

## MINUTES

### LEGISLATIVE BUDGET COMMITTEE

September 18-19, 2008  
Room 545-N—Statehouse

#### Members Present

Senator Dwayne Umbarger, Chairperson  
Representative Sharon Schwartz, Vice-Chairperson  
Senator Laura Kelly  
Senator Stephen Morris  
Representative Don Dahl  
Representative Bill Feuerborn  
Representative Lee Tafanelli

#### Staff Present

Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department  
Christina Butler, Kansas Legislative Research Department  
Kimbra Caywood-McCarthy, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Aaron Klaassen, Kansas Legislative Research Department  
Estelle Montgomery, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Terry Weber, Kansas Legislative Research Department  
Kelly Navinsky-Wenzl, Kansas Legislative Research Department  
Jarod Waltner, Kansas Legislative Research Department  
Jim Wilson, Office of the Revisor of Statutes  
Jill Wolters, Office of the Revisor of Statutes  
Matt Sterling, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Melinda Gaul, Chief of Staff, Senate Ways and Means Committee  
Nikki Feuerborn, Chief of Staff, House Appropriations Committee  
Mary Shaw, Committee Assistant

#### Conferees

Russell Jennings, Commissioner, Juvenile Justice Authority  
Representative Jerry Henry  
Ray Dalton, Deputy Secretary, Department of Social and Rehabilitation Services,  
Disability and Behavioral Health Services  
Kim Barnes, Pawnee County Economic Development Commission  
Duane Mathes, Safety Security Officer I, Larned State Hospital  
Chris Howe, Director, Department of Administration, Division of Purchases

Peter J. Paukstelis, Kansas State University  
Roger Werholtz, Secretary, Department of Corrections  
Dick Carter, Jr., Executive Director, Travel Industry Association of Kansas  
Glenda Purkis, Director, Abilene Convention and Visitors Bureau  
Judy Billings, President, Destination Marketing, Inc.  
Marci Penner, Director, Kansas Sampler Foundation  
Representative Kenny Wilk  
Aaron Dunkel, Deputy Secretary, Department of Health and Environment  
Andy Allison, PhD, Medicaid Director and Deputy Director, Kansas Health Policy Authority  
Bill McDaniel, Commissioner of Program and Policy, Department on Aging  
Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association  
Jim Beckwith, Northeast Kansas Area Agency on Aging  
Dale Dennis, Deputy Director, Department of Education  
Duane Goossen, Director, Division of the Budget  
Deb Miller, Secretary, Department of Transportation

### **Thursday, September 18 Morning Session**

Chairman Umbarger called the meeting to order at 10:05 a.m. and welcomed everyone to the meeting.

#### **Update on the Atchison Juvenile Correctional Facility Suspension of Operations**

The Chairman welcomed Russell Jennings, Commissioner, Juvenile Justice Authority (JJA), who presented information regarding the suspension of operations at the Atchison Juvenile Correctional Facility ([Attachment 1](#)). Commissioner Jennings explained that on September 8, 2008, the Kansas Juvenile Justice Authority announced plans to suspend operations at the Atchison Juvenile Correctional Facility effective December 8, 2008. He also noted that the agency further announced the intent to re-purpose the facility for use as a residential care facility, a Youth Residential Center II (YRCII). This would be a group home placement for juveniles placed in the custody of the Commissioner through the issuance of a Request for Proposal (RFP) process and contract with a private provider.

Commissioner Jennings mentioned that plans are to meet with community leaders of Atchison, Kansas, to fully inform them of the intent for the facility. He noted that the most serious implication for the community would be integration of as many as 60 additional youth in the local schools. JJA expects a contract for operations of the YRCII will be in place and the facility will be come operational between April 1 and July 1, 2009. He noted that this would depend on meetings and the Request for Proposal process.

It was explained that the employees of the Atchison Juvenile Correctional Facility who are subject to layoff as a result of this action were provided 90 days advance notice of the intent to suspend operations. Affected employees are being provided support and assistance through the difficult transition and JJA will do everything possible to assure all affected employees land on their feet.

Commissioner Jennings explained that in late June, the JJA and other executive branch agencies, were given a directive by the Governor to prepare and submit a plan for a 2 percent

reduction in the FY 2009 budget and the Governor directed that a reduced resource budget proposal be submitted for FY 2010 that provided an additional 5 percent decrease. Details concerning this are found in the written testimony. It was noted that the FY 2009 State General Fund savings are projected to be \$1.9 million and the FY 2010 State General Fund savings are projected to be \$3.7 million.

