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ITEMS FOR OMNIBUS CONSIDERATION

Adjutant General's Department

A. Review Disaster Relief Expenditures (Senate Committee) and GBA No. 1, Item 4, Page 5 – Additional Disaster Funding. The Senate Committee requested a review of current disaster relief expenditures in FY 2018 and for FY 2019.

The Senate Committee deleted \$6.6 million, including \$663,979 from the State General Fund, for disaster relief funding in FY 2018. This leaves disaster relief funds totaling \$10.0 million, including \$1.0 million from the State General Fund, in FY 2018.

The Senate Committee deleted \$13.0 million, including \$1.3 million from the State General Fund, for disaster relief funding for FY 2019. This leaves disaster relief funds totaling \$10.0 million, including \$1.0 million from the State General Fund, for FY 2019.

FY 2018—Based upon the most recent estimates, the agency requests \$4,481,206, all from the State General Fund, for the State's portion of disaster relief expenditures in FY 2018. This estimate includes provisions for the State's portion of disaster relief expenditures on five open federally declared disasters (\$2.0 million), state-only declared wild fires in March 2018 (\$1.6 million), estimated contingency expenditures for wild fires through June 2018 (\$1.2 million; estimated based upon March wildfires), appeals expenditures (\$50,000), and Emergency Operations Center (EOC) tasks (\$20,000 for meals, overtime, travel, lodging, and miscellaneous supplies for staffing of the EOC and regional coordinator travel) in FY 2018. The agency's total request in FY 2018 is less than the total of the itemized expenditures due to use of existing fund balances within disaster funds (\$385,859).

FY 2019—Based upon the most recent estimates, the agency requests \$2,446,318, all from the State General Fund, for the State's portion of disaster relief expenditures for FY 2019. Total expenditures for FY 2019 are currently estimated at \$3.2 million, all from the State General Fund, but 2017 Senate Sub. for HB 2002 appropriated \$762,465, all from the State General Fund, for disaster relief expenditures for FY 2019. This estimate includes provisions for the State's portion of disaster relief expenditures on five open federally declared disasters (\$3.15 million), appeals expenditures (\$6,200), and EOC tasks (\$50,000) for FY 2019.

[Federal Disaster Declaration (FY - DR#) - 4230; 4287; 4304; 4319; 4347]

- 2015 – DR – 4230 – severe storms, tornadoes, straight-line winds, and flooding in Atchison, Barton, Brown, Butler, Chase, Chautauqua, Cherokee, Cheyenne, Clay, Cloud, Coffey, Cowley, Doniphan, Edwards, Elk, Ellsworth, Franklin, Gray, Greenwood,

Harper, Haskell, Hodgeman, Jackson, Jefferson, Jewell, Lyon, Marion, Marshall, McPherson, Meade, Miami, Morris, Nemaha, Neosho, Osage, Pottawatomie, Republic, Rice, Stevens, Sumner, Wabaunsee, and Washington counties.

- 2016 – DR – 4287 – severe storms and flooding in Cheyenne, Cowley, Ellis, Graham, Greenwood, Kingman, Norton, Rooks, Russell, Sedgwick, and Sumner counties.
- 2017 – DR – 4304 – severe winter storm in Barton, Clark, Comanche, Edwards, Ellsworth, Ford, Hodgeman, Jewell, Kiowa, Meade, Ness, Pawnee, Pratt, Rush, Seward, Sheridan, Stafford, and Trego counties.
- 2017 – DR – 4319 – severe winter storm, snowstorm, straight-line winds, and flooding in Cherokee, Cheyenne, Crawford, Decatur, Finney, Gove, Graham, Grant, Greeley, Hamilton, Haskell, Kearny, Lane, Logan, Morton, Neosho, Norton, Rawlins, Scott, Seward, Sheridan, Sherman, Stanton, Stevens, Thomas, Wallace, and Wichita counties.
- 2017 – DR – 4347 – severe storms, straight-line winds, and flooding in Johnson and Wyandotte counties.
- 2018 – State Assistance for Wildland Fires (aerial fire suppression support to local jurisdictions) – Barber, Butler, Clark, Ellis, Greenwood, Harper, Kingman, Kiowa, Labette, Logan, McPherson, Montgomery, Reno, Rice, Seward, Smith, Stevens, and Wabaunsee.

B. Review the Possible 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 supplemental requests for rehabilitation and repair in FY 2018 and for FY 2019.

FY 2018—The agency requested \$2.85 million, including \$1.4 million from the State General Fund. The Governor did not recommend the enhancement in FY 2018.

FY 2019—The agency requested \$2.9 million, including \$1.5 million 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 37 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 the Department's mission and the support it can provide Kansans. If the agency receives more state matching funds, the federal government will provide rehabilitation and repair funds for the 37 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.

