

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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## (REVISED) ITEMS FOR OMNIBUS CONSIDERATION

### State Fire Marshal

**A. SB 135 (Law).** SB 135 transfers responsibility for administering the Boiler Safety Act to the State Fire Marshal from the Department of Labor. The transfer includes the Boiler Inspection Fee Fund and 7.0 FTE positions, which will continue to be paid from the Boiler Inspection Fee Fund. The Boiler Inspection Fee Fund is funded through boiler inspection fees and the Department of Labor estimated receipts of \$566,238 in FY 2013. Additionally, the Fire Marshal has indicated the current Boiler Inspection Program has five vehicles; however, four vehicles will be transferred to the Fire Marshal to be used by the boiler inspectors. The Fire Marshal has estimated additional expenditures of \$560,739 in FY 2014 and \$540,129 in FY 2015. The estimates do not include any additional expenditures for vehicles.

**B. HB 2167 (Law).** Senate Sub. for HB 2167 adds administrative procedures to the Kansas Fireworks Act. The bill recodifies two sections of law regarding bottle rockets by adding these provisions to the Kansas Fireworks Act, and modifies provisions regarding the sale of bottle rockets. The bill allows the possession, transportation, and sale of bottle rockets within Kansas by persons or manufacturers licensed by the State Fire Marshal.

A portion of the changes to the administrative provisions on the sale of bottle rockets provides for non-civil penalty proceedings under the Kansas Fireworks Act to be conducted in accordance with Kansas Administrative Procedures Act and establishes the Explosives Regulatory and Training Fund for receipt of those penalties. In order to expend those funds the Legislature would have to appropriate the Explosives Regulatory and Training Fund.

### Kansas State Fair

**A. Review the availability of Expanded Lottery Act Revenue Dollars for the State Fair Capital Improvement Fund for FY 2014 and FY 2015 (Senate Committee).** The agency requested an enhancement of \$1,383,793, all from the State General Fund, to be used as matching funds for the State Fair Capital Improvement Fund. The State Fair Board is required by statute to set aside a percentage of gross revenues each year for the State Fair Capital Improvement Fund. The State is then statutorily required to match the amount set aside by the agency, up to \$300,000. The State has not consistently complied with the statutory requirement to contribute matching funds to the State Fair Capital Improvement Fund over the years, resulting in a fund deficit of \$1.4 million dollars. The match for FY 2014 has been recommended by the conference committee, the match for FY 2015 has not been recommended by either chamber. The current projected ending balance in the Expanded Lottery Act Revenue Fund for FY 2014 is a negative \$1.7 million.

## Kansas Department of Health and Environment – Division of Environment

**A. Sub. for HB 2183 (Law).** HB 2183 creates the Office of Laboratory Services Operating Fund, a new fee fund to receive fees from various analyses that the Kansas Department of Health and Environment Laboratories Bureau performs. Prior to passage of the bill, any fees collected by the agency were deposited into the State General Fund. With the passage of Senate Sub. for HB 2183, those fees will be deposited into the new Office of Laboratory Services Operating Fund as a designated source of funding for the laboratory. The fees for the tests will be set through rules and regulations, as authorized in the bill. The agency requests at this time to have the Fund appropriated by the Legislature so that it will be in place once rules and regulations have been finalized.

### Attorney General

**A. Plan for Distribution of County Law Enforcement Equipment Fund (House and Senate Committee).** The House Committee recommended the transfer of \$50,000 from the County Law Enforcement Equipment Fund to the State General Fund for FY 2014 and a transfer of \$30,000 from the fund to the State General Fund for FY 2015. The Conference Committee on Senate Sub. for HB 2143 has tentatively agreed to not transfer the funding in either year, leaving a projected ending balance of \$191,140 for FY 2014, and \$221,240 for FY 2015. The agency's budget request did not include any expenditures from the no-limit fund in either fiscal year and the Governor's recommendation also does not include any expenditures. The agency indicates that it believed it could not distribute the funding without a more direct authorization from the Legislature to do so. Pursuant to KSA 75-7c13, grants from the fund are to be used only to fund grants to sheriffs' departments for purchases of law enforcement equipment other than motor vehicles. The grants are to be based on applications submitted by sheriffs' departments that demonstrate the need for the equipment for which the grant is sought and demonstrate that grant moneys will not be used to supplant existing funding of the recipient sheriff's department. Revenue in the fund comes from a transfer from the Concealed Handgun Licensure Fund of the Attorney General. Both the House and Senate Committees requested that the agency develop a plan for expenditure of the grant funds and present that plan during Omnibus.

The Office of the Attorney General now indicates it will begin to grant these funds during FY 2014 pursuant to law. The agency indicates that to administer this program, the Office of the Attorney General will make available to all eligible grantees an application form loosely modeled on the federal BYRNE/JAG application that has been in standard use for years and is familiar to law enforcement agencies. The Office of the Attorney General then will receive the submitted applications pursuant to an established deadline.

The Attorney General will request, pursuant to K.S.A. 74-9501(e)(3), that the Criminal Justice Coordinating Council review the submitted grant applications and recommend which should be funded with available funds. Assuming the Council agrees to perform this task, the Attorney General will distribute the funds pursuant to the recommendations of the Criminal Justice Coordinating Council. The agency indicates that because the Criminal Justice Coordinating Council is the state entity that reviews law enforcement grant applications for federal BYRNE/JAG funds, it is well equipped to make a similar review for this separate grant program.

**B. SB 59 (Law).** SB 59 authorizes the Attorney General to offer rewards not to exceed \$5,000 to any person who furnishes information which leads to a conviction or judgment in favor of the state for violations of the Medicaid Fraud Control Act, False Claims Act, or other laws protecting the public treasury. The Attorney General notes that expenditures would vary based on the number of tips that

result in successful judgments or recoveries. From 2008 to 2012, the Attorney General's Medicaid Fraud and Abuse Division received 147 referrals from non-law enforcement agencies, which resulted in 50 cases being filed, an average of ten cases a year. It is expected the offer of a reward would double the number of referrals and successful case filings. If 20 tips per year were awarded with an average reward of \$2,500, the total expenditures would be \$50,000 per year. The Attorney General also estimates that revenues could increase by \$162,800 per year.

**C. SB 75 (Law).** SB 75 prohibits anyone from paying cash when buying plastic bulk merchandise containers. For each transaction, a record of the method of payment would have to be made. When purchasing five or more plastic bulk containers from the same person, information must be collected including proof of ownership, contact information, personal identification, and description of the containers. Any person who violates this act would be liable for a civil penalty of \$10,000 for each violation. Any civil penalty sued for and recovered by the Attorney General would be deposited in the State General Fund. Any civil penalty sued for and recovered by a county or district attorney would be deposited in the county general fund.

The Attorney General's Office estimates it would cost \$1,000 to \$5,000 in staff time and other resources per case to pursue violations of this act. It is estimated there could be ten cases per year at a cost of \$10,000 to \$50,000. The civil penalty sued for and recovered by the Attorney General would go to the State General Fund. Using the estimate of ten cases per year at \$10,000 per case, the recovery would be \$100,000. The act does not contain a provision allowing the Attorney General's office to recover investigative costs from violators. The Attorney General would have to evaluate the number of actual cases to determine the additional number of positions that could be required to enforce the act. The Attorney General is requesting expenditure authority of \$25,000 for each of FY 2014 and FY 2015 to enforce the act.

**D. SB 102 (Law).** SB 102 establishes the Second Amendment Protection Act. The bill excludes from federal regulation any personal firearm, firearm accessory, or ammunition manufactured commercially or privately and owned in Kansas. The bill provides that for as long as any such personal firearm, firearm accessory, or ammunition remains within the borders of Kansas, it is not subject to any federal law, regulation, or authority. The bill also prevents any federal agent or contracted employee, any state employee, or any local authority from enforcing any federal regulation or law governing any personal firearm, firearm accessory, or ammunition manufactured commercially or privately and owned in Kansas, provided it remains within the borders of Kansas. In the process of a criminal prosecution, the bill precludes any arrest or detention prior to a trial for a violation of the Act. Finally, the bill allows a county or district attorney or the Attorney General to seek injunctive relief in court to enjoin certain federal officials from enforcing federal law regarding a firearm, a firearm accessory, or ammunition that is manufactured commercially or privately and owned in the state of Kansas and that remains within the borders of Kansas.

