

## MINUTES

### LEGISLATIVE BUDGET COMMITTEE

November 8 and 9, 2004

November 8–Room 313-S, Statehouse

November 9–Room 123-S, Statehouse

#### Members Present

Senator Steve Morris, Chairman  
Representative Melvin Neufeld, Vice Chairman  
Senator Dave Kerr  
Representative Clark Shultz  
Representative Bill Feuerborn

#### Members Absent

Senator Henry Helgeson  
Representative Dean Newton

#### Staff

Alan Conroy, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
Michele Alishahi, Kansas Legislative Research Department  
Terri Weber, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
Deb Hollon, Kansas Legislative Research Department  
Bruce Kinzie, Revisor of Statutes Office  
Lisa Montgomery, Revisor of Statutes Office  
Judy Bromich, Administrative Analyst, Senate Ways and Means Committee  
Nikki Feuerborn, Administrative Analyst, House Appropriations Committee  
Mary Shaw, Committee Secretary

## Conferees

Pamela Johnson-Betts, Secretary, Kansas Department on Aging  
Margaret Zillinger, Director of Community Supports and Services, Kansas Department of Social and Rehabilitation Services  
Rodney Whittington, Administrator, Wheatland Nursing and Rehabilitation Center, Russell, Kansas  
John Derr, Registered Pharmacist and Senior Executive with American Health Care Association, Washington, D. C.  
Lori Porter, Co-founder and Chief Executive Officer, National Association of Geriatric Nursing Assistants  
Debra Zehr, Executive Vice President, Kansas Association of Homes and Services for the Aging  
Linda Berndt, Executive Vice President, Kansas Health Care Association  
Shannon Jones, Executive Director, Statewide Independent Living Council of Kansas  
Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association  
Tom Laing, Executive Director, InterHab  
Tanya Dorf, Chair, Governmental Affairs Committee, Kansas Association of Centers for Independent Living, and Executive Director, Independence, Inc., Lawrence, Kansas  
Duane Goossen, Secretary, Kansas Department of Administration, and Director, Division of the Budget  
Chris Howe, Director, Division of Purchases, Kansas Department of Administration  
Gary Daniels, Acting Secretary, Kansas Department of Social and Rehabilitation Services  
Scott Brunner, Director of Medical Policy/Medicaid, Division of Health Care Policy, Kansas Department of Social and Rehabilitation Services  
Ron Denney, Executive Director, Four County Mental Health Center, Independence, Kansas  
Matt Fletcher, Associate Director, InterHab  
John Kiefhaber, Executive Director, Kansas Pharmacists Association  
Shari Coatney, Executive Director, Southeast Kansas Independent Living, on behalf of Rebecca Bernd, Southeast Kansas Independent Living  
Fred Lucky, Vice President, Kansas Hospital Association (written testimony)  
Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association (written testimony)  
Brad Bryant, Deputy Assistant Secretary, Elections and Legislative Matters, Secretary of State's office  
Bill Henry, Director of Governmental Affairs, Kansas Credit Union Association (written testimony)

## November 8 Morning Session

On November 8, 2004, the Legislative Budget Committee held a joint meeting with the Task Force on Long-Term Care Services. The following members of the Task Force were in attendance:

Senator Larry Salmans, Chairman  
Representative Bob Bethell, Vice Chairman  
Senator Janis Lee

Senator Chris Steineger  
Representative Patricia Barbieri-Lightner  
Representative Nancy Kirk  
Representative Jim Morrison  
Mark Baily  
Janis DeBoer  
Linda Lubensky  
Dr. Carol Moore  
Charles Moore  
Bob Smith  
Sister Beth Stover  
Ray Vernon  
Margaret Zillinger

The following members of the Task Force were absent:

Senator Henry Helgeson  
Senator Susan Wagle  
Evie Curtis

Senator Steve Morris, Chairman, called the meeting to order at 10:05 a.m. and welcomed everyone to the meeting. Each member of the committees introduced himself/herself.

