

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

68-West-Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.ks.gov

<http://www.kslegislature.org/klrd>

April 27, 2017

ITEMS FOR OMNIBUS CONSIDERATION

Kansas Department of Commerce

A. GBA No. 1, Item 8, Page 7—Credit Monitoring for Clients of America’s Job Link Alliance.

Office of the Securities Commissioner

A. SB 23 (Conference). SB 23, as included in the Conference Committee Report, would consolidate criminal prosecutions for fraud and abuse under the jurisdiction of the Attorney General and establish the Office of the Securities Commissioner as a division under the jurisdiction of the Commissioner of Insurance. The Governor’s recommendation includes the transfer of \$3.5 million in funding and 30.0 FTE positions from the Office of the Securities Commissioner to the Kansas Insurance Department for the merger. The Governor’s recommendation also includes savings to the State General Fund of \$250,000 in FY 2018 and \$500,000 in FY 2019. The House Committee concurred with the Governor’s recommendation and requested a review of the status of SB 23 at Omnibus. The Senate Committee eliminated the merger and transfer of funding and positions, as well as the transfer of the State General Fund savings.

This bill also impacts the Kansas Insurance Department and the Office of the Attorney General. Those impacts can be viewed on pages 1 and 28 of this memorandum, respectively.

Kansas Insurance Department

A. SB 23 (Conference). SB 23, as included in the Conference Committee Report, would establish the Office of the Securities Commissioner as a division under the jurisdiction of the Commissioner of Insurance and consolidate criminal prosecutions for insurance and securities fraud and abuse under the jurisdiction of the Attorney General. The Governor’s recommendation includes the transfer of \$3.5 million in funding and 30.0 FTE positions from the Office of the Securities Commissioner to the Kansas Insurance Department for the merger. The Governor’s recommendation also includes savings from the merger to be transferred to the State General Fund of \$250,000 for FY 2018 and \$500,000 for FY 2019. Additional funds of \$400,000 for FY 2018 and for FY 2019 would be transferred to the Office of the Attorney General. The House Committee concurred with the Governor’s recommendation and requested a review of the status of SB 23 at Omnibus. The Senate Committee eliminated the merger and transfer of funding and positions related to the Office of the Securities Commissioner, as well as the transfer of funds to the State General Fund and the Office of the Attorney General, and requested a review of the status of SB 23 at Omnibus.

This bill also impacts the Office of the Securities Commissioner and the Office of the Attorney General. Those impacts can be viewed on pages 1 and 28 of this memorandum, respectively.

Kansas Department of Labor

A. House Sub. for SB 70 (Law). House Sub. for SB 70 requires amusement ride owners obtain an annual permit issued by the Kansas Department of Labor (KDOL) to operate any ride. The law includes new reporting guidelines for patron injury and death with serious cases required to be reported to KDOL. The law also solidifies liability insurance policy standards, definitions related to amusement park rides, and recordkeeping requirements. The law requires inspectors to be qualified under specific guidelines and that inspections must occur initially and annually by a qualified inspector and daily by an operator. Construction, maintenance, operations, and repairs must adhere to American Society for Testing and Materials International (ASTM) standards. Violations of the law are classified as Class B misdemeanors and can result in a cease and desist for the operation of a ride until violations are corrected. When a violation occurs, the Secretary of Labor may impose a fine of up to \$1,000, which will be deposited in the new Amusement Ride Safety Fund.

The agency estimates revenue of \$44,525 for FY 2018 and FY 2019 accumulated through permit fees (\$19,275), registration fees (\$24,250), and violation fines (\$1,000). The agency expects to hire two full-time safety specialists (\$113,387) and one full-time administrative assistant (\$37,908). Additional funding is needed for one part-time administrative assistant position (\$23,629) that will be transitioned within the department. Other costs include overhead expenses (\$20,000), travel costs (\$25,000), and contractual services (\$72,000). The agency is expected to incur an additional \$20,000 in start-up costs for FY 2018.

The agency requests \$267,399 for FY 2018 and \$247,399 for FY 2019 from the State General Fund, and 3.0 non-FTE positions associated with implementation of the law for FY 2018 and for FY 2019. The law creates the Amusement Ride Safety Fund, which KDOL will use to deposit permit fees, annual registration fees, and violation fines it collects. Additionally, the agency requests the creation of a new State General Fund budget unit to delineate funds intended for the implementation of the law.

Kansas Department for Aging and Disability Services

A. Restore Funding for Medical Providers (Senate Committee). The Senate Committee recommended reviewing additional funding for medical providers for FY 2018 due to concerns over the 4.0 percent decrease in medical provider reimbursement rates within the Governor's spring 2016 allotment. The Governor's recommendation restores the reductions for FY 2019.

B. Review Conceal Carry Plan of Action for State Hospitals (Senate Committee)—GBA No. 1, Item 5, Page 5. The Senate Committee recommended reviewing the agency's plan of action concerning concealed carry on state hospital grounds for all four hospitals and the status of any legislation addressing this issue. Under current law, the state hospitals have a temporary exemption allowing them to prohibit concealed carry on their premises, which is set to expire on July 1, 2017.

Representatives from the agency state that if legislation does not pass exempting the state hospitals from the concealed carry law (the Personal and Family Protection Act), it will mean one-time costs of \$975,000 for equipment and ongoing yearly costs for an additional 192.0 FTE positions of \$11.7 million, all from the State General Fund, to enact the agency's plan for the four state hospitals (Larned State Hospital, Osawatomie State Hospital, Kansas Neurological Institute, and Parsons State Hospital and Training Center). The agency estimates, after funding is obtained, it will take a minimum of ten months to implement the plan. (A document with additional details has been provided by the agency; see Attachment 1).

The following bills being considered by the 2017 Legislature would exempt the state hospitals from the concealed carry law provisions or remove the sunset on the exemption, which would continue the current exemption for the state hospitals:

- Sub. for SB 53 would allow state psychiatric institutions to prohibit the carrying of a firearm in secured areas of buildings located on their premises. Current law allows governing bodies or chief administrative officers of certain institutions to exempt public buildings on their premises from the provisions of the concealed carry law until July 1, 2017. SB 53, as introduced, would have removed the date of July 1, 2017, from statute, making permanent the temporary exemption. The bill was referred to the Senate Committee on Federal and State Affairs and received a hearing on January 26, 2017. The Senate Committee removed the original contents and created a substitute bill containing language that would allow state psychiatric institutions to prohibit the carrying of a firearm in secured areas of buildings located on their premises. The Senate Committee recommended the substitute bill favorably for passage.
- SB 235 would permanently exempt State- or municipal-owned medical care facilities and adult care homes, community mental health centers, indigent health care clinics, and any buildings associated with the University of Kansas Medical Center from the requirement that carrying concealed handguns cannot be prohibited unless adequate security measures are in place. This bill was referred to the Senate Committee on Ways and Means and received a hearing on March 23, 2017.
- HB 2074 would modify statutory language to make permanent a temporary exemption from the concealed carry law for certain facilities, including the state hospitals. The bill was referred to House Committee on Federal and State Affairs and received a hearing on February 1, 2017.
- HB 2417, which is identical to Sub. for SB 53, would add state psychiatric institutions to the list of agencies that may prohibit the carrying of firearms in secured areas of buildings on their premises. The bill has been referred to House Committee on Federal and State Affairs.

C. Human Services Consensus Caseloads—GBA No. 1, Item 1, Page 2. The Division of the Budget, Department for Children and Families, Kansas Department of Health and Environment (KDHE), Kansas Department for Aging and Disability Services (KDADS), and the Kansas Legislative Research Department met on April 18, 2017, to revise the estimates on human services caseload expenditures for FY 2017, FY 2018, and FY 2019.

The FY 2017 estimate for KDADS Non-KanCare is an increase of \$24.3 million from all funding sources and an increase of \$10.0 million from the State General Fund above the approved amount. The estimate was increased due to a rise in retroactive fee-for-service payments, primarily for nursing facilities, attributable to the number of pended cases awaiting eligibility determination.

The FY 2018 estimate for KDADS Non-KanCare is \$44.0 million, including \$27.3 million from the State General Fund. The estimate reflects an increase of \$17.2 million, including \$6.8 million from the State General Fund, above the Governor's recommendation. The increase is related to an increase in retroactive fee-for-service costs attributable to the number of pended cases awaiting eligibility determination. Although there will always be some level of fee-for-service costs, most pended

cases are expected to be resolved by the end of FY 2018. In FY 2019, expenditures should return to historically trended levels.

The FY 2019 estimate for KDADS Non-KanCare is \$26.8 million, including \$20.5 million from the State General Fund, which is the same as the Governor's recommendation.

For additional information on Human Services Consensus Caseloads, see KDHE, Division of Health Care Finance, item H, page 15, of this memorandum.

Larned State Hospital

A. Review Enhancement Funding for Operating Expenditures (House and Senate Committees). The House and Senate committees recommended reviewing the agency's enhancement request for \$6.5 million, all from the State General Fund, for both FY 2018 and FY 2019 to replace federal and other funding lost due to the agency previously counting patients in the Sexual Predator Treatment Program as part of the eligible Disproportionate Share Hospital population and a decreased number of patients eligible for Medicaid and Medicare reimbursements.

B. Review Enhancement Funding for Replacement of Data Storage System (House Committee). The House Committee requested review of the agency's enhancement request for \$500,000, all from the State General Fund, to replace the hospital data storage system, which the agency states has reached the end of its warranty and has been designated end-of-life by the manufacturers for FY 2018. The agency states \$500,000 was the original estimate, but it has received a more precise quote since that time totaling \$467,895. The enhancement request includes hardware, software, virtualization, and licenses.

C. GBA No. 1, Item 6, Page 6—State Institutions Building Fund.

Osawatomie State Hospital

A. Review Enhancement Funding for Operating Expenditures (House and Senate Committees). The House and Senate committees recommended reviewing the agency's enhancement requests for \$11.6 million, all from the State General Fund, for FY 2018 and \$12.2 million, all from the State General Fund, for FY 2019 to replace federal and other funding lost due to federal Centers for Medicare and Medicaid Services (CMS) decertification of Osawatomie State Hospital. Revenue shortfalls are attributable to the hospital's inability to bill for Medicare and Medicaid reimbursements since January 2016 due to decertification and the inability to bill certain private insurance companies due to contract provisions that require the hospital to be CMS certified.

B. Review Funding for 20 Additional Beds at Osawatomie State Hospital or in the Community (House Committee). The House Committee recommended considering the addition of \$4.7 million, all from the State General Fund, for both FY 2018 and FY 2019 to re-open a minimum of 20 additional beds for patients at Osawatomie State Hospital. The House Committee also indicated, if the agency is unable to open the beds at the hospital, the funding should be used to enter into a contract for patient beds through third parties in the community. The agency testified to the House Committee on Social Services Budget that staffing costs for 20 additional beds would total \$4.1 million per year, and the cost to remodel a 30-bed unit to CMS recertification standards would total approximately \$600,000.