The Attorney General states that the fiscal effect of this bill would relate solely to defending legal challenges. Costs from the Tort Claims Fund are estimated at \$25,000 in FY 2013, and up to \$100,000 for each of FY 2014 and FY 2015.

**E. SB 149 (Law).** SB 149 authorizes the screening of applicants or recipients of cash assistance programs or Unemployment Insurance (UI) benefits, for unlawful use of controlled substances or unlawful controlled substances. The Secretary of the Department for Children and Families (DCF) must establish a drug screening program by January 1, 2014, for applicants or recipients of cash assistance.

Individuals would be screened whenever there is a reasonable suspicion the person is using a controlled substance. Should an individual's screening test be positive, the person may request an additional test at a different drug testing facility. The person must pay for that test and will be reimbursed if the second test results are negative. If the results of a screening test are positive, the person must complete a substance abuse treatment program and a job skills program. A person who fails or refuses to complete either program is ineligible for benefits. If a person tests positive a second time, cash assistance benefits terminate for 12 months or until both the substance abuse treatment program and the job skills program are completed a second time, whichever occurs later. The Attorney General estimates potential increased tort claims expenditures of up to \$150,000 for FY 2014, and \$100,000 for FY 2015 related to the bill. SB 149 also includes a fiscal impact to the Department for Children and Families.

**F. Senate Substitute for HB 2022 (Law).** Senate Sub. for HB 2022 revises the purposes for certain payroll deductions from the paychecks of private or public employees. Specifically, the bill revises the Professional Negotiations Act and the Public Employer-Employee Relations Act (PEERA) by defining and restricting the partisan or political purposes of professional employees' organizations (PEOs) and public employee organizations. The Attorney General estimates potential increased tort claims expenditures of up to \$150,000 for FY 2014, and \$100,000 for FY 2015 related to the bill.

**G. HB 2201 (Law).** HB 2201 removes Kansas Corporation Commission (KCC) regulation of telecommunications carriers and electing carriers except in specific instances. The Attorney General estimates that reduced KCC regulation will lead to increased complaints to its Consumer Protection Division, and is requesting a total of \$100,000 from the State General Fund and 2.0 FTE positions (1.0 FTE Investigator, and 1.0 FTE clerical position) in both FY 2014 and FY 2015 to respond to the increased complaints.

**H. HB 2253 (Law).** HB 2253 prohibits certain abortions related to the gender of the unborn child, revises the general and late-term abortion statutes, and declares that the life of each human being begins at fertilization. The Attorney General estimates potential increased tort claims expenditures of up to \$250,000 for FY 2014 and FY 2015 related to the bill.

**I. Substitute for HB 2024 (Law).** Sub. for HB 2024 enacts the Kansas Roofing Contractor Registration Act which is made part of the Kansas Consumer Protection Act. The Attorney General administers the provisions of the bill. The bill requires a roofing contractor to obtain a registration certificate from the Attorney General for a fee not to exceed \$500. The bill also requires the Attorney General to receive complaints, make investigations and examine the registrant's operations, books and records. Cost of investigation, examination and administration are to be paid by the applicant, licensee or registrant.

The Attorney General also is required to establish through the internet or other technology a verification system or direct access system for confirming roofing contractor registration certificates. The system would include the notation of each complaint received against an individual roofing contractor, such roofing contractor's response to each complaint by noting whether the roofing contractor admits or denies the allegation, any court disposition of a complaint, if known, and any adjudication of a violation of the provisions of this act. In addition, the system may include a notation for any conviction of a criminal violation in this state, another state, or the United States when disclosed by a criminal history records search on the individual roofing contractor.

The Attorney General states that the implementation of Substitute for HB 2024 would require increased expenditures of \$266,000, all from special revenue funds and 2.0 additional FTE positions

to support all of the research, internet, monitoring, investigative and enforcement actions for FY 2014. The estimated cost for each position would be \$58,000 for a total of \$116,000, all from special revenue funds, annually. The initial cost for setting up the website, developing forms and procedures is estimated to be \$150,000 for FY 2014. Fees associated with the bill could be set to cover the costs of operating the program. Expenditures for FY 2015 are estimated at \$116,000, all from special revenue funds to continue expenditures for the 2.0 FTE positions. The bill also establishes the Roofing Contractor Registration Fund, which would have to be appropriated to allow the agency to expend the funds it collects.

**J. Senate Substitute for HB 2034 (Law).** Senate Sub. for HB 2034 creates or amends several statutes related to the issue of human trafficking. The bill authorizes the Attorney General, in conjunction with other appropriate state agencies, to coordinate training regarding human trafficking for law enforcement agencies throughout the state and would designate the Attorney General's Human Trafficking Advisory Board as the official human trafficking advisory board of Kansas. The bill also establishes the Human Trafficking Victim Assistance Fund, which will be funded by the collection of fines imposed as described in the following paragraphs. The funds will be used to pay for training provided and support care, treatment, and other services for victims of human trafficking and commercial sexual exploitation of a child.

The bill requires a notice offering help to victims of human trafficking to be posted on the official websites of the Attorney General, Department for Children and Families (DCF), and the Department of Labor, providing information to help and support victims of human trafficking, including information about the National Human Trafficking Resource Center Hotline. The Secretary of Labor is required to consult with the Attorney General and create an education plan to raise awareness among Kansas employers about human trafficking, the hotline, and other resources. The Secretary of Labor is required to report progress to the House and Senate Judiciary Committees on or before February 1, 2014.

The Attorney General estimates that total fine revenue of \$636,000 would be remitted to the Human Trafficking Victim Assistance Fund in FY 2014. The revenue would be applied to an equal amount of costs in FY 2014 to provide training to law enforcement; address expected increased technical assistance requests from local jurisdictions; coordinate and process the disbursement of funds to victim service agencies; coordinate and administer the Human Trafficking Advisory Board; and provide victim-witness coordination for human trafficking victims in cases handled by the Attorney General's Office. A portion of the funds would be used for grant awards to victim service agencies. The Attorney General indicates that providing these services would also require 2.0 FTE positions. It is expected that both revenue and expenditures would increase to \$1,272,000 for FY 2015 and require the continuation of the same 2.0 FTE positions requested for FY 2014. Of the total expenditures requested for FY 2014, \$218,000 would be used for agency operations and \$418,000 would be used for grants to victim services agencies. For FY 2015, \$218,000 would be used for agency operations, and the remaining \$1.1 million would be used for grants to victims service agencies. The Human Trafficking Victim Assistance Fund, created by the bill, would need to be appropriated to authorize the agency to expend funds.

The bill also has a fiscal impact to the Department for Children and Families.

## Office of the Governor

**A. Commissions on Hispanic and Latino Affairs, African American Affairs, and Disability Concerns, and Native American Liaison (House Committee).** The House Committee recommended that consideration be given to whether these Commissions are appropriately located in the Office of the Governor or should be relocated to the Human Rights Commission.

The Hispanic and Latino American Affairs Commission, originally established in 1974, is a seven-member body appointed by political leaders in Kansas. The Commission serves as a liaison between the Kansas Hispanic and Latino community and the Office of the Governor. The Commission addresses public policy concerns primarily in the areas related to education, health, and business. The Commission also works with the Kansas Hispanic and Latino American Legislative Caucus as well as other state agencies with a goal of improving the lives of all Kansans. Prior to 2004, the Commission was attached to the Kansas Department of Human Resources (now Department of Labor). The Governor recommends expenditures for the Commission of \$139,050, all from the State General Fund for FY 2014, and \$139,170, all from the State General Fund, for FY 2015.