The Chairman acknowledged Amy Deckard, Fiscal Analyst, Kansas Legislative Research Department, who presented a staff overview of nursing facility reimbursement ([Attachment 1](#)).

Chairman Morris welcomed Pamela Johnson-Betts, Secretary, Kansas Department on Aging. Secretary Johnson-Betts presented a review of cost reimbursement actions taken by the Department, the cost basis in the current rate methodology, projected agency budget growth, and current activities that are redefining nursing facilities ([Attachment 2](#)). Committee questions and discussion followed.

The Chairman welcomed Margaret Zillinger, Director of Community Supports and Services, Kansas Department of Social and Rehabilitation Services (SRS), who presented information regarding two of the private institutional programs SRS manages and funds through Medicaid: Intermediate Care Facilities for persons with Mental Retardation (ICFs/MR) and Nursing Facilities for Mental Health (NF/MH) ([Attachment 3](#)). Committee questions and discussion followed.

Chairman Morris welcomed Rodney Whittington, Administrator, Wheatland Nursing and Rehabilitation Center, Russell, Kansas. Mr. Whittington shared his thoughts about the future of long-term care in Kansas regarding how best to deliver services and how quality care might best be funded and addressed in rural nursing facilities ([Attachment 4](#)). He noted that the tidal wave of retiring Baby Boomers will hit, starting in the year 2011, just seven years away. Mr. Whittington shared a video with the Committee titled, "*Quality First*" that shared concerns about long-term care, but also described hopefulness about improvements to come and a vision of how a commitment to quality care will assure the profession's vision of new models of care and resident-centered services. Committee questions and discussion followed.

The Chairman welcomed John Derr, Registered Pharmacist and Senior Executive with the American Health Care Association, Washington, D.C. Mr. Derr focused on health information technology, acknowledging that there are many other forms of technology that can improve the quality of care and life for the residents in the nation ([Attachment 5](#)). He distributed copies of *Provider, New*

*Horizon in Quality*, a publication for long-term care professionals (copy on file with Kansas Legislative Research Department). He explained that the aging population will outnumber the workforce and technology is not the only answer, but it can help.

Committee questions and discussion followed. Chairman Morris asked for information regarding the percentage of money spent on administration costs in Kansas nursing homes, as compared to the national average. Mr. Derr indicated that he will get this information for the Committee.

Chairman Morris welcomed Lori Porter, co-founder and Chief Executive Officer, National Association of Geriatric Nursing Assistants, who addressed issues concerning reducing turnover in long term care facilities (Attachment 6):

- Retention is important for the following reasons: job satisfaction, quality of life, quality of care, and financial stability.
- Recruiting new Certified Nursing Assistants (CNAs) is of fundamental importance and yet, nearly impossible, given the negative image of the work.
- Education and training are the bedrock of quality care - not only the initial certification courses, but state-of-the-art continuing education.

The Chairman welcomed Debra Zehr, Executive Vice President, Kansas Association of Homes and Services for the Aging. Ms. Zehr spoke about creating the future of aging services (Attachment 7). She discussed the real impact on the demand for aging services that will be felt when the baby boomers turn 80 between the years 2026 and 2044 and explained that nursing home use is declining. Medicaid nursing facility caseloads are dropping, causing a shift in the balance between nursing beds and home and community-based services. Ms. Zehr noted that it is time to start creating and implementing a plan for the future of aging services.

The meeting recessed at noon for lunch.

### **Afternoon Session**

The meeting reconvened at 1:30 p.m. The Chairman welcomed Linda Berndt, Executive Vice President, Kansas Health Care Association (KHCA), who presented information on KHCA's vision of the future regarding long-term care (Attachment 8). She noted that the cornerstone of future long-term care services offerings must be quality care, and presented the following principles of quality care that the KHCA strongly supports:

- Continuous quality assurance and quality improvement;
- Public disclosure and accountability;
- Resident and family rights;
- Workforce excellence;

- ☐ Public input and community involvement;
- ☐ Ethical practices; and
- ☐ Financial stewardship.

