
- ◆ **Armory Maintenance Staffing Ongoing Issue for 7 Years:**
 - In order to maintain the renovated facilities so they will not revert to the same dilapidated condition that required the "Aging Armory" bill, additional staffing will be needed in the future
 - Research has shown the most efficient way to maintain Armories is a team approach

Recognizing the state's fiscal situation, we will not request additional FTEs again this year.

2009 Legislative Session

- ◆ **Sustainment Funding for the Great Plains Joint Training Center**
 - Manning & sustainment costs were included in original project plan which included state funding and up to \$700,000 in federal funding
 - \$40,000 SGF was provided in FY 2009 to provide the first installment of state funds for sustain of the training center's facilities and grounds
 - Agency is in the process of getting the training center recognized as an Army National Guard facility which once completed will provide federal funding for a portion of the sustainment costs
 - It is estimated the Crisis City portion of the training center will be operational by this summer
 - Additional funding is required as the training center nears completion and activity and use of the facilities increases
 - \$237,257 SGF was requested in the agency's FY 2010 budget to fund 1.5 positions, contractual services, including utilities, and commodities
 - Governor recommended additional \$75,000 SGF to fund sustainment expenses
 - We request your support in providing the additional funds to help sustain training center operations and make it available for many entities to receive critically needed training

On-going Issues

- ◆ **Armory Maintenance Staffing Ongoing Issue for 8 Years:**
 - In order to maintain the renovated facilities so they will not revert to the same dilapidated condition that required the "Aging Armory" bill, additional staffing will be needed in the future
 - Research has shown the most efficient way to maintain Armories is a team approach
 - Recognizing the state's fiscal situation, we will not request additional FTEs again this year
- ◆ **Armory Maintenance & Repair Funding:**
 - Baseline costs such as utilities, trash services, pest services, etc. continue to increase
 - As these baseline costs continue to increase the amount of funds available for maintenance & repairs dwindles
 - Insufficient funding for sustainment of facilities is an on-going problem for the agency
 - Recognizing the state's fiscal situation, we will not request additional funds this session

State Disaster Funding

- Attached is a summary of anticipated expenditures for Fiscal Years 2010 and 2011
- These estimates do not include the latest disaster that was Federally Declared at the end of December – Initial estimates are between \$5,000,000 and \$6,000,000
- We are in the process of updating total estimated costs of each open disaster
- We are also working on new expenditure estimates by Fiscal Year by reviewing each Project Worksheet in order to get our estimated expenditures as close as possible
- We should have all estimates completed by the end of January
- Initial estimates indicate we will need a large amount of funds in FY 2011, possibly around \$30,000,000
- The updated State Disaster Spreadsheet will be provided to you as soon as it is finalized

Senate Ways & Means Cmte
Date 1-13-2010
Attachment 2

FY 2009 & FY 2010 Budget - Disaster Funds Required for Federally Declared Disasters - Paid & Pending - SUMMARY

