

**MINUTES OF THE JOINT MEETING OF THE  
HOUSE APPROPRIATIONS COMMITTEE AND SENATE WAYS & MEANS COMMITTEE  
PRIOR TO THE OPENING OF THE 2008 LEGISLATIVE SESSION**

The meeting was called to order by Chair Sharon Schwartz at 8:30 A.M. on December 17, 2007, in Room 313-S of the Capitol.

All members of the House Appropriations Committee were present except:

Representative Mitch Holmes - excused  
Representative Jason Watkins - excused

Committee staff present:

Alan Conroy, Legislative Research Department  
J. G. Scott, Legislative Research Department  
Michele Alishahi, Legislative Research Department  
Amy Deckard, Legislative Research Department  
Audrey Dunkel, Legislative Research Department  
Julian Efird, Legislative Research Department  
Cody Gorges, Legislative Research Department  
Reed Holwegner, Legislative Research Department  
Aaron Klaassen, Legislative Research Department  
Heather O'Hara, Legislative Research Department  
Michael Steiner, Legislative Research Department  
Amy VanHouse, Legislative Research Department  
Jarod Waltner, Legislative Research Department  
Jim Wilson, Office of the Revisor of Statutes  
Jill Wolters, Office of the Revisor of Statutes  
Nobuko Folmsbee, Office of the Revisor of Statutes  
Kristen Kellams, Office of the Revisor of Statutes  
Nikki Feuerborn, Chief of Staff  
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Dr. Marci Nielsen, Executive Director, Kansas Health Policy Authority (KHPA)  
Kathy Greenlee, Secretary, Department on Aging  
Don Jordan, Secretary, Department of Social and Rehabilitation Services (SRS)  
Reginald Robinson, President and CEO, Board of Regents  
Dale Dennis, Deputy Commissioner, Department of Education  
Roger Werholtz, Secretary, Department of Corrections  
Dennis Wilson, Department of Corrections  
Mike Hayden, Secretary, Department of Wildlife and Parks  
Marilyn Jacobson, Director of Facilities Management, Department of Administration  
Tracy Streeter, Director, Kansas Water Office

Others attending:

See attached list.

- Attachment 1 State General Fund Outlook
- Attachment 2 State General Fund Receipts for FY 2008 (Revised) and FY 2009
- Attachment 3 Summary of Agency Budget Requests for FY 2008 and FY 2009
- Attachment 4 Summary of FY 2008-FY 2009 Kansas Health Policy Authority (KHPA)
- Attachment 5 Budget Update from Kansas Health Policy Authority
- Attachment 6 Summary of FY 2008-FY 2009 Department on Aging
- Attachment 7 Budget Update from Department on Aging
- Attachment 8 Summary of FY 2008-FY 2009 Department of Social and Rehabilitation Services (SRS) and Children's Initiative Fund
- Attachment 9 Budget Update from SRS
- Attachment 10 Summary of FY 2008-FY 2009 Kansas Board of Regents
- Attachment 11 Budget Update from Kansas Board of Regents
- Attachment 12 Summary of FY 2008-FY 2009 Department of Education

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 8:30 A.M. on December 17, 2007, in Room 313-S of the Capitol.

- Attachment 13 Budget Update from Department of Education
- Attachment 14 Summary of FY 2008-FY 2009 Department of Corrections
- Attachment 15 Budget Update from Department of Corrections
- Attachment 16 Summary of FY 2008-FY 2009 Department of Wildlife and Parks
- Attachment 17 Budget Update from Department of Wildlife and Parks
- Attachment 18 Summary of FY 2008-FY 2009 Department of Administration
- Attachment 19 Budget Update from Department of Administration
- Attachment 20 Summary of FY 2008-FY 2009 Kansas Water Office and State Water Plan Fund Budget
- Attachment 21 Budget Update from Kansas Water Office

### Morning Session

The joint meeting of the House Appropriations Committee and the Senate Ways and Means Committee was held at the request of legislators to provide an early review of major budget requests for FY 2009 and enhancements for FY 2008 in advance of the 2008 Legislative Session. It is anticipated that this early review will allow the Budget Committees to begin work at an earlier date during the regular session than what has been experienced in the past.

### General Overview

Alan Conroy, Legislative Research Department, provided the following information:

- State General Fund Outlook ([Attachment 1](#))
- State General Fund Receipts for FY 2008 (revised) and FY 2009 ([Attachment 2](#))

J. G. Scott, Legislative Research Department, provided the following information:

- Summary of Agency Budget Requests for FY 2008 and FY 2009 ([Attachment 3](#)).

### Kansas Health Policy Authority

Amy Deckard, Legislative Research Department, provided a Summary of FY 2008-FY 2009 of Kansas Health Policy Authority (KHPA) budget requests ([Attachment 4](#)).

Dr. Marci Nielsen, Executive Director, KHPA, presented budget information on requests from the Kansas Health Policy Authority including a list of budget priorities ([Attachment 5](#)). Dr. Nielsen stated that the major of budget increases are related to Healthwave and Medicaid.

