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ITEMS FOR OMNIBUS CONSIDERATION

Various Agencies

A. GBA No. 1, Item 13, Page 9 - A & M Savings Certification.

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

A. Human Services Consensus Caseload Estimates and GBA No. 1, Item 9, Page 5. The staff from the Division of the Budget, Department for Children and Families (DCF), Department of Health and Environment (KDHE), Department for Aging and Disability Services (KDADS), Department of Corrections (KDOC), and the Kansas Legislative Research Department (KLRD) met on April 12, 2016, to revise the estimates on caseload expenditures for FY 2016 and FY 2017. 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 approved budget in 2016 House Sub. for SB 161.

As the starting point for the current estimate, the group used the approved budget in 2016 House Sub. for SB 161. A chart summarizing the estimates for FY 2016 and FY 2017 is included at the end of this memorandum. The new estimate for FY 2016 is an increase of \$100.2 million from all funding sources, including an increase of \$3.3 million from the State General Fund. The estimate for FY 2017 is an increase of \$2.1 million from the State General Fund and \$91.9 million from all funding sources. The combined estimate for FY 2016 and FY 2017 is an all funds increase of \$192.1 million, including \$5.4 million from the State General Fund.

The FY 2016 estimate for KanCare Medical is \$2.8 billion, including \$968.9 million from the State General Fund. The total estimate for the KanCare program in all agencies in FY 2016 reflects an increase of \$101.4 million from all funding sources, including an increase of \$8.4 million from the State General Fund. For the Department of Health and Environment, the KanCare Medical estimate is \$2.0 billion from all funding sources, including \$663.0 million from the State General Fund. The Department for Aging and Disability Services' KanCare Medical estimate is \$764.7 million from all funding sources, including \$304.5 million from the State General Fund. The KanCare Medical estimate for the Department of Corrections is \$3.2 million, including \$1.4 million from the State General Fund. The major contributor to the increase for FY 2016 KanCare is the higher cost of capitated negotiated rates and the estimated growth in population, which take into account recent processing delays and KanCare policy changes instituted in FY 2016. An additional \$18.9 million from KDHE fee funds was

added to meet the state expenditure obligation in lieu of adding the same amount from the State General Fund.

The FY 2017 estimate for KanCare Medical is \$2.8 billion, including \$957.2 million from the State General Fund. The new estimate reflects an increase of \$96.8 million from all funding sources, including \$2.8 million from the State General Fund. For the Department of Health and Environment, the KanCare Medical estimate is \$2.1 billion from all funding sources, including \$657.0 million from the State General Fund. The Department for Aging and Disability Services' KanCare Medical estimate is \$699.0 million from all funding sources, including \$298.7 million from the State General Fund. The KanCare Medical estimate for the Department of Corrections is \$3.5 million, including \$1.5 million from the State General Fund. The major contributor to the increase for FY 2017 KanCare is the higher cost of capitated negotiated rates and estimated growth in population, which take into account recent processing delays and KanCare policy changes instituted in FY 2016. An additional \$24.2 million from KDHE fee funds was added to meet the state expenditure obligation in lieu of adding the same amount from the State General Fund.

B. SB 341 (Passed one chamber and savings included in approved budget). SB 341 as amended, would remove the prohibition on the Kansas Department of Health and Environment (KDHE) from requiring a Medicaid recipient to use or be unsuccessful with a drug usage or drug therapy prior to allowing the recipient to receive the product or therapy recommended by the recipient's physician (a practice commonly referred to as step therapy). The bill would allow a recipient to receive a physician-recommended product or drug therapy commenced on or before July 1, 2016, without first going through step therapy. Further, the bill would require the Secretary of Health and Environment to study and review the use of step therapy in Medicaid; prepare a report detailing the total funds saved under the program and the percentage and amount of such savings returned to the State; and submit such report to the Legislature.

According to the fiscal note prepared by the Division of the Budget on the original bill, enactment of the bill would result in \$10.6 million in State General Fund savings for the KDHE Division of Health Care Finance. The fiscal effect associated with the bill is included in the FY 2017 Governor's Budget Report.

C. GBA No. 1, Item 8, Page 5 - Consolidating the KanCare Budget for Caseload Expenditures in the Department of Health and Environment.

Kansas Department of Commerce

A. Senate Sub. for HB 2509 (Conference). Senate Sub. for HB 2509 concerns administrative fees for economic development programs administered by the Department of Commerce and would grant the Secretary of Commerce discretionary authority to assess and collect the following amounts for the administration of various economic development programs:

- Up to \$750 for applications to the Kansas Industrial Training, the Kansas Industrial Retraining, Promoting Employment Across Kansas, and the Job Creation Fund programs;
- Up to 1.0 percent of the amount of Sales Tax and Revenue (STAR) bonds issued, which would be payable from the bond proceeds;

- Up to 1.0 percent of private activity bonds issued, which would be payable by the issuer, bond proceeds, or both; and
- Up to 2.0 percent of funds transferred to the State Affordable Airfare Fund.