				As of:	11/18/2009	
	Total State Match Required	State Amounts Paid To-Date	Estimated State Share Payments Due		Estimated Federal Share Payments Due	Estimated Local Share Payments Due
<u>Estimated Total State Disaster Match Required:</u>						
Disaster 1600 - 2005 CK, CR, & NO Floods - Federally Declared 8-23-2005						
Estimated Total State Disaster Match Required	\$ 438,566	\$ 411,702	\$ 26,863		\$ 201,475	\$ 40,295
Disaster 1615 - 2005 AT, JA, JF, LV & SN Floods - Federally Declared 11-15-2005						
Estimated Total State Disaster Match Required	\$ 1,067,095	\$ 1,015,018	\$ 52,077		\$ 390,580	\$ 78,116
Disaster 1626 - 2006 NW Winter Storm - Federally Declared 1-26-2006						
Estimated Total State Disaster Match Required	\$ 5,033,009	\$ 5,013,145	\$ 19,864		\$ 148,981	\$ 29,796
Funds Needed to Complete Disaster 1600, 1615, & 1626	\$ 6,538,670	\$ 6,439,865	\$ 98,805		\$ 741,036	\$ 148,207
<u>DISASTERS DECLARED 2007 AND BEYOND</u>						
Disaster 1675 - 2006 SW Kansas Ice Storm - Federally Declared 12-2006						
Estimated Total State Disaster Match Required	\$ 34,831,479	\$ 24,321,462	\$ 10,510,017		\$ 78,825,130	\$ 15,765,026
Disaster 1699 - 2007 Tornado Greensburg / NE KS Flooding - Federally Declared 5-2007						
Estimated Total State Disaster Match Required	\$ 11,971,187	\$ 11,661,384	\$ 309,803		\$ 2,323,520	\$ 464,704
Disaster 1711 - 2007 SE Kansas Flooding - Federally Declared 7-2007						
Estimated Total State Disaster Match Required	\$ 4,183,090	\$ 2,814,445	\$ 1,368,645		\$ 10,264,836	\$ 2,052,967
Disaster 1741 - December 2007 Ice Storm - Federal Declared 2/2008						
Estimated Total State Disaster Match Required	\$ 35,711,288	\$ 11,536,813	\$ 24,174,475		\$ 181,308,562	\$ 36,261,712
Disaster 1776 - June 2008 Storms - Federal Declared 7/2008						
Estimated Total State Disaster Match Required	\$ 6,627,790	\$ 2,515,586	\$ 4,112,204		\$ 30,841,527	\$ 6,168,305
Disaster 1808 - September 2008 Flooding - Federal Declared 10/2008						
Estimated Total State Disaster Match Required	\$ 501,297	\$ 314,033	\$ 187,263		\$ 1,404,476	\$ 280,895
Disaster 1848 - March 2009 Winter Storm - Federal Declared 6/2009						
Estimated Total State Disaster Match Required	\$ 1,995,063	\$ 316,704	\$ 1,678,359		\$ 12,587,693	\$ 2,517,539
Disaster 1849 - Spring 2009 Flooding - Federal Declared 6/2009						
Estimated Total State Disaster Match Required	\$ 1,405,054	\$ 948,455	\$ 456,599		\$ 3,424,492	\$ 684,898
Disaster 1860 - Severe Storms and Flooding 2009 - Federal Declared 10/2009						
Estimated Total State Disaster Match Required	\$ 2,061,839	\$ 23,092	\$ 2,038,747		\$ 15,290,602	\$ 3,058,120

Greensburg Operating Funds						
Estimated Total State Disaster Match Required	\$ 2,067,880	\$ 2,067,880	\$ -		\$ -	\$ -
Emergency Operations Center Taskings						
Estimated Total State Disaster Match Required	\$ 2,500	\$ 2,500	\$ -		\$ -	\$ -
Direct Federal Assistance Payments Due FEMA #1699, #1711, & #1741						
Estimated Total State Disaster Match Required	\$ 98,151	\$ 84,103	\$ 14,048		\$ 42,144	\$ -
Totals	\$ 107,995,289	\$ 63,046,324	\$ 44,948,965		\$ 337,054,019	\$ 67,402,375

