

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 9:45 a.m. on April 20, 2001, in Room 514-S of the Capitol.

All members were present except: Representative Thomas Klein
(Representative Bob Grant attended as proxy)

Committee staff present: Alan Conroy, Legislative Research
Rae Anne Davis, Legislative Research
Amy Kramer, Legislative Research
Julian Efrid, Legislative Research
Carolyn Rampey, Legislative Research
Debra Hollon, Legislative Research
Tom Severn, Legislative Research
Audrey Nogle, Legislative Research
Leah Robison, Legislative Research
Robert Waller, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee:

Others attending: See Attached

Staff distributed and reviewed the following documents:

Preliminary House Committee Recommendations for State General Fund Expenditures, 4/20/01, 3:36 a.m. (Attachment 1).

House Committee Recommendations Regarding Revenue Transfers to the State General Fund, 4/20/01, 4:01 a.m. (Attachment 2).

State General Fund Expenditures FY 2002, 4/20/01, 3:25 a.m. (Attachment 3).

_____ House Recommendations, KLRD Memo and Governor's Budget Amendment No. 1, 4/20/01, 2:40 a.m. (Attachment 4).

_____ State General Fund Profile FY 2000-FY 2005, 4/20/01 (Attachment 5). Note change on Page 5, Department of Wildlife and Parks, Difference From Target should be 0.

_____ State General Fund Expenditures FY 2001-FY 2002 (Attachment 6).

Chairman Wilk recessed the meeting at 10:20 a.m. The meeting was called back to order at 11:45 a.m.

Discussion and Action on HB 2504—Kansas Lewis & Clark bicentennial commemoration; funding
Representative Neufeld moved to amend HB 2504 by substituting a new bill that will include the language of the Preliminary House Committee Recommendations for State General Fund Expenditures (Attachment 1 and House Recommendations, KLRD Memo and Governor's Budget Amendment No. 1 (Attachment 4). The motion was seconded by Representative Nichols. Motion carried.

Representative Kline moved to amend Substitute HB 2504 to include the Public Safety Budget Committee's recommendations for the Department of Corrections that was offered previously (Attachment 9 on April 19). Motion was seconded by Representative Minor. Motion carried.

Chairman Wilk addressed the attention of the Committee to Attachments 4 and 6 and they reviewed each agency/item individually. Those items which required explanation or on which action was taken are listed below.

Adding Vice President of Senate to Legislative Coordinating Council.(In conference)

Representative Spangler moved to amend the bill by removing the funding of \$2,832 for the proposed additional position on the LCC of the Vice-President of the Senate. Motion was seconded by Representative Henry. Motion carried.

Reduce KPERS Actuarial Audit

There is \$50,000 left in FY 2001 to start the audit and would carry the money over to FY 2002 to finish it. The other \$150,000 would not be needed until FY 2003, so actually there would be no additional expenditure for FY 2002

Legislature

If there is not an extended session, there should be enough funding left to cover the additional expenditures required due to reapportionment activities. If there is a long Omnibus Session, this money will be significantly decreased. \$200,00 of the budgeted \$746,483 is for contracts with computer companies who are involved with reapportionment.

Attorney General

\$200,000 was taken from the Court Cost Fund to offset the SGF in order to fund the DARE Coordinator and for operation of the Consumer Protection Division. The Committee discussed the reported ineffectiveness of the DARE program and how it is perceived in some areas as an election tool by the local Sheriff's departments.

State Treasurer

One year diversion of Local Alcoholic Liquor Fund revenue to the SGF. Requesting a report due next week from the State Treasurer and the Pooled Money Investment Board on how this money is to be invested and what revenue can be expected. The current law would require that \$8 million would have to be replaced in the fund the next year in order to replace one-half of the money diverted.. Legislation would be required to repeal this law. By issuing authorization for a temporary one-year diversion, it is hoped this could be an alternative to raising "sin taxes." Normally this money is returned to the 105 counties for their general fund, parks and recreation programs, and alcohol and drug prevention programs. It was noted that the death and disability suspension has eliminated over \$3 million in local units of government expenditures. It was suggested that the addition for a 2% growth in the Demand Transfers in the amount of \$1,773,409 be deleted.