The agency indicates the bill would increase its revenues by \$1.0 million and the revenue collected would be deposited in the following administrative funds as follows.

- Economic Development Initiative Incentive Program Applicant Fee Fund (\$62,400);
- STAR Bond Administrative Fee Fund (\$500,000);
- Private Activity Bond Administration Fee Fund (\$235,000); and
- Kan-grow Engineering Administrative Fee Fund (\$210,000).

These funds would need to be appropriated. The bill, as introduced by the Senate Committee on Federal and State Affairs, was a recommendation contained in the Kansas Statewide Efficiency Review.

B. SB 474. (Passed one chamber and savings included in approved budget). SB 474, as amended, would authorize the State Finance Council to oversee the sale of the Kansas Bioscience Authority (KBA) or substantially all the assets of the authority. The authorization would apply regardless of whether the Legislature is in session. The bill also would revise provisions of the Sales Tax and Revenue (STAR) Bond Financing Act including oversight by the Secretary of Commerce and to incorporate provisions of STAR bond reform as recommended by the 2005 LPA Study.

The fiscal note indicates the bill, as introduced, would have no fiscal effect. However, the FY 2017 Governor's Budget Report does include \$25.0 million in State General Fund revenue from the sale of KBA assets.

C. GBA No. 1, Item 2, Page 2 - Proviso to Include Expenditure Limit Reductions on IT Savings Certification. Authorized by 2015 SB 112 & 2016 SB 161, IT savings were transferred on April 1, 2016 as certified by the Division of Budget from the Department of Commerce EDIF Operating Grant account (1900-1110) in the amount of \$127,547. To ensure the agency does not overspend from the agency operating grant fund, expenditure authority for the same fund would need to be reduced by that same amount.

D. GBA No. 1, Item 5, Page 3 - KBA Grant Commitments.

Kansas Bioscience Authority

A. GBA No. 1, Item 6, Page 4 - Reduce State General Fund Transfer to the Kansas Bioscience Authority.

Children's Initiatives Fund

A. Tobacco Settlement Revenue Estimates. The Division of the Budget, the Attorney General's Office, and the Kansas Legislative Research Department met on April 19, 2016, to discuss the projected revenue from the tobacco settlements. The informal consensus estimate for receipts from the tobacco settlement agreement for FY 2016 is estimated to be \$59,124,916, an increase of \$124,916 above the November estimate to reflect actual receipts. The consensus estimate for tobacco settlement receipts for FY 2017 totals \$58.0 million, the same as the November estimate.

As of the time of the meeting, the terms of the proposed settlement had been agreed to and are being operated under, however, final settlement was not signed by the parties to the settlement. Additionally, starting in FY 2018, under the terms of the original settlement agreement, annual payments to the state are anticipated to reflect a sizable and permanent reduction which cannot be predicted yet with any reasonable certainty.

Department for Children and Families

A. Human Services Consensus Caseloads and GBA No. 1, Item 9, Page 5 - The staff from the Division of the Budget, Department for Children and Families (DCF), Department of Health and Environment (KDHE), Department for Aging and Disability Services (KDADS), Department of Corrections (KDOC), and the Kansas Legislative Research Department met on April 12, 2016, to revise the estimates on caseload expenditures for FY 2016 and FY 2017. 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 approved budget in 2016 House Sub. for SB 161.

The FY 2016 estimate for the Temporary Assistance to Needy Families program is a decrease of \$648,965, all from federal funds. The number of families receiving services is expected to decrease at a faster rate than had been anticipated in the fall consensus caseload estimate. Expenditures for Foster Care for FY 2016 are decreased by \$2.1 million from all funding sources, including \$4.6 million from the State General Fund. The decrease in all funds reflects an increase in the number of children anticipated to be in the foster care system, although the increase is lower than the estimate that was made by the group in the fall.

The FY 2017 estimate for the Temporary Assistance to Needy Families program is a decrease of \$1.7 million all from federal funds. The number of families receiving services is expected to decrease at a faster rate than had been anticipated in the fall estimate. Expenditures for Foster Care for FY 2017 are decreased by \$3.2 million from all funding sources, including \$1.5 million from the State General Fund. The decrease in all funds is attributable to the fact the number of children in out-of-home placement is expected to be lower than what had been anticipated in the fall consensus caseload estimate.

For additional information on the spring Human Services Caseload estimates, please see Kansas Department for Health and Environment – Division of Health and Health Care Finance on page 1.

B. SB 418 (Conference). SB 418 would create and amend law related to human trafficking, sexual exploitation of a child, children in need of care, and juvenile offenders.