The Kansas African American Affairs Commission (KAAAC) is a seven-member body with members appointed by the Governor, the President of the Senate, the Senate Minority Leader, the Speaker of the House and the House Minority Leader. KAAAC was created by the passing of House Bill 2444 during the 1997 Legislative Session. In 2004 the KAAAC was moved from the Department of Human Resources to the Office of the Governor. According to the agency, this change allows the Commission to serve officially as the Governor's liaison to the African American communities throughout the state. The Governor recommends expenditures for the Commission of \$139,140, all from the State General Fund for FY 2014, and \$139,262, all from the State General Fund, for FY 2015.

Executive Reorganization Order No.35 moved the Commission on Disability Concerns from the Department of Commerce to the Governor's Office at the start of FY 2012. The Kansas Commission on Disability Concerns works to develop awareness, understanding, collaboration and advocacy with business partners to reduce barriers to employment for people with disabilities. The Commission advises the Governor and Legislature on policy changes that need to be made within Kansas government. The Governor recommends expenditures for the Commission of \$188,434, all from the State General Fund for FY 2014, and the same amount, all from the State General Fund, for FY 2015.

The Governor appointed a staff member to serve in the role of Native American Affairs Liaison in the summer of 2011. Kansas is home to four Native American Indian tribes: the Kickapoo Tribe in Kansas, the Prairie Band Potawatomi Nation, the Sac and Fox Nation of Missouri in Kansas and Nebraska and the Iowa Tribe of Kansas and Nebraska. Among his responsibilities, the Liaison is to ensure that Native American concerns and needs are addressed in state policy making decisions as well as coordinate intergovernmental communications between tribal governments and the Governor's Office, other state agencies, and other Native American organizations. The Governor recommends expenditures for the Native American Affairs Liaison of \$107,107, including \$37,120 from the State General Fund for FY 2014, and \$107,169, including \$37,182 from the State General Fund, for FY 2015.

## Secretary of State

**A. Review the Addition of Funding for Proposed Constitutional Amendments (House Committee).** The House Committee noted that a number of proposed Constitutional amendments

were under consideration by the Legislature and the potential costs for FY 2015 for publishing those proposed amendments would vary depending on which amendments were passed. To date, no proposed amendments have passed the Legislature.

## **Kansas Department of Transportation**

**A. Legislation Designating Memorial Highways.** The agency is requesting an operating expenditure increase totaling \$8,460, all from the State Highway Fund, for FY 2014, for installation and future maintenance of signage related to the following pieces of legislation:

- **HB 2269 (Law).** HB 2269 designates a portion of K-92, from the junction of K-92 and 94th Street in Jefferson County south to the northern boundary of McLouth, as the John Bower Memorial Highway. According to testimony, Mr. Bower served 24 years in the House of Representatives, beginning in 1952, and was for many years chairperson of the Education Committee. He died in 2012 at age 100. The bill also would remove from that portion of K-92 the designation of the 95<sup>th</sup> Division, The Iron Men of Metz. The bill requires the Secretary of Transportation to place suitable signs to indicate the designation when the Secretary has received moneys from gifts and donations to reimburse the Secretary for the initial costs of the signs plus an additional 50 percent of the initial cost to defray future maintenance or replacement costs. The agency requests an expenditure limitation increase of \$3,880 for this project.
- **HB 2357 (Law).** HB 2357 designates a portion of US-169, from the City of Coffeyville north to the junction of US-169 and 3000 Road in Montgomery County, as the 242nd Engineer Company – KS Army National Guard – Highway. According to testimony, the Company's service has included two deployments to Iraq and many missions to assist Kansans dealing with natural disasters, such as a blizzard, the Greensburg tornado, and major flooding in southeast Kansas all in 2007. The bill requires the Secretary of Transportation to place suitable signs to indicate the designation when the Secretary has received moneys from gifts and donations to reimburse the Secretary for the initial costs of the signs plus an additional 50 percent of the initial cost to defray future maintenance or replacement costs. The agency requests an expenditure limitation increase of \$4,580 for this project.

## **Board of Cosmetology**

**A. Review the agency's return on investment report regarding the specific benefits to the agency for its two year information technology upgrade enhancement request of (House Committee).** The agency's original enhancement request of \$350,000 for FY 2014 and \$100,000 for FY 2015 is to improve current information technology in order to allow the agency to upgrade the electronic licensing management system. The agency states the current licensing database system has underperformed as a result of system errors, inconsistencies, inadequate staff training availability, and a lack of system upgrades. According to the agency's report, the Office of Information Technology Services stated implementation of a new software system would prevent OITS from providing technological support. The Board of Cosmetology decided to upgrade the current system to receive support from OITS. The Department of Agriculture has purchased a similar database system for more conformity among state agencies. The agency still awaits an official cost estimate from the company. Based off an estimate from another state agency, the Board estimates the database upgrade would cost \$75,316 plus the annual support and software maintenance fee ranging from \$20,000 to over \$50,000.

The agency also requests an electronic conversion upgrade to convert all files to digital. The agency does not currently have an electronic filing system. The agency estimates this cost at over \$330,000 and indicates that it will require a multi-year process to complete the conversion. According to the agency's report, the agency will continue to expend more time and resources maintaining the current inefficient system until an upgrade is made.

## **Home Inspectors Registration Board**

**A. SB 37 (Vetoed).** SB 37 repeals the sunset that would have caused the Kansas Home Inspectors Professional Competence and Financial Responsibility Act to expire on July 1, 2013. Established by the 2008 Legislature, the Board was created to administer and enforce the provisions of the Home Inspectors Professional Competence and Financial Responsibility Act, KSA 58-4501 through 58-4514, promote consumer protection, ensure professional competency and ensure the presence of a viable home inspection industry in the state. Veto of this bill will allow for the termination of the Kansas Home Inspectors Professional Competence and Financial Responsibility Act and elimination of the Home Inspectors Registration Board on July 1, 2013. The Board currently has 0 FTE positions and a budget of \$15,007 in FY 2013.

## **Kansas Department of Labor**

**A. Review the agency's evaluation on the current status of the Unemployment Insurance (UI) Modernization Project (House Committee).** The agency began updating the UI computer system in FY 2008. The agency spent a total of \$27.2 million on the project between FY 2009 and 2012. The project was never finished and the agency states it has \$1.2 million remaining in the original funding for the UI Modernization project. According to the agency's report, the project upgraded two-thirds of the UI Contributions system. Upgrades to UI Benefit's systems were slated for release as part of a critical system update in the spring of 2011 but were never deployed. The Benefits department continues to operate its own separate mainframe since the upgrades took place. This requires the agency to expend additional time and money to keep both systems synchronized between Contributions and Benefits to determine proper monetary benefits for claimants among other responsibilities.

## **Real Estate Commission**

**A. Review the agency's expenditures contingent upon the passage of HB 2125 (House Committee).** HB 2125 increases the fee limit for original and renewal licenses for both sales persons and brokers by \$50 beginning in FY 2013. HB 2125 was passed by the House and is on General Orders in the Senate where no final action has yet occurred. During Conference Committee, the House adopted the Senate position to increase expenditures by \$76,885 for FY 2014 and \$87,226 for FY 2015 for the Commission. The Governor's budget recommendation does not include a fee increase and did not increase expenditures. The Governor's budget recommendation projects an ending balance of \$6,018 for FY 2015. This Fee Fund cannot spend more money than the funding that is available in the fund.



## State Library

**HB 2109 (Law).** HB 2109 creates the Children's Internet Protection Act, requiring technology protection measures be implemented and enforced at both the school district and public library levels. The bill defines "technology protection measure" as any computer technology or other process that blocks or filters online access to visual depictions. The term "visual depictions" is tied to the definition of the same term contained in the Kansas statute dealing with the crime of sexual exploitation of a child.

According to the State Library of Kansas, passage of HB 2109 would require additional expenditures of \$89,369, all from the State General Fund, for FY 2014. The agency's estimate includes hiring 1.0 FTE position to oversee implementation of the Act in public libraries and provide ongoing oversight and support, 1.0 temporary position for an attorney, additional equipment, and travel costs. The agency's estimate also assumes it would have to fund the costs of 7.0 positions incurred by the regional library systems to oversee the program and facilitate and assist in public library compliance. The funding for the regional libraries result in additional expenditures of \$428,953, all from the State General Fund. The fiscal note submitted by the Division of the Budget does not believe funding for the regional libraries would be necessary. School districts and local libraries would determine the most efficient means to address the bill's requirements in their localities.

