

Approved: July 21, 2006
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:20 P.M. on April 19, 2006, and the Committee continued to meet on April 20 and 21, 2006, in Room 123-S of the Capitol.

All members were present except:

Senator Jim Barone - excused April 19, 2006
Senator Donald Betts - excused April 19, 2006
Senator Chris Steineger - excused April 19, 2006

Committee staff present:

Norman Furse, Revisor of Statutes
Jill Wolters, Revisor of Statutes Office
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Becky Krahl, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Judy Bromich, Chief of Staff
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Senator Dennis Wilson

Others attending:

See attached list.

Bill Introductions

Senator Barone moved, with a second by Senator Teichman, to introduce the trailer conflicts bill regarding cleanup language. Motion carried on a voice vote.

Senator Barone moved, with a second Senator Teichman, to introduce a bill regarding a nurse educator scholarship service program. Motion carried on a voice vote.

The following sets of minutes from the following meetings were distributed for review by the Committee on March 30, 2006.

| | |
|-------------------|-------------------|
| February 1, 2006 | February 7, 2006 |
| February 9, 2006 | February 14, 2006 |
| February 16, 2006 | February 17, 2006 |
| February 20, 2006 | February 21, 2006 |
| February 28, 2006 | March 2, 2006 |
| March 6, 2006 | March 7, 2006 |
| March 9, 2006 | |

Senator Emler moved, with a second by Senator Barone, to approve the minutes of the meetings as listed above. Motion carried on a voice vote.

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For clarification, the "Items for Omnibus Consideration" memorandum, prepared by the Kansas Legislative Research Department, has been incorporated into this set of minutes. Committee recommendations and decisions are in **bold** and *italicized* type.

Staff distributed the following information to the Committee:

- Letter addressed to Governor Kathleen Sebelius and the Legislative Budget Committee, from the Kansas Legislative Research Department and the Kansas Division of the Budget, dated April 19, 2006, regarding State General Fund Receipts Revisions for FY 2006 and FY 2007 (Attachment 1)
- A State General Fund Profile reflecting April Consensus Revenue Estimates, FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment, State General Fund Receipts, Expenditures and Balances as Projected FY 2005 - FY 2009, in Millions, (Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17, 2006), which was a request by Chairman Umbarger (Attachment 2)
- A State General Fund Profile reflecting April Consensus Revenue Estimates, \$480.4 million in New K-12 Funding FY 2007 - FY 2009 - **SB 584**, FY 2006 and FY 2007 Expenditures as Approved by Legislature at First Adjournment, State General Fund Receipts, Expenditures and Balances as Projected FY 2005 - FY 2009, in Millions, (Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17, 2006), which was a request by Chairman Umbarger (Attachment 3)
- A State General Fund Profile reflecting Machinery and Equipment Only as Passed by the House, April Consensus Estimates, \$480.4 million in New K-12 Funding FY 2007 - FY 2009 - **SB 584**, FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment, State General Fund Receipts, Expenditures and Balances as Projected by FY 2005 - FY 2009, in Millions (Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17, 2006), which was a request by Chairman Umbarger (Attachment 4)
- Economic Development Initiatives Fund, FY 2005 - FY 2007, as Approved by the 2006 Legislature (Attachment 5)
- Consensus Caseload Estimates, April 12, 2006 (Attachments 6)
- State Water Plan Fund: FY 2006 and FY 2007 (Attachment 7)
- Children's Initiatives Fund: FY 2006 and FY 2007 (Attachment 8)
- Memorandum dated April 17, 2006, addressed to the Honorable Dwayne Umbarger, Chairperson of the Senate Committee on Ways and Means Committee and the Honorable Melvin Neufeld, Chairperson, House Committee on Appropriations, from the Office of Governor Kathleen Sebelius, Governor, regarding the Governor's Budget Amendments (Attachment 9)
- Memorandum dated April 18, 2006, Items for Omnibus Consideration, prepared by the Kansas Legislative Research Department (Attachment 10)

April 18, 2006

Items for Omnibus Consideration

Legislature

A. Non-session Expense Allowance (Technical Adjustment). 2006 SB 480 (Mega bill) contained language for FY 2007 that included legislative non-session expense allowance payments

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for a total of four biweekly pay periods after April 1, and the correct number should have been five biweekly pay periods. This correction was made in FY 2006 but not in FY 2007.

The Committee concurred to add technical change language that corrects the number of non-session expense allowance payments from four biweekly pay periods after April 1 to five biweekly periods in FY 2007.

B. Legislative Computers and the Microsoft Office Suite (Senate Committee). The Senate Committee noted its concern with the continued use of Groupwise and WordPerfect Office, and the inability of legislators to interact with their secretary's computer for e-mail and scheduling. The Committee requested information on the cost to accelerate the time line to include Microsoft Office suite within the Legislative Branch computer system. According to Legislative Administrative Services (LAS) the cost to convert to Microsoft Office and Outlook would total \$1,270,680, all from the State General Fund in FY 2007, and would take approximately nine months for full installation, conversion and training. Hardware and software costs are estimated at \$371,780, training costs are estimated at \$368,150, rewriting on-line help and conversion of existing information is estimated to cost \$474,500 and expenditures for an additional support staff FTE would total \$56,250. LAS did express concerns about changing software during the development of the Bill Drafting System, which may propose the implementation of yet another software package. Preliminary testing was just completed on the interoperability of Groupwise version 7, which allows the transfer of e-mail and scheduling between Groupwise and Outlook to occur seamlessly. It would allow those with Outlook to view a calendar in Groupwise without problems and access e-mails as well. After the proper approvals, the implementation of the new version of Groupwise is expected to be completed before the start of the 2007 Legislative session.

The Committee took no action on this item. The Committee requested copies of the strategic plan from Legislative Computer Services. There was a meeting scheduled for certain Legislators and Legislative Computer Services Staff for April 24, 2006, to discuss this item.

Secretary of State

A. Funding for Sale and Distribution of Certain Publications (Senate Committee). The Senate Committee recommended that consideration be given during Omnibus to the inclusion of a proviso for FY 2007 which would reflect the provisions of **2005 Senate Bill No. 275**. The Committee noted that the bill was introduced and passed by the Senate during the 2005 Session of the Legislature, and had not passed the House. Subsequent to the Committee's review of the agency's budget, **SB 275** passed the House, and was signed into law on March 20, 2006. The bill allows the Secretary of State to deposit proceeds generated from the sale and shipment of *Session Laws of Kansas, Kansas Administrative Regulations (KARs)*, and supplements to the *KARs* into the agency's Information Services Fee Fund, rather than the State General Fund. In addition, the bill allows the Secretary of State to deposit the revenue collected from the shipment of *Kansas Statutes Annotated (KSAs)* and supplements to the *KSAs* into the agency's Information Services Fee Fund, rather than the State General Fund. Under the bill, an estimated \$151,718 would be deposited in the agency's Information Services Fee Fund, rather than the State General Fund.

The Committee reviewed this item, but since SB 275 passed, the proviso is not needed.

Insurance Department

A. Addition of Funding to Adjust the Approved Salary and Wage Shrinkage Rate (Senate Committee and House Committee). Both the House and Senate Committees noted the Department's concern with the salary and wage shrinkage rate included in the Governor's recommended budget for the agency in both FY 2006 and FY 2007, and recommended that the issue be reviewed during Omnibus. For both FY 2006 and FY 2007, the agency requested a

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shrinkage rate of 3.5 percent. The currently approved budget for FY 2006 reflects a shrinkage rate of 5.4 percent, which reduces salary and wage expenditures estimated by the agency by \$156,406 (all from special revenue funds). For FY 2007, the currently approved budget reflects a shrinkage rate of 5.9 percent, generating a reduction of \$190,221 (all from special revenue funds) below the agency's request. The budgeted shrinkage rate for FY 2005 was 3.2 percent while the actual FY 2005 salary and wage shrinkage rate for the agency was 8.1 percent.

The Committee reviewed a copy of a memorandum addressed to the Honorable Melvin Neufeld, Chairman, Committee on House Appropriations and the Honorable Jo Ann Pottorff, Chairwoman, Budget Subcommittee, from Sandy Praeger, State Insurance Commissioner, regarding the Commissioner's request to abolish 3.7 FTE positions effective FY 2006, and withdrawing the request for additional funding to address the agency's shrinkage rate (Attachment 11)

The Committee recommended to approve the FTE abolishment and noted the agency's withdrawal of the request to adjust the approved shrinkage rate.

School for the Blind

A. Official Hospitality (House Committee and Conference Committee). The House Committee recommended that \$2,000 from the State General Fund for official hospitality be deleted in FY 2007 and be reviewed during Omnibus. However, the Conference Committee on **SB 480** concurred with the Senate position and included the funding.

This was an informational item.

School for the Deaf

A. Tuck-Point and Sealing Repairs (Senate Committee). The Senate Committee recommended that funding of \$140,000 from the State Institutions Building Fund for tuck-pointing and seal repairs of the Roth Complex in FY 2007 be reviewed during Omnibus. The School for the Deaf requested this project as part of its FY 2007 budget submission; however, the Governor did not recommend funding. The Joint Committee on State Building Construction reviewed the project as part of its review of the agency's capital improvements request for FY 2007, and concurred with the Governor's recommendation.

The agency indicated that the exterior of the Roth Complex has deteriorated to the point where moisture penetrates the inner structure causing internal damage during high moisture periods and hard freezing periods. According to the agency, the repair is critical to maintain the building's current use as a dormitory and administrative complex.

The Committee added \$140,000 from the State Institutions Building Fund for tuck-point and seal repairs of the Roth Complex in FY 2007.

Board of Healing Arts

A. Administrative Assistant Position (Technical Adjustment). The Senate Committee recommended that \$33,958 from the Healing Arts Fund and 1.0 FTE position be added to the agency's FY 2007 budget for an Administrative Assistant position. The Conference Committee on **SB 480** concurred with the Senate position, but changed the FTE position to a non-FTE unclassified position. **SB 480** did increase the Board's expenditure limitation to fund the new position. However, it did not include language specifying that the Administrative Assistant position was to be a non-FTE unclassified position.

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The agency indicated that, according to KSA 65-2878, the only positions employed by the Board that may be in unclassified service are the Executive Director, the Executive Assistant, and any attorneys hired by the agency. All other positions are to be in the classified service. The agency reported that it cannot employ a non-FTE Administrative Assistant in the unclassified service unless there is language in an appropriation bill that would allow the agency to hire the additional unclassified employee.

The Committee added language, as a technical adjustment, allowing the agency to hire a non-FTE unclassified Administrative Assistant employee in FY 2007.

B. GBA No. 1, Item 7, Page 5—Cashflow Problem Proviso.

The Committee concurred with GBA No. 1, Item 7 to add language allowing the agency to meet budgeted expenditures in FY 2007 through a temporary loan from the State General Fund.

Kansas State Fair Board

A. Sheep Barn Project (Senate Committee). The Senate Committee recommended that the agency report during Omnibus with information regarding the possibility of the Kansas Development Finance Authority (KDFA) combining the funding needed to build a new Sheep Barn with funding for other state agency projects in a bond issue in FY 2007.

During the review of the agency’s capital improvements request for FY 2007, the Kansas State Fair Board informed the Joint Committee on State Building Construction that the estimated cost of one of the Master Plan projects, the renovation and addition to the Sheep Barn, had increased from \$329,730 to almost \$1.0 million. The Division of Facilities Management and the Fire Marshal’s Office requested some life safety modifications which significantly increased the estimated cost. The agency indicated that, rather than spend the \$1.0 million on the old Sheep Barn, they could build a new one that would meet all compliance code requirements for \$2.3 million. The agency informed the Committee that approximately \$1.9 million in bonding authority would be needed to complete the new facility.

The agency recently revised the estimated cost to build a new Sheep Barn to \$2.7 million. The increase is the result of architectural and engineering fees that were inadvertently omitted from the original estimate. Given the increase, the agency reported that approximately \$2.4 million will be required to complete the new facility, instead of the \$1.9 million originally projected. The agency also noted that the funding source to pay the bonds will need to come from the State General Fund. In addition, KDFA has indicated that the funding can be combined with two other state agency projects in a bond issue in FY 2007.

Sheep Barn Estimate

| | Original Estimate | Revised Estimate |
|--------------------------------------|----------------------|---------------------|
| Estimated cost to replace Sheep Barn | \$2,272,000 | \$2,705,457 |
| Less Master Plan budgeted amount | 329,730 | 329,730 |
| Balance required to complete project | \$1,942,270 | \$2,375,727 |

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The House Committee introduced and held a hearing on **HB 2991** which would exempt the Sheep Barn from the Kansas Fire Prevention Code. This code requires the installation of a sprinkler system when a fire alarm system, exits, and emergency lighting are installed. The Committee, so far, has taken no action on the bill.

The Committee authorized the Kansas Development Finance Authority to combine \$2,375,727 needed to build a new Sheep Barn with funding for other state agency projects in a bond issue in FY 2007 with debt service to be paid from the State General Fund.

B. Recreational Vehicle (RV) Park Fees (House Committee). The House Committee recommended that the agency report during Omnibus with information regarding the possibility of increasing fees by another \$120 for using the Recreational Vehicle (RV) park for a 12 night period. The agency currently plans to increase RV park fees during the 2006 State Fair from \$250 to \$300 for 12 nights. The House Committee recommended that the agency consider increasing fees to \$420 for 12 nights instead. The RV park fee includes the camping fee and gate admission for two people each day. The regular adult daily gate admission is \$7.00.

The Kansas State Fair Board is concerned about increasing the fees for using the RV park by an additional \$120. According to the agency, many of those who use the RV park also are required to pay other fees. At the 2005 State Fair, 41.0 percent of the total number of campers were commercial exhibitors who, in addition to the RV park fees, also were paying fees for commercial exhibit space and parking. In addition, the agency reported that those who were not commercial exhibitors also were likely to be spending considerable money during their stay. The State Fair Board indicated that should a camper choose to leave early, the fee is non-refundable and the agency is able to resell the vacated space. The agency also explained that the adequacy of its fees are re-evaluated each year.

This was a House item and the Committee took no action.

C. Premium Parking (House Committee). The House Committee recommended that the agency report during Omnibus with information regarding its plans for charging a premium parking fee during the State Fair.

The Kansas State Fair Board indicated that it plans to offer premium parking to the general public during the 2006 State Fair. According to the agency, there may be one or two lots, that are under-utilized and currently only available to exhibitors, that could be used as premium parking areas. The agency reported that the premium parking fee will be \$8.00 a day. In addition, there is no general public parking fee.

This was a House item and the Committee took no action.

Kansas Department of Transportation

A. GBA No. 1, Item 54, Page 27—Reappropriation Authority.

The Committee concurred with GBA No. 1, Item 54 to add language to allowing capital improvement funds to be carried forward and spent from FY 2006 to FY 2007. This was a technical correction.

Judicial Council

A. House Substitute for SB 337—Commission on Judicial Performance (Conference Committee). The portion of **House Substitute for SB 337** which would affect the Judicial Council

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are the provisions amended from **HB 2612** which would establish the Commission on Judicial Performance. The Commission's 13 members would be appointed by the Judicial Council. Its budget would be included in the Judicial Council's budget, and the agency would provide administrative assistance. The Commission would create, distribute, collect, and tabulate surveys that evaluate the performance of judges.

House Substitute for SB 337 would raise docket fees to finance the Commission. The moneys would be credited to the newly established Judicial Performance Fund. The fund would receive the proceeds from a \$2.00 increase in certain docket fees and generate an estimated \$800,907 in revenue in FY 2007. The Judicial Council estimates expenditures of \$784,843 and an additional 3.0 FTE positions in FY 2007 for the Commission on Judicial Performance. The agency's request is outlined in the table below.

Commission on Judicial Performance—Estimated FY 2007 Budget

| Expenditures | FY 2007 |
|--|-------------------------|
| Staff Attorney | \$59,691 |
| 2 Administrative Assistants | 63,352 |
| Commission meetings (\$1,500 per meeting) | 30,000 |
| Office furniture and computers | 12,000 |
| Office supplies, phone, internet, printing, etc. | 6,000 |
| Develop and maintain survey | 60,000 |
| Contracting costs (\$3,900 per evaluation) | 553,800 |
| TOTAL | <u>\$784,843</u> |

Although not included in the FY 2007 estimate, the agency noted that moving expenses and rent may increase the requested budget. The Judicial Council's current office space cannot accommodate the additional 3.0 FTE positions. If there is no available space in the Judicial Center, the entire agency may have to move out of the building which would result in the moving expenditures. The agency also would be required to start paying rent.

The Conference Committee on **House Substitute for SB 337** has tentatively agreed to the inclusion of the Judicial Performance Commission provision. However, the Conference Committee report on the bill has not been signed.

The Committee added \$784,843 from the newly established Judicial Performance Fund and 3.0 FTE positions in FY 2007 for House Substitute for SB 337 which establishes the Commission on Judicial Performance, assuming the bill passes.

Attorney General

A. Workers Compensation Fraud Investigations (House Committee). The House Committee recommended that the contents of **2006 HB 2797** be reviewed during Omnibus. **HB 2797**, which is in first committee, would require the Attorney General to establish and maintain a statewide workers compensation fraud and abuse telephone hotline. The hotline would be a toll-free telephone connection that would be available for use by members of the general public to report instances of alleged fraud or abusive acts or practices. The bill also would establish the position of "Workers Compensation and Abuse Investigator" in the Attorney General's Office. The Attorney General estimates implementation of the legislation would require \$50,000 from the State

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General Fund in FY 2007, of which \$40,000 would be for salaries and \$10,000 would be for other operating expenditures.

This was a House item and the Committee took no action.

B. Internet Training Education for Kansas Kids (Senate Committee and House Committee). The House and Senate Committees recommended that "Internet Training for Kansas Kids" be considered during Omnibus. (The program formerly was called the "Young Kansans-Safe Kids Program" but has been renamed because of copyright restrictions.) The 2005 Legislature appropriated \$250,000 from the State General Fund for the program in FY 2006 to provide dollar-for-dollar matching grants to schools, Boys and Girls Clubs, and other agencies which serve youth to pay costs of programs intended to inform young people about the dangers and safety protocols on the Internet, how to ensure their personal safety and security in their communities, and to train young people in the skills to resist drugs, alcohol, tobacco, premature sexual activity, and delinquent behavior. Because the program got a late start, it is estimated that between \$150,000 and \$175,000 will carry forward to FY 2007. The Attorney General requested \$175,000 for the program in FY 2007, which, combined with reappropriated funds, will make between \$325,000 and \$350,000 available for grants in FY 2007.

The Committee reviewed this item but took no action.

C. SB 418 – Personal and Family Protection Act (Law). SB 418 enacts the Personal and Family Protection Act, which imposes a number of duties on the Office of the Attorney General. Beginning in January 2007, the General is authorized to issue four-year licenses to qualified individuals who would be allowed to carry concealed handguns.

Under the act, the Attorney General is required to adopt rules and regulations; verify that applicants are qualified for licensure; develop licensure forms; issue licenses and license renewals; adopt rules and regulations establishing procedures and standards for an eight-hour weapons safety and training course; initiate a state and national criminal history records check to verify the identity of applicants and to determine whether applicants have been convicted of crimes that would disqualify them from holding a license; maintain an automated listing of license holders and pertinent information which would be available upon request to law enforcement agencies in Kansas, other states, and the District of Columbia; send expiration notices to licensees at least 90 days prior to the expiration of their licenses; and administer a program which makes equipment grants available to sheriffs' departments.

Once **SB 418** is fully implemented, it will be funded from license fees, which are capped at \$150 for initial licensure and at \$100 for renewals. The law provides that the fee and licensure application are to be submitted to the sheriff in the county where the applicant resides and split between the sheriff and the Attorney General. The sheriff must forward \$110 of the original license fee and \$50 of the renewal license fee to the Attorney General and keep the remainder.

The Division of the Budget and the Attorney General's Office disagree about the fiscal impact of the bill in FY 2007. Because no licenses would be issued until January 2007, the Division of the Budget maintains that funding is needed for only the last half of the year and has cut the Attorney General's estimate in half. The Attorney General estimates that 20,000 applications will be received the first year regardless of when the licenses will be issued and has estimated full-year funding on the grounds that new staff will need to be hired and trained in advance of the January 2007 starting date.

According to the Attorney General, 5.0 FTE new positions will be needed, at a cost of \$216,000. They are 1.0 FTE Attorney I (\$63,000), 1.0 FTE Administrative Assistant (\$33,000), 2.0 Investigators (\$40,000 each), and 1.0 FTE Accountant (\$40,000). In addition, \$20,000 is requested for equipment, furniture, and computers, \$15,000 for administrative expenses, \$10,000 for travel, \$31,860 for rent, \$35,000 for two vehicles, and \$1,080,000 for 20,000 finger print checks at \$54 each. The Attorney General's most recent estimate totals \$1,407,860. The Division of the Budget's estimate is \$670,500, which is half of the Attorney General's original estimate. (On April 10, the

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Attorney General submitted a revised estimate which included items not in the original estimate.)

Assuming 20,000 applications at \$110 each, revenues generated at the state level would total \$2,200,000. (The Division of the Budget cuts this estimate in half for FY 2007 and assumes revenues of \$1,100,000.) The bill provides that the Attorney General must certify to the Director of Accounts and Reports the amount of money the Attorney General needs to administer the act on a semi-annual basis. Of the amount remaining, 20 percent will be credited to the County Law Enforcement Equipment Fund to be used by the Attorney General to provide grants to sheriffs' departments for purchases of law enforcement equipment and 80 percent will be credited to a separate account in the Forensic Laboratory and Materials Fee Fund to be used to assist city and county law enforcement agencies to obtain laboratory services from the Kansas Bureau of Investigation.

Although administration of the Personal and Family Protection Act eventually will be funded through revenues received from application fees, the Attorney General is requesting an appropriation of \$260,000 from the State General Fund in FY 2007 to fund start-up costs. The Attorney General proposes that the State General Fund would be reimbursed when fee revenues become available.

The Committee reviewed this item, but took no action.

D. Senate Substitute for HB 2105 – Abuse, Neglect and Exploitation of Persons with Disabilities Unit (Conference Committee) and GBA No. 1, Item 8, Page 5. Sen. Sub. for HB 2105 would create within the Office of the Attorney General the "Abuse, Neglect and Exploitation of Persons with Disabilities Unit," which would work in partnership with the agency which is designated under federal law and by the Governor as the state protection and advocacy agency. In Kansas, that agency is the Disability Rights Center of Kansas. The bill would provide that the Attorney General's Office and the state protection and advocacy agency would have a free exchange of information and that the unit in the Attorney General's Office would have access to all records of reports, investigation documents, and written reports of findings related to abuse, neglect, or exploitation of persons with disabilities received or generated by the Department of Social and Rehabilitation Services, the Department on Aging, the Department of Health and Environment, and the Long-Term Care Ombudsman.

The Attorney General estimates the fiscal impact to the State General Fund of passage of the legislation to be \$356,860 in FY 2007. The amount consists of \$193,000 for the salaries of 1.0 FTE Attorney I (\$60,000), 2.0 FTE Investigators (\$50,000 each), and 1.0 FTE support staff (\$33,000), \$14,500 for travel, office supplies, and equipment; \$31,860 for rent; \$100,000 for contractual services related to litigation; and \$17,500 for a vehicle.

Staff Note: On April 17, the Attorney General submitted a revised fiscal note totaling \$350,000 from the State General Fund. The main difference between the two impact statements is that the most recent estimate specifies that, of the total, \$227,500 would be paid to the Disability Rights Center of Kansas and the remaining \$122,500 would be used to finance operating expenses in the Attorney General's Office, consisting of \$113,000 for the salaries of 0.5 FTE Attorney, 1.0 FTE Investigator, and 1.0 FTE support staff and \$9,500 for other operating expenditures. Under the earlier fiscal note, only \$100,000 was earmarked for contractual services, presumably with the Disability Rights Center of Kansas.

The Committee reviewed this item and concurred with GBA No. 1, Item 8, to add 3.0 FTE positions and \$122,000 from the State General Fund in FY 2007 to implement the Abuse Prevention Unit in the Attorney General's Office.

E. Revised Tobacco Payment Estimate. On April 11, 2006, staff from the Office of the Attorney General, the Division of the Budget, and the Legislative Research Department met to consider estimated payments for FY 2006 and FY 2007 from tobacco manufacturers pursuant to the Master Settlement Agreement. Based on an audit of the tobacco industry's market shares for 2003, a provision in the agreement has been triggered which allows for a downward adjustment of

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payments to the states if the market share of participating manufacturers declines. That downward adjustment, which was estimated to be between \$9,000,000 and \$10,400,000 in Kansas, will affect Kansas' FY 2006 payment, which is due April 17, 2006. The National Association of Attorneys General (NAAG), which has played a leadership role among the states with regard to the tobacco settlement, has taken the position that the tobacco companies owe the states the full payment until the industry can demonstrate that the states have failed to exercise due diligence in enforcing the tobacco settlement.

At this time, of the original participating manufacturers, Philip Morris Incorporated has said it will pay its full share of payments to the states, Lorillard Tobacco Company has said it will make a partial payment and withhold the disputed amount, and R.J. Reynolds Tobacco Company has said it will withhold all payments. Based on the decisions of these three manufacturers, the estimate of tobacco payments for FY 2006 has been revised downward from \$55,000,000 to \$49,400,000, a reduction of \$5,600,000.

The estimate of \$54,500,000 for FY 2007 has not been revised for several reasons. First, whether the downward adjustment will be triggered in FY 2007 will depend upon an audit of tobacco industry market shares in 2004, which will not be determined until next year. Second, there is considerable activity among the states and tobacco manufacturers as to how to respond to the 2003 downward adjustment, as evidenced by the different positions taken by the three tobacco companies and by the likelihood that, in the next few months, the states may seek legal remedies which would force tobacco companies to pay disputed amounts until it is determined what refunds, if any, the tobacco companies are owed. However, the fact that the downward adjustment was triggered in 2003 makes it likely that the adjustment will be triggered in subsequent years.

This was an information item. The Committee reviewed the item, but took no action.

Department of Education

A. Three-Year Phase-In of All-Day Kindergarten (Senate Committee). The Senate Committee recommended reviewing during Omnibus whether all-day kindergarten could be phased in over a three-year period. It would require a statutory change in the school finance law. The plan reviewed by the Senate Subcommittee on the State Department of Education's budget is the following:

FY 2007 – For purposes of counting students for school finance purposes, increase the count for kindergarten students from .50 FTE pupil to .65 FTE pupil, at a cost of \$15,400,000 from the State General Fund.

FY 2008 – Increase the count for kindergarten students to .80 FTE pupil, at a cost of \$23,500,000 from the State General Fund; and

FY 2009 – Increase the count for kindergarten students to 1.0 FTE pupil, at a cost of \$30,800,000 from the State General Fund.

This was an information item. The Committee reviewed the item, but took no action.

B. Revised School Finance Estimates and GBA No 1, Item 32, Page 17. Staff from the State Department of Education, the Division of the Budget, and the Kansas Legislative Research Department met April 10, 2006, to consider revisions to the November 2005 school finance estimates. For the current year, it is estimated that there are State General Fund savings of \$5,845,000 in general state aid. (This is in addition to savings of \$21,280,313 in general and supplemental general state aid which already have been taken into consideration.) The primary reason for the savings is that assessed valuation is higher than expected and there are fewer students than anticipated. Based on action taken by the Conference Committee on **SB 480**, these savings would be reappropriated.

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For FY 2007, it is estimated that there are State General Fund savings of \$5,373,000 in general state aid and a shortfall of \$65,000 in supplemental general state aid, resulting in net savings in FY 2007 of \$5,308,000. Over the two-year period, these savings total \$11,153,000. It should be noted that the figures are based on current law and would have to be adjusted to reflect any action the 2006 Legislature might make to amend the school finance law. Based on actions taken by the Conference Committee earlier, FY 2007 State General Fund expenditures of \$11,218,000 in general state aid could be lapsed.

In addition, the FY 2007 estimate for the Capital Improvement State Aid revenue transfer from the State General Fund was increased from \$56,150,000 to \$58,000,000 in FY 2006 and from \$59,150,000 to \$61,000,000 in FY 2007.

The Committee concurred with GBA No. 1, Item 33, to capture \$5,844,000 in school finance savings from the State General Fund in FY 2006, but recommended that the savings be re-appropriated in FY 2007.