C. GBA No. 1, Item 7, Page 7—Osawatomie State Hospital Funding Shortfall.

Children's Initiatives Fund

A. Tobacco Settlement Revenue Estimates. The Kansas Legislative Research Department, the Division of the Budget, and the Office of the Attorney General met on April 21, 2017, to discuss the projected revenue from the tobacco settlements. The informal consensus estimate for receipts from the tobacco settlement agreement for FY 2017 is estimated to be \$62,057,022, an increase of \$4,057,022 above the fall 2017 estimate. The consensus estimate for tobacco settlement receipts for FY 2018 totals \$49.0 million, the same as the fall 2016 consensus estimate. The consensus estimate for FY 2019 totals \$48.0 million, the same as the fall 2016 consensus estimate.

As of the time of the meeting, the terms of the proposed settlement had been agreed to; however, final settlement was not ready to be signed by the parties to the settlement. In addition, the overall effect of the precise terms of the settlement were being finalized with respect to the states.

B. GBA No. 1, Item 11, Page 10—Kansas Endowment for Youth Fund Transfers.

Department for Children and Families

A. Review the Status of Child Support Collections at State Owned Casinos (House Committee). The House Committee requested a review of the status of an agreement to collect child support payments at State-owned casinos. HB 2173, currently referred to the House Committee on Appropriations, authorizes debt setoff for any persons winning a prize requiring completion of IRS form W-2G before paying the prize. HB 2313 includes language regarding an agreement for a third party to collect state debts.

As of April 21, 2017, no agreement had been reached concerning collection of child support at State-owned casinos.

B. Review Status of Sale of State-owned Property (House Committee). The House Committee requested additional information concerning the sale of the State-owned property in Chanute. The Department for Children and Families noted the State-owned building was formerly a tuberculosis hospital and the condition of the building had deteriorated. Language in the 2015 appropriations bill authorized the Department to sell the property to Neosho Memorial Regional Medical Center for the appraised value. The original appraisal established the value at \$1,350,000, with a subsequent appraisal at \$670,000.

Language in the 2016 appropriations bill directed sale of the property at a price agreed to by both parties. Negotiations for an agreed to price reached a stalling point when the Medical Center offered to pay \$121,000, the appraised value of the land only.

During review in the 2016 Session, the Joint Committee on State Building Construction recommended the Department accept the \$121,000 offer. Senate Sub. for Sub. for HB 2052 (2017) contained language again authorizing sale of the property at a price agreed to by both parties. The Department indicates it plans to move to the new office location by the end of June or the beginning of July, with anticipated sale of the property in the first quarter of FY 2018.

C. Review Child Care Assistance Caseloads and Reasons for the Decrease (House Committee). The House Committee requested information on the child care assistance caseload and the reason for the decrease. The Department for Children and Families indicated that affordable quality child care makes it possible for parents to find and keep the kinds of jobs that can support a

family. In order to qualify for assistance, families must have an approved need for child care, income below 185 percent of the federal poverty level, and comply with child support services. Allowable needs include teen parents completing their high school diploma or GED, parents with temporary emergencies, children in foster care, and approved education or training to enhance employment or earning potential.

CHILD CARE CASELOAD

Fiscal Years	Average Number of Families	Average Number of Children
2013	8,722	16,330
2014	7,630	14,429
2015	6,812	12,779
2016	5,977	11,214
2017 through January	5,186	8,621

The Department indicated the majority of the reduction is the result of decreases in the Temporary Assistance for Needy Families cash assistance caseload. Also resulting in a reduction in child care assistance caseload was the implementation of minimum hour work policies. Beginning in March 2011, employed families were required to work 20 hours per week to qualify for child care assistance; that increased to a minimum of 28 hours per week beginning in May 2013. Child care assistance is provided if adults who are attending school or a training program work a minimum of 15 hours per week. The Department also noted a portion of the reduction is the result of changes in the economy.

D. Review the Uses of Temporary Assistance for Needy Families Block Grant Funding (House Committee). The House Committee requested the Department for Children and Families provide additional information on the programs for which federal Temporary Assistance for Needy Families (TANF) funding is utilized.

The TANF program is designed to help needy families achieve self-sufficiency. States receive block grants to design and operate programs that accomplish one of the purposes of the TANF program.

The four purposes of the TANF program are to:

1. Provide assistance to needy families so children can be cared for in their own homes;
2. Reduce the dependency of needy parents by promoting job preparation, work, and marriage;
3. Prevent and reduce the incidence of out-of-wedlock pregnancies; and
4. Encourage the formation and maintenance of two-parent families.

The Department for Children and Families utilizes TANF block grant moneys for a variety of programs that align with the purposes stated above. The Governor’s recommendation provides for a \$50.0 million FY 2018 ending balance in TANF.

TANF Cash Assistance

This program provides temporary cash assistance payments to low income families with at least one child in the home. This program is provided under Purpose 1. For FY 2018, the Governor's recommendation includes \$14.3 million from TANF for this program.

Family Preservation

This program provides intensive in-home services to families that are in imminent danger of having a child removed from the home unless the family makes changes to provide adequate care and safety. Services include in-home family therapy, case management, parenting education, homemaker education, attendant care, and respite care. This program is provided under Purpose 1. For FY 2018, the Governor's recommendation includes \$4.6 million from TANF for this program.

Kansas Early Head Start

This program provides early, continuous, intensive, and comprehensive child development and family support services to families, pregnant women, and children provided by home-based providers during home visits. Services include promoting healthy prenatal outcomes to pregnant women, enhancement of children's health (physical, mental, and oral), nutrition, early childhood education, financial literacy, family engagement and strengthening, marriage education, and job training. Services are provided to families with incomes below 100.0 percent of the Federal Poverty Level. Regardless of income level, 10.0 percent of enrollment is reserved for families with children with special needs. This program is provided under Purposes 1 and 3. For FY 2018, the Governor's recommendation includes \$5.0 million from TANF for this program.

TANF Employment Services

This program provides employment preparation services to TANF cash assistance recipients and former recipients for up to 12 months following receipt of cash assistance. Services include job search, job readiness activities, job retention activities, education, job skills training, case management, and work experience. This program is provided under Purpose 2. For FY 2018, the Governor's recommendation includes \$5.0 million from TANF for this program.

Child Care Assistance

This program provides financial assistance for child care costs as a support service to enable the adult to participate in work activities, training, or education. Families are required to be below 185.0 percent of the Federal Poverty Level to qualify. This program is provided under Purpose 2. For FY 2018, the Governor's recommendation includes a transfer of \$1.4 million to the Child Care Development Block Grant for this program.

Substance Abuse Case Management

This program provides services to TANF participants with substance abuse issues to allow those individuals to maintain sobriety to reduce barriers to employment and increase family stability. Services include screenings, assessments, and care management. This program is provided under

Purpose 2. For FY 2018, the Governor's recommendation includes \$1.4 million from TANF for this purpose.

Accelerating Opportunities

This program provides career and technical education simultaneously with adult basic skills or remedial instruction. These services are designed to improve employment readiness. Graduates of the Jobs for America's Graduates program are eligible for extended training from this program. This program is provided under Purpose 2. For FY 2018, the Governor's recommendation includes a transfer of \$427,252 to the Kansas Board of Regents.

Communities in Schools

This program provides case management services to at-risk students that focus on improving academics, behavior, attendance, and graduation rates. Services provided include individualized intensive case management, academic help, and mentoring, as well as schoolwide financial literacy and out-of-school enrichment. This program is provided under Purpose 3. For FY 2018, the Governor's recommendation includes \$1.0 million from TANF for this purpose.

Jobs for America's Graduates

This program provides assistance for students at risk of failing in school, provides a path to achieve academically, and earn credentials to allow them to exit school and enter post-secondary education or the workforce. To qualify for this program, participants must face three barriers, including academic, personal, environmental, or economic. This program is provided under Purpose 3. For FY 2018, the Governor's recommendation includes \$3.8 million from TANF for this program.

Kansas Reading Roadmap

This program provides targeted interventions to improve the percentage of fourth graders reading at grade level. Services provided include limited and intensive interventions, as appropriate to the child, and evaluation of the program's success. This program is provided under Purpose 3. For FY 2018, the Governor's recommendation includes \$8.9 million from TANF for this program.

KidzLit

This program provides out-of-school, after-school and summer programs facilitated by the Kansas Alliance of Boys and Girls Club to improve the percentage of fourth graders reading at grade level. This program is provided under Purpose 3. For FY 2018, the Governor's recommendation includes \$877,725 from TANF for this program.

Early Steps to School Success

This program provides early childhood education services to pregnant women, children under the age of five, and their parents. Additionally, the program provides training to early childhood educators in the community. This program is provided under Purpose 3. For FY 2018, the Governor's recommendation includes \$100,000 from TANF for this program.

Project Impact

This program provides services to youth ages 14-17 from high-risk, low-protective counties (including antisocial behavior, drug use, gang involvement, academic failure, low school commitment, and family challenges). This program is provided under Purpose 3. For FY 2018, the Governor's recommendation includes \$227,216 from TANF for this program.

Academy for Youth Development

This program provides services to youth ages 14-20 from high-risk, low-protective communities in Shawnee County (including antisocial behavior, drug use, gang involvement, academic failure, low school commitment, and family challenges). This program is provided under Purpose 3. For FY 2018, the Governor's recommendation includes \$176,788 from TANF for this program.

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This program provides expanded learning opportunities for middle school students in Hutchinson to earn high school credit by building workforce skills, promoting innovative thinking, increasing engagement, and incentivizing experimental learning for at-risk youth. This program is provided under Purpose 3. For FY 2018, the Governor's recommendation includes \$64,489 from TANF for this program.

Parents as Teachers

This program provides evidence-based parenting education and family support to families from birth to age 3. Services provided include visits from certified parent educators, group connections, screenings (developmental, health, vision, and hearing), and linkages with community resources. This program is provided under Purpose 3. For FY 2018, the Governor's recommendation includes \$7.2 million from TANF for this program at the Department of Education. Both the House Committee on Appropriations and the Senate Committee on Ways and Means changed the funding source to the Children's Initiatives Fund.

Kansas Preschool Program

This program provides funding to improve the quality of early learning experiences for children participating the preschool program to increase readiness for kindergarten and elementary school. This program is provided under Purpose 3. The Governor's recommendation includes \$4.1 million from TANF for this program at the Department of Education.

Domestic Violence/Sexual Assault

This program provides skills training for domestic violence or sexual assault survivors. Services provided include safety planning, mentoring services, healthy relationship training, conflict-resolution training, financial literacy training, responsible parenting skills, and out-of-wedlock pregnancy prevention. This program is provided under Purposes 3 and 4. For FY 2018, the Governor's recommendation includes \$1.3 million from TANF for this program.

Kansas Alliance of Boys and Girls Club

This program provides skills building services to at-risk youth. Curriculum includes abstinence-based teen pregnancy prevention, healthy relationships, career exploration, job readiness, placement and career decision-making support. This program is provided under Purposes 3 and 4. For FY 2018, the Governor's recommendation includes \$219,435 from TANF for this Program.

