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ITEMS FOR OMNIBUS CONSIDERATION

Kansas Department of Health and Environment (KDHE) – Division of Health Care Finance

A. Spring Human Services Caseload Consensus. Staff from the Division of the Budget, Department for Children and Families, Department of Health and Environment, Department for Aging and Disability Services, Department of Corrections, and the Legislative Research Department met on April 16, 2014, to revise the estimates on caseload expenditures for 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 Temporary Assistance for Needy Families portion of 2014 Senate Sub. for HB 2506. The estimate for FY 2014 is a decrease from the Governor's budget recommendation of \$24.5 million from the State General Fund and \$17.1 million from all funding sources. The new estimate for FY 2015 is an increase of \$55.2 million from all funding sources, but a decrease of \$6.0 million from the State General Fund. **The combined decrease for all human services caseloads for both years is an all funds increase of \$38.0 million and a State General Fund decrease of \$30.4 million.**

The FY 2014 estimate for KanCare reflects a decrease of \$28.7 million from all funding sources and \$26.6 million from the State General Fund. The KDHE's portion of KanCare is \$1.757 billion, including \$670.7 million from the State General Fund. The caseload estimate for FY 2014 that was made on November 5, 2013, included State General Fund payments to the federal Centers for Medicare and Medicaid Services for previously expended federal funds that the federal government subsequently disallowed. Staff from KDHE originally projected those payments would have to be made in the current fiscal year; however, the majority of payments will not be made until FY 2015. A payment of \$2.0 million is anticipated in the current fiscal year. The shift of those expenditures from FY 2014 to FY 2015 is the main cause of the large reduction in the State General Fund for FY 2014. Also included in the KanCare estimate is a funding shift to reduce expenditures from the Problem Gambling and Addictions Grant Fund by \$366,000 and to increase State General Fund expenditures by the same amount. This shift was made to reflect a new, lower estimate for the Expanded Lottery Act Revenues Fund. A portion of the Problem Gambling and Addictions Grant Fund finances Medicaid addiction services. Finally, a technical adjustment increased the KDHE KanCare starting point by \$500,000 from the State General Fund to add the Health Savings Account pilot program that had been included in an administration program instead of KanCare Assistance Program.

The total estimate for the KanCare program in all agencies in FY 2015 reflects an increase of \$55.2 million from all funding sources and a decrease of \$6.0 million from the State General Fund. The Department of Health and Environment's portion of KanCare is \$1.918 billion, including \$714.0 million from the State General Fund. The increase from all funding sources is largely due to the

addition of expenditures for the implementation of Health Homes in KanCare that will provide comprehensive and intensive coordination of care for people with serious mental illness or other chronic conditions. The majority of these expenditures (90.0 percent) will be federally funded. Also added to the estimate are expenditures for the Affordable Care Act Insurers Fee for managed care organizations and estimated savings resulting from the Pay for Performance provisions in the KanCare contracts. The FY 2015 estimate includes the payments for federal disallowances of \$20.9 million that were shifted from FY 2014. Also included in the estimate is a funding shift to reduce expenditures from the Problem Gambling and Addictions Grant Fund by \$408,000 and to increase State General Fund expenditures by the same amount. This shift was made to reflect a new, lower estimate for Expanded Lottery Act Revenues Fund. Finally, a technical adjustment increased the KDHE KanCare starting point by \$500,000 from the State General Fund to add the Health Savings Account pilot program that had been included in an administration program instead of KanCare. This is the same as the adjustment that was made for FY 2014.

Department for Children and Families (DCF)

A. Senate Sub. for HB 2588 (Conference). Senate Sub. for HB 2588, as included in the Conference Committee Report agreed to would create new law and amend existing statutes relating to juvenile placement, the Revised Kansas Juvenile Justice Code, and the Revised Kansas Code for Care of Children. The bill would create a new section in the Revised Kansas Juvenile Justice Code establishing an alternative adjudication procedure for misdemeanor-level juvenile offenses. The alternative adjudication is estimated to result in additional foster care costs totaling \$141,408, including \$97,868 from the State General Fund for FY 2015.