The agency has also provided two attachments detailing projects as follows: A) projects that comprise the amounts being requested by the agency in FY 2018 and for FY 2019, and 2) a facilities review of needs based upon current and future years to maintain facilities based upon National Guard Bureau standards.

C. Crisis City HVAC Replacement Funding (Joint Committee). The Joint Committee on State Building Construction recommends adding \$250,000, all from the State General Fund, as supplemental funding to replace the heating ventilating and air conditioning (HVAC) system at the Crisis City Training Facility outside of Salina, Kansas. The agency states the requested system would be more efficient at heating and cooling and maintaining the building at a temperature between 65 to 78 degrees. The agency notes the request does not include matching funds as the facility is a State-owned building.

D. Sub. for HB 2556 (Conference). Sub. for HB 2556 would establish the State Interoperability Advisory Committee in statute.

Currently, a State Interoperability Executive Committee exists by executive order. The Committee would provide input to the Adjutant General's Department for the development and deployment of centralized interoperable communications planning and implementation capacity for Kansas. Specifically, the bill would direct the Advisory Committee to make recommendations to the Department related to:

- Increasing communications and inter-agency coordination regarding informing the public of public safety risks and operations;
- Statewide contracts for public safety communications equipment, software, and consulting services;
- Revisions to the State Communications Interoperability Plan;
- Assessment of institutions and organizations that benefit from services provided;
- Development, release, and review of requests for proposals and awarding contracts for public safety communications technology public-private partnerships; and
- Other opportunities to improve public safety communications as the Committee deems appropriate.

The bill would also require the Advisory Committee to assist with the development of policies and procedures that increase communications and inter-agency coordination for the purpose of enhancing public safety interoperable communications.

Members of the Advisory Committee would be as follows:

- The Director (defined in the bill as the Adjutant General for the State of Kansas, or the Adjutant General's designee);
- The Coordinator;
- The Secretary of Transportation, or the Secretary's designee;
- The Superintendent of the Highway Patrol, or the Superintendent's designee;
- The Executive Branch Chief Information Security Officer, or the Officer's designee;
- A tribal representative appointed by the Governor;

- The 911 Coordinating Council Administrator, or the Administrator’s designee;
- The Chief Executive Officer of the Board of Regents, or the Chief Executive Officer’s designee; and
- One member appointed by each of the following associations:
 - Kansas Association of Public Safety Communications Officials;
 - Kansas Sheriffs’ Association;
 - Emergency Medical Services Board;
 - Kansas Association of Chiefs of Police;
 - Kansas State Association of Fire Chiefs;
 - Mid-America Regional Council;
 - League of Kansas Municipalities;
 - Kansas Association of Counties; and
 - Kansas Emergency Management Association.

The Advisory Committee would be required to meet at least once per quarter of the calendar year, with the first meeting to take place prior to September 1, 2018. All actions of the Advisory Committee would require a majority vote by members present when there is a quorum (majority of voting members).

The Board of Emergency Medical Services requests an expenditure limitation increase of \$2,058, all from the Emergency Medical Services Operating Fund, for compensation, subsistence allowance, mileage, or other expenses as based upon current state standard reimbursement for a single individual to participate in the council’s quarterly meetings for FY 2019. The agency requests that reimbursement funding continue into subsequent fiscal years.

Kansas Department of Transportation

A. SB 375 (Conference). SB 375 includes the contents of HB 2531 and HB 2436. The contents of these bills are as follows:

- HB 2531, as amended, would designate portions of highways in Kansas as memorial highways in honor of Kansas Highway Patrol (KHP) officers and a Johnson County deputy sheriff killed in the line of duty; amend several current designations; and create law to state a commemorative sign shall include certain information about rank or title. The designations and additional provisions are as follows:
 - Master Trooper Larry L. Huff Memorial Highway, K-15 from the southern city limits of Clay Center south to K-82; this portion would be removed from the Eisenhower Memorial Highway;
 - Trooper Conroy G. O’Brien Memorial Highway, US-50 from K-61 southwest of Hutchinson to the northwestern city limits of Sylvia; this portion would be removed from the Turkey Wheat Trail Highway;