In her written testimony, Ms. Berndt listed several private pay sources to consider and research as suggestions for alternative funding sources for quality long-term care in the state. She offered suggestions as nursing facilities are being re-defined from dark, institutional rest homes to new vibrant home-like environments to address individual residents' needs and choices:

- ☐ Establish a permanent "Kansas Commission on Long-term Care"; and
- ☐ Create a new two-year Long-term Care Task Force.

Chairman Morris explained that the item of long-term care funding for nursing facilities is assigned to the Legislative Budget Committee, which will discuss and consider recommendations regarding this item later.

The Chairman acknowledged Audrey Dunkel, Senior Fiscal Analyst, Kansas Legislative Research Department, who presented a staff overview on Home and Community-Based Services (HCBS) waiver funding (Attachment 9). Ms. Dunkel also distributed information regarding FY 2004 poverty guidelines from SRS (Attachment 10).

Chairman Morris welcomed Pamela Johnson-Betts, Secretary, Kansas Department on Aging, who addressed SRS Home and Community-Based Services. (Refer to Attachment 2, Page 6.) Secretary Johnson-Betts explained that in order to contain costs, meet the needs of a growing aging population, and provide long-term care services that allow people to stay in their homes longer, the Department provides Home and Community-Based Services for the Frail Elderly (HCBS/FE) because, as the nursing home population has declined, the use of alternative services has grown. The Secretary also provided information about the Senior Care Act, which is the program that provides less intensive in-home support services for seniors who are not eligible for Medicaid-funded HCBS/FE services.

The Chairman welcomed Margaret Zillinger, Director of Community Supports and Services, SRS, who presented information regarding the Medicaid Home and Community-Based Services (HCBS) waivers managed by SRS, the services they fund, the number of persons waiting for services, the estimated costs of eliminating those waiting lists, and how the waivers are funded (Attachment 11). Ms. Zillinger provided detailed information in her written testimony on the five home and community-based services waivers as follows:

- ☐ Persons with developmental disabilities (DD);
- ☐ Persons with physical disabilities (PD);
- ☐ Persons with traumatic brain injuries (TBI);
- ☐ Children who require medical technology for life functions (TA); and
- ☐ Children with a serious emotional disturbance (SED).

Ms. Zillinger explained that all the waivers are funded through the Medicaid program, which is a state and federal partnership that requires funding by both the state and federal governments. Details are presented in Ms. Zillinger's written testimony. Committee questions and discussion followed. In response to a question by Chairman Morris, Ms. Zillinger explained that in order to eliminate all waiting lists, the cost would be at least \$26 million in state funds.

Chairman Morris welcomed Shannon Jones, Executive Director, Statewide Independent Living Centers of Kansas (SILCK). Ms. Jones addressed the need to further reform Kansas' long-term care system ([Attachment 12](#)). She noted that fundamental to this reform are policy initiatives to improve and rebalance the state's long-term care financing. Ms. Jones outlined seven recommendations for consideration that SILCK believes will ensure that every Kansan has the right to choose quality services in the community. They are:

- □ Amend the Medicaid state plan to include Home and Community-Based Services in the caseload estimating process;
- □ Reduce or consolidate the number of beds in nursing facilities by an arbitrary 10 percent;
- □ Restructure and coordinate all long-term care services under one department;
- □ Reassign the duties of the client assessment, referral, and evaluation (CARE) to the Office of Integrated Community Services in SRS;
- □ Implement "Money Follows the Person" as state policy, not an experiment;
- □ Fully implement the Working Healthy program to include all disability types; and
- □ Propose a \$.05 charge on each can of soda sold in Kansas, with funds to be used to improve the state's long-term care system.

In closing, Ms. Jones emphasized that SILCK believes that legislators, state officials, older Kansans, and those with disabilities can work together to come up with dignified solutions that the state can provide in a cost-effective manner. Committee questions and discussion followed.