Responding to questions from the Committee, Dr. Nielsen stated that the request for the software system is a result of federal requirements and mandates. The current system will no longer keep pace and provide accountability. A lot of research has been undertaken to develop a software system that will handle the challenges. Dr. Nielsen reported that the Center for Medicare and Medicaid Services (CMS) made a visit earlier this month to review the implemented citizenship and identification system and she felt that the visit was successful. With regard to premium assistance, Dr. Nielsen stated that the total cost over a 3-year period will be \$77 million to fully implement, with +\$30 million of this funding from the State General Fund (SGF).

Dr. Nielsen stated the budget enhancements are the priority with health reform as the next step. She also noted that it is anticipated that health reform will be funded from tobacco tax moneys. With reference to presumptive disability eligibility, Dr. Nielsen stated that the process has been improved and facilitated. As determined by the KHPA Oversight Committee, KHPA will work with the Office of Revisor of Statutes to develop legislation directed at health reform with that legislation separated by subject area. With regard to the software system, Dr. Nielsen stated that all data will integrate from a technical aspect.

- The Committee requested that projected cost savings as a result of the program requests be provided to the Committees during the 2008 Legislative Session.

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Andy Allison, Deputy Director, KHPA, noted that CMS is planning to audit the administration of the Psychiatric Residential Treatment Facility (PRTF) during the month of December, 2007, and will provide the results to the Legislature when available.

### **Department on Aging**

Amy Deckard, Legislative Research Department, provided a Summary of FY 2008-FY 2009 of Department on Aging budget requests ([Attachment 6](#)).

Kathy Greenlee, Secretary, Department on Aging, presented testimony on FY 2008-FY 2009 budget requests from the Department on Aging ([Attachment 7](#)).

Responding to questions from the Committee, Ms. Greenlee stated that the PACE program is important and provides a full range of in-home services resulting in reduced long-term care costs. Ms. Greenlee noted that savings will depend on how the state grows community-based services as real savings are a result of in-home services as opposed to nursing home costs. With regard to Wyandotte County, Ms. Greenlee indicated growth in this program will depend on available funding. The Committee noted that it is important to review outcomes as programs grow.

- The Committee requested information on the number of residents in nursing homes and the number of residents receiving community-based services.

### **Department of Social and Rehabilitation Services (SRS)**

Amy Deckard, Legislative Research Department, provided a Summary of FY 2008-FY 2009 of SRS budget requests and an update of the Children's Initiatives Fund, FY 2008 ([Attachment 8](#)).

Don Jordan, Secretary, Department of Social and Rehabilitation Services (SRS), presented testimony on FY 2008-FY 2009 budget requests for SRS and a priority listing of the budget requests ([Attachment 9](#)).

The Committee voiced concern that information had not been provided to the Legislature at an earlier date on the possible loss of federal funding to fund salaries of the regional staff on Child Protective Services which could result in a layoff of employees. Mr. Jordan indicated that the ruling came in April; and the Department is currently borrowing funds from other programs to support the Child Protective Services. Mr. Jordan stated that the additional funding in Items 1, 2, and 3 for FY 2008 is necessary to avoid layoffs of several hundred employees. Secretary Jordan indicated that SRS is looking for long-term solutions, the number of federal audits is declining; and there should not be more reductions in federal funding.

- As a result of the discussion, the Committee requested additional information be provided by the agency during the 2008 Legislative Session on Items 1, 2 and 3 of the FY 2008 supplemental as well as the FY 2009 budget request.

Secretary Jordan stated that the funding for the autism waiver was approved by the 2007 Legislature. The waiver will provide an alternative to long-term care and is anticipated to provide 3 years of services to children to reduce the amount of special education services needed when they enter school.

The Committee expressed concern with the expansion of many programs and felt it is important to identify outcomes and success of programs before continuing to grow the programs.

- The Committee requested that information be given to the Committees on the review of outcomes associated with SRS programs.

### **Afternoon Session**

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MINUTES OF THE House Appropriations Committee at 8:30 A.M. on December 17, 2007, in Room 313-S of the Capitol.

### **Kansas Board of Regents**

Audrey Dunkel, Legislative Research Department, provided a Summary of FY 2008-FY 2009 Board of Regents Budget Requests ([Attachment 10](#)).

Reginald Robinson, President and CEO, Board of Regents, presented testimony on FY 2008-FY 2009 budget requests for the Board of Regents ([Attachment 11](#)).

The Committee stated that as programs are developed, it is important to include a mechanism to aid in keeping students within the State after graduation to insure an educated workforce. The Committee requested that the Board of Regents look at existing private training programs before determining new programs within the regent universities. Mr. Robinson noted that regent university programs are not intended to compete with private industry training programs. With reference to the teacher shortage, Mr. Robinson indicated that the Board has had extensive discussions concerning the problem and working toward developing a comprehensive plan to include K-12 as well as higher education. Mr. Robinson stated that there should not be additional budget requests from individual regent universities during the 2008 Legislative Session. With reference to deferred maintenance, Mr. Robinson stated that the FY 2009 budget request includes \$56.4 million for deferred maintenance and \$28.0 million for annual maintenance work.