- Trooper Jimmie Jacobs Memorial Highway, US-54 from the western city limits of Meade west to the eastern city limits of Plains; this portion would be removed from designation as The Yellow Brick Road;
- Trooper Ferdinand “Bud” Pribbenow Memorial Highway, K-96 from its western junction with I-235 northwest to the eastern city limits of Mount Hope; this portion would be removed from the State Fair Freeway;
- Master Trooper Dean A. Goodheart Memorial Highway, US-83 from I-70 north to US-24; this portion would be removed from the Veterans of Foreign Wars Memorial Highway;
- Trooper John McMurray Memorial Highway, K-18 from I-70 northeast to the western city limits of Manhattan; this portion would be removed from the 75th Division of the United States Army Highway;
- Trooper Maurice R. Plummer Memorial Highway, US-24 from US-59 north to Williamstown, then southeast to US-40 north of Lawrence;
- Lieutenant Bernard C. Hill Memorial Highway, US-59 from US-56 north to the southern city limits of Lawrence;
- Trooper James D. Thornton Memorial Highway, US-81 from US-166 north to the Sedgwick County line; and
- The bill would also change the designation on US-75 from the northern border of Woodson County south to the northern city limits of Yates Center from the Eldon K Miller Memorial Highway to the Sergeant Eldon K Miller Memorial Highway.
- The bill would require the Secretary of Transportation to place signs along the highway rights-of-way to indicate the designations. The bill would exempt the designations for KHP officers from requirements the Secretary receive sufficient moneys from gifts and donations to reimburse the Secretary for the cost of placing such signs plus 50.0 percent before such signs are placed. The bill would add to law a requirement that any sign that commemoratively designates a highway, bridge, interchange, or trail in honor of an individual shall include, if applicable, the individual’s rank if a current or former member of law enforcement, the U.S. military, or the National Guard or the individual’s title if a current or former holder of an elected office or member of an elected body; and
- The agency is requesting an increase of \$32,880, all from the operations account of the State Highway Fund, to install these signs. As noted earlier, the bill excludes these designations from requiring the Secretary to receive reimbursement funds prior to their installation; and
- HB 2436, as amended into HB 2531, would designate US-69 in Johnson County from 167th Street to 215th Street as the Master Deputy Brandon Collins Memorial Highway. Under continuing law, the Secretary of Transportation is required to place suitable signs to indicate such designation.
 - The agency is requesting an increase of \$2,460, all from the operations account of the State Highway Fund, to install signs for FY 2019. The agency would have to receive \$3,690 in donations to install the signs.

Kansas Highway Patrol

A. Review the Possible Addition of Bonding Authority for the Purchase of Troop B Headquarters for FY 2019 (House Committee). The House Committee requested a review of the Kansas Highway Patrol's (KHP) supplemental request for bonding authority to purchase the Troop B Headquarters Building (Shawnee County) for FY 2019.

The KHP relocated from the Kansas Department of Transportation-owned facility at I-70 and Gage Boulevard in Topeka to leased property at 3501 Northwest US Highway 24 on December 1, 2010. The current lease agreement is for a term of five years with five one-year renewals; the lease includes an office building with storage and four warehouses. The complex on Highway 24 was leased out of a growing need to provide secure storage space for vehicles and contraband seized through criminal interdiction efforts of KHP troopers.

The eighth year of the current lease begins in December 2018. The annual lease cost in 2018 is \$298,266, would increase to \$303,556 in 2019, and would finally increase to \$307,447 in 2020, which is the last year of the lease. The KHP's option to purchase during the term of the lease includes the right to have the property appraised to arrive at a fair market value and set a purchase price, as well as a \$40,000 purchase credit. The lessor will have the right to review the appraisal and the KHP's option price as set by the appraisal but is not obligated to sell.

The KHP is requesting as part of this supplemental an annual transfer from the State Highway Fund, beginning in FY 2019, to purchase this property per the lease agreement. Currently, the KHP receives an annual transfer from the State Highway Fund for the debt service payment on the fleet facility at Billard Airport.

The final fleet building bond payment is due in FY 2018 in the amount of \$369,450, which includes both principal and interest. The KHP is requesting this debt service provision continue for FY 2019, to be used toward the purchase of the Troop B Headquarters building. The estimated fair market value of this property requesting to be purchased is \$2,800,000.

The purchase is proposed to be financed by bonds issued through the Kansas Development Finance Authority at a total cost of \$3,550,266. This will divide the total cost over 12 years. Appropriation proviso language is also requested for authority for the Kansas Development Finance Authority to issue bonds on the KHP's behalf should this project be approved. The agency provided the following debt service schedule.

KANSAS HIGHWAY PATROL REAL ESTATE ACQUISITION				
PRELIMINARY-- SUBJECT TO CHANGE				
Prepared by Kansas Development Finance Authority 07/14/2017				
	Net Proceeds	2,800,000		
	Cost of Issuance (a)	89,000		
	All in Financing Rate (b)	3.954%	<i>Principal</i>	<i>Interest</i>
Debt Service	2019	300,000	217,093	82,906
	2020	300,000	214,180	85,819
	2021	300,000	219,042	80,957
	2022	300,000	224,431	75,569
	2023	300,000	230,423	69,577
	2024	300,000	236,990	63,010
	2025	300,000	244,218	55,781
	2026	300,000	252,058	47,942
	2027	300,000	260,476	39,523
	2028	300,000	269,619	30,380
	2029	300,000	279,649	20,351
	2030	250,266	240,710	9,556
	Total	\$3,550,266	\$2,888,889	\$661,371

B. Review the Possible Addition of Funding for Cybersecurity Initiatives for FY 2019 (House Committee). The House Committee requested a review of the KHP’s supplemental request for cybersecurity funding for FY 2019.

