

STATE OF KANSAS

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OFFICE OF THE GOVERNOR

April 21, 1999

Corrected

The Honorable Dave Kerr, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Phill Kline, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

Dear Senator Kerr:

I amend my budget to decrease State General Fund expenditures by \$1,876,763 for FY 1999 and by \$29,582,304 for FY 2000. These adjustments will result in an increase of \$31,459,067 in the balance of the State General Fund by the end of FY 2000. My amended budget would also change the number of positions in state government. For FY 1999, there will be a net increase of 2.0, a reduction of 1.0 FTE position but an increase of 3.0 unclassified temporary positions. For FY 2000, 106.8 FTE positions will be added and unclassified temporaries will increase by 11.0, for a net increase of 117.8.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ (1,876,763)	\$ (29,582,304)
All Funds	\$ 21,463,123	\$ (166,914,156)
FTE Positions	(1.0)	106.8
Unclassified Temporary	<u>3.0</u>	<u>11.0</u>
Total Positions	<u>2.0</u>	<u>117.8</u>

With this memorandum, I submit the attached amendments to my budget recommendations.

Sincerely,

BILL GRAVES
Governor

Board of Healing Arts

1. Outside Counsel Expenses and New Disciplinary Counsel Position

I amend my budget in FY 1999 by \$158,000 to pay higher than anticipated contract counsel costs for disciplinary proceedings of the Healing Arts Board. I amend my budget in FY 2000 to include \$99,878 to finance an additional Disciplinary Counsel position and additional contract counsel costs. A total of \$49,878 is needed to finance the cost of the additional position and associated equipment while \$50,000 is needed for contract counsel costs. This will allow disciplinary proceedings to be completed in a more timely manner. Finally, in FY 2001 I amend my budget to include \$44,428 to continue the financing of the new Disciplinary Counsel position.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>158,000</u>	<u>99,878</u>
All Funds	\$ 158,000	\$ 99,878

Board of Barbering

2. Operations

I amend my 1999 budget to finance \$4,940 in operating expenditures for the Board of Barbering from the Barber Fee Fund for FY 1999. This amount will compensate staff and board members for travel and subsistence expenses to attend two special meetings. One meeting was held to familiarize board and staff members with legislative and regulatory issues that affect the agency and the other was an official hearing to determine whether several individuals licensed as barbers in another country meet the requirements to be licensed in Kansas.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>4,940</u>	<u>--</u>
All Funds	\$ 4,940	\$ --

Board of Pharmacy

3. Executive Secretary Salary Increase

I amend my budget to include an 8.5 percent salary increase for the Executive Secretary of the Board of Pharmacy. After a reorganization of the Board's staff, the Executive Secretary has increased the scope of his responsibilities and taken on additional daily duties. In FY 2000, salary expenditures for the agency will increase by \$5,519 and in FY 2001 by \$3,363. All of the agency's expenditures are financed from the Board of Pharmacy Fee Fund.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>5,519</u>
All Funds	\$ --	\$ 5,519

Consumer Credit Commissioner

4. Increase Grant to HCCI

I amend my budget to increase the grant to Household and Credit Counseling, Inc. by \$12,500, for a total of \$25,000. The grant increase is funded from the agency's fee fund. Currently, the grant provides HCCI with reimbursement for its service to low income individuals but HCCI experiences a loss from providing the service. Increasing the grant would reduce the loss.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>12,500</u>
All Funds	\$ --	\$ 12,500

Securities Commissioner

5. Investor Education Program Expansion

I amend my budget to include 1.8 new FTE positions for the Securities Commissioner to expand the Investor Education Program. The Investor Education Program, which educates citizens on investment decision-making, will be expanded to include senior citizens. The positions include a Director of Investor Education and a part-time secretarial position. The Director will assume day-to-day control of investor education activities, which are currently divided among regular staff members. The cost of this proposal will be \$65,809 for FY 2000, all from the agency's fee fund.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>65,809</u>
All Funds	\$ --	\$ 65,809

Department of Administration

6. Architectural Services Operating Expenditures

I amend my budget to add expenditure authority of \$24,260 for FY 1999 and \$242,248 for FY 2000 from the Architectural Services Recovery Fund for three items. The recommendation includes \$89,248 to fill 2.0 regular FTE positions, an Architectural Project Designer and an Engineering Project Designer, that have been held vacant for some time because of the level of approved shrinkage. The work that would be done by in-house staff is currently being accomplished through outside consultant contracts in agency budgets at a higher cost. In addition, \$84,825 is recommended for an upgrade of the Division's computer-aided design software. The industry standard is developing toward AutoCAD, whereas Architectural Services is using the older Cadvance. Finally, the recommendation includes \$24,260 in FY 1999 and \$68,175 in FY 2000 to finance the salary and other operating expenditures of a project coordinator for the renovation of the Governor's residence. All of the expenditures from the recovery fund are non-reportable.

7. Transfer to Construction Defects Recovery Fund

I amend my budget to grant the Department of Administration authority to transfer up to \$200,000 from the Architectural Services Recovery Fund to the Construction Defects Recovery Fund for FY 1999 and FY 2000. Expenditures from the Construction Defects Recovery Fund support litigation to recover costs that the state has incurred because of defects in construction caused by contractors. The balance in the defects fund is down to \$17,160 and cannot support the recovery effort much longer.

The authority granted the Secretary of Administration would allow transfers to be made up to \$200,000 in both fiscal years based on actual legal expenses incurred. When some of the lawsuits are settled and the defects fund becomes stabilized, the Department expects to request a transfer from the Construction Defects Recovery Fund to reimburse the Architectural Services Recovery Fund. Suggested proviso language is presented below:

() Upon certification by the secretary of administration to the director of accounts and reports that the unencumbered balance in the construction defects recovery fund is insufficient to pay an amount that is necessary to finance expenses related to efforts by the state of Kansas to recover damages incidental to construction defects on capital projects involving state facilities, the director of accounts and reports shall transfer an amount equal to the insufficient amount from the architectural services recovery fund to the construction defects recovery fund, except that the total of all amounts transferred pursuant to this subsection during any fiscal year shall not exceed \$200,000.

8. Public School District Health Care Benefits Program

I amend my budget to add \$633,865 and 6.0 FTE positions from a new no-limit Public School District Benefits Fund for FY 2000 as the first-year administrative cost of establishing the Public School District Health Care Benefits Program. Participation by public school districts in the Kansas Health Care Benefits Program for state employees is authorized by KSA 75-6506. The program would require the public school districts' governing body to elect to participate in

the state program with agreement to follow the program parameters established by the Health Care Commission. Employees of a school district would be allowed to elect participation in the program. The public school districts that choose to participate would finance the entire cost of the program and its administration through payments made to the Kansas State Health Care Commission. The composite rate for individual participation for the Public School District Benefits Fund will be established by the Health Care Commission as provided by KSA 75-6506 and will include program administrative costs, premiums, claims, and administrative service only fees.