The Senate Committee of the Whole adopted an amendment creating the Juvenile Out-of-Home Placement Fund and adding a mechanism for the transfer of money between school districts, via the Fund, based from the districts that the child leaves and into which the child is enrolled upon placement. The Senate version of the bill would require additional expenditures of \$116,525, including \$63,646 from the State General Fund and 2.0 FTE positions to track and transfer the education funds. The House version of the bill does not have an associated fiscal impact.

C. SB 323 (Conference). SB 323 would enact the Jason Flatt Act, requiring suicide awareness training to school district staff; amend the Freedom from Unsafe Restraint and Seclusion Act; establish a language assessment program coordinated by the Kansas Commission for the Deaf and Hard of Hearing; and amend the law concerning capital improvement state aid.

The fiscal note associated with creation of a language assessment program indicates the bill would require additional expenditures by the Department for Children and Families totaling \$42,314 from the State General Fund, including a 0.5 full-time equivalent Public Service Administrator I.

D. GBA No. 1, Item 4, Page 3 - Nullify Income Eligibility Proviso for Parents as Teachers Program.

E. GBA No. 1, Item 17, Page 10 - Social Worker Pay Rate Increase.

Kansas Department for Aging and Disability Services

A. Human Services Consensus Caseloads and GBA No. 1, Item 9, Page 5. The staff from the Division of the Budget, Department for Children and Families (DCF), Department of Health and Environment (KDHE), Department for Aging and Disability Services (KDADS), Department of Corrections (KDOC), and the Kansas Legislative Research Department met on April 12, 2016, to revise the estimates on caseload expenditures for FY 2016 and FY 2017. 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 approved budget in 2016 House Sub. for SB 161.

The Department for Aging and Disability Services' KanCare Medical revised estimate in FY 2016 is \$764.7 million from all funding sources, including \$304.5 million from the State General Fund, an increase of \$91.0 million, including \$32.0 million from the State General Fund. The FY 2016 estimate for KDADS Non-KanCare is an increase of \$4.8 million, including \$2.8 million from the State General Fund. The new estimate was increased because of the eligibility determination backlog that is requiring an increase in retroactive fee-for-service payments.

The Department for Aging and Disability Services' KanCare Medical estimate for FY 2017 is \$699.0 million from all funding sources, including \$298.7 million from the State General Fund, an increase of \$76.9 million, including \$26.7 million from the State General Fund. The FY 2017 estimate for KDADS Non-KanCare is an all funds increase of \$1.4 million, including an increase of \$1.9 million

from the State General Fund. The estimate is increased because of the eligibility determination backlog that is requiring an increase in retroactive fee-for-service payments.

For additional information on the KanCare Medical programs, please see Kansas Department of Health and Environment – Division of Health and Health Care Finance on page 1.

B. GBA No. 1, Item 7, Page 4 - Message on Lottery and Gaming Revenues.

C. GBA No. 1, Item 8, Page 5 - Message on Medicaid KanCare Expenditures.

D. GBA No. 1, Item 10, Page 8 - Combine Non-Caseload Program Savings with Caseload.

E. GBA No. 1, Item 14, Page 9 - OSH Diversion Beds.

Larned State Hospital

A. GBA No. 1, Item 12, Page 8 - LSH Revenue Shortfall/DSH Recouptment.

B. GBA No. 1, Item 16, Page 10 - LSH Direct Care Pay Increase.

Osawatomie State Hospital

A. GBA No. 1, Item 11, Page 8 - OSH Revenue Shortfalls/Decertification Costs.

B. GBA No. 1, Item 15, Page 10 - OSH Direct Care Pay Increases.

Department of Corrections

A. Human Services Consensus Caseloads and GBA No. 1, Item 9, Page 5. The staff from the Division of the Budget, Department for Children and Families (DCF), Department of Health and Environment (KDHE), Department for Aging and Disability Services (KDADS), Department of Corrections (KDOC), and the Kansas Legislative Research Department (KL RD) met on April 12, 2016, to revise the estimates on caseload expenditures for FY 2016 and FY 2017. The caseload estimates include expenditures for KanCare medical programs, Non-KanCare programs including Nursing Facilities for Mental Health (state only) and Frail Elderly/Physical Disability Waiver Assessments, Temporary Assistance to Families, the Reintegration/Foster Care Contracts, and Out of Home Placements.

The estimate for the Department of Corrections/Juvenile Services Out of Home Placements totals \$15.6 million, including \$15.0 million from the State General Fund, which is decrease of \$3.3 million, all from the State General Fund, in FY 2016 and totals \$15.4 million, including \$13.8 million from the State General Fund, which is a decrease of \$1.5 million, including \$1.1 million from the State

General Fund, for FY 2017 to reflect a reduction in the number of youth in KDOC out of home placements.

For KDOC KanCare Medical programs, please see Kansas Department of Health and Environment – Division of Health and Health Care Finance on page 1.