The agency requests supplemental funding totaling \$319,651, all from the KHP Operations Fund, for cybersecurity initiatives for FY 2019. The Governor’s recommendation during the 2017 Legislative Session was to provide for these initiatives for FY 2018 and FY 2019. The 2017 Legislature approved initial cybersecurity funding for FY 2018 in 2017 Senate Sub. for HB 2002, but did not include funding for FY 2019. The agency requests that funding for this initiative be provided from the KHP Operations Fund, which would be supported by an increased transfer from the State Highway Fund for FY 2019.

The agency states that funding requested is based upon the Governor’s Budget Amendment (GBA) from April 26, 2017, GBA No. 1, Item 13, which was provided to the 2017 Legislature. In the GBA, the Governor recommended \$319,651, all from special revenue funds, to provide for these initiatives for FY 2019.

Kansas Human Rights Commission

A. GBA No. 1, Item 10, Page 9—Database Conversion.

Kansas Insurance Department

A. Review Capital Improvements Expenditures for Replacing the First Floor Carpeting of the Insurance Department Building (House Committee). The House Committee deleted \$100,000, all from the Kansas Insurance Department Rehabilitation and Repair Fund, to review the agency’s costs to replace the first floor carpet for FY 2019. The carpet to be replaced is 20 years old, and the first floor includes 6,441 total square footage. The agency incorrectly overestimated the costs due to an error in calculation and indicates it needs \$30,000 for the project.

B. SB 410 (Law). SB 410 creates the Captive Insurance Act under the Insurance Code by amending and creating law related to captive insurance companies. A captive is an insurance company created and wholly owned by one or more non-insurance companies to insure the risks of its owners (or owners). The law creates two new captive insurance types—branch captive insurance company and special purpose insurance captive—and specifies the regulatory structure for each.

SB 410 creates the Captive Insurance Regulatory and Supervision Fund (Fund) for administration of the Act. All fees collected under the Act will be deposited to the State Treasury to the credit of the Fund, and all expenditures from the Fund shall be expended for administration of the Act. All amounts received by the agency pursuant to the Act are to be credited to the Fund.

Each captive insurance company not in existence on January 1, 2018, is required to pay a nonrefundable fee of \$10,000 for examining, investigating, and processing its application for a certificate of authority, and the Commissioner of Insurance is authorized to retain certain services from outside the agency. The renewal fee for each year thereafter is set at \$10,000. Each captive insurance company in existence on January 1, 2018, will pay an annual renewal fee of \$110 until January 1, 2028, after which the fee increases to \$10,000.

For FY 2019, the agency estimates an increase in expenditures of \$35,000, all from the Insurance Department Service Regulation Fund, for actuarial fees to assist in regulation of increased levels of captive activity in Kansas. The agency cannot estimate the revenue to be credited to the Captive Insurance Regulatory and Supervision Fund for FY 2020 because the number of companies that may establish captive insurance companies in Kansas is unknown. However, the agency indicates the increase in expenditures will eventually be offset by additional revenues generated from fees assessed to register and maintain the captive insurance companies.

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 19, 2018, to discuss the projected revenue from the tobacco settlements. The informal consensus estimate for receipts from the tobacco settlement agreement for FY 2018 is estimated to be \$57.6 million, which is an increase of \$6.6 million above the fall 2017 estimate. The consensus estimate for tobacco settlement receipts for FY 2019 totals \$52.0 million, which is an increase of \$2.0 million above the fall 2017 consensus estimate.

Department for Children and Families

A. Emergency Foster Care Placement Beds (Senate Committee). The Senate Committee requested additional information concerning emergency placements beds for youth in foster care, including how the emergency beds will be implemented and where the beds will be located.

The Department indicated the funding recommended by the Governor totaling \$250,000 including \$167,500 from the State General Fund in FY 2018 and \$500,000, including \$335,000 from the State General Fund, will be provided to Child Placing Agencies to identify, train, and support foster families to take children on an emergency temporary basis, which is intended to prevent overnight stays in provider offices. The Department indicated beds could be located across the state depending on where the foster families live. Additionally, the Department indicated it is developing more short-term emergency shelter capacity by reaching out to current shelter and group facilities. The Department is also actively seeking providers to open new facilities.

B. Funding for Top-to-Bottom Review of the Agency (House Committee). The House Committee removed \$900,000, including \$515,000 from the State General Fund, in FY 2018 and \$500,000, including \$285,000 from the State General Fund, for FY 2019, for consideration at Omnibus. The funding was included in the Governor's recommendation and removed by the House Committee pending an update on the contracting process. The House Committee received copies of the request for proposal with details of the contract.