The Chairman welcomed Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association, who explained that their mission is to work to improve services and supports for all older Kansans and their care-givers ([Attachment 13](#)). Mr. Kaberline emphasized that if the seniors in Kansas are to be given a choice in senior services, in-home services must be available when needed. He noted that it takes only 34 Medicaid-eligible seniors to enter a nursing home and stay for a year for the state's nursing facility budget to increase by \$1 million. By comparison, the annual cost to help 34 Medicaid-eligible individuals get the home and community-based services they need costs \$388,416.

In conclusion, Mr. Kaberline thanked the committees for support of funding for home and community-based services for the Kansas frail elderly population and asked for continued support that allows the frail elderly the opportunity to remain in their communities, where they often want to live.

Chairman Morris welcomed Tom Laing, Executive Director, InterHab, who addressed issues affecting long-term care for persons with disabilities (Attachment 14). Mr. Laing focused primarily on the following items, which are detailed in his written testimony:

- Workforce issues are central to all meaningful long-term care discussions. Mr. Laing noted that in the DD waiver, the original 1993 “average” wage (the calculation upon which the entire reimbursement rate is based) was \$7.19 per hour. In the 11 years since then, the “average” wage component has been adjusted by less than 50 cents, to just \$7.68 per hour. That represents an increased consideration of less than 1 percent per year;
- Waiting lists, despite nearly annual funding increases, continue to grow in size and complexity; and
- Quality assurance considerations have not kept pace with expanding service settings;

In conclusion, Mr. Laing thanked all Committee members, on behalf of those who are involved in the community network—persons served, their families and friends, and community service organizations—for continued interest in the topic, and support for policies that have made such a positive difference in the lives of all Kansans. Mr. Laing provided copies of the most recent study done regarding turnover. Community Service Provider Direct Care Staff Turnover Study, prepared for SRS, by the Institute for Social and Behavioral Research, Kansas State University, were distributed (Attachment 15).

Committee questions and discussion followed.

Chairman Morris welcomed Tanya Dorf, Chairperson, Governmental Affairs Committee, Kansas Association of Centers for Independent Living (KACIL), and Executive Director, Independence, Inc., Lawrence, Kansas. Ms. Dorf addressed the background and mission of KACIL, the consensus caseload estimating process, Money Follows the Person, and other long-term care funding issues (Attachment 16). The other long-term care funding issues Ms. Dorf addressed are as follows:

- Base Centers for Independent Living funding increase;
- Adult dental services; and
- Equal rates for services.

Chairman Morris welcomed Duane Goossen, Secretary of Administration, and Director, Division of the Budget, who provided an update on the 27th pay period in FY 2006. (No written testimony was provided.) Secretary Goossen explained that usually there are 26 pay periods in a year, but that approximately every 11 years, a 27<sup>th</sup> pay period will occur. This will take place in FY 2006. The cost in FY 2006 is approximately \$33 to \$35 million State General Fund, and twice that cost in total funding. Secretary Goossen noted that there needs to be a discussion regarding how to deal with it. He mentioned that discussions were held with the Kansas Legislative Research Department and others, regarding this item.

Secretary Goossen explained that there are four options to consider, and not all of them are good options. He presented the four options as follows:

- ☐ Pay the bill in FY 2006; then there will be no problem for 11 more years;
- ☐ Pay the bill in FY 2006, but try to spread the cost over the next 11 years, until the State comes to the same cycle again, by utilizing funding from the Pooled Money Investment Board. The cost would be approximately \$3 million State General Funds for each 11 years;
- ☐ Delay this 27<sup>th</sup> pay period to FY 2007, but if this is done, there would be a 27<sup>th</sup> pay period in 2007. He noted this does not really solve the issue, but just pushes it away from FY 2006; and
- ☐ The fourth option, and the most unworkable, is to change from bi-weekly to some other form of pay period. The Budget Office feels that this option is the most undesirable.

Committee questions and discussion followed. Secretary Goossen indicated the first two are the most workable options, but the issue has not received much discussion. He also emphasized that no employee will miss any paycheck. The issue is merely a budget issue.