B. HB 2447 (Law). HB 2447 increases the maximum number of days an inmate's sentence may be shortened for earning program credits from 90 days to 120 days. The provisions of the bill are to be construed and applied retroactively, and the bill directs the Secretary of Corrections to make program credit calculations authorized by the bill no later than January 1, 2017.

Based on a contract rate of \$40 per day, the KDOC estimates the bill could help it avoid costs of \$791,200 in FY 2017 to house inmates in contract beds.

C. SB 367 (Law). SB 367 creates and amends law related to the Kansas juvenile justice system including case, probation, and detention length limits, new graduated responses for technical probation violations, methods of adjudication, new youth residential treatment center terms, establishes the Kansas Juvenile Justice Oversight Committee, new training for persons in the juvenile justice system, new grants for intervention programs, community integration programs, program credit computation, juvenile justice code amendments, sentencing alternatives, and establishes new funding mechanisms amongst other comprehensive changes.

For the KDOC, the bill renames the Juvenile Detention Facilities Fund the "Juvenile Alternatives to Detention Fund" and changes its purpose from the retirement of debt of facilities for the detention of juveniles or the construction, renovation, remodeling, or operational costs of facilities for the detention of juveniles to the development and operation of community-based alternatives to detention. The bill also creates the Kansas Juvenile Justice Improvement Fund, to be administered by the KDOC. All expenditures from the Improvement Fund shall be for the development and implementation of evidence-based community programs and practices for juvenile offenders and their families by community supervision offices, including juvenile intake and assessment, court services, and community corrections.

In order to implement this bill, the Department of Corrections needs two new funds (the Juvenile Alternatives to Detention Fund and the Kansas Juvenile Justice Improvement Fund) appropriated. The agency also requests funding to make its obligated per diem payments for juveniles in detention facilities for FY 2017. Re-purposing the Juvenile Detention Facilities Fund into the Juvenile Alternatives to Detention Fund eliminated the authority for the agency to make traditional detention payments starting in FY 2017. The agency would need language added to the new Juvenile Alternatives to Detention Fund to make these payments or new funding appropriated. Additionally, the provisions of this bill state any State General Fund cost savings associated with the cost avoidance of placing juveniles in youth residential centers should be transferred to the Juvenile Justice Improvement Fund. GBA No. 1, Item 9, Page 5 lapses the projected savings from reduced Out of Home Placements in FY 2016 and FY 2017.

This bill also impacts the Judicial Branch and the Kansas Department of Education. Those impacts can be viewed on page 8 and page 10 respectively.

D. Senate Sub. for HB 2049 (Conference). Senate Sub. for HB 2049, as amended, would change the penalties for possession of marijuana so that a first offense would be a class B nonperson misdemeanor, a second offense would be a class A nonperson misdemeanor, and a third or

subsequent offense would be a drug severity level 5 felony. The bill also would create a special sentencing rule for burglary of a dwelling to make the sentence presumptive imprisonment if the offender has a criminal history score of C (one previous person felony and one previous nonperson felony), D (one previous person felony), or E (three or more nonperson felonies).

The Kansas Sentencing Commission estimates the bill could reduce the number of adult prison beds needed by up to 11 beds for FY 2017, which could help the Department of Corrections avoid costs up to \$75,482. The Kansas Sentencing Commission also states the bill could avoid Substance Abuse Treatment programming costs of \$763,259 for FY 2017.

This bill also impacts the Judicial Branch. That impact can be viewed on page 9.

E. HB 2462 (Conference). HB 2462, as amended, would amend the crime of theft to increase the floor for a severity level 9, nonperson felony theft of property or services from \$1,000 to \$1,250. Accordingly, the ceiling for class A nonperson misdemeanor theft of property and services would be raised from "less than \$1,000" to "less than \$1,250," as well as the ceilings for exceptions raising the severity level for such amounts to a severity level 9, nonperson felony when the property is taken from three separate mercantile establishments within a period of 72 hours as part of the same act or common scheme, or when the person committing the theft has been convicted of theft two or more times. The bill also would establish a floor of \$50 for the exception raising the severity level to a severity level 9, nonperson felony when the person committing the theft has been convicted of theft two or more times, and would add a five-year look back provision to this exception.

The Kansas Sentencing Commission estimates the bill could reduce the number of adult prison beds needed by up to 40 beds for FY 2017, which could help the Department of Corrections avoid costs up to \$226,446.

This bill also impacts the Judicial Branch. That impact can be viewed on page 9.

Judicial Branch

A. SB 367 (Law). SB 367 creates and amends law related to the Kansas juvenile justice system. A detailed review of the revisions to the Juvenile Justice System can be found on Page 7 under the Department of Corrections. The Judicial Branch estimates that implementing the provisions of this bill will require an additional \$746,219, all from the State General Fund, and 15.0 FTE positions for FY 2017.