## Board of Indigents' Defense Services

**A. Assigned Counsel Caseload Estimate.** During the fall of 2012, the agency, the Division of the Budget, and the Legislative Research Department developed a caseload estimate for the Assigned Counsel Program of \$8.6 million, all from the State General Fund, for FY 2013. The October 2012 estimate was reduced from \$9.0 million to \$8.6 million to reflect reduced growth in assigned counsel between FY 2011 and FY 2012. Between FY 2011 and FY 2012 the Assigned Counsel Program had an hourly growth rate of 2.8 percent and a reduction in assigned counsel expenses of 1.2 percent.

The consensus caseload revised estimate for FY 2013 developed this April is \$9.2 million, an increase of \$600,000 above the FY 2013 Governor's recommendation due to a growth in hours billed of 7.9 percent and expenses of 18.4 percent. The caseload estimates continue to reflect a reduction in the pay rates established for Assigned Counsel from \$80 per hour to \$62 per hour.

The revised estimate for FY 2014 is \$10.0 million, an increase of \$800,000, or 8.7 percent above the FY 2013 projected amount which assumes the four year average growth rate for assigned counsel expenditures. The revised estimate is an increase of \$1.3 million above the Governor's recommendation, which was based on the October consensus caseload estimate.

The revised estimate for FY 2015 is \$10.0 million, the same as the FY 2014 projected amount. The revised estimate is an increase of \$1.3 million above the Governor's recommendation, which was based on the October consensus caseload estimate.

## Judicial Branch

**A. HB 2303 (Conference).** HB 2303 would rename the Kansas Department of Health and Environment's (KDHE) Driving Under the Influence Equipment Fund and would require KDHE to establish and maintain breath alcohol programs, using the money in the fund for this purpose. Additionally, the bill would increase driver's license reinstatement fees for the first and subsequent occurrences of driving under the influence (DUI) violations.

In addition to renaming the DUI Equipment fund, the bill also creates the Kansas Bureau of Investigation Forensic Laboratory and Materials Fee Fund in the Kansas Bureau of Investigation which would have to be appropriated to allow the agency to expend the funds from reinstatement fees deposited.

The Senate has adopted the Conference Committee Report on HB 2303 and the House has not yet voted on the Conference Committee Report.

The bill would amend how the total revenue generated from these fees is distributed. On and after July 1, 2013, through June 30, 2017, the bill designates 33.0 percent, approximately \$1.5 million per fiscal year, of the total amount to go to the Judicial Branch's Nonjudicial Salary Adjustment Fund, which currently receives no portion of the total revenue generated from reinstatement fees. The Judicial Branch has indicated that these funds would be used to fund salary increases for non-Judicial personnel.

**B. HB 2204 (Conference).** HB 2204 would extend, for two years, the judicial surcharge the Legislature authorized in 2010 Senate Sub. for HB 2476 to fund non-judicial personnel. In FY 2012, the Judicial Branch surcharge generated \$10.4 million; in FY 2013, the Judicial Branch estimates it will generate \$10.2 million in receipts. The passage of the bill would continue the surcharge revenue for FY 2014 and FY 2015 and direct it to the Judicial Branch Docket Fee Fund. The agreed conference position on HB 2231 and HB 2143, the appropriations bills, lapses \$11.1 million from the Judicial Branch State General Fund Operations Account contingent upon the passage of the Judicial Branch Surcharge.

The Senate has adopted the Conference Committee Report on HB 2204 and the House has not yet voted on the Conference Committee Report.

## **Kansas Lottery**

**A. Expanded Lottery Act Revenue Fund (Revenue Estimate).** For FY 2013, the consensus revenue estimating group projects expanded gaming revenue of \$79,206,000 from the full year operations of the three state-owned casinos. The estimate for FY 2013 was decreased by a total of \$300,000 from the estimate made in October 2012. The decrease is attributable to an estimated reduction of \$2.3 million in revenue at the Dodge City Casino and an estimated reduction of \$900,000 at the Kansas Star Casino in Mulvane, both of which are partially offset by an estimated increase of \$2.9 million in revenue for the Hollywood Casino in Wyandotte County. The adjusted total revenue results in a reduction of \$84,000 to the Expanded Lottery Act Revenues Fund and \$6,000 to the Problem Gambling and Addictions Grant Fund in FY 2013.

For FY 2014, the consensus group projects expanded gaming revenue of \$83,926,000 from the full year operations of the three state-owned casinos. The estimate for FY 2014 was decreased by a total of \$6,900,000 from the estimate made in October 2012. The revised estimates reflect an increase from FY 2013 to FY 2014 at all three facilities; however, the estimates are projecting slower growth for the Kansas Star Casino and the Dodge City Casino. The adjusted total revenue results in a reduction of \$1,598,000 to the Expanded Lottery Act Revenues Fund and \$138,000 to the Problem Gambling and Addictions Grant Fund for FY 2014.

## Kansas Highway Patrol

**A. Troop F Headquarters (Senate Committee).** The Senate Committee requested a review of the Kansas Highway Patrol (KHP) Troop F headquarters located in Sedgwick County. The Troop F Headquarters is currently located in a Kansas Department Of Transportation facility at 45th and Hillside in Wichita, with a garage used by the KHP on the same property. According to the agency, the Troop has outgrown its current facilities. The agency received approval from the United States Department of Justice (USDOJ) Asset Forfeiture and Money Laundering Section to use KHP Federal Forfeiture funds to pay for the construction of a new Troop F Headquarters building near Wichita. At the time of budget submission, the approval had not yet been received from USDOJ. The Conference Committee adopted language that would allow funds in the federal forfeiture fund to be spent on capital improvements for the construction of a new Troop F headquarters.

## Kansas Human Rights Commission

**A. Federal Employment Discrimination Fund and the Education and Training Fee Fund (House and Senate Committee).** The House and Senate Committees requested a review of the ending balances of the federal Employment Discrimination Fund and the Education and Training Fee Fund for FY 2014 and FY 2015. For FY 2013, the Governor recommended an ending balance of \$142,328 for the Employment Discrimination Fund. However, the ending balance is estimated to be \$26,248 for FY 2014 and is estimated to be a negative \$94,324 for FY 2015. For the Education and Training Fee Fund, the Governor recommended an ending balance of \$11,184 in FY 2013, \$1,462 for FY 2014, and a negative \$8,383 for FY 2015.

## Department of Corrections

**A. Human Services Consensus Caseloads.** The Division of the Budget, Department for Children and Families, Department of Health and Environment, Department for Aging and Disability Services, Department of Corrections/Juvenile Justice Authority, and the Legislative Research Department met on April 17, 2013, to revise the estimates on caseload expenditures for FY 2013, FY 2014 and FY 2015. The caseload estimates include expenditures for KanCare medical programs, Non-KanCare programs including Nursing Facilities for Mental Health (state only) and Frail Elderly/Physical Disability Waiver Assessments, Temporary Assistance to Families, the Reintegration/Foster Care Contracts, and Out of Home Placements. As the starting point for the current estimate, the group used the Governor's budget recommendation as adjusted by the Governor's Budget Amendment No. 1.

For the Department of Corrections/Juvenile Justice Authority, the FY 2013 estimate totals \$28.4 million, including \$23.3 million from the State General Fund. This estimate reflects a decrease of \$559,815, including \$480,134 from the State General Fund, below the Governor's recommendation. The FY 2013 estimate for Juvenile Justice KanCare including Psychiatric Residential Facilities is \$4.8 million, including \$2.1 million from the State General Fund, which is an increase of \$279,029, including \$120,262 from the State General Fund, above the Governor's recommendation. The estimate for Out of Home Placements is \$23.6 million, including \$21.2 million from the State General Fund, which is a decrease of \$838,844, including \$600,396 from the State General Fund, below the Governor's recommendation.