TANF Mentoring

This program provides a mentor to TANF recipients to increase self-reliance and obtain independence, gain employment, and healthy families through support and friendship. This program is provided under Purposes 2, 3, and 4. For FY 2018, the Governor's recommendation includes \$200,651 from TANF for this program.

Urban Scholastic Center

This program provides literacy, after-school, and evening educational programs to students in grades K-12 in inner-city locations. The program provides literacy outreach and reading programs to increase the desire to read. This program is provided under Purposes 3 and 4. For FY 2018, the Governor's recommendation includes \$48,000 from TANF for this program.

Fathering Initiative/ Work for Success

This program promotes responsible healthy parenting by encouraging healthy connections between parents and their children. Additionally, the program will assist non-custodial parents with obtaining skills for sustainable employment. This program is provided under Purposes 3 and 4. For FY 2018, the Governor's recommendation includes \$1.4 million from TANF for this program.

Foster Care Services

The Governor's recommendation for FY 2018 includes TANF funds totaling \$22.4 million in the foster care program. The use of TANF funds for this purpose were authorized solely under a prior federal law; however, in Kansas, it is currently allowable to continue expending TANF for this purpose.

Additional Uses

As authorized under federal law, the Governor's recommendation also utilizes TANF funds for administration costs totaling \$11.9 million in FY 2018 and a transfer of \$10.2 million to the Social Services Block Grant, to be utilized for authorized purposes under that program.

E. Review of Current Reading Programs (House Committee). The House Committee requested a review of the current reading programs at the Department for Children and Families and the Department of Education.

The Department for Children and Families indicated the agency utilizes federal TANF funds for the Kansas Reading Roadmap and KidzLit programs (both under TANF Purpose 3) included in Item D (above). The Kansas Reading Roadmap provides targeted interventions to improve the percentage of

fourth graders reading at grade level. Services provided include limited and intensive interventions, as appropriate to the child, and evaluation of the programs success. KidzLit provides out-of-school, after-school, and summer programs facilitated by the Kansas Alliance of Boys and Girls Club to improve the percentage of fourth graders reading at grade level.

The Department of Education provides the Kansas Reading Success Program, which provides all Kansas public school and open-enrollment charter school students in grades pre-K through eight with access to reading assessment and reading intervention curriculum. This is a computer-delivered program. The vendor for this program is Istation, which was recommended by a procurement negotiating committee following state bid and procurement procedures. The Kansas State Board of Education approved the authorization for this contract at the November 2015 meeting. In addition, individual school districts may utilize other reading programs.

In addition to the reading programs mentioned above, there are reading programs within some of the state universities. Emporia State University has two programs that help children read. They are:

- Reading Related Services—ESU provides reading and science instruction to school-age children, ages 6 through 8. Pre-service teachers provide individual and small group lessons. Practicum students also test, diagnose, and remediate children with reading problems; and
- Family Literacy Program—The America Reads/Counts Program provides reading and mathematical tutorial help for children in local schools around Emporia.

Pittsburg State University and Wichita State University have the America Reads Challenge. This is a federally funded work-study program designed to provide support to communities and schools to improve local reading programs. It provides reading tutorial help for children in area public and private schools with a goal to have all children reading well and independently by the end of third grade. The program uses college students as tutors.

F. Review the Plan for Regional Office Closures (House Committee). The House Committee requested the Department for Children and Families provide an implementation plan for the regional field office recommended for closure in the Governor’s recommendation. There currently are 38 service centers across the state and the majority of counties do not have a dedicated office.

The Department indicated the current practice for counties without a field office for intake reports regarding adult and child abuse are submitted to the Kansas Protection Report Center and then are assigned to a unit. Workers travel and cover intakes as assigned. The Department has indicated most economic and employment services clients interact with the agency *via* the website, phone service, or by mail.

Greensburg. Currently there are no staff at the Greensburg office; staff from the Dodge City or Pratt offices provide coverage for the Greensburg office.

Goodland. Economic and employment work has already been combined with the Colby office and when the staff is relocated, it is anticipated clients will not be able to discern a change. Currently, prevention and protection work is facilitated out of the Colby office.

Iola. Staff will be relocated to the Fort Scott and Chanute offices, and provide services to clients from those locations.

G. Sub. for Sub. for SB 95 (Law). Sub. for Sub. for SB 95 amends law for public assistance programs concerning telephonic signatures. The bill requires the Department for Children and Families to develop the capability to accept, record, and produce telephonic signatures for public assistance programs on or before July 1, 2018.

The estimated cost for FY 2018 totals \$298,691, including \$102,732 from the State General Fund. The expected expenditures include \$250,000 for the one-time development of software. Additionally, the anticipated one-time cost to build a file transfer process totals \$20,000. Annual costs associated with 16 dedicated phone lines to establish methods for applicants to submit telephonic signatures total \$28,691. The majority of the funding is from federal Supplemental Nutrition Assistance Program (SNAP) administration funds, with the requested State General Fund requested to provide the required state match.

For FY 2019, the estimated fiscal impact totals \$82,691, including \$28,441 from the State General Fund. The expenditures include \$50,000 for annual, ongoing software maintenance and \$4,000 for annual, ongoing costs for the file transfer process. Annual costs associated with 16 dedicated phone lines to establish methods for applicants to submit telephonic signatures total \$28,691. The majority of the funding is from federal SNAP administration funds, with the requested State General Fund requested to provide the required state match.

H. Human Services Consensus Caseloads—GBA No. 1, Item 1, Page 2. The Division of the Budget, Department for Children and Families, Kansas Department of Health and Environment (KDHE), Kansas Department for Aging and Disability Services (KDADS), and the Kansas Legislative Research Department met on April 18, 2017, to revise the estimates on human services caseload expenditures for FY 2017, FY 2018, and FY 2019.

The FY 2017 estimate for the Temporary Assistance for Needy Families (TANF) program is a decrease of \$324,360, all from federal funds, below the approved amount. The number of individuals receiving cash assistance benefits is expected to decrease slightly more than was anticipated in the fall estimate. Estimated expenditures for the Foster Care program were increased above the approved amount by \$55,324 from all funding sources and \$2.1 million from the State General Fund. The number of children anticipated to be served in the foster care system is expected to increase above the previous fiscal year and federal funding available is expected to be lower than estimated in the fall.

The FY 2018 estimate for the TANF program is \$12.8 million from all funding sources, including \$117,616 from the State General Fund. The estimate is a decrease of \$1.7 million from all funding sources and maintains the State General Fund amount to continue to decrease and program costs are estimated to be lower than was estimated in the fall. The reduction in State General Fund expenditures between FY 2017 and FY 2018 reflects a reduction in the level of an anticipated federal penalty regarding two-parent work participation rates for those receiving services through the program. Estimated expenditures for the Foster Care program are \$181.0 million, including \$115.5 million from the State General Fund. The estimate is an increase of \$14.8 million from all funding sources and an increase of \$13.0 million from the State General Fund above the Governor's recommendation. The number of children anticipated to be served in the foster care system, as well as the costs for those services, are expected to continue to increase compared to the previous fiscal year. In addition, the estimate for FY 2018 includes some one-time cost adjustments.

The FY 2019 estimate for the TANF program is \$10.8 million, including \$105,035 from the State General Fund. The estimate reflects a decrease of \$2.8 million from all funding sources. The State General Fund amount of \$105,035 is maintained at the same level as recommended by the Governor. The number of individuals receiving cash assistance is expected to continue to decrease

compared to FY 2018, but program costs are estimated to remain level. The reduction in State General Fund expenditures from the FY 2018 estimate reflects a reduction in the level of an anticipated federal penalty regarding two-parent work participation rates for those receiving services through the program. Estimated expenditures for the Foster Care program were increased by \$6.9 million, including \$6.4 million from the State General Fund, above the Governor's recommendation. The number of children anticipated to be served in the foster care system, as well as the costs for those services, are expected to continue to increase compared to the previous fiscal year. In addition, federal funding available for these services is expected to be lower than the amount included in the fall estimate.

For additional information on Human Services Consensus Caseloads, see KDHE, Division of Health Care Finance, item H, page 15, of this memorandum.

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

A. Review and Possible Restoration of Funding for Medicaid Providers (House and Senate Committees). The Senate Committee recommended reviewing the potential for additional funding for Medicaid providers in FY 2018 due to concerns over the 4.0 percent decrease in Medicaid provider reimbursement rates in the Governor's spring State General Fund 2016 allotment totaling \$38.2 million for the rate decrease. The Governor's recommendation restores the reductions for FY 2019.

The House Committee requested the agency submit detailed information by provider groupings showing the amount reduced due to the provider reductions to be reviewed. The agency reported the detailed information would be available for review during presentation of the Omnibus Memorandum.

B. Review Additional Funding for Safety Net Clinics (Senate Committee). The Senate Committee added \$500,000, all from the State General Fund, for Safety Net Clinics for FY 2018 and FY 2019, and recommended reviewing the item at Omnibus. The enhancement request from the Safety Net Clinics was \$1.5 million for each fiscal year. The House Committee added \$1.5 million, all from the State General Fund, in FY 2018 and FY 2019.

C. Review the Budget Adjustment between the Kansas Department for Aging and Disability Services (KDADS) and the Kansas Department of Health and Environment (KDHE) – Division of Health Care Finance (Senate Committee). The Senate Committee did not recommend the KanCare expenditures be combined within the KDHE budget for FY 2018 and FY 2019. The total adjustment will need to be reconciled between the agencies if the budgets are not combined. The Governor recommended the KanCare expenditures be combined within the KDHE budget. The total amount returning to KDADS from KDHE is \$1.4 billion, including \$618.0 million from the State General Fund, for FY 2018 and \$1.4 billion, including \$630.1 million from the State General Fund, for FY 2019.

D. Review the Eligibility Determination Backlog Status (House Committee). The House Committee requested the agency submit an update on progress in regard to the backlog in order for the issue to be reviewed prior to Omnibus. The agency reported an update would be available for review during presentation of the Omnibus Memorandum.

E. HB 2219 (Law). HB 2219 requires the Secretary of Health and Environment to identify goals and benchmarks and develop plans to reduce the incidence of diabetes in Kansas, improve diabetes care, and control complications associated with diabetes. The agency estimates increased expenditures of \$111,520, all from the State General Fund, for FY 2018 and \$111,750, all from the

State General Fund, for FY 2019. The agency also estimates an additional 1.0 FTE position to implement the provisions of the bill.

The agency reports total expenditures for FY 2018 would include \$65,020 for a Section Director position; \$2,000 for computer equipment; \$2,000 for telephone, travel, and office supplies; \$12,500 for data collection; and \$30,000 for data analysis. FY 2019 assumes a 2.0 percent inflation factor.