The bill requires the Kansas Department of Corrections and the Office of Judicial Administration to provide semi-annual training on evidence-based programs and practices. The Office of Judicial Administration (OJA) must designate or develop a training protocol for judges, county and district attorneys, and defense attorneys who work in juvenile court. OJA must provide annual reports to the Legislature and to the Oversight Committee with data regarding completion of this training, including the number of judges and attorneys listed above who did and did not complete the training. The Judicial Branch estimates that developing and operating the enhanced training program will require \$110,000, a 1.0 FTE Court Services Specialist to coordinate the program and a 0.5 FTE juvenile education specialist to carry out the training and education duties for FY 2017. The salary and wage cost associated with the new training requirements totals \$122,300.

The bill also replaces a provision allowing the Commissioner of Juvenile Justice to adopt rules and regulations regarding local creation of risk assessment tools with a provision requiring the Secretary of Corrections, in conjunction with OJA, to develop, implement, and validate a statewide detention risk assessment tool. The Judicial Branch estimates that development and use of a risk based assessment tool for juveniles would require additional one time expenditures of \$85,000 in FY 2017. The provisions also are estimated to require an additional 1.5 FTE positions including a 0.5 FTE information technology position to perform system programming, data collection, and reporting, and a 1.0 FTE administrative support position to assist with collection and dissemination of data as well as assist in the training. The salary and wage costs associated with the risk assessment tool are \$85,100.

Section 25 of the original bill would have eliminated the work of Court Services Officers in Child in Need of Care (CINC) cases; however section 25 was stricken from the bill returning CINC cases to the oversight of Court Services Officers. Under the original fiscal note, these resources would have been redeployed for the multi-disciplinary team facilitators required by Section 3 which must be appointed in each of the 31 Judicial Districts. The Judicial Branch estimates that 12 Court Services Officers can fulfill the duties of the team facilitators. The provisions of Section 3 do not take effect until January of 2017 and a half year of salaries expenses for 12 Court Services Officers is estimated at \$343,819. This amount would increase to \$643,036 starting in FY 2018.

B. Sen. Sub. for HB 2049 (Conference). Senate Sub. for HB 2049, as amended, would amend the penalties for possession of marijuana so that a first offense would be a class B nonperson misdemeanor, a second offense would be a class A nonperson misdemeanor, and a third or subsequent offense would be a drug severity level 5 felony. Under current law, a first offense is a class A nonperson misdemeanor and any subsequent offense is a drug severity level 5 felony. The Judicial Branch does not project any fiscal impact from the amended burglary provisions of the bill.

The Sentencing Commission reports that, in FY 2014, a total of 448 offenders were convicted of the crime of 2nd possession of marijuana. Using those numbers, it can be expected that a total of 367 misdemeanor offenders could be expected to be added to the caseloads of court services officers under the provisions of the bill. At full staffing levels, court services officers supervise an average of 60 offenders. Applying this average to the increase of 367 offenders results in the need for an additional 6.0 FTE Court Services Officer I positions statewide. According to the Judicial Branch, a full year of staffing would be \$356,586, all from the State General Fund, for FY 2017.

This bill also impacts the Department of Corrections. That impact can be viewed on page 8.

C. HB 2462 (Conference). HB 2462 would amend the crime of theft to increase the floor for a severity level 9, nonperson felony theft of property or services from \$1,000 to \$1,250. Accordingly, the ceiling for class A nonperson misdemeanor theft of property and services would be raised from "less than \$1,000" to "less than \$1,250," as well as the ceilings for exceptions raising the severity level for such amounts to a severity level 9, nonperson felony when the property is taken from three separate mercantile establishments within a period of 72 hours as part of the same act or common scheme, or when the person committing the theft has been convicted of theft two or more times. The bill also would establish a floor of \$50 for the exception raising the severity level to a severity level 9, nonperson felony when the person committing the theft has been convicted of theft 2 or more times, and would add a five-year look back provision to this exception.

The Judicial Branch estimates that HB 2462 would increase the number of misdemeanor theft convictions by 45 (based on the number of felony theft convictions in FY 2015 for amounts between \$1,000 and \$1,250) converting these from felonies to misdemeanors. This increase would require 1.0

FTE Court Services Officer for the enhanced caseload for an additional salaries and wages expenditures of \$53,340 for FY 2017.

This bill also impacts the Department of Corrections. That impact can be viewed on page 8.

Department of Administration

A. GBA No. 1, Item 2, Page 2 - Proviso to Include Expenditure Limit Reductions on IT Savings Certification.

Department of Education

A. Senate Sub. for HB 2655 (Law) Senate Sub. for HB 2655 amends statutes relating to school finance. The bill creates the School District Equalization State Aid Fund. In order to expend any monies from the fund it must be appropriated by the legislature.