C. Revised KPERS-School Estimates and GBA No. 1, Item 33, Page 18. Staff from the Kansas Public Employees Retirement System (KPERS), the State Department of Education, the Division of the Budget, and the Legislative Research Department met April 7, 2006, to consider revisions to the KPERS-School estimates for FY 2006 and FY 2007. The revised estimate for the current year is \$161,716,496, which would require a supplemental appropriation of \$582,231 from the State General Fund in order to fully fund the contractual obligation. For FY 2007, the current law estimate is \$183,730,886, or \$925,383 less than the currently approved amount of \$184,656,269. Net savings to the State General Fund over the two-year period would be \$343,152. Amendments to the school finance law adopted by the 2006 Legislature likely would affect KPERS-School by increasing the covered payroll. Further adjustments to KPERS-School for FY 2007 could be made when the 2006 Legislature considers appropriations for any new school finance act or they could be considered by the 2007 Legislature.

The Committee concurred with GBA No. 1, Item 33, to add \$632,231 State General Fund for KPERS-School in FY 2006.

D. Accountability Study (Technical Adjustment). The Conference Committee on **SB 480** agreed to appropriate \$250,000 from the State General Fund for a school accountability study in FY 2007, but the appropriation was omitted from the bill.

The Committee recommended not funding an accountability study with \$250,000 from the State General Fund in FY 2007 and instead recommended that \$265,000 from the State General Fund be used to fund Tutor.com in the State Library's budget. The action would involve deleting \$15,000 from the State General Fund in the State Department of Education's budget and adding a total of \$265,000 to the Library's budget.

E. Funding for Special Education from the Children's Initiatives Fund (Technical Adjustment). The Governor recommended expenditures from the Children's Initiatives Fund of \$1,225,000 for special education in FY 2007, intending to fund the expenditure with a new appropriation of \$952,487 and a reappropriation of \$272,513. However, the appropriations bill was posted to show that the total expenditure would be new money. To accurately reflect the Governor's intent, the \$1,225,000 can be reduced to \$952,487 in order to make use of the \$272,513 in carry-forward funds.

The Committee agreed to reduce expenditures from the Children's Initiatives Fund by \$272,513 in FY 2006 which would reflect savings carried forward to FY 2007.

F. GBA No. 1, Item 34, Page 18—School Finance Message.

The Committee concurred with GBA No. 1, Item 34, the Governor's School Finance Message.

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Judicial Branch

A. Additional Judges and Nonjudicial Positions (Senate Committee and House Committee). The House and Senate Committees considering the Judicial Branch budget recommended that additional judges and nonjudicial personnel for FY 2007 be considered during Omnibus. The Judicial Branch has requested \$691,193 from the State General Fund in FY 2007 for three new district court judges and 6.0 FTE associated staff for the 3rd (Shawnee County), 6th (Miami County), and 10th (Johnson County) judicial districts and \$773,149 from the State General Fund for 22.0 FTE additional nonjudicial positions, consisting of 11.5 FTE Trial Court Clerks II, 6.0 FTE Court Services Officers I, 3.0 FTE Secretaries I, 0.5 FTE Secretary II, and 1.0 FTE Administrative Assistant I.

- Copies of a chart indicating New District Court Positions Requested were provided by the Judicial Branch (Attachment 12)

The Committee added \$691,193 from the State General Fund in FY 2007 for salaries of 3.0 FTE district court judges and 6.0 FTE associated positions for the third (Shawnee County), sixth (Miami County), and tenth (Johnson County) judicial districts and \$773,149 from the State General Fund in FY 2007 for salaries for 22.0 FTE nonjudicial positions.

B. Additional Staff for the Court of Appeals (House Committee and Conference Committee). The House Committee recommended that the request for 2.0 FTE positions for the Court of Appeals be considered during Omnibus. The Senate Committee added one of the positions (the Research Attorney II) but the Conference Committee on **SB 480** deleted it and recommended that it be considered during Omnibus. The request is for \$139,464 from the State General Fund in FY 2007 for salaries and associated operating expenses for 1.0 FTE Research Attorney I and 1.0 FTE Research Attorney II. Salaries are \$58,129 for the Research Attorney I and \$66,207 for the Research Attorney II, plus \$7,564 in associated costs for each. The attorneys would work primarily in the area of utility rate case appeals.

The Committee added \$139,464 from the State General Fund in FY 2007 for 2.0 FTE positions for the Court of Appeals.

C. SB 180 – Docket Fee Increases and Authority to Establish Docket Fees Reserved for Legislature (Conference Committee). **SB 180** provides that only the Legislature can establish docket fees and that no other fee can be assessed for certain court actions except by the Legislature. In addition, the bill would increase docket fees by \$9 for certain actions under the Uniform Act Regulating Traffic, Code of Civil Procedure, criminal proceedings, juvenile offender proceedings, the Probate Code, and the Small Claims Act. The docket fee increase is expected to generate an additional \$3,765,994 in FY 2007 which would be credited to the State General Fund. According to the Judicial Branch, action taken by the Legislature to reduce the Judicial Branch's budget by \$3,700,000 in **SB 480**, combined with the enactment of the policy contained in **SB 180**, would cause an operating budget shortfall in FY 2007. (If **SB 180** does not pass, it would be necessary to delete © of Section 71 in **SB 480** in order to maintain a fund for the emergency surcharge. In its present form, **SB 480** provides that remaining balances from the emergency surcharge be credited to the Judiciary Technology Fund.)

The Committee added a proviso stipulating that if SB 180 is enacted, additional revenues generated by increased docket fees would be credited directly to the Judicial Branch and not State General Fund.

D. House Substitute for SB 337 –Judges' Salary Increase, Judges' Retirement, Delayed Expansion of the Court of Appeals, and Docket Fees (Conference Committee). **House Substitute for SB 337** contains the following policies relating to the Judicial Branch:

The salaries of district court and district magistrate judges would be increased by \$9,000 and salaries for judges of the Court of Appeals would be increased by \$2,000 in FY 2007, at a total cost

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of \$2,779,858 for salaries and benefits. Funding for the increases would be from the State General Fund. In addition, the bill would increase docket fees by a total of \$3,273,446. (These provisions were included in the original **SB 337**.)

Retired judges who perform temporary judicial duties would be eligible to receive health insurance benefits. Retired judges who work 40 percent of the year would be treated as full-time employees for health insurance benefit purposes and retired judges who work less than 40 percent would be treated as part-time employees. It is estimated that in FY 2007, 11 judges would qualify for full-time benefits and four for part-time benefits, for a total of \$79,361 from the State General Fund in FY 2007. (This provision originally was in **2005 SB 52**.)

At the request of the Judicial Branch, the addition of the 13th judge to the Court of Appeals, scheduled for January 2007, would be delayed by one year. The 14th and final judge in the statutory expansion of the Court would be added January 2008. The cost of adding the 13th judge (\$297,296 from the State General Fund in FY 2007) already has been deleted from the Judicial Branch's budget. (This provision originally was in **2006 SB 568**.)

Certain docket fees would be increased by \$10, with the increased revenues credited to the Attorney General's Child Exchange and Visitation Centers Fund. The Fund provides grants to centers which provide for court-ordered child exchange or visitation in a safe, neutral environment. The docket fee increase is estimated to generate an additional \$150,000 in FY 2007. (This provision originally was in **2006 SB 462**.)

The Conference Committee on **House Substitute for SB 337** has tentatively agreed to the bill. However, the Conference Committee report has not been signed.

The Committee added \$2,779,858 from the State General Fund in FY 2007 for judges' salary increases and \$79,361 from the State General Fund in FY 2007 for health insurance benefits for retired judges, pursuant to **SB 337**.

E. Correct Posting Error (Technical Adjustment). In order to accurately reflect the intentions of the Conference Committee on **SB 480**, \$430,089 from the State General Fund in FY 2007 should be deducted from the amount for the Judicial Branch salary plan.

The Committee recommended corrections of the posting error in **SB 480** by deleting \$430,089 from the State General Fund in FY 2007.

Department of Health and Environment – Health

A. Laboratory Funding (House Committee and Conference Committee). The Conference Committee on **SB 480** deleted \$500,000 from the State General Fund for rent at the Kansas Department of Health and Environment (KDHE) laboratory at Forbes Field in FY 2006. The agency reported that rent at the laboratory increased from \$437,390 in FY 2005 to \$1,285,743 in FY 2007. This equates to \$12 per square foot in FY 2005 and \$32 per square foot in FY 2007. The agency reported that it did not receive notice of the increase in rental rates until after the 2005 Session of the Legislature, resulting in a State General Fund supplemental request of \$500,000 for FY 2006. The House Committee requested additional information on why rental costs for the building doubled in one year. According to the Department of Administration, the rental rate increase will allow the Department to more fully recover the costs expended at the laboratory and to reduce the amount subsidized by other agencies for the laboratory.

The Committee added \$500,000 State General Fund for rent at the laboratory in FY 2006.

B. Agency Rental Charges in State-Owned Buildings (Senate Committee). The Senate Committee recommended the review of rental charges of all agencies housed in state-owned buildings in response to information in item A. It was reported to the Committee that other agencies

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housed in the Capitol Complex subsidized the operation of the laboratory through the rent structure. The Committee directed the Department of Administration to provide a matrix of all rent charges for agencies housed in state-owned buildings in FY 2006 and FY 2007. The information is included in the Department of Administration section of this memorandum.

Staff mentioned that this item would be addressed under the Kansas Department of Administration budget.

C. Sudden Infant Death Syndrome (House Committee). The House Committee recommended the consideration of additional funding of \$50,000 from the State General Fund for Sudden Infant Death Syndrome (SIDS) in FY 2007. This program is currently funded at \$25,000 from the State General Fund, as it has been in prior years.

This was a House item and the Committee took no action.

D. Domestic Violence Support Personnel Training (House Committee). The House Committee recommended the consideration of \$225,000 from the State General Fund for domestic violence support personnel training in FY 2007. This funding was requested by the domestic violence support community to provide training for child welfare workers, law enforcement officers, advocates, criminal justice personnel, social workers, and others directly involved in domestic violence crisis work. It was reported that training was listed as a top need for individuals in these professions and in many situations no training is currently being provided. These professionals have direct contact with victims of domestic violence on a regular basis. Local programs currently receive federal grant funding for much of the work they do; however, local programs are unable to conduct training due to a combination of restrictions on federal grant fund usage and no specific training funds.

The Committee added \$225,000 from the State General Fund for domestic violence support personnel training for FY 2007 and added \$300,000 from the State General Fund for rape crisis centers in FY 2007.

E. Domestic Violence Grants (House Committee). The House Committee recommended the review of domestic violence prevention grants funding in FY 2007. The Governor recommended funding of \$7,483,333, including \$1,583,333 from the State General Fund, for domestic violence prevention grants. The House Committee noted that it was supportive of the program; however, the Committee felt the match funding should be budgeted with other federal grant funding in the Governor's Office. The Conference Committee on **SB 480** transferred the funding from the Kansas Department of Health and Environment to the Governor's Office for FY 2007.

This was a House item and the Committee took no action.

F. Primary Health Care Community-Based Services (House Committee). The House Committee noted that the Governor recommended additional expenditures of \$1,000,000 from the State General Fund for increased aid to Primary Health Care Community-Based Services for total program funding of \$2,520,840 from the State General Fund for FY 2007. The funding was approved by the Legislature in **SB 480**. The House Committee requested that the agency work with the provider community to develop outcome measures for this program to report during Omnibus. The Committee also directed the agency and the provider community to report back during Omnibus with the amount of match funding for each clinic, as well as a map with clinic locations and a summary of increases proposed with the additional funding.

This was a House item and the Committee took no action.

G. Youth Mentoring Program (House Committee). The House Committee deleted FY 2007 additional funding of \$250,000 from the State General Fund recommended by the Governor to provide support and coordination to existing youth mentoring programs for consideration during Omnibus. The agency reported that this funding would be used to provide evaluations, background checks, and additional mentors to these programs. The House Committee noted that it was

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supportive of the program and directed the agency to provide additional information during Omnibus about the program and the organizations it will serve. The Conference Committee on **SB 480** concurred with the House Committee's recommendation.

This was a House item and the Committee took no action.

H. Pregnancy Maintenance Initiative (House Committee). The House Committee recommended consideration at Omnibus of additional funding of \$200,000 from the State General Fund in FY 2007 for the Pregnancy Maintenance Initiative. This program provides services for women to help them carry their pregnancy to term. The program provides referrals for services such as medical care, housing, adoption guidance, drug and alcohol treatment and parenting education.

This was a House item and the Committee took no action.

I. Newborn Hearing Loaner Program (House Committee). The House Committee recommended Omnibus consideration of \$50,000 from the State General Fund in FY 2007 to develop a newborn hearing loaner program. This program would provide funds for the purchase of hearing aids for a loaner bank. The Department of Health and Environment would then lend hearing aids to the parents or legal guardians of eligible children under the age of three who have a hearing loss. The agency reports that this is a critical period of language learning, and it is missed by these children because they do not have timely access to necessary auditory inputs such as hearing aids. The House Committee is interested in the development of this program.

This was a House item and the Committee took no action.

J. Child Care/Foster Care Licensing Vehicles (Conference Committee). The Senate Committee recommended the addition of \$104,000 from the State General Fund in FY 2007 for eight new vehicles for the Child Care/Foster Care Licensing Program. The 2005 Legislature approved 8.0 additional positions within this program. These positions are all inspectors who require vehicles. The agency reported that monthly rentals from Enterprise average around \$10,000 per year/per vehicle. This funding would allow the agency to purchase eight, mid-size sedans costing \$13,000 each for these inspectors. This item was not recommended by the Conference Committee on **SB 480** and was deferred for Omnibus consideration.

The Committee added \$104,000 from the State General Fund for new vehicles in the Child Care/Foster Care Licensing Program in FY 2007.

K. Advanced Education General Dentistry Residency Program (Conference Committee). The Senate Committee recommended the addition of \$415,000 from the State General Fund for the Advanced Education General Dentistry (AEGD) Residency Program in FY 2007. This program would be a one-year, post-doctoral training program for dental school graduates. The goal of the program is to provide a premier clinical training program for dental school graduates. In the short term, the residents will provide dental care at a community clinic located in Wichita. In the long term, the goal is to create opportunities for residents allowing them to develop relationships with other local practitioners and to experience community-based dentistry in rural and underserved areas. Four revenue sources have been identified for this program: income from clinical activities, Graduate Medical Education (GME) federal support, private grants, and appropriations from public sources. The first class of residents is anticipated to begin in August 2008. The first class is anticipated to have six students, increasing to 12 students the next year, and 15 students in subsequent years. This funding was not recommended by the Conference Committee on **SB 480**, and was deferred for Omnibus consideration.

The Committee added \$415,000 from the State General Fund for the next three fiscal years for the Advanced Education General Dentistry Residency Program with a proviso that the program report back to the Committee on the status of the program prior to February 1, 2007, February 1, 2008 and February 1, 2009.

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L. Vehicle Use (House Committee). The House Committee recommended Omnibus review of agency vehicle usage. The Committee noted that multiple agency personnel routinely visit locations around the state. The agency reported that when possible, efforts are made to coordinate visits and to incorporate car pooling. However, this is not always possible. The Committee requested the agency report back during Omnibus with a review of agency vehicle usage including the use of car pooling and other methods used to efficiently use vehicle miles. The agency will provide additional information on this issue.

This was a House item and the Committee concurred with the interim study.

M. Newborn Screening Panel (House Committee). The House Committee recommended Omnibus review of the Newborn Screening Panel during deliberations on **HB 2971**, which was amended into **House Substitute for SB 579**. The Committee directed the Department of Health and Environment to continue discussions with interested parties in regard to adjustments to the newborn screening and to make recommendations to the Committee during Omnibus. Information will be presented by the agency on this topic.

This was a House item. The Committee reviewed the item and added \$2,000,000 to run 29 tests as part of the Newborn Screening Panel in FY 2007.

N. HB 2752 – Trauma Program and Registry: Meningitis Vaccination (Law). **HB 2752** amends the law that establishes the statewide Trauma Program and Registry. Specifically, the bill expands the rule and regulation authority of the Secretary of the Department of Health and Environment to include fixing, charging, and collecting fees from trauma facilities to recover all or part of the expenses incurred in the designation of such facilities. The bill also adds to the responsibilities of the Secretary the designation of trauma facilities by level of trauma care capabilities. Such designation is to be made after considering the standards of the American College of Surgeons Committee of Trauma and other states' standards, except that no designations can be based on criteria that place practice limitations on registered nurse anesthetists that are not required by the state.

The bill also amends the statute to remove the requirement that the Secretary consult with the Health Care Data Governing Board in the development and maintenance of the state Trauma Registry and in regard to information reported by the agency. Finally, the bill amends the statute to allow for disclosure of information obtained by the Registry, if necessary, to protect the public health and to support quality improvement as defined in current hospital peer review statutes.

The bill also enacts new law to require all Kansas colleges and universities to have policies and procedures in place that would require all incoming students who reside in student housing be vaccinated for meningitis. The policies also are to include waiver procedures for those who refuse to take the vaccine. Nothing in the bill requires any college or university to provide for or pay for any vaccination against meningitis. The requirements of the act commence with the first academic term starting after July 1, 2007.

The fiscal note prepared by the Division of the Budget indicates that ten surveys could be completed in FY 2007 at an average cost of \$8,500 per survey. The total cost would be \$85,000 from the agency's Trauma Fund.

*The Committee added \$85,000 from the Trauma Fund for implementation of **HB 2752** regarding the Trauma Program and Registry: Meningitis Vaccination in FY 2007.*

O. House Substitute for SB 579 – Treatment Products for Individuals with Certain Genetic Diseases (Governor). House Substitute for **SB 579** amends the law regarding the provision of treatment products for individuals with a disease detected by a newborn screening test. The bill adds language stating that treatment products provided by the Kansas Department of Health and Environment (KDHE) would be limited to available appropriations. State assistance is to be provided only after all other benefits from private third-party payers, Medicare, Medicaid, and other government assistance programs are exhausted. The Secretary of Health and Environment

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is required to adopt rules and regulations establishing income eligibility requirements for state assistance.

The bill provides for a method of payment for the necessary treatment product for individuals diagnosed with the diseases addressed in the bill as follows:

- Needs shall be covered by Medicaid for individuals meeting Medicaid eligibility;
- KDHE shall adopt rules and regulations establishing a reimbursement program between 50 percent and 100 percent of the product cost for facilities not eligible for Medicaid but below 300 percent of the Federal Poverty Level; and
- KDHE shall adopt rules and regulations establishing a reimbursement program not to exceed 50 percent of the product costs for families who exceed 300 percent of the Federal Poverty Level.

The bill also provides that the agency continue to receive orders for both the necessary treatment product and necessary food treatment product, purchase such products, and deliver the products to an address provided by the families. The Department is to bill the families in accordance with the adopted rules and regulations. The agency and the Health Policy Authority are directed to pool purchasing power and enter into a joint contract for the purchase of products for both Medicaid and non-Medicaid clients.

SB 480 contains an appropriation in FY 2007 of \$250,000 from the Children's Initiatives Fund for this program. The agency reports that the most restrictive reimbursement formula would result in savings of \$100,000 and the least restrictive reimbursement formula would result in savings of \$42,000 from this amount.

The Committee added \$250,000 from the State General Fund and delete \$250,000 from the Children's Initiatives Fund to fund treatment costs for individuals with certain genetic diseases.

P. SB 528 – Termination of Pregnancies (Conference Committee). **SB 528** would amend the law concerning records and reports of lawfully terminated pregnancies required by medical care facilities and amends a statute that is a part of the Uniform Vital Statistics Act. The bill would create a new act setting out requirements to be met by any course, special event, seminar, or forum on pregnancy-related instruction. The bill includes increased reporting requirements for the medical care facilities. A vital records statute relating to birth certificates would be amended to require the Secretary of Health and Environment to design and promulgate a form for an attempted abortion resulting in a live birth showing the mother's state of residence; the mother's age; the baby's anomalies, if any; the number of children to whom the mother has given birth; and the health outcomes of previous children. The bill also sets out requirements to be met by any secondary school that receives public money regarding pregnancy-related instruction.

According to the agency, expenditures from the Civil Registration and Health Statistics Fee Fund would increase by \$30,000 in FY 2007 to change the web-based data entry forms and the Department of Health and Environment's database system.

The Committee reviewed this item, but took no action.

Q. GBA No. 1, Item 26, Page 15 — Avian Flu Vaccine.

The Committee concurred with GBA No. 1, Item 26, to add a proviso regarding funding for Avian Flu Vaccine in FY 2007.

R. GBA No. 1, Item 27, Page 15 — PKU/Hemophilia.

The Committee concurred with GBA No. 1, Item 27, to add \$100,000 from the State General Fund and delete \$100,000 from the Maternal and Child Health Service Block Grant

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Fund for PKU/Hemophilia funding in FY 2006.

S. GBA No. 1, Item 28, Page 16 — Infant Toddler (Tiny-K) Program.

The Committee concurred with GBA No. 1, Item 28, to add \$250,000 from the State General Fund for the Infant Toddler Program in FY 2007.

Department of Health and Environment – Environment

A. HB 2756–Kansas Storage Tank Act (Law). HB 2756 amends the Kansas Storage Tank Act to provide reimbursement to eligible owners of aboveground petroleum storage tanks or bulk plants for the cost of certain upgrade expenses or permanent closure expenses. Only those aboveground storage tanks or bulk plants that are used for the storage of petroleum products for resale are eligible.

Under the bill, moneys for reimbursement will come from the Environmental Assurance Fee, which is imposed at the rate of \$0.01 per gallon of petroleum products, other than aviation fuel, manufactured in or imported into this state. The bill would require that the fee money be diverted into a new fund called the Kansas Essential Fuels Supply Trust Fund on a periodic basis as outlined in the bill. No money will be credited to the new fund if the balance exceeds \$5,000,000. Moneys will be credited only if the balance of the fund is \$2,000,000 or less or if the above ground or underground storage tank funds do not require money. Interest from money in the Kansas Essential Fueling Supply Trust Fund will be retained by the Fund.

The agency reports that as a result of passage of the bill, a no-limit Kansas Essential Fuels Supply Trust Fund should be established. The agency also requests the addition of two new FTE positions including an Environmental Scientist II position and a Research Analyst II position. Expenditures from the Kansas Essential Fuels Supply Trust Fund would include \$147,124 for salaries, \$4,680 for contractual services, \$5,156 for office and professional supplies, \$5,000,000 for reimbursement to tank owners, and \$9,600 for capital outlay. The agency also requests the transfer of up to \$250,000 from the Aboveground Petroleum Storage Tank Release Trust Fund to the Kansas Essential Fuels Supply Trust Fund in FY 2007.

The Committee added \$5,166,560 from the Kansas Essential Fuels Supply Trust Fund for the implementation of HB 2756 regarding the Kansas Storage Act, and added the transfer of \$250,000 from the Aboveground Petroleum Storage Tank Release Trust Fund to the Kansas Essential Fuels Supply Trust Fund in FY 2007.

B. SB 386 Air Quality (Law). SB 386 amends two statutes that concern air quality. The amendments specifically are directed to air contaminants and emission sources. The bill creates new definitions for "regional haze" and "deciview" (visibility index), and adds to the definition of "air pollution." Other amendments authorize the Secretary of Health and Environment to: prepare and develop plans that address air pollution originating in Kansas that affects air quality in Kansas, other states, or both; expand the authority of the Secretary to enter into agreements with local governments, other states, and interstate agencies; conduct or participate in intrastate or interstate emissions trading programs that demonstrate equivalent air quality benefits for the prevention, abatement, and control of air pollution in Kansas, other states, or both; prepare and adopt a regional haze plan that is no more stringent than required by federal law as necessary to prevent, abate, and control air pollution originating in Kansas that affects Kansas, other states, or both; and participate in the activities of any visibility transport commission established under federal law. The Secretary of Health and Environment is required to report annually to the Governor and the Legislature on the activities of any visibility transport commission.

The agency indicates that the FY 2007 fiscal impact of this bill requires the addition of 1.0 Environmental Scientist IV FTE position to implement state plans. Funding from the Air Quality Fee Fund would include \$68,177 for salaries and wages, \$14,350 for communication equipment and travel, \$5,125 for professional and office supplies, and \$3,500 for one-time capital outlay for total

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expenditures of \$91,152.

The Committee added \$91,152 from the Air Quality Fee Fund for the implementation of SB 386 in FY 2007.

Adjutant General

A. Forbes Field Positions (House Committee). The House Committee recommended consideration during Omnibus of two FTE positions at Forbes Field, a Plumber position and a Fire Protection Systems Specialist position. These positions would be funded 75 percent from the federal government, with a 25 percent match from the State General Fund. For FY 2007, funding from the State General Fund would total \$20,067 for both positions. The agency reported that the addition of the two employees would allow the agency to complete over 300 hours of backlogged plumbing work at Forbes Field and complete the inspections required by the National Fire Protection Agency.

The Committee added \$80,266 including \$20,067 from the State General Fund to fund both positions with 75 percent federal funds with a 25 percent match.

B. Armory Maintenance and Repair (House Committee). The House Committee recommended consideration during Omnibus of \$601,000 in FY 2007, including \$376,000 from the State General Fund and \$225,000 from the federal Military Fee Fund, for maintenance and repair of National Guard infrastructure. The agency reported that funding would be used for maintenance needs of the armories and State Defense Building not met with the Armory Bonds and for maintenance and repair of facilities at Forbes Field in Topeka.

The Committee added \$601,000 including \$376,000 from the State General Fund for maintenance and repair of the National Guard's infrastructure in FY 2007.

C. Disaster Funding (Senate Committee). The Senate Committee recommended a review of disaster funding during Omnibus. The Committee received information on the match funding necessary for disaster response. This funding fluctuates from year-to-year depending on the number and size of disasters which require a response by the agency.

This is an information item and the Committee took no action.

D. Utilities (Senate Committee). The Senate Committee recommended consideration during Omnibus of utilities expenditures for the Armories and Air National Guard Bases for FY 2006 and FY 2007. The agency reported that utility bills for the Armories and Air National Guard Bases are 16 percent higher than last year's bills. If this continues, utility expenditures could be underfunded by up to \$65,000 for the Armories and \$69,000 for the Air National Guard Bases in FY 2006.

The Committee added \$134,000 from the State General Fund for utilities at the National Guard armories and Air Force bases in FY 2006.

E. GBA No. 1, Item 47, Page 24—Disaster Relief.

The Committee concurred with GBA No. 1, Item 47, to add \$9,673,000 including \$1,138,000 from the State General Fund, for disaster assistance funding in FY 2006. It was noted that this does not include the storm damage on the University of Kansas campus from the March 2006 storm.

F. GBA No. 1, Item 48, Page 24—Homeland Security Funding Switch.

The Committee concurred with GBA No. 1, Item 48, to add \$128,973 from the State

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General Fund in FY 2007 for the last three months of salaries and wages and related operating expenditures for Homeland Security Coordinators.

Kansas Bureau of Investigation

A. IMA Building and Great Bend Laboratory (House Committee). The House Committee recommended review of the possible purchase of the IMA Building in Topeka. The Committee also recommended the consideration of funding to finish the existing second floor of the Great Bend Laboratory. The Conference Committee on **SB 480** included authority to issue up to \$2,000,000 in bonds for the purchase of the IMA Building and to finish the second floor of the Great Bend Laboratory.

This was a House item and the Committee took no action.

B. Agent Salary Increase (House Committee). The House Committee recommended consideration at Omnibus of \$263,212 from the State General Fund for an additional 7.5 percent salary increase for agents for FY 2007. The agency reported that a 2002 Central States Survey reported that the pay of the Special Agent class was 26.0 percent below the average pay of their peers within the study group. The 2005 Legislature funded half, or 7.5 percent, of the total FY 2006 request. The agency reported that the completion of this plan is the agency's top priority. The Senate Committee recommended adding the funding for the 7.5 percent pay increase. The Conference Committee on **SB 480** instead added \$263,212 from the State General Fund to fill vacant FTE positions.

This was a House item. The Committee added bonding authority of \$652,675 to the authority approved in SB 480 to complete projects related to the purchase of the IMA building, laboratory expansion in the Headquarters building and to finish the second floor of the Great Bend laboratory in FY 2007. Also, the Committee allowed the agency discretion in the expenditure of \$263,212 appropriated in SB 480 in FY 2007 for additional agents to be used either for additional agents or a salary increase for existing agents.