The Department indicated the Annie E. Casey Foundation is assisting with the front end of the top-to-bottom review. In addition, there is a possibility that the Casey Family Foundation may be willing to assist with the review of family preservation services. The Department had entered into a contract with a public consulting group, however the contract was pulled back when the funding was deleted by the House Committee.

C. Child Care Assistance Caseloads (House Committee). The House Committee requested additional information from the Department for Children and Families concerning the cause of the decrease of child care assistance caseloads, information on how to reverse the trend, and a proposal to modify child care assistance to additional working families.

The Department indicated the major reason for the decline in child care assistance is the decline in the Temporary Assistance for Needy Families cash assistance caseload, accounting for 72 percent of the decrease. The increase in minimum work requirement from 20 hours to 28 hours per week was the second leading cause of the decrease. The Department further indicated there currently is not a wait list for child care assistance, and eligible applicants may apply and receive assistance.

The Department further indicated there is a plan to offer assistance to foster families through the use of Child Care Development Fund (CCDF) moneys, set for implementation in July 2019. Additional plans for child care assistance focus on bringing the State into compliance with the federal Child Care Development Block Grant Act of 2014. Policy changes anticipated to go into effect October 2018 include offering families 12-month eligibility periods, including during temporary changes of circumstances. For families experiencing non-temporary changes, such as a loss of jobs, a 3 month period of continued child care assistance is available. The State will also provide a graduated phase-out policy. Families determined eligible based upon the 185 percent federal poverty level will remain eligible until their income exceeds 85 percent of the state median income.

D. Faith-Based and Community Initiatives Program (House Committee). The House Committee requested the Department for Children and Families provide information concerning expenditures and outcomes of the Faith-Based and Communities Initiatives program, including details of the consulting contract with Kansas State University and information on any current initiatives.

The Department indicated that Faith-Based and Community Initiatives program focuses on counties identified as consistently having a high ratio of children in out-of-home placement versus the number of foster homes available in the county. The current counties of focus are: Atchison, Barton, Brown, Butler, Cherokee, Cowley, Crawford, Douglas, Ford, Franklin, Geary, Jackson, Leavenworth, Lyon, Montgomery, Reno, Saline, Shawnee, and Wyandotte.

The Department further indicated the Faith-Based and Community Initiatives program is a small unit focused on increasing the number of foster homes through collaboration with faith-based and community organizations to assist with providing retention and recruitment efforts for foster families, supports for biological families, and services for youth in foster care. In FY 2017, the unit participated in 491 recruitment meetings and made 80 presentations. In FY 2018 to date, the unit participated in 212 recruitment meetings and made 117 presentations.

The Department provided the following information regarding the \$100,000 outreach contract with Kansas State University:

FY 2018 Quarter One: Made 247 phone calls to organizations to set up appointments for staff, made 26 site visits, and planned and ordered food and delivery for 6 group meetings;

FY 2018 Quarter Two: Made 254 phone calls to organizations to set up appointments for staff, and made 24 site visits; and

FY 2018 Quarter Three: Made 290 phone calls to organizations to set up appointments for staff, and made 43 site visits.

The following items are examples of education the unit provides:

- The increasing number of children in care/reasons children enter foster care;
- Consequences to children due to the shortage of foster homes;
- Why Kansas loses approximately 500 foster homes a year;
- Why the foster home shortage is a community problem;
- What faith-based and community organizations can do to help;
- What TIPS MAPP (Trauma-informed Model Approach to Partnerships in Parenting) training is and why it is important;
- What it takes to become a foster parent; and
- Where individuals can learn more about foster care.

FAITH-BASED AND COMMUNITY INITIATIVES GOVERNOR'S RECOMMENDATION	
Expenditures	FY 2018
Salaries and Benefits for 7 positions	\$ 456,478
Communication	9,637
Printing	5,000
Rents	23,914
Travel	20,920
Fees - Other Services	4,793
KSU Contract	100,000
Vehicle Fuel	6,197
Supplies	4,679
Capital Outlay	500
TOTAL	\$ 632,118
Funding	
State General Fund	\$ 555,940
Federal IV-E Foster Care Funding	76,178
TOTAL	\$ 632,118

E. Services Provided to Children Aging Out of the Foster Care System (House Committee). The House Committee requested the Department for Children and Families provide information about expenditures for children aging out of the child welfare system. Included in the information, for those who attend college under the Kansas Foster Child Educational Assistance Act, should be the number who participate annually and the individual's associated responsibilities including grade point average requirements and other requirements of participants.

Independent Living Program

The Independent Living Program assists youth transitioning from foster care into adulthood, which can include self-advocacy, assessing community resources and supports, daily living skills, and efficiently managing financial resources.

Basic Chafee funds are used to help youth with education, employment, financial management, housing and emotional support. To be eligible, the youth must be in an eligible out of home placement in the custody of the Department for Children and Families (DCF), Kansas Department of Corrections - Juvenile Services (KDOC-JS), or Tribal Authority for any length of time on or after the youth's 15th birthday. Eligibility for this program ends at age 21.