B. SB 367 (Law). SB 367 amends the Kansas Juvenile Justice System. A detailed review of the revisions to the Juvenile Justice System can be found on page 7 under the Department of Corrections. One provision of the law requires the State Board of Education, in collaboration with the Attorney General and the Kansas Law Enforcement Training Center, to promulgate rules and regulations creating a skill development training for responding to misconduct in schools. The State Board of Education also is required to work with local school district superintendents carrying out requirements of the law. The Kansas Department of Education estimates that the bill will require additional State General Fund expenditures of \$90,102 for FY 2017 to implement its provisions of the bill. Of that amount, \$81,602 will be for an additional 1.0 FTE position to coordinate the bill's provisions and \$8,500 will be for other operating expenditures.

C. GBA No. 1, Item 3, Page 2 - KPERS School Employer Contribution Delayed Payment and School Finance Cost of Living Weighting.

Kansas Lottery

A. Expanded Lottery Act Revenues Fund (Revenue Estimate). Staff from the Division of the Budget, Kansas Lottery, Kansas Racing and Gaming Commission, and Kansas Legislative Research Department project expanded gaming revenues of \$370.5 million from the full year operation of the three state-owned casinos in FY 2016. The April estimate for FY 2016 is an increase of \$1.8 million from the November 2015 estimate. The increase is attributable to estimated revenue increases of: 1) \$900,000 at the Hollywood Casino in Kansas City, 2) \$200,000 at the Boot Hill Casino in Dodge City, and 3) \$700,000 at the Kansas Star Casino in Mulvane. The adjusted total revenue to be transferred to the Expanded Lottery Act Revenues Fund (ELARF) is \$81.6 million, an increase of \$410,000 above the November 2015 estimate. The Problem Gambling and Addictions Grant Fund is estimated to receive \$7.4 million in FY 2016. The additional expanded gaming revenue also increases the amount the Kansas Lottery transfers to cities and counties housing the state-owned casinos. In FY 2016, this amount will increase by \$54,000 to \$11.1 million. The amount the Kansas Lottery transfers to lottery facility managers will increase by \$1.3 million to \$270.3 million in FY 2016.

For FY 2017, expanded gaming revenue of \$386.9 million is projected from the full year operation of the three state-owned casinos, and the partial year operation of a casino in the Southeast Gaming Zone. The April estimate for FY 2017 is a decrease of \$7.8 million from the November 2015 estimate. The decrease is attributable to estimated revenue reductions of 1) \$9.6 million in the Southeast Gaming Zone and 2) \$1.3 million at the Boot Hill Casino in Dodge City. These reductions are offset by projected revenue increases of 1) \$2.4 million at the Hollywood Casino in Kansas City and 2) \$700,000 at the Kansas Star Casino in Mulvane. The estimated total revenue to be transferred to the ELARF is \$85.3 million, a decrease of \$1.7 million below the November 2015 estimate. The Problem Gambling and Addictions Grant Fund is estimated to receive \$7.7 million for FY 2017. Cities and counties housing the state-owned casinos are estimated to receive \$11.6 million. The amount the Kansas Lottery transfers to lottery facility managers will decrease by \$5.7 million to \$282.3 million for FY 2017.

B. State Gaming Revenues Fund (Revenue Estimate). Staff from the Division of the Budget, Kansas Lottery, Kansas Racing and Gaming Commission, and Kansas Legislative Research Department project a transfer from the Lottery Operating Fund of the Kansas Lottery to the State Gaming Revenues Fund (SGRF) of \$78.2 million in FY 2016. This is an increase of \$2.0 million above the amount approved by the 2015 Legislature. This includes \$1.7 million generated from the sale of veterans' games, which is an increase of \$200,000 above the legislative approved amount. The projected transfer amount (\$77.3 million) for FY 2017 remains unchanged. Amounts transferred to the SGRF in excess of \$50.0 million are then transferred to the State General Fund (SGF). Projections include a transfer from the SGRF to the SGF in the amount of \$28.2 million in FY 2016. The transfer amount (\$27.3 million) for FY 2017 remains unchanged.

C. GBA No. 1, Item 7, Page 4 - Message on Lottery and Gaming Revenues.

Attorney General

A. Senate Sub. for HB 2056 (Conference). The bill would create and amend law related to sureties and bail enforcement agents, requiring that the Office of the Attorney General license and regulate bail enforcement agents. The bill would create the Bail Enforcement Agents Fee Fund that the Attorney General's Office would use to administer and implement the licensing and regulation of bail enforcement agents. The Bail Enforcement Agents Fee Fund would need to be appropriated to the Office of the Attorney General with no-limit expenditure authority for FY 2017. Additionally, the Office of the Attorney General requests 1.0 FTE position to handle the workload of processing licenses for bail enforcement agents. Revenues from license and renewal fees would offset the operational costs of licensing and regulation.