Chairman Morris acknowledged Leah Robinson, Principal Fiscal Analyst, who presented a staff overview of the statewide motor vehicle rental contract ([Attachment 17](#)).

The Chairman welcomed Chris Howe, Director, Division of Purchases, Kansas Department of Administration, who provided information regarding the procurement of vehicle rental services for the State of Kansas agencies ([Attachment 18](#)). Mr. Howe addressed the recently awarded contract with Enterprise Rent-A-Car Corporation, which he noted was competitively bid.

Senator Kerr asked, with regard to cost per mile compared to one year ago, whether the miles driven are down substantially from a year ago. The Chairman requested more analysis of the cost per mile compared to one year ago.

Chairman Morris mentioned that the Committee will be back in Room 123-S for the second day of the meeting.

The meeting recessed at 4:15 p.m.

**November 9  
Morning Session  
Room 123-S--Statehouse**

The meeting reconvened at 9:05 a.m. Chairman Morris welcomed Gary Daniels, Acting Secretary, SRS. Acting Secretary Daniels provided an update on the SRS deferrals and the closure of SRS offices (Attachment 19). He detailed the following information in his written testimony:

- □ Update on SRS Deferrals, Audits and Penalties as of October 31, 2004;
- □ Title XIX Funds for State Hospital Disallowance;
- □ Office of Inspector General (OIG) Review of Child Welfare Medicaid Claims;
- □ OIG Audit of Funding for Medically Necessary Health-Related Services Provided by Local School Districts to Children with Disabilities;
- □ OIG Disability Determination Services (DDS) Audit finding;
- □ OIG Audit of General and Application Controls Supporting Business Operations of the Medicaid Management Information Systems (MMIS);
- □ OIG Audit of Accounts Receivable Related to Medicaid Overpayments; and
- □ Update on SRS Office Closures.

Committee questions and discussion followed. Chairman Morris inquired about plans SRS has regarding the SRS deferrals and audits, other than meeting with the Center for Medicare and Medicaid Services (CMS). Acting Secretary Daniels responded that the Governor has requested that he convene a group of people from her office and SRS to do more strategic thinking about how to more aggressively appeal some of the audits, and how to repair some of the problems that were identified. The Chairman noted that during the last legislative session, there was discussion around holding a meeting with the Kansas Congressional Delegation. It was not pursued because the Secretary and others felt progress was being made on this issue. He noted it appears that progress may have become stalled. Chairman Morris requested from SRS an outline on what school districts need to do to satisfy the OIG audit. The Board of Education is working with SRS, and a more detailed plan will be provided to the Legislature. Chairman Morris emphasized that it is very important to be absolutely sure that coordination is being made with the school districts and that everyone is doing what they need to do.

Representative Neufeld asked SRS for information on the current number of vehicles owned by SRS, and the costs associated with these vehicles. Acting Secretary Daniels responded that they will study this item, and provide further information.

Regarding the SRS deferrals, Chairman Morris mentioned that the Legislature will depend on SRS to let them know if the Legislature can help by going to the federal congressional delegation to seek their help. Acting Secretary Daniels noted that the Governor's Office also expressed the intent to help.

The Chairman welcomed Scott Brunner, Director of Medical Policy and Medicaid, SRS, who provided information regarding the billing and payment practices of EDS as the Medicaid Fiscal Agent (Attachment 20). Mr. Brunner mentioned that while SRS and EDS continue to work with provider groups, dental providers have had particular problems that have received special attention. This is detailed in Mr. Brunner's written testimony. Committee questions and discussion followed.