Independent Living Subsidy (IL Subsidy) funds are short-term assistance used to help youth either working towards completion of secondary education or obtaining or maintaining stable employment. To be eligible, the youth must be released from an eligible out of home placement in the custody of DCF, KDOC-JS, or Tribal Authority on or after the youth's 18th birthday. Subsidy eligibility ends at age 21.

Education and Training Voucher funds are available to youth for post-secondary education or certified training program expenses. Eligible youth served by DCF, KDOC-JS, or Tribal Authority currently or previously in foster care for any length of time on or after the youth's 15th birthday, are those who earned a high school diploma or GED; are enrolled in a post-secondary education that is a

pre-accredited, accredited, or certified training program; and meets one of many sub-criteria. Funds can be utilized to pay for education related costs including room and board, books, materials, or tutoring. Youths can continue to receive ETV supports until age 23 if the student is in good standing at age 21.

The Department provided a copy of the Independent Living Annual Report which includes expenditures for FY 2011 through FY 2016. In FY 2017, the Kansas Independent Living Program served 816 youth. The Independent Living Program served 741 youth from July to December 2017.

Kansas Foster Child Education Assistance Act (Tuition Waiver)

Youths who are eligible to apply for the Kansas Foster Child Educational Assistance Act are enrolled in a Kansas educational institution and meet one of the following criteria:

- Are in the custody of DCF and in a foster care placement on the date the youth attained 18 years of age;
- Has been released from custody of DCF prior to attaining 18 years of age, after having graduated from high school or fulfilled the requirements for a GED while in foster care placement and the custody of DCF;
- Were adopted from a foster care placement on or after the youth’s 16th birthday; or
- Left a foster care placement subject to a permanent custodianship or guardianship under chapter 38 or 59 of the *Kansas Statutes Annotated* on or after the youth’s 16th birthday.

To remain eligible for participation in the tuition waiver program, a youth shall remain in good standing at the Kansas educational institution where the youth is enrolled and shall make satisfactory progress toward completion of the requirements of the educational program. Progress and requirements are defined by the individual educational institution and/or program.

NUMBER APPROVED FOR TUITION WAIVER

Fiscal Year	Number
2011	199
2012	178
2013	156
2014	227
2015	233
2016	278
2017	323
2018*	224

*FY 2018 numbers are through March.

F. African-American and Ethnic Minority Children in the Foster Care System (House Committee). The House Committee requested a review and report from the Department for Children and Families on the increase of African-American and ethnic minority children in the foster care system and the related lack of African-American and ethnic minority foster families. Further, the House Committee requested the report include information on adoption placement of African-American and ethnic minority children in the custody of the Secretary.

In FY 2017, almost 17 percent of the children in foster care were African-American so far in FY 2018 (through February), 17.3 percent of the children in foster care are African-American. In FY 2017, 16 percent of the children adopted were African-American so far in FY 2018 (through February), 11 percent of the children adopted are African-American.

The Department provided reports regarding race and ethnicity as well as adoptions by race and ethnicity. The full reports are available on the Department's website. The below information was obtained from those reports:

OUT-OF-HOME PLACEMENTS AND ADOPTION FINALIZATIONS BY RACE AND ETHNICITY								
	FY 2017				FY 2018 (Through February)			
	In Out-of-Home Placement	Percent of Total	Adoption Finalized	Percent of Total	In Out-of-Home Placement	Percent of Total	Adoption Finalized	Percent of Total
By Race:								
American Indian/Native Alaskan	117	1.6	35	4.0 %	117	1.6	28	5.0 %
Black/ African American	1,217	16.9	129	16.0	1,276	17.3	61	11.0
Caucasian	5,827	81.0	657	79.0	5,970	80.7	452	83.0
Native Hawaiian/ Pacific Islander	9	0.1	0	0.0	10	0.1	0	0.0
Asian	21	0.3	6	1.0	21	0.3	2	0.0
Unable to Determine	1	0.0	0	0.0	0	0.0	0	0.0
TOTAL	7,192	100.0	827	100.0 %	7,394	100.0	543	100.0 %
By Ethnicity:								
Central or South America	12	0.2	0	0.0 %	13	0.2	1	0.0 %
Puerto Rican	7	0.1	0	0.0	8	0.1	0	0.0
Mexican	782	10.9	85	11.0	863	11.4	44	9.0
None	6,346	88.2	669	88.0	6,621	87.8	436	90.0
Other Spanish Cultural Origin	8	0.1	2	0.0	11	0.1	1	0.0
Unable to Determine	37	0.5	1	0.0	24	0.3	5	1.0
Declined	0	0.0	1	0.0	0	0.0	0	0.0
TOTAL	7,192	100.0	758	100.0 %	7,540	100.0	487	100.0 %
<i>Note: Totals may not add due to rounding and the totals listed for adoption by race may be greater than ethnicity because an individual may report more than one race.</i>								