Committee questions and discussion followed. The Committee expressed concern regarding the community of Atchison, their economy and the impact on their school system.

Chairman Dwayne Umbarger welcomed Representative Jerry Henry who addressed various concerns regarding the community of Atchison and the repurposing of the Atchison Juvenile Correctional Facility. (No written testimony was submitted.) Representative Henry mentioned that, since the Legislature will not convene until January 2009, he hoped that the community concerns of Atchison would be addressed in future Legislative Budget Committee meetings. The community formed a task force, which includes Representative Henry, to address possible problems with the repurposing of the facility. These concerns include the school issue regarding cost to the school system and law enforcement regarding possible runaways. The task force is scheduled to tour the facility on September 25, 2008. The Chairman suggested having Dale Dennis, Deputy Secretary, Kansas Board of Education address the Committee on these concerns.

### **Review Current Staffing of the Larned Sexual Predator Treatment Program (SPTP)**

The Chairman acknowledged Kimbra Caywood McCarthy, Kansas Legislative Research Department, who provided an overview of the Larned State Hospital Sexual Predator Treatment Program ([Attachment 2](#)). Ms. Caywood McCarthy provided a history of the program, treatment standards, persons committed to the SPTP, growth of the program, staffing and cost of the program, and comparisons to other states.

The Committee recessed at 11:55 a.m.

### **Afternoon Session**

The Committee reconvened at 1:40 p.m.

### **Continued Review of Current Staffing of the Larned Sexual Predator Treatment Program (SPTP)**

The Chairman recognized Ray Dalton, Deputy Secretary, Department of Social and Rehabilitation Services, Disability and Behavioral Health Services ([Attachment 3](#)). Mr. Dalton explained that the SPTP has been steadily growing from its inception in 1994. He noted that it is difficult to predict how many people will come into the program. People are put into the program 90 days before their release from prison, and it is difficult to know the number because it fluctuates.

It was noted that for several years SRS has requested funding for the increase in census at the SPTP based on a just in time funding process because of the unpredictability of the actual number of offenders who will enter the program from year to year. In addition, there is a wide range of staff needed. SRS is requesting \$535,294 from the State General Fund as a FY 2009 supplemental request for the SPTP at Larned because it has surpassed its budgeted capacity. They

are also requesting \$332,947 from the State General Fund as a FY 2009 supplemental request for an additional six staff for the growth of the Transitional House Services at Osawatomie. There is also a request for \$2,538,800 from the State Institutions Building Fund (SIBF) for planning funds for a 90 bed expansion at Larned State Hospital. Details are in Mr. Dalton's written testimony.

In closing, Mr. Dalton mentioned that while admission rates to the SPTP may be difficult to predict with certainty, it is certain the program will continue to grow. With increased growth will come the need for increased resources and the resources will be critical to insure the continued success of the program.

Committee questions and discussion followed. Among committee concerns, the possibility of individuals in the SPTP working in the areas of custodial and grounds maintenance, in order to recoup some of the costs.

The Chairman welcomed Kim Barnes, Chairman of the Legislative Committee and Treasurer for the Pawnee County Economic Development Commission in Larned, Kansas ([Attachment 4](#)). Mr. Barnes explained that the need for staffing and funding of the SPTP is very necessary today, and failure to properly fund the Larned Sexual Predator Treatment Program is endangering patients, state employees, and residents that live in the community.

Mr. Barnes mentioned that they asked that the Legislature consider the following items:

- Budget Enhancement for balance of FY 2009 to cover the shortfall for Other Operating Expenses for Larned State Hospital to fill staff positions.
- Budget Enhancement for FY 2010 to totally cover the expected shortfall mounting since 2004 do to higher other operating expenses.
- Construction Enhancements (detailed in written testimony).

The Chairman recognized Duane Mathes, Safety Security Officer I, Larned State Hospital ([Attachment 5](#)). Mr. Mathes mentioned that Safety Security Officers work all four unites at Larned and respond to all trouble calls. He noted that at this time they have 180 positions open. In closing, Mr. Mathes explained that short staffing is a safety issue not only for workers and staff, but also for the clients.

## **Review of Possible Legal Services Request for Proposals**

Chairman Umbarger welcomed Chris Howe, Director, Department of Administration, Division of Purchases. Mr. Howe explained that in November of 2007, the Department of Administration approached the Committee regarding a request for proposal for the Attorney General's Office for legal services related to pharmaceutical litigation. A decision has been made on that contract and the Attorney General is ready to proceed with the award. He wanted to be present for any questions on the award.