Judicial Branch

Staff explained that statutorily the Legislature could not reduce the base salary of judicial personnel as it is in direct correlation with the pay plans and increases for classified personnel but the Legislature can statutorily deny a the full increase for judges and justices for a temporary period.

Representative Peterson moved for the introduction of a bill which would recommend the Judicial Branch suspend the proposed salary increase in order not to furlough the judicial employees. Motion was seconded by Representative Spangler. Motion carried.

Department of Administration

The \$2,083,957 listed in the FY 2002 budget is almost all for bonded indebtedness for the capitol restoration project. The Department has indicated that they will be able to pay this without a problem.

The Committee included a proviso which would allow a pilot project to make a feasibility and economic study of out-sourcing printing rather than requiring all printing be done by the State Printer here in Topeka.

Department of Revenue

The Committee expressed concern over the corporate write-off's of \$70,000,000. It was suggested that a proviso be created requiring the Department of Revenue to make on-going reports regarding this write-off process to the LCC. Although an amnesty program was discussed, it was pointed out that Kansas is required to contact the IRS regarding any participant in such a program and as the IRS is less forgiving than the state Department of Revenue, it definitely weakens the state's position regarding participation.

Department of Commerce and Housing

In response to questions regarding the "Transfer from EDIF" for FY 2002 in the amount of \$700,000 as listed on the House Committee Recommendations Regarding Revenue Transfers to the State General Fund

(Attachment 2), staff explained that the \$700,00 was not from cuts made in the budget for the Department of Commerce and Housing but rather from tourism grants. The Budget Committee did not recommend taking the \$700,000 from the tourism grants.

Representative Spangler moved to leave to the discretion of the Department of Commerce and Housing where they should save the \$700,000 from the agency and that the Appropriations Committee not specify where this savings should come from. Motion was seconded by Representative Toplikar. Representative Spangler later withdrew his motion with the permission of the second, Representative Toplikar.

Kansas, Inc.

The Budget Committee recommended that the item which restores \$343,000 to the EDIF, it was requested that this agency be part of any EDIF budget discussions.

Department of Health and Environment

Representative Neufeld moved to authorize 141 temporary employees of the Department of Health and Environment which have been hired throughout the years in response to grants to unclassified FTE's. These are the positions which are authorized to become classified in the Governor's Budget Amendment No. 1. It was noted that the Budget Committee did not make this recommendation in their committee report. Motion was seconded by Representative Bethell. Motion failed.

It was pointed out that in six different funds in KDHE, an overhead of 16 percent is taken for administrative costs at the request of the Legislature. If this amount was increased to 20 percent as is taken from other fee funds in the state, the difference would be \$2 million per year. The Budget Committee did not recommend doing this as a sizeable "amount" of the money within these funds is relegated to locals for such items as petroleum cleanup underground. Such an action would reduce the number of cleanups which could be done. If these funds are excluded and just use capital outlay and leave "aid to locals" alone, \$348,454 can be recapped per year.

Representative Neufeld moved to not take money from "aid to locals" fee funds in KDHE but rather capture \$348,454 through capital outlay for the SGF for FY 2001 and FY 2002. Motion was seconded by Representative Landwehr. Representative Neufeld withdrew his motion with the permission of the second.

Department on Aging

The Committee discussed the suggested proviso found at the bottom of Page 8 of the House Recommendations (Attachment 4). If Medicaid is required to pay all "clean claims" within 30 days of receipt or interest can be charged by the provider of the service, this would put an undue hardship on the provider of Medicaid services such as doctors who would have to end up carrying the State of Kansas. It was suggested that there be a one time shift from 14 to 21 days for payment of Medicaid claims.