For FY 2014, the estimate for the Department of Corrections/Juvenile Justice Authority is \$29.2 million, including 24.2 million from the State General Fund, which is an all funds increase of \$71,783 and a State General Fund increase of \$224,812 above the Governor's recommendation. The FY 2014

estimate for Juvenile Justice KanCare is \$5.2 million, including \$2.3 million from the State General Fund, which is an increase of \$748,452, including \$323,256 from the State General Fund, above the Governor's recommendation. The estimate for Out of Home Placements is \$24.0 million, including \$21.9 million from the State General Fund, which is a decrease of \$676,669, including \$98,444 from the State General Fund, below the Governor's recommendation.

For FY 2015, the estimate for the Department of Corrections/Juvenile Justice Authority is \$29.5 million, including 24.3 million from the State General Fund, which is an all funds decrease of \$479,576, including \$251,560 from the State General Fund, below the Governor's recommendation. The FY 2015 estimate for Juvenile Justice KanCare is \$5.5 million, including \$2.4 million from the State General Fund, which is an increase of \$690,331, including \$288,832 from the State General Fund, above the Governor's recommendation. The estimate for Out of Home Placements is \$24.0 million, including \$22.0 million from the State General Fund, which is a decrease of \$1,169,907, including \$540,392 from the State General Fund, below the Governor's recommendation.

For additional information on the Human Services Consensus Caseloads, see Kansas Department for Health and Environment, Division of Health Care Finance, Item A. on page 18.

**B. Review the addition of items proposed by the Subcommittee (Senate Committee).**

The Senate Ways and Means Committee did not recommend adjustments recommended by the Subcommittee but requested that all additional items recommended by the Subcommittee be reviewed at Omnibus. The Subcommittee's recommended adjustments total \$4.5 million in FY 2013, \$4.0 million for FY 2014, and \$3.7 million for FY 2015. The items include:

**FY 2013**

- \$1,988,000, all from the State General Fund, for information technology projects, including infrastructure upgrades, server upgrades, and additional bandwidth capacity at each of the correctional facilities.
- \$1,400,000, all from the State General Fund, to replace vehicles and inmate transport buses, and add language requiring that the agency use the funds to purchase diesel-powered buses. The Subcommittee noted that the agency has typically used gasoline-powered buses due to their lower initial costs, although they have higher operational costs and shorter lifespans. The Subcommittee further noted that vehicle replacements are not included in the agency's regular operating budget and would consider making vehicle purchases part of the operations budget to be a more proper approach.
- \$659,940, all from the State General Fund, for offender programs. This amount is 30.0 percent of the agency's enhancement request, or the estimated prorated portion of the total that could be utilized by the agency during the current year. The agency noted that this is the amount of the enhancement requested by the agency to expand offender programs to better prepare inmates for a successful transition back to the community. The enhancement would allow the agency to offer an additional 1,370 inmates substance abuse, sex offender treatment, and employment services programs.
- \$500,000, all from the State General Fund, for the costs of implementing the federal Prison Rape Elimination Act (PREA), including staffing, training, and facility inspections.

## FY 2014

- \$2,199,800, all from the State General Fund, for offender programs. The agency noted that this is the amount of the enhancement requested by the agency to expand offender programs to better prepare inmates for a successful transition back to the community. The enhancement would allow the agency to offer an additional 1,370 inmates substance abuse, sex offender treatment, and employment services programs.
- \$500,000, all from the State General Fund, for the costs of implementing the federal Prison Rape Elimination Act (PREA), including staffing, training, and facility inspections.
- \$1,300,000, all from the State General Fund, for juvenile programs and juvenile community programs, including tertiary prevention programs and multisystemic therapy.

## FY 2015

- \$2,199,800, all from the State General Fund, for offender programs.
- Add \$200,000, all from the State General Fund, for the costs of implementing the federal Prison Rape Elimination Act (PREA), including staffing, training, and facility inspections.
- Add \$1,300,000, all from the State General Fund, for juvenile programs and juvenile community programs, including tertiary prevention programs and multisystemic therapy.

**B. Senate Sub. for HB 2093 (Law).** Senate Sub. for HB 2093 amends statutes pertaining to procedures for defendants to petition courts for forensic DNA testing. The bill also concerns computer crimes and defines the severity level for certain computer crimes, including identity theft.

The Sentencing Commission estimates the bill could have a prison bed impact of up to three beds in FY 2014 and FY 2015, which would be a fiscal impact of \$72,495 in both fiscal years.

**C. HB 2170 (Law).** HB 2170 makes numerous changes to sentencing, probation, and postrelease supervision statutes. First, it allows for new sanctions for drug treatment program participants with technical violations in addition to revocation of probation. Second, the bill specifies a term of postrelease supervision for all offenders sentenced after July 1, 2013, upon completion of the underlying prison term. The bill also allows for some low-risk offenders to have their terms of supervision truncated after 12 months of compliance and payment of restitution. The bill provides that program or good time credits earned and subtracted from an inmates prison term would not be added to the postrelease supervision term, with the exception of certain sex crimes.

The bill modifies procedures for offenders who violate conditions of release or supervision and grants court services officers authority to impose intermediate sanctions for such offenders. Finally, the bill would give the Kansas Sentencing Commission the authority to make statewide supervision and placement cutoff decisions based upon the risk levels and needs of the offender.

The bill was the product of recommendations made by the Justice Reinvestment Working Group. The Sentencing Commission estimates the bill would reduce the need for prison beds by 737 for FY 2014, resulting in net reductions in expenditures of \$17.8 million. The Council of State Governments estimates the impact will be a reduction of 640 beds, or \$15.4 million. The Department of Corrections has stated that both of these estimates assume full implementation of the bill by July 1, 2013, whereas the agency does not anticipate the bill taking full effect until about halfway through FY 2014. The agency would consider a figure of about 320 beds, or \$7.7 million, to be the most appropriate estimated impact.

This bill also has a fiscal impact on the Kansas Sentencing Commission.

**C. HB 2218 (Conference).** HB 2218 would amend statutes concerning the crime of driving under the influence of drugs or alcohol (DUI). The bill would add language concerning an officer's reasonable grounds for believing that a person was DUI and would require an officer to request testing when he or she has such belief. The bill also would amend the definition of the crime of aggravated battery to include DUI under certain circumstances, which were originally provisions in HB 2043.

The bill would have a net fiscal impact of additional expenditures totaling up to \$72,495 in FY 2014 and \$144,990 in FY 2015 due to prison bed impact.

**D. HB 2278 (Law).** HB 2278 establishes a specific crime for theft of a firearm valued at or less than \$25,000 as a severity level 9 nonperson felony. The same severity level is assigned to the crime of deprivation of a firearm. The bill establishes that burglary with the intent to commit theft of a firearm as a severity level 5 nonperson felony.

The bill has a net fiscal impact of additional expenditures totaling up to \$193,320 in FY 2014 and \$314,145 in FY 2015 due to prison bed impact.

## **Kansas Sentencing Commission**

**A. HB 2170 (Law).** HB 2170 makes numerous changes to sentencing, probation, and postrelease supervision statutes outlined in the Department of Corrections section of this document. The bill includes a provision that the Sentencing Commission determine the impact and effectiveness of supervision and sanctions for felony offenders regarding recidivism and prison and community-based supervision populations. In order to carry out these duties, the Sentencing Commission stated it would require one additional FTE position and funding for the position totaling \$81,257. The estimated net fiscal impact of the bill with the inclusion of reduced prison bed needs would be a reduction in expenditures of \$15.4 million for FY 2014 for the Department of Corrections.

## **Kansas Bureau of Investigation**

**A. Forensic Laboratory Construction (House Committee).** The House Committee requested a review of funding for the construction of a new forensic laboratory. The House Committee deleted funding of \$3.5 million, all from special revenue funds, and an associated transfer from the State Highway Fund of the same amount for review.

The Kansas Bureau of Investigation entered into a Memorandum of Understanding with Washburn University on April 15, 2013 to develop a Forensic Science Laboratory on Washburn

University property. The building, to be owned by Washburn, will be leased to the Bureau for the term of the debt service on the building, anticipated to be 20 years, with three optional renewal periods of 10 years each. The Memorandum of Understanding further indicates the state would have the option to purchase the building at the end of the lease agreement, and that ownership of the land would be retained by Washburn.