Wichita State University

A. Add Bonding Authority Language for \$7.2 million in FY 2016 for Parking Garage 1 (Joint Committee on State Building Construction). The Committee recommends adding language for bonding authority of \$7.2 million in FY 2016 to be paid with parking fee funds for planning and construction of Parking Garage 1. The project is consistent with the 2014 Master Plan and was approved by the Board of Regents. The garage will be multi-level and have a minimum of 400 parking spaces. The structure will be complete with stairs, elevator(s), informational and directional signage, parking equipment, and other assorted items.

Kansas State University

A. SB 423 (Law). SB 423 changes the name of Kansas State University - Salina, College of Technology to Kansas State University Polytechnic Campus in statutes including the name of that institution. This would require a correction of the name of the new fund added to House Sub. for SB 161.

Kansas Department of Transportation

A. House Sub. for SB 245 (Law). House Sub. for SB 245 requires the Secretary of Transportation (Secretary) to establish and implement a driving under the influence (DUI) memorial signage program on highways under the Secretary's jurisdiction that are not city connecting links. The bill requires the Secretary to design a memorial sign indicating the names and ages of victims killed in an accident in which the driver of the other vehicle was under the influence of alcohol or drugs, the date of the accident, and other information as determined by the Secretary. The bill also requires the Secretary to design a logo, to be copyrighted, for use in public service announcements or programs to increase awareness of the dangers of DUI of drugs or alcohol. The sign will be placed once the Secretary has received sufficient moneys from gifts and donations to cover the cost of placing the sign plus an additional 50.0 percent of the initial cost to defray future maintenance or replacement costs. The agency requests an expenditure limitation increase of \$70,000, all from the State Highway Fund, for the DUI memorial signage program for FY 2017. The requested amount estimates 40 valid applications for DUI memorial signs in the first year of the program, which includes: 1) \$40,000 for sign installation; 2) \$10,000 to contract temporary labor to assist in the administration of the DUI memorial signage program; and 3) \$20,000 for design and copyright of a logo. The agency estimates 25 annual qualifying applications for expenditures of \$35,000, all from the State Highway Fund, for each year beyond the program's initial year (FY 2017). Annual expenditures for FY 2018 and beyond include \$25,000 for sign installation, and \$10,000 to contract temporary labor to assist in the administration of the DUI memorial signage program.

B. HB 2610 (Conference). HB 2610, as amended, would make four memorial designations:

- The junction of I-70 and Commerce Parkway in Ellis County, on the eastern edge of Hays, as the Chief Warrant Officer 5 David Carter Fallen Veterans Memorial Interchange (two signs; \$10,180 State Highway Fund);
- US-400 in Labette County, between Queens Road and Udall Road near Parsons, as the John Troy, Pete Hughes, and Earl Seifert Highway (two signs; \$2,340 State Highway Fund);
- The junction of I-235 and Central Avenue in Sedgwick County, as the Captain Chris Norgren Memorial Interchange (two signs; \$4,160 State Highway Fund); and
- K-148 from the intersection with 23rd Road in Washington County north to the Nebraska state line, as the SGT Lavern W. Tegtmeier Memorial Highway (two signs, \$2,620 State Highway Fund).

The bill would require the Secretary of Transportation to place signs in the highway right-of-way at proper intervals to indicate the designations, after sufficient moneys are received from gifts and donations to reimburse the Secretary for the cost of placing such signs and an additional 50.0 percent of the initial cost to defray future maintenance or replacement costs of such signs. In total, the agency requests an operating expenditure increase of \$19,300, all from the State Highway Fund, to allow for the expenditure of gifts and donations to make these four designations for FY 2017.

Adjutant General's Department

A. GBA No. 1, Item 1, Page 1 - Federal Grant Fund.

Department of Agriculture

A. SB 330 (Law). SB 330 establishes the Kansas Conservation Reserve Enhancement Program (CREP) in statute. The CREP was first created by the 2007 Legislature and has been annually authorized and funded through proviso in the Appropriations Bill. The new legislation creates the Conservation Reserve Enhancement Program Fund, which needs to be appropriated by the Legislature. Additionally, there is no funding requested for this new fund currently, so the Department of Agriculture requests language to carry forward unused funding in the Conservation Reserve Enhancement Program account of the State Water Plan Fund from FY 2016 to FY 2017, and the authority to utilize these carry-forward funds for SB 330.

Department of Wildlife, Parks and Tourism

A. GBA No. 1, Item 2, Page 2 - Proviso to Include Expenditure Limit Reductions on IT Savings Certification. Authorized by 2015 SB 112 & 2016 SB 161, IT savings were transferred on April 1, 2016 as certified by the Division of Budget from the Department Wildlife, Parks and Tourism EDIF Travel and Tourism account (1900-1901) in the amount of \$1,000. To ensure the agency does not overspend from the agency Travel and Tourism fund, expenditure authority for the same fund would need to be reduced by that same amount.