F. Senate Sub. for HB 2026 (Governor). Senate Sub. for HB 2026 changes the Kansas Program of Medical Assistance by amending law and creating in law processes for managed care organizations (MCOs) providing Medicaid services by providing for the services of an independent auditor, and by creating an external third-party review process. The bill includes the language of Sub. for SB 69, as amended by the Senate Committee of the Whole. The agency estimates the bill would increase expenditures by \$72,000, including \$31,680 from the State General Fund, for system changes associated with the change to the hospital re-admittance period. There would also be potential increased costs in FY 2019 resulting from the number of claims previously denied and now accepted. The MCOs would pay additional costs, and the state and federal costs would lag one year to allow the costs to be incorporated into the capitation rates. Depending on rules and regulations promulgated regarding the independent audit and the independent review process, there could also be additional costs associated with the bid specification for the audit.

To implement provisions of the bill, the agency also estimates an additional 7.0 FTE positions at a cost of \$420,000 per year, including \$210,000 from the State General Fund, beginning in FY 2020. These positions would involve the review of over 10,000 letters per year to ascertain if the requirements for timeliness, completeness, and accuracy are met for addressing the independent reviews after MCO final denials. The positions would also ensure proper parties are billed for the independent reviewer service and provide advice and status to providers requesting an independent review.

G. SB 94 and HB 2180 (Conference). HB 2180 and SB 94 would increase the HMO privilege fee. These bills are not yet assigned to Conference Committee, but have been passed by their respective chambers. Both bills increase the privilege fee from 3.31 percent to 5.77 percent, beginning July 1, 2017, and remove the July 1, 2018, sunset date on the privilege fee. The bills also direct the moneys collected from the assessment to be deposited to the credit of the agency's Medical Assistance Fee Fund. Under current law, the privilege fee is 3.31 percent for the reporting period beginning January 1, 2015, and ending December 31, 2017, and 2.0 percent on and after January 1, 2018. In addition, the moneys collected from the privilege fee are to be deposited to the credit of the State General Fund, except during the period beginning January 1, 2015, and ending on June 30, 2018, when the moneys are to be deposited to the credit of the Medical Assistance Fee Fund.

SB 94 ends the increased privilege fee on December 31, 2020, when it returns to 3.31 percent. For FY 2018, SB 94 would increase revenue by \$44.6 million, all to the Medical Assistance Fee Fund, and would increase expenditures by \$204.0 million, including \$90.6 million from the State General Fund, for additional MCO expenditures and restoration of Medicaid provider rate reductions resulting from the May 2016 State General Fund allotment. Additional revenue could be used to offset State General Fund expenditures, making the net effect an increase in State General Fund expenditures of \$46.0 million. For FY 2019, SB 94 would increase revenue by \$144.6 million, would reduce State General Fund revenue by \$72.5 million, and would increase expenditures by \$226.7 million, including \$100.6 million from the State General Fund, making the net effect a reduction in State General Fund expenditures of \$116.5 million.

HB 2180 ends the increased privilege fee on December 31, 2022, when it would then be assessed at 2.0 percent. HB 2180 also creates the Community Mental Health Center Improvement Fund and prioritizes expenditures from the privilege fee assessment in the following order:

1. Any reductions initiated during calendar year 2016 to provider reimbursement rates for state Medicaid services would be restored;
2. \$3.5 million in FY 2018, and \$15.0 million every fiscal year thereafter, would be transferred to the Community Mental Health Center Improvement Fund to be used for purposes related to community mental health centers; and
3. Any remaining moneys would be expended for the purpose of Medicaid medical assistance payments.

For FY 2018, HB 2180, as amended, would increase revenue by \$44.6 million, all to the Medical Assistance Fee Fund, and would increase expenditures by \$204.0 million, including \$90.6 million from the State General Fund, for additional MCO expenditures and restoration of Medicaid provider rate reductions resulting from the May 2016 State General Fund allotment. After the \$3.5 million transfer for community mental health centers, additional revenue could be used to offset State General Fund expenditures, making the net effect an increase in State General Fund expenditures of \$49.5 million. For FY 2019, SB 94 would increase revenue by \$144.6 million, would reduce State General Fund revenue by \$72.5 million, and would increase expenditures by \$226.7 million, including \$100.6 million from the State General Fund. After the \$15.0 million transfer for community mental health centers, the net effect would be a reduction in State General Fund expenditures of \$101.5 million.

H. Human Services Consensus Caseloads—GBA No. 1, Item 1, Page 2. The Division of the Budget, Department for Children and Families, Kansas Department of Health and Environment (KDHE), Kansas Department for Aging and Disability Services (KDADS), and Kansas Legislative Research Department met on April 18, 2017, to revise the estimates on human services caseload expenditures for FY 2017, FY 2018, and FY 2019. The caseload estimates include expenditures for Temporary Assistance to Families, the Reintegration/Foster Care Contracts, and KanCare Regular Medical Assistance and KDADS Non-KanCare.

The estimate for FY 2017 is an increase of \$25.1 million from all funding sources and \$14.2 million from the State General Fund as compared to the budget recommended by the Governor and adjusted by 2017 Senate Sub. for Sub. for HB 2052, the current year rescission bill. Since an appropriations bill for FY 2018 and FY 2019 has not yet been passed, the starting point for the April estimates was the Governor's recommendations for FY 2018 and FY 2019. The estimate for FY 2018 is an increase of \$19.6 million from all funding sources and a decrease of \$3.0 million from the State General Fund compared to the FY 2018 Governor's recommendation. The estimate for FY 2019 is an increase of \$4.1 million from all funding sources and an increase of \$6.4 million from the State General Fund above the FY 2019 Governor's recommendation. **The combined estimate for FY 2017, FY 2018, and FY 2019 is an all funds increase of \$48.8 million and a State General Fund increase of \$17.6 million.**

Beginning in FY 2018, the Department of corrections (DOC) estimates will no longer be included in the Consensus Caseload Estimating process. Throughout this section, KanCare Medical estimates include all Medicaid KanCare expenditures for all agencies. Beginning in FY 2018, all KanCare Medicaid expenditures are proposed to be included in the KDHE budget. KDADS and DOC would maintain responsibility for their program policies and performance.

For FY 2017, the revised estimate for all human service caseloads is an all funds increase of \$25.1 million and a State General Fund increase of \$14.2 million above the approved amount.

The FY 2017 estimate for KanCare Medical is \$2.7 billion, including \$890.2 million from the State General Fund, reflecting an increase of \$1.0 million from all funding sources and an increase of \$2.1 million from the State General Fund above the approved amount. The KanCare Medical estimate includes medical expenditures for KDHE, KDADS, and DOC. The increase in KanCare Medical costs is attributable to several factors, including slightly higher rates than those used in the fall estimate and an increase in retroactive fee-for-service payments due to the number of pended cases awaiting eligibility determination. The increases are partially offset by slightly lower costs for the Health Insurance Providers Fee (HIPF), Medicare buy-in payments, hepatitis C drugs, and expenditures for the health homes pilot. In addition, the estimate for HMO privilege fee revenue, which offsets State General Fund expenditures, was increased from \$108.0 million to \$111.7 million.

The FY 2018 estimate is \$2.9 billion from all funding sources, including \$1.0 billion from the State General Fund. The estimate is a change from the amount recommended by the Governor, reflecting an all funds increase of \$19.6 million and a State General Fund decrease of \$3.0 million.

The FY 2018 estimate for KanCare Medical is \$2.6 billion from all funding sources, including \$900.0 million from the State General Fund. The estimate reflects a decrease of \$10.7 million from all funding sources and a State General Fund decrease of \$22.8 million from the Governor's recommendation. The decrease results from a combination of changes from the fall estimate, including a decrease in the estimate of the number of members as renewals pended from the eligibility determination backlog are completed and a \$9.0 million reduction in Medicare buy-in payments. Also included in the estimate are rate increases, increases due to federal rule changes related to home health services, and an increase in retroactive fee-for-service payments due to the number of pended cases awaiting eligibility determination. In addition, the estimate for privilege fee revenue, which offsets State General Fund expenditures, was increased from \$108.0 million to \$117.5 million. The KanCare Medical estimate includes KDHE, KDADS, and DOC KanCare Medical expenditures.

The new KanCare estimate for FY 2018 includes additional expenditures of \$62.0 million, including \$27.9 million from the State General Fund, to reflect the Governor's recommendation to increase the HMO privilege fee from 3.31 percent to 5.77 percent on January 1, 2018. Legislation to enact this recommendation is still under consideration.

The FY 2019 estimate is \$3.1 billion from all funding sources, including \$1.0 billion from the State General Fund. The estimate is an increase from the Governor's recommendation of \$4.1 million from all funding sources and an increase of \$6.4 million from the State General Fund.

The FY 2019 estimate for KanCare Medical is \$2.9 billion from all funding sources, including \$875.4 million from the State General Fund. The estimate is the same as the amount recommended by the Governor. The KanCare Medical estimate includes KDHE, KDADS, and DOC KanCare Medical expenditures. The base Medicaid state share matching rate, Federal Medical Assistance Percentage (FMAP), is estimated to decrease by 0.76 percent for FY 2019, which will reduce the state share by approximately \$20.0 million. The Governor's recommendation assumed a larger decrease in the FMAP and included a reduction of \$27.0 million.

The new KanCare estimate for FY 2019 includes additional expenditures of \$307.9 million from all funding sources and a decrease of \$147.0 million in State General Fund expenditures to reflect the Governor's recommendation to increase the HMO privilege fee from 3.31 percent to 5.77 percent on January 1, 2018, increase the hospital provider assessment from 1.83 percent to 4.65 percent, and

restore the 4.0 percent provider rate reductions that were implemented in FY 2016. If legislation to implement recommendations associated with the HMO privilege fee and hospital provider assessments are not enacted, the estimate would need to be adjusted.

More information on the Human Services Consensus Caseload Estimates is included in this memorandum under the Department for Children and Families, item H, page 12, and the Kansas Department for Aging and Disability Services, item C, page 3.

I. GBA No. 1, Item 2, Page 4—Capable Person Policy Change.

J. GBA No. 1, Item 3, Page 4—Native American Health Center Funding.

K. GBA No. 1, Item 4, Page 5—MCO Privilege Fee Payment and Restore Provider Cuts.

Adjutant General's Department

A. Review Disaster Relief Expenditures (Senate Committee)—GBA No. 1, Item 15, Page 12 – Additional Disaster Funding. The Senate Committee requested a review of current disaster relief expenditures in FY 2017 and for FY 2018 and FY 2019.

FY 2017—The Conference Committee on 2017 Senate Sub. for Sub. for HB 2052 included \$1.8 million from the State General Fund for the State's portion of disaster relief expenditures in FY 2017. The agency states there currently are *15 open disasters*, 7 of which are wildfires in March. The amount requested and approved by the Conference Committee includes \$550,000 for Neodesha, a state-only declared disaster, to provide bottles of safe drinking water for residents in FY 2017.