The bill would further direct the development of a fee schedule for youth residential services, including daily payment rates for base services and rates for additions to base services and the development of a plan for performance-based incentive payment opportunities and a plan for integration of these payment opportunities into the fee schedule. The bill would require a February 1, 2015 implementation date for the new rates. The estimated increase in additional foster care expenditures totaling \$295,216, including \$204,319 from the State General Fund for FY 2015 for the partial year implementation.

Increased estimated expenditures for FY 2015 associated with Senate Sub. for 2588 total \$436,624, including \$302,187 from the State General Fund.

B. HB 2060 (Conference). HB 2060, as amended by the Senate Committee on Taxation would reduce the rate of the Kansas Earned Income Tax Credit (EITC) from 17 percent of the federal EITC to 9 percent beginning in tax year 2013. The change to the Kansas EITC rate would prevent DCF from meeting the \$65.9 million Temporary Assistance for Needy Families state maintenance of effort requirement. The Kansas EITC is currently the main maintenance of effort source. HB 2060 is estimated to result in Kansas failing the FY 2014 maintenance of effort requirement by \$27.3 million. To meet the maintenance of effort requirements, additional State General Fund expenditures of \$27.3 million would needed to be made in both FY 2014 and FY 2015 in qualifying programs to avoid penalties for failure to meet the requirements.

C. Human Services Consensus Caseloads. Staff from the Division of the Budget, Department for Children and Families, Department of Health and Environment, Department for Aging and Disability Services, Department of Corrections, and the Legislative Research Department met on April 16, 2014, to revise the estimates on caseload expenditures for 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.

For FY 2014, the new estimate for DCF programs caseloads total \$159.6 million, including \$73.8 million from the State General Fund. Adjustments to DCF programs include a decrease of \$640,598 from all funding sources for the Temporary Assistance to Needy Families (TANF) program, which reflects new program policies and the expectation that the Kansas economy will continue to improve. In addition, the estimate includes a reduction of \$4.7 million from the State General Fund that reflects a reduction in the state maintenance of effort that is possible because the TANF work participation rate has been met without the need for excess maintenance of effort. The estimate for Foster Care is reduced by \$74,991 from all funding sources. However, the State General Fund is increased by \$2.9 million, which reflects a decrease in the amount of federal funding that can be claimed for the program.

For FY 2015, the estimate for DCF program caseloads total \$163.4 million, including \$79.7 million from the State General Fund. The estimate for the Temporary Assistance to Families program is a decrease of \$2.3 million all from federal funds. As was the case for the FY 2014 estimate, the number of families receiving services is expected to decrease as economic conditions improve. The decrease in state maintenance of effort for the TANF program reflects savings of \$4.7 million from the State General Fund and was included in 2014 Senate Sub. for HB 2506. The estimate for Foster Care is increased by \$1.2 million from all funding sources and \$4.8 million from the State General Fund, which reflects an increase in the number of children in the program and a decrease in the amount of federal funding that can be claimed for the program.

For additional information on the Human Services Consensus Caseloads, see KDHE, Division of Health Care Finance, **Item A, Page 1**.

D. Temporary Assistance to Needy Families Work Programs and Child Care Assistance (House Committee). The House Committee requested information from DCF concerning work programs funded from the federal Temporary Assistance to Needy Families fund as well as the correlation of child care assistance with employment. DCF provides employment preparation services to Temporary Assistance to Needy Families (TANF) cash assistance recipients and to former TANF recipients during the 12-month period following the recipients use of cash assistance. DCF indicates the goal of these services is to provide the opportunities for TANF recipients to advance in the labor market and reach self-sufficiency. DCF indicated a commitment to helping welfare recipients remove employment barriers, improve their employment histories, and improve the quality of their jobs. DCF's expectation is that adults will be engaged in full-time unsubsidized employment before their 48-month TANF time limit expires. As of March 2014, 16,878 individuals in 7,022 households were receiving TANF cash assistance benefits. Of these individuals, 4,624 were adult recipients. As of March 2014, there were 6,706 adults in TANF work programs. The number of individuals who are in TANF work programs is larger than those individuals receiving cash assistance as individuals may be in twelve month job transitional services, such as completing training or classes. In addition, individuals may request support for taking a class while employed that would improve their earnings.