Representative Bethell moved to strike the proviso found on Page 8 of Attachment 4 and add a proviso stating that at the end of the fiscal year allow 21 days for payment of the last 14 day claim. Motion was seconded by Representative Landwehr.

There are 19,000 providers which SRS sends checks to of which some are very small providers who provide transportation for a waiver, provide attendant care under contract, etc.

Representative Neufeld made a substitute motion that in FY 2002 to suspend the final \$10 million of payments to all but the smallest 10,000 small providers, and retain the proviso as it appears on Page 8 of Attachment 4 under the Department on Aging which leaves the payment at 14 days and that the same adjustment be made with the budget for the Department of Social and Rehabilitative Services. Motion was seconded by Representative Bethell. Motion carried.

The Committee agreed that the \$10 million applied to both SRS and the Department on Aging so corrected budget calculations will have to be made.

Department of Social and Rehabilitation Services

Staff explained that the starred items appearing on Attachment 4 are included in Attachment 3—State General Fund Expenditures FY 2002 and walked the Committee through the agency's budget items which have been increased or decreased in FY 2001 and FY 2002. \$74.8 million of SGF will be replaced with intergovernmental transfers. From sine die 2001 to sine die 2002, there will be approximately \$95 million in new dollars of SGF which is necessary to take care of unforeseen problems such as increased case loads

and waivers within SRS and the Department on Aging. The HCBS waivers are funded at the reported level because of the use of Intergovernmental Transfer money in Kansas.

Staff was directed to rewrite the SRS portion of the budget to make it more understandable for the full legislature. The Committee discussed the legislative intent of the Intergovernmental Transfer Program which were to be a one-time funding issue. A percentage of that money was to be placed in a prescription trust annually where the interest would supply assistance in pharmaceutical costs for the elderly. There was concern that this money is being used to plug a funding hole this year and possibly next year and that we will ultimately let down our senior citizens by not funding the senior assistance program. Staff pointed out that this money has already been deposited for this year. There is a \$1.5 million in FY 2002 and one more interest payment is due. There could have been additional funding for that trust if it was not being tapped for the SGF.

Representative Bethell moved to delete Item 1 regarding giving priority for services currently provided by a CDDO and/or CSP for qualified clients who are receiving no local, state, or federal funding, on Page 10 of Attachment 4. Motion was seconded by Representative Henry. Motion carried.

Representative Bethell moved to add a proviso to the SRS area portion of Attachment 4 regarding the PASSAR which is an assessment score for an individual to determine the right level for an individual to enter a nursing home facility or receive home community based services. Included in the motion was the request that this PASSAR scoring system be studied by the Long Term Care Task Force bringing back to the Legislature on January 14, 2002, a recommendation for raising that threshold.. Motion was seconded by Representative Hermes. Motion carried.

Current PASSAR score is 26 and if the score was raised to 35, the activities of daily living, instrumental activities of daily living, or medication managements would be the areas affected. The increase in scoring would require at least two items from the activities of daily living list, three from the instrumental activities of daily living list, and enough risk factors from the medication management area to make the individual eligible for nursing home or home community based services.

The Committee requested staff to prepare a report containing the current eligibility standards and prepare a 20 year projection on what will happen with caseloads and how this translates into dollars.

The Committee discussed why there are two operating institutions in Kansas, Parsons and KNI, which are providing the same type of services when there is capacity in one institution to handle the caseloads. There is a proviso in **SB 57** requesting a study of the effectiveness and economic impact of closing the cottages of KNI, moving these clients to CDDO's, and placing those individuals on an HCBS waiver. It was noted there is also discussion being held on the closing of Rainbow Mental Health Facility in Kansas City. The overriding factor in where and how patients receive treatment is determined by parental decision. The Olmstead Ruling by the Supreme Court states that the state is required to place mentally retarded individuals in the community if that person so desires to receive community-based rather than institutional services.