The Memorandum of Understanding further states that the Bureau shall provide \$3.5 million for engineering, architectural design, or other related services. After the funding is authorized, Washburn, in collaboration with the Bureau, would solicit proposals and select the most qualified firm and negotiate fees with guidance from the State of Kansas and the Department of Administration.

The total cost of the project is estimated to be \$55.0 million, including \$40.0 million for construction, \$11.5 million for related costs, building fees, and equipment and \$3.5 million for engineering and architectural design.

## **Department for Children and Families**

**A. SB 149 (Law).** SB 149 authorizes the screening of applicants or recipients of cash assistance programs or Unemployment Insurance (UI) benefits, for unlawful use of controlled substances or unlawful controlled substances. The Secretary of the Department for Children and Families (DCF) must establish a drug screening program by January 1, 2014, for applicants or recipients of cash assistance.

Individuals would be screened whenever there is a reasonable suspicion the person is using a controlled substance. Should an individual's screening test be positive, the person may request an additional test at a different drug testing facility. The person must pay for that test and will be reimbursed if the second test results are negative. If the results of a screening test are positive, the person must complete a substance abuse treatment program and a job skills program. A person who fails or refuses to complete either program is ineligible for benefits. If a person tests positive a second time, cash assistance benefits terminate for 12 months or until both the substance abuse treatment program and the job skills program are completed a second time, whichever occurs later.

The Department for Children and Families requests the addition of \$822,087, including \$256,621 from the State General Fund and 4.0 FTE positions for FY 2014 to implement the provisions of SB 149. The additional funding requested includes salaries and wages associated with the 4.0 additional FTE positions, totaling \$248,079, including \$101,191 from the State General Fund, to implement the drug screening program. In addition, the Department is requesting the addition of \$1,065,780, including \$151,580 from the State General Fund, to program changes into the Kansas Automated Eligibility and Child Support Enforcement System (KAESCES) system and the Kansas Eligibility Enforcement System (KEES).

The Department is also requesting the addition of \$56,475, including \$3,850 from the State General Fund, to cover the cost of drug testing and the addition of \$256,500, all from federal funds, for the increased job skills training. These increases are partially offset by decreases in assistance payments estimated at \$804,747, all from federal funds.

The Department for Children and Families requests the addition \$107,239 from the State General Fund and 4.0 FTE positions for FY 2015 to continue the program implementing SB 149. The additional funding requested includes salaries and wages associated with the 4.0 additional FTE positions, totaling \$244,397, including \$99,689 from the State General Fund, to implement the drug

screening program. The Department also is requesting the addition of \$110,550, including \$7,550 from the State General Fund, to cover the cost of drug testing and the addition of \$501,000, all from federal funds, for the increased job skills training. These increases are partially offset by decreases in assistance payments estimated at \$1,581,045, all from federal funds.

Additional funding for the implementation of the provisions of SB 149 is also requested by the Attorney General.

**B. Senate Sub. for HB 2034 (Law).** Senate Sub. for HB 2034 creates or amends several statutes related to the issue of human trafficking. The bill authorizes the Attorney General, in conjunction with other appropriate state agencies, to coordinate training regarding human trafficking for law enforcement agencies throughout the state and would designate the Attorney General's Human Trafficking Advisory Board as the official human trafficking advisory board of Kansas. The bill also establishes the Human Trafficking Victim Assistance Fund, which will be funded by the collection of fines imposed as described in the following paragraphs. The funds will be used to pay for training provided and support care, treatment, and other services for victims of human trafficking and commercial sexual exploitation of a child.

The bill requires a notice offering help to victims of human trafficking to be posted on the official websites of the Attorney General, Department for Children and Families (DCF), and the Department of Labor, providing information to help and support victims of human trafficking, including information about the National Human Trafficking Resource Center Hotline.

For children placed in the custody of the Department for Children and Families because of human trafficking or commercial sexual exploitation, the Secretary could place the child in a staff secure facility. The estimated cost of placing children in a staff secure facility, with observation by a law enforcement officer is \$120,850, all from the State General Fund for FY 2014 and \$132,670, all from the State General Fund, for FY 2015. In addition, the Department is requesting the addition of \$26,250, all from the State General Fund, for FY 2014, and the addition of \$32,490, all from the State General Fund for FY 2015 to fund a rapid response team to provide an assessment of reported trafficking or exploitation.

Additional funding for the implementation of the provisions of Senate Sub for HB 2034 is also requested by the Attorney General.

**C. HB 2060 (Conference).** HB 2060, currently being considered by the Taxation Conference Committee, includes changes to the Kansas Earned Income Tax Credit. The Senate version of the bill would reduce the rate of the Kansas Earned Income Tax Credit (EITC) from 17.0 percent of the federal EITC to 9.0 percent beginning in tax year 2013.

The refundable portion of the Earned Income Tax Credit is used as the primary state match for the federal Temporary Assistance for Needy Families (TANF) Program. A reduction in the amount of the credit that is refunded to Kansas taxpayers would require additional state expenditures on qualifying programs to meet the maintenance of effort requirements for the federal block grant. The Department for Children and Families requests the addition of \$1.5 million, all from the State General Fund, for the Temporary Assistance to Families cash assistance program, for FY 2014 and FY 2015 to meet the maintenance of efforts requirements.

**D. Human Services Consensus Caseloads.** The Division of the Budget, Department for Children and Families, Department of Health and Environment, Department for Aging and Disability



Services, Department of Corrections/Juvenile Justice Authority, and the Legislative Research Department met on April 17, 2013, to revise the estimates on caseload expenditures for FY 2013, FY 2014 and FY 2015. The caseload estimates include expenditures for KanCare medical programs, Non-KanCare programs including Nursing Facilities for Mental Health (state only) and Frail Elderly/Physical Disability Waiver Assessments, Temporary Assistance to Families, the Reintegration/Foster Care Contracts, and Out of Home Placements. As the starting point for the current estimate, the group used the Governor's budget recommendation as adjusted by the Governor's Budget Amendment No. 1.

For the Department for Children and Families, the FY 2013 estimate totals \$172.4 million, including \$90.3 million from the State General Fund. The new estimate for the Temporary Assistance to Families Program reflects a reduction in beneficiaries that has resulted from program policies and decreasing unemployment in Kansas. The Foster Care Contract is estimated to increase in the current year. More children in this program are the result of an increase in referrals and a decrease in permanent placements. The estimate for the Department for Children and Families reflects an increase of \$860,720, including \$1,819,950 from the State General Fund, above the Governor's recommendation.

For FY 2014, the total for the Department for Children and Families is \$159.7 million, including \$79.1 million from the State General Fund. These adjustments include a decrease of \$4.1 million for the Temporary Assistance to Families program which reflects new program policies and the expectation that the Kansas economy will continue to improve. The estimate for Foster Care is reduced by \$4.4 million, including \$3.7 million from the State General Fund. The savings are expected to result from new contracts that will go into effect on July 1, 2013. A change from five regions to four will reduce fixed costs in the system. Although overall costs are estimated to decrease with the new contracts, the estimate is based on higher number of children in the program. The estimate for Children and Families reflects a decrease of \$8,500,826, including \$3,672,837 from the State General Fund, below the Governor's recommendation.

For FY 2015, the total for the Department for Children and Families is \$157.1 million, including \$79.1 million from the State General Fund. The estimate for the Temporary Assistance to Families is a decrease of \$5.2 million all in federal funds. As was the case for the FY 2013 and FY 2014 estimates, the number of families is expected to decrease as economic conditions improve. Foster Care expenditures are also decreased in the estimates. The Foster Care estimate reflects savings of \$7.1 million resulting from the new contracts. The estimate for Children and Families reflects a decrease of \$12,270,739, including \$7,235,135 from the State General Fund, below the Governor's recommendation.

For additional information on the Human Services Consensus Caseloads, see Kansas Department for Health and Environment, Division of Health Care Finance, Item A. on page 18.