The positions and related costs are necessary to manage the enrollment, premium collection, communication, and other administrative functions to integrate and manage the addition of the public school districts under the Kansas Health Care Benefits Program. The 6.0 positions include 1.0 Public Service Administrator, 3.0 Program Consultants, 1.0 Accountant, and 1.0 Office Specialist. The total includes funds for a recordkeeping and membership system; communication and travel expenses; professional consultant fees for actuarial studies, consultations, and bid reviews; and miscellaneous other operating costs.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>633,865</u>
All Funds	\$ --	\$ 633,865

Kansas Corporation Commission

9. Development of a National Pipeline Mapping System

I amend my budget to allow the Kansas Corporation Commission to expend an additional \$22,787 in FY 1999 and \$39,006 in FY 2000 from federal sources. The agency has been approved to receive a federal grant to participate in the development of a national pipeline state repository system. The grant is funded through the federal Office of Pipeline Safety. The monies will be expended through a new no limit fund entitled “National Pipeline Mapping System—Federal Fund.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>22,787</u>	<u>39,006</u>
All Funds	\$ 22,787	\$ 39,006

Department of Revenue

10. Legal Defense Costs

I amend my budget to include \$50,000 from the State General Fund in FY 2000 for costs associated with the defense of a lawsuit brought against the Secretary of Revenue and the Department of Revenue. The funding would provide outside legal services for this new lawsuit beyond the services already being provided by the Attorney General.

	FY 1999	FY 2000
State General Fund	\$ --	\$ 50,000
All Other Funds	--	--
All Funds	\$ --	\$ 50,000

State Treasurer

11. Local Ad Valorem Tax Reduction Fund

I amend my budget to decrease the State General Fund demand transfer to the Local Ad Valorem Tax Reduction Fund in FY 1999 by \$138,106 and to decrease the transfer in FY 2000 by \$127,000. The change for FY 1999 is the result of the difference between actual sales and use tax revenue for CY 1998 as compared to estimated revenue in *The FY 2000 Governor's Budget Report*. The change for FY 2000 reflects the reductions made in receipts for sales and use taxes by the Consensus Revenue Estimating Group at its meeting on April 2, 1999.

	FY 1999	FY 2000
State General Fund	\$ (138,106)	\$ (127,000)
All Other Funds	--	--
All Funds	\$ (138,106)	\$ (127,000)

Judiciary

12. Magistrate Judge Positions

I amend my budget to delete \$208,228 and 4.0 FTE magistrate judge positions in FY 2000. The Judiciary has revised its original request for 9.0 FTE magistrate judges, which were included in my original recommendation, indicating that 4.0 of the recommended positions are no longer required. The other 5.0 positions remain a part of my recommendations.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ (208,228)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (208,228)

Department on Aging

13. Funding Error

Use of an incorrect State General Fund matching rate for the Targeted Case Management Program recommendation resulted in a funding error in the budget of the Department on Aging in both FY 1999 and FY 2000. The shortage in funding from the State General Fund was corrected in the Division of the Budget's Corrections Memo (February 3, 1999). However, Medicaid funding should have also been decreased. This correction to *The FY 2000 Governor's Budget Report* will restore the correct funding mix to the agency's budget.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(198,912)</u>	<u>(202,788)</u>
All Funds	\$ (198,912)	\$ (202,788)

14. KAMIS Funding

I amend my budget to increase expenditures for the Department on Aging's KAMIS Project from the State General Fund by \$392,000 and decrease expenditures from Medicaid Title XIX by the same amount in FY 2000. This switch in funding is necessary because the Health Care Financing Administration has tentatively rejected the agency's request for federal participation in the project. The Department on Aging is continuing its attempts to secure federal Medicaid participation. If it is successful, the following proviso is proposed so that any funds received would be used to reduce funding from the State General Fund.

() On or before July 15, 1999, and on the fifteenth day of each month thereafter during the fiscal year ending June 30, 2000, the secretary of aging shall certify to the director of the budget the total amount of moneys which was received by the above agency during the preceding month from the federal government and which was deposited in the state treasury to the credit of the medicaid fund—federal. During the fiscal year ending June 30, 2000, after receiving one or more certifications from the secretary of aging under this subsection, the director of the budget may certify an amount or amounts to the director of accounts and reports to be transferred from the medicaid fund—federal to the state general fund for the purpose of reimbursing the state general fund for the amount appropriated from the state general fund in the administration account. Upon receiving each such certification from the director of the budget, the director of accounts and reports shall transfer the amount or amounts certified from the medicaid fund—federal of the department on aging to the state general fund on the dates specified by the director of the budget.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 392,000
All Other Funds	<u>--</u>	<u>(392,000)</u>
All Funds	\$ --	\$ --

15. Nursing Homes

I amend my budget to reflect changes in caseload and the cost of aid and assistance in the Nursing Facilities Program administered by the Department on Aging. These caseload adjustments are the result of a consensus caseload estimating meeting that included the staff of the Department on Aging, Legislative Research, and the Division of the Budget. This amendment includes an increase of \$500,000 in FY 1999, of which \$200,000 is from the State General Fund. For FY 2000, I amend my budget to reflect an increase of \$2.1 million in expenditures from all funding sources. Of that amount, \$840,000 is from the State General Fund. These changes reflect a constant caseload, but increasing costs, in the Nursing Facilities Program.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ 200,000	\$ 840,000
All Other Funds	<u>300,000</u>	<u>1,260,000</u>
All Funds	\$ 500,000	\$ 2,100,000

Department of Health and Environment

16. Oz Entertainment Company Theme Park

I amend my budget to include \$250,000 from fee funds and 5.0 unclassified temporary positions for FY 2000 to clean up the site of the Sunflower Army Ammunition plant. The plant, which operated from 1942 until 1992 on 9,000 acres in Johnson County, is being transferred to the state and then leased or transferred to the Oz Entertainment Company for development as a theme park. The Department of Health and Environment indicates that the land requires significant environmental remediation. A total of 32 locations on the site has been identified that will require environmental clean-up. In addition, four of those locations as well as three creeks will require long-term monitoring to determine their levels of contamination. Therefore, I amend my budget to include 5.0 Environmental Geologists at a cost \$226,146 together with associated operating costs of \$23,854 to coordinate the site clean-up and the long-term monitoring. The recommendation would accelerate clean up of this site. The funding for this initiative will come from fees deposited in a special fund by the Oz Entertainment Company.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>250,000</u>
All Funds	\$ --	\$ 250,000