Representative Bethell moved to revise the original proviso to add language that the Secretary of SRS shall not transfer any clients from a facility bed prior to the plan that SRS is going to be developing which will be reviewed by the Legislature during the regular session in 2002 unless it is to comply with the Olmstead decision, and then further provide, that the Secretary of SRS shall report to the SRS Oversight Committee the total number of beds in these facilities in the state of Kansas as of May 1, 2001, and monthly thereafter, until the Legislature returns on January 14, 2002. Motion was seconded by Representative Ballard. Motion carried.

State Library

The added \$69,000 is to be funded through a similar reduction in the Behavioral Sciences Regulatory Board. This funding issue should be added to the House Committee Recommendations Regarding Revenue Transfers to the SGF, (Attachment 2).

Arts Commission

The Budget Committee has recommended the removal of \$126,219 from the SGF in order to fund the Arts Commission, be replaced with like money from the Department of Education's Certificate Fee Fund.

University of Kansas Medical Center

Item 1 of Page 14, of the All Funds in House Recommendations (Attachment 4) should read \$1,631,931.

Representative Feuerborn moved to amend the bill by removing the \$500,000 which was originally taken from the State Fire Marshal's Fee Fund by the Education Budget Committee. Motion was seconded by Representative Shriver. Motion carried.

It was pointed out that the Department of Correction's overall budget took a 10% reduction while the Department is only 2 ½ % of the total budget.

Representative Schwartz moved to amend the Budget Committee on Education's report by reducing the transfer from the Board of Nursing Fee Fund from \$350,000 to \$200,000. Motion was seconded by Representative Light. Motion carried.

The Committee discussed the practice of taking fee fund money to fund on-going programs and the problems associated with that practice. By taking one-time money this year to supplant on-going costs, this just exacerbates the problem of funding for FY 2003.

Board of Regents

The Committee discussed the public relations problems the Regents will have with university faculty by deferring year 2 of **SB 345** funding (faculty salary pool already removed from revised base number). It appeared to some members that the Board of Regents ended up sacrificing all of their **SB 345** money in order to take care of "a hole in the Governor's budget" while the other entities are receiving 75% of their intended funding.

Kansas Sentencing Commission

Representative Kline moved to amend the report by striking the \$124,856 reduction for FY 2001 in the budget for the Kansas Sentencing Commission and have it restored as shown on Page 5 of the State General Fund Expenditures for FY 2001-FY 2002 (Attachment 6). Motion was seconded by Representative Minor. Motion carried.

Department of Agriculture

A correction should be included to add 2.0 FTE's on Item 3, Page 18 of House Recommendations (Attachment 4).

Representative Spangler moved to delete Item 3, Page 18, of House Recommendations (Attachment 4) as this is a Senate bill and funding should be part of the Senate recommendations. Motion was seconded by Representative Toplikar. Motion carried.

Wildlife and Parks

The Budget Committee on Agriculture and Natural Resources shared information regarding the "strings attached" to the Federal Land and Water Conservation Fund money. Many of the smaller communities who need smaller grants would not be eligible or could not meet their stringent requirements.

Representative Schwartz moved to add \$195,000 into the State General Fund for funding of the Local Government Outdoor and Recreational Grant from the following sources: Securities Commission – \$25,000; Department of Commerce and Housing – \$10,000; Boiler Inspection Fee Fund – \$25,000; Coroner's Fund – \$100,000; Training Fee Fund – \$5,000; Education – \$30,000 for a total of \$195,000.

Chairman Wilk deferred the discussion on this subject until Monday, April 23, 2001.

Representative Kline moved for the introduction of legislation which would triple the fines assessed by the Kansas Highway Patrol for traffic violations. Motion was seconded by Representative Spangler. Motion carried.

The meeting was adjourned at 2:35 p.m. The next meeting is scheduled for April 23, 2001.