## **Children's Initiatives Fund**

**A. Tobacco Settlement Revenue Estimates.** The Kansas Legislative Research Department, the Division of the Budget, and the Attorney General's Office met on April 23, 2013, to discuss the projected revenue from the tobacco settlements. The informal consensus estimate for receipts from the tobacco settlement agreement for FY 2013 is estimated to be \$60.2 million. The estimate is an increase of \$4.4 million above the fall 2012 estimate, as actual payments from the tobacco companies were higher than anticipated in the fall.

The consensus estimate for tobacco settlement receipts for FY 2014 totals \$55.0 million, an increase of \$3.5 million above the *Governor's Budget Recommendation*. There was not a revenue estimate by the fall 2012 consensus group due to uncertainty surrounding the legal proceedings involving the settlement agreement. The consensus estimate for FY 2015 is also \$55.0 million, an increase of \$3.0 million above the Governor's recommendation. As of the time of the meeting, the proposed settlement had been accepted by the arbitration panel, however, the overall fiscal effect of the precise terms of the settlement were being finalized with respect to the states.

## **Kansas Department of Health and Environment – Division of Health Care Finance**

**A. Spring Human Services Consensus Caseloads.** The Division of the Budget, Department for Children and Families, Department of Health and Environment, Department for Aging and Disability Services, Department of Corrections/Juvenile Justice Authority, and the Legislative Research Department met on April 17, 2013, to revise the estimates on caseload expenditures for FY 2013, FY 2014 and FY 2015. The caseload estimates include expenditures for KanCare medical programs, Non-KanCare programs including Nursing Facilities for Mental Health (state only) and Frail Elderly/Physical Disability Waiver Assessments, Temporary Assistance to Families, the Reintegration/Foster Care Contracts, and Out of Home Placements.

As the starting point for the current estimate, the group used the Governor's budget recommendation as adjusted by the Governor's Budget Amendment No. 1. A chart summarizing the estimates for FY 2013, FY 2014 and FY 2015 has been distributed. The estimate for FY 2013 is a decrease of \$97.4 million from all funding sources, including \$37.6 million from the State General Fund. The new estimate for FY 2014 is a decrease of \$24.6 million from the State General Fund and \$21.1 million from all funding sources. The estimate for FY 2015 is a decrease from the Governor's budget recommendation of \$10.9 million, including \$5.6 million from the State General Fund. The combined decrease for all human services caseloads for all three years is an all funds decrease of \$129.5 million and a State General Fund decrease of \$67.8 million.

The FY 2013 Spring Consensus Caseload estimate for KanCare medical programs is \$2,260,506,104 from all funding sources and \$880,024,747 from the State General Fund and is a reduction of \$97.8 million from all funding sources. The Department of Health and Environment's portion of KanCare is \$1,590,120,000, including \$612,420,000 from the State General Fund. The reduction is attributable to several factors including fewer than previously expected beneficiaries, particularly beneficiaries that receive high cost services. In addition, certain costs associated with converting to the new KanCare program have not been as high as previously estimated and the timing of those costs have been different than was previously expected.

The FY 2014 estimate for KanCare medical programs refines expectations for the new program and reflects a decrease of \$14.8 million from all funding sources and \$23.7 million from the State General Fund. The Department of Health and Environment's portion of KanCare is \$1,617,390,000, including \$618,320,000 from the State General Fund. The larger reduction in State General Fund expenditures is mainly due to a temporary increase in payments to primary care physicians that is fully funded with federal Medicaid dollars. The effects of this policy change were not included in the prior fall consensus caseload estimate.

The total estimate for the KanCare medical programs in all agencies in FY 2015 reflects an increase of less than \$1.0 million or 0.03 percent. The FY 2015 KanCare estimate is also impacted by the anticipated change in the Federal Medical Assistance Percentage (FMAP) rate which changed from 43.19 percent to 43.02 percent and lowered the state share by 0.17 percent, or approximately

\$4.4 million for FY 2015. The Department of Health and Environment's portion of KanCare is \$1,724,137,740, including \$659,129,120 from the State General Fund.

## **Kansas Department for Aging and Disability Services**

**A. Review Use of State General Fund for State Aid Grants to Community Development Disability Organizations (CDDO) (House Committee).** Review whether all or a portion of the \$5.0 million in state aid grants to CDDOs could be matched with federal funds and used to reduce the number of individuals waiting to receive Home and Community Based Services from Medicaid waivers for FY 2014. The agency reported that state aid goes back to the 1980s before waivers and Community Developmental Disability Organizations (CDDOs) and has long been referred to as discretionary funding for the Developmental Disability system. The agency currently allocates \$5,008,282 from the State General Fund to the 27 CDDOs. The money is spent in the following categories:

- Buildings, grounds, and maintenance;
- Administration;
- Transportation;
- Consumer Expenses;
- Direct service provision for non-waiver services;
- Capacity Building; Direct cash assistance;
- Case management for non-Medicaid; Affiliate expenses; and
- Children's Services.

The Kansas Department for Aging and Disability Services recommends keeping \$2.0 million in the state aid program, with the prioritization of funding for children's services and transportation services. The \$3.0 million proposed to be moved to the waiver would draw down \$3.9 million in federal Medicaid dollars for a total of \$6.9 million from all funding sources. With this proposed change, 165 persons could be removed from the waiting list and provided services. The CDDOs would lose funding they use for administration, building and ground maintenance and capacity building.

**B. HB 2160 (Law, House and Senate Committee).** Review the status of HB 2160, regarding the extension of the Nursing Facility provider assessment and determine if the potential shortfall in the Nursing Facilities program has been addressed. The bill, as signed into law, amends the statute which created a provider assessment on licensed beds in skilled nursing care facilities in 2010 to eliminate a sunset provision in the law and extend the assessment program for an additional two years. The bill also made technical changes to update agency references to the Kansas Department for Aging and Disability Services (KDADS).

The bill eliminates the provision directing that after the first three years the assessment amount be adjusted to no more than 60.0 percent of the assessment collected in the previous year. In addition, the bill extends the expiration of assessment program for two additional years, or until July 1, 2016.

Current law authorizes the Secretary of the Kansas Department of Health and Environment (KDHE) to impose a quality care assessment on each licensed bed at a maximum annual rate of \$1,950. The assessment is uniform on skilled nursing facilities, which includes nursing facilities, nursing facilities for mental health and hospital long-term care units, except certain facilities for less

than the full rate. The Kansas Soldiers' Home and Kansas Veterans' Home are excluded from the assessment.

The payment of the quality care assessment is an allowable cost for Medicaid reimbursement purposes and can be matched with federal Medicaid funds to be used to increase nursing facility reimbursement rates. (The program was intended to minimize negative fiscal impact on certain classes of nursing facilities.) The Secretary of KDADS is designated as the agent who manages the program. The new provisions will retain the provider assessment at its current percent for another two years so there will not be a fiscal impact to the agency. The impact of this bill has already been included in the Spring Consensus Caseload estimates.

**C. HB 2368 (Law).** The bill amends statutes relating to the Governor's Mental Health Services Planning Council by replacing certain references to reflect a name change to the Governor's Behavioral Health Services Planning Council (Council) and to replace the term "mental health" with "behavioral health"; expands and adjusts the membership and prescribes the requirements for appointment; addresses the expiration of terms of current Council members whose terms expire after June 30, 2013, and the staggering of terms for the nine member positions created by the bill; and requires payment to members for attendance at Council meetings and subcommittee meetings be made from the administration account of the State General Fund appropriated for the Kansas Department for Aging and Disability Services (KDADS). The bill also clarifies that references to the "Governor's Mental Health Services Planning Council" in statute, contract, or other documents refer to the Governor's Behavioral Health Services Planning Council. Technical amendments also were made.

The bill requires compensation provided to members for attendance at Council meetings and subcommittee meetings be paid from the administration account of the State General Fund appropriated for KDADS. The agency estimates it will incur an estimated \$13,600, all from the State General Fund, in additional costs to implement the new provisions in FY 2014.