Chairman Morris welcomed Ron Denney, Executive Director, Four County Mental Health Center, Independence, Kansas, representing the Association of Community Mental Health Centers of Kansas, Inc., in his role as Chairman of the Third Party Payer Committee. Mr. Denney provided testimony regarding the Medicaid claims-processing problems they have been experiencing ([Attachment 21](#)). He mentioned that they believe, with the help of SRS and EDS, that they have been able to more closely identify all existing problems. Mr. Denney indicated that one of the major challenges has been to learn the source of the various problems and the responsible party for addressing the problems. These challenges appear to be the following:

- □ Technical defects requiring EDS to reprogram, alter or correct the manner in which claims are being processed;
- □ Policy issues requiring SRS to develop, refine, or update policies which are affecting the way claims are being processed; and
- □ System modifications or enhancements requiring EDS to insure that claims are processed consistently with the intent and purpose of SRS policy.

Chairman Morris welcomed Matt Fletcher, Associate Director, InterHab, who addressed impacts on community disability service providers from the state's new Medicaid Management Information System (MMIS), as implemented by EDS ([Attachment 22](#)). Mr. Fletcher addressed the following difficulties explained in detail in his written testimony:

- Slow processing by EDS, resulting in difficulties for providers;
- Double reporting by EDS, hampering resource management; and
- Inaccurate reporting by EDS, causing difficulties for the state in resource management.

Mr. Fletcher commended efforts by the state to correct problems within the MMIS. He asked that the Committee commit to, in any way plausible, assisting SRS with enforcing its contractual agreement with EDS. Mr. Fletcher asked that a time frame be put in place for correction of difficulties within the MMIS, with the goal that a report of successful resolution of MMIS difficulties be delivered to the 2005 Legislature before the end of the session. Committee questions and discussion followed.

The Chairman welcomed John Kiefhaber, Executive Director, Kansas Pharmacists Association (KPhA), who spoke about Medicaid claims processing under the new EDS contract ([Attachment 23](#)). Mr. Kiefhaber mentioned that KPhA member pharmacists have been largely satisfied with the performance of the new EDS system. He noted that they have only one ongoing problem with the system since October, 2003, having to do with Medicare crossover claims not paying, even with repeated submissions. They are working with EDS and SRS to design a system workaround to solve the problem, and EDS is now planning statewide training for Medicare/Medicaid billers to demonstrate how the solution would work. Committee questions and discussion followed.

Chairman Morris welcomed Shari Coatney, Executive Director, Southeast Kansas Independent Living, who spoke on behalf of Rebecca Bernd, who has been involved in the process of billing for Medicaid services since 1994 ([Attachment 24](#)). Ms. Coatney detailed information in her written testimony regarding experiences their facility has had regarding submitting Medicaid services billing, and also provided some suggestions on ways to address some of these issues. Ms. Coatney

suggested increasing communications, manpower, and training. Committee questions and discussion followed.

Written testimony was submitted by:

- Fred Lucky, Vice President, EDS ([Attachment 25](#)); and
- Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association ([Attachment 26](#)).

Chairman Morris recognized Leah Robinson, Principal Fiscal Analyst, Kansas Legislative Research Department, who presented information regarding personal income and disposable personal income. ([Attachment 27](#)).

Chairman Morris recognized Michele Alishahi, Fiscal Analyst, Kansas Legislative Research Department, who presented a staff overview on polling place changes ([Attachment 28](#)).

The Chairman welcomed Brad Bryant, Deputy Assistant Secretary of State, Elections and Legislative Matters, who provided information concerning polling places during the period leading up to the general election held on November 2, 2004 ([Attachment 29](#)). Mr. Bryant explained that the Office of the Secretary of State surveyed county election officers to collect information regarding the number of polling places that were closed or moved during the specified period. According to that survey, 75 of Kansas' 105 counties reported no changes in polling places since July 15, 2004, 79 polling places were moved, and 8 were closed. Mr. Bryant mentioned that they had no formal complaints this year. He noted the following reasons for polling place closings and moves:

- Accessibility issues related to Americans with Disabilities Act;
- Permission denied by owners or managers of a facility;
- Consolidation of more than one precinct at a single site for administrative efficiency; and
- Other considerations such as availability of poll workers and location of voters.

Mr. Bryant also distributed copies of the Unofficial Turnout for the General Election, November 2, 2004, Office of the Secretary of State ([Attachment 30](#)). Committee discussion followed.