Mr. Howe mentioned that he was approached during the past couple of days by Kansas State University because the University has a new Request for Proposal ([Attachment 6](#)). He introduced Peter J. Paukstelis, Kansas State University, who explained the Request for Proposal presented to the Legislative Budget Committee for its review. Stanley Consultants noted that Kansas State University was not saving money. The Chevron litigation is ongoing, and they want to prepare for possible litigation. Kansas State University seeks competitive proposals from attorneys and law firms

interested in assisting in representing the University in energy service company-related commercial litigation. Qualified attorneys and law firms selected through this process will be appointed to serve as Outside Counsel to the University and will be assigned to this matter when appropriate. Assignments will be based on a number of factors including cost, experience, qualifications, and geographic location.

*A motion was made by Representative Feuerborn, with a second by Representative Tafanelli, to approve the Request for Proposal by Kansas State University. Motion carried on a voice vote.*

### **Update on Department of Corrections Budget Reductions**

The Chairman welcomed Roger Werholtz, Secretary, Kansas Department of Corrections. (No written testimony was submitted.) Secretary Werholtz addressed how the Department of Corrections put together its FY 2010 budget and noted that when the Department began the process, it was approximately \$2.9 million short, using FY 2009 as a base. The shortage is comprised of utility cost and personnel costs. There also was a \$678,000 cut made in the central office in FY 2009 which is carried over. These factors needed to be taken into account.

Secretary Werholtz explained that there is no guarantee that there would or would not be an incident at a facility. Staffing is very important, and in projecting budget cuts, it is a definite factor to take into consideration. He also discussed the turnover in staff, and El Dorado has the greatest number of turnover, currently at 41.5 percent. It takes 30 days to fill a position, and then there is staff training. The Department of Corrections began looking at what functions of their budgets they could reduce without adversely affecting public safety. Currently, they are looking at a possible reduction/closing of a smaller facility or facilities, reducing some contractual services, and also some corrections programs. This is only under consideration at this time.

Committee questions and discussion followed. The Committee requested a spreadsheet of the average cost per facility that would be proposed as being closed.

### **Study Funding of the Proposed Change in State Tourism Services**

The Chairman recognized Michael Steiner, Kansas Legislative Research Department, who provided information on Substitute for SB 501 which would have established the Kansas Tourism Corporation ([Attachment 7](#)). It would have been an independent government agency similar to the Kansas Bioscience Authority or the Kansas Turnpike Association. Additional details are listed in the information provided by Mr. Steiner. He noted that the bill was the work of the Kansas Tourism Initiative and the Joint Committee on Economic Development.

Chairman Umbarger welcomed the following conferees:

Dick Carter, Executive Director, Travel Industry Association of Kansas. ([Attachment 8](#)). Mr. Carter detailed the history of 2008 Senate Bill 501 and 2008 Senate Substitute for HB 2827, both of which are detailed in his written testimony. He explained that they are at the end of a two-year study concerning what part tourism plays in economic development and what it would effect if dollars are put into the program. Tourism is one of the top five industries in Kansas. Kansas is at 50 percent of comparable states with spending on tourism.

Mr. Carter distributed copies of a report titled, "Visit Kansas! Taking Tourism to a Higher Level" published by the Travel Industry Association of Kansas and the Kansas Tourism Initiative and

addressed details in his testimony before the Committee. Copies of the publication are available at the Travel Industry Association of Kansas.

Glenda Purkis, Director, Abilene Convention and Visitors Bureau, explained that she had been in the travel industry for 38 years (Attachment 9). Ms. Purkis mentioned that in 2006, the Abilene Convention and Visitors Bureau received \$1.1 million in sales tax generated from the travel industry. She also noted that, when combined with the City, County, and State, a total of \$1.7 million in sales tax was generated from the travel industry in Abilene. That revenue provided a tax relief per household of \$209. Ms. Purkis suggested that it is time for the tourism industry be acknowledged as an "investment" in Kansas through support of the Kansas Tourism Initiative.

Judy Billings, President, Destination Marketing, Inc., Lawrence, Kansas, explained that their organization separated from the Lawrence Chamber of Commerce in order to focus on tourism and the tourism budget. (No written testimony was submitted.) Ms. Billings noted that they get \$39 back on every dollar that is spent. She supports the proposal fully.