All adult TANF recipients, with the exception of those with a child under age two months and those needed in the home to care for a household member with disabilities must meet work requirements to continue receiving cash assistance for their family. Applicants are required to complete registration with KANSASWORKS and complete at least one module in KeyTrain

(administered through the Kansas Department of Commerce), followed by 20 hours per week of job searching until their self-sufficiency plan is developed. Participants will be engaged in work as soon as they are determined ready through the employment assessment process, but not later than 24 months (non-consecutive) after initial receipt of TANF cash assistance.

Employment preparation services include:

- Job search;
- Job-readiness activities;
- Job retention activities;
- Job skills training;
- Supervised community service;
- Education;
- Case management; and
- Work experience.

Supportive services also are available to TANF recipients and former TANF recipients transitioning to employment. These services include:

- Transportation;
- Child care;
- Special services allowance;
- Education;
- Case management;
- Contracted employment services; and
- Training.

Collaborative efforts include:

- Accelerating Opportunities-Kansas (AO-K);
- Kansas Health Profession Opportunity Project (KHPOP);
- Partners in Change;
- Foley/Caterpillar;
- USDA Food and Safety Inspection Services;
- Kansas Food Assistance Employment and Training Program;
- Supply Chain and Logistics training program; and
- Kansas Work for Success.

The Child Care for Employed Families program provides financial assistance to families to assist with child care costs, with the goal that families receiving child care assistance will maintain employment/training. Families receiving child care services include:

- Working families with incomes at or below 185 percent of the federal poverty level (FPL);

- Teen parents working on completion of high school or a GED;
- Families receiving TANF and participating in work programs; and
- Some families in education or training activities.

The Child Care assistance program serves children up to age 13 or through age 18, if they are physically or mentally unable to provide self-care. Care is provided by centers, licensed providers, and unregulated providers enrolled with the Department. As of March 2014, there were 13,841 children in 7,389 households receiving child care assistance through DCF. Of this total, 1,564 children are associated with TANF cases.

Kansas Department for Aging and Disability Services (KDADS)

A. Senate Sub. for HB 2418 (Law). HB 2418 creates the Operator Registration Act to require registration of operators responsible for the oversight of adult care homes and establishes operator qualification requirements. The bill also updates state agency references and removes an outdated rule and regulation reference from the Adult Care Home Licensure Act.

The Department is requesting expenditures of \$50,000, including \$5,000 from the State General Fund, for FY 2015. The State General Fund expenditures would fund start up costs to make adjustments to the agency's registration software. The remaining \$45,000 in expenditures would be ongoing annual administrative costs associated with processing of the registrations of operators. It is anticipated that revenue of the same amount would be deposited in the State Licensure Fee Fund from the registration fees.

B. Human Services Consensus Caseloads and Home and Community Based Services Waivers. Staff from the Division of the Budget, Department for Children and Families, Department of Health and Environment, Department for Aging and Disability Services, Department of Corrections, and the Legislative Research Department met on April 16, 2014, to revise the estimates on caseload expenditures for 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.

For KDADS, the FY 2014 estimate totals \$639.2 million, including \$243.0 million from the State General Fund. The estimate reflects a decrease of \$9.1 million, including \$5.8 million from the State General Fund, below the Governor's recommendation. The FY 2014 estimate for KDADS KanCare programs totals \$605.2 million, including \$220.5 million from the State General Fund, a decrease \$23.8 million, including \$11.7 million from the State General Fund, below the Governor's recommendation. The FY 2014 estimate for KDADS Non-KanCare programs totals \$34.0 million, including \$22.5 million from the State General Fund, an increase \$14.7 million, including \$5.9 million from the State General Fund, above the Governor's recommendation. The increase in Non-KanCare expenditures is attributable to Targeted Case Management Services. Those services were included in the KanCare line item during the fall estimates; however, those services did not become a part of KanCare until March 2014.