17. Increase Expenditure Limitation on Health Care Database Fee Fund

I amend my budget to increase the expenditure limitation established for the Health Care Database Fee Fund from \$3,000 to \$35,000 for FY 1999. This fee fund finances the operation of the Health Care Database Program under the jurisdiction of the Secretary of Health and Environment and the policy guidance of the Health Care Data Governing Board. The program collects data on the utilization and cost of health services. One of the tasks assigned the program is to collect the data and evaluate the effect of managed care on the health delivery system of Kansas. I amend my budget so that the agency can receive and expend additional private contributions in FY 1999.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>32,000</u>	<u>--</u>
All Funds	\$ 32,000	\$ --

18. Rural and Local Health

I amend my budget to increase the expenditure limitation established on the Office of Rural Health—Federal Fund by \$100,000 for FY 1999. This amount reflects the receipt of a federal Medicare Rural Hospital Flexibility Grant. The Office of Rural and Local Health operates a program that assists Kansas communities in the provision of public health, primary care, and preventive services. It also promotes the development of health care networks among communities, agencies, and health care providers. The grant will provide operating support for the Office and for the Kansas Hospital Association as they develop critical access hospitals and networks throughout the state.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>100,000</u>	<u>--</u>
All Funds	\$ 100,000	\$ --

19. Federal Cancer Registry

I amend my budget to increase the expenditure limitation on the federal fund that finances the Federal Cancer Registry by \$50,000 for FY 1999. This program is undertaken through a contract with the University of Kansas Medical Center. The Medical Center maintains a list on all cancer victims in the state and carries out research using the data gathered. Federal

funds that were not obligated in past fiscal years have become available for use in the current year. The monies will be used to finance operations of the Kansas Cancer Registry Program.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>50,000</u>	<u>--</u>
All Funds	\$ 50,000	\$ --

Commission on Veterans' Affairs

20. Water System Upgrades

I amend my budget to lapse the funding for the water system upgrades at the Kansas Soldiers' Home. In my original budget, I recommended funding of \$200,000 in FY 2000 from the State Institutions Building Fund for upgrade of the current water system at the facility. The system was not meeting the Kansas Department of Health and Environment's standards for nitrate contaminants. However, since my budget was issued, the Department of Health and Environment has indicated that the agency can meet current standards with its available water system resources.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(200,000)</u>
All Funds	\$ --	\$ (200,000)

21. Replace Treatment Building Roof at the Kansas Veterans' Home

I amend my budget to include funding in FY 1999 for replacement of the roof on the Treatment Building at the Kansas Veterans' Home near Winfield. The project requires \$52,000 from the State Institutions Building Fund to replace the roof that received damage from the heavy rains during the past few months.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>52,000</u>	<u>--</u>
All Funds	\$ 52,000	\$ --

22. Energy Conservation Improvements Program at the Kansas Soldiers' Home

I amend my budget in FY 1999 to include \$915,250 from the State Institutions Building Fund to allow for air conditioning, heating, window lighting, and roof upgrades and repairs on five of the major buildings on the Kansas Soldiers' Home campus. In addition to the funding from the State Institutions Building Fund, the facility would participate in the Energy

Conservation Improvements Program (FCIP) to access \$286,098 available funding for the projects. The FCIP funding would be repaid, plus 4.52 percent interest, over an eight-year period starting in FY 2001 through operating savings generated on the campus over that same period.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>915,250</u>	<u>--</u>
All Funds	\$ 915,250	\$ --

Department of Education

23. Enrollment Savings

I amend my budget to decrease funding for school finance by \$8,220,000 in FY 1999 and \$9,258,000 in FY 2000, all from the State General Fund. Current estimates for the amount of supplemental and general state aid to school districts in both FY 1999 and FY 2000 are based on the recently released final assessed valuation data and enrollment growth. My recommendation funds base budgets of \$3,720 in FY 1999 and \$3,755 in FY 2000. The savings in FY 1999 are carried forward to fund the FY 2000 budget.

	<u>FY 1999</u>	<u>FY 2000</u>
General State Aid	\$ (8,045,000)	\$ (8,997,000)
Supplemental State Aid	(175,000)	(260,000)
Capital Improvement State Aid	<u>--</u>	<u>--</u>
Total	\$ (8,220,000)	\$ (9,258,000)

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ (8,220,000)	\$ (9,258,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (8,220,000)	\$ (9,258,000)

Regents System

24. Traditional General Fees Fund Adjustments

I amend my budget to adjust the recommended level of expenditures from General Fees Funds for FY 1999 and FY 2000 at those Regents institutions which are budgeted through the traditional method. My original recommendations have been revised on the basis of the spring semester data on student credit hours and tuition receipts. The adjustments are detailed by year and by institution in the table below. Where there is a positive number, I amend my budget to replace the State General Fund appropriation with additional tuition dollars now estimated to be

available. A negative number indicates a reduction in tuition dollars requiring an additional State General Fund appropriation. The revisions reflect a total increase from the General Fees Funds of \$21,959 in FY 1999 and \$39,165 in FY 2000.

	<u>Available Tuition FY 1999</u>	<u>Available Tuition FY 2000</u>
Univ. of Kansas Medical Center	\$ --	\$ 37,650
KSU—Veterinary Medical Center	34,394	14,637
Emporia State University	(80,726)	(85,301)
Pittsburg State University	--	3,407
Fort Hays State University	<u>68,291</u>	<u>68,772</u>
	\$ 21,959	\$ 39,165
State General Fund	\$ (\$21,959)	\$ (\$39,165)
All Other Funds	<u>21,959</u>	<u>39,165</u>
All Funds	\$ --	\$ --

Kansas State University

25. Authority to Issue Revenue Bonds for Ackert Hall Addition

Kansas State plans to add 62,000 gross square feet to Ackert Hall for additional space for the Biology and Biochemistry Departments and the Center for Basic Cancer Research. Funding for the project was intended to come from Crumbling Classroom bonds (\$7.58 million), private gifts (\$2.3 million) and a federal grant (\$1.52 million). Kansas State has not yet been successful in obtaining the federal monies for the project, but efforts are continuing. In December, the Board of Regents authorized the institution to seek authorization to issue up to \$2.0 million in revenue bonds should the federal funds not be available at the time the construction contracts are signed next fall. The bonds would be repaid with restricted fees. Should federal funds become available prior to signing the construction contract next fall, the University will adjust the bond sale accordingly. In order to make debt service payments on the \$2.0 million, I amend my budget to include \$232,019 from restricted fees for FY 2000.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>232,019</u>
All Funds	\$ --	\$ 232,019

Kansas State University—ESARP

26. Federal Land Grant Funds

Kansas State University has received additional federal funds totaling \$23,207 for the current fiscal year. Agricultural Experiment Station funds are up by \$3,092 and Cooperative Extension System funds are up by \$20,115. I therefore amend my budget to reflect the latest amount of available federal funding for programs in this agency. These additional federal funds will offset State General Fund monies for no net change to the agency's budget.