C. Funding Increase (House Committee). The House Committee recommended Omnibus consideration of \$500,000 from the State General Fund in FY 2007 to enhance the agency's budget. The Committee suggested the funding could be used to finish the second floor of the Great Bend Laboratory or to provide the 7.5 percent agency salary increase. Funding for the Great Bend Laboratory was included in **SB 480**.

This was a House item and the Committee took no action.

D. Automated Fingerprint Identification System (House Committee). The House Committee recommended review of the funding for the Kansas Automated Fingerprint Identification System (AFIS). The agency's FY 2007 budget includes funding of \$752,070 from the State General Fund for the second of six payments on the AFIS. The first year payment was financed with federal Office of Domestic Preparedness (ODP) funds. The agency reported that it is seeking additional federal funding for the second year payment. The Committee directed the agency to report during Omnibus on the status of funding for this project. The agency will provide additional information on this issue.

The Committee added a proviso lapsing the appropriated State General Fund for the Automated Fingerprint Identification System if federal funds are identified to fund the project in FY 2007.

E. Offender Registration Unit (Senate Committee). The Senate Committee recommended consideration during Omnibus of \$166,151 from the State General Fund and three additional FTE positions in the existing Offender Registration Unit in FY 2007. The currently approved budget includes two of the five positions requested by the agency. The unit is responsible

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for implementing the Kansas Bureau of Investigation's (KBI) responsibilities regarding the Kansas Offender Registration Act. The agency reports that an internal staffing/process review was conducted in conjunction with an audit requested by the Attorney General. The review indicated that optimal unit staffing is nine, with the current staffing level at four.

The Committee added \$166,151 and 3 FTE positions in FY 2007 for the Offender Registration Unit.

F. Special Agent Positions (Senate Committee). The Senate Committee recommended Omnibus consideration of \$979,533 from the State General Fund for nine Special Agents in FY 2007. The agency reports that it has been short on criminal investigative staff for several years. The nine vacancies represent over ten percent of the KBI agent workforce. The Conference Committee on **SB 480** included additional funding of \$263,212 from the State General Fund for additional agent positions.

The Committee reviewed this item but took no action.

G. HB 2554 – DNA Specimen Collections (Conference Committee). **HB 2554** would amend current law regarding the State DNA database and who would be required to submit to DNA specimen collections. The bill would expand the requirements on DNA specimens to include an oral or other biological sample authorized by the KBI. On or after January 1, 2007 through June 30, 2008, any adult arrested or charged or juvenile placed in custody for or charged with the commission or attempted commission of any person felony or drug severity level 1 or 2 felony would be required to submit such specimen or sample at the same time such person is fingerprinted pursuant to the booking procedure. On or after July 1, 2008 any arrested or charged adult or juvenile placed in custody for the commission or attempted commission of any felony would be required to submit a specimen or sample in addition to fingerprints.

The fiscal note indicates that the bill would be implemented in two phases. Phase I would begin in FY 2007, and is projected to have an impact of \$517,885 from the State General Fund. Expenditures would include \$35,000 for a non-FTE Administrative Assistant position, \$2,600 for a computer and other equipment for the Administrative Assistant, \$19,365 for collection kits for oral swabbing, \$6,000 for sample collection and preservation training for law enforcement personnel, \$50,000 for a laboratory dried sample paper punch, \$154,920 for supplies for the analysis of samples, and \$250,000 for computer programming to expand the existing database for tracking submitted samples.

The bill establishes a \$100 court cost to be charged upon conviction as a KBI DNA database fee. The fee would be deposited into a DNA Database Fee Fund in the KBI. Revenue estimates for FY 2007 total \$272,000 for this fee.

Phase II would begin on July 1, 2008, or the start of FY 2009. Expenditures for Phase II are estimated at \$906,985.

The Committee added \$517,885 from the State General Fund in FY 2007 for implementation of HB 2554 regarding DNA specimen collections pending passage of the bill.

H. SB 418 – Personal and Family Protection Act (Law). **SB 418** enacts the Personal and Family Protection Act. This act authorizes the Attorney General to issue four-year licenses to certain persons to carry concealed handguns. The bill would require the KBI to perform criminal history record checks, including both national and state checks, for applicants. The KBI reports that the cost for both checks is \$54 per person, with \$30 for the KBI and \$24 for the Federal Bureau of Investigation.

The fiscal note states that assuming 10,000 record checks are conducted, cost for the checks would total \$54,000. This estimate is based on a half-year of funding for FY 2007. The fiscal note also states that the agency assumes the record check fee will be paid out of the \$110 application fee.

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The agency reports that due to the increased number of checks being conducted, the agency will need additional FTE personnel. The agency estimates that two additional Administrative Specialists and two additional Office Assistants will be needed for a total cost of \$120,568. Assuming the agency will retain the \$30 record check fee, the agency estimates this to be sufficient to cover the additional administrative costs.

The Committee added \$120,568 from the Record Check Fee Fund and 4.0 FTE positions in FY 2007 for implementation of SB 418 regarding the Personal and Family Protection Act. The Committee also requested a yearly report to be presented to the House Committee on Appropriations and the Senate Committee on Ways and Means beginning in FY 2007.

Highway Patrol

A. State Highway Fund Transfers (Technical Adjustment). SB 480 includes transfers from the State Highway Fund to the State General Fund and the Kansas Highway Patrol Operations Fund equal to the amount budgeted from those funds. The transfers in SB 480 were not adjusted for the expenditure adjustments made by the Legislature. The transfers need to be adjusted to \$8,465,292.25 quarterly for the State General Fund and \$4,310,197.50 quarterly for the Kansas Highway Patrol Operations Fund to accurately reflect the FY 2007 budget approved in SB 480.

The Committee concurred with this item which was a technical correction.

B. GBA No. 1, Item 49, Page 25—Additional Salaries & Wages Expenditures.

The Committee concurred with GBA No. 1, Item 49, to add \$545,061 from the State General Fund in FY 2007 for salaries and wages.

C. GBA No. 1, Item 50, Page 25—Homeland Security Funding Switch.

The Committee concurred with GBA No. 1, Item 50, to switch funding from the federal Office of Domestic Preparedness Grant Fund in FY 2007 to the State General for 4.0 positions that administer the Homeland Security Grant Program.

The Committee discussed information provided on Fuel Cost Consideration regarding FY 2006 and FY 2007 from the Kansas Highway Patrol (Attachment 13).

Emergency Medical Services Board

A. Statewide Data Collection System (Senate Committee). The Senate Committee deleted \$200,000 from the Emergency Medical Services Operating Fund in FY 2007 for the statewide data collection system pending the passage of SB 546. The bill, as amended by the Senate Committee of the Whole, passed the Senate on March 23, 2006. The bill, as amended by the House Committee on Appropriations, passed the House on March 31. The Conference Committee on SB 480 recommended funding of \$200,000 from the Emergency Medical Services Operating Fund for the data collection system.

The Committee reviewed this item but took no action.

Sentencing Commission

A. Johnson County Therapeutic Community (House Committee) and GBA No. 1, Item 51, Page 26—123 Payments for Johnson County. The House Committee recommended Omnibus consideration of billings received by the Kansas Sentencing Commission from the

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Johnson County Therapeutic Community in FY 2006. The agency reported that Johnson County has submitted unanticipated billings from Therapeutic Community treatment services under **2003 SB 123**. These billings are not included in the current budget as this treatment was covered under a Byrne Grant in prior years and Johnson County did not provide any notification to the agency that it would be billed for these services. In the FY 2006 Byrne Grant award, a special provision was added excluding **2003 SB 123** treatment from the grant program. Johnson County began billing the agency for the treatment in December 2005. The Kansas Sentencing Commission estimates that an appropriation of \$87,426 from the State General Fund in FY 2006 would fund the additional billings from the Johnson County Therapeutic Community. The Governor's Budget Amendment includes funding of \$87,500 from the State General Fund in FY 2006 for this item.

The Committee concurred with GBA No. 1, Item 51, to add \$87,500 from the State General Fund in FY 2006 for payments under the provisions of 2003 SB 123 to the Johnson County Therapeutic Community.

B. Program Consultant Position (House Committee). The House Committee recommended consideration during Omnibus of \$53,456, including \$26,728 from the State General Fund for a non-FTE program consultant position. This position would complete the duties associated with the administration and payment process of the **2003 SB 123** substance abuse treatment program. The agency reports that there has been a steady increase in the volume of invoices received, and additional staff is needed to complete the payment process.

The Committee added \$53,456 including \$26,728 from the State General Fund in FY 2007 for a non-FTE Program Consultant position to administer the 2003 SB 123 Substance Abuse Treatment Program.

State Conservation Commission

A. Water Rights Purchase Program (Senate Committee and House Committee). The House and Senate Committees deleted \$786,268 from the State Water Plan Fund for the Water Rights Purchase Program pending the passage of **HB 2710**. The bill, as amended by the House Committee of the Whole, passed the House on February 23, 2006. The bill, as amended by the Senate Committee on Natural Resources, passed the Senate on March 23, 2006. The bill is currently in Conference Committee.

Copies of the Final Interim Report on the Regional Economic Impacts of Implementation of the Conservation Reserve Enhancement Program in the Kansas Upper Arkansas River Basin were distributed to the Committee (Attachment 14).

Copies of a chart regarding CRP Acres Expiring in 2007 and Acres Receiving Contract Extension Offers were distributed to the Committee (Attachment 15).

Information was distributed by Earl Lewis of the Kansas Water Office regarding the Middle Arkansas Sub-basin Groundwater Model, Conservation Reserve Enhancement Program Model Run (Attachment 16).

The Committee added \$786,268 from the State Water Plan Fund for the implementation of HB 2710 regarding the Water Transition Assistance Program in FY 2007.

B. Conservation Reserve Enhancement Program (Senate Committee and House Committee). The House and Senate Committees deleted \$4,000,000 from the State Water Plan Fund for the Conservation Reserve Enhancement Program (CREP) for consideration during Omnibus. The Kansas State University Department of Agricultural Economics has conducted an analysis of the economic impact of the proposed CREP. The agency will provide more information on this item.

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The Committee added \$4,000,000 from the State Water Plan Fund for the Conservation Reserve Enhancement Program in FY 2007 and recommended revisiting the issue in FY 2007.

C. Conservation Easements (House Committee). The House Committee deleted FY 2007 funding of \$311,500 from the Economic Development Initiatives Fund for conservation easements for Omnibus consideration. The Committee noted that **HB 2556** and **HB 2558** pertained to this program. **HB 2556** would establish the Kansas Farm and Ranch Land Protection Grant Program and **HB 2558** deals with encroachment restriction districts. **HB 2556** was stricken from the House calendar on February 24, 2006. **HB 2558** is currently in the House Committee on Environment.

The Committee added \$311,500 from the State General Fund with language specifying that the funding be for the Army Compatible Use Program.

D. Quick Response Areas (House Committee). The House Committee deleted \$450,000 from the State Water Plan Fund in FY 2007 for the Water Resources Cost Share - Quick Response Areas for Omnibus consideration. This program would provide additional incentive payments to encourage the use of the existing Environmental Quality Incentives Program (EQIP). The Conference Committee on **SB 480** concurred with the House to delete the funding.

This was a House item. The Committee reviewed the item but took no action

Kansas Water Office

A. Water Conservation Projects Fund Feasibility Studies (Senate Committee). The Senate Committee recommended Omnibus review of expenditures of \$552,000 from the Water Conservation Projects Fund in FY 2006 to begin feasibility studies on potential projects in the area affected by the water litigation between Kansas and Colorado.

The Kansas Water Office met with the Arkansas River Litigation Funds Committee (ARLFC) in March. The table below indicates the projects identified for feasibility studies. The agency plans to distribute a request for proposals (RFP) for all of the projects listed. The Water Office also indicates that the cost for the studies includes some preliminary design work. The ARLFC considers the Lining of the Southside Ditch and the Southern Alternative Delivery System as the top priorities. In addition, the agency reports that these two projects are related and need to be implemented together.

| Water Conservation Projects Fund Feasibility Studies | FY 2006 Budgeted Amount |
|---|----------------------------|
| Lining of Southside Ditch | \$48,000 |
| Southern Alternative Delivery System | 90,000 |
| Enhanced Aquifer Recharge | 108,000 |
| River Channel Modifications and Maintenance | 108,000 |
| Lake McKinney Storage | 72,000 |
| Lake McKinney Bypass | 54,000 |
| River Check Dams and Structures | 72,000 |
| TOTAL | \$552,000 |

The Committee added \$11,978 from the Interstate Water Litigation Reserve account of the State General Fund to reimburse ditch companies in FY 2006 and added \$100,000 from the Interstate Water Litigation Reserve account of the State General Fund for a temporary

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engineer position in Garden City to oversee projects identified by the Arkansas River Litigation Funds Committee in FY 2007.

B. Water Conservation Projects Fund (Senate Committee and House Committee). The House and Senate Committees deleted \$2,500,000 from the Water Conservation Projects Fund in FY 2007 for consideration during Omnibus. The Water Conservation Projects Fund was established in 1996 to receive funding resulting from the water litigation between Kansas and Colorado and is to be used on projects in the Upper Arkansas River Basin in areas directly impacted by the litigation.

The Committee added \$2,500,000 from the Water Conservation Projects Fund for projects identified by the agency in the Upper Arkansas River Basin in FY 2007.

C. Conservation Reserve Enhancement Program (Senate Committee and House Committee). The House and Senate Committees deleted \$1,000,000 from the Water Conservation Projects Fund in FY 2007 for the Conservation Reserve Enhancement Program (CREP) for consideration during Omnibus. The Kansas State University Department of Agricultural Economics has conducted an analysis of the economic impact of the proposed CREP. The agency will present information on this item.

Staff explained that the Committee had concurred with this item earlier in the meeting.

D. Stream Gauges (House Committee). The House Committee directed the agency to report during Omnibus regarding the number of new or replacement stream gauges the agency anticipates to purchase in coordination with the United States Geological Survey (USGS) in FY 2007. The agency reports that if additional stream gauges are purchased, USGS may not have additional funding available for their portion of the gauge expenses. In this situation, all additional expenses would be the responsibility of the state. The agency may have additional information on this topic.

Copies of information regarding the U. S. Army Corps of Engineers Cuts to the U. S. Geological Survey Gages for FY 2007 (Attachment 17).

The Committee added \$47,160 from the State General Fund for stream gauges in FY 2007 (see memorandum).

E. SB 503 – Water Supply Storage Assurance Fund, Cedar Bluff Reservoir, and Dam Inspections (Conference Committee). SB 503 would create the Water Supply Storage Assurance Fund. This fund was created in 1986; however, it was inadvertently abolished in 1998. Since that time, the Fund has been established by proviso.

House amendments to the bill would require the Kansas Water Office to place a stream gauge on the Smoky Hill River below the dam on Cedar Bluff Reservoir to monitor the amount of water leaking from the dam. The agency is to use the stream gauge measurements of water leakage from the dam to calculate the amount of water in the artificial recharge pool.

The bill also exempts from inspection the dam located on Lake Barton Country Club property.

The amendment requiring purchase of an additional stream gauge is projected to have a first-year cost of \$18,000 from the State General Fund. In addition, annual operation and maintenance costs of \$6,800 would be incurred in subsequent years.

Senator McGinn distributed some information regarding the foundations of the Kansas Water Appropriations Act and that some legislation may run counter to Kansas water law by circumventing established rights and will place the Kansas Water Office in the untenable position of attempting to serve two laws which are in conflict or violating an Agreement with the Federal Government and Municipality of the State (Attachment 18) and (Attachment 19).

The Committee reviewed this item, but took no action.

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F. State Water Plan Fund Reappropriation (Technical Adjustment). In **SB 480**, language reappropriating funds in the Stream Gauging, Water Planning Process, and Kansas Water Authority accounts of the State Water Plan Fund were inadvertently reappropriated for FY 2006. This language was intended to reappropriate the funds for FY 2007.

The Committee concurred to add language reappropriating the Stream Gauging, Water Planning Process and the Kansas Water Authority accounts in FY 2007 which was a technical adjustment.

Board of Regents

A. Technical College Funding (Conference Committee). The Conference Committee on **SB 480** recommended that additional funding in FY 2007 for technical colleges totaling \$2.2 million from the State General Fund be considered during Omnibus. The Conference Committee added \$3.0 million from the State General Fund for postsecondary aid for vocational education and recommended that the additional funding be considered. The additional funding would fully fund the statutory formula and hold several institutions harmless while the Board of Regents changes the allocation process.

The statutory formula for postsecondary aid for vocational education sets the state portion at 85 percent of costs. This formula has not been fully funded in many years. It would require another \$1.5 million from the State General Fund to increase the state aid to the statutory level.

The Board of Regents recently approved a change in the allocation process for the technical colleges. Previously, state funds were distributed based upon the prior year's allocation. Under the new process, funds will be distributed based upon a three-year average of enrollment. As a result of the change, four institutions would have received less in FY 2007 than in FY 2006. The Conference Committee recommended consideration of an additional one-time appropriation of \$735,000 from the State General Fund to hold those institutions harmless during the change in the allocation process.

The Committee added \$735,000 from the State General Fund in FY 2007 to hold several technical institutions harmless during a change in the allocation process.

B. Administrative Assistant Position (Conference Committee). The Conference Committee deleted funding of \$46,478 from the State General Fund and 0.5 FTE position for an Administrative Assistant in the Academic Affairs area and recommended that the item be considered during Omnibus. The Governor had recommended the new position as a part of the FY 2007 Governor's Budget Report. According to the agency, the new position would allow professional staff to focus on non-clerical duties and would provide support related to the institution performance agreements.

The Committee added the 1.0 FTE position in FY 2007 with funding to be paid within the agency's existing resources.

C. Systemwide Proposal to Increase Capacity in Masters-level Nursing Programs (Conference Committee). The Conference Committee on **SB 480** recommended a review of a Board of Regents proposal to increase capacity in the Masters-level nursing programs. Many of the university presidents stated during budget hearings that the issue in nursing education is not a lack of qualified applicants, but a lack of instructors and physical space. The Conference Committee added \$150,000 from the State General Fund at Fort Hays State University to increase capacity in that program. This funding is contingent upon a dollar for dollar match by the university.

The House Committee had also recommended a shift of \$200,000 from the undergraduate Nursing Service Scholarship to systemwide capacity building with a similar match requirement. This amount was added to the scholarship program by the Governor for FY 2007. The Conference Committee on **SB 480** recommended consideration of this item during Omnibus as a part of a

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systemwide proposal.

The Senate Committee recommended an Omnibus review of a Board of Regents systemwide proposal for capacity building. The elements of this proposal and the estimated funding requirements from the State General Fund in FY 2007 are outlined below.

| Item | Description | Additional First-year Funding Required |
|------------------------------------|---|--|
| Nurse Educator Scholarship Program | Ten scholarships per year for individuals enrolling in a Masters or PhD program in nursing in Kansas. The program would have a service obligation of five years as a faculty member in a nursing program in Kansas. | \$150,000 |
| Nursing Faculty and Supplies | Two grant programs to expand nursing faculty and increase funding for consumable laboratory supplies. One grant would be need-based and the other would require a two-for-one match by the institution. | 2,420,000 |
| Equipment and Facility Upgrades | Two grant programs to provide equipment (including simulators) and upgrade facilities. One grant would be need-based and the other would require a two-for-one match by the institution. | 2,720,000 |
| Statewide Nursing Consortium | Task force to address recommendations in the Board of Regents Nursing Shortage Report and implement solutions. Funding for support staff will be through federal funds. | 0 |
| | | TOTAL |
| | | \$5,290,000 |

Senator Barone distributed a copy of a letter regarding a Nursing Shortage Funding Proposal from Reginald L. Robinson, President and CEO, Kansas Board of Regents (Attachment 20).

The Committee added \$4,000,000 from the State General Fund in FY 2007 to increase capacity in the system’s nursing programs. Also, a conceptual bill was introduced (see page one of the minutes). The Committee requested that a report be presented to the House Committee on Appropriations and the Senate Committee on Ways and Means by January 15 of each year.

D. SB 139 – Kansas Academy of Math and Science (Governor). SB 139 establishes the Kansas Academy of Math and Science for 11th and 12th grade students. The Board of Regents will determine if the two-year academy will be completely residential at one of the state universities, completely online, or a combination of residential and online. In addition, the bill outlines selection criteria for the 40 students to be admitted each year, but authorizes the Board of Regents to expand the number of students beyond that.

The Board is also authorized to charge a fee not to exceed Base State Aid Per Pupil to the school district sending the student. According to the agency, the fiscal impact of 40 students in a residential academy would be \$250,000. That amount would double in the second year. For an

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online academy, the fiscal impact would be less than that. If the Board of Regents charges the school districts a fee which equals the amount of Base State Aid Per Pupil (BSAPP), the total amount they would receive would be \$170,280 (based on the currently approved BSAPP of \$4,257).

The Committee added \$80,000 State General Fund in FY 2007 for SB 139 which establishes the Kansas Academy of Math and Science and to give the Kansas Board of Regents flexibility regarding Base State Aid Per Pupil. The Committee concurred to refer this item to the Senate Education Committee for consideration.

E. HB 2578 – Special Education Teacher Scholarship Program and Teacher Education Scholarship Program (Conference Committee). HB 2578 establishes the Special Education Teacher Service Scholarship Program for licensed teachers enrolled in a program leading to endorsement as a special education teacher. Up to 50 scholarships may be awarded each year. The awards are for \$3,000 for each semester or the equivalent if the individual is enrolled part-time. The service obligation associated with the scholarship is teaching special education children on a full-time basis in Kansas for three years or the equivalent if teaching part-time. The program sunsets in FY 2011. This portion of the bill does not contain "subject to appropriations" language. For the first year, the fiscal impact of the new program would be \$300,000 from the State General Fund.

The Senate version of the bill also includes the Teacher Education Scholarship Program. This program awards scholarships to individuals who have been employed in an accredited school for four years and who are: (1) licensed teachers enrolled in a program leading to a Masters degree in Education; or (2) persons with an Associates degree enrolled in a program leading to licensure as a teacher. Qualified students would receive up to 100 percent of tuition and fees if enrolled at a state university or an amount equal to 100 percent of the average tuition and fees at the state universities if enrolled at a Kansas institution other than the state universities. The service obligation associated with the program includes teaching on a full-time basis in Kansas for one year for each 15 credit hours of assistance received or the equivalent if teaching on a part-time basis. This program is subject to appropriations. The bill does not specify the dollar amount of the award or the number of scholarships to be awarded each year. The Board of Regents estimates the first year fiscal impact would be \$86,115 from the State General Fund. This estimate is based upon ten scholarships at each of the undergraduate and graduate levels, using a statewide average of tuition and fees.

The Conference Committee on HB 2578 has agreed to the inclusion of both scholarship programs. The Senate has passed the Conference Committee report. The House has not yet taken action on this item.

The Committee added \$386,115 from the State General Fund in FY 2007 to establish the two scholarship programs - Special Education Teacher Scholarship Program and Teacher Education Scholarship Program.

State Universities

A. Preliminary Planning Funds for Renovation Projects (Senate Committee and Conference Committee). The Conference Committee on SB 480 deferred consideration of preliminary planning funds for capital improvements projects at several state universities until Omnibus. The projects were requested by the universities as a part of their FY 2007 budget submission, but funding was not recommended by the Governor. The projects have been reviewed by the Joint Committee on State Building Construction as a part of its review of FY 2007 agency capital improvement requests.

Two additional projects were recommended for Omnibus consideration by the Senate Committee. The Committee wanted additional information on the projects before including the preliminary planning funds in its recommendation.

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The table below outlines the amounts of the preliminary planning funds and the estimated total for each project.

| Institution | Project | Preliminary Planning Amount | Estimated Total Project Cost |
|----------------------------|---|-----------------------------|------------------------------|
| University of Kansas | Utility Tunnel Improvements | \$450,000 | \$10,965,000 |
| KU Medical Center | Applegate Energy Center Upgrade | 380,000 | 18,852,000 |
| Kansas State University | Memorial Stadium Renovation | 438,000 | 9,785,000 |
| Wichita State University | Campus Energy Study | 145,000 | 145,000 |
| Emporia State University | William Allen White Library Addition and Renovation | 238,000 | 7,379,100 |
| Fort Hays State University | Picken Hall Renovation | 120,000 | 4,300,000 |
| Pittsburg State University | McCray Hall Renovation | 350,000 | 3,437,280 |
| | | | TOTAL |
| | | \$2,121,000 | \$54,863,380 |
| | | | |

Copies of information were distributed to the Committee regarding a response from Wichita State University concerning its requested campus-wide energy study and the Kansas Facility Conservation Improvement Program (FCIP) (Attachment 21). Copies of information were distributed to the Committee regarding the University of Kansas Medical Center - Applegate Energy Center Upgrade, Detailed Cost Breakdown, from Black Veatch October 2000 Study (Attachment 22)

Senator Morris suggested the Committee take a tour of the state universities regarding deferred maintenance and the buildings in need of repairs. Senator Barone added that it is necessary to look at a lot of state buildings that are also in need of repairs.

The Committee added \$2.1 million from the State General Fund in FY 2007 to finance preliminary planning for capital improvement projects at each of the state universities.

KSU - Veterinary Medical Center

A. Plan for Increasing Number of Large Animal Veterinarians (House Committee). The House Committee requested a report from the agency on its plan to increase the number of graduates focusing on large animal veterinary medicine in rural areas. The plan includes the scholarship included in **HB 3005**, the addition of production medicine rotations in the fourth year, the hiring of new faculty in food animal medicine, and formation of a bovine production working group.

This was a House item and no action was necessary by the Committee on this item.

B. HB 3005 – Veterinary Training Program for Rural Kansas (Governor). **HB 3005** establishes the Veterinary Training Program for Rural Kansas. Up to five first-year veterinary students each year will receive a loan in the amount of \$20,000 per year for not more than four years for expenses related to their education. The loan will be forgiven provided that the student: (1) completes the veterinary medicine degree; (2) completes advanced training in specific areas; (3) engages in full-time practice in a county with a population of less than 25,000; and (4) continues in that practice for four years. The program sunsets in ten years.

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The agency indicates that the first year fiscal impact will be \$112,850 from the State General Fund plus 0.5 FTE position. Expenditures for the loans total \$100,000 and administrative responsibilities would require \$12,850 for 0.5 FTE position. The impact would increase by \$100,000 each year until the program reaches its capacity in the fourth year at \$400,000.

The Committee added \$112,850 from the State General Fund and 5.0 FTE positions in FY 2007 for HB 3005 to establish the Kansas Veterinary Training Program for Rural Kansas.

Kansas State University

A. GBA No. 1, Item 36, Page 19 - Student Life Center Bond Authority.

The Committee concurred with GBA No. 1, Item 36, to provide bonding authority of \$2.0 million to construct the student life center at the Salina campus with the debt service to be paid by student fees.

University of Kansas Medical Center

A. GBA No. 1, Item 35, Page 18 - Provider Assessments.

The Committee concurred with GBA No. 1, Item 35, to add \$400,000 in FY 2006 and FY 2007 from assessments of medical providers to be used for the Medical Loan Program.

Midwest Higher Education Commission

The Committee added \$90,000 from the State General Fund in FY 2007 to pay the dues for the Midwest Higher Education Commission.

KAN-ED Funding

Copies of information from the Kansas Board of Regents Staff regarding KAN-Ed were distributed to the Committee ([Attachment 23](#)).

The Committee increased the transfer from the Kansas Universal Service Fund in FY 2007 by \$2.0 million to fund KAN-ED operations.

Juvenile Justice Authority

A. Multisystemic Therapy (House Committee). The House Committee recommended consideration of the Multisystemic Therapy (MST) pilot project during Omnibus. MST is an intensive family- and community-based treatment that addresses the multiple causes of serious antisocial behavior in juvenile offenders. The program addresses the multiple factors known to be related to delinquency across key settings and strives to promote behavior change in the youth's natural environment, using the strengths of each system (e.g., family, peers, school, neighborhood) to facilitate change. The program is a home-based model of services delivery and the usual duration of MST treatment is approximately 60 hours of contact over four months. However, frequency and duration of sessions are determined by family need. The Juvenile Justice Authority requested \$570,662 from the State General Fund as an enhancement to implement a MST pilot project to serve youth in the 1st, 2nd, and 7th judicial districts. The Governor did not recommend the request and House Budget Committee did not add the funding.