FY 2018—The agency's original budget submission requested State General Funds for disaster relief at \$1.5 million for FY 2018. The Governor's recommendation included \$500,000, all from the State General Fund, for FY 2018.

The agency requests an additional \$815,138, all from the State General Fund, for the state's portion of disaster relief expenditures for FY 2018. As the Governor's FY 2018 recommendation included \$500,000, all from the State General Fund, this would provide a total of \$1,315,138, all from the State General Fund, as the state portion of disaster relief expenditures on *11 open disasters* for FY 2018.

FY 2019—The agency's original budget submission requested State General Funding for disaster relief at \$1.0 million for FY 2019. The Governor's recommendation included \$500,000, all from the State General Fund, for FY 2019.

The agency requests an additional \$262,465, all from the State General Fund, for the state's portion of disaster relief expenditures for FY 2019. As the Governor's FY 2019 recommendation included \$500,000, all from the State General Fund, this would provide a total of \$765,465, all from the State General Fund, as the state portion for FY 2019 disaster relief expenditures on *three open disasters*.

B. Review the Addition of Funding for an NBAF Planner II Position for FY 2018 and FY 2019 (House and Senate Committees). Both the House Committee and Senate Committee requested a review of the agency's enhancement requests for a National Bio and Agro-Defense Facility (NBAF) Planner II position for FY 2018 and FY 2019.

FY 2018—The agency requested \$80,031, including \$20,007 from the State General Fund, and 1.0 FTE position to hire an additional Kansas Division of Emergency Management (KDEM) Planner II position. The Governor did not recommend the enhancement for FY 2018.

FY 2019—The agency requested \$80,427, including \$20,106 from the State General Fund, and 1.0 FTE position to hire an additional KDEM Planner II position (this is the continuation of the position being requested for FY 2018). The Governor did not recommend this enhancement for FY 2019.

The agency states:

The position is to provide emergency management planning specific to the new NBAF;

- The facility is a bio-containment level-4 laboratory replacing the Plum Island Animal Disease Center in New York and studies high-consequence zoonotic diseases treating both animal agricultural industry and public health;
- NBAF will be the nation's only animal BSL-4 (Biosafety Level) facility housing pathogens that do not currently have treatments or countermeasures;
- The requested planner would be specifically charged with evaluating current local disaster emergency plan standards and adjusting standards as needed to accommodate the arrival of the new facility and large accompanying consequences in the event of an emergency; assist local emergency management with emergency planning preparations and ensure the state disaster emergency plan and resource management plan successfully address the state's needs in relation to the NBAF; and act as the conduit between private sector, local government, and federal entities for all emergency state preparedness efforts to include planning and exercising; and
- Current KDEM planning section is not adequately staffed to perform the statutorily required state planning tasks in order to accommodate the emergency planning needs of the nation's only BSL-4.

C. Review the Addition of Funding for McConnell Air Support and Operations Squadron (ASOS) for FY 2018 and FY 2019 (House Committee). The House Committee requested a review of the agency's enhancement requests for McConnell Air Support Operations Squadron (ASOS) match funding for FY 2018 and FY 2019.

FY 2018—The agency requested \$56,400, including \$14,099 from the State General Fund. The Governor did not recommend the enhancement for FY 2018.

FY 2019—The agency requested \$58,666, including \$14,666 from the State General Fund. The Governor did not recommend this enhancement for FY 2019.

The agency states:

- Funds would provide for the State's matching share of utility and sustainment costs for the ASOS facility as part of the Cooperative Agreement with the National Guard Bureau

in which the State is required to provide 25.0 percent of utility and sustainment costs for the facility;

- Funds will be spent on the following: septic tank pumping, fire alarm inspection, monitoring and repair, monthly pest control, calibration testing of equipment, repair service of machinery and equipment, facility maintenance and repair, custodial services, utilities, propane (heating fuel for facilities), building materials, supplies, parts, agriculture items, small tools for maintenance and repair, and small improvements to facilities;
- The 284th ASOS effectively applies joint combat airpower by training, equipping, and deploying Tactical Air Control Parties in support of the U.S. Army and coalition ground forces; and
- Smoky Hill Range provides a modern 21st century range capable of a diverse mission set to prepare U.S. and coalition warfighters to fulfill a broad set of combat skills. Detachment 1, 184th Intelligence Wing, operates the Smoky Hill Air National Guard Range, the largest and busiest inert bombing and live strafing range in the Air National Guard.

The agency notes that not providing the 25.0 percent state portion to support the range would cause a loss of 75.0 percent federal match. A loss of funding would result in an inability to properly maintain the facilities and grounds, jeopardizing warfighting capabilities. Furthermore, not funding the ASOS mission with the proper state funds has an effect on McConnell since they have covered the State General Fund shortfall to ASOS.

D. Review the Addition of Funding for Rehabilitation and Repair for Kansas Armories and National Guard Facilities for FY 2018 and FY 2019 (House Committee). The House Committee requested a review of the agency's enhancement requests for rehabilitation and repair for FY 2018 and FY 2019.

FY 2018—The agency requested \$1.1 million, including \$486,467 from the State General Fund. The Governor did not recommend the enhancement for FY 2018.

FY 2019—The agency requested \$1.1 million, including \$496,196 from the State General Fund. The Governor did not recommend this enhancement for FY 2019.

The agency states:

- Funds would be used to provide state matching funds to draw down federal matching funds and provide rehabilitation and repair for 36 Kansas armories and a few National Guard facilities. These funds are requested to obtain necessary matching federal funds for the regular rehabilitation and repair of 1.3 million square feet of armory facilities; and
- The Adjutant General's Department has been underfunded in State General Fund rehabilitation and repair funds for years. The result of not being able to keep the armories in good working condition jeopardizes our mission and the support we can provide Kansans. If the agency receives more state matching funds the Federal Government will provide rehabilitation and repair funds for the 36 Kansas Armories and

a few other National Guard facilities. The Cooperative Agreement between the State and the National Guard Bureau requires mostly a 50.0 percent state match with a few exceptions of 25.0 percent state match on these buildings.

E. Review the Addition of Funding to Hire an Additional Kansas Division of Emergency Management (KDEM) Planner II Position for FY 2018 and FY 2019 (House Committee). The House Committee requested a review of the agency's enhancement requests for an additional KDEM Planner II position within the response and recovery branch for FY 2018 and FY 2019.

FY 2018—The agency requested \$80,031, including \$20,007 from the State General Fund, and 1.0 FTE position to hire an additional KDEM Planner II position. The Governor did not recommend the enhancement for FY 2018.

FY 2019—The agency requested \$80,427, including \$20,106 from the State General Fund, and 1.0 FTE position to hire an additional KDEM Planner II position (this is the continuation of the position being requested for FY 2018). The Governor did not recommend this enhancement for FY 2019.

The agency states:

- Funding would be used to hire an additional KDEM Planner II position located within the Response and Recovery branch of KDEM to coordinate recovery activities and provide technical support to local levels of government before, during, and after an incident or disaster; and
- The need for a Recovery Specialist has been identified in previous After Action Reviews conducted by the agency for incidents and disasters that required state assistance.

F. Review the Addition of Funding for Calibrators Decommission and Replacement for FY 2018 and FY 2019 (House Committee). The House Committee requested a review of the agency's enhancement requests to maintain statutory responsibility for a radiological detection and calibration program for FY 2018 and FY 2019.

FY 2018—The agency requested \$315,518, all from the State General Fund, for the Kansas Division of Emergency Management (KDEM) to maintain its statutory responsibility to maintain a radiological detection and calibration program for FY 2018 (per KSA 48-928 and KSA 48-3201). The agency states the current radiological detection instruments in the possession of KDEM are from the civil defense era and have decayed to the point where KDEM can no longer effectively calibrate and maintain them. The two calibrators being requested by the agency for replacement range from 30 to 50 years old and are no longer supported or manufactured. The Governor recommended the enhancement for FY 2018.

FY 2019—The agency requested \$16,752, all from the State General Fund, for annual calibration and certification of the new equipment for FY 2019. The agency states this amount was determined using a 20-year cost projection, which includes current capital outlay costs based on projections from past levels of spending and does include cost growth of disposal based upon past rate of vendor increases at 14.0 percent per year. The Governor did not recommend any additional funding for the enhancement for FY 2019.

The agency states:

- Radiological incidents and emergencies from fixed nuclear facilities, transportation accidents, and acts of terrorism pose a public health emergency to the citizens of Kansas. KDEM is statutorily responsible for maintaining a radiological detection and calibration program per KSA 48-928 and KSA 48-3201;
- Current equipment is not reliable for emergency responders to use in the case of a nuclear incident. The inability to calibrate current generation of survey instruments could result in being unable to maintain radiological detection equipment for response to a nuclear power plant incident at Wolf Creek Nuclear Generating Station in Coffey County or the Cooper Nuclear Generating Station in Nebraska, which can ultimately affect the plants' licensure requirements. The current calibrators pose a significant radiological risk to workers and the public due to possible exposure or contamination caused by fire, tornadoes, vehicular accident, or malicious use. The new calibrator will not have that risk because it will be a self-shielded irradiator calibrator;
- Delaying the decommissioning and replacement of the current calibrators would result in increased safety concerns, longer calibration times, and increased monetary costs for enhancing security controls; and
- Currently, there is no specific source of funding to support a replacement. The funds in FY 2019 are to calibrate and certify the machines, which will need to be performed each year.

The House Committee recommended the deletion of \$315,518, all from the State General Fund, from the Governor's Recommendation in order to remove funding for this enhancement for FY 2018 for review prior to Omnibus.

G. Review the Addition of Funding for Firing Range Clean Ups for FY 2018 (House Committee).

Kansas City Firing Range Clean Up for FY 2018. The House Committee requested a review of the agency's enhancement request for \$206,118, including \$103,059 from the State General Fund, for FY 2018.

Hutchinson Firing Range Clean Up for FY 2018 (House Committee). The House Committee requested a review of the agency's enhancement request for \$161,502, including \$80,751 from the State General Fund, for FY 2018.

The Governor recommended the additional funding for the Kansas City and Hutchinson firing range clean ups for FY 2018. The House Committee recommended the deletion of \$206,118, including \$103,059 from the State General Fund, for the Kansas City Firing Range Clean Up for FY 2018; and the deletion of \$161,502, including \$80,751 from the State General Fund, for the Hutchinson Firing Range Clean Up for FY 2018 from the Governor's Recommendation to remove funding for these enhancements for FY 2018, for review prior to Omnibus.

The agency states, when it originally submitted its budget in September, it was informed it would be paid 50.0 percent state funds and 50.0 percent federal funds. Since that time, the National

Guard Bureau has made the decision for all the costs to be paid 100.0 percent federal. Therefore, the agency is removing its request for both firing range clean up projects for FY 2018.

H. Review the Addition of Funding for Asbestos Tile Remediation for FY 2018 (House Committee). The House Committee requested a review of the agency's enhancement request for \$180,103, including \$90,051 from the State General Fund, to remove asbestos at 23 armories and facilities for FY 2018. The Governor recommended the additional funding.