For FY 2015, the estimate for KDADS totals \$702.0 million, including \$284.0 million from the State General Fund. The estimate reflects an all fund increase of \$2,829 above the Governor's

recommendation and State General Fund decrease of \$73,075 below the Governor's recommendation. The FY 2015 estimate for KDADS KanCare programs totals \$679.0 million, including \$266.0 million from the State General Fund, a decrease \$3.2 million, including \$773,075 from the State General Fund, below the Governor's recommendation. The FY 2015 estimate for KDADS Non-KanCare programs totals \$23.0 million, including \$18.0 million from the State General Fund, an increase of \$3.2 million, including \$700,000 from the State General Fund, above the Governor's recommendation. The increase in Non-KanCare expenditures is attributable to a small portion of the Targeted Case Management Services for the developmentally disabled continuing to be paid outside of the KanCare contract and KDADS' plans to reassess an additional 2,500 waiver consumers starting in FY 2014 and finishing in FY 2015. Those fee for service payments were not included in the prior estimate. There also is an estimated increase in payments to nursing facilities outside of KanCare.

For additional information on the Human Services Consensus Caseloads, see KDHE, Division of Health Care Finance, **Item A, Page 1**.

KDADS is responsible for the Medicaid Home and Community Based Services waivers. Waiver expenditures are not included in the Human Services Consensus Caseload estimates in the above item. As of April 2014 there are three Home and Community Based Services waivers which have waiting lists for services. As of April 15, 2014 there were 212 children waiting for services from the Autism Waiver. In addition, there were an estimated 2,000 individuals waiting for services from the Home and Community Based Services (HCBS) waiver for individuals with physical disabilities. The agency indicated the list of those waiting for services is currently undergoing verification. As of December 2013, there were 3,141 individuals waiting for services from the Home and Community Based Services waiver for individuals with developmental disabilities. In addition, in December 2013 there were approximately 1,400 on the developmental disability underserved waiting list who were waiting for additional services.

Children's Initiatives Fund

A. Tobacco Settlement Revenue Estimates. Staff from the Kansas Legislative Research Department, the Division of the Budget, and the Attorney General's Office met on April 9, 2014, to discuss the projected revenue from the tobacco settlements. The informal consensus estimate for receipts from the tobacco settlement agreement for FY 2014 is estimated to be \$62.4 million. The estimate is an increase of \$6.3 million above the fall 2013 estimate, as actual payments from the tobacco companies were higher than anticipated in the fall. The FY 2014 payments included tobacco companies taking \$4.9 million in credits and the state of Kansas offsetting the same amount utilizing credit reserves. The FY 2014 estimate also includes \$159,972 in funds distributed to Kansas due to two additional states joining the arbitration settlement.

The consensus estimate for tobacco settlement receipts for FY 2015 totals \$61.0 million, an increase of \$6.0 million above the *Governor's Budget Recommendation*. There was not a revenue estimate meeting in the fall of 2013. While the arbitration settlement terms were agreed to, the final settlement documents were not ready to be signed by the parties to the settlement at the time of the meeting.

Department of Corrections (DOC)

A. Human Services Consensus Caseloads. Staff from the Division of the Budget, Department of Children and Families, Department of Health and Environment, Department for Aging and Disability Services, Department of Corrections, and the Legislative Research Department met on April 16, 2014, to revise the estimates on caseload expenditures for 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.

For DOC/Juvenile Services, the FY 2014 estimate totals \$25.5 million, including \$21.5 million from the State General Fund. The estimate reflects a decrease of \$2.7 million, including \$2.0 million from the State General Fund, below the Governor's recommendation. The FY 2014 estimate for Juvenile Services KanCare including Psychiatric Residential Facilities is \$4.7 million, including \$2.0 million from the State General Fund, which is a decrease of \$266,761, including \$115,214 from the State General Fund, below the Governor's recommendation. The estimate for Out of Home Placements is \$20.8 million, including \$19.5 million from the State General Fund, which is a decrease of \$2.4 million, including \$1.9 million from the State General Fund, below the Governor's recommendation. The decrease is attributable to fewer juveniles in out of home placements, specifically in the Youth Residential Center facilities.

For FY 2015, the estimate for DOC/Juvenile Services is \$25.5 million, including \$21.3 million from the State General Fund. The estimate reflects a decrease of \$2.3 million, including \$2.2 million from the State General Fund, below the Governor's recommendation. The FY 2015 estimate for Juvenile Services KanCare including Psychiatric Residential Facilities is \$4.8 million, including \$2.1 million from the State General Fund, which is a decrease of \$75,420, including \$32,657 from the State General Fund, below the Governor's recommendation. The estimate for Out of Home Placements is \$20.7 million, including \$19.2 million from the State General Fund, which is a decrease of \$2.3 million, including \$2.2 million from the State General Fund, below the Governor's recommendation. The decrease is attributable to fewer juveniles in out of home placements, specifically in the Youth Residential Center facilities.