This was a House item and no action was taken by the Committee.

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B. Costs Associated with DISC Services (House Committee). The House Committee recommended a review of the cost of services provided by the Division of Information Systems and Communications (DISC). Currently, Kansas Juvenile Correctional Complex (KJCC) DISC expenditures are much higher than those services associated with the three other juvenile correctional facilities. The Committee requested a breakdown of costs associated with DISC services for each facility and the Juvenile Justice Authority. A recent increase in DISC fees was not included in the Larned Juvenile Correctional Facility and Beloit Juvenile Correctional Facility budgets. The result was the appearance of a significant difference between these two facilities and Kansas Juvenile Correctional Complex and Atchison Juvenile Correctional Facility. The agency will provide updated information on the cost of these services to the Committee during Omnibus.

This was a House item and no action was taken by the Committee.

C. Parenting with Love and Limits (House Committee). The House Committee recommended consideration of the Parenting with Love and Limits Model. The program provides intensive, practical skill-building sessions to parents and their court-involved youth over the course of six weeks. The purpose of the program is to encourage parental involvement in the probation process and influence the behavior of adolescents in the court system. The curriculum covers topics such as: elements of teenager misbehavior, communication skills, limit setting, behavior contract development, parent rights and community resources. The cost of the program would depend on the number of families to be served but would range from \$28,000 to \$41,000 per site with a recommendation of three sites in Kansas. The Savannah Family Institute provided information indicating savings to the state were possible due to reduced recidivism among youth and the ability to receive Medicaid reimbursement for service costs.

This was a House item and no action was taken by the Committee.

D. Level V and VI Length of Stay (House Committee) and GBA No. 1, Item 44, Page 22—Purchase of Services. The House Committee recommended a review of Level V and VI length of stay issues during Omnibus. The existing Medicaid state plan contains length of stay limits regarding how long Medicaid reimbursement can be utilized to pay for services in Level V and VI facilities and Therapeutic Foster Care. Youth placed in a Level V facility are eligible for Medicaid payment up to 140 days while youth placed in a Level VI facility or Therapeutic Foster Care are eligible up to 180 days. These limitations have been in place for a number of years but the Center for Medicaid and Medicare Services (CMS) has recently started enforcing them. In order to address the situation, the Juvenile Justice Authority (JJA) has implemented a system in which youth approaching their length of stay limit are identified and case managers are notified. Case managers then determine if the youth requires further services. If the case manager believes continued treatment is necessary, an extension form is submitted and must be presented to JJA prior to the youth's 100th day in Level V and 150th day in Level VI or Therapeutic Foster Care. JJA then has 10 days to consult with the case manager to approve or deny the extension. In addition, an appeal process has been implemented. Stays in excess of these limits are paid solely from the State General Fund. JJA has approved extensions totaling approximately \$440,000, but has not paid all of them due to billing issues. As of April 11th, JJA has expended approximately \$307,000 from the State General Fund for youth over the length of stay limit in Level V, VI and Therapeutic Foster Care. The remaining \$133,000 will be paid at a later time.

The Committee concurred with GBA No. 1, Item 44, to add \$657,879 from the State General Fund in FY 2006 for Level V and Level VI residential services and to add \$2,490,132 from the State General Fund in FY 2007 for Level V and VI residential services and Targeted Case Management.

E. Review Services at Larned Juvenile Correctional Facility and Placement at the Facility for Level V and VI Youth in Custody (House Committee). The House Committee recommended a review of mental health services at Larned Juvenile Correctional Facility to explore the possibility of placing Level V and VI youth in the custody of the Commissioner of the Juvenile Justice Authority at the facility. Currently, a small number of youth are being removed from Level

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V and VI facilities prior to the completion of treatment in order to comply with the length of stay limitation. Upon review, the Juvenile Justice Authority has concluded that youth would be better served in their communities. While LJCF has mental health services that would meet the needs of these youth, the agency believes the environment is too restrictive and would be counterproductive to the treatment of the youth.

This was a House item and no action was taken by the Committee.

Atchison Juvenile Correctional Facility

A. Education Contract Expenditures (Senate Committee and Conference Committee).

The Senate Committee recommended the addition, and review during Omnibus, of \$56,931 from the State General Fund in FY 2006 and \$84,899 from the State General Fund in FY 2007 for additional education contract expenditures related to increased teacher salaries at Unified School District No. 409. During FY 2006 and FY 2007, teacher salaries increased approximately 6.0 percent, including health insurance costs. The Conference Committee on **SB 480** concurred with the Senate and added \$56,931 from the State General Fund in FY 2006 and \$84,899 from the State General Fund in FY 2007 along with review during Omnibus.

The Committee deleted \$56,931 from the State General Fund for funding that was added in SB 480 for education contract expenditures no longer needed in FY 2006 and to delete \$84,899 from the State General Fund in FY 2007 for funding that was added in SB 480 for education contract expenditures no longer needed.

Beloit Juvenile Correctional Facility

A. Funding for Vocational Instructors (Senate Committee). The Senate Committee recommended the addition of \$78,801 from the State General Fund in FY 2007. Funding would provide for 2.0 contract vocational instructors to provide enhanced vocational education to females at the facility who have received their GED or completed their high school education. The Conference Committee on **SB 480** concurred with the House and deleted the \$78,801 for review during Omnibus.

The Committee reviewed this item but took no action because the \$78,801 was deleted in SB 480.

B. GBA No. 1, Item 46, Page 23—Education Contract Savings.

The Committee concurred with GBA No. 1, Item 46, to decrease State General Fund expenditures by \$400,488 for the education contract in FY 2007.

Larned Juvenile Correctional Facility

A. GBA No. 1, Item 45, Page 23—Medical Care.

The Committee concurred with GBA No. 1, Item 45, to add \$125,000 from the State General Fund for extraordinary medical and pharmaceutical costs in FY 2006 and to add \$125,000 the State General Fund for extraordinary medical and pharmaceutical costs in FY 2007.

Juvenile Correctional Facilities

A. Virtual Schooling (House Committee). The House Committee recommended

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consideration of the implementation of virtual schooling, accredited by the Kansas Department of Education, at Atchison, Beloit and Larned Juvenile Correctional Facilities and Kansas Juvenile Correctional Complex. The cost for education services at all four correctional facilities, for FY 2006 and FY 2007, is as follows:

Education Costs per Facility
FY 2006 and FY 2007

| | Amount Budgeted | Facility Population | Annual Cost/ Youth | Daily Cost/ Youth |
|---|-----------------|---------------------|--------------------|-------------------|
| FY 2006 | | | | |
| Atchison Juvenile Correctional Facility | \$1,396,059 | 39 | \$35,796 | \$159 |
| Beloit Juvenile Correctional Facility | 740,488 | 22 | 33,659 | 176 |
| Kansas Juvenile Correctional Complex | 2,652,492 | 223 | 11,895 | 53 |
| Larned Juvenile Correctional Facility | 1,218,673 | 100 | 12,187 | 58 |
| FY 2007 | | | | |
| Atchison Juvenile Correctional Facility | \$1,472,842 | 39 | \$37,765 | \$168 |
| Beloit Juvenile Correctional Facility | 731,598 | 22 | 33,254 | 174 |
| Kansas Juvenile Correctional Complex | 2,726,751 | 223 | 12,228 | 54 |
| Larned Juvenile Correctional Facility | 1,238,494 | 100 | 12,385 | 59 |

* The table reflects the number of days spent in school which varies between each facility.

This was a House item and no action was taken by the Committee.

State Bank Commissioner

A. Program Vehicle Purchases (House Committee). The House Committee recommended consideration of the purchase of program vehicles, in addition to vehicle purchases and leasing. The Committee noted that agencies do not have the option to purchase program vehicles when replacing or buying new vehicles. The agency will present material regarding the costs related to purchasing program vehicles in comparison to purchasing new replacement vehicles during Omnibus.

The Committee reviewed this item but took no action.

B. Conversion of Classified Positions to Unclassified Positions (Senate Committee). The Senate Committee noted the agency wishes to convert their classified FTE positions to unclassified FTE positions. The Committee requested the agency confer with the appropriate Committees to introduce a bill to accomplish this and report back on the status of their efforts during Omnibus. The agency will present material to indicate which method it prefers to accomplish the conversion of classified FTE positions to unclassified FTE positions during Omnibus.

The Committee supported the agency's conversion of classified FTE positions to

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unclassified FTE positions.

Department of Credit Unions

A. Kansas Savings Incentive Plan Expenditures (House Committee). The House Committee recommended a review of Kansas Savings Incentive Plan (KSIP) expenditures within the Department of Credit Unions. The Committee requested the agency provide a detailed list of what the agency would purchase with KSIP funds. The agency reported back to the Committee in February that KSIP funds are planned for training and development for the agency.

This was a House item and no action was taken by the Committee.

Division of Health Policy and Finance

A. Enhanced Care Management Project (Conference Committee) and GBA No. 1, Item 12, Page 9. The Conference Committee on **SB 480** deleted \$1.1 million from the State General Fund of the \$2.0 million recommended by the Governor for the Enhanced Care Management Project in FY 2006 and recommended Omnibus review for possible restoration. The Enhanced Care Management Project is a pilot project in Sedgwick County. The goal of the project is to improve health outcomes by managing health benefit utilization through education, access to community services, and balanced advocacy for chronically ill Medicaid clients. The project, which began on March 1, 2006, is administered by Central Plains Regional Health Care Foundation, an extension of the Sedgwick County Medical Society. Trajectory HealthCare LLC has been contracted to provide external evaluation of the project throughout its five-year term. The funding was deleted due to the late start of the program.

The agency is requesting a Governor's Budget Amendment (GBA) to shift the Enhanced Care Management Project from the Regular Medical program to the Administration program. The shift will change the federal match rate for the project from a 60/40 federal/state match to a 50/50 federal/state match. The agency's updated cost estimate for the program is \$1.1 million all funds, including \$554,000 from the State General Fund for FY 2006. The GBA will need to add this amount to the Administration program, because the reduction by the Conference Committee removed all State General Fund money for the program in FY 2006.

The Committee concurred with GBA No. 1, Item 12, that fully funds the Enhanced Care Management Project in the Department of Administration program in FY 2006.

Copies of information from Dr. Robert Day, Director, Division of Health Policy and Finance, regarding requests for information by Committee, were distributed to the Committee (Attachment 24)

B. Dental Program Changes Under Title XIX (Medicaid) and Title XXI (SCHIP) (House Committee). The House Committee requested the Division of Health Policy and Finance present information regarding the planned changes to the dental program under Title XIX and XXI and the impact those changes will have on the populations being served during Omnibus.

Currently, all dental claims are sent to Doral Dental and then separated into claims for Medicaid beneficiaries and claims for State Children's Health Insurance Program (SCHIP) beneficiaries. The Medicaid claims are then sent to the Medicaid Management Information System (MMIS) for processing. SCHIP claims are paid by Doral Dental as the managed care organization for all SCHIP beneficiaries. In the original system design, Doral Dental also served as an administrative services organization to provide clinical reviews, prior authorizations, and perform claims resolution and provider relations for Title XIX. According to the agency, claims payment has improved, but the contractual relationships have been difficult to manage and confusing to the providers.

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On July 1, 2006, all dental claims for Medicaid and State Children's Health Insurance Program (SCHIP) eligible beneficiaries will be processed by the MMIS. This change is being made to provide a single point of contact for dental providers and to simplify the claims payment and reconciliation process, which has been a source of concern for providers. Dental providers have expressed concerns about slow payment, unclear reasons for payment decisions, and low reimbursement rates.

To simplify the claims payment system for providers, Electronic Data Systems (EDS), the contractor for the MMIS, will pay all claims on a fee for service basis. The change will not affect the amount of reimbursement dental providers receive. This is the practice for Title XIX Medicaid claims, and is allowed for SCHIP by KSA 38-2001(d) (8). At the same time, EDS will add provider representatives to work specifically with dental providers and claims representatives to work through billing and payment posting issues with dental practices. Payment policy changes have been implemented to simplify dental billing and to remove prior authorization paperwork for some procedures. The goal is to make the Medicaid payment methodologies consistent with the most current dental insurance practices. EDS is currently working with dental providers to start transitioning to the new billing system. EDS also is working with some dental practices to demonstrate the internet billing system, and how to use the online system to verify eligibility and adjust claims.

This was a House item and no action was taken by the Committee.

C. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6. The FY 2006 Spring Consensus Caseload Estimate for the Regular Medical program is no change from the amount approved by the 2006 Legislature. This item is included in the Spring Consensus Caseload Item under the Department of Social and Rehabilitation Services.

No action was taken by the Committee.

D. GBA No. 1, Item 11, Page 8—Presumptive Eligibility.

The Committee concurred with GBA No. 1, Item 11, that adds \$557,017 including \$97,699 from the State General Fund for Presumptive Eligibility system changes in FY 2006.

Health Policy Authority

A. Business Health Partnership (Conference Committee). The Conference Committee on **SB 480** deleted \$500,000 from the State General Fund in FY 2006 and \$1.5 million from the State General Fund in FY 2007 for the Business Health Partnership for review during Omnibus. The purpose of the not-for-profit Business Health Partnership is to develop and market a low cost health plan to small businesses. The Business Health Policy Committee was created by the Legislature with the intent of providing small businesses (2-50 employees) access to health coverage at an affordable rate. The committee is comprised of business leaders and legislators.

The Governor recommended \$500,000 from the State General Fund in FY 2006 and \$2.0 million from the State General Fund in FY 2007 for a pilot program in Sedgwick County to increase financial incentives for small businesses when they offer health insurance to their employees. The pilot is designed to provide employees with incomes below 200.0 percent of the Federal Poverty Level working for firms that employ between two and 25 persons with low cost health insurance. The pilot will work with the existing small business tax credit to reduce company contributions to 30.0 percent of the premium. Employee contributions would be reduced to 10.0 percent of the premium. The pilot will provide insurance from a single carrier and will be coordinated with the Community RX Kansas program and the State Children's Health Insurance Program (SCHIP). The agency will provide more information on this item.

According to the agency, the bidding to offer the plan closes on April 28th, 2006. The implementation date of the new program is dependent on negotiations with the winning bidder. The

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agency anticipates it will need \$2.0 million from the State General Fund to fund the program between the two fiscal years.

The Committee added \$1.5 million from the State General Fund in FY 2007 to fully fund the Business Health Partnership.

B. Healthy Kansas First 5 (Conference Committee). The Conference Committee on **SB 480** deleted \$3.5 million from the State General Fund for the Healthy Kansas First 5 program in FY 2007 and recommended a review during Omnibus for possible restoration. Healthy Kansas First 5 expands eligibility under both Medicaid and SCHIP:

- Medicaid eligibility for pregnant women and infants would be increased from 150 percent to 185 percent of the Federal Poverty Level (FPL).
- SCHIP eligibility would be increased from 200 percent to 235 percent of FPL.
- Families with children above 235 percent of FPL will be allowed to buy into the SCHIP benefit package if they meet the following criteria:
 1. they do not have access to any employer based insurance; and
 2. they have been without insurance for six months.

The Conference Committee noted that this program expands eligibility for both Medicaid and SCHIP that may not be sustainable if another economic downturn occurs. In addition, federal matching dollars for SCHIP are limited and Kansas already uses all of its SCHIP funding, as well as SCHIP dollars unused by other states that are redistributed periodically by the federal government. If the Kansas SCHIP program exceeds the federal funds available, the additional cost must be paid from state dollars. Given the reductions that became necessary in Missouri and Tennessee when program expansion became unsustainable, the Conference Committee recommended review of this item during Omnibus when more detailed cost estimates would be available from the agency. The agency will provide additional information on this item.

The agency anticipates that 2,000 children will participate in Health Kansas First 5 in FY 2007. According to the agency, expansion of coverage under the new program would only increase SCHIP spending by 2.6 percent in FY 2007. In the event that funding shortfalls occur in implementing Health Kansas First 5, the agency indicates that it would either adjust benefits or family contributions (co-pays and premiums) or replace all or part of SCHIP funds to Medicaid funds.

The Committee added \$3.5 million from the State General Fund in FY 2007 to restore funding for Healthy Kansas First 5.

C. Enhanced Care Management Project (Conference Committee) and GBA No. 1, Item 12, Page 9. The Conference Committee on **SB 480** deleted \$500,000 from the State General Fund of the \$2.0 million recommended by the Governor for the Enhanced Care Management Project in FY 2007 and recommended review during Omnibus for possible restoration. The Enhanced Care Management Project is a pilot project in Sedgwick County. The goal of the project is to improve health outcomes by managing health benefit utilization through education, access to community services, and balanced advocacy for chronically ill Medicaid clients. The project, which began on March 1, 2006, is administered by Central Plains Regional Health Care Foundation, an extension of the Sedgwick County Medical Society. Trajectory HealthCare LLC has been contracted to provide external evaluation of the project throughout its five-year term.

The agency is requesting a Governor's Budget Amendment (GBA) to shift the Enhanced Care Management Project from the Regular Medical program to the Administration program. The shift will change the federal match rate for the project from a 60/40 federal/state match to a 50/50 federal/state match. The agency's updated cost estimate for the program is \$2.0 million all funds, including \$1.0 million from the State General Fund, for FY 2007. The GBA will need to shift \$1.5

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million, including \$292,806 from the State General Fund, from the Regular Medical program to the Administration program and add \$698,202 from the State General Fund and \$500,000 from all funding sources to fully fund the agency estimate for the project.

The Committee non-concurred regarding with GBA No. 1, Item 12, in FY 2007.

D. Presumptive Eligibility (Conference Committee). The Conference Committee on **SB 480** deleted \$250,000 from the State General Fund for the implementation of Presumptive Eligibility in FY 2007. The Governor recommended \$2.5 million from the State General Fund for the implementation of presumptive eligibility for children ages 0 - 19. This would allow them to go to a hospital or clinic for services, where they would be screened to determine if they meet presumptive eligibility criteria for Medicaid or State Children's Health Insurance Program. If they are presumed eligible for services, the health care provider can depend on payment for services while full eligibility is being determined (approximately one month).

The Conference Committee expressed concern regarding the burden this program will put on providers, who will have to implement the screening process after training from the agency, with no additional reimbursement. The Conference Committee asked that the agency report back during Omnibus with the number of other states that are using presumptive eligibility and whether or not providers are being reimbursed. The agency will provide additional information on this item.

According to the agency, there are 12 states with provisions that allow for presumptive eligibility determinations for Medicaid and/or SCHIP. Designated entities are not reimbursed for completing a screening tool in other states.

The Committee added \$250,000 from the State General Fund to fully fund the Governor's recommendation for Presumptive Eligibility in FY 2007.

E. Short- and Long-Term Policies for Dental Programs in Title XIX (Medicaid) and Title XXI (SCHIP) (House Committee). The House Committee recommended the Health Policy Authority review and report back to the Committee the short-term and long-term policies regarding the Title XIX and XXI dental programs during Omnibus.

Currently, all dental claims are sent to Doral Dental and then separated into claims for Medicaid beneficiaries and claims for State Children's Health Insurance Program (SCHIP) beneficiaries. The Medicaid claims are then sent to the Medicaid Management Information System (MMIS) for processing. SCHIP claims are paid by Doral Dental as the managed care organization for all SCHIP beneficiaries. In the original system design, Doral Dental also served as an administrative services organization to provide clinical reviews, prior authorizations, and perform claims resolution and provider relations for Title XIX. According to the agency, claims payment has improved, but the contractual relationships have been difficult to manage and confusing to the providers.

On July 1, 2006, all dental claims for Medicaid and SCHIP-eligible beneficiaries will be processed by the MMIS. This change is being made to provide a single point of contact for dental providers and to simplify the claims payment and reconciliation process, which has been a source of concern for providers. Dental providers have expressed concerns about slow payment, unclear reasons for payment decisions, and low reimbursement rates.

To simplify the claims payment system for providers, Electronic Data Systems (EDS), the contractor for the MMIS, will pay all claims on a fee for service basis. The change will not affect the amount of reimbursement dental providers receive. This is the practice for Title XIX Medicaid claims, and is allowed for SCHIP by KSA 38-2001(d) (8). At the same time, EDS will add provider representatives to work specifically with dental providers and claims representatives to work through billing and payment posting issues with dental practices. Payment policy changes have been implemented to simplify dental billing and to remove prior authorization paperwork for some procedures. The goal is to make the Medicaid payment methodologies consistent with the most current dental insurance practices. EDS is currently working with dental providers to start

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transitioning to the new billing system. EDS also is already working with some dental practices to demonstrate the internet billing system, and how to use the online system to verify eligibility and adjust claims.

This was a House item and no action was taken by the Committee.

F. Effect of the Federal Deficit Reduction Act (House Committee). The House Committee requested information during Omnibus on the anticipated impacts on the agency from the federal Deficit Reduction Act of 2005 enacted this year.

The Deficit Reduction Act (DRA) includes notable changes in federal requirements for Medicaid programs and some new program flexibility for states. The DRA provisions either require mandatory changes in state Medicaid programs or add to the options already available to states in the administration of their programs. The Division of Health Policy and Finance (DHPF) is in the process of evaluating many of the DRA provisions, with particular emphasis on the mandatory changes that have retroactive effective dates and those with effective dates before July 1, 2006.

DHPF is involved in discussions with partner agencies, including SRS and the Department on Aging, to review the impact of the DRA provisions and develop implementation strategies. Many of the provisions also require the Centers for Medicare and Medicaid Services (CMS) to issue regulatory guidance. CMS has begun issuing guidance, in the form of State Medicaid Director letters and State Plan Amendment templates, on several of the provisions. The agency expects additional Medicaid Directors letters to be issued between now and July 1. CMS also is developing regulations to implement other provisions. DHPF is participating in state-to-state conference calls to discuss the impact and clarify the intent of the CMS guidance.

The new flexibility included in the DRA, particularly on cost sharing, developing benchmarked benefit plans, and moving some Home and Community-Based Services into the State Plan, would have significant impact on Kansas Medicaid. According to the agency, understanding the impact of these options will take some time and will depend on how CMS interprets the provisions. DHPF is preparing a range of Medicaid reform options for presentation to the Kansas Health Policy Authority Board later this year, and these options will incorporate the new flexibility afforded by the DRA.

This was a House item and no action was taken by the Committee.

G. Presumptive Disability (House Committee) and GBA No. 1, Item 10, Page 7. The House Committee expressed concern about the implementation of Presumptive Disability for the MediKan program regarding applicants who would not meet presumptive disability criteria but would ultimately be considered disabled, the shift of persons with a mental health diagnosis from the MediKan program to the Community Mental Health Centers (CMHCs), jails or hospitals, and the possible fiscal impact if the Presumptive Disability standards set by the state do not meet federal requirements.

Currently, persons applying for Social security disability programs can receive a limited package of state-only funded medical benefits through MediKan. MediKan services are available for 24 months while the Social Security Administration (SSA) reviews the persons application. After 24 months, if the person does not meet SSA eligibility requirements and has exhausted their appeals, they are no longer eligible for services, except through limited hardship criteria.

Beginning July 1, 2006, the state will begin a process of making a preliminary determination of disability that will result in immediate Medicaid benefits for the eligible person. This will allow the state to draw down the federal matching rate of 60.0 percent to pay for these services. A determination of presumptive disability will be made within 45 days. If the applicant is presumed disabled, they will begin to receive the full package of Medicaid services. If the applicant is not presumed disabled, they will not receive services.

Once the determination of presumptive disability has been made, the applicant will submit a disability application to the SSA which will go through the usual process. Regardless of the final

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disability determination by the SSA, the state will not be required to return the federal matching funds for the services provided under this program, as long as the State's presumptive disability criteria result in 50 percent or greater of the applicants receiving an SSA disability determination.

Persons in the MediKan program as of July 1, 2006 will be screened for presumptive disability in the month of his or her annual review. If they are not presumed disabled and have exhausted all SSA appeals, they will no longer receive medical benefits. There are no hardship criteria under presumptive disability.

The agency indicates that DHPF and SRS staff have identified alternative services for people who are not presumed disabled. Those services include: food stamps, making referrals to local Community Mental Health Centers (CMHCs) for services and aid through the community medication prescription program, linking the individual with local workforce development centers for employment services, providing referrals to vocational rehabilitation, and connecting the individual with local assistance agencies. The agency found no data to indicate that persons denied MediKan services end up in state institutions or jails. In addition, the Centers for Medicare and Medicaid Services (CMS) have set no criteria for determining presumptive disability before federal funds can be accessed, or any penalties for not meeting those criteria.

The Committee reviewed this item and took no action.

H. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6. The FY 2007 Spring Consensus Caseload Estimate for the Regular Medical program is no change from the amount approved by the 2006 Legislature. The estimate includes a \$20.7 million shift in funding from federal funds to the Medical Program Fee Fund (formerly the Social Welfare Fund) reflecting an adjustment to the Federal Medical Assistance Percentage (FMAP) rate from the Fall 2005 estimates.

This item is included in the Spring Consensus Caseload Item under the Department of Social and Rehabilitation Services.

The Committee reviewed this item and took no action.

I. GBA No. 1, Item 1, Page 2 - Health Planning and Finance - Correction to Reportable Expenditures.

The Committee concurred with GBA No. 1, Item 1, to reduce reportable expenditures by \$781,218 other funds in FY 2007.

Conduct of a Survey by Kansas Health Policy Authority Regarding Cost of Dispensing Pharmaceutical Products and Services in Kansas

Senator Vicki Schmidt presented language regarding a survey to be conducted by the Kansas Health Policy Authority of Retail Pharmacies in Kansas ([Attachment 25](#)). ***The Committee added proviso language requiring the Health Policy Authority to conduct the survey of the cost of dispensing pharmaceutical products and services within the Kansas Medicaid Program in FY 2007.***

GBA No. 1, Item 21, Page 13 - Medicare Part D Co-Payments for Dual-Eligibles

The Committee concurred with GBA No. 1, Item 21, which adds \$4.3 million from the State General Fund in FY 2007 to cover the Medicare Part D co-payments paid by dual-eligible Kansans.

Department of Commerce

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A. After School Grant Program (Conference Committee). The Conference Committee on **SB 480** deleted FY 2007 funding of \$1.25 million, including \$750,000 from the State General Fund, for the After School Grant program and recommended a review during Omnibus for possible restoration. The program would provide grants to eligible entities for the purpose of establishing after-school programs that include pre-vocational employment skills and options, lifetime physical fitness activities, academic tutoring and academic enhancement and mentoring.

The Committee added \$750,000 from the State General Fund for the After School Grant Program in FY 2007.

B. Additional Funding for the Older Kansans Employment Program (OKEP) (House Committee). The House Committee recommended Omnibus review of the addition of \$190,000 from funds to be identified for the Older Kansans Employment Program (OKEP). OKEP is a state-funded program designed to provide older Kansans, 55 and over, with an employment placement service. Emphasis is placed on providing permanent full-time or part-time jobs in the private sector, including non-traditional patterns of employment. Although unemployed older Kansans who are most in need receive priority, OKEP participants are not required to spend down to poverty before receiving services. The Conference Committee on **SB 480** added \$100,000 from the Economic Development Initiatives Fund (EDIF) for OKEP in FY 2007.

This was a House item and no action was taken by the Committee.

C. Agency Reduced Resource Packages (House Committee). The House Committee recommended Omnibus review of the agency's FY 2007 reduced resource packages totaling \$798,621, including \$11,292 from the State General Fund.

The agency reduced resource packages are as follows:

| FY 2007 Reduced Resources Packages | | | | | | |
|--|-----------------------|--------------------|------------|---------------------------|------------|------------|
| Item | Agency Recommendation | | | Governor's Recommendation | | |
| | SGF | All Funds | FTE | SGF | All Funds | FTE |
| Close China Office | \$0 . | \$(50,000) | 0.0 | \$0 . | \$0 . | 0.0 |
| Put Brand Image Marketing Activities on Hold | 0 .. | (437,329) | 0.0 | 0 .. | 0 .. | 0.0 |
| Decrease Funding for the Center for Entrepreneurship | 0 .. | (300,000) | 0.0 | 0 .. | 0 .. | 0.0 |
| Kansas Commission on Disability Concerns Reduction | (5,600) | (5,600) | 0.0 | 0 .. | 0 .. | 0.0 |
| Discontinue "List Serve" Program | (5,692) | (5,692) | 0.0 | 0 | 0 | 0.0 |
| TOTAL | \$(11,292) | \$(798,621) | 0.0 | \$0 | \$0 | 0.0 |

This was a House item and no action was taken by the Committee.