	FY 1999	FY 2000
State General Fund	\$ (23,207)	\$ --
All Other Funds	23,207	--
All Funds	\$ --	\$ --

Emporia State University

27. Student Recreation Center

I amend my budget to allow the University to expend restricted use monies for architectural services for preliminary and final planning of a student recreation center. In March, Emporia State University students approved a referendum authorizing a student fee to construct a recreation center. Allowing the University to plan the facility in FY 2000 would schedule the facility for completion by October 2001. Suggested proviso language is included below.

() In addition to the other purposes for which expenditures may be made by the above agency from the restricted fees fund for the fiscal year ending June 30, 2000, as authorized by section 67(b) of 1999 senate bill 325, expenditures may be made by the above agency for fiscal year 2000 from the restricted fees fund for preliminary and final planning of a student recreation center: *Provided*, That expenditures for the restricted fees fund for fiscal year 2000 for preliminary and final planning of a student recreation center shall not exceed \$135,000.

Wichita State University

28. Transfer Authority

I recommend that the following authorization be provided to Wichita State University for both FY 1999 and FY 2000 in order to allow the institution to repay a portion of its debt service on energy conservation bonds on behalf of the student union.

() On the effective day of this act, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$99,962 from the restricted fees fund to the state general fund.

() On July 1, 1999, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$96,928 from the restricted fees fund to the state general fund.

Historical Society

29. Security and Fire Alarm System for the Center for Historical Research

I amend my budget to finance costs in FY 2000 to replace the fire alarm and security system at the Center for Historical Research. An analysis of this system performed in the fall of 1998 showed system deficiencies, including non-compliance with Y2K readiness. The State Fire Marshal has informed the Historical Society that it must have a working fire alarm system, or the Center for Historical Research could not remain open to the public. Replacement of this system went out for competitive bid. The Historical Society indicates that the bid submitted in the amount of \$148,006 would be accepted and the new system would be operational within 120 days.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 148,006
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 148,006

Department of Corrections

30. Federal Grant Awards

In December 1998, the Department of Corrections and the Hutchinson Correctional Facility were awarded federal grants in the amounts of \$6,000 and \$500,000, respectively. The funds will be spent over a four-year period. The awards will be used to purchase supplies and equipment for use by special enforcement officers assigned to the Department's Parole Services Program and to implement a drug interdiction program at the correctional facility. I issued an executive directive (No. 99-278) on January 7, 1999, authorizing expenditure of the grant funds and creating new funds titled the "Asset Forfeiture—Federal Fund" for the Department of Corrections and the "Drug Free Demonstration Project—Federal Fund" for the Hutchinson Correctional Facility. The portion of the grants anticipated to be spent in FY 1999 and FY 2000 were not included in *The FY 2000 Governor's Budget Report* because of printing deadlines.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
Asset Forfeiture Fund	6,000	--
Drug Free Demo Fund	<u>285,400</u>	<u>87,220</u>
All Funds	\$ 291,400	\$ 87,220

31. Off-Budget Positions Omitted

I amend my budget to include three off-budget positions, which were mistakenly not added to the Department of Corrections' total reported positions in FY 1999. My budget should be increased by 1.0 FTE position and 2.0 unclassified temporary positions.

32. Shrinkage Rate

In FY 2000, I amend my budget to include federal funds that the Department of Corrections has been awarded under the State Criminal Alien Assistance Program (SCAAP) in the amount of \$1,033,454. The purpose of SCAAP is to reimburse states and local governments for costs incurred as a result of the incarceration of undocumented aliens. I propose that half of the funds, \$516,727, be used to lower shrinkage rates systemwide and the other \$516,727 be used for salaries and wages to decrease State General Fund expenditures by the same amount.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ (516,727)
All Other Funds	<u>--</u>	<u>1,033,454</u>
All Funds	\$ --	\$ 516,727

33. Drug Testing Guidelines

I amend my FY 1999 budget recommendations to include federal funds totaling \$135,000 from the Violent Offender Incarceration and Truth-in-Sentencing Grant Program (VOI/TIS). The funds will be expended for contractual services to automate the Department's drug testing result data. The central automation of the database will improve the Department's efficiency in generating and distributing random test lists and reporting forms and in collecting and reporting the test result data. The state match requirement will be financed within existing appropriations. This is a one-time expenditure.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>135,000</u>	<u>--</u>
All Funds	\$ 135,000	\$ --

34. Razing of Building

I amend my budget to provide the authority for the Department of Corrections to raze the old barber shop building at the Lansing Correctional Facility. The building, which is no longer used by the facility, is in poor condition and is not appropriate for any other use.

35. Legal Assistant

I amend my FY 2000 budget to include \$31,500 for an additional FTE position. Effective January 19, 1999, the Legal Assistant responsible for processing extradition requisitions for Governor's warrants and requests for detainees from other states was transferred from the Governor's Office to the Department of Corrections, with the understanding that additional resources to finance the cost of the position would be provided for FY 2000.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 31,500
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 31,500

36. Capacity Expansion Project

I amend my budget to include \$498,000 for a 100-bed expansion project at Lansing Correctional Facility in FY 2000. The Department of Corrections is currently experiencing an overall increase in the inmate population, as well as an increase in the numbers of medium and maximum custody. Some \$86,606 will come from already budgeted rehabilitation and repair funds (Correctional Institutions Building Fund), while \$17,000 will be financed from LCF's operating budget and Inmate Benefit Fund. The balance, \$394,394, represents federal funds from the Violent Offender Incarceration and Truth-in-Sentencing Grant Program. The anticipated occupancy date is September 1, 1999. My amended budget would also increase State General Fund expenditures to include 6.0 new positions to staff the new housing unit at a cost of \$154,600 and \$143,300 for additional operating expenditures.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 297,900
All Other Funds	<u>--</u>	<u>394,394</u>
All Funds	\$ --	\$ 692,294

37. Consolidated Debt Service Reduction

I amend my budget to reduce \$41,147 from the FY 2000 Department of Corrections budget for State General Fund savings related to the refunding of revenue bonds that were issued to finance costs associated with construction of Ellsworth, El Dorado and Larned Correctional Facilities and the Labette Correctional Conservation Camp (LCCC). As a result, the recommended FY 2000 expenditures for debt service associated with the El Dorado and Larned facilities can be reduced by \$48,747, while the recommended expenditures for debt service associated with the LCCC have to be increased by \$7,600.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ (41,147)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (41,147)