For additional information on the Human Services Consensus Caseloads, see KDHE, Division of Health Care Finance, **Item A, Page 1**.

B. SB 271 (Governor). SB 271 amends the Medicaid Fraud Control Act by renaming the crime of making false claims, statements or representation to the Medicaid program to "Medicaid fraud," adding any means to defraud Medicaid or any Medicaid contractor a crime, restructures the applicable severity levels for each individual count, imposes varying fines, and makes technical changes to correct statutory and agency references.

The Sentencing Commission estimates the bill could have a prison bed impact of up to two beds for FY 2015, which would be a fiscal impact of \$32,850.

C. Sub for HB 2442 (Governor). Sub for HB 2442 establishes a special sentencing rule for a third or subsequent violation of fleeing or eluding police. The sentence for such violation would be presumptive imprisonment and would be served consecutively to any prison sentence. The sentence would not be a departure and would not be subject to appeal.

The Sentencing Commission estimates the bill could have a prison bed impact of up to 25 beds for FY 2015, which would be a fiscal impact of \$410,625.

Kansas Department of Health and Environment (KDHE) – Division of Environment

A. HB 2548 (Law). HB 2548 creates a new fund in KDHE – Division of Environment, the Water Program Management Fund. Moneys deposited in the fund will come from permit fees for concentrated animal feeding operations (CAFOs) and cleaning facilities for livestock transportation vehicles. The fund will be used for monitoring and investigating water quality issues in the state. Moneys to be deposited in the fund had previously been deposited in the State General Fund. The bill also directs emission and approval fees utilized for the administration of the Kansas Air Quality Act to be deposited in the Air Quality Fee Fund rather than the State General Fund. The combined reduction to State General Fund revenue is estimated to total \$580,000 for FY 2015.

Department of Agriculture

A. SB 278 (Law). SB 278 transfers all duties, powers, employees, and funding of the Board of Veterinary Examiners into the Division of Animal Health in the Kansas Department of Agriculture for a two-year period beginning on July 1, 2014. The bill suspends the statutory 10.0 percent revenue transfer from the Veterinary Examiners Fee Fund to the State General Fund for services provided by the Department of Administration for FY 2015 and FY 2016, which is estimated to be \$26,000 for FY 2015.

The bill also has a fiscal impact on the Board of Veterinary Examiners.

Secretary of State

Sub. for SCR 1618 (Governor). Sub. for SCR 1618 proposes a state constitutional amendment for consideration by voters to allow charitable raffles by some nonprofit organizations. The amendment will be on the November 2014 general election ballot. The Secretary of State is required to publish proposed amendments in at least one paper in every county that has a newspaper.

The Secretary of State estimates that the cost of publishing the amendment in accordance with KSA 64-103 would be \$44,000 for FY 2015. No State General Fund appropriation was requested or recommended by the Governor for the Secretary of State for FY 2015; however, the state has traditionally made expenditures from the State General Fund for the purpose of publishing constitutional amendments. The House Budget Committee made note that publication costs for all proposed constitutional amendments passed by the Legislature during the 2014 session should be given consideration before finalization of the FY 2015 budget. The Senate Committee added \$20,000 from the State General Fund for the printing costs based upon the agency's initial estimates; those estimates were lower than the price quoted to the agency after the passage of the concurrent resolution.

Board of Veterinary Examiners

A. SB 278 (Law). SB 278 transfers all duties, powers, employees, and funding of the Board of Veterinary Examiners into the Division of Animal Health in the Kansas Department of Agriculture for a two-year period beginning on July 1, 2014. The bill suspends the statutory 10.0 percent revenue transfer from the Veterinary Examiners Fee Fund to the State General Fund for services provided by the Department of Administration for FY 2015 and FY 2016, which is estimated to be \$26,000 for FY 2015.

The bill also has a fiscal impact on the Department of Agriculture.