D. Kansas Quick Careers (Senate Committee). The Senate Committee recommended review of the Kansas Quick Careers (KQC) training program during Omnibus. KQC is designed to provide the healthcare, manufacturing technology, information technology/office occupations and

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construction industry with highly skilled workers through a collaborative partnership with industry representatives, local colleges and other community-based organizations in designing customized training that respond to market needs. The Urban League of the MidPlains, along with its partners, is requesting \$2.2 million over the next four years to fund the program, beginning in FY 2007.

The Senate Committee recommended the Department of Commerce work with the Urban League of the MidPlains and committee members to determine if there are funding sources for this program within existing workforce training dollars.

The agency met with the Urban League of the Midplains to review Kansas Quick Careers. The agency has noted that the program has proven results from another state, significant local buy-in and serves Workforce Investment Act (WIA) eligible youth. The agency believes it can cover the costs of the program, an estimated \$452,544 in FY 2007, through WIA set-aside dollars and local funds. The agency noted that the state board, the Workforce Network of Kansas, and the local workforce investment board would need to approve the program before the dollars could be committed to KQC. The agency anticipates approval of the program in late summer or early fall of this year.

The Committee reviewed this item and recommended funding Quick Careers from existing resources in FY 2007.

E. House Substitute for SB 475 – State Affordable Airfare Fund (Governor). House Sub. for SB 475 creates the \$5,000,000 State Affordable Airfare Fund, administered by the Department of Commerce. Moneys will be transferred to the Fund from the State General Fund or special revenue funds subject to appropriations and will be used to fund the program to provide more air flight options, more competition for air travel and affordable air fares for Kansas, including a regional airport in western Kansas. To fund the program for FY 2007, an appropriation in the Omnibus bill would be needed.

Funds will be distributed through an annual grant by the Department of Commerce to the Regional Economic Area Partnership (REAP) based on a match of 25.0 percent from local units of government or private entities and 75.0 percent from the State Affordable Airfare Fund.

Starting in January 15, 2008, REAP is required to evaluate and present a report to the House Committee on Appropriations and the Senate Committee on Ways and Means at the beginning of each regular session of the Legislature. In addition, REAP is required to submit a report on the expenditures of the annual grant and local matching funds, as well as the results of such expenditures, to the Legislature.

Beginning during the 2006 Legislative Interim, the Legislative Budget Committee is directed to study and review the activities of REAP.

The Committee reviewed this item but took no action.

F. GBA No. 1, Item 4, Page 3—Spirit Aerosystems.

The Committee concurred with GBA No. 1, Item 4, which makes a technical adjustment to reportable expenditures in FY 2006 and FY 2007.

Kansas, Inc.

A. Kansas Center for Entrepreneurship and Kansas Bioscience Authority Evaluations (Senate Committee and House Committee). The House and Senate Committees recommended review of the agency enhancement request for \$25,000 from the Economic Development Initiatives Fund (EDIF) to complete statutorily required evaluations of the Kansas Center for Entrepreneurship and the Bioscience Authority during Omnibus. The Governor funded the enhancement request from the Kansas, Inc. Private Fund instead of the EDIF. The agency expressed concern about the

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funding precedent set by the recommendation.

The Committee shifted expenditures of \$25,000 for statutorily required evaluations from special revenue funds to the State General Fund in FY 2007.

Economic Development Initiatives Fund (EDIF)

A. SB 388—Biodiesel Fuel Producer Production Incentive (Governor). SB 388, as amended, establishes a biodiesel fuel producer production incentive in the amount of \$.30 for each gallon of biodiesel fuel sold by a Kansas qualified biodiesel fuel producer, as defined by the bill. The incentive is payable to a producer from the Kansas Qualified Biodiesel Fuel Producer Incentive Fund (Incentive Fund) which will be created by the bill in the state treasury.

The bill requires the Director of Accounts and Reports to transfer \$437,500 on April 1, 2007 from the State Economic Development Initiatives Fund (EDIF) to the Incentive Fund. Also, on July 1, 2007, and every quarter thereafter, the Director of Accounts and Reports will transfer \$875,000 from the EDIF to the Incentive Fund. The Secretary of Revenue would make the payments to the producers upon a filing by the producer of a form furnished by the Department of Revenue. Moneys remaining in the Fund upon expiration of the act would be credited by the State Treasurer to the EDIF. In the event funds from the EDIF are insufficient, then funds would be transferred from the State General Fund.

The bill authorizes the Secretary of Revenue to adopt rules and regulations necessary to administer the provisions of the bill. Those rules and regulations will include the development of a procedure for the payment of the production incentive on a pro rata basis.

Finally, the bill provides for a sunset of the incentive program on July 1, 2016.

Under current law, all EDIF has been appropriated. The bill will reduce available EDIF appropriated to state agencies by \$437,500 on April 1, 2007. Agencies that have not expended or encumbered all of their appropriated funds by that date will face a shortfall.

The Committee transferred \$437,500 from the State General Fund to the Kansas Qualified Biodiesel Fuel Producer Incentive Fund established in SB 388 - which concerns Qualified Biodiesel Fuel Producer Incentive in FY 2007.

State Library

A. Tutor.Com (Conference Committee). The Conference Committee on SB 480 recommended a reduction of \$265,000 from the State General Fund for the Tutor.com enhancement in FY 2007 and recommended review of this item during Omnibus. The House Committee asked that the Department of Education study the enhancement to determine its suitability, as well as the appropriateness of funding the item in the State Library budget, as opposed to the Department of Education budget. The agency will provide additional information on this item.

The Committee added \$265,000 from the State General Fund for Tutor.com in FY 2007.

B. Talking Books Service Program (Conference Committee). The Conference Committee on SB 480 recommended Omnibus review of an additional \$75,000 from the State General Fund in FY 2007 for the Talking Books Service. The Talking Books Service provides services to more than 7,000 Kansans who are unable to use standard print due to physical impairments, including vision loss, paralysis, or reading disabilities. This includes books and magazines in recorded and Braille formats. The recorded materials and playback equipment provided are delivered to the patron's home through the U.S. Postal Service. The enhancement was requested to maintain the current program. The current approved appropriation in FY 2006 and

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FY 2007 for the Talking Books Service is \$386,105 from the State General Fund.

The Committee added \$75,000 from the State General Fund for the Talking Books Service Program in FY 2007.

Department of Agriculture

A. Vehicle for High Hazard Dam Inspections (House Committee). The House Committee recommended a review the addition of \$20,000 from the State General Fund to purchase a vehicle for high hazard dam inspections in FY 2007. The Conference Committee on **SB 480** added \$255,000 from the State General Fund and 3.0 FTE positions for high hazard dam inspections in FY 2007.

The Committee added \$20,000 from the State General Fund in FY 2007 to purchase a vehicle for high hazard dam inspections.

Social and Rehabilitation Services

A. Hourly Rates for Persons Providing Medicaid Waiver Services (House Committee). The House Committee requested information during Omnibus on hourly rates for direct care staff who provide services to developmentally disabled persons living in the community. In particular, the Committee requested information about the amounts of funding added in the last five years and how that money was incorporated into the formula used to distribute funds.

In the early years of the Developmental Disability (DD) Waiver (1992-1995), tiered reimbursement rates were based on a formula that used the salary and benefits paid to the direct care staff times the number of direct care staff hours that were to be provided to each person served. The 1995 DD Reform Act required SRS to perform an independent, professional review of the (reimbursement) rate structures on a biennial basis. Once these reimbursement rate reviews were established, the use of the formula was discontinued. The agency indicates that the formula used 10 years ago can no longer be compared to current wages. In the 2005 Session of the Legislature additional funds for DD Waiver reimbursement rate increases were appropriated for FY 2006. These funds were distributed based on the recommendations contained in the Public Consulting Group rate study, not the formula previously used by the agency.

The following shows the direct care salary and wage findings from recent reimbursement rate studies compared with increased reimbursement rates for the DD Waiver:

| Comparison of Direct Care Salary Increases With DD Waiver Rate Increases | | | | |
|---|------------------------------|------------------|----------------------------|------------------|
| Fiscal Year | Reimbursement Rate Increases | Percent Increase | Average Direct Care Salary | Percent Increase |
| 2001 A | \$0 | 0.00% | \$8.61 | |
| 2002 | \$0 | 0.00% | - | |
| 2003 | \$0 | 0.00% | - | |
| 2004 B | \$0 | 0.00% | \$8.71 | 1.13% |
| 2005 | \$0 | 0.00% | C | |
| 2006 | \$7,500,000 | 3.38% | - | |

Notes:

- A. Salary data from Myers and Stauffer Review of Rate Structure for Community Developmental Disabilities. The amount shown equals all amounts paid for day and residential services direct care salaries divided by hours worked.
- B. Salary data from Public Consulting Group Review of Rate Structure for Community

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Developmental Disability Services from the Executive Summary.

C. Myers and Stauffer are currently completing the newest rate review due to be completed in the Fall 2006.

According to the agency, the DD Reimbursement Rate Study currently underway will be expanded to include gathering data on the salaries and benefits paid to direct care staff in community-based services for FY 2006. This will provide an assessment of the extent to which direct care salaries and benefits were increased as a result of the FY 2006 appropriation for that purpose.

This was a House item and no action was taken by the Committee.

B. Issues Regarding Level V and Level VI Services (House Committee). The House Committee recommended Omnibus review of recommendations and conclusions from the special Appropriations Subcommittee on Level V and Level VI services. The Subcommittee will be meeting when the Committees return for Omnibus and will make recommendations at that time.

This was a House item and no action was taken by the Committee.

C. Temporary Assistance for Needy Families (TANF) Block Grant Funding Issues (House Committee). The House Committee recommended Omnibus review of the Temporary Assistance for Needy Families (TANF) block grant. Specifically, the Committee requested an analysis of spending from this source over the last five years, the potential impact of federal budget activities and a forecast for spending in the future.

The following table details the TANF Block Grant revenue, transfers, expenditures, and balances. The estimates for fiscal years 2008 and 2009 assume no changes except an allowance for a two percent growth in administrative expenses reflecting fringe benefit and normal operating cost increases. The agency estimates that the Temporary Assistance for Families (TAF) caseload will decrease; however, the TAF cash assistance estimate is held constant, as the Spring 2006 consensus estimates had not occurred when this information was prepared. In addition, the anticipated federal regulations on work participation arising from the Deficit Reduction Act of 2005 will not be issued until June 2006, thus, no change is assumed in TAF Employment Services. Descriptions of the items are included in information provided separately.

**TANF Transfers and Expenditures
State Fiscal Years 2001 - 2009
(in millions)**

| Item | FY 01 Actual | FY 02 Actual | FY 03 Actual | FY 04 Actual | FY 05 Actual | FY 06 Approved | FY 07 Approved | FY 08 Est | FY 09 Est |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|----------------|----------------|
| Beginning Balance | \$5.6 | \$13.1 | \$18.3 | \$16.2 | \$17.2 | \$7.2 | \$5.3 | (\$0.1) | (\$5.7) |
| Revenue | | | | | | | | | |
| Block Grant Award | 101.9 | 101.9 | 101.9 | 101.9 | 101.9 | 101.9 | 101.9 | 101.9 | 101.9 |
| High Performance Award | -- | -- | -- | 10.2 | -- | -- | -- | -- | -- |
| Child Support Enforcement Paternity Penalty | -- | -- | -- | (0.8) | -- | -- | -- | -- | -- |
| Subtotal - Revenue | \$101.9 | \$101.9 | \$101.9 | \$111.3 | \$101.9 | \$101.9 | \$101.9 | \$101.9 | \$101.9 |
| Transfers | | | | | | | | | |

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| | | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Transfer to Child Care Development Fund (CCDF) | (\$8.6) | (\$15.6) | (\$14.6) | (\$20.0) | (\$15.7) | (\$19.9) | (\$21.3) | (\$21.3) | (\$21.3) |
| Transfer to Social Services Block Grant (SSBG) | (10.2) | (10.2) | (10.2) | (4.3) | (4.3) | (4.3) | (7.2) | (7.2) | (7.2) |
| Workforce Development | -- | -- | -- | -- | -- | (0.5) | (0.5) | (0.5) | (0.5) |
| Subtotal - Transfers | (\$18.8) | (\$25.8) | (\$24.8) | (\$24.3) | (\$20.0) | (\$24.7) | (\$29.0) | (\$29.0) | (\$29.0) |
| Total Available | \$88.7 | \$89.2 | \$95.4 | \$103.3 | \$99.2 | \$84.4 | \$78.2 | \$72.9 | \$67.2 |
| Expenditures | | | | | | | | | |
| Central Office Adm Information Technology | \$1.8 | \$1.8 | \$1.7 | \$1.9 | \$2.3 | \$2.0 | \$2.0 | \$2.1 | \$2.1 |
| Field Operations | 9.0 | 10.2 | 11.1 | 10.1 | 9.9 | 10.8 | 10.6 | 10.8 | 11.1 |
| Teen Pregnancy | 0.2 | 0.2 | -- | -- | -- | -- | -- | -- | -- |
| Domestic Violence Prev | 0.7 | 0.6 | 1.2 | 1.0 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Substance Abuse | 0.6 | 0.6 | 1.0 | 1.4 | 1.7 | 1.4 | 1.4 | 1.4 | 1.4 |
| TAF Cash Assistance | 14.2 | 18.7 | 23.8 | 29.7 | 35.1 | 37.7 | 39.2 | 39.2 | 39.2 |
| TAF Employment Services | 7.6 | 8.0 | 9.8 | 12.5 | 11.1 | 12.4 | 12.4 | 12.4 | 12.4 |
| Community Funding | -- | 0.1 | -- | 0.3 | -- | -- | -- | -- | -- |
| Family Preservation | 7.2 | 5.6 | 4.8 | 3.8 | 4.2 | 5.2 | 5.2 | 5.2 | 5.2 |
| Permanent Guardianship | -- | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 |
| Foster Care | 33.9 | 24.1 | 24.4 | 24.1 | 25.1 | 7.0 | 4.8 | 4.8 | 4.8 |
| Contracts | | | | | | | | | |
| Subtotal - Expenditures | \$75.6 | \$70.9 | \$79.1 | \$86.0 | \$91.9 | \$79.1 | \$78.3 | \$78.5 | \$78.8 |
| Ending Balance | \$13.1 | \$18.3 | \$16.2 | \$17.2 | \$7.2 | \$5.3 | (\$0.1) | (\$5.7) | (\$11.6) |

This was a House item and no action was taken by the Committee.

D. Child Welfare Services Funding (House Committee). The House Committee recommended Omnibus review of funding for child welfare services to include potential impacts from federal budget activity, the structure of payments under new contracts effective July 1, 2005, and information on the potential impact of federal deferrals currently in process or being considered.

Impacts of Federal Budget Decisions. The Deficit Reduction Act of 2005 restricts federal Title IV-E Foster Care funds used for the case management of children living with relatives. Under the former law, states could claim federal foster care funds for the administration and case management costs of children placed in the home of an unlicensed relative, psychiatric or medical hospitals, and other health care institutions.

The budget reconciliation bill prevents states from claiming federal funds for managing cases pursuing licensing beyond 12 months or the normal licensing period in a state, whichever is shorter. In addition, the bill limits federal administrative funds to one month to help children transition from institutional care. The effective date for this provision is retroactive to October 2005.

According to the agency, this change will result in a federal funds loss of \$8,850,000 in FY 2006, and \$11,800,000 in FY 2007. A Governor's Budget Amendment is being requested to

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address these issues.

Payment Structure of new Child Welfare Contracts. The payment structure for the Child Welfare, Community-Based Out-of-Home contracts was revised in July 2005. Reimbursement for out-of-home placement services is a monthly rate consisting of three tiers dependent on the length of time the child has been in an out-of-home placement. Tier 1 is paid for the first six months of placement, Tier 2 is paid for the second six months, and Tier 3 is paid for month 13 forward. The rates descend by tier, a feature designed to provide the contractors with an incentive to achieve the appropriate permanency for children as rapidly and safely as possible.

The payment structure for out-of-home placement services provided by the Family Preservation Contractors is similar to the above. The only differences are Tier 1 is paid for only the first three months and the rates vary based on contract negotiations.

Impact of Federal Deferrals. The Centers for Medicare and Medicaid Services (CMS) continues to defer child welfare behavior management services. Under the managed care agreement, SRS Medicaid claims were significantly reduced. The reductions were based on eligibility restrictions for behavior management services and the rates allowed for these services. SRS abandoned the managed care agreement in July 2005, coincident with the new child welfare contracts, and moved to a fee-for-service reimbursement authorized by the Kansas Medicaid State Plan. However, CMS continues to defer these Medicaid claims.

The following table outlines the outstanding deferral amounts for which a budget amendment will be requested. The deferral amounts decrease due to the enforcement of the time limits for Level V and Level VI services. The slight increase in FY 2007 reflects caseload growth.

| Quarter Affecting SRS | Quarter of Deferral | Deferred Amount | Less: Budgeted Amounts | Deferral Shortfall |
|-----------------------|---------------------|-----------------|------------------------|--------------------|
| FY 2006 | | | | |
| Jul-Sep 2005 | Jan-Mar 2005 | \$3,992,611 | (\$3,992,611) | \$0 |
| Oct-Dec 2005 | Apr-Jun 2005 | 4,827,410 | (4,827,410) | 0 |
| Jan-Mar 2006 est | Jul-Sep 2005 | 1,500,000 | -- | 1,500,000 |
| Apr-Jun 2006 est | Oct-Dec 2005 | 1,500,000 | -- | 1,500,000 |
| Total | | \$11,820,021 | (\$8,820,021) | \$3,000,000 |
| FY 2007 | | | | |
| Jul-Sep 2006 est | Jan-Mar 2006 | \$1,089,663 | -- | \$1,089,663 |
| Oct-Dec 2006 est | Apr-Jun 2006 | 1,111,149 | -- | 1,111,149 |
| Jan-Mar 2007 est | Jul-Sep 2006 | 1,189,627 | -- | 1,189,627 |
| Apr-Jun 2007 est | Oct-Dec 2006 | 1,258,347 | -- | 1,258,347 |
| Total | | \$4,648,786 | | \$4,648,786 |

This was a House item and no action was taken by the Committee.

E. Parenting Education Program Proposal (House Committee). The House Committee recommended Omnibus consideration of a parenting education program proposed by the Savannah Family Institute for its potential to be used with the child welfare population to reinforce family relationships and assist with reintegration. According to information provided by the Institute, "Parenting with Love and Limits" is a parenting education program integrating principles of structural family therapy into a 6-week program for juvenile delinquent populations with oppositional defiant or conduct disorders. A Family Therapy Aftercare program is also available. The program is designed to provide parents with specific tools and techniques to reestablish the parents' rulemaking ability and restore nurturance to the parent-child relationship. The cost of the program would depend on the number of families to be served but would range from \$28,000 to \$41,000 per site with a recommendation of three sites in Kansas. The Institute provided information showing projected savings to the state due to reduced recidivism among youth and the ability to receive Medicaid reimbursement for service costs.

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This was a House item and no action was taken by the Committee.

F. Access to Mental Health Service Providers (House Committee). The House Committee requested information on the agency's progress towards compliance with the federal requirement that Medicaid beneficiaries have access to any willing, qualified provider to receive mental health services. Concerns have been expressed that not all beneficiaries have appropriate access to services, particularly in some areas of the state, and that additional providers would help alleviate this situation. According to testimony, the agency is in negotiations with the community mental health system to allow access to providers outside the Community Mental Health Center (CMHC) system for youth in the child welfare system through the use of the youth's medical card. The agency believes progress made in this area will allow the agency to move to this concept in non-custody cases to improve access. One option to address past concerns about increasing costs to the Medicaid program and a loss of control over spending in the mental health system if additional providers are allowed to provide mental health services, is a requirement that providers must affiliate with CMHCs to be able to participate which would allow the CMHCs to manage the mental health system. Information to be provided includes an update on efforts made to resolve these issues, where the development process stands and suggestions on tools to reinforce the message to the community mental health system that progress on the issue of access is needed. The agency will provide information on this item in a separate memo during the Omnibus session.

This was a House item and no action was taken by the Committee.

G. "Money Follows the Person" Proviso (House Committee). The House Committee recommended an Omnibus review of issues concerning the "Money Follows the Person" proviso which redirects funding for nursing facilities into home and community based services waivers when a person with physical disabilities or a frail elderly person leaves a nursing facility and returns to the community. In particular, the Committee requested information regarding the limitation on the number of people for whom this shifting is required and the fiscal impact of this policy over the last several years. **SB 218**, which would place this provision into statute, is currently under consideration in the Senate Ways and Means Committee.

The appropriations bills for FY 2004 and 2005 contained a proviso that authorized the transfer of funds from nursing facility services to the physical disability (PD) waiver to fund community services for, at most, 75 persons who chose to return home. In FY 2004, twenty-five (25) persons moved from nursing homes to the community with services funded by the PD Waiver. The total amount transferred to SRS community based services for these individuals was \$151,168 from the State General Fund. In FY 2005, thirty-seven (37) persons took advantage of this proviso and \$284,817 from the State General Fund was transferred to the PD Waiver. The amount transferred was for the first fiscal year the person moved. On-going funding to support these persons in the next fiscal year was covered by the overall PD Waiver appropriation.

The FY 2006 proviso allows for the movement of eighty (80) individuals from nursing facilities to home and community-based services. As of March 2006, SRS has confirmed that 41 individuals have moved from a nursing facility to community based services funded with the PD waiver. It appears that 80 individuals may transition in FY 2006. The FY 2007 cost of serving the 41 persons transferred thus far in FY 2006 is about \$617,000, including \$243,335 from the State General Fund, which will be funded out of the approved PD waiver appropriation.

This was a House item and no action was taken by the Committee.

H. Use of Federal Reimbursements for General Assistance and Medikan Services (House Committee). The House Committee requested information during Omnibus from SRS and the Division of Health Policy and Finance (DHPF) on the flow of federal reimbursements for services provided to MediKan and General Assistance clients and how the funding is being used. Concern was expressed about the effect of the split between SRS and DHPF and the presumptive eligibility process on the KLS contract.

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The federal reimbursement for General Assistance and MediKan are deposited in the respective SRS and DHPF Fee Funds. These reimbursements are not budgeted directly to fund General Assistance cash assistance or MediKan services, rather, they are used as general purpose state funds to reduce the State General Fund need. The majority of the reimbursement is on behalf of medical services: annually, approximately \$6 million is reimbursed for medical assistance as compared with \$1.8 million for cash benefits. Under the assumption that the Presumptive Medicaid Disability Determination policy will commence as planned, SRS is submitting a requested Governor's Budget Amendment to shift the funding for the disability advocacy contract to the Health Policy Authority.

The basis for the requested shift lies in the Kansas Health Policy Authority's new responsibility to perform Presumptive Medicaid Disability Determination determinations. The first step in the Presumptive Medicaid Disability process will be an assessment by the Authority to evaluate the client's eligibility for Medicaid based on federal disability standards. The medical information gathered during the assessment will be critical in the sequential phase - developing the client's case for federal disability eligibility. Securing federal disability eligibility follows directly from the assessment; therefore, the agency believes it would be inefficient to shift this process to SRS after the Presumptive Medicaid Disability Determination. Under the requested budget amendment, the disability advocacy costs will be managed by the Authority as a natural extension of the Presumptive Medicaid Disability Determination.

This was a House item and no action was taken by the Committee.

I. Effect of Implementation of Presumptive Disability on Persons with Mental Illness (House Committee). The House Committee requested definitive answers during Omnibus regarding plans for implementation of a presumptive disability determination process at the Division of Health Policy and Finance (DHPF), particularly as it relates to addressing the needs of people with mental illness who are not presumed eligible under the new system. SRS and DHPF were directed to assess the impact of the presumptive disability process on the mentally ill, develop a plan to address the needs of this population, and report information on the impact of the initiative on the General Assistance program and the current process for receiving federal disability determinations.

One of the purposes of establishing the Presumptive Medicaid Disability Determination program is to align the General Assistance and MediKan programs with the intent of the 1993 Legislature, which sought to design a transitional program for those considered eligible for federal disability benefits. In addition, the new process will help provide more immediate access to Medicaid benefits for those who meet federal disability criteria. SRS will work with those customers not presumed disabled in accessing other services on a case-by-case basis depending on their needs. This may include determining eligibility for other available benefits such as food stamps, making referrals to the local community mental health center for services and for aid through the community medication prescription program, linking the individual with the local workforce development center for employment services, providing referrals to vocational rehabilitation (although services may be limited by waiting lists), and linking the individual with local helping agencies. Those who are not presumed disabled and who join the general population served by the public mental health system should need services to a lesser degree since the presumptive determination is accurate in identifying clients with the most severe disabilities. Maintaining the current level of health coverage to those not presumed disabled would be equivalent to reinstating the MediKan Program.

The Presumptive Medicaid Disability Determination policy will impact the General Assistance Program in several ways:

1. The policy is expected to reduce the General Assistance caseload, as shown by the following table:

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**General Assistance Caseload
Current Policy vs Presumptive Medicaid Disability
Determination Policy
Average Monthly Persons**

| Item | FY 2007 Estimate | FY 2008 Estimate | FY 2009 Estimate |
|--|---------------------|---------------------|---------------------|
| Current Policy | 4,750 | 4,750 | 4,750 |
| Presumptive Medicaid Disability Determination | 3,911 | 2,929 | 2,040 |
| Cumulative Reduction | (839) | (1,821) | (2,710) |
| Percent Reduction | (17.7)% | (38.3)% | (57.1)% |

2. A more comprehensive medical plan will be provided to those who are presumed disabled and remain eligible for General Assistance, since they will receive full Medicaid services.
3. Eligibility for General Assistance will depend on the applicant's medical status to a greater degree, and will be tested in a more accurate manner, than the current incomplete process.
4. The population to be assisted with securing federal disability will be reduced to those most likely to obtain federal disability benefits. This should improve the efficiency of the federal disability advocacy contractor who will pursue federal disability eligibility for a smaller group with medical documentation.

The retroactive federal reimbursement for cash assistance issued to clients determined eligible for federal disability benefits will not change. Currently, the Social Security Administration sends the agency a list of clients who obtain federal disability. General Assistance clients who have become eligible for federal disability benefits are matched against this list. SRS will continue to receive federal reimbursement for cash benefits issued to clients during their application for federal disability. This process will not change, nor should the reimbursement total change significantly.

This was a House item and no action was taken by the Committee.

J. Effect of Federal Deficit Reduction Act of 2005 (House Committee). The House Committee requested information during Omnibus on the anticipated impacts on the agency from the federal Deficit Reduction Act of 2005 enacted this year. The following tables detail the estimated fiscal impact of each of the Congressional actions over the next five fiscal years.

| Changes That Will Affect SRS | All Funds | | | | | 5-Year Impact |
|--|------------|------------|---------------|---------------|---------------|------------------|
| | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | |
| Repeal the Authority to Use Child Support Incentives as State Match | \$0 | \$0 | (\$5,830,000) | (\$5,830,000) | (\$5,830,000) | (\$17,490,000) |
| Reduced Match Rate for Child Support Paternity Testing | (\$45,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$285,000) |

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| | | | | | | |
|---|---------------|----------------|----------------|----------------|----------------|----------------|
| Restrict the Assignment of Child Support for TANF Families | \$0 | \$0 | \$0 | \$0 | (\$500,000) | (\$500,000) |
| Restrict Federal Foster Care (Title IV-E) Administration Funding for Children in Unlicensed Relative and Other Placements | (\$8,850,000) | (\$11,800,000) | (\$11,800,000) | (\$11,800,000) | (\$11,800,000) | (\$56,050,000) |
| Increase in Child Welfare (Title IV-B) Funding | \$163,000 | \$217,000 | \$217,000 | \$217,000 | \$217,000 | \$1,031,000 |
| Increase in Child Care Federal Funding | \$1,058,845 | \$1,411,793 | \$1,411,793 | \$1,411,793 | \$1,411,793 | \$6,706,017 |
| Total | (\$7,673,155) | (\$10,231,207) | (\$16,061,207) | (\$16,061,207) | (\$16,561,207) | (\$66,587,983) |

The following table presents the maximum penalties and federal funding reductions that may result from Congressional legislation. All amounts are in millions of dollars.

| Changes Potentially Affecting SRS | FY 2006 | All Funds | | | 5-Yr Impact |
|--|---------|-----------|----------|----------|------------------------|
| | | FY 2007 | FY 2008 | FY 2009 | |
| TANF High Performance Bonus Eliminated | -- | (\$5.0) | (\$5.0) | (\$5.0) | (\$20.0) |
| Maximum Penalty for failing TANF Work Participation Requirements: | | | | | TANF Block Grant Loss |
| | -- | (\$5.1) | (\$7.1) | (\$9.2) | (\$11.2) |
| | | | | | State Fund Replacement |
| | -- | -- | (\$5.1) | (\$7.1) | (\$9.2) |
| Subtotal | -- | (\$5.1) | (\$12.2) | (\$16.3) | (\$20.4) |
| Maximum Penalty for Failing to Comply with TANF Work Activity Verification Requirements: | | | | | TANF Block Grant Loss |
| TANF Block Grant Loss | -- | (\$5.1) | (\$5.1) | (\$5.1) | (\$5.1) |
| | | | | | State Fund Replacement |
| | -- | -- | (\$5.1) | (\$5.1) | (\$5.1) |
| Subtotal | -- | (\$5.1) | (\$10.2) | (\$10.2) | (\$10.2) |
| Vocational Rehabilitation Literacy Grant | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) |
| Total | (\$0.2) | (\$15.4) | (\$27.6) | (\$31.7) | (\$35.8) |

This was a House item and no action was taken by the Committee.