Topeka Correctional Facility

38. Transition Center

I amend my budget to reduce \$36,684 and 2.0 positions from the FY 1999 Topeka Correctional Facility (TCF) budget as well as \$399,965 and 15.0 positions from the FY 2000 budget for savings related to the conversion of TCF's West Unit to a transition center. The agency is withdrawing its request for the conversion. Opposition to the conversion has come from the 1999 Legislature and local Topeka and Shawnee County officials.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ (36,684)	\$ (399,965)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (36,684)	\$ (399,965)

39. Additional Housing for Female Inmates

I amend my budget to include \$131,000 from the State General Fund and 4.0 FTE positions for TCF for FY 2000. The female inmate population has increased over the past several years and is now at capacity. Additional housing will be provided for female inmates by transferring them to the west unit of TCF on the grounds of the former Topeka State Hospital. The male inmates will be transferred to other facilities throughout the state.

With the relocation of male inmates, it will be necessary to utilize female inmates on all work details. This will likely mean that inmates with certain job skills are not available. Without skilled male inmates available, the facility will need 4.0 Facility Maintenance Supervisor positions. The positions will supervise and train inmates during the process of completing projects.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 131,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 131,000

Juvenile Justice Authority

40. Implementation of Community Plans

I amend my budget to provide \$5,310,143 for the implementation of community plans, which will address problems of juveniles in the community setting. The funding would include \$2.0 million for caseload increases, \$1,310,143 for rate increases for out-of-home placements for current and projected needs of juveniles in the agency's custody, and \$2.0 million for new community programs. Funding would come from the State General Fund, with the exception of \$2.0 million for new programs, which comes from the Children's Health Care Program Fund.

New programs will reflect the needs of each community and may range from prevention and support programs to rehabilitation. The \$5,310,143 will be full-year funding and is in addition to the \$7.0 million in new funding that I have already included in the agency's budget for the implementation of community plans in FY 2000.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 3,310,143
All Other Funds	<u>--</u>	<u>2,000,000</u>
All Funds	\$ --	\$ 5,310,143

41. Funding for Purchase-of-Services

I amend my budget to provide supplemental financing of \$800,000 from the Juvenile Detention Facilities Fund for purchase-of-services in the community for juvenile offenders. Included are out-of-home placements and services received by juveniles under supervision at home, such as counseling, day reporting, substance abuse treatment, and GED preparation. This will allow the agency to maintain services through the remainder of the current fiscal year.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>800,000</u>	<u>--</u>
All Funds	\$ 800,000	\$ --

Beloit Juvenile Correctional Facility

42. Reopen Grandview Cottage

I amend my budget to finance the reopening and operation of Grandview Cottage at Beloit Juvenile Correctional Facility for girls. Funding of \$459,090 from the State General Fund will provide \$22,635 for one-time expenditures, \$287,340 for 12.0 FTE staff positions, and \$149,115 for ongoing expenditures, such as utilities, food, textbooks, and medication.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 459,090
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 459,090

Adjutant General

43. Emergency Funding

I amend my budget to remove \$7,635,497 from the Adjutant General's FY 1999 budget, including \$5,941,309 from federal funds and \$1,694,188 from the State General Fund. This decrease represents the amount by which total expenses were overestimated in connection with floods occurring in 1998. Based on information available in December 1998, I included a supplemental appropriation of \$2,313,326 from the State General Fund, which would have matched \$11,098,945 in federal funds. The reductions recommended in this budget amendment reflect the agency's most recent cost estimates to fulfill the emergency needs of Kansas citizens and local governments related to flood damage.

	FY 1999	FY 2000
State General Fund	\$ (1,694,188)	\$ --
All Other Funds	(5,941,309)	--
All Funds	\$ (7,635,497)	\$ --

44. Active Duty Reimbursement

I amend my budget to add \$280,066 to the Adjutant General's budget in FY 1999 to reimburse National Guard members for active duty performed during disasters that took place in Kansas in 1998. Members of the National Guard performed a variety of tasks during these disasters, including rescue, cleanup, and the provision of shelter for citizens. Of this amount, \$70,017 is from the State General Fund and \$210,049 is from federal sources.

	FY 1999	FY 2000
State General Fund	\$ 70,017	\$ --
All Other Funds	210,049	--
All Funds	\$ 280,066	\$ --

Highway Patrol

45. Transfer Excess Funds to State General Fund

I amend my budget to authorize a revenue transfer of \$1.2 million from the Kansas Highway Patrol Motor Vehicle Fund to the State General Fund. This one-time transfer is the result of an accumulation of surplus funds in the KHP Motor Vehicle Fund because of a reduction in the backlog of selling retired patrol vehicles.

Kansas Bureau of Investigation

46. Private Detective Fee Fund

I amend my budget to allow the KBI to expend monies from the Private Detective Fee Fund for the purpose of regulating and licensing private detectives. Monies deposited in this fund are generated from fees charged for licensing private detectives. In addition, 1.0 unclassified temporary position is added to process licenses and renewals. The agency is authorized to expend \$29,839 in FY 1999 and \$42,912 in FY 2000 from the Private Detective Fee Fund to pay the salary of the unclassified temporary position and for other operating expenditures necessary to process the licensing and renewals for private investigators.

	FY 1999	FY 2000
State General Fund	\$ --	\$ --
All Other Funds	29,839	42,912
All Funds	\$ 29,839	\$ 42,912

47. Automated Fingerprint Identification System

I amend my budget to allow the Kansas Bureau of Investigation to move the final payment to Printrak for its automated fingerprint identification system from FY 2000 to FY 1999. Moving this payment will save \$19,632, which would have been paid under the Master Lease Program for interest. The agency budgeted \$455,902 for the payment in FY 2000, but the payment would be \$436,270 if made in FY 1999.