Emporia State University

A. Review the Expenditures for Longevity Bonuses to Determine if the University has Classified Employees (House Committee). The University's classified employees voted to become unclassified University Support Staff in March of this year. This will take effect on July 1, 2014. There is a current expenditure in the budget of \$65,354 from the State General Fund for longevity for FY 2015.

Wichita State University

A. Review the Expenditures for Longevity Bonuses to Determine if the University has Classified Employees (House Committee). The University's classified employees will vote between April 30 and May 2, 2014 to determine if they become unclassified University Support Staff. There is a current expenditure in the budget of \$91,004 from the State General Fund for longevity for FY 2015.

State Fire Marshal

A. HB 2580 (Conference). HB 2580 would grant the State Fire Marshal the authority to enter into contracts to establish regional emergency teams to provide assistance to hazardous materials or search and rescue incidents. If the response resulted from a person's negligent or willful act or omission, the Attorney General may bring action against the responsible person in order to recover reasonable and necessary costs related to the incident. All recovered costs would be remitted to the State General Fund. The Fire Marshal requests additional expenditures of \$200,000 and 2.0 non-FTE positions for FY 2015.

The Senate's appropriations bill, Senate Sub. for HB 2231, increased the agency's expenditure authority by \$200,000, renamed the Hazardous Materials Emergency Fund of the State Fire Marshal to the Emergency Response Fund of the State Fire Marshal, and provided the agency the ability to transfer up to \$500,000, all from existing special revenue funds, to the Emergency Response Fund for FY 2015. These adjustments are contingent upon the passage of 2014 HB 2580, or any other legislation which establishes regional emergency response teams to provide a response to hazardous materials or search and rescue incidents.

Kansas Lottery

A. Expanded Lottery Act Revenues Fund (Revenue Estimate). Staff from the Division of Budget, Kansas Lottery, Kansas Racing & Gaming Commission, and Kansas Legislative Research Department projects expanded gaming revenue of \$357.3 million from the full year operations of the three state-owned casinos for FY 2014. The April estimate for FY 2014 was a decrease of \$18.3 million from the October 2013 estimate. The decrease is attributable to estimated revenue reductions of: 1) \$1.1 million at the Hollywood Casino in Kansas City, 2) \$2.8 million at the Boothill Casino in Dodge City, and 3) \$14.4 million at the Kansas Star Casino in Mulvane. The adjusted total revenue to be transferred to the Expanded Lottery Act Revenues Fund is \$78.7 million, a decrease of \$4.3 million, or 5.2 percent, below the October 2013 estimate. The Problem Gambling and Addictions Grant Fund is estimated to receive \$7.1 million.

For FY 2015, staff projects expanded gaming revenue of \$366.7 million from the full year operations of the three state-owned casinos. The April estimate for FY 2015 was a decrease of \$20.4 million from the October 2013 estimate. The decrease is attributable to estimated revenue reductions of: 1) \$400,000 at the Hollywood Casino in Kansas City, 2) \$1.5 million at the Boothill Casino in Dodge City, and 3) \$18.5 million at the Kansas Star Casino in Mulvane. The estimated total revenue to be transferred to the Expanded Lottery Act Revenues Fund is \$80.9 million, a decrease of \$4.8 million, or 5.7 percent, below the October 2013 estimate. The Problem Gambling and Addictions Grant Fund is estimated to receive \$7.3 million.

Kansas Department of Transportation

A. Legislation Designating Memorial Highways included in Sub. for HB 2424 (Law). The agency is requesting an operating expenditure increase totaling: 1) \$20,800, all from the State Highway Fund, for FY 2015; and 2) \$4,110, all from the State Highway Fund, for FY 2018, for installation and future maintenance of signage related to the following designations contained in Sub. for HB 2424. The bill requires the Secretary of Transportation to place suitable signs to indicate the designations 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.

FY 2015:

- **Designating a portion of K-7 Highway as SGT David Enzbrenner Memorial Highway (HB 2459).** Designating the portion of K-7 Highway from the north city limits of Atchison, north on K-7 Highway to the junction of K-7 with U.S. Highway 36 as the SGT David Enzbrenner Memorial Highway. The agency requests an expenditure limitation increase of \$2,180 for this project.
- **Designating a portion of US-75 as Pack St Clair Highway (HB 2485).** Designating the portion of U.S. Highway 75 from the northern interchange with U.S. Highway 400, then south to the southern interchange with U.S. Highway 400 as the Pack St Clair Highway. The agency requests an expenditure limitation increase of \$3,360 for this project.