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K. Community Support Medication Program Growth (House Committee). The House Committee requested information about past and future growth in the Community Support Medication program. The 2006 Legislature added \$300,000 in FY 2006 and \$250,000 from the State General Fund in FY 2007 in **SB 480** which was passed earlier in the session. The Governor had recommended an additional \$250,000 in FY 2007 for the program. Total program funding with these additional appropriations is \$1.1 million in FY 2006 and \$1.3 million in FY 2007, all from the State General Fund.

According to the agency, Community Support Medication Program expenditures are expected to increase in the remainder of FY 2006 and for all of FY 2007 as a result of recent program expansions covering additional medications and extending the length of the enrollment period. The additional appropriation provided by the Legislature will create savings in FY 2006 which can be used to assist with the sustained program growth that is expected in FY 2007.

The agency anticipates additional utilization of the Community Support Medication Program with the implementation of Presumptive Medicaid Disability Determination at the Division of Health Policy and Finance. Under Presumptive Medicaid Disability Determination, persons who do not meet the presumptive disability criteria will not have coverage for their psychotropic medications. A preliminary estimate of the cost for all pharmaceuticals for persons with mental health needs who might not be found to be presumptively eligible is about \$700,000. The additional funds appropriated by the Legislature for the Community Support Medication Program may not be sufficient to support the anticipated psychotropic medication costs of these persons. However, a more reliable estimate of the impact is not possible until Presumptive Medicaid Disability Determinations are completed.

This was a House item and no action was taken by the Committee.

L. Addressing Visitation Issues in Child Support Enforcement Cases (Conference Committee). The House Committee of the Whole inserted a proviso into the appropriations bill for FY 2007 to require SRS to dedicate at least three phone lines at the proposed Child Support Enforcement Customer Service Center to addressing concerns regarding visitation issues. This provision was removed during conference negotiations with an agreement that the visitation issues could be addressed during Omnibus. Specifically, the Conference Committee on **SB 480** requested information on options to address visitation issues in the Child Support Enforcement process because visitation issues are often involved in efforts to collect support from non-custodial parents.

According to the agency, use of federal Title IV D Child Support funding for visitation services is prohibited. In the past, the federal government provided grants to states to provide a variety of visitation services. Several years ago, SRS worked with Kansas Legal Services (KLS) to write a grant to provide advice and legal services to non-custodial parents concerning visitation issues. SRS received the funds as required by federal regulations and passed the funds to KLS who provided services. Grant funding ended after one year and is no longer available.

Currently, grant funds for Access and Visitation are received and administered by the Governor's Office of Federal Grants Administration. Grant funds are to be used to establish and administer programs to support and facilitate non-custodial parent visitation of their children. Funds are distributed by the Governor's Office to groups like the YMCA to physically monitor visits between children and parents who may have a propensity toward violence, drug use, or some other potentially harmful behavior. SRS has no oversight of the award.

This was an information item and no action was taken by the Committee.

M. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6. Representatives of the Division of the Budget, the Legislative Research Department, the Department of Social and Rehabilitation Services, the Division of Health Policy and Finance and the Department of Aging met on April 12, 2006, to revise the FY 2006 and FY 2007 Consensus Caseload estimates made in October 2005. The Spring Consensus Caseload Estimates for FY 2006 are a decrease of \$26.7 million from all funds, including \$4.4 million from the State General

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Fund, from the currently approved budget. Regular Medical services previously reported under SRS are now split between that agency and the Division of Health Policy and Finance at the Department of Administration under the provisions of **2005 SB 272**. The decrease in Nursing Facilities expenditures reflects a lower than anticipated number of individuals served. The reduction in the Temporary Assistance to Families program reflects fewer persons seeking assistance. All funds reductions in the Regular Medical budget at SRS largely reflect a re-estimation of services at Community Mental Health Centers based on more precise data. FY 2006 changes occur in the programs as follows:

Spring Consensus Caseload Adjustments

| | FY 2006 | |
|--|-----------------------|----------------------|
| | All Funds | SGF |
| Nursing Facilities | \$(10,620,000) | \$(4,188,528) |
| Nursing Facilities - Mental Health | (500,000) | (395,000) |
| Temporary Assistance for Families | (2,500,000) | 0 |
| General Assistance | 0 | 0 |
| Regular Medical Assistance - Division of Health Policy and Finance | 0 | 0 |
| Regular Medical Assistance - Social and Rehabilitation Services | (15,092,761) | (734,517) |
| Reintegration/Foster Care | <u>2,000,000</u> | <u>968,878</u> |
| TOTAL | <u>\$(26,712,761)</u> | <u>\$(4,349,167)</u> |

The Spring Consensus Caseload Estimates for FY 2007 are a decrease of \$27,253,552 from all funds, including \$8,210,323 from the State General Fund from the currently approved budget. As in FY 2006, the decrease in Nursing Facilities expenditures reflects lower than anticipated number of individuals served. The reduction in the Temporary Assistance to Families program reflects fewer persons seeking assistance. Also, all funds reductions in the Regular Medical budget at SRS reflect a re-estimation of services at Community Mental Health Centers based on more precise data and moderate adjustments to other regular medical services provided to individuals receiving SRS services. FY 2007 changes occur in the programs as follows:

| | FY 2007 | |
|--|-----------------------|----------------------|
| | All Funds | SGF |
| Nursing Facilities | \$(3,600,000) | \$(1,429,560) |
| Nursing Facilities - Mental Health | (575,000) | (457,250) |
| Temporary Assistance for Families | (5,000,000) | 0 |
| General Assistance | (1,100,000) | (1,100,000) |
| Regular Medical Assistance - Division of Health Policy and Finance | 0 | 0 |
| Regular Medical Assistance - Social and Rehabilitation Services | (16,978,552) | (5,223,513) |
| Reintegration/Foster Care | <u>0</u> | <u>0</u> |
| TOTAL | <u>\$(27,253,552)</u> | <u>\$(8,210,323)</u> |

The Committee concurred with GBA No. 1, Item 9, for the SRS caseloads for FY 2006 which reduces expenditures by \$16.1 million including \$160,639 from the State General Fund and deleted \$23.7 million including \$6.8 from the State General Fund to reflect adjusted caseloads for SRS programs in FY 2007.

N. GBA No. 1, Item 10, Page 7—Presumptive Disability.

The Committee concurred in part with GBA No. 1, Item 10, which transfers the Kansas

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Legal Services contract to the Health Policy Authority and transfer an additional \$150,000 to reflect additional funding for the contract in SB 480 in FY 2007.

O. GBA No. 1, Item 14, Page 9—Extended Stays in Level V and VI Facilities.

The Committee concurred with GBA No. 1, Item 14, to add \$799,188 from the State General Fund in FY 2006 for Level V and Level VI residential services and to add \$854,078 from the State General Fund in FY 2007 to address expenses associated with youth who remain in Level V and Level VI residential facilities beyond the day limit allowed under Medicaid.

P. GBA No. 1, Item 15, Page 10—Federal Title IV-E Shortfall.

The Committee concurred with GBA No. 1, Item 15, to add \$8.85 million from the State General Fund and reduce the same amount from special revenue funds in FY 2007 to reflect the loss of federal Title IV-E funds as a result of the federal Deficit Reduction Act of 2005.

Q. GBA No. 1, Item 16, Page 10—Medicaid Deferrals.

The Committee concurred with GBA No. 1, Item 16, to add \$3.0 million from the State General Fund to offset decreases in special revenue funds due to federal withholding of Medicaid funds for behavior management services in FY 2006 and add \$4.6 million from the State General Fund to address likely additional Medicaid reductions regarding child welfare in FY 2007.

The Committee recommended staff draft a letter to the Congressional Delegation to request that they write a letter to the Centers for Medicare and Medicaid Services on behalf of the Committee regarding Medicaid reductions.

R. GBA No. 1, Item 17, Page 11—Child Care Assistance.

The Committee concurred with GBA No. 1, Item 17, to add \$2.9 million from special revenue funds to address increased child care assistance costs in FY 2006 and to add \$5.1 million from special revenue funds to address increased child care costs in FY 2007.

S. GBA No. 1, Item 18, Page 11—Physically Disabled Waiver.

The Committee concurred with GBA No. 1, Item 18, to add \$3.0 million including \$1.2 million from the State General Fund to address the waiting list on the Home and Community Based Services waiver for the Physically Disabled in FY 2006 and to add \$6.8 million including \$2.7 million from the State General Fund in FY 2007 to the currently approved budget to address the waiting list for the Home and Community Based Services waiver for persons with physical disabilities.

T. GBA No. 1, Item 19, Page 12—Independent Living Center Support.

The Committee concurred with GBA No. 1, Item 19, to add \$250,000 from the State General Fund in FY 2007 to the currently approved amount for grants to Independent Living Centers.

U. GBA No. 1, Item 20, Page 12—Pre-K Pilot Initiative.

The Committee concurred with GBA No. 1, Item 20, to add \$1.0 million from the State General Fund in FY 2007 for the new Pre-K Pilot Initiative.

V. GBA No. 1, Item 21, Page 13—Medicare Part D Co-payments for Dual-Eligibles.

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This item was addressed under the Kansas Health Policy Authority Section.

W. GBA No. 1, Item 22, Page 13—FTE Position Correction.

The Committee concurred with GBA No. 1, Item 22, to delete 193.01 FTE positions in the bill to make a technical correction to the agency position limitation in FY 2006.

Autism - Request for Funding a Program

Chairman Umbarger recognized Senator Dennis Wilson who explained that Autism is a developmental mental disease with impairments and noted that early diagnosis of the disease could improve outcomes. It would reduce the long term financial costs for the State of Kansas. Committee discussion followed. The Kansas Department of Social and Rehabilitation Services was asked to research ages 3 - 12 years old Medicaid match for autism and report back to the Committee. Copies of the information from the Kansas Department of Social and Rehabilitation Services about Services for Children ages 0 - 5 – Early Childhood Intervention for Children with Autism Spectrum Disorders ([Attachment 26](#)).

The Committee agreed to refer this item to the Senate Education Committee for their consideration.

Copies of a letter from Secretary Gary Daniels of the Kansas Department of Social and Rehabilitation Services responding to questions raised by Senate Ways and Means and House Appropriations committee members during the Omnibus Session were distributed to the Committee ([Attachment 27](#)).

SRS Hospitals

A. Enterprise Application Rate Issues (Conference Committee). The House Committee included language in the Mega bill to restrict the state hospitals from paying fees associated with the Enterprise Application Rate (EAR) in FY 2006 and FY 2007. The Committee expressed concern about the ability of the hospitals to pay additional fees in light of their current budget situation. No additional money was recommended by the Governor to pay these increased fees in FY 2006 or FY 2007. The Conference Committee on **SB 480** removed the language from the bill and agreed to review the issue during Omnibus.

Beginning in FY 2006, the Division of Information Systems and Communications (DISC) began assessing an Enterprise Application fee to all state agencies. This fee is \$3.75 per employee per payroll period. The rate supports the statewide accounting system (STARS), human resource system (SHARP), Budget Management System (BMS), and Debt Set-Off applications. According to the agency, there are 2,500 employees in the five State Hospitals. This results in an increase of \$217,000 per year in administrative costs and represents a 84 percent increase in fees paid to DISC over FY 2005.

The Committee reviewed this item but took no action.

B. Medicare Part D Impact (House Committee). The Budget Committee requested additional information during Omnibus regarding the effect new Federal Medicare Part D provisions will have on the state hospitals. Under the federal provisions, Medicare Part D will pay for prescription drugs for low-income seniors and persons with disabilities who are dually eligible. The impact of the federal changes depends on the type of hospital.

The agency indicates that because the acute inpatient care provided by the state mental health hospitals is covered under Medicare Parts A and B, Medicare Part D has a negligible impact on mental health hospitals.

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The number of dually eligible residents who are affected by Medicare Part D is more significant at Developmental Disability hospitals. Approximately 68 percent of the residents at Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (PSH) qualify as dual eligibles. At this point in time, State Developmental Disabilities (DD) Hospitals have experienced a savings in pharmaceuticals due to Medicare Part D. According to agency information, KNI and PSH have estimated approximate savings of \$342,000 and \$290,000 respectively in FY 2007. These savings at the state DD hospitals are not subject to Part D's "clawback" provisions which requires states to share their related savings with the federal government.

This was a House item and the Committee took no action.

C. Teacher Salaries. The Department of Education estimates an average statewide salary increase for teachers of 5.6 percent in FY 2006 and 3.0 percent in FY 2007. The education contracts in the FY 2006 and FY 2007 hospital budgets reflect no teacher salary increases for Parsons State Hospital and Training Center and Larned State Hospital from FY 2005. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the State General Fund adjustments necessary to provide uniform salary increases across the institutions:

| Percent Increase | Larned State Hospital | Parsons State Hospital and Training Center | TOTAL |
|------------------|-----------------------|--|----------|
| 0.50% | \$2,729 | \$2,750 | \$5,479 |
| 0.75% | 4,094 | 4,125 | 8,219 |
| 1.00% | 5,459 | 5,500 | 10,959 |
| 1.25% | 6,823 | 6,875 | 13,698 |
| 1.50% | 8,188 | 8,250 | 16,438 |
| 1.75% | 9,552 | 9,625 | 19,177 |
| 2.00% | 10,917 | 11,000 | 21,917 |
| 2.25% | 12,282 | 12,375 | 24,657 |
| 2.50% | 13,646 | 13,750 | 27,396 |
| 2.75% | 15,011 | 15,125 | 30,136 |
| 3.00% | 16,376 | 16,500 | 32,876 |
| 3.25% | 17,740 | 17,875 | 35,615 |
| 3.50% | 19,105 | 19,250 | 38,355 |
| 3.75% | 20,469 | 20,625 | 41,094 |
| 4.00% | 21,834 | 21,999 | 43,833 |
| 4.25% | 23,199 | 23,374 | 46,573 |
| 4.50% | 24,563 | 24,749 | 49,312 |
| 4.75% | 25,928 | 26,124 | 52,052 |
| 5.00% | 27,293 | 27,499 | 54,792 |
| 5.25% | 28,657 | 28,874 | 57,531 |
| 5.50% | 30,022 | 30,249 | 60,271 |
| 5.75% | 31,386 | 31,624 | 63,010 |
| 6.00% | 32,751 | 32,999 | 65,750 |
| 6.25% | 34,116 | 34,374 | 68,490 |
| 6.50% | 35,480 | 35,749 | 71,229 |
| 6.75% | 36,845 | 37,124 | 73,969 |
| 7.00% | \$38,210 | \$38,499 | \$76,709 |

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The Committee concurred to add \$21,834 from the State General Fund to fund teacher salary increases of an additional 4.0 percent in FY 2006 and FY 2007 at Larned State Hospital and add \$29,561 from the State General Fund to provide funding for a 5.4 percent teacher salary increase in FY 2006 and FY 2007 for Parsons State Hospital.

D. Categorical Aid. For FY 2006, the budgeted school contracts for the institutions include categorical aid based on a rate of \$18,300 for Parsons State Hospital and Training Center and \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. KNI has no expenditures for Special Education due to an agreement with USD 609 that the school district would continue to provide education programs for the students who live at KNI in exchange for the use of classrooms in the Wheatland Building for the education programs that the district provides to other Shawnee County school districts. The current FY 2006 categorical aid rate per eligible teaching unit is estimated to be \$20,500. If this rate is maintained, the school contracts for FY 2006 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required:

| Institution | FY 2006 Change |
|--|-------------------|
| Parsons State Hospital and Training Center | \$16,004 |
| Larned State Hospital | 8,852 |
| | TOTAL |
| | \$24,856 |

The current FY 2007 categorical aid rate per eligible teaching unit is estimated to be \$22,994. This rate is based on current law which may change based on Legislative activity this session. If this rate is maintained, the school contracts for FY 2007 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required:

| Institution | FY 2007 Change |
|--|-------------------|
| Parsons State Hospital and Training Center | \$34,147 |
| Larned State Hospital | 23,569 |
| | TOTAL |
| | \$57,716 |

The Committee concurred to add \$8,852 from the State General Fund to reflect adjustments in the categorical aid rates related to the Larned State Hospital's education program in FY 2006; add \$23,569 from the State General Fund to reflect adjustments in the categorical aid rates related to the hospital's education program in FY 2007; add \$16,004 from the State General Fund to reflect adjustments in categorical aid rates related to the Parsons State Hospital's education program in FY 2006; and add \$34,147 from the State General Fund to reflect adjustments in categorical aid rates related to the hospital's education program in FY 2007.

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Children’s Initiatives Fund

A. Adjustment of Tobacco Receipts. On April 11, 2006, staff from the Office of the Attorney General, the Division of the Budget, and the Legislative Research Department met to consider estimated payments for FY 2006 and FY 2007 from tobacco manufacturers pursuant to the Master Settlement Agreement. A downward adjustment of payments to states based on declining market shares of participating manufacturers will result in a lower than anticipated payment to Kansas on April 17, 2006. Based on the decisions of tobacco manufacturers regarding payment amounts, the estimated tobacco payments for FY 2006 have been revised downward from \$55.0 million to \$49.9 million, a decrease of \$5.6 million. Based on Children’s Initiatives Fund (CIF) expenditures approved by the 2006 Legislature, the decreased revenues will result in a negative ending balance in the CIF of \$4,848,802 in FY 2006 and a negative balance of \$5,100,000 in FY 2007. The FY 2007 balance assumes that receipts in FY 2007 are unchanged from the original estimate.

This was an information item.

B. GBA No. 1, Item 13, Page 9—Children’s Initiatives Fund/KEY Fund.

Staff provided information regarding the Kansas Endowment for Youth (KEY) Fund Summary status (Attachment 28).

Concurred with GBA No. 1, Item 13, which transfers \$4,405,845 in FY 2006 from the State General Fund to the Kansas Endowment for Youth (KEY) Fund to replace a shortfall in anticipated tobacco payments.

Larned State Hospital

A. Census Estimate for Combined Campus (House Committee). The House Committee requested information during Omnibus regarding the anticipated total number of people living on the combined campus at Larned State Hospital including the corrections and juvenile justice facilities. The information was requested to allow the City of Larned to appropriately calculate the shared cost of a new wastewater treatment plant (WTP) being constructed. In planning its new waste water treatment plant, the City of Larned wanted to include provisions for the building capacity on the Larned State Facilities campus, including the number of day shift staff working in these facilities. The following is the last chart shared with the City of Larned showing the full patient/inmate capacity of all current buildings and the number of day shift staff budgeted for each.

LARNED STATE FACILITIES FUTURE OCCUPANCY PROJECTIONS
December 7, 2005

| | Census Beginning of WTP Planning | Census Projection Provided to the City for WTP Planning | |
|-----------------------|---|---|--------------------------------|
| Larned State Hospital | 345 | 573 | Patients Day Shift Staff |
| | 465 | 713 | Subtotal |
| | <u>810</u> | | <u>LSH</u> <u>1,286</u> |

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| | | | |
|--|--------------|------------|-----------------|
| Larned Juvenile Correctional Facility | | Offenders | |
| Day Shift Staff | 122 | | 152 |
| Subtotal LJCF | | | |
| | | 110 | 86 |
| | | <u>232</u> | <u>238</u> |
| Larned Correctional Mental Health Facility | | Inmates | |
| | 352 | 352 | Day Shift Staff |
| | 175 | 175 | Subtotal LCMHF |
| | <u>527</u> | | <u>527</u> |
| 5 Percent Contingency | 0 | | 103 |
| GRAND TOTAL | 1,569 | | 2,154 |

This was a House item and the Committee took no action.

B. GBA No. 1, Item 23, Page 13—FTE Position Correction.

The Committee concurred with GBA No. 1, Item 23, to add 2.0 FTE positions and delete 2.0 non-FTE unclassified permanent positions to correct the agency's position limitation in the Governor's Budget Report in FY 2006.

Rainbow Mental Health Facility

A. Trades Incentive Funding (Technical Adjustment). A technical adjustment is required to shift funding for the Trades Incentive recommended by the Legislature from State General Fund financing to the agency fee fund. The result is a State General Fund decrease of \$2,633 and a corresponding increase in the expenditure limitation for the fee fund with no overall change in expenditures.

The Committee concurred with this item which was a technical adjustment to shift financing for the trades incentive from State General Fund to agency fee funds.

Osawatomie State Hospital

A. GBA No. 1, Item 24, Page 14—Pharmaceutical Costs.

The Committee concurred with GBA No. 1, Item 24, to add \$297,220 from the State General Fund for pharmaceutical costs in FY 2006.

Health Care Stabilization Fund Board

A. Additional Legal Assistant Position (Senate Committee and House Committee). The House and Senate Committees recommended Omnibus review of the agency's request for \$33,342 from special revenue funds and 1.0 FTE for a new legal assistant position. Information provided by the agency indicated that the position is requested due to an increasing workload at the agency. The number of cases and claims handled by the office has increased approximately 63 percent since the beginning of FY 2001. No new positions have been added to the agency since its

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separation from the Insurance Department in 1995.

The Committee added 1.0 FTE legal assistant position and increase special revenue fund expenditures by \$33,342 to support the position in FY 2007.

Department of Corrections

A. Correction Officers Compensation Package (House Committee and Conference Committee). The House Committee recommended a review of the Correction Officers compensation package. The House Committee deleted \$3,174,296 from the State General Fund which was to combine the Correction Officer IA, IB, and II position classes into a single Corrections Officer class on Pay Grade 20 of the civil service pay matrix. The House pay plan, approved by the Conference Committee, increased the entry level salary for Correction Officers IA from Pay Grade 17, Step 4 (\$24,211) to Pay Grade 17, Step 6 (\$25,438); provided a 2.5 percent increase for all uniformed Correction Officers at the beginning of FY 2007; a 2.5 percent step movement increase effective September 10, 2006; and a 1.5 percent base salary adjustment for a total of 6.5 percent (once the step movement takes place) during FY 2007.

Staff explained that this item was taken care of in SB 480.

B. Bonding Authority (Conference Committee) and GBA No. 1, Item 38, Page 20. The Conference Committee on SB 480 recommended Omnibus review of the authorization up to \$20.5 million in bonding authority to expand capacity at an existing correctional facility in FY 2007. The current capacity is 9,347 plus an additional 100 contract beds available for use if the inmate population exceeds capacity. The inmate population as of April 14, 2006, is 9,025 inmates. The 2006 projections by the Kansas Sentencing Commission include:

| Total Prison Population | | | |
|-------------------------|------------|-------------------|------------|
| Fiscal Year | Projection | Existing Capacity | Difference |
| FY 2006 | 9,166 | 9,347 | 181 |
| FY 2008 | 9,323 | 9,347 | 24 |
| FY 2010 | 9,450 | 9,347 | (103) |
| FY 2012 | 9,591 | 9,347 | (244) |
| FY 2014 | 9,732 | 9,347 | (385) |
| FY 2015 | 9,749 | 9,347 | (402) |

The Department of Corrections indicates that the \$20.5 million in bonding authority would construct two cell houses with 256 medium security inmate beds each, for a total of 512 medium security beds at the El Dorado Correctional Facility. The bonding would also include start-up costs for one of the 256 medium security cell houses at El Dorado Correctional Facility.

The Committee reviewed this item but took no action.

C. HB 2555 – Criminal Justice Recodification, Rehabilitation and Restoration Project Committee (Conference Committee). HB 2555 extends the Kansas Criminal Justice Recodification, Rehabilitation and Restoration (3 Rs) Project to July 1, 2007. The Senate version of the bill also contains provisions originally included in SB 213 to address the Kansas Court of Appeals ruling in *State v. Frazier* by amending the definition of drug paraphernalia to remove the word "products". This changes the sentencing guidelines for a person convicted of possession of drug products from a severity level 4 drug offense to a severity level 1 drug offense. The Conference Committee has tentatively agreed to change the sentencing guidelines' penalty for possession of drug products from a severity level 4 drug offense to a severity level 2 drug offense. The Conference Committee has also tentatively agreed to include the contents of SB 339 to repeal the sunset provision of the Joint Committee on Corrections and Juvenile Justice Oversight. The

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Kansas Sentencing Commission projects the following bed impact based on the tentative Conference Committee's agreement on the bill:

| Fiscal Year | Prison Bed Impact |
|-------------|-------------------|
| FY 2007 | 94 |
| FY 2008 | 206 |
| FY 2010 | 469 |
| FY 2012 | 475 |
| FY 2014 | 483 |
| FY 2016 | 492 |

The Committee reviewed this item and realizes that there will be a bed space impact if the bill passes.

D. HB 2122 – Increasing the Dollar Threshold for Certain Criminal Offenses (Conference Committee). HB 2122 would raise the dollar threshold level from \$500 to \$1,000 for 20 different criminal offenses to distinguish a misdemeanor from a felony. In 2004, this same threshold level distinction was made for the crime of theft. The Senate version of the bill contains provisions originally included in SB 213 to address the Kansas Court of Appeals ruling in *State v. Frazier* by amending the definition of drug paraphernalia to remove the word "products". This changes the sentencing guidelines for a person convicted of possession of drug products from a severity level 4 drug offense to a severity level 1 drug offense. The Conference Committee has tentatively agreed to change the sentencing guidelines' penalty for possession of drug products from a severity level 4 drug offense to a severity level 2 drug offense. The Kansas Sentencing Commission projects the following bed impact based on the tentative Conference Committee's agreement on the bill:

| Fiscal Year | Prison Bed Impact |
|-------------|-------------------|
| FY 2007 | 80 |
| FY 2008 | 190 |
| FY 2010 | 454 |
| FY 2012 | 460 |
| FY 2014 | 472 |
| FY 2016 | 476 |

The Committee reviewed this item and realizes that there will be a bed space impact if the bill passes.

E. HB 2576 – Persistent Sex Offenders (Conference Committee). HB 2576 would establish a mandatory minimum sentence of 25 years without parole on first-time sex offenders where the victim is a child; a minimum 40-year sentence for second-time sex offenders when the victim is a child; and life sentence without the possibility of parole for third-time and subsequent sex offenders regardless of the victim's age. HB 2576 would also establish life-time supervision and electronic monitoring for sex offenders released by the Kansas Parole Board whose victims are children. The Senate version of the bill also contains provisions originally contained in 2005 SB 243 and 2006 HB 2688 (the Private Contract Prison Act) and 2005 SB 220 (limiting diversions for the crime of domestic battery). The Kansas Sentencing Commission projects the following bed impact for the Senate version of HB 2576:

| Fiscal Year | Prison Bed Impact |
|-------------|-------------------|
| FY 2007 | 74 |

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| | |
|---------|-------|
| FY 2008 | 155 |
| FY 2010 | 338 |
| FY 2012 | 524 |
| FY 2014 | 752 |
| FY 2016 | 1,013 |

The Committee reviewed this item and realizes that there will be a bed space impact if the bill passes.