	FY 1999	FY 2000
State General Fund	\$ 436,270	\$ (455,902)
All Other Funds	--	--
All Funds	\$ 436,270	\$ (455,902)

Kansas Sentencing Commission

48. Criminal Justice Information System

I amend my budget to provide state matching funds in the amount of \$160,505 from the State General Fund to leverage \$481,515 in federal funds to continue the implementation of the Criminal Justice Information System (CJIS). The combined state and federal funds will finance the remaining expenses associated with the CJIS core infrastructure. The remaining expenses deal primarily with security firewalls, the backup site for the Automated Statewide Telecommunications and Records Assessment Network (ASTRA), and development of local software applications to accommodate photo-imaging capabilities. The source of the federal financing will be Edward G. Byrne Memorial Grants for criminal justice improvement.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 160,505
All Other Funds	<u>--</u>	<u>481,515</u>
All Funds	\$ --	\$ 642,020

Board of Emergency Medical Services

49. Emergency Medical Services for Children

I amend my FY 2000 budget to include additional expenditure authority of \$249,998 for the Emergency Medical Services for Children Program. The Board received these funds through a federal grant from the Bureau of Maternal and Child Health in the Department of Health and Human Services. They will be used to finance operations of the Emergency Medical Services for Children Program, which began in FY 1997. The purpose of the program is to assess and meet the specific needs of children during emergency medical care before they reach the hospital.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>249,998</u>
All Funds	\$ --	\$ 249,998

Department of Agriculture

50. Pesticide Use Survey

I amend my budget to finance a pesticide use survey in the amount of \$100,000 from the Fertilizer Fee Fund in the Department of Agriculture in FY 2000. This survey will collect information on agricultural urban and suburban pesticide use in Kansas to improve water quality. A need has developed for determining the types and amounts of pesticides used in Kansas, which is driven by the federal Food Quality and Protection Act.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>100,000</u>
All Funds	\$ --	\$ 100,000

Water Office

51. Increase Water Plan Funding for Three Programs

I amend my budget to include \$65,000 from the Water Plan Fund. These monies would provide \$40,000 for a coordinator for the water resource education programs administered at the local level and coordinated by the Water Office. They would also provide \$10,000 to operate a booth at the Kansas State Fair and \$15,000 to provide additional resources to evaluate the effect of water conservation, wellhead protection and non-point source pollution prevention on the quality and quantity of water in the High Plains aquifer. The Water Plan Fund monies to finance these requests became available because of unused funds in existing accounts of the Conservation Commission.

	FY 1999	FY 2000
State General Fund	\$ --	\$ --
All Other Funds	--	65,000
All Funds	\$ --	\$ 65,000

Department of Wildlife and Parks

52. Partnership with Natural Resource Conservation Service

I amend my FY 2000 budget to include additional expenditure authority from the Wildlife Fee Fund of \$65,000 to continue the partnership between the Department of Wildlife and Parks and the Natural Resource Conservation Service (NRCS). This additional expenditure authority will be used to finance one-half of the salaries for 6.0 biotechnician positions. The other half is financed by NRCS. These positions, contracted through a private third party, provide technical assistance in field projects, including assessment of Walk-In Hunting Areas.

	FY 1999	FY 2000
State General Fund	\$ --	\$ --
All Other Funds	--	65,000
All Funds	\$ --	\$ 65,000

53. Lesser Prairie Chicken Habitat Study

I amend my FY 2000 budget to include additional expenditure authority from the Wildlife Fee Fund of \$150,000 to begin a partnership between the Department of Wildlife and Parks and Kansas State University, Department of Biology. This additional expenditure authority will be used to finance part of a study to determine land management strategies that address optimal solutions for improving the habitat of the lesser prairie chicken while maintaining agricultural production standards. In addition to the benefits to Kansas' agricultural producers, this study will assist the Department of Wildlife and Parks in substantiating its opposition to a federal petition to list the lesser prairie chicken as a threatened or endangered

species. Of the total amount, \$20,000 will be used to finance part of an unclassified temporary position. The remaining \$130,000 will finance land management demonstrations and specialized research.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>150,000</u>
All Funds	\$ --	\$ 150,000

54. Grants-in-Aid for Recreational Trails

I amend my FY 2000 budget to include an additional \$800,000 in federal funds for use as grants for developing and maintaining recreational trails. This program will become a component of the Department of Wildlife and Parks' Grants-in-Aid. The recreational trails grant program will provide at least \$760,000 in grants to local governments to develop and maintain recreational trails. The grants will consist of 80.0 percent from the Department, while 20.0 percent in matching funds will be provided by the grant recipients. As specified by federal compliance guidelines, the remaining \$40,000 will finance overhead costs associated with administering the program. It is anticipated that federal funding for this program will continue through federal fiscal year 2003, and all federal funds will be deposited in a sub-account of the Department's existing Federal Grants Fund.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>800,000</u>
All Funds	\$ --	\$ 800,000

Department of Transportation

55. Comprehensive Transportation Plan

I amend my budget to finance additional expenditures in FY 2000 that will be necessary to implement a Comprehensive Transportation Program of the same scope that I initially recommended and which is currently being discussed by the Kansas Legislature. Under current scenarios, additional expenditures necessary to implement the program in FY 2000 would total \$191,303,686, all from highway funds. The recommended expenditures include \$119,598,000 for state highway construction projects, \$16,250,000 for design and construction inspection contracts, \$21,275,161 for local aid payments, \$25,087,000 for new debt service payments, and \$9,093,525 for increases in agency operations. My recommendation also includes 136.0 FTE positions and 1.0 unclassified temporary position.

This recommended increase will offset by \$408.0 million expected expenditures from bond revenues in FY 2000. As I stated in my original recommendations, I endorse the use of bond revenues to finance any proposed Transportation Plan and anticipate that any plan that is

passed by the Kansas Legislature will include some bonding component. The recommended \$408.0 million in bond proceeds will fund a portion of the increased expenditures associated with a Transportation Plan and substantial maintenance and construction expenditures that I have already recommended. Because expenditures from bond proceeds are non-reportable, the adoption of the funding for my recommended Comprehensive Transportation Plan will reduce reportable expenditures from the State Highway Fund by \$216,696,314 in FY 2000. Reflected in the amount for agency operations is \$50,738 to fund my recommended 1.0 percent increase in classified salaries for the new FTE positions.

I further amend my budget to reduce the recommended State General Fund demand transfer by \$39,531,433. This reduction reflects growth of 1.7 percent over the FY 1999 demand transfer amount. This reduction in the demand transfer amount is offset by a corresponding increase in State Highway Fund expenditures to reflect only a change in the funding source and not total expenditures. This change is indicative of current legislative discussions of alternative transportation plans that rely less heavily on the State General Fund in the first two years.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ (39,531,433)
All Other Funds	<u>--</u>	<u>(177,164,881)</u>
All Funds	\$ --	\$(216,696,314)

56. Local Aid

In addition, I amend my budget to include two expenditure increases from the Special City and County Highway Fund. These increases of \$3,621,732 in FY 1999 and \$8,088,323 in FY 2000 reflect disbursements from the fund attributable to increases in the estimates for motor fuels taxes. The original consensus motor fuels estimates were not finalized in time to be included in my budget recommendations.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>3,621,732</u>	<u>8,088,323</u>
All Funds	\$ 3,621,732	\$ 8,088,323

Department of Social and Rehabilitation Services

57. Foster Care

There is a shortfall of \$33.4 million in foster care and adoption services that spans a two-year period. Several factors have contributed to rising contract costs, including higher than estimated case rates, a significant increase in the number of children in foster care in the system, and accumulated debts incurred by the contractors. To fund this shortfall over two years, I amend my budget to shift \$10,000,000 from savings in other SRS programs to this program and

recommend an additional \$8,120,000 from the State General Fund, \$5,280,000 from other federal funds, and an additional \$10,000,000 in TANF dollars.