The Committee recessed at 11:30 a.m. to attend a luncheon presentation on the MMIS at EDS.

### **Afternoon Session**

The meeting reconvened at 1:40 p.m.

Chairman Morris recognized Alan Conroy, Director, and Audrey Dunkel, Senior Fiscal Analyst, Kansas Legislative Research Department, who presented information regarding:

- □ State General Fund Revenue Estimates, In Millions (Attachment 31);
- □ A memorandum addressed to Governor Kathleen Sebelius and the Legislative Budget Committee from the Kansas Division of the Budget and the Kansas Legislative Research Department, dated November 1, 2004, regarding Consensus Caseload Estimates for FY 2005 and FY 2006 (Attachment 32);
- □ A memorandum addressed to Governor Kathleen Sebelius and the Legislative Budget Committee from the Kansas Division of the Budget and the Kansas Legislative Research Department, dated November 4, 2004, regarding State General Fund Receipts for FY 2005 (Revised) and FY 2006 (Attachment 33); and
- □ Consensus Caseload Estimate, October 26, 2004 (Attachment 34).

The Chairman recognized J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department, who presented information regarding the status of the State General Fund based on the November 2004 consensus revenue estimates (Attachment 35).

Chairman Morris turned the Committee's attention to discussion of recommendations for the Final Report of the Committee (Attachment 36).

### **Election Polling Place Reports**

The Committee reviewed this item and made no specific recommendations.

### **Status of Bonds Issued by the Kansas Development Finance Authority**

The Committee reviewed this item and made no specific recommendations.

### **In-Grade Pay Increases**

The Committee reviewed this item and made no specific recommendations.

### **Furloughs at the State Printing Plant**

The Committee reviewed this item and made no specific recommendations.

### **Review of the Legislative Post Audit Report on the State Fire Marshal's Office**

The Committee reviewed this item and made no specific recommendations.

### **Status of Personal Property Tax Exemptions for Certain Members of the Military**

The Committee reviewed this item. Staff noted that the Department of Revenue had taken steps administratively to delay implementation of the bill.

### **Board of Indigents' Defense Services Office in Independence**

The Committee reviewed this item and made no specific recommendations.

### **Kansas Department of Social and Rehabilitation Services' Deferral Issues**

The Committee reviewed this item. The Committee expressed strong concerns about the potential amount of money affecting the State General Fund and noted that the Legislature, and others, need to do everything possible to eliminate the majority of it. There could possibly be a need for a state legislative delegation, SRS staff, and representatives of the Governor's office to approach the congressional delegation in Washington, D.C. regarding this item.

### **Health Care Access Improvement Program**

The Committee reviewed this item and made no specific recommendations.

### **Wichita Aviation Research Initiative**

The Committee reviewed this item. The Committee emphasized that this is the third year of the legislative obligation for the \$2 million for the aviation industry in Kansas, and it is important to continue to meet that obligation.

### **Deferred Maintenance at Regents Institutions**

The Committee reviewed this item and expressed its concern that there is a \$600 million problem, including life safety issues, that needs to be addressed.

### **Rehabilitation and Repair Projects at the State's Developmental Disabilities Institutions**

The Committee reviewed this item. Staff noted that the State Finance Council has approved the \$5 million dollars that the Committee had recommended for critical and urgent projects listed by SRS.

### **Declining Privilege Tax Revenues to the State General Fund**

The Committee reviewed this item.

Written testimony was submitted by Bill Henry, Director of Governmental Affairs, Kansas Credit Union Association, to counter information presented to the Legislative Budget Committee meeting in October 2004 (Attachment 37).

The Committee discussed asking the Kansas Department of Revenue if it has access to information about banks that switched to sub-chapter S status. The Committee's consensus was to write a letter to the tax committee asking it to study this issue.