G. Funding for Family Preservation Services (House Committee). The House Committee wanted to consider adding \$3.0 million, all from the State General Fund, for family preservation services for FY 2019. Family preservation services are intensive in-home services that target families at serious risk of having a child removed from their home. Services are delivered in the family's home and are individualized to meet the family's needs. These services are designed to assist the family in identifying and understanding the problems within the family that place a child at risk of out-of-home placement and assist the family in identifying ways to change how the family functions. Family preservation services are provided by two contractors, St. Francis in the West and Wichita regions, and KVC Health Systems, Inc. in the East and Kansas City regions.

The Governor's recommendation for family preservation services totals \$10.4 million, including \$4.4 million from the federal Temporary Assistance for Needy Families Fund and \$705,206 from the State General Fund, in FY 2018 and \$12.4 million, including \$6.4 million from the federal Temporary Assistance for Needy Families Fund and \$704,746 from the State General Fund, for FY 2019.

The additional funding would permit services for families that do not meet requirements under the Temporary Assistance for Needy Families federally funded program.

H. Funding for National Electronic Interstate Compact Enterprise (House Committee).

The House Committee wanted to consider adding \$50,000, all from the State General Fund, to purchase the National Electronic Interstate Compact Enterprise for FY 2019. The enterprise facilitates the electronic exchange of data and documents across state lines, which expedites the delivery of case information, resulting in quicker placement of children across state lines and cost savings in mailing and copying documents.

These additional State General Fund expenditures would assist in meeting the state maintenance of effort requirements for federal Title IV-E adoption funding as required by the federal Foster Connections Act.

I. Funding for Trust-Based Relational Intervention for Adoption (House Committee).

The House Committee wanted to consider adding \$400,000 all from the State General Fund, for a trust-based relational intervention for adoption for FY 2019. Trust-Based Relational Intervention (TBRI) is a therapeutic model that trains caregivers to provide effective support and treatment for at-risk children. The intervention is designed for children who have experienced relationship-based traumas such as maltreatment, neglect, multiple foster placements, or institutionalization. The intervention is designed to address the children's physical needs, attachment needs, and disarm fear-based behaviors.

These additional State General Fund expenditures would assist in meeting the state maintenance of effort requirements for federal Title IV-E adoption funding as required by the federal Foster Connections Act.

J. Funding for System to Scientifically Match Children to Foster Homes (House Committee). The House Committee wanted to consider adding \$600,000, including \$510,000 from the State General Fund, for a system to scientifically match children to appropriate foster homes for FY 2019. This amount of funding is estimated for lease of the software, connections to other systems, and modifications to the software for use by the Department for Children and Families. All contractors and sub-contractors would be required to use the software if implemented. The anticipated outcomes include placement stability and timely permanency of children in foster care. The use of the software is anticipated to be an integral part of the new child welfare contracts to be implemented in FY 2020.

K. Vocational Rehabilitation Services Information System (House Committee). The House Committee wanted to consider adding \$15.0 million, including \$3.2 million from the State General Fund, to replace the information system for vocational rehabilitation services for FY 2019. The system to be replaced currently tracks client services, completes federal and state reports, controls service and spending levels, and pays for vocational rehabilitation services. The required state match for this program is 21.3 percent to utilize the federal vocational rehabilitation services funding. The system was developed and implemented in the 1980s, is hosted on the mainframe and utilizes a now obsolete programming language. Replacement of the system is anticipated to save staff time, decrease turnover, be more user friendly, and allow more time to work directly with individuals who receive vocational rehabilitation services.

L. Human Services Consensus Caseloads and GBA No. 1, Item 1. The Division of the Budget, Department for Children and Families, Kansas Department of Health and Environment, Kansas Department for Aging and Disability Services (KDADS), and the Kansas Legislative Research Department met on April 17, 2018, to revise the estimates on human services caseload expenditures for FY 2018 and FY 2019. The caseload estimates include expenditures for Temporary Assistance for Needy Families, the Reintegration/Foster Care Contracts, KanCare Regular Medical Assistance, and KDADS Non-KanCare.

The estimate for the Temporary Assistance for Needy Families Program is \$13.2 million from all funding sources, including \$117,616 from the State General Fund. This is an increase of \$736,800, all from federal funds, above the Governor's recommendation. The number of individuals receiving cash assistance benefits is expected to decrease less than was anticipated in the fall estimate. Estimated expenditures for the Foster Care program were increased above the Governor's recommendation by \$6.7 million from all funding sources, including \$5.9 million from the State General Fund. The number of children anticipated to be served in the foster care system is expected to continue to increase above previous fiscal years and above the number estimated in the fall. In addition to increasing estimates for the number of children in foster care in FY 2018 and FY 2019, it is estimated that contract costs will continue to increase. A portion of the increase for FY 2018 includes the payment of preliminary estimates of the federally required actual reasonable costs incurred by the state's foster care contractors retroactive to FY 2017. The final amount to be paid to the contractors is dependent upon the audit findings of the independent auditors for expenditures in both FY 2017 and FY 2018.