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CASH ON HAND					State Funds Shortfall	Federal Funds Shortfall	Local Share Remaining	
State Disaster Match Fund Balances								
Fund 1000-0200	\$	11,600,872						
Fund 2357	\$	26,590						
Fund 2441	\$	-						
Fund 2445	\$	-						
Total State Disaster Match Funds Balance		\$	11,627,462		\$	33,321,503	\$ 252,796,469	\$ 50,236,729
Anticipated Timeline of State Disaster Match Payments:								
FY 2010 - Estimated total amount state anticipated to be paid out								
Disaster 1600, 1615, and 1626			\$	98,805		\$	741,036	\$ 148,207
Disaster 1675			\$	3,053,754		\$	22,903,155	\$ 4,580,631
Disaster 1699			\$	309,803		\$	2,323,523	\$ 464,705
Disaster 1711			\$	765,231		\$	5,739,233	\$ 1,147,847
Disaster 1741			\$	2,948,402		\$	22,113,015	\$ 4,422,603
Disaster 1776			\$	1,896,859		\$	14,226,443	\$ 2,845,289
Disaster 1808			\$	187,263		\$	1,404,473	\$ 280,895
Disaster 1848			\$	861,459		\$	6,460,943	\$ 1,292,189
Disaster 1849			\$	152,003		\$	1,140,023	\$ 228,005
Disaster 1860			\$	906,359		\$	6,797,693	\$ 1,359,539
City of Greensburg Operations Cost			\$	-		\$	-	\$ -
Emergency Operations Center Taskings			\$	-		\$	-	\$ -
Direct Federal Assistance			\$	14,048		\$	42,144	\$ -
PA Management Costs			\$	433,476		\$	1,300,428	\$ -
Total			\$	11,627,462		\$	85,192,105	\$ 16,769,907
Funds Required for Remainder of SFY 2010					\$	0	\$ 2	\$ 0
FY 2011 - Estimated total amount state anticipated to be paid out								
Disaster 1600, 1615, and 1626			\$	-		\$	-	\$ -
Disaster 1675			\$	7,246,357		\$	54,347,678	\$ 10,869,536
Disaster 1699			\$	-		\$	-	\$ -
Disaster 1711			\$	321,611		\$	2,412,083	\$ 482,417
Disaster 1741			\$	18,592,743		\$	139,445,573	\$ 27,889,115
Disaster 1776			\$	1,851,941		\$	13,889,558	\$ 2,777,912
Disaster 1808			\$	-		\$	-	\$ -
Disaster 1848			\$	616,054		\$	4,620,409	\$ 924,082
Disaster 1849			\$	152,004		\$	1,140,026	\$ 228,005
Disaster 1860			\$	906,359		\$	6,797,693	\$ 1,359,539
Direct Federal Assistance			\$	-		\$	-	\$ -
PA Management Costs			\$	273,782		\$	821,346	\$ -
Total			\$	29,960,851		\$	223,474,364	\$ 44,530,604
Subtotal of Funds Required for SFY 2011					\$	29,960,851	\$ (223,474,364)	\$ (44,530,604)
Less: Funds provided by Appropriations					\$	-		
Less: Funds Reappropriated from FY 2010					\$	-		
Funds Required for SFY 2011					\$	29,960,851	\$ (223,474,364)	\$ (44,530,604)

MEMORANDUM

TO: Joan Wagnon
Secretary of Revenue

FROM: James Bartle
General Counsel

DATE: January 11, 2010

RE: Settlement of Tax Appeals

The following is a summary of the tax assessments that have been settled during the first two quarters of this fiscal year.

Out of the original group of cases targeted for settlement, the total of all amounts collected to date is \$32,277,923.

In addition, other assessments that were either in the appeals process or at the problem resolution stage in Audit Services were settled for a total of \$7,761,975.

Together, the total is \$40,039,898, and we can confirm that this entire amount has been collected and forwarded for deposit.

In addition, payment plan agreements have been entered into on several other assessments together totaling \$151,434, a portion of which has been received in the form of installment payments. However, no portion of this \$151K is included in the \$40.0 million figure mentioned above.

Thank you for supporting the efforts of Legal Services, Audit Services and Administrative Appeals in this important initiative.

EXECUTIVE SUMMARY

The Governor's Facilities Closure and Realignment Commission has made the following recommendations on the facilities named in Executive Order 09-01 and one additional facility, the Rehabilitation Center for the Blind and Visually Disabled. One facility named in Executive Order 09-01, the Beloit Juvenile Correctional Facility, suspended operations independent of the Commission.