### **Twenty-Seventh Pay Period in FY 2006**

The Committee reviewed this item and heard testimony by Duane Goossen, State Budget Director. This cost in FY 2006 is approximately \$33 million to \$35 million State General Funds, and twice that cost from all funding sources. The Committee discussed and agreed to include in the final report the following four options to deal with the 27th pay period in FY 2006:

- □ Pay the bill in FY 2006. Then there will be no problem for 11 more years.
- □ Pay the bill in FY 2006, but try to spread the cost over the next 11 years until the State comes to the same cycle again, by utilizing funding from the Pooled Money Investment Board (PMIB). The cost would be approximately \$3 million State General Funds for each 11 years.
- □ Delay this 27<sup>th</sup> pay period to FY 2007, but if this is done, there would be a 27<sup>th</sup> pay period in 2007. He noted this does not really solve the issue but just pushes it away from FY 2006.
- □ The fourth option, and the most unworkable, is to change from bi-weekly to some other form of pay period. The Budget Office feels that this option is the most undesirable.

### **Update on the Vehicle Rental Contract (Enterprise)**

The Committee reviewed this item. The Committee charged Staff to proceed with further review of the analysis of the estimated savings with the Enterprise contract. The Committee discussed requesting a 100-hour legislative post audit, but noted it would need very specific questions to be answered.

### **Closing of SRS Offices and Possible Savings**

The Committee reviewed this item. The Committee came to a consensus that the Chairman write a letter to the Division of Legislative Post Audit to request an audit regarding closing of SRS offices and possible savings, to be completed before the end of the 2005 Legislative Session.

### **Use of State Building Funds to Pay Insurance for State Buildings (Attachment 38)**

The Committee reviewed and discussed this item.

### **Utilization and Viability of the School for the Blind and the School for the Deaf (Attachment 39)**

The Committee reviewed and discussed this item. The Committee agreed to list the following information regarding this item in the final report:

- ☐ There is an ongoing effort for data collection by staff regarding comparisons with other states;
- ☐ Note the total number of students in each institution;
- ☐ Note the expense is to school districts; and
- ☐ Both the School for the Blind and the School for the Deaf are doing an excellent job.

### **Coordination and Communication of State Budget Information (Attachment 40)**

The Committee reviewed this item. The majority of the Committee favored language in the final report regarding the importance of a complete budget submitted by the Governor that complies with the ending balance law, as was done by previous administrations.

### **Regents Southwest Kansas Access Project (Attachment 41)**

The Committee reviewed this item. The Committee recommended to include in the final report information that the Kansas Board of Regents did meet and appointed a committee to propose alternatives regarding use of interactive TV, and using some of the money for scholarships and marketing.

### **Higher Education Block Grant Funding (Attachment 42)**

The Committee reviewed this item. The Committee agreed to include in its final report the information that there is disparity in parts of the system with the University of Kansas Medical Center and the Kansas State University-Extension systems and ESARP concerning the fact that they have no option of utilizing tuition to make up funding reductions from other sources.

### **Impact on Kansas of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (Attachment 43)**

The Committee reviewed this item. The Committee agreed to emphasize that the possible impact with the “clawback” depends on how the rules and regulations are written and to include concerns with the potential impact of the “woodwork” effect.

### **Long-Term Care Funding Issues**

The Committee reviewed this item. The Committee agreed to include in its final report the recommendation that the Senate Ways and Means and House Appropriations committees should look at the proposals offered in the testimony at this meeting. The committee recommended that in order to address possible problems with waivers and long-term care issues, appointment of a select committee should be made. There are also problems related to dental issues and SRS and EDS need to work together to resolve these issues.

The Chairman turned the Committee's attention to discussion of the minutes. *Representative Neufeld moved, with a second by Representative Feuerborn, to approve the minutes of the September 9-10, 2004, and October 4-5, 2004, meetings. Motion carried.*

Chairman Morris thanked the Committee and staff for their good work and participation during the interim. The meeting adjourned at 3:15 p.m.

Prepared by Mary Shaw  
Edited by Leah Robinson

Approved by the Committee on:

December 6, 2004  
(date)