The House Committee recommended the deletion of \$180,103, including \$90,051 from the State General Fund, from the Governor's Recommendation in order to remove funding for this enhancement for FY 2018, for review prior to Omnibus.

The agency states the National Guard Occupational Health Office has conducted surveys of agency facilities during which they discovered high levels of asbestos and lead paint that exceed Environmental Protection Agency and National Guard Bureau standards. This contamination puts the agency in violation of many laws and also exposes agency personnel and visitors to asbestos that can cause potential health hazards. The agency notes it can be held liable for any hazards associated with the contamination. The agency states, before these projects can be started, the agency needs state matching dollars in order to receive federal funds.

The Readiness Centers (armories) and facilities needing asbestos tile remediation include: Abilene Armory; Augusta Armory; Clay Center Armory; Colby Armory; Concordia Armory; Dodge City Armory; Dodge City Field Maintenance Shop (FMS); Emporia Armory; Hays Armory; Hays FMS; Hiawatha Armory; Holton Armory; Hutchinson Armory; Junction City Armory; Kansas City Armory; Lawrence Armory; Liberal Armory; Marysville Armory; Newton Armory; Norton Armory; Ottawa Armory; Ottawa FMS; Paola Armory; Pratt Armory; Salina, #365; Wichita East Armory; and Wichita West Armory.

J. Review the Addition of Funding for Lead Paint Encapsulation for FY 2018 (House Committee). The House Committee requested a review of the agency's enhancement request for \$247,685, including \$123,842 from the State General Fund, for lead paint encapsulation efforts for FY 2018. The Governor recommended the additional funding.

The House Committee recommended the deletion of \$247,685, including \$123,842 from the State General Fund, from the Governor's Recommendation in order to remove funding for this enhancement for FY 2018, for review prior to Omnibus.

The agency states the National Guard Occupational Health Office has conducted surveys of agency facilities during which they discovered high levels of asbestos and lead paint that exceed Environmental Protection Agency and National Guard Bureau standards. This contamination puts the agency in violation of many laws and also exposes agency personnel and visitors to asbestos that can cause potential health hazards. The agency notes it can be held liable for any hazards associated with the contamination. The agency states, before these projects can be started, the agency needs state matching dollars in order to receive federal funds.

The Readiness Centers (armories) and facilities needing lead paint encapsulation efforts include: Abilene Armory; Augusta Armory; Clay Center Armory; Colby Armory; Concordia Armory; Dodge City Armory; Dodge City Field Maintenance Shop (FMS); Emporia Armory; Hays Armory; Hays FMS; Hiawatha Armory; Holton Armory; Hutchinson Armory; Junction City Armory; Kansas City Armory; Lawrence Armory; Liberal Armory; Marysville Armory; Newton Armory; Norton Armory; Ottawa

Armory; Ottawa FMS; Paola Armory; Pratt Armory; Salina, Vortex #217; Salina, #365; Wichita East Armory; and Wichita West Armory.

Kansas Department of Transportation

A. SB 89 (Conference). The Conference Committee Report on SB 89 contains the provisions of HB 2076, which would increase the fine from \$10 to \$30 for a person 18 years and older who is not wearing a seat belt in a passenger car when that car is in motion. The bill would direct \$20 from each violation to the Seat Belt Safety Fund (Fund), which would be established by the bill and administered by the Secretary of Transportation (Secretary). The bill would also direct 2.20 percent of all fines, penalties, and forfeitures received from clerks of the district court to the Fund and adjust percentages to certain other specified funds also receiving such distributions by amounts ranging from 0.05 percent to 0.24 percent. All expenditures of moneys in the Fund would be used for the promotion of and education on occupant protection among children, including, but not limited to, programs in schools in Kansas. These expenditures would be made in accordance with appropriations acts. The Secretary would be authorized to accept gifts, grants, donations, and bequests to the Fund. The Secretary would remit all moneys received to the State Treasurer, who would then deposit the entire amount to the credit of the Fund.

According to the revised fiscal note prepared by the Division of the Budget on the bill, as introduced, reductions related to adjustments in percentages to various funds receiving portions of fines, penalties, and forfeitures would be offset partially or in full by new revenues related to the increase in the fine amount. A precise estimate of the number of seat belt violations is not available; however, according to the fiscal note, it is estimated between 18,000 and 20,000 seat belt violations would need to occur to offset the reductions to the distribution percentages. According to Kansas Highway Patrol (KHP) annual reports, seat belt violations cited by KHP troopers numbered 23,275 in calendar year (CY) 2012; 23,247 in CY 2013; 21,353 in CY 2014; and 14,989 in CY 2015. Fines resulting from KHP and county sheriff citations would be distributed *via* the percentages listed in the bill. No estimate of city seat belt ordinance violations or citations issued by sheriff officials is included in the fiscal note. The Kansas Department of Transportation estimates Fund receipts of \$383,058 for FY 2018 and approximately \$400,000 for FY 2019. Any fiscal effect associated with the bill is not reflected in *The FY 2018 Governor's Budget Report*.

The Kansas Department of Transportation requests the Seat Belt Safety Fund (created within the bill) be appropriated as a no limit fund. The agency states it anticipates expending Fund revenues received in each fiscal year on seat belt safety programs. The programs and presentations will target all age groups of children and increase the reach and support of the Seatbelts Are For Everyone (SAFE) program to all high school students in the state.

B. HB 2096 (Conference). HB 2096 would authorize certain operations of transit buses and designate a memorial highway. To implement HB 2096, the agency is requesting an operating expenditure increase totaling \$252,380, all from the State Highway Fund, for FY 2018. This amount includes: 1) \$250,000 for transit bus operation on certain highway shoulders; and 2) \$2,380 for installation and future maintenance of signage related to the Eldon K Miller Memorial Highway designation contained in HB 2096. The Conference Committee Report has been adopted by the Senate.

Transit Bus Operation on Certain Highway Shoulders

The bill would allow the Secretary of Transportation (Secretary) to authorize operation of transit buses on the right shoulders of state highways in Wyandotte County. Current law limits such operation to Johnson County. The agency is requesting an operating expenditure increase of \$250,000 to allow the agency to make expenditures for signage, shoulder pavement markings, guardrails and grading for FY 2018. Additional expenditures would be offset by increased revenues resulting from reimbursement anticipated from Johnson County.

Eldon K Miller Memorial Highway (formerly HB 2203)

The bill would designate a portion of US-75, in Woodson County north of Yates Center, as the Eldon K Miller Memorial Highway. The bill would remove that portion of US-75 from designation as the Purple Heart/Combat Wounded Veterans Highway. The agency is requesting an operating expenditure increase of \$2,380, all from the State Highway Fund, to cover the cost to install two 7-foot-by-2-foot signs along the highway identified for FY 2018. The agency would need to receive gifts and donations in the amount of \$3,570 to cover the costs of the signs plus 50.0 percent of the cost for future maintenance in order for the signs to be installed.

C. GBA No. 1, Item 18, Page 14—State Highway Fund Transfers.

Kansas Department of Revenue

A. GBA No. 1, Item 9, Page 8—Automated Tax System Fund.

B. GBA No. 1, Item 10, Page 9—MSA Diligent Enforcement and Compliance Compact with Tribal Nations.

Kansas Public Employees Retirement System

A. Review KPERS Employer Contribution Amounts for FY 2018 and FY 2019 (House and Senate Committees). The employer retirement contribution rate for KPERS State and School is scheduled to be 12.01 percent for FY 2018 and 13.21 percent for FY 2019. For FY 2018 and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018, and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019.

The Senate concurred with the Governor's recommendation for FY 2018 and FY 2019. The House added approximately \$5.8 million in special revenue fund contributions for FY 2018 and approximately \$8.4 million in special revenue fund contributions for FY 2019 to restore KPERS State Contributions.

Kansas Lottery

A. GBA No. 1, Item 16, Page 12—Lottery and Gaming Revenues.

State Historical Society

A. Review Agency Tours of the Statehouse on Saturdays (Senate Committee). Currently, tours of the Statehouse are offered Mondays through Fridays, but are not offered on Saturdays. The agency estimates providing staff necessary to offer tours on Saturdays would require an additional \$22,180 each year.

Kansas State School for the Blind

A. Review the Addition of Funding for Educator Salary Increases (Senate Committee). The agency is requesting \$49,451, all from the State General Fund, for FY 2018 and \$50,143, all from the State General Fund, for FY 2019 for educator salary increases in compliance with KSA 76-11a17, requiring compensation for teachers and licensed personnel at a rate not less than that paid by USD 233 in Olathe. The House Committee on Appropriations has recommended the increases be funded.

Kansas State School for the Deaf

A. Review the Addition of Funding for Educator Salary Increases (Senate Committee). The agency is requesting \$64,721, all from the State General Fund, for FY 2018 and \$63,170, all from the State General Fund, for FY 2019 for educator salary increases in compliance with KSA 76-11a17 requiring compensation for teachers and licensed personnel at a rate not less than that paid by USD 233 in Olathe. The House Committee on Appropriations has recommended the increases be funded.

Emporia State University

A. Review the addition of \$500,000, all from the State General Fund, for the Nursing Program (House and Senate Committees). The agency is requesting \$500,000 to support the Nursing Program. In the past, Newman Regional Health provided financial support in the form of Medicare pass-through funding, but starting in FY 2015, the hospital was ineligible for this funding due to changes in the Centers for Medicare and Medicaid Services criteria for pass-through funding. In FY 2015 and FY 2016, the Jones Trust provided the support, and for FY 2017, the Jones Trust provided \$200,000 and another trust provided \$50,000. The hospital provides the facility, housekeeping, and laundry, while the student tuition covers approximately half the cost of faculty salaries and equipment. The support from the State would be for faculty salaries and operating equipment and supplies.

University of Kansas Medical Center

A. SB 32 (Law). SB 32 amends the Medical Student Loan Act and the statute establishing the Kansas Medical Residency Bridging Program, and restricts the outsourcing and privatization of certain state operations and facilities. Two new funds would be created within the University of Kansas Medical College: the Psychiatry Medical Loan Repayment Fund would be a no limit fund and the Rural Health Bridging Psychiatry Fund would need an appropriation. Currently, the Senate has appropriated \$1.0 million, all from the State General Fund, for this program.

Board of Regents

A. Review the Enhancements for the Board of Regents and State Universities for FY 2018 and FY 2019. (Senate Committee). The Senate Committee requested review of the \$30.7

million, all from the State General Fund, enhancements for the Board of Regents office and state universities, which is the restoration of an average of 4.0 percent to each agency. Currently, both the House and the Senate have added expenditures to Kansas State University and the University of Kansas to bring their reduction from over 5.0 percent to 4.0 percent for FY 2018 and increased expenditures to Washburn University, Kansas State University, KSU–Veterinary Medical Center, University of Kansas, University of Kansas Medical Center, Fort Hays State University, and Wichita State University to bring their reduction to 3.0 percent for FY 2019. Currently, the House has increased expenditures to the Postsecondary Tiered Technical State Aid and Non-Tiered Course Credit Hour Grant by \$1.0 million to bring the reduction to just over 3.0 percent for the community and technical colleges for FY 2019.