- **Designating a portion of K-161 as Ancient Indians' Trader Trail (HB 2610).** Designating the portion of K-161 Highway from the junction of K-161 Highway with U.S. Highway 36, north on K-161 Highway to the Nebraska state line as the Ancient Indians' Traders Trail. The agency requests an expenditure limitation increase of \$2,140 for this project.
- **Designating a Harper County Veterans Memorial Highway (HB 2644).** Designating the portion of U.S. Highway 160 from the junction of U.S. Highway 160 and K-14 Highway, then east to the eastern boundary of Harper County, then from the southern junction of U.S. Highway 160 and K-2 Highway, then west on U.S. Highway 160 to the western boundary of Harper County as the Harper County Veterans Memorial Highway. The agency requests an expenditure limitation increase of \$4,280 for this project.
- **Designating a Bonnie Huy Memorial Highway (HB 2645).** Designating the portion of K-96 Highway from the junction with Interstate Highway 135 then east to the junction with Interstate Highway 35 as the Bonnie Huy Memorial Highway. The agency requests an expenditure limitation increase of \$3,360 for this project.
- **Designating a Bonnie Sharp Interchange (HB 2646).** HB 2646 would designate the junction of Interstate Highway 635 and Metropolitan Avenue in Wyandotte County as the Bonnie Sharp Interchange. The agency requests an expenditure limitation increase of \$5,480 for this project.

FY 2018:

- **Designating the junction of K-14 Highway and 16th Road in Rice County as Robert G. (Bob) Bethell interchange (HB 2424).** Designating the junction of K-14 Highway and 16th Road in Rice County as the Representative Robert G. (Bob) Bethell Interchange. The agency requests an expenditure limitation increase of \$4,110 for this project.

Kansas Highway Patrol

A. Review Report from the Highway Patrol Regarding Motor Carrier Inspections, Including the Procedure for Filing Complaints, Procedure for Appeals from Citations, and Procedure for Training Inspectors. (House Committee). The agency has drafted a report with the requested information. The report discusses informational safety programs provided to motor carriers, the procedure through which carriers can challenge violations, the appeals process, the training and certification requirements for inspectors, and the level of discretion that an inspector is permitted to utilize.

B. Review Report from the Highway Patrol Regarding the State of Morale and Actions Taken to Address Morale in the Kansas Highway Patrol. (House Committee). The agency is drafting a report with the requested information which will be available on or before April 30, 2014. The report discusses actions being taken presently to boost morale. Furthermore, the agency has requested information from groups asking about possible morale issues. Finally, the agency has begun working with two professors from the University of Kansas School of Business to develop

anonymous employee surveys in order to achieve an objective, measured view of possible morale issues in the Highway Patrol and to address any existing issues.

Health Care Stabilization Fund Board of Governors

A. HB 2516 (Law). HB 2516 amends the Health Care Provider Insurance Availability Act (Act), which governs the operation of the Health Care Stabilization Fund. The bill changes and expands the definition of “health care provider” to include: physician assistants, nursing facilities, assisted living facilities, residential health care facilities, and certain advance practice registered nurses (certified in the role of nurse midwife). The addition of these health care provider groups required to comply with the Act would result in an increase in the agency’s workload. The agency requests the addition of \$73,379, all from the Health Care Stabilization Fund, and 1.0 FTE position for FY 2015 to perform compliance work for an estimated additional 1,447 health care providers.

State Court of Tax Appeals

A. House Sub. for SB 231 (Conference). House Sub. for SB 231 would make numerous changes in the power, duties and functions of the Court of Tax Appeals (COTA), including property tax valuation appeals, changing the name of COTA to the Board of Tax Appeals (BOTA) and lowering the interest rate on delinquent property taxes. The agency has indicated that in order to carry out these duties it would require an additional 2.0 FTE positions and an additional \$278,000 for the first year and then \$275,000 annually thereafter. Projected expenditures would include two staff attorneys, two contracted hearing officers and renaming costs and expenditures related to updating the agency website to meet the requirements of House Sub. for SB 231. Additionally, the agency projects a \$230,000 annual loss in revenue in its filing fee fund attributable to reduced filing fees the agency will collect.