F. House Substitute for SB 431 – Inherently Dangerous Felonies (Conference Committee). The bill as substituted by the House contains provisions included in a number of house bills, including penalties regarding use of bottle rockets (**HB 2699**), expanding the factors a court would consider to determine whether an object is drug paraphernalia (**HB 2701**), authorizing discretion to the court to decide whether a drug and alcohol assessment is included in the pre-sentence investigation for offenders who meet the qualifications of the nonprison drug abuse treatment program (**SB 351**), creation of a nonperson felony for a third or subsequent conviction for driving with a canceled, suspended, or revoked drivers’ license (**HB 2938**), counterfeiting U.S. currency (**HB 2214**), registration for convicted felons using a deadly weapon (**HB 2754**), creating a grant program for communities with high incidents of crime (**HB 2885**), amendments to current law regarding battery and aggravated battery against a law enforcement officer (**HB 2414**) and the creation of a new crime of battery against a mental health employee (**HB 2891**). The original bill established a 12-year "decay" for driving under the influence (DUI) convictions and diversions, so that those convictions or diversions could no longer be counted for suspensions or revocations or as a prior conviction under the DUI law.

The Kansas Sentencing Commission projects the following bed impact for the substitute bill:

| Fiscal Year | Prison Bed Impact |
|-------------|-------------------|
| FY 2007 | 57 |
| FY 2008 | 117 |
| FY 2010 | 221 |
| FY 2012 | 260 |
| FY 2014 | 278 |
| FY 2016 | 279 |

The Committee reviewed this item and realizes that there will be a bed space impact if the bill passes.

G. GBA No.1, Item 39, Page 20—Contract Bed and RDU Debt Savings.

The Committee concurred with GBA No. 1, Item 39, to lapse \$728,000 in FY 2006 from the State General Fund for contract bed savings and to lapse \$559,000 from the State General Fund in FY 2007 for debt service savings from the Reception and Diagnostic Unit at El Dorado Correctional Facility.

H. GBA No. 1, Item 41, Page 21—Byrne Grants.

The Committee concurred with GBA No. 1, Item 41, to add \$170,120 from the State General Fund in FY 2007 to replace federal Byrne Grant funds to fund three non-FTE unclassified permanent positions in the Total Offender Activity Documentation System and the Kansas Adult Supervised Population Electronic Repository.

I. GBA No.1, Item 43, Page 22—DUI Treatment Services.

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The Committee concurred with GBA. No. 1, Item 43, to add \$538,000 in FY 2006 and FY 2007 from the State General Fund for DUI treatment services and request the Joint Committee on Corrections and Juvenile Justice Oversight review the program.

El Dorado Correctional Facility

A. GBA No.1, Item 42, Page 21—Additional Corrections Counselors.

The Committee concurred with GBA No. 1, Item 42, to add \$136,460 from the State General Fund in FY 2007 to fund 3.0 currently unfunded Corrections Counselor II positions.

Ellsworth Correctional Facility

A. Review of Supplemental Request (Senate Committee and House Committee) and GBA No. 1, Item 40, Page 20. Both the House and Senate Committees recommended a review of the Ellsworth Correctional Facility FY 2006 supplemental request. Ellsworth Correctional Facility requested \$51,000 from the State General Fund to fund the 1.25 percent base salary adjustment for the first 13 pay periods of FY 2006 approved by the Legislature. The Department of Corrections has indicated that it will internally reallocate resources to avoid the need for any new appropriations through transfers between accounts approved by the Director of the Budget.

The Committee concurred with GBA No. 1, Item 40, to add \$277,000 from the State General Fund to fund the 1.25 percent base salary adjustment for FY 2006.

Lansing Correctional Facility

A. Review Supplemental Request. (Senate Committee and House Committee) and GBA No. 1, Item 40, Page 20. Both the House and Senate Committees recommended a review of the Lansing Correctional Facility FY 2006 supplemental request. Lansing Correctional Facility requested \$161,000 from the State General Fund for FY 2006 for increased utility costs and to fund the 1.25 percent base salary adjustment for the first 13 pay periods of FY 2006. The Department of Corrections has indicated that it will internally reallocate resources to avoid the need for any new appropriations through transfers between accounts approved by the Director of the Budget.

The Committee concurred with GBA No. 1, Item 40, to add \$161,000 from the State General Fund to fund the 1.25 percent base salary adjustment approved for FY 2006.

Larned Correctional Mental Health Facility

A. GBA No. 1, Item 42, Page 21—Additional Corrections Counselors.

The Committee concurred with GBA No. 1, Item 42, to add \$45,727 from the State General Fund and 1.0 FTE position in FY 2007 for an additional Corrections Counselor II position.

Kansas Parole Board

A. Projected Expenditures of Continuing Education and Training (House Committee). The House Committee requested a review of the Parole Board's projected expenditures of continuing education and training needs for the Board members. The Parole Board estimates additional FY 2007 expenditures of: \$6,040 from the State General Fund for all the board members

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and one administrator to attend the national annual training conference; \$845 from the State General Fund for the annual Chairs training meeting; and \$400 from the State General Fund for hearing officer training in Kansas City, Missouri. The out-of-state travel expenditure estimates for FY 2006 totals \$7,000 from the State General Fund. The Parole Board's FY 2007 out-of-state travel expenditure request totals \$4,000 from the State General Fund.

The Committee concurred to add \$3,265 from the State General Fund in FY 2007 for continuing education and training for the Parole Board members.

B. Projected Expenditures of Public Comment Sessions in Garden City (House Committee). The House Committee requested a review of the Parole Board's projected expenditures to hold public comment sessions in Garden City in FY 2007. Currently, the Parole Board holds public comment sessions in Wichita, Topeka and Kansas City requiring people from western Kansas to travel a great distance to attend and participate in the public comment sessions. The Parole Board estimates expenditures of \$562 for a monthly public comment session in Garden City. Quarterly expenditures are estimated at \$2,248 and the annual projected costs are estimated at \$6,744, all from the State General Fund.

The Committee concurred to add \$6,744 from the State General Fund in FY 2007 for the Parole Board to hold monthly public comment sessions in Garden City.

Kansas Dental Board

A. GBA No. 1, Item 6, Page 4 —Operating Expenditure Shortfall.

The Committee concurred with GBA No. 1, Item 6, to increase the expenditure limitation of the Dental Board Fee Fund by \$8,000 to address increased expenditure needs in FY 2006.

Kansas Human Rights Commission

A. Projected Shortfall in Funding (House Committee). The House Committee recommended the review of additional funding of \$92,586 in FY 2007 from the State General Fund. The agency reported that additional funding in this amount would be needed to maintain the current level of operations. The agency reported that without additional funding the number of open cases will increase and staff reductions could increase the backlog even more. Reduced staff and fewer case closures could in turn reduce payments of federal funds from the United States Equal Employment Opportunity Commission.

This was a House item and the Committee took no action.

B. HB 2582 – Racially Restrictive Language in Homeowners' Restrictive Covenants (Governor). HB 2582 prohibits racially restrictive language in the restrictive covenants of homeowners' associations. The Human Rights Commission estimates expenses of \$1,000 from the State General Fund in FY 2007 associated with inquiries into the restrictive covenants, including postage, printing of information material, and traveling to file injunctions.

The Committee concurred to add \$1,000 from the State General Fund in FY 2007 for expenditures related to HB 2582 regarding racially restrictive language in homeowner's restrictive covenants.

State Treasurer

A. SB 332 – Learning Quest (Conference Committee). The State Treasurer administers the Learning Quest Postsecondary Education Savings Program. The Conference Committee

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Report on **SB 332**, if adopted, would establish a program for low income persons to establish Learning Quest accounts, and provide for a state match for contributions to those accounts by the low income persons. The bill would limit appropriations for marketing and administration of the program established by **SB 332** to \$50,000. The bill would also provide a mechanism to transfer \$240,000 from the State General Fund to the Kansas Postsecondary Education Savings Program Trust Fund in FY 2007 to provide for the match to the individual contributions.

The Committee concurred to add \$50,000 from the State General Fund for marketing and advertising expenditures provided that SB 332 becomes law in FY 2007.

B. Service Reimbursement Fee (Technical Adjustment). The Legislature approved funding for a portion of the State Treasurer's budget to come from a service reimbursement fee charged to other state agencies. Sec. 66(a) of **2006 SB 480** provided for the appropriation from the service reimbursement fund. Sec. 66(b) abolishes the service reimbursement fund and transfers remaining balances to the State General Fund on July 1, 2006. This section (b) should have been stricken from **SB 480**, and that language needs to be taken out in the Omnibus bill as a technical correction.

The Committee concurred with this item which was a technical adjustment to add language to continue the service reimbursement fee fund in FY 2007.

Board of Pharmacy

A. Software and Maintenance on Licensing Software (House Committee). The House Committee recommended review of \$17,500 in FY 2007 from special revenue funds requested by the agency for software and maintenance on the agency's licensing software. This funding was added by the Conference Committee on **SB 480**.

This was a House item and the Committee took no action.

Board of Veterinary Examiners

A. Kansas Savings Incentive Program (KSIP) Expenditures (House Committee). The House Committee recommended review of the agency's KSIP expenditures during Omnibus. The agency reported that it has spent \$4,541 from the KSIP account in FY 2006 for board member training. The agency projects an additional \$1,800 from the KSIP account to be spent in FY 2006 for two employee performance recognition bonuses of \$900 each.

This was a House item and the Committee took no action.

B. Fiscal Impact of HB 2833, HB 2834 and HB 2835 Amending the Veterinary Practice Act (House Committee). The House Committee specifically recommended review of the fiscal impact of **HB 2833**, **HB 2834** and **HB 2835** during Omnibus. These bills address clean up language to clarify the agency's authority and duties. The agency reported no fiscal impact from **HB 2835**, which has become law, or **HB 2833**, which has passed the second house. **HB 2834** is still in the House Agriculture Committee.

This was a House item and the Committee took no action.

C. 27th Payroll Period Repayment (Technical Adjustment). Due to an oversight, the language of **SB 480**, providing for the Board of Veterinary Examiners to repay the State General Fund the funds transferred to cover the 27th payroll period in FY 2006, was inadvertently deleted. To correct this, language should be added back into the Omnibus bill to provide for the agency to repay \$5,481 to the State General Fund in FY 2007.

The Committee concurred to add language as a technical adjustment to provide for

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the repayment of \$5,481 from the Board of Veterinary Examiners Fee Fund to the State General Fund in FY 2007.

Hearing Aid Board of Examiners

A. 27th Payroll Period Repayment (Technical Adjustment). Due to an oversight, the language of **SB 480**, providing for the Hearing Aid Board of Examiners to repay the State General Fund the funds transferred to cover the 27th payroll period in FY 2006, was inadvertently deleted. To correct this, language should be added back into the Omnibus bill to provide for the agency to repay \$658 to the State General Fund in FY 2007.

The Committee concurred to add language as a technical adjustment to provide for the repayment of \$658 from the Hearing Aid Board of Examiners Fee Fund to the State General Fund in FY 2007.

Board of Indigents' Defense Services

A. Additional Funding for FY 2006 (Senate Committee). The Senate Committee recommended a review of whether additional funding would be necessary for the agency in FY 2006 for operations. The agency will also have unplanned capital defense expenditures due the decision of the U.S. Supreme Court to rehear *State v. Marsh* regarding the Kansas death penalty. The agency estimates \$7,700 in unanticipated expenditures for sending the necessary staff to the U.S. Supreme Court, but the agency believes that this expense can be covered by existing resources for capital defense expenditures. The consensus caseload estimating figures are addressed in Item H below.

The Committee reviewed this item and took no action.

B. Increased Compensation for Assigned Counsel (Conference Committee). The Conference Committee on **SB 480** recommended reviewing funding of \$3,200,000 from the State General Fund in FY 2007 for increased assigned counsel expenses if the statutory rate of compensation is increased. The current rate of \$50 per hour would be increased to \$80 per hour in FY 2007 if **HB 2129**, as amended by the Senate Committee of the Whole, becomes law. The bill is currently in Conference Committee.

The Committee concurred to add \$3,200,000 from the State General Fund in FY 2007 for assigned counsel with the proviso that the funding is contingent upon HB 2129 which increases assigned counsel rates becoming law.

C. Additional Public Defender Offices (Senate Committee). The Senate Committee recommended reviewing whether additional public defender offices should be opened. If **HB 2129** would become law, it would increase the hourly rate of compensation for assigned counsel attorneys by 60.0 percent, from \$50 to \$80 per hour.

According to the agency, several factors would influence whether additional public defender offices are cost effective. The agency currently has reached agreements with the courts and attorneys in Wyandotte County to handle cases at a reduced rate from the current \$50 per hour. Additionally, public defenders from other offices are handling high level cases in Lawrence and Emporia to save costs. The agency reports that offices would be opened in the locations shown below unless one of the following occurs: (1) The bench and bar enter into an agreement with the agency to maintain their hourly rate at a cost effective level; (2) Qualified attorneys do not apply for the positions; or (3) Public hearings demonstrate that the residents of the judicial district oppose opening a public defender office and the Board accedes.

As shown on the table below, if seven additional offices were opened, the first year cost would be \$3.2 million, and the recurring annual operating cost would be \$2.8 million. At \$80 per

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hour for assigned counsel, the agency estimates that the cases requiring assigned counsel in these areas would be approximately \$3.5 million per year.

Assigned Counsel vs. Public Defender Cost Comparison

| Office Location | Assigned Counsel Cost at \$50/hour | Assigned Counsel Cost at \$80/hour | Public Defender Office Estimate | | FTE Attorney Positions |
|------------------|------------------------------------|------------------------------------|---------------------------------|--------------------|------------------------|
| | | | First Year | Future Years | |
| Dodge City | \$227,319 | \$363,710 | \$336,429 | \$267,429 | 3.0 |
| Newton* | 295,160 | 472,256 | 408,135 | 369,135 | 3.0 |
| Emporia* | 174,317 | 278,907 | 408,135 | 369,135 | 3.0 |
| Pittsburg/Girard | 501,688 | 799,341 | 570,670 | 470,670 | 6.0 |
| Lawrence | 322,334 | 512,298 | 548,166 | 509,514 | 4.0 |
| Kansas City | 677,093 | 1,083,349 | 931,170 | 831,170 | 8.0 |
| Totals | \$2,197,911 | \$3,509,861 | \$3,202,705 | \$2,817,053 | 27.0 |

* No Chief Attorney would be assigned to these offices. The Office would be managed by another public defender office.
 The cost at the \$80/hour rate for assigned counsel in the Lawrence and Emporia offices assumes that public defenders continue to handle high level cases in these offices.

The Committee concurred to add a proviso in FY 2007 directing the agency to open public defender offices where it is cost effective to do so provided that HB 2129, which increases assigned counsel rates, becomes law.

D. Funding Related to Mandatory Sentences for Sex Predators (Senate Committee). The Senate Committee recommended reviewing whether additional funding would be needed for the Board of Indigents' Defense Services should mandatory sentences for sex offenders become law. The agency reported that defendants in child sex crime cases usually enter a plea agreement, but that with mandatory sentences most cases would proceed to trial. The agency estimated increased expenditures of \$1,558,000 from the State General Fund in FY 2007 should these cases proceed to trial. The bulk of that expense would be related to expert witnesses who would be necessary for the defense. The agency also estimates 4.0 FTE attorneys would be necessary for these cases as well as additional training for the attorneys who would defend these cases. **HB 2576**, which establishes mandatory sentences for first time offenses is currently in Conference Committee.

The Committee concurred to add \$1,558,000 from the State General Fund in FY 2007 with the proviso that the funding is contingent upon a bill establishing mandatory sentences for sex offenders becoming law.

E. Salary Increase for Legal Services for Prisoners (House Committee). The House Committee recommended reviewing additional funding of \$16,687 from the State General Fund in FY 2007 for a 5.0 percent increase in salaries for the staff of Legal Services for Prisoners. A representative from Legal Services for Prisoners reported there has been no salary increase for their staff for several years. Legal Services for Prisoners receives funding as a pass through appropriation in the budget of the Board of Indigents' Defense Services.

This was a House item and the Committee took no action.

F. Appellate Defender Database Funding (House Committee). The House Committee

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recommended a review during Omnibus of \$25,000 from the State General Fund requested by the agency in FY 2007 for a new database for the Appellate Defender Office and other equipment upgrades. The Senate had recommended funding of \$40,000 from the State General Fund for the database, equipment and continuing legal education. The Conference Committee on **SB 480** agreed to the Senate position with funding at the \$25,000 level.

This was a House item and the Committee took no action.

G. Additional FTE Attorney Positions (House Committee). The House Committee recommended reviewing additional FTE positions requested by the agency. The agency requested 2.0 FTE positions for the Junction City office, 2.0 FTE for the Wichita office, and 1.0 FTE for the Hutchinson office funded by \$281,721 in FY 2007 from the State General Fund. The Conference Committee on **SB 480** recommended the addition of the positions and the funding.

This was a House item and the Committee took no action.

H. Consensus Caseload Estimate. At the April 2006 consensus caseload estimating meeting, no changes to the budgeted assigned counsel amounts were estimated for FY 2006 or FY 2007.

This was an information item and the Committee took no action.

Board of Tax Appeals

A. Funding for Case Management System (Senate Committee). The agency had requested a total of \$225,000 in FY 2007 as an enhancement for a case management system. The Governor recommended and the Legislature approved \$75,000 from the State General Fund for a bar code reader. The Senate Committee recommended review of the remaining \$150,000 during Omnibus pending information from the agency on other possible funding sources. The agency reports that other funding is still being sought, and if it is not received, the remaining \$150,000 will be requested in the FY 2008 budget.

The Committee reviewed this item but took no action.

B. House Substitute for **SB 337— Judges' Salary Increase, Judges' Retirement, Delayed Expansion of the Court of Appeals, and Docket Fees (Conference Committee).** **SB 337**, currently in Conference Committee, would increase the salaries of Kansas District Court Judges by \$9,000 per year. The salaries for the members of the Board of Tax Appeals are based on the salaries of District Court Judges. The agency reports that additional expenditures of \$30,335 in FY 2007 would be necessary to fund the increased salaries and benefits for the three board members. The agency requested that the funding come from the State General Fund due to the heavy reliance on the Filing Fee Fund for other expenditures.

The Committee reviewed this item but took no action.

Department of Labor

A. Vehicle Purchases (Conference Committee). The Senate Committee recommended authorizing the purchase of six vehicles totaling \$79,746 from special revenue funds in FY 2007. The agency had requested 11 vehicles in FY 2007 and the Governor had recommended five vehicles. The Senate Committee noted that the agency reported that 12 vehicles are expected to have passed 100,000 miles by the time the vehicles are able to be replaced. The Conference Committee on **SB 480** did not include the funding pending review during Omnibus.

The Committee concurred to add \$79,746 from special revenue funds to purchase six additional vehicles in FY 2007 and to continue to pursue the study.

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B. House Substitute for SB 337—Judges' Salary Increase, Judges' Retirement, Delayed Expansion of the Court of Appeals, and Docket Fees (Conference Committee). **SB 337**, currently in Conference Committee, would increase the salaries of Kansas District Court Judges by \$9,000 per year. The salaries for the members of the Workers Compensation Board are tied to judicial salaries. The agency estimates an additional \$51,750 from the Workers Compensation Fee Fund would be necessary to cover the increased salaries for the board members and related benefit increases.

The Committee reviewed this item but took no action.

C. Impact of HB 2696 – Compensation for Worker's Compensation Administrative Law Judges (Law). The bill would increase salaries for the administrative law judges to 75.0 percent of the salary of a district court judge. The bill has a fiscal impact of \$204,276 from the Workers Compensation Fee Fund in FY 2007 and authority for these additional expenditures would be necessary. This fiscal impact is based upon current judicial salaries. If **SB 337** becomes law, the fiscal impact of **HB 2696** would increase to \$282,380 from the Workers Compensation Fee Fund.

The Committee concurred to add \$204,276 from the Workers compensation fee Fund in FY 2007 to fund the increase in salaries for the Workers Compensation Administrative Law Judges contained in HB 2696 which increases salaries to 75.0 percent of the salary of district court judges.

D. GBA No. 1, Item 29, Page 16 — Unemployment Insurance Modernization Debt.

The Committee concurred with GBA. No. 1, Item 29, to adjust expenditures to accurately reflect debt service payments in FY 2006 and FY 2007.

State Historical Society

A. State Historical Society Museum Maintenance (Senate Committee). The Senate Committee recommendation noted that there are many items of repair that are anticipated to be needed within the next few years at the State Historical Society Museum. The Senate Committee recommended that the agency report on the status of the needed repairs. The agency has reported the following priority of repairs at the Museum and the costs associated with repair or replacement.

State Historical Society Museum Repair and Rehabilitation Project Priority

| Priority | Project | Repair Cost | Life Expectancy for Repair | Replacement Cost | Life Expectancy for Replacement |
|----------|-----------------------|-----------------|-------------------------------------|------------------|---------------------------------|
| 1 | A/C Cooling Tower | \$15,000 | 2-3 years | \$143,000 | 30 years |
| 2 | HVAC Components | 25,000 | 20 years | — | — |
| 3 | Roofing | 35,000 | 5-10 years on patches, 1-year leaks | 464,248 | 30 years |
| 4 | Humidification System | not recommended | - | 464,750 | 30 years |

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TOTALS **\$75,000** **\$1,071,998**

The Committee concurred to add \$1,096,998 from the State General Fund for capital improvement projects to address repair and rehabilitation at the State Historical Society in Topeka in FY 2007.

B. GBA No. 1, Item 37, Page 19 — Capital Improvements.

The Committee concurred with the GBA No. 1, Item 37, which makes a technical adjustment to capital improvement expenditures to accurately reflect planned projects in FY 2007.

Animal Health Department

A. Livestock Commissioner Transportation (House Committee). The House Committee recommended a review of the transportation of the Livestock Commissioner to meetings throughout the State. The Commissioner currently uses a truck that was purchased with federal Homeland Security funds. The House Committee recommended that the agency report on alternatives for transportation of the Livestock Commissioner and that the use of this truck be limited to 5,000 miles per year unless an emergency is declared by the Governor. The agency reported that due to the deployment of an agency employee to Afghanistan, the Livestock Commissioner will have access to a 1/2-ton pickup for travel to meetings and events.

This was a House item and the Committee took no action.

B. Feral Swine Issues (Senate Committee and House Committee). The Senate Committee and House Committee recommended Omnibus review of the feral swine problem and possible solutions by the agency. The agency reported that, through a memorandum of understanding with the United States Department of Agriculture (USDA), Animal and Plant Health Inspector Service and Wildlife Services, a program of control, blood sampling, mapping, risk assessment, aerial hunting and information coordination will be conducted. The agency reported expenditures of \$125,000 from the State General Fund would be needed in FY 2007 for this program. Wildlife Services would provide manpower, travel and subsistence, transportation and supplies, and aerial hunting. The agency would provide testing for disease, cooperate in informational meetings and prioritize action. If funding is not approved, the agency will still work with the USDA on the memorandum of understanding; however, the program would be operated at a reduced level.

The Committee concurred to add \$125,000 from the State General Fund to fund the memorandum of understanding regarding feral swine with the United States Department of Agriculture in FY 2007.

Department of Revenue

A. SB 418 – Family and Personal Protection Act (Law). SB 418 would require the Department of Revenue to produce identification (ID) cards for those individuals authorized to carry concealed weapons or to allow the notations to be made directly on the individual's driver's license. The Department noted that the cost to implement placing a concealed carry indication on driver's license or ID cards will cost \$50,000 from the Vehicle Operating Fund for payments to the vendor to create the new format. In addition, the increase in expenditures would require an increase in the transfer into this fund from the State Highway Fund in FY 2007.

The Committee reviewed this item but took no action.

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B. SB 544 – E-85 Motor Fuel (Law). **SB 544** provides for a reduction in the motor vehicle fuel tax rate for E-85 fuels. The agency noted that the cost to implement the law includes \$45,564 in salary and wages to fill a vacant FTE position and \$5,390 in related operating expenditures, for a total of \$50,954 from the Division of Vehicles Operating Fund. The increase in expenditures would require an increase in the transfer into this fund from the State Highway Fund in FY 2007.

The Committee reviewed this item but took no action.

C. SB 365 – Tax Refunds (Conference Committee). **SB 365** would create a stand alone Kansas estate tax for three years; provide a property tax exemption for certain machinery and equipment; and would expand the Homestead Property Tax Refund program. The Department has indicated the bill would require \$28,000 from the State General Fund in FY 2007 to allow temporary staff to be hired to process the additional Homestead Property Tax Returns for either version of the bill.

The Committee reviewed this item but took no action.

D. SB 506 – Registered Offenders (Conference Committee). **SB 506** would require the Department to produce ID cards for those individuals designated as a registered offender and to allow the notations to be made directly on the individual's driver's license. The Department noted that the cost to implement placing the indication on driver's license or ID cards will cost \$100,000 from the Vehicle Operating Fund in FY 2007 for payments to the vendor to create the new format. In addition, the increase in expenditures would require an increase in the transfer into this fund from the State Highway Fund in FY 2007 for either version of the bill.

The Committee added \$100,000 from the Division of Vehicles Operating Fund and increase the transfer from the State Highway Fund by a corresponding amount to implement the provisions of SB 418 and SB 506 in FY 2007.

E. GBA No. 1, Item 5, Page 5 — Ethanol Producer Incentives.

The Committee non-concurred with GBA No. 1, Item 5. The Committee recommended the transfer of \$1,000,000 from the State General Fund to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund and created an incentive program within the Kansas Department of Revenue through the development of rules and regulations to allow for incentives not to exceed \$5,000 for stations which construct new E-85 tanks in FY 2007.

Copies of a memorandum addressed to Tax Committee Leadership from Chris Courtwright, Principal Economist, Kansas Legislative Research Department, regarding Revised Conferenceable, Fiscal Note Lists, were distributed to the Committee ([Attachment 29](#)).

Kansas Corporation Commission

A. Kansas Electric Transmission Authority Funding (House Committee). The House Committee recommended review of the addition of \$40,000 from a non-specific funding source for the Kansas Electric Transmission Authority (KETA). The Conference Committee on **SB 480** concurred with the addition of \$30,000 from the Public Service Regulation Fund in FY 2007. The House Committee requested information regarding the potential other funding sources for the purpose including federal funds. The agency has indicated that there may be limited opportunities for KETA to apply for federal grant funding to support its designated functions; however, no federal funding has been received or applied for at this time. The agency indicated that its request would be for funding from the State General Fund.

The Committee added \$40,000 from the State General Fund for the purpose of providing operating funds for the Kansas Electric Transmission Authority in FY 2007.

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B. Additional Vehicle Replacements (House Committee). The House Committee recommended review of the addition of \$46,500 from fee funds to fund the purchase of three additional replacement vehicles in addition to the seven recommended for purchase by the Governor. The House Committee had noted that the majority of vehicles used by this agency are taken off road, therefore the need for reliability is increased. The agency has indicated that these vehicles are trucks that are used in the field daily and which have met the established criteria for replacement.

This was a House item and the Committee took no action.

C. Substitute for SB 449 – Video Competition Act (Law). Substitute for SB 449 creates statewide franchising for cable operators and other video service providers other than those using wireless technology. The agency indicates that the cost to enact the new legislation will be \$40,000 from the Public Service Regulation Fund in FY 2007 to pay the cost of administration and personnel for the new function. The agency indicated it will utilize an existing FTE position. The agency does expect an indeterminate increase in revenue, depending on the number of applications received.

The Committee reviewed this item but took no action.

Department on Aging

A. Senior Care Act (House Committee). The House Committee requested a review of the Senior Care Act (SCA) and its cost effectiveness as a program. The Department indicated that SCA provides for the development of a coordinated system of in-home services for people 60 years of age or older who face difficulties in self-care and independent living and have not yet exhausted their financial resources to prevent inappropriate or premature institutionalization. More than 6,000 seniors statewide received one of more services during FY 2005. The overall average age of SCA customers in FY 2005 was 80. Over 75 percent of the customers were women.

The SCA program has four funding sources, including Social Service Block Grant dollars, State General Funds, local match, and customer contributions. Total funding from all four sources in FY 2005 was \$7,424,665. The cost per person, per year, was approximately \$1,200, and according to the Department's Quality Assurance Review report, 58 percent of SCA customers reported that the services received allowed them to stay in their home. The approximate cost per person per year from state funds was \$1,080. There is not projected to be a waiting list for SCA services in FY 2007.