The Commission met monthly from April through October. In order to both educate Commissioners and allow ample input from the public and from stakeholders, Commissioners visited each facility for a tour and a public hearing on the site. The Commission also hosted a public hearing for each facility at the Statehouse in Topeka.

The Commission submits two recommendations on the **Kansas State School for the Blind (KSSB) and the Kansas School for the Deaf (KSD)**:

1. KSSB and KSD will combine as many functions as possible in the areas of administration, maintenance, security and food service. The services to be considered for merger include but are not limited to business office, human resources, technology and the health center. The Department of Education estimates merger of these functions should save a combined \$400,000 to \$500,000 per year.
2. In order to simplify administrative functions and more accurately account for the savings targeted by the Commission, KSSB and KSD should be budgeted as a single entity.

The Commission submits two recommendations on the **Rehabilitation Center for the Blind and Visually Disabled (RCBVI)**:

1. RCBVI will be closed and SRS will reinvest savings from the closure of the facility into outreach programs to better serve the blind and visually impaired population in Kansas.
2. An Advisory Committee for the Blind and Visually Impaired be created either through Executive Order or statutory change.

The Commission has one recommendation for **Rainbow Mental Health Center (Rainbow)**:

1. Rainbow will remain open and SRS will pursue public/private partnerships with community hospitals, with an integrated health model, inclusive of community mental health centers and moving toward downsizing state hospitals. SRS will report progress towards this recommendation to the 2011 Legislature.

The Commission submits three recommendations for **Kansas Neurological Institute (KNI) and Parsons State Hospital (Parsons)**:

1. The Commission recommends SRS develop criteria for placement in community based services that take into account
 - What population has proven it can be successfully served in the community
 - What circumstances and needs are presented by the most recent admissions to Parsons or KNI
 - Of the current population at Parsons and KNI, who would have a high probability of success in the community if given the right supports
 - Of the current population at Parsons and KNI, who would present moderate challenges but would have a high probability for success given appropriate supports and services from the right provider
 - SRS has estimated at least 49 residents at KNI and 62 residents at Parsons State Hospital meet these criteria and the Commission recommends those residents be placed in community based services.

2. The Commission recommends SRS review the residents not preliminarily identified by SRS to meet these criteria at KNI (108 residents) for placement in the community or for transfer to Parsons State Hospital and that KNI be closed. The Commission also recommends remaining residents at Parsons State Hospital (129 residents) be reviewed for placement in the community.

3. The Commission recommends that when the Governor prepares his Executive Reorganization Order (ERO) to carry out the recommendations concerning the closure of KNI and downsizing of Parsons that the ERO be written as clearly and strongly as possible to ensure any savings go to expand funding for the Home and Community Based Services for the Developmentally Disabled (HCBS DD) Waiver. The Commission recommends that this be done by specifically requiring the ERO to transfer all dollars from KNI to the HCBS DD Waiver prior to closure of the state hospital. In fact, some specific components that are recommended for the Governor's ERO, budget and other documents to carry out our recommendation by:
 - a. Immediately transferring, through ERO or other means, all appropriations for KNI into the same budget line item as HCBS DD Waiver Services, to ensure that every dollar saved in closure will stay in the DD Waiver budget.
 - b. Writing into the ERO that all programmatic savings due to closure as well as all proceeds from the sale of real estate, surplus property and all other savings must flow to a special trust fund which can only be used for new services on the HCBS DD Waiver.
 - c. Having the Governor require by ERO or Executive Order (EO) that his agencies separately track all appropriations from this trust account and from any accounts with KNI or DD Waiver services, in order to ensure that the savings are going to new DD Waiver services.
 - d. Having the Governor take any and all other steps to ensure that the full recommendation of the Commission is carried out, whether it is through EO, ERO, policy directive or via the proposed FY 2011 Governor's Budget Report.