After internally shifting program savings to finance my amendment, the net amount of monies added to the foster care and adoption services budget would total \$16.9 million in FY 1999 and \$6.5 million in FY 2000. The agency will realize \$2.5 million in savings in the current year and \$1.3 million in FY 2000 from turnover in the Field Operations Program. In addition, the agency will find savings in its family preservation contracts totaling \$6,200,000 in the current year. The combined agency reductions include savings from the State General Fund of \$5.25 million in the current year and \$650,000 in FY 2000.

I also propose the use of an additional \$10,000,000 in TANF funds in FY 1999. In my original recommendation, I provided \$84.5 million in TANF funding over two years for foster care contracts. Unfortunately, the amount of TANF dollars cannot be increased anymore because of the income eligibility requirements. To maximize the use of TANF funding, I recommend that \$10,000,000 be shifted to other eligible programs and services within the Department, freeing up State General Fund dollars to finance costs in the foster care and adoption contracts.

	<u>FY 1999</u>	<u>FY 2000</u>
Field Operations Shrinkage	\$ (2,500,000)	\$ (1,300,000)
Family Services Savings	(6,200,000)	--
Shift SGF Savings to Foster Care	(10,000,000)	--
Shift TANF into Other Programs	10,000,000	--
Foster Care Contracts	15,600,000	5,200,000
Adoption Contracts	<u>10,000,000</u>	<u>2,600,000</u>
	\$ 16,900,000	\$ 6,500,000

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ 3,450,000	\$ 4,670,000
All Other Funds	<u>13,450,000</u>	<u>1,830,000</u>
All Funds	\$ 16,900,000	\$ 6,500,000

58. HCBS/DD Waiver Shortfall

I amend my budget to fund a \$6.0 million shortfall in the HCBS/DD waiver for FY 1999 by increasing expenditures from various fee funds in the state hospitals, which will free up State General Fund dollars for the waiver program. I recommend increasing the expenditure limitation of the Larned State Hospital Fee Fund by \$850,000, the Osawatomie State Hospital Fee Fund by \$1,100,000, and the Rainbow Mental Health Facility Fee Fund by \$200,000. I also increase the federal Title XIX expenditure limitation \$250,000. For each increase in expenditure limitation, a corresponding decrease in State General Fund expenditures will occur. The following tables illustrate these adjustments in funding source.

Larned State Hospital:

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ (850,000)	\$ --
All Other Funds	<u>850,000</u>	<u>--</u>
All Funds	\$ --	\$ --

Osawatomie State Hospital:

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ (1,100,000)	\$ --
All Other Funds	<u>1,100,000</u>	<u>--</u>
All Funds	\$ --	\$ --

Rainbow Mental Health Facility:

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ (200,000)	\$ --
All Other Funds	<u>200,000</u>	<u>--</u>
All Funds	\$ --	\$ --

SRS Mental Health and Developmental Disabilities Commission:

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ 2,150,000	\$ --
All Other Funds	<u>3,850,000</u>	<u>--</u>
All Funds	\$ 6,000,000	\$ --

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>6,000,000</u>	<u>--</u>
All Funds	\$ 6,000,000	\$ --

59. Kansas Covering Kids Project

I amend my budget to provide expenditures of \$700,142 for the receipt of a grant from the Robert Wood Johnson Foundation. The \$350,071 grant will be matched with federal monies to provide outreach strategies to identify children eligible for the Children's Health Insurance program. The Kansas Covering Kids Project will feature face-to-face outreach in nontraditional settings conducted in by trained volunteers. In addition to the statewide initiative, three pilot community efforts will reach out to diverse populations. The Department will contract with the

Kansas Children's Service League for the operation of the Kansas Covering Kids Project. The Department of Social and Rehabilitation Services will monitor the grant and will hire an unclassified temporary Grants Fiscal Officer at \$35,875 to be paid from grant funds.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>700,142</u>
All Funds	\$ --	\$ 700,142

60. HCBS/DD Waiver Waiting List

I amend my budget to add \$2.0 million in tobacco money to the HCBS/DD waiver for FY 2000. Using a 40.0 percent state match rate, the \$2.0 million in state funds will leverage \$3.0 million in federal Medicaid funding. This funding is recommended to provide services to more people through the HCBS/DD waiver.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>5,000,000</u>
All Funds	\$ --	\$ 5,000,000

61. Caseload Adjustments

I amend my budget to reflect changes in caseloads and the cost of aid and assistance programs. These caseload adjustments are the result of consensus caseload estimates that included the staff of the Department of Social and Rehabilitation Services, Legislative Research, and the Division of the Budget. The consensus estimates were limited to Medical Assistance, Temporary Assistance for Families, General Assistance, and Nursing Facilities for Mental Health. This amendment includes a net increase of \$8.0 million in FY 1999, of which \$4.4 million is from the State General Fund. These changes reflect a slight decrease in General Assistance and modest increases in Temporary Assistance for Families and Nursing Facilities for Mental Health. The largest portion of the increased cost is for Medical Assistance, which is estimated to be \$6.9 million higher than previous estimates.

For FY 2000, I amend my budget to reflect a net increase of \$26.3 million in expenditures from all funding sources. Of that amount, \$10.9 million is from the State General Fund. There are again modest increases for Temporary Assistance for Families and Nursing Facilities for Mental Health, a small decrease for General Assistance, and an increase of \$26.5 million for Medical Assistance. In my original budget recommendations, I had included the implementation of a two-tiered pharmacy program in an effort to control costs. This policy change will begin in FY 2000 and reduces the medical estimate by \$3.4 million, of which \$1.4 million is from the State General Fund. As a result, the net increase for Medical Assistance will total \$23.1 million in FY 2000. Contributing factors leading to increases in Medical Assistance are pharmaceutical costs and an increase in the medically needy and disabled populations, which are the most expensive to serve. Additional population growth is anticipated with poverty level

infants and children who were found to be qualified for medical cards after applying for benefits under the Children's Health Insurance Program.