- In regard to the \$20.1 million investment package for the regent universities on Page 8 of Mr. Robinson's report, the Committee requested a breakdown by university, total cost for each program, the length (number of years) of the programs and a priority listing.

### **Department of Education**

Michele Alishahi, Legislative Research Department, provided a Summary of FY 2008-FY 2009 Department of Education Budget Requests ([Attachment 12](#)).

Dale Dennis, Deputy Commissioner, Department of Education, presented testimony on FY 2008-FY 2009 budget requests for the Department of Education ([Attachment 13](#)).

Mr. Dennis noted that \$11 million in Medicaid payments will be received this year as compared to \$35 million during the previous year. A major challenge for the state is the shortage of teachers in the areas of math, science and special education, especially in the rural areas of the state.

### **Department of Corrections**

Jarod Waltner, Legislative Research Department, provided a Summary of FY 2008-FY 2009 Department of Corrections Budget Requests ([Attachment 14](#)).

Roger Werholtz, Secretary, Department of Corrections, and Dennis Wilson, Department of Corrections, presented testimony on FY 2008-FY 2009 budget requests for the Department of Corrections ([Attachment 15](#)).

Secretary Werholtz stated, that based on the latest population estimates by the Sentencing Commission and if sentencing laws are not changed, it is felt that the state can put off building additional prison space indefinitely or for at least 10 years.

Responding to questions from the Committee, Secretary Werholtz stated the bonding requirement for additional bed space was executed to insure a safety net relating to the possibility of changes within the prison population. The bonding resources will be used to address the design phase of additional bed space to be available when needed. It is felt that the designs will not change over time. Mr. Wilson indicated that the total budget requested for health care in FY 2009 is \$47 million, including the \$1.8 million increase over FY 2008 to maintain present level of care. Most of this increase is attributed to increased hospital costs, medical costs and increase in the catastrophe health insurance policy. Secretary Werholtz stated that staff turnovers remains a problem, mainly because of salary, with approximately 55-60 percent of staff working more than one job.

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### **Department of Wildlife and Parks**

Julian Efird, Legislative Research Department, provided a Summary of FY 2008-FY 2009 Department of Wildlife and Parks Budget Requests ([Attachment 16](#)).

Mike Hayden, Secretary, Department of Wildlife and Parks, presented testimony on FY 2008-FY 2009 budget requests for the Department of Wildlife and Parks ([Attachment 17](#)).

Secretary Hayden stated that final cost of flood damage in the state has not been determined; however, a supplemental request for flood damage is included in the budget requests. Responding to questions from the Committee, Secretary Hayden did not anticipate a problem with security at the state parks with open admission. Secretary Hayden noted that one of the advantages of open admissions would be the reduction in overhead and staff, particularly with temporary and seasonal staff. The Committee voiced concern that cost savings were not apparent in the budget request and that 12.0 additional FTE are requested. Secretary Hayden indicated that these positions were in law enforcement which he felt is understaffed at the present time.

### **Department of Administration**

Julian Efird, Legislative Research Department, provided a Summary of FY 2008-FY 2009 Department of Administration Budget Requests ([Attachment 18](#)).

Marilyn Jacobson, Director of Facilities Management, Department of Administration, presented testimony on FY 2008-FY 2009 budget requests from the Department of Administration ([Attachment 19](#)).

Relating to the reconstruction of the Docking Building, Ms. Jacobsen stated that the present building is not efficient. New construction will provide for additional space and employees. Cost of constructing a new building would be equal to renovation; however, there would be a cost of approximately \$10 million to demolish the current building. The Committee noted that a study could be done with regard to moving state employees to outlying communities that have unused buildings available. With regard to the present utility tunnel connecting the state buildings, it is anticipated that \$2.9 million funding is needed to build a new utility tunnel.

### **Kansas Water Office**

Heather O'Hara, Legislative Research Department, provided a Summary of FY 2008-FY 2009 Kansas Water Office Budget Requests and a copy of the State Water Plan Fund budget ([Attachment 20](#)).

Tracy Streeter, Director, Kansas Water Office, presented testimony on FY 2008-FY 2009 budget requests for the Kansas Water Office ([Attachment 21](#)). Mr. Streeter also provided a copy of the Kansas Water Authority, 2008 Annual Report to the Governor and Legislature (copies are available from the Kansas Water Office).

With regard to the agency request for \$1 million annually until FY 2015 for the Aquifer Storage and Recovery Project (ASR Project), Mr. Streeter stated that federal funds were received for Phase I of the project; however, it is felt that future federal funds may be reduced. Water from this project is received by the City of Wichita as well as other areas of South-Central Kansas. Mr. Streeter noted that this project has been reviewed by other communities as well as other countries.

The meeting was adjourned at 5:00 p.m.

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Representative Sharon Schwartz, Chair

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