**D. Expanded Lottery Act Revenue Fund for Problem Gambling and Addictions Grant Fund (Revenue Estimate).** The Problem Gambling and Addictions Grant Fund statutorily receives 2.0 percent of net gaming revenues. The Spring consensus revenue estimate for gaming revenues is projected to decrease. There is also estimated to be a reduction in revenue of \$6,000 in the Problem Gambling and Addictions Grant Fund for FY 2013 and \$138,000 for FY 2014. Currently, the House and Senate positions in the appropriations bill include using all of the previously estimated amounts in the Problem Gambling and Addictions Grant Fund.

More information on the Expanded Lottery Act Revenue Estimates is included under the Kansas Lottery, item A, Page 10.

**E. Spring Human Services Consensus Caseloads.** The Division of the Budget, Department of Health and Environment, Department for Aging and Disability Services, Juvenile Justice Authority and the Legislative Research Department met on April 17, 2013 to revise estimates on caseload expenditures for FY 2013 and FY 2014 and make initial estimates for FY 2015. The caseload estimates include expenditures for KanCare medical programs, Non-KanCare programs including Nursing Facilities for Mental Health (state only) and Frail Elderly/Physical Disability Waiver Assessments, Temporary Assistance to Families, the Reintegration/Foster Care Contracts, and Out of Home Placements.

The FY 2013 Spring Consensus Caseload estimate for KanCare medical programs is \$2,260,506,104 from all funding sources and \$880,024,747 from the State General Fund. The

Department for Aging and Disability Services's portion of KanCare is \$670,386,104 including \$267,604,747 from the State General Fund and is a reduction of \$39.8 million from the State General Fund, below the fall estimate. The reduction is attributable to several factors including fewer than previously expected beneficiaries, particularly beneficiaries that receive high cost services. In addition, certain costs associated with converting to the new KanCare program have not been as high as previously estimated and the timing of those costs have been different than was previously expected. The FY 2013 estimate for Non-KanCare programs including Nursing Facilities for Mental Health (state only) and Frail Elderly/Physical Disability Waiver Assessments is \$34,706,279, including \$23,589,641 from the State General Fund. The estimate is an increase of \$363,397 from all funding sources and \$943,887 from the State General Fund.

The FY 2014 estimate for KanCare medical programs refines expectations for the new program and reflects a decrease of \$14.8 million from all funding sources and \$23.7 million from the State General Fund. The Department for Aging and Disability Services' portion of KanCare is \$661,026,416 from all funding sources and \$263,721,459 from the State General Fund. The estimate is a reduction of \$48.5 million below the fall estimate. The larger reduction to the State General Fund expenditures is mainly due to a temporary increase in payments to primary care physicians that is fully funded with federal Medicaid dollars. The effects of this policy change were not included in the prior fall consensus caseload estimate. The FY 2014 estimate for Non-KanCare programs including Nursing Facilities for Mental Health (state only) and Frail Elderly/Physical Disability Waiver Assessments is \$16,119,048 all funds and \$15,524,641 from the State General Fund and is an increase of \$2,890,760 all funds. These estimates also reflect the addition of the Developmental Disabilities HCBS Waiver assessments to KanCare starting in January 2014.

The total estimate for the KanCare medical programs in all agencies in FY 2015 reflects an increase of less than \$1.0 million, or 0.03 percent, above the revised FY 2014 estimate. The FY 2015 KanCare estimate is also impacted by the anticipated change in the Federal Medical Assistance Percentage (FMAP) rate which changed from 43.19 to 43.02 and lowered the state share by 0.17 percent, or approximately \$4.4 million, for FY 2015. The Department for Aging and Disability Service's portion of KanCare is \$811,719,577 from all funding sources and \$329,242,652 from the State General Fund and is unchanged from the fall estimate. The FY 2015 estimate for Non-KanCare programs including Nursing Facilities for Mental Health (state only) and Frail Elderly/Physical Disability Waiver Assessments is held flat at \$16,119,046 from all funding sources and \$15,524,641 from the State General Fund. The estimate is an increase of \$1,855,704 from the State General Fund.

More information on the Spring Human Services Consensus Caseload Estimates is included under the Department of Health and Environment - Division of Health Care Finance, item A, Page 18.

## **Department of Education**

**A. SB 23 (Law).** SB 23 changes a number of provisions related to school finance and reporting. The bill would reauthorize the school district property tax mill levy for the 2013-2014 and 2014-2015 school years and extend the deadline for repeal of the related \$20,000 residential property tax exemption to the end of tax year 2014; modify reporting requirements in the Kansas Uniform Financial Accounting and Reporting Act; authorize a second count of military students through the 2017-2018 school year to determine the number of students enrolled in a school district; and continue to allow a local school board, which has levied an ad valorem tax for ancillary school facilities for two years, to levy the tax for up to six years.

The fiscal note regarding the Uniform Financial Accounting and Reporting Act indicates that the bill would require expenditures totaling \$17,000, all from the State General Fund, for FY 2014 to make required changes to the agency's computer systems.

**B. SB 171 (Conference).** SB 171 would change the Base State Aid Per Pupil (BSAPP) for school years 2013-2014 and 2014-2015 to \$4,264. (For the 2015-2016 school year and in each school year thereafter, the BSAPP would return to the current statutory amount of \$4,492.) This amount - \$4,264 - would be multiplied by the adjusted enrollment; that total amount then would be compared to the product of \$3,838 multiplied by the adjusted enrollment. The difference would be transferred from each local school district's local operating budget to each district's general fund budget; the amount would be included in local effort.

An updated fiscal note was not provided, however, the agency estimated that based on the current version of the bill there would be a fiscal impact of \$618,552, all from the State General Fund for FY 2014. This accounts for costs associated with approximately 726 students housed at juvenile detention facilities.

**C. HB 2319 (Law).** HB 2319 creates the Coalition of Innovative Districts Act, the purpose of which would be to allow up to ten percent of the state's school districts, at any one time, to opt out of most state laws and rules and regulations in order to improve student achievement. The bill would authorize a process whereby a school district board of education could apply for authority to operate as a "public innovative district." The bill would limit the number of public innovative districts to no more than ten percent of the state's school districts at any time.

The fiscal note indicates HB 2319 would require expenditures totaling \$46,908, all from the State General Fund, as well as a 0.5 FTE Education Program Consultant for FY 2014 to fulfill the Board's obligations in the bill. This estimate includes \$39,000 for salaries and wages, \$2,500 for travel and subsistence expenditures, and \$5,408 for other operating costs, including rent and office supplies.

## University of Kansas Medical Center

**A. SB 199 (Law).** SB 199 requires the University of Kansas Medical Center (KUMC) to establish the Midwest Stem Cell Therapy Center (Center), provides for the administration and oversight of the Center, and establishes a new fund. The bill also amends the Utilization of Unused Medications Act to expand certain definitions, modifies the role of the State Board of Pharmacy in establishing standards and procedures, and deletes language related to the Cancer Drug Repository Program.

The KUMC states the estimated cost for the Center would be approximately \$10.7 million over ten years. For FY 2014, staffing and equipment would be approximately \$579,500 with an additional \$575,000 for lab renovation, for a total of \$1,154,500. For FY 2015, operations would be approximately \$754,500. Funding for the project would come from federal grants, private gifts and other funds. The no limit Midwest Stem Cell Therapy Center Fund would need to be appropriated to authorize expenditures of the funds.

## Board of Regents

**A. ROTC Service Scholarship Repayment Fund (House Committee).** The House Committee recommended transferring \$50,000 from the no limit ROTC Service Scholarship Repayment Fund into the State General Fund for FY 2014 and FY 2015, but agrees to consider

reinstating the fund if the agency submitted a plan for distribution of funds at omnibus. The agency provided a plan during Conference Committee negotiations and the Conference Committee has tentatively agreed to the Senate position to not transfer the funds for FY 2014 and FY 2015. The plan requests maintaining the reserve in the fund in anticipation of additional financial assistance due to the recent federal cuts as a result of the sequestration.

**B. HB 2201 (Law).** HB 2201 authorizes the Board of Regents to fix, charge, and collect user fees for services provided by the KAN-ED program in accordance with a plan developed by the Board. The KAN-ED Services Fee Fund would need to be appropriated to authorize expenditures of the funds.