	<u>FY 1999</u>	<u>FY 2000</u>
Temporary Assistance to Families	\$ 900,000	\$ 3,000,000
General Assistance	(190,000)	(190,000)
Medical Assistance	6,940,600	26,467,800
Two-Tiered Pharmacy Plan	--	(3,407,158)
Nursing Facilities for Mental Health	<u>300,000</u>	<u>400,000</u>
Total	\$ 7,950,600	\$ 26,270,642

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ 4,412,100	\$ 10,905,200
All Other Funds	<u>3,538,500</u>	<u>15,365,442</u>
All Funds	\$ 7,950,600	\$ 26,270,642

62. Physically Disabled Waiver

I amend my FY 2000 budget to include an additional \$2.5 million for the expansion of home and community based services in the physically disabled waiver program. My recommendation includes \$1.0 million in tobacco monies, which would be matched with \$1.5 million in Medicaid funds. The program provides community alternatives to nursing homes for individuals between the ages of 16 and 64.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>2,500,000</u>
All Funds	\$ --	\$ 2,500,000

University of Kansas Medical Center

63. Tele-Kidcare

In my original budget recommendations, I included \$255,541 from tobacco settlement monies for the University of Kansas Medical Center's new Tele-Kidcare Program. The Legislature removed funding for the program. Because of the positive consequence this initiative will have on children's health across the state, I now amend my budget to fund this program from the State General Fund, rather than from the Children's Health Care Programs Fund.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 255,541
All Other Funds	<u>--</u>	<u>(255,541)</u>
All Funds	\$ --	\$ --

Selected Agencies

64. Tobacco Settlement Funds

The most current information is that the tobacco settlement proceeds will not be available to the state at the time originally anticipated. The budget recommendations I presented at the beginning of this legislative session, after adjusting for what the federal government was expected to claim to recoup tobacco-related Medicaid costs, assumed that \$8.0 million would be received in FY 1999 and \$21.2 million in FY 2000. In accordance with 1998 SB 424, I recommended \$14.6 million from the Children's Health Care Program Fund, or half of the amount available, for initiatives in FY 2000 that I believe are vital to the health and education of our children. In addition, I recommend \$2.0 million for the HCBS waiver, \$1.0 million for the HCBS/DD waiver, and \$2.0 million for new community programs in JJA. I recommend subtracting \$255,541 for Tele-Kidcare and funding that program out of the State General Fund.

In order to keep my commitment to these programs, I amend my FY 2000 budget to transfer \$19,344,459 from the State General Fund to the Children's Health Care Program Fund until the tobacco settlement funds are forthcoming in FY 2001. When the tobacco funds are received, a reverse transfer will restore the "borrowed" funds to the State General Fund. In this way expenditures for the children's initiatives can move forward in the same manner as I originally proposed. At the same time, State General Fund receipts need to be reduced to reflect the fact that the \$19,344,459, representing the other half of the tobacco funds for government operations, will not be received in FY 2000. The following proviso language is suggested to implement this amendment.

() On July 1, 1999, or as soon thereafter as monies are available, the director of accounts and reports shall transfer \$19,344,459 from the state general fund to the children's health care program fund.

() On July 1, 2000, or as soon thereafter as monies are available, the director of accounts and reports shall transfer \$19,344,459 from the children's health care program fund to the state general fund.

65. Retirement Reductions

I amend my budget to reduce expenditures in various agencies in FY 1999 and FY 2000 to reflect savings resulting from retirement reductions. In FY 1999, savings from retirements in addition to the amounts included in my original budget recommendations total \$587,562, of which \$311,006 is from the State General Fund. Full-year salary savings in FY 2000 for positions that were eliminated through the retirement reduction process total \$1,363,425, including \$655,622 from the State General Fund. A total of 42.0 FTE positions will be reduced

for FY 2000 that have occurred to date in FY 1999. The amounts by agency are contained in the attachment following this memorandum.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ (311,006)	\$ (655,622)
All Other Funds	<u>(276,556)</u>	<u>(707,803)</u>
All Funds	\$ (587,562)	\$ (1,363,425)

Attachment for
Retirement Reductions

Agency	FY 1999		FY 2000		
	SGF	All Funds	SGF	All Funds	FTE
Department of Administration	\$--	\$--	\$--	\$--	(2.0)
Kansas Corporation Commission	--	(12,020)	--	(30,148)	(1.0)
Kansas Human Rights Commission	(6,618)	(10,139)	(29,537)	(44,066)	(1.0)
Dept. of Revenue	(32,142)	(36,279)	(66,855)	(101,492)	(3.0)
Social and Rehabilitation Services	(21,374)	(65,841)	(72,832)	(180,031)	(5.5)
Kansas Neurological Institute	(13,266)	(13,266)			
Larned State Hospital	(30,572)	(30,572)	(21,743)	(21,743)	(1.0)
Osawatomie State Hospital	(13,333)	(26,665)	(16,546)	(33,092)	(1.0)
Parsons State Hospital & T.C.	(2,990)	(8,544)	(7,707)	(22,019)	(1.0)
Rainbow Mental Health Facility	(13,558)	(26,735)	(13,601)	(27,201)	(1.0)
Dept. of Human Resources	--	(27,792)	--	(58,484)	(1.0)
Kansas State University	(20,596)	(25,198)	(53,193)	(71,164)	(3.0)
KSU--Vet Med	(6,879)	(6,879)	(27,618)	(27,618)	(1.0)
Pittsburg State University	(3,004)	(3,004)	(13,378)	(13,378)	(0.5)
KU Med Center--Education	(13,416)	(13,416)	(66,994)	(66,994)	(2.0)
Wichita State University	(13,753)	(13,753)	(71,802)	(71,802)	(2.0)
Dept. of Education	(13,000)	(23,402)	--	(51,135)	(1.0)
School for the Blind	(17,828)	(17,828)	(20,476)	(20,476)	(1.0)
Lansing Correctional Facility	(1,063)	(1,063)	(37,638)	(37,638)	(1.0)
Larned MH Correctional Facility	(5,058)	(5,058)	(28,780)	(28,780)	(1.0)
Winfield Correctional Facility	(25,002)	(25,002)	(33,502)	(33,502)	(1.0)
Adjutant General	(4,093)	(37,607)	(5,613)	(57,638)	(2.0)
Highway Patrol	(39,993)	(56,727)	(40,597)	(40,597)	(1.0)
Dept. of Agriculture	(13,468)	(14,282)	(27,210)	(28,612)	(1.0)
Department of Transportation	--	(86,490)	--	(295,815)	(7.0)
Statewide Total	(\$311,006)	(\$587,562)	(\$655,622)	(\$1,363,425)	(42.0)