Judicial Branch

A. House Sub. for SB 231 (Conference). House Sub. for SB 231 would make numerous changes in the power, duties and functions of the Court of Tax Appeals (COTA), including property tax valuation appeals, changing the name of COTA to the Board of Tax Appeals (BOTA) and lower the interest rate on delinquent property taxes. The bill also provides *De Novo* review of the decisions of COTA in District Court. The Judicial Branch indicates that this is likely to significantly increase the number of appeals by providing litigants a second “bite at the apple” for parties dissatisfied with outcome at COTA.

COTA estimates the revision will generate approximately 7,500 appeals resulting in an additional 4,091 cases per year. In FY 2015 the Judicial Branch estimates that the bill would increase expenditures by \$3.0 million and require 44 additional FTE; including, nine Judges, Court Reporters and Administrative Assistants and 17 Administrative Assistants. The additional appeals would generate approximately \$720,000 in additional revenue from filing fees.

Attorney General

A. SB 256 (Governor). Among other provisions, SB 256 allows the Attorney General to be compensated for representation of counties in criminal appeals from the County General Fund. The Attorney General anticipates this will increase the workload on the Attorney General's Office as County and District Attorney's shift criminal appeals responsibilities to the State.

The Attorney General's Office anticipates it would need 1.0 Criminal Appeals Attorney FTE position (\$80,000 annually, either from the State General Fund or from fees generated by representation) to handle the county-generated appeals. The bill would generate an uncertain amount of revenue from fees collected from the county and district attorneys.

B. SB 310 (Law). SB 310 amends the statute governing grand jury indictment procedure to allow a grand jury impaneled to be empaneled through elector petition and request the Attorney General prosecute the case arising from an indictment, if the grand jury is of the opinion the prosecuting attorney would not diligently prosecute the case. The court would notify the Attorney General of the request and the Attorney General could prosecute the case.

The Attorney General's Office states that this expands the original criminal jurisdiction of the Office of the Attorney General in a way never previously permitted. As a result, the Attorney General predicts a significant increase in criminal cases received under this authority. The Office of the Attorney General requests one additional FTE for a criminal prosecutor and an additional State General Fund appropriation of \$94,393 for FY 2015.

Board of Indigents' Defense Services

A. Sub. for HB 2442 (Governor). HB 2442 would establish a special sentencing rule for a third or subsequent violation of fleeing or eluding police. The sentence for such violation shall be presumptive imprisonment and shall be served consecutively to any prison sentence. This sentence is not considered a departure and is not subject to appeal. Using FY 2013 cost and caseload data, the Board of Indigents' Defense Services estimates the bill would add 437 additional cases which would require \$348,276 from the State General Fund in FY 2015. It is expected that the elevated caseloads would continue into the out-years and the costs would be ongoing. The total amount includes \$210,176 for assigned counsel (256 cases X \$821 cost per case) and \$138,100 for 2.00 Public Defender FTE positions to handle approximately 181 cases.

State Employee Pay

A. Review State Employee Pay (House and Senate Committee). The House and Senate Appropriating Committees deleted \$10.5 million, including \$5.1 million from the State General Fund, for a 1.5 percent base salary increase for classified employees in the Executive Branch recommended by the Governor for FY 2015. The House and Senate Committees recommended the Legislature revisit the issue of base pay increases for classified employees in all state agencies prior to the finalization of the FY 2015 budget.

The Senate Ways and Means Committee introduced SB 454, which would provide an annual payment of \$300 to classified employees, elected officials, and judges. Kansas State Legislators would receive an annual payment of \$150. The bill also eliminates state employee longevity bonuses,

which would reduce expenditures by \$8.1 million, including \$3.4 million from the State General Fund for FY 2015. No fiscal note was submitted in relation to SB 454.

The House Appropriations Committee introduced HB 2750, which would provide a 3.0 percent pay increase to classified Executive Branch employees making \$35,000 or less reducing linearly to 0.5 percent for the classified state employee with the highest compensation. The bill appropriates \$8.3 million, including \$8.2 million from the State General Fund for FY 2015. The bill also eliminates state employee longevity bonuses.