Wichita State University

A. Review the addition of \$1.0 million, all from the State General Fund, for the Center of Innovation for Biomaterials and Orthopedic Research (CIBOR) for FY 2019 (Senate Committee). The Senate Committee wanted to review the possible addition of the funds for the program. The CIBOR program is dedicated to research and developing the potential use of composite materials in bioscience and medical applications. The program was funded with \$1.0 million, all from the State General Fund, annually through FY 2018 (SB 112 in 2015) with transfers from the funding stream that went to the Bioscience Authority. The Governor’s recommendation did not fund the program for FY 2019.

Department of Agriculture

A. Review the Agency’s Enhancement Request for Three Environmental Scientists (House Committee). The House Committee on Agriculture and Natural Resources Budget requested a review of the Kansas Department of Agriculture’s enhancement requests for FY 2018 and FY 2019. The agency requested \$177,429 for both FY 2018 and FY 2019, all from the State General Fund, for three environmental scientist non-FTE positions based in Western Kansas. The agency indicates these positions would be dedicated to assisting in the development of Water Conservation Areas, assisting water users in efficiently managing their water resources, and executing the Governor’s Water Vision.

B. Review the Agency’s Enhancement Request for One Engineer (House Committee). The House Committee on Agriculture and Natural Resources Budget requested a review of the Kansas Department of Agriculture’s enhancement requests for FY 2018 and FY 2019. The agency requested \$69,000 for both FY 2018 and FY 2019, all from the State General Fund, for one engineer position in the Division of Water Resources. The agency indicates this position would be dedicated to protecting Kansas water users and the State’s share of critical water resources in interstate water compacts.

C. Review the Agency’s Enhancement Request for One Grain Warehouse Examiner (House Committee). The House Committee on Agriculture and Natural Resources Budget requested a review of the Kansas Department of Agriculture’s enhancement requests for FY 2018 and FY 2019. The agency requested \$51,581 for both FY 2018 and FY 2019, all from the State General Fund, for one grain warehouse examiner. The agency indicates record-breaking crop yields throughout the state have resulted in tens of millions of bushels of grain in temporary public storage and an additional examiner would inspect these facilities.

D. Review the Agency's Report Regarding a Cost-Benefit Analysis for Contracting Somatic Cell Counter Laboratory Work (Senate Committee). The Senate Subcommittee requested the agency provide a report at Omnibus supplying a cost-benefit analysis for contracting somatic cell counter laboratory work to the Dairy Farmers of America laboratory in lieu of replacing the agency's somatic cell counter equipment. The agency indicates that without the Bentley somatic cell counter laboratory equipment, the test can be performed manually, but at an increased cost. Specifically, costs per analyzed sample rise from \$2.54 to \$20.81 to manually test samples. A third party laboratory is utilized for some dairies in southwest Kansas at a cost of \$38 per sample, but this cost includes other testing as well, and the somatic cell counting costs cannot be itemized with particularity.

E. HB 2182 (Senate Commerce Committee). HB 2182 would establish the Kansas Agricultural Industry Growth Act, which would authorize the agency to license individuals or entities, such as higher education institutions, to conduct research on industrial hemp. This bill creates the Agricultural Industry Growth Program Fund, which would need to be appropriated as a no limit fund in an appropriations bill and may only be utilized for the administration and regulation provided pursuant to this legislation. This bill has passed the House.

Kansas Department of Health and Environment – Division of Environment

A. Review the Addition of Funding for Radiation Chemistry Testing (Senate Committee). The Senate Subcommittee requested to review the addition of funding for the KDHE Laboratory for radiation chemistry testing. The agency had requested \$44,567, all from the State General Fund, for FY 2018 and FY 2019 to provide radiation chemistry testing services in the state. Without this funding, the agency has indicated they would be required to continue a contract with the State of Iowa to provide these services.

Department of Wildlife, Parks and Tourism

A. Office of Information Technology (OITS) Expense Enhancement (Senate Committee). The Senate Committee deleted \$300,000, all from special revenue funds, for FY 2018 and FY 2019 for OITS expenses. The agency requested this amount in an enhancement due to rising costs; the enhancement was recommended by the Governor. The Senate Subcommittee deleted this enhancement so it could be reviewed at Omnibus.

B. Dam Repair Funding (Joint Committee). The Joint Committee on State Building Construction recommends adding \$360,000 in FY 2017 and \$2.2 million for FY 2018, all from the Wildlife Fee Fund, for dam repairs at Woodson County State Fishing Lake and Clark State Fishing Lake. Since the damage was caused by a storm that occurred after budget submission, these repair costs were unknown when the agency submitted their budget and when the House Committee on Agriculture and Natural Resources Budget made recommendations for this agency. The Senate has heard this request and recommended the funding.

Kansas State Fair

A. Review Enhancement Request and Report Regarding Utility Fees (Senate Committee). The Senate Committee requested a report from Westar Energy and the City of Hutchinson regarding utility rate increases for the Kansas State Fair. These reports were requested in order to review and consider the agency's enhancement request for \$150,000, all from the State General Fund, for both FY 2018 and FY 2019 for increased electricity and water utility expenses. The

City of Hutchinson indicates the increased cost for a stormwater utility fee is attributable to revenue generation for storm sewer improvements originally identified in 2000 at a projected cost of \$56.0 million. The city created a stormwater advisory committee with key stakeholders and recommended revisions to the stormwater utility fee based on the total area of impervious surfaces on a property.

B. Transfer to State Fair Capital Improvements Fund (Joint Committee). The Joint Committee on State Building Construction recommends transferring \$100,000 for FY 2018 and \$100,000 for FY 2019 from the State General Fund to the State Fair Capital Improvements Fund. The State Fair Capital Improvements Fund is utilized for rehabilitation and repair of the State Fairgrounds. KSA 2-223 mandates that the State General Fund will match State Fair Fee Fund transfers to the State Fair Capital Improvements Fund, up to \$300,000. This provision was previously adjusted by proviso to reduce the matching transfer to \$100,000 in FY 2016 and FY 2017, and the Governor's budget recommendation suspended this transfer for FY 2018 and FY 2019. The House Committee on Agriculture and Natural Resources Budget and Senate Subcommittee did not recommend adjusting this suspension of the transfer.

Attorney General

A. SB 23 (Conference). SB 23 would establish the Office of the Securities Commissioner of Kansas as a division under the jurisdiction of the Commissioner of Insurance and consolidate criminal prosecutions for fraud and abuse under the jurisdiction of the Attorney General. The Governor's recommendation includes the transfer of \$400,000 to the Attorney General's Fraud and Abuse Criminal Prosecution Fund (\$200,000 from the Office of the Securities Commissioner and \$200,000 from the Kansas Insurance Department) and a 4.0 FTE increase for FY 2018 and FY 2019. The House Committee on Appropriations has requested Omnibus review of the addition of \$400,000, all from the Fraud and Abuse Criminal Prosecution Fund, and 4.0 FTE to eliminate the Governor's recommendation to consolidate criminal fraud prosecution resources within the Office of the Attorney General for FY 2018 and FY 2019.

This bill also impacts the Kansas Insurance Department and Office of the Securities Commissioner. Those impacts can be viewed on page 1 of this memorandum.

B. SB 149 (Conference). SB 149 would allow the Attorney General to determine, fix, establish, and collect legal representation charges for legal services provided by state agencies. The bill would also create the State Agency Representation Fund within the Office of the Attorney General and would require charges collected under the provisions of the bill be placed in the fund. The bill would have a fiscal effect on the Attorney General and state agencies, boards, and commissions that use the Attorney General's services; however, an exact fiscal effect is unknown until a schedule of fees is determined.

Board of Indigents' Defense Services

A. Assigned Counsel Caseload Estimate and GBA No. 1, Item 14, Page 11—Assigned Counsel Caseload. The Board of Indigents' Defense Services, the Division of the Budget, and the Kansas Legislative Research Department met on April 6, 2017, to develop a revised caseload estimate for the assigned counsel program. The assigned counsel program provides felony defense when using public defenders is not possible. Assigned counsel expenditures do not include capital casework. When the estimating group met on October 12, 2016, the FY 2017 estimate was increased from \$11.5 million to \$12.6 million to account for increased growth in assigned counsel expenditures.

The revised consensus estimate in FY 2017 is \$12.5 million, a decrease of \$0.1 million from the October 2016 estimate. Senate Sub. for HB 2052 only provides for \$11.2 million in funding.

The revised consensus estimate for FY 2018 is \$12.0 million, the same as the October 2016 estimate. Sub. for SB 189 fully funds these estimated expenditures.

The revised consensus estimate for FY 2019 is \$12.5 million, the same as the October 2016 estimate. Sub. for SB 189 fully funds these estimated expenditures.

B. Board of Indigents' Defense Services Budget (House and Senate Committees). The House Committee on Appropriations and the Senate Committee on Ways and Means requested review of expenditures related to state capital *habeas* proceedings at Omnibus. The enhancement request includes \$1.1 million, all from the State General Fund, for expenditures for four capital punishment cases for FY 2018 and \$1.4 million, all from the State General Fund, for five capital punishment cases for FY 2019. The House Committee added \$1.1 million, all from the State General Fund, for FY 2018 and \$1.4 million, all from the State General Fund, for FY 2019.

Judicial Branch

A. Judicial Branch Budget (House and Senate Committees). The House Committee on Appropriations and the Senate Committee on Ways and Means requested review of the following adjustments to the Judicial Branch budget at Omnibus.

FY 2018 items for review:

- The addition of \$7.4 million, all from the State General Fund, for an enhancement request for judicial salary increases for 267 judges for FY 2018. The request includes approximately \$6.0 million in salaries and \$1.4 million in fringe benefits;
- The addition of \$12.9 million, including \$12.8 million from the State General Fund, for an enhancement request for judicial employee salary and benefits increases for FY 2018. The request includes approximately \$11.0 million in salaries and \$2.4 million in fringe benefits, with an estimated \$500,000 decrease for anticipated vacancies. The request includes increases for 1,642 positions, including 485 Trial Court Clerk II and 271 Court Services Officer I positions. The House Committee has already recommended adding \$6.0 million, including \$5,990,328 from the State General Fund;
- The addition of \$840,558, all from the State General Fund, to fill 20 vacant positions (10 Trial Court Clerk II and 10 Court Services Officer I) related to workplace projections and the implementation of 2016 SB 367 (juvenile justice reform) for FY 2018. The House Committee has already added \$840,558, all from the State General Fund;
- The addition of \$711,536, all from the State General Fund, and 10.0 FTE positions for an enhancement request for creating eight judge positions (seven magistrate judges and one district judge) and two staff positions (one court reporter and one administrative assistant) for FY 2018; and
- The addition of \$402,778, all from the State General Fund, for an enhancement request for the construction of two Court of Appeals judicial suites for FY 2018.