Marci Penner, Director, Kansas Sampler Foundation, mentioned that she was representing small cities and communities of less than 1,500 population. (No written testimony was submitted.) Ms. Penner explained that there is potential in each small community, tourism could help sustain the small communities, and there is an audience for what the small towns and communities offer.

Committee questions and discussion followed. The Committee addressed the possible return on investment in tourism, the separation of tourism from the City Chambers, the possible dynamics of tourism in Kansas, and because of fuel costs, the possibility of people not traveling very far and the possibility of more families vacationing in Kansas.

The meeting recessed at 4:30 p.m.

### **Friday, September 19 Morning Session**

The meeting reconvened at 9:10 a.m.

#### **Discussion of Total Tax Receipts for FY 2006, FY 2007, and FY 2008 and a Proposed Plan**

The Chairman welcomed Representative Kenny Wilk, who presented information regarding Total Tax Receipts for FY 2006, FY 2007, FY 2008, and a possible proposal. Representative Wilk explained that he had been working with Alan Conroy, Director, Kansas Legislative Research Department for the purpose of getting arms around the whole of the State's revenue and where to find items. They spent about two years working on it. This information also was introduced to the Interim Special Committee on Assessment and Taxation. Representative Wilk asked that the Legislative Budget Committee consider working with the Interim Committee to see if a format could be agreed to, and that both interim committees could get something launched that would be an official document coming out of Kansas Legislative Research Department. Copies of Total Receipts FY 2008 (Attachment 10) and Total Receipts FY 2006 and FY 2007 (Attachment 11) were discussed.

Chairman Umbarger welcomed Alan Conroy, Director, Kansas Legislative Research Department, who also discussed the proposed plan. Mr. Conroy explained the Total Receipts FY 2008 tries to capture total receipts that come into the State Treasurer. He noted that the budgetary

number is considerably different than the total receipts number. Mr. Conroy explained the format of the chart. He noted that the items under Total Receipts could be documented in whatever structure is needed. In response to a question, Representative Wilk mentioned that the Interim Tax Committee had a good discussion regarding the format and both Senate and House Chambers were interested in the new format.

### **Review of Department of Health and Environment Labs**

Chairman Umbarger welcomed Aaron Dunkel, Deputy Secretary, Department of Health and Environment ([Attachment 12](#)). Mr. Dunkel explained the history of Building 740 that was constructed in 1956 as a U.S. Air Force Base hospital and in 1974 Building 740 became the Topeka location for the Kansas Department of Health and Environment. He noted that there were over 30 separate HVAC zones operating in the facility, and as a result, the HVAC system is unbalanced.

In mid-July, laboratory staff working in Room 3-C-1 of Building 740 noticed a separation of a ceiling sheetrock seam with one side hanging lower than the other. Over the next few days mold growth became visible on the sheetrock. An analysis was started and this information is detailed in Mr. Dunkel's written testimony. By August 25, only two rooms in the building were characterized as potential problem areas for mold growth, rooms 3-B-11 (pesticide lab) and 3-B-16 (volatiles lab).

Mr. Dunkel mentioned in closing that the final analytical results, the contractors report, and remediation/mitigation recommendations are still pending. In the meantime, the Division of Facilities Management (DFM) has worked on cleaning areas where visible mold was present and KDHE is exploring both short- and long-term options for continuing laboratory services.

There were Committee questions and discussion about immediate needs and consideration of the use of the St. Francis Hospital buildings that will be vacant in the future.

### **Review Effect of New Target Case Management Rules**

The Chairman recognized Amy Deckard, Kansas Legislative Research Department, who explained that the Senate Ways and Means Committee, at the request of the Subcommittee on the Department on Aging, requested an interim study to review the effects of the implementation of the new targeted case management (TCM) rules ([Attachment 13](#)). Ms. Deckard presented an overview and information regarding the federal Centers for "Medicare and Medicaid Services (CMS) indicated that the previous method of operation used by Kansas to provide targeted case management services was not going to be allowed in the future, and failure to change methodologies might result in significant federal reimbursement withholding.

Chairman Umbarger welcomed the following conferees:

Andy Allison, PhD, Deputy Director, Kansas Health Policy Authority, presented information Kansas Reform of Targeted Case Management ([Attachment 14](#)). Dr. Allison addressed the increased CMS scrutiny in Kansas. He noted the focus of the reviews are in three areas: Local Education Agencies (LEAs), Mental Health/Child Welfare, and Targeted Case Management (TCM). The issues identified by OIG and CMS are inaccurate targeted case management payment methods, lack of adherence to the Medicaid State Plan, and lack of adherence to existing and forthcoming federal regulations. Dr. Allison indicated the CMS focus on TCM on how rates are set for non-institutional services: (1) no bundling; and (2) severely limits non-productive activities (windshield time); and on medical necessity for TCM services.