This was a House item and the Committee took no action.

B. Program of All Inclusive Care for the Elderly (PACE) (Senate Committee and House Committee) and GBA No. 1, Item 25, Page 14. The Senate Committee and the House Committee requested a review of the Program of All Inclusive Care for the Elderly (PACE) including the existing PACE programs, the level of need for PACE programs, the potential expansion into Wyandotte County, and the approved expansion in Topeka. The Committees noted that funding for PACE was removed from the consensus caseload process starting in October 2005. Additionally, the Committees noted that the 2005 Legislature expanded the program by 150 slots, to be split between the existing program in Wichita and a new site to be established in Topeka. The expansion was not funded in the Governor's FY 2007 recommendation. The House Committee noted that a commitment was made to provide funding for this purpose and that it received testimony indicating that private entities have already expended or contracted for over \$2 million in moneys related to the approved expansion. The Department indicated that Via Christi, in Wichita, is currently operating Healthcare Outreach Program for the Elderly (HOPE), the only PACE program in Kansas. The 2005 Legislature approved an additional 150 PACE slots with 75 allocated to HOPE and 75 for a new PACE program in Topeka. The PACE program in Topeka would be operated by Midland Hospice.

PACE is long-term managed care with a broad array of health services and supplies

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reimbursed by Medicare and Medicaid through capitated rates. The rates include a negotiated savings from what Medicare/Medicaid fee-for-service programs would typically reimburse. When Medicaid recipients enroll in PACE, the individuals give up their Medicaid card and choice of health care providers. HOPE in Wichita provides the health care needs of its participants either through the Via Christi service delivery network or through contracts with other providers.

According to the agency, the PACE option in Wichita has proven to be successful. HOPE began in September 2002 and by June 2003 had 62 participants enrolled. There were 116 enrolled by June 2004 and 162 enrolled by June 2005. The growth has slowed down due to the present adult day health center facility being at near capacity. HOPE plans to move into a new adult day health center facility in September 2006. It is anticipated that HOPE will be near the maximum of 275 enrollees by end of FY 2007.

Similar trends are expected at the new Topeka PACE site. It is projected Midland Hospice will average 35 participants a month over the course of the first year. The total enrolled by June 2007, with steady monthly growth, is expected to be closer to the 75 maximum enrollees. If approved, the 200 PACE slots in Wyandotte County would be slower to fill in FY 2007. The PACE application and Medicaid capitated rates would need to be developed and approved by the Division of Health Policy and Finance and the Centers for Medicare and Medicaid Services (CMS). The Medicare capitated rate would be determined by CMS.

The Governor's recommendation for FY 2007 included funding at the FY 2006 level for the Wichita program. The Department indicated it requested a Governor's Budget Amendment (GBA) for FY 2007 to fund the expansion for the Wichita program and the new program to be located in Topeka. The Kansas Department on Aging budget included an enhancement request for 200 PACE slots for Wyandotte County.

The following summary reflects the projected caseload and expenditures for the existing PACE project and the expansion:

| | Estimated Monthly Caseload | GBA Request | Estimated Total Annual Cost | Estimated State General Fund |
|--|----------------------------------|----------------|-----------------------------------|---------------------------------------|
| Governors Recommendation: Via Christi-HOPE | 194 | | \$3,700,000 | \$1,469,270 |
| Requested GBA: Via Christi-HOPE Expansion | 59 | 1,375,584 | | |
| Midland Hospice (monthly avg.) | 35 | 701,400 | | |
| Total GBA Request | | | 2,076,984 | 824,770 |
| Wyandotte County Expansion: | 200 | | 4,380,000 | 1,739,298 |
| Total Projected PACE Budget for FY 2007 with Expansion: | | | \$10,156,984 | \$4,033,338 |

The Committee concurred with GBA No. 1, Item 25, to provide funding for 150 additional slots for the Program of All Inclusive Care for the Elderly in FY 2007 as approved by the 2005 Legislature.

C. Targeted Case Management (TCM) Provider Rate Increase (Senate Committee and House Committee). The Senate Committee requested a review of the addition of \$396,216, including \$156,268 from the State General Fund, to increase Targeted Case Management (TCM)

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provider rates by six percent for FY 2007. The House Committee requested a review of information received during testimony that all Area Agencies on Aging (AAAs) are currently losing money by providing Targeted Case Management Services. The House Committee requested that the agency report back with its findings.

The Department has indicated that the current rate for TCM service is \$40 per hour. With a six percent increase, the rate would be \$42.40 per hour. The Department also indicated that the Medicaid rate paid to the 11 AAAs as Medicaid-enrolled providers of Targeted Case Management for the Home and Community Based Services/Frail Elderly waiver is a fee-for-service program. As such, the Department does not require an annual cost report to be submitted, specific to Targeted Case Management. The AAAs hire qualified employees or contract with qualified individuals to provide case management services. Historically, approximately 80 percent of the Frail Elderly monthly caseload receives 2.5 hours of case management per month.

The Committee added \$396,216, including \$156,268 from the State General Fund, to increase targeted case management rate increase by six percent in FY 2007.

D. Home and Community-Based Services for the Frail Elderly (HCBS/FE) Provider Rate Increase (Senate Committee). The Senate Committee requested a review of the addition of \$4,127,400, including \$1,627,847 from the State General Fund, to increase Home and Community-Based Services for the Frail Elderly (HCBS/FE) waiver provider rates by six percent. The Department provided the following information regarding the current rates per service and the rate with the six percent increase.

| HCBS/FE Service Rates | Current | 6% Increase |
|---|-----------------------------|-----------------------------|
| Attendant Care Level I | \$12.72 / hr | \$13.48 / hr |
| Attendant Care Level II | \$14.08 / hr | \$14.92 / hr |
| Attendant Care – Self Directed | \$11.96 / hr | \$12.68 / hr |
| Sleep Cycle Support | \$21.20 / night | \$22.47 / night |
| Personal Emergency Response – rental | \$25.00 / month | \$26.50 / month |
| Personal Emergency Response – install | \$53.00 / one time lifetime | \$56.18 / one time lifetime |
| Assistive Technology | \$7,500 / lifetime | \$7,500 / lifetime |
| Adult Day Care – (half day or full day) | \$20.67 or \$41.34 | \$21.91 or \$43.82 |
| Wellness Monitoring | \$37.10 / visit | \$39.33 / visit |
| Nursing Evaluation | \$37.10 / visit | \$39.33 / visit |
| Medication Reminder | \$15.00 / month | \$15.90 / month |

The Committee added \$4,127,400, including \$1,627,847 from the State General Fund, to increase home and community based service provider rates by six percent in FY 2007.

E. Mental Health Pilot Project (House Committee). The House Committee requested a review of the addition of \$85,000 from the State General Fund in FY 2007 for a mental health pilot project as requested in the Department's enhancement package submitted with its budget request. The House Committee requested that the agency engage in discussions with the AAAs and the community mental health centers (CMHCs) regarding the need and the potential benefits of the project. The agency is directed to report back during Omnibus. The Department indicated that the enhancement request was for a one-year mental health and aging pilot in Kansas. The proposal is to identify one rural and one urban area of the state and screen seniors over the age of 60 who need mental health services, with a focus on depression. The Department indicated that there is a growing recognition for the need to address the mental health needs of older adults as well as their physical health needs. Additional funding to support an aging specialist in each of the CMHCs has been proposed by the provider network and the Area Agencies on Aging. Funding constraints have not allowed a statewide approach, so a pilot program was instead requested. The Department indicates it will continue to discuss possible options with providers and other members of the aging network to address how best to meet the mental health needs of older adults.

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This was a House item and the Committee took no action.

F. Senior Health Insurance Counseling for Kansans (SHICK) Program (House Committee). The House Committee requested that the Department report back regarding the potential to transfer the Senior Health Insurance Counseling for Kansans (SHICK) program back to the Insurance Department. The House Committee noted that the program was moved from the Insurance Department to the Department on Aging in FY 2003 via a memorandum of understanding between the agencies. The House Committee requested a review of the placement of this program.

The Department indicated that Centers for Medicare and Medicaid Services (CMS) staff informed it that the federal enabling legislation, Section 4360 of OBRA 1990 (P.L.101-508) prescribes that the State Health Insurance Program (SHIP) grant should be administered by either the State Agency on Aging or the Office of the Insurance Commissioner. The Governor's Office decides which of these state agencies administer the SHIP grant. At present, 16 of 54 SHIPs nationwide are administered by the Office of the Insurance Commissioner.

This was a House item and the Committee took no action.

G. Nutrition Program Funding (House Committee). The House Committee requested a review of the nutrition funding for FY 2007. The Department indicated that Federal Fiscal Year (FFY) 2007 funding for the congregate and home delivered meal programs, which in turn, provide funding to nutrition programs such as Meals on Wheels, is not yet available. Based on past experience, the Department will receive the actual FFY 2007 Older Americans Act federal funding award in January or February of 2007.

The FFY 2006 Older Americans Act award for nutrition funding in Kansas resulted in a 0.41 percent decrease in the congregate and home delivered meal programs. The Department indicated that it is working closely with the Area Agencies on Aging to sustain current meal program activity.

This was a House item and the Committee took no action.

H. Impact of Federal Deficit Reduction Act of 2005 (House Committee). The House Committee requested a review of the potential impact of the Federal Deficit Reduction Act (DRA) of 2005. The Department indicated that a five-page report available on CMS's website titled "Roadmap for Medicaid Reform" states the DRA reflects a growing consensus on transforming the long-term supports provided under Medicaid, reforming State programs from being institutionally-based and provider-driven, to person-centered and consumer-controlled. It recognizes the role of Medicaid in supporting individuals in their desire to attain and retain independence and self-care in their own homes and communities. The Department indicated that the tools available as a result of the DRA of 2005 provide an opportunity for states to expand coverage for individuals with disabilities, increase access to community supports, and promote personal responsibility, independence and choice. A significant change, which would impact the Medicaid Home and Community Based Services Frail Elderly waiver and the Nursing Facility program, both administered by the Department, is the option for states to amend their State plan to offer home and community-based services without waivers. This option amends the eligibility requirement that an individual can receive community services only if he or she needs an institutional level of care. It appears states will be allowed to limit the number of people eligible for these services, and therefore, not create an entitlement.

This was a House item and the Committee took no action.

I. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6. The FY 2006 Spring Consensus Caseload Estimate for Nursing Facilities is a decrease of \$10.6 million, including \$4.2 million from the State General Fund from the approved budget. The change reflects a lower than anticipated number of individuals served.

The FY 2007 Spring Consensus Caseload Estimate for Nursing Facilities is a decrease of

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\$3.6 million, including \$1.4 million from the State General Fund from the approved budget. The change reflects a continuation of a decreased number of individuals served.

These items are included in the Spring Consensus Caseload Items under the Department of Social and Rehabilitation Services.

The Committee concurred with GBA No. 1, Item 9, to reflect revised nursing facility caseload estimates in FY 2006 and FY 2007.

Kansas Guardianship Program

A. Increase Monthly Stipends (House Committee). The House Committee recommended review of the addition of \$160,080 from the State General Fund in FY 2007 to increase monthly stipends to volunteers who serve as guardians or conservators by \$10 per month. The additional funds would be used to increase the stipends from the current \$20 to \$30 per month. The stipends are used to offset personal expenses incurred while serving as a volunteer.

The Committee added \$160,080 from the State General Fund to increase monthly stipends to volunteers from \$20 to \$30 in FY 2007.

Commission on Veterans Affairs

A. Cost to Reclassify Veteran Service Representatives (Conference Committee) and GBA No. 1, Item 30, Page 16. The Conference Committee on **SB 480** recommended review of the costs to reclassify veteran service representatives. The agency has indicated that the cost to reclassify 25.0 Veteran Service Representative I positions (Range 20) to Human Service Specialist positions (Range 21) and 2.0 Veteran Service Representative II positions (Range 22) to Program Consultant I positions (Range 24) would cost \$48,478 from the State General Fund in FY 2007. The agency had initially requested additional funding for further reclassification of its employees but has since indicated that further review must be taken prior to any reclassification action.

The Committee concurred with GBA No. 1, Item 30, to add \$40,000 from the State General Fund to increase salaries for veterans service representatives and add an additional \$8,478 from the State General Fund to fully fund the agency's request in FY 2007.

B. Persian Gulf War Initiative Board (Senate Committee). The Senate Committee requested an update on the Persian Gulf War Initiative Board from the agency during Omnibus. The agency provided a response to the Subcommittee members in February 2006 regarding the categories of expenditures of the Board which include travel and conference calls. Additionally, the Board outlined its priorities for the upcoming year including monitoring and requesting federal funding and reviewing the possibility of funding for a needs analysis for issues of returning veterans.

The Committee reviewed this item but took no action.

C. Additional Funding (Senate Committee). The Senate Committee requested a review of the agency's request for additional funding for the Kansas Veterans' Home and the Kansas Soldiers' Home for FY 2006 and FY 2007. The Senate Committee requested the agency provide revised information regarding the need for additional funding for salaries and wages at the Kansas Veterans Home in FY 2006. Additionally, the Senate Committee requested a review of the need for additional funding in FY 2007 for utility costs at the Kansas Soldiers' Home and salaries and wages expenditures at the Kansas Veterans' Home.

The agency requested an enhancement package in its budget submission for \$81,076 from the State General Fund for increased utility costs at the Kansas Soldiers' Home in FY 2007. The agency indicated that the utility costs at the Soldiers' Home for November 2005 through February 2006 was an increase of \$52,986 from the same time period in FY 2005. This increase was lower

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than originally anticipated due to a relatively mild winter. The agency is concerned regarding the utility costs for FY 2007 and requests additional funding for this purpose.

The agency requested supplemental funding of \$512,780 from the State General Fund in FY 2006 for projected salaries and wages shortfalls at the Kansas Veterans Home. Additionally, the agency requested an enhancement package in its budget submission of \$684,134 from the State General Fund in FY 2007 for projected salaries and wages shortfalls at the Kansas Veterans Home. The agency indicated that it is concerned about the funding level for FY 2007, but will address the issue in the next budget cycle.

The Committee reviewed this item but took no action.

D. SB 396 – Veterans Claims Assistance Grant Program (Governor) and GBA No. 1, Item 31, Page 17. SB 396 creates a new Veterans Claims Assistance Grant Program which would provide funding, subject to appropriation, to various Veteran Service Organizations (VSO) who meet a series of requirements. The Kansas Commission on Veterans Affairs would be responsible to implement the new grant program. The agency has indicated that the administrative costs for the new program would total \$35,300 from the State General Fund in FY 2007. This amount includes \$30,000 for the development of a claims database, and \$5,300 for costs associated with the advisory board established by the bill. The agency indicated that its estimate for the amount to be distributed as grants to the VSOs is \$677,200 from the State General Fund in FY 2007.

The Committee concurred with GBA No. 1, Item 31, to add funding for the provisions of House Substitute for SB 396 which would provide grants to veterans service organizations for the purpose of aiding veterans in filing federal claims in FY 2007.

Department of Administration

A. Enhancement Funding for Public Broadcasting (Conference Committee). The Conference Committee on SB 480 recommended review during Omnibus of enhancement funding requested for public broadcasting that was not recommended by the Governor. The Governor's FY 2007 recommendation included \$100,000 from the State General Fund for enhancement funding of operating grants. The Conference Committee agreed to add \$325,000 from the State General Fund for a tower project in Hutchinson that both the Senate and House had included. Other funding recommended by the Senate that was not added by the Conference Committee to SB 480 included \$25,000 from the State General Fund for operating grants and \$192,170 from the State General Fund for equipment at KPTS TV in Wichita. In addition, the agency's enhancement request also included \$602,125 from the State General Fund for equipment at KTWU TV in Topeka that neither chamber recommended during the regular Session.

The Committee added State General Fund financing in FY 2007, including \$25,000 for operating grants; \$192,170 for KPTS Wichita equipment; and \$150,000 for KTWU Topeka equipment.

B. DISC Enterprise Application Rate Fee (Conference Committee). The Conference Committee on SB 480 suggested review of the Division of Information Systems and Communication's (DISC) Enterprise Application Rate (EAR) and possible refunds in FY 2006 to the SRS hospitals of these fees. The EAR was instituted in FY 2006 as a cost recovery method for funding the DISC costs for the State Human Resource and Payroll System (SHaRP), the State Accounting and Reporting System (STARS), and the State Budget Management System (BMS). The EAR rate is \$3.75 per employee per pay period for all state agencies, except the rate for Regents institutions is \$2.00 per employee per pay period. The EAR provided DISC with fee revenue to offset a \$2.7 million State General Fund reduction in funding.

No Committee action was taken.

C. Medicare Part D Signup Reimbursements (Senate Committee and House

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Committee). The House and Senate Committees asked for an update of the Medicare Part D signups and possible federal reimbursement of the \$500,000 from the State General Fund added to the Long Term Care Ombudsman's Office in FY 2006 to assist eligible Medicare beneficiaries with enrollment in Part D. The Secretary on Aging reports regarding Medicare Part D that efforts are underway to determine what documentation must be submitted in order to claim reimbursement for the \$500,000 from the State General Fund spent for administrative expenses in assisting persons in signing up for Part D benefits. The deadline for claiming reimbursement for administrative costs has been extended to May 5, 2006.

The Committee took no action.

D. Comparison of Rental Rate Changes in Capitol Complex (Senate Committee). The Senate Committee asked for comparative information about rental rate increases over the past three years in the Capitol Complex. The Division of Facilities Management prepared a spreadsheet for FY 2004 to FY 2007 showing the type of space and location occupied by agencies, the square footage assigned, the annual rental charges, and a comparison of the changes over the years. The listing by building and agency is provided separately.

The Committee referred this item to the Joint Committee on State Building Construction.

Copies of the Comparison of the State Rental Charges and Changes – FY 2004 to FY 2007 ([Attachment 30](#)).

E. GBA No. 1, Item 2 — Capitol Area Master Plan.

The Committee concurred with GBA No. 1, Item 2, that adds \$100,000 from the State General Fund in FY 2007 to update the capitol area master plan.

F. GBA No. 1, Item 3 — Facility Construction Services.

The Committee concurred with GBA No. 1, Item 3, to include language authorizing the collection of fees in FY 2006 and FY 2007 from the Regents institutions for facility construction services provided at buildings constructed with non-state funds.

Kansas Racing and Gaming Commission

A. State Racing Fund Cash Flow and Emergency Funding (Conference Committee). The Conference Committee on **SB 480** requested Omnibus review of the FY 2006 and FY 2007 financing for the racing operations budget in the Kansas Racing and Gaming Commission. The Conference Committee recommended review of contingent State General Fund financing of \$250,000 from the State General Fund in FY 2006, subject to release by the State Finance Council, if a race track closing disrupted revenues to the State Racing Fund.

In addition, the Conference Committee deleted \$200,000 recommended by the Governor in FY 2007 from the Economic Development Initiatives Fund (EDIF) and recommended Omnibus review of alternative funding sources. The Conference Committee also recommended review of contingent State General Fund financing of \$250,000 from the State General Fund in FY 2007, subject to release by the State Finance Council, if a race track closing disrupted revenues to the State Racing Fund.

Revenues to the State Racing Fund continue to decrease in FY 2006, with an ending balance of \$182,295 on March 31, 2006. Parimutuel racing taxes deposited in the State Racing Fund through March 31, 2006, totaled \$1,663,542, compared with \$1,784,836 for the same period in FY 2005, reflecting decreases in both live and simulcast racing. Expenditures from the State Racing

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Fund for March 2006 totaled \$184,263 for racing operations, compared with parimutuel tax revenue of \$186,083 for March 2005.

FY 2007 cash flow projections for the State Racing Fund recommended by the Governor include no anticipated beginning cash balance, revenues of \$2.4 million, and expenditures of \$2.4 million. A \$200,000 transfer from the EDIF was recommended by the Governor in FY 2007 to supplement the State Racing Fund, with \$39,829 allocated to the Governor's 2.5 percent pay plan for employees in racing operations. The Conference Committee deleted this \$200,000 in EDIF financing.

The Committee took no action.

B. Pay Plan Financing (Technical Adjustment). The Conference Committee on **SB 480** agreed on two adjustments in financing for racing operations that resulted in an expenditure reduction of \$39,829 being counted twice, once as a salary plan adjustment and once as a consequence of deleting a \$200,000 transfer from the Economic Development Initiatives Fund. In addition to adding \$39,829 from special revenue funds to the approved expenditures to correct the double reduction, consideration needs to be given to alternative financing for racing operations pay plan adjustments.

The Committee recommended making a technical adjustment in FY 2007 to avoid double counting a reduction of \$39,829 from the Economic Development Initiatives Fund and to offset the reduction by adding \$39,829 from the State General Fund in FY 2007.

Kansas Public Employees Retirement System

A. House Substitute for SB 270 – Kansas School Retirement System (KSRS) Benefit Enhancement (Governor). **Substitute for SB 270**, the KPERS Omnibus bill, contains a number of provisions, including a benefit enhancement for a group of KSRS retirees. The bill raises the minimum monthly benefit for KSRS retirees with 20 or more years of credited service from \$500 to \$625 in FY 2007, and from \$625 to \$750 in FY 2008. The actuarial cost estimate for this benefit increase is \$300,000 from the State General Fund in order to make a one-time FY 2007 contribution to KPERS to offset the anticipated increase in unfunded liability. The one-time \$300,000 contribution would fund the enhanced benefit payments in FY 2007 and in subsequent fiscal years.

The Committee added \$300,000 from the State General Fund in FY 2007 to pay the actuarial one-time cost of the multi-year benefit enhancements authorized by SB 270 for members of the Kansas School Retirement System who retired with 20 or more years of service credit.

Department of Wildlife and Parks

A. Proviso Prohibiting Pumping of Groundwater (Conference Committee). The Conference Committee on **SB 480** recommended review during Omnibus of a proviso concerning pumping of groundwater. As passed by the House, the proviso would have prohibited the agency from pumping groundwater to any playa or other wetlands property owned by the agency. The agency indicates that the proviso could impact the McPherson wetlands and two playa lakes in Ford County.

The Division of Water Resources in the Kansas Department of Agriculture designates "Intensive Groundwater Use Control Areas" known as IGUCAs in Kansas and those areas are defined statutorily in the Groundwater Management District Act. Currently, eight such IGUCAs have been established. Similar areas, which are not properly IGUCAs, have been established under regulations by the Chief Engineer, i.e., the Equus Beds and Lyons Special Water Quality Use Areas (SWQUA). A map of these areas is provided separately. Both playa lakes in Ford County and the McPherson wetlands appear to be in or near the areas designated as IGUCAs.

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The Legislature, as recently as the 2001 Session, included a proviso restricting the use of groundwater by the Department of Wildlife and Parks. At that time, the Legislature prohibited the pumping of groundwater on any new lands acquired that were adjacent to playa lakes properties already owned by the agency, and other wetlands areas were not addressed in the provisos prior to the 2006 Session.

The 2001 proviso read: "For the fiscal year ending June 30, 2002, any expenditures by the above agency from any moneys appropriated for fiscal year 2002, for land acquisition related to the playa lakes project shall be for lands which are adjacent to playa lakes properties that are already owned by the state: *Provided*, That no expenditures shall be made by the above agency from any moneys appropriated from the state general fund or any special revenue fund for fiscal year 2002 for pumping of groundwater on any such newly-acquired properties."

Copies of a map showing Closed and Restricted Areas, Kansas Department of Agriculture, Division of Water Resources, were distributed to the Committee ([Attachment 31](#)).

The Committee included language that would allow the agency to pump groundwater on any agency property as authorized by the Kansas Water Appropriations Act.

B. Additional Motor Vehicle Replacement Funding (Conference Committee). The Conference Committee on **SB 480** recommended Omnibus review of \$97,000 from the State General Fund for FY 2007 replacement vehicles at State Parks (\$85,000 for 5 trucks) and central administration (\$12,000 for matching other special revenue funds for 4 trucks). The Governor's recommended FY 2007 budget did not include the \$97,000 from the State General Fund. The Senate Committee added the \$97,000 vehicle enhancement funding, the House Committee suggested Omnibus review of this item, and the Conference Committee agreed to review the requested funding during Omnibus.

The Committee added \$151,700 including \$97,000 from the State General Fund in FY 2007 for nine replacement trucks that were not included in the Governor's recommended budget.

C. Reduction of Motor Vehicle Fleet (Senate Committee and House Committee). The Department of Wildlife and Parks is being asked to reduce 25 motor vehicles from its fleet in order to help meet the goal to reduce the state's basic fleet by 200 vehicles before July 1, 2006. Some of these older vehicles are used by seasonal and temporary employees at the State Parks. The agency is reviewing the situation and how to provide alternative transportation for seasonal and temporary employees. A management meeting was held for April 10-11, 2006 to address this issue. A total of six vehicles at State Parks will be replaced and the other 19 reduced from the rest of the agency.

The Committee took no action.

D. GBA No. 1, Item 52 — Program Omissions.

The Committee concurred with GBA No. 1, Item 52, to add enhancement expenditures of \$741,000 from two fee funds in FY 2007.

E. GBA No. 1, Item 53 — Open Access to the State Parks.

The Committee concurred with GBA No. 1, Item 53, to add \$1,250,000 from the State General Fund in FY 2007 to provide free access for Kansas residents to State Parks from January 1, 2007 to June 30, 2007. The Committee also added provisions from SB 583 to provide for transfers in FY 2007 of \$5.0 million from the State Gaming Revenues Fund in order to provide \$1.0 million for outdoor recreation grants and \$4.0 million for state parks operating expenditures.

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Vehicle Purchases

A. State Motor Vehicle Replacement Policy, Purchases, and Reductions (Conference Committee). The Conference Committee on **SB 480** removed almost all funding for FY 2007 replacement vehicle purchases in most state agencies and asked for Omnibus review. A listing of FY 2007 motor vehicles by agency is provided separately.

The Director of the Budget reviews and approves all replacement vehicle purchases. The Governor's state vehicle policy for replacement passenger cars, light trucks, and vans, implemented in conjunction with a vehicle purchase moratorium that expired in November of 2005, states:

- (1) A new vehicle can be purchased only to replace another vehicle in the fleet.
- (2) The replacement vehicle must have reached 100,000 miles for cars and 140,000 miles for pickup trucks.
- (3) The vehicle purchased must be similar in type and size to its replacement.

Excluding Highway Patrol and Regents universities, the Governor's recommended FY 2007 vehicle replacement purchases from all funds totaled \$6,119,380, including \$864,621 from the State General Fund. The 2006 Legislature deleted \$5,947,784, including \$827,496 from the State General Fund, in FY 2007 for most state vehicle replacement purchases to be reviewed during Omnibus. An additional \$347,246, including \$221,000 from the State General Fund, for vehicle purchases was identified for review during Omnibus.

In addition, the Governor's FY 2007 Budget Report states the intent to reduce the basic state vehicle fleet (excluding the Highway Patrol and Regents universities) from 4,279 to 3,402 by July of 2006. A total of 677 vehicles were sold in February of 2004 and an additional 200 vehicles will be removed from the basic state fleet by July of 2006. The Budget Director indicates reductions are anticipated as follows in certain state agencies: Transportation, about 65; Corrections, about 50; SRS and state hospitals, about 60; Wildlife and Parks, about 25; and the Juvenile Justice Authority, from five to ten.

Copies of a table regarding FY 2007 Motor Vehicle Omnibus Review Items were distributed to the Committee ([Attachment 32](#)).

The Committee added \$5.9 million including \$0.8 million from the State General Fund in FY 2007 to provide funding for replacement vehicles for selected state agencies.

Docket Fees - Request for Information Response

The Chairman recognized the Revisor, Jill Wolters, who provided information and explained the review of proposed docket fee increases for the 2006 Session ([Attachment 33](#)).

Legislative Compensation Commission

The Committee added provisions of SB 513 into the Omnibus Appropriations Bill.

Senator Emler moved, with a second by Senator Barone, to remove the contents of **HB 2968** and amend the contents of the Omnibus Appropriations Bill into **Senate Substitute for HB 2968**, allow Staff to make technical corrections and recommend **Senate Substitute for HB 2968** favorable for

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passage. Motion carried on a roll call vote.

Chairman Umbarger expressed his thanks to the Committee, staff and others for all their work during the Omnibus Session.

The meeting adjourned at 12:35 p.m. on April 21, 2006. The next meeting was scheduled for April 26, 2006.

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