FY 2019 items for review:

- The addition of \$7.4 million, all from the State General Fund, for an enhancement request for judicial salary increases for 267 judges for FY 2019. The request includes approximately \$6.0 million in salaries and \$1.4 million in fringe benefits;
- The addition of \$13.0 million, including \$12.9 million from the State General Fund, for an enhancement request for judicial employee salary and benefits increases for FY 2019. The request includes approximately \$11.1 million in salaries and \$2.4 million in fringe benefits, with an estimated \$500,000 decrease for anticipated vacancies. The request includes increases for 1,642 positions, including 485 Trial Court Clerk II and 271 Court Services Officer I positions. The House Committee has already added \$6.0 million, including \$5,990,233 from the State General Fund;
- The addition of \$908,506, all from the State General Fund, to fill 20 vacant positions (10 Trial Court Clerk II and 10 Court Services Officer I) related to workplace projections and the implementation of 2016 SB 367 (juvenile justice reform) for FY 2018. The House Committee has already added \$840,558, all from the State General Fund; and
- The addition of \$721,344, all from the State General Fund, and 10.0 FTE positions for an enhancement request for creating eight judge positions and two staff positions for FY 2018.

B. HB 2041 (Conference). HB 2041 would extend the sunset provision for judicial surcharges on a number of docket fees until June 30, 2019. The bill would also amend law related to the collection of debts owed to courts. The Judicial Branch indicates that if HB 2041 is not enacted, its budget would be reduced by \$8.4 million, all from special revenue funds, for FY 2018 and \$8.2 million, all from special revenue funds, for FY 2019.

Kansas Bureau of Investigation

A. Kansas Bureau of Investigation Budget (House and Senate Committees). The House Committee on Appropriations and the Senate Committee on Ways and Means requested review of the following adjustments to the Kansas Bureau of Investigation budget at Omnibus.

FY 2018 item for review:

- The costs associated with the Sexual Assault Kit Initiative for FY 2018. The agency requested an enhancement of \$802,569, all from the State General Fund, for one Forensic Scientist I and five Forensic Scientist II positions to fulfill the Sexual Assault Kit Initiative. The agency was awarded a \$2.0 million grant from the Bureau of Justice Assistance in September 2015, but the agency indicates it will not be enough to process the 2,220 sexual assault kits identified for testing. The agency currently tests approximately 50 sexual assault kits per month and states laboratory resources must be increased to maintain the current testing turnaround time. (House)

FY 2019 items for review:

- The costs associated with the Sexual Assault Kit Initiative for FY 2019. The agency requested an enhancement of \$664,737, all from the State General Fund, for one Forensic Scientist I and five Forensic Scientist II positions to fulfill the Sexual Assault Kit Initiative. The agency was awarded a \$2.0 million grant from the Bureau of Justice Assistance in September 2015, but the agency indicates it will not be enough to process the 2,220 sexual assault kits identified for testing. The agency currently tests approximately 50 sexual assault kits per month and states that laboratory resources must be increased to maintain the current testing turnaround time; (House) and
- The addition of \$885,820, all from the State General Fund, for the agency's Recruitment and Retention Plan for FY 2019. The agency intends for this to be an ongoing appropriation. Both House and Senate committees have already recommended adding funding (\$435,820 from the Record Check Fee Fund and \$450,000 in vacant position funding) for FY 2018. (House and Senate)

Department of Administration

A. HB 2360 (Senate Committee). HB 2360 would transfer administration of the State Employee Health Plan (SEHP) from the Division of Health Care Finance in the Department of Health and Environment to the Department of Administration. A new division would be established in the Department of Administration called the "Division of the State Employee Health Benefits Plan." All powers, duties, functions, employees, and fund balances of the Division of Health Care Finance to administer the SEHP would be transferred to the Department of Administration.

If the bill is approved by the Senate, the following special revenue funds will need to be included within the Appropriations Bill:

- Preventive health care program – 264-00-2556-2550 (limited);
- Non-state employer group benefit – 264-00-7707-7710 (limited);
- State workers compensation self-insurance – 264-00-6170-6170 (no limit);
- Health benefits administration clearing fund – remit admin service org – 264-00-7746-7746 (no limit);
- Cafeteria benefits fund – 264-00-7720-9002 (no limit); and
- Dependent care assistance program – 264-00-7740-8700 (no limit).

B. Review Centralizing Management of Wireless Services (House Committee). The House Committee on Appropriations requested information on the fiscal impact of using a third party Centralized Wireless Management Service for mobile communications services statewide. The Department of Administration began a pilot project for centralized wireless management 2016. The agency has not realized any savings to date from the managed services. However, the agency anticipates by signing up for the services, the Department of Administration can save \$9,676.19 for 68

devices. There is a \$3-per-device charge, so the net savings would be approximately \$7,200 per year. In FY 2016, the Department of Administration spent \$88,921 for mobile communications. Assuming the agency spends about the same in FY 2018, the Department will reduce wireless costs by approximately 8.1 percent.

A new contract is being negotiated and will be available to the agency, as well as others, for FY 2018. Actual savings across all agencies will depend on participation and how many devices are under management. It will also depend on their current wireless plans and if some may already be optimized and will not realize much savings. In FY 2016, the State spent approximately \$3.5 million for mobile communication devices. About one quarter of those expenditures, or \$875,000, are from the State General Fund.

Office of Information and Technology Services

A. Sub. for HB 2331; SB 204 (Senate Committee)—GBA No. 1, Item 13, Page 11 – Cybersecurity. Sub. for HB 2331 would enact the Representative Jim Morrison Cybersecurity Act (Act). The bill would create the Kansas Information Security Office (KISO) and establish the position of Chief Information Security Officer (CISO) in statute. The bill would also establish the Kansas Information Technology Enterprise (KITE), which would consolidate the functions of the Office of Information Technology Services (OITS) and transfer current OITS employees and officers to KITE.

On April 5, 2017, the Senate Committee on Ways and Means indicated it would begin work on SB 204, which is the Senate version of the Cybersecurity Bill but does not include the KITE consolidation provision.

HB 2331 would establish the Cybersecurity State Grant Fund (Grant Fund) and the Cybersecurity State Fund (State Fund). The Grant Fund would be administered by the CISO and the Cybersecurity Council for the purpose of responding to cybersecurity breaches. The Grant Fund would contain any unencumbered balance in the Grant Fund not required for expenditures in the upcoming fiscal year on June 30 each year. The balance of the Grant Fund could not fall below \$10.0 million during any fiscal year unless the CISO determines expenditure of such funds is necessary to respond to a cybersecurity breach.

The State Fund would be administered by the CISO and financed by a transfer of all unobligated funds remaining in the OITS special revenue funds designated by the CITO as cybersecurity fee moneys on July 1, 2017. In subsequent years, any unencumbered balance in the State Fund on June 30 not required for operating expenditures in the upcoming fiscal year could be transferred to the Grant Fund.

Currently, there is no funding mechanism in HB 2331. The original bill recommended utilizing the \$4 Division of Vehicles modernization surcharge, which generates revenue of approximately \$12.0 million annually. For FY 2017, current law requires the Digital Imaging Program Fund in the Department of Administration, the Criminal Justice Information System Line Fund in the Kansas Bureau of Investigation (KBI), and the Division of Vehicles Modernization Fund in the Department of Revenue to each receive \$1 of the surcharge, up to a maximum of \$1.0 million, with the State Highway Fund to receive all remaining revenue from the surcharge. The modernization surcharge generates approximately \$12.0 million annually, with \$1.0 million each distributed to the Department of Administration, the KBI, and the Department of Revenue, and \$9.0 million distributed to the State Highway Fund. The Governor recommends the continued distribution of modernization surcharge revenue to the Department of Administration, the KBI, the Department of Revenue, and Kansas Department of Transportation. For FY 2018 and FY 2019, the Governor recommends the Department

of Administration receive \$500,000, the KBI receive \$1.0 million, the Department of Revenue receive \$1.0 million, and the State Highway Fund receive \$9.5 million. The \$9.5 million credited to the State Highway Fund is recommended to be transferred to the State General Fund in FY 2018 and FY 2019.

The agency has also proposed funding cybersecurity through a surcharge fee on wireless communication devices, similar to the E911 fee. The amount has been proposed at 27 cents per device per month, as well as a 2.5 percent surcharge on prepaid wireless devices. The agency estimates such a fee would generate approximately \$10.0 million per year.

B. Review Sale of Virtual Cloud Server (V-Block) (Senate Committee). The Senate Committee on Ways and Means requested information on the sale of the V-Block, which was scheduled to close on April 11, 2016. The agency did not receive any bids on the request for proposal (RFP) and have extended the RFP through April 27, 2016.

C. GBA No. 1, Item 12, Page 10—Cabinet Agency Information Technology Savings.

State Treasurer

A. GBA No. 1, Item 17, Page 13—Eliminate Tax Increment Finance Replacement Fund Transfers.

Action Plan

Costs to Implement Concealed Carry Provisions at State Hospitals

The minimum estimated cost for one-time equipment purchases is approximately \$975,000.00 (including metal detectors, metal detector wands, gun lockers, construction-related costs, and firearms). KDADS has identified 32 Primary Sites where adequate security measures will have to be implemented. Examples of Primary Sites include patient treatment areas, administration buildings, cafeterias, and patient homes. KDADS estimates the on-going staffing cost (6 FTE per location) is \$11,700,000.00 for the four hospitals (Larned State Hospital, Osawatomie State Hospital, Kansas Neurological Institute, and Parsons State Hospital & Training Center).

1. Gun storage lockers – depending on size, number of lockers, type of material and locks, mounting type, and installation. 32
2. Metal detector wands 32
3. Handguns, holster, related equipment 192
4. Walk-through metal detectors 32

Assumptions:

1. "Primary Sites" are defined as those buildings housing patients and those with high concentrations of staff.
2. "Secondary Sites" are defined as those buildings with low concentrations of employees.
3. This estimate assumes security measures would not be required for secondary sites.
4. Average cost for 1.00 FTE Law Enforcement Officer is \$65,000.00 per year, including benefits.
5. Armed officers would require agency-provided handguns, holsters and other equipment as appropriate.
6. Assumes that no construction/labor is necessary to accommodate the installation of equipment except gun lockers.
7. Assumes no requirements for tomography, or video surveillance.
8. Would restrict public access to one entrance per building.
9. Note that LSH utilizes inmate labor from LCMHF. It is unknown if this arrangement could continue with concealed carry permitted. If concealed weapons become a problem at those facilities, the Department of Corrections may have to cancel the work details that perform a lot of work at very little cost to the State. Termination of that program would necessarily entail an increase in the number of FTEs, which would be an increase in the size and scope of government.

Timeframe:

After funding is obtained it will take a minimum of 10 months. It will take approximately 3 months to complete the RFP process, 3 months to order and install the necessary equipment, and 3-4 months to hire and train the FTEs.