Dr. Allison detailed information about the agreement with CMS, required changes, the process, a time line, moratorium, remaining issues and lessons learned. Committee questions and discussion followed. The Committee discussed in detail the issue of windshield time, the required changes, and freedom of choice and access to services.

Ray Dalton, Deputy Secretary, Department of Social and Rehabilitation Services, Disability and Behavioral Health Services, addressed the impact of the TCM changes made to the TCM programs administered by SRS ([Attachment 15](#)). The programs affected serve individuals with developmental disabilities, physical disabilities, and mental illness. Mr. Dalton mentioned that for the providers of TCM in the MR/DD system, the major impact came with the change in units of service billed. He noted that the change to the 15 minute unit required providers to move to a more regimented and intricate billing cycle to ensure they were able to fund the services they provided. It also has lead to increased documentation, requirements, and monitoring for providers. Providers have indicated that more time is needed to provide the necessary documentation to show that an activity is a covered TCM activity.

Mr. Dalton explained that the largest effect of CMS' rule changes on TCM for persons with mental illness involves the expectation that case management providers not be allowed to provide other mental health services. Their study with KHPA in regard to the TCM changes is due in January 2009.

Bill McDaniel, Commissioner, Program and Policy, Kansas Department on Aging, addressed the fiscal impact on the AAA's, history, current status, and the change in TCM and Medicaid administration billing ([Attachment 16](#)). Mr. McDaniel mentioned that Secretary Kathy Greenlee had written a letter to the Director of the Centers for Medicaid State Operations Centers for Medicare and Medicaid Services, Department of Health and Human Services, in Baltimore, Maryland which is attached to his written testimony. Secretary Greenlee addressed in her letter the single point of entry, limitations on community transition programs, restriction on administrative costs, and having a single case manager. Mr. McDaniel noted that the Department of Social and Rehabilitation Services is taking the lead in doing a new TCM rate study and the Department on Aging is involved in it.

Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association, explained that the Kansas Area Agencies on Aging Association represents the 11 Area Agencies on Aging in Kansas who collectively serve all 105 counties in Kansas ([Attachment 17](#)). Mr. Kaberline addressed the impact of the CMS rules changes on Area Agencies on Aging and case management services in hospitals. He noted that the TCM rule changes impact travel time, independent targeted case managers, cost of the Department on Aging monitoring, and providing quality control could be huge, the current policy requirement to have procedures for how case manager will be supervised and work monitors and quality assurance. Mr. Kaberline explained that the vital piece of the puzzle in continuing the success of aging community programs and improvement of its nursing home diversion programs is having the ability to access the senior population where they are.

Mr. Kaberline distributed copies of the Real Choices, CARE Enhancement Program Final Report, April 2006, by North Central-Flint Hills Area Agency on Aging, Inc. ([Attachment 18](#)).

Jim Beckwith, Northeast Kansas Area Agency on Aging, addressed the fact that rural Kansas is dying ([Attachment 19](#)). There is loss of population and infrastructure, there are doctor and nurse shortages, loss of providers due to low reimbursement rates, SRS office closures have had a negative impact on seniors and the AAAs provide a variety of wrap around services. Mr. Beckwith listed a number of concerns in his written testimony.



Mr. Beckwith provided copies of a booklet that he had written titled, "Managing Old Age: Growing Older Without Growing Old." Copies are available at the North East Kansas Area Agency on Aging.

The Chairman welcomed Dale Dennis, Deputy Secretary, Department of Education, who was asked to provide information to the Committee regarding the re-purposing of the Atchison Juvenile Correctional Facility and impact on the Atchison school system. Mr. Dennis explained that if the transition happens quickly, the school district can handle up to about 40 children because they have a contract for a year. He noted that where it would get difficult is who will operate it, what kind of children will be there and how many children which is the unknown. It would be figured on a September 20 count and it depends on what kind of operation it will be and that the teaching could occur in the facility itself. In response to committee questions, Mr. Dennis mentioned that it appears that everything is in statue now to resolve it, it would be challenge to find staff to teach the special group of children and an issue would develop if the children would come on board with the school system after September 20.