Board of Indigents' Defense Services

A. Assigned Counsel Caseload Estimate. The Division of the Budget, Board of Indigents' Defense Services, and the Kansas Legislative Research Department met on April 13, 2016 to develop a revised caseload estimate for the assigned counsel program. When the estimating group met in October 2015 the estimates for FY 2016 and FY 2017 were kept at previous estimates.

The revised consensus estimate in FY 2016 is \$11.0 million, the same as the October estimate. House Sub. for SB 161 fully funds these estimated expenditures.

The revised consensus estimate for FY 2017 is \$11.5 million, the same as the October estimate. House Sub. for SB 161 fully funds these estimated expenditures.

Emergency Medical Services Board

A. SB 225 (Law). SB 225 enacts the Interstate Compact for Recognition of Emergency Medical Personnel Licensure (Compact), which would promote the cooperation of member states in the areas of emergency medical service (EMS) personnel licensure and regulation. The Compact would also establish a joint public agency known as the Interstate Commission for EMS Personnel Practice. Each member state's executive, legislative, and judicial branches of government would oversee the Compact. The agency is requesting additional expenditures of \$40,000 in FY 2016 and \$30,000 for FY 2017, all from the EMS Operating Fund, to implement its responsibilities as prescribed within the bill. The requested amount includes: 1) \$25,000 for the Compact annual membership fee; 2) \$10,000 for one-time costs in FY 2016 for a coordinated database and reporting system; and 3) \$5,000 for a delegate from the EMS Board to travel to Commission meetings twice a year.

Kansas Department of Revenue

A. Sub. for HB 2289 (Conference). Sub. for HB 2289 would amend the law concerning a driver's license suspension due to test refusal or test failure. Among other things, the bill would amend statutory provisions limiting issues that may be raised before the court if not raised before the agency. The bill would allow the court to consider and determine constitutional issues, including, but not limited to, the lawfulness of the law enforcement encounter, even if such issue was not raised before the agency. Similarly, even if such issue was not raised before the agency, the bill would require the court to consider and determine such issues, if such issue is raised by the petitioner in the petition for review. The agency estimates additional expenditures of \$127,832, all from special revenue funds, for FY 2017. The agency estimates two additional FTE positions for attorneys would be required, as the bill permits the issue of lawful basis for police encounters to be raised at the district court.

B. House Sub. for SB 280 (Conference). House Sub. for SB 280 would make a number of changes in law generally relating to property taxation. One set of provisions in the bill would require the Director of Property Valuation (PVD) to perform (or contract with an independent third party to perform) market-based appraisal of at least one percent of commercial properties otherwise appraised under computer-assisted mass appraisal to test the accuracy of that system. The agency estimates PVD would be required to perform or obtain an estimated 300 commercial appraisals per year. The agency estimates additional expenditures of \$680,000, all from the State General Fund, for FY 2017; which is comprised of an estimated \$600,000 for 300 commercial appraisals at \$2,000 each and 1.0 FTE appraiser position at \$80,000.

C. GBA No. 1, Item 18, Page 11 - MSA Compliance Compact with Tribal Nations.

Kansas Public Employees Retirement System

A. GBA No. 1, Item 19, Page 11 - KPERS.

Secretary of State

A. HCR 5008 (Passed Both Chambers). HCR 5008 proposes a state constitutional amendment for consideration at the next general election, in November 2016. That amendment, if approved by two-thirds of the members of both chambers of the Kansas Legislature and a majority of Kansas voters, would establish a constitutional right to hunt, fish, and trap wildlife in the state.

The Secretary of State estimates that the cost of publishing the amendment in accordance with KSA 64-103 would be \$29,833 for FY 2017. No State General Fund appropriation was requested or recommended by the Governor for the Secretary of State's office for FY 2017; however, the state has traditionally made expenditures from the State General Fund for the purpose of publishing constitutional amendments.

Legislative Research Department

A. SB 318 (Conference). SB 318 would repeal the Kansas Electric Transmission Authority Act statutes that established the Kansas Electric Transmission Authority (KETA). The bill would abolish the KETA Administrative Fund and the KETA Development Fund and transfer all liabilities of those funds to the Public Service Regulation Fund of the Kansas Corporation Commission (KCC). In addition, the bill would transfer \$45,000 from the KETA Administrative Fund to the State General Fund and transfer any remaining moneys from the KETA funds to the Public Service Regulation Fund of the KCC.

The Legislative Research Department provides technical and administrative support to KETA and receives \$12,000 annually from KETA for those services. The support provided is distributed across the Department and the elimination of that support will not reduce the workload enough to lay off staff. Legislative Research is requesting the replacement of this revenue from the State General Fund.