Chairman Umbarger welcomed Duane Goossen, Director, Division of the Budget, who was asked to provide information regarding the letters that were sent by the Governor to the cabinet secretaries and other agencies regarding their FY 2009 and FY 2010 budgets. Copies of the letter addressed from the Governor to the Cabinet Secretaries, dated June 27, 2008 ([Attachment 20](#)) and the letter addressed from the Governor to the Other State Agencies, dated June 27, 2008 ([Attachment 21](#)) were distributed to the Committee. Mr. Goossen explained that following the 2008 Legislative Session last Spring, revenue collections were considerably lower than expected. Legislative leaders requested the Governor to direct cabinet agencies and other state agencies to take action on the current FY 2009 year. The Governor directed her cabinet agencies to begin operating in FY 2009 as if their approved budget were 1-2 percent lower than what was approved in the last legislative session. At the same time, the Governor also sent an additional letter to other agencies telling them that she directed her cabinet agencies to operate below their approved budget and suggested they do the same. Letters also went to the Legislature and Judicial Branch. Also letters were sent to the Department of Education and the Board of Regents asking them to be careful not to cut programs that would directly affect the students.

Mr. Goossen mentioned that the cabinet agencies have taken that directive to heart and have been operating as if their budgets were 1-2 percent lower. Budget requests were due on Monday, September 22, 2008, and they are expecting agencies to turn in a revised current year budget for FY 2009 at 2 percent less than approved and a FY 2010 budget that is flat based on the FY 2009 revised budget. If the agencies need more than that amount, they will need to submit it as an enhancement. They have also requested if the agencies had to cut their allocation, their base budget, by another 5 percent, what you do and submit a list of what they would do. The Budget Office is reviewing this information and working with the Governor to prepare a recommended budget, but at this time it is unknown. In the 2 percent calculations they have exempted school finance, debt service and human service caseloads from having to do the reduced budget. Committee discussion and questions followed.

The Committee recessed at 12:20 p.m.

### **Afternoon Session**

The Committee reconvened at 1:35 p.m.

## **Update on Department of Transportation Federal Funding**

The Chairman welcomed Deb Miller, Secretary, Department of Transportation, who addressed federal funding for the Kansas Department of Transportation, specifically the status of the federal Highway Trust Fund (HTF), ([Attachment 22](#)). Secretary Miller presented background on the HTF regarding reimbursing state and local governments for qualifying highway and transit expenditures. She noted that a shortfall in the HTF has been discussed and anticipated for quite some time. The shortfall was anticipated to begin at some point in 2009 and will continue into the future, as there will not be adequate balances to continue funding transportation at current levels.

Secretary Miller explained that Congress recently took steps to shore up the Federal Highway Trust Fund by transferring \$8 million from the treasury to the HTF. This is a temporary fix and the impact to Kansas is real. Secretary Miller mentioned that a long-term solution is required to address the HTF problem, but it will not be easy and Congress will probably need to search for new sources of transportation funding. Committee discussion followed. The Department of Transportation every year since 2006 has been letting go of positions and they are eliminating 37 positions in response to the Governor's request of 1-2 percent reduction.

## **Update on the State General Fund**

Chairman Umbarger acknowledged Alan Conroy, Director, Kansas Legislative Research Department, who provided an update on the State General Fund. He distributed the following information:

- State General Fund Receipts ([Attachment 23](#)).
- State General Fund Receipts, July through August, FY 2008, ([Attachment 24](#)).
- State General Fund Receipts, Expenditures and Balances, FY 2007 - FY 2011 ([Attachment 25](#)).

Mr. Conroy explained that total receipts to the State General Fund for FY 2008 were \$41.4 million, or 0.7 percent, below the final adjusted estimate (which includes any legislation enacted after the Consensus Revenue estimate). Taxes only in FY 2008 were \$60.1 million, or 1.0 percent below the adjusted estimate, most notably in lower-than-estimated individual and compensating use taxes.

Total State General Fund receipts for July through August, FY 2009, the first two months of FY 2009, were \$9.1 million, or 1 percent, above the estimate. The component of total State General Fund receipts from taxes only was only \$12.6 million, or 1.6 percent, above the estimate. Mr. Conroy also mentioned that the month of September 2008 will be a good barometer because it is a month where estimated taxes are collected and Congress has not made a decision on a federal economic stimulus package yet.

The next meeting of the Legislative Budget Committee is scheduled for October 9-10, 2008. The meeting adjourned at 2:30 p.m.

Prepared by Shirley Jepson  
Edited by J.G. Scott

Approved by Committee on:

November 20-21, 2008  
(Date)