The estimate for the Temporary Assistance for Needy Families Program is \$12.5 million from all funding sources. The estimate is an increase of \$1.8 million from all funding sources from the Governor's recommendation. The number of individuals receiving cash assistance benefits is expected to decrease less than was anticipated in the fall estimate. Estimated expenditures for the Foster Care Program are \$199.0 million, including \$135.0 million from the State General Fund. The estimate is an increase of \$14.4 million from all funding sources and \$12.2 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 Governor's recommendation. It is estimated that contract costs will increase in FY 2019 to cover the actual, reasonable costs incurred by foster care contractors, pending completion of the independent audits of the state's foster care contractors' expenses.

See the Department of Health and Environment Item L, page 30 for additional information.

M. GBA No. 1, Item 5, Child Protection Professionals

Board of Pharmacy

A. Review the Possible Addition of Funding for Administrative Clinical Alerts for the Prescription Drug Monitoring Program (House Committee). The House Committee on Social Services Budget recommended adding \$10,000, all from the State General Fund, to fund Administrative Clinical Alerts for FY 2019. The House Committee on Social Services Budget also recommended the agency continue to actively pursue grants or other funding resources for this upgrade and recommended the agency return state moneys to the State General Fund if the agency obtains additional funding. The House Committee on Appropriations requested additional information regarding other potential funding sources for the clinical alerts to review at Omnibus.

The agency provided the following update:

- Administrative Clinical Alerts, an enhancement to the Prescription Drug Monitoring Program (K-TRACS), would detect inappropriate use of the K-TRACS system and would alert the agency of any misuse. The agency reports this upgrade is a high priority; and
- Additional funding from the Centers for Disease Control and Prevention (CDC) grant (\$262,550) was recently awarded to the agency for FY 2019. The agency reports that \$12,500 of the grant funds will be used to fund Administrative Clinical Alerts so the agency does not need additional funding for this item.

B. Review the Possible Addition of Funding for Increased Software Costs Associated with Adding Prescribing Veterinarians to K-TRACS (House Committee). The House Committee on Social Services Budget recommended adding \$60,000, all from the State General Fund, for increased software costs associated with adding veterinarians who prescribe scheduled substances or drugs of concern to K-TRACS for FY 2019.

The House Committee on Social Services Budget recommended adding language to include veterinarians under the Prescription Monitoring Program Act and to require the Board of Veterinary Examiners to transfer the amount of certified funds, based on the number of licensees of the Board of Veterinary Examiners, from the Board of Veterinary Examiners Fee Fund to the Board of Pharmacy Fee Fund for operation and maintenance of the prescription drug monitoring program. Additionally, the House Committee on Social Services Budget recommended adding language making the proviso void if a substantive bill of the same nature is signed into law. The House Committee on Appropriations did not recommend adding this language.

HB 2759, a bill requiring veterinarians to submit information to the prescription monitoring program and providing for transfers of the moneys from certain state agencies to the State Board of Pharmacy for operation and maintenance of the prescription monitoring program, was introduced in the House Committee on Appropriations. The bill is currently in the House Committee on Appropriations.

The House Committee on Appropriations deleted the proviso language and recommended that the funding be reviewed at Omnibus if HB 2759 is signed into law.

C. Review the Possible Addition of Funding for an Administrative Position to Assist with Administration and Compliance Review for K-TRACS (House Committee). The House Committee on Social Services Budget recommended adding \$35,754, all from the State General Fund, to fund 1.0 FTE position for an administrative position to assist with administration and compliance review for K-TRACS for FY 2019. The House Committee on Social Services Budget also recommended the agency continue to actively pursue grants or other funding resources for this position and recommended the agency return state moneys to the State General Fund if the agency obtains additional funding. The House Committee requested additional information regarding potential funding sources for the administrative position to review at Omnibus.

The agency recently indicated no grant funding has been obtained to fund the administrative position.

D. Review the Possible Addition of Funding for a Research Position to Assist with Analyzing K-TRACS Data (House Committee). The House Committee on Social Services Budget recommended adding \$75,000, all from the State General Fund, to fund 1.0 FTE position for a data research position to assist with analyzing K-TRACS data. The House Committee on Social Services Budget also recommended the agency continue to actively pursue grants or other funding resources for this position and recommended the agency return state moneys to the State General Fund if the agency obtains additional funding. The House Committee on Appropriations requested additional information regarding potential grant funding for the research position to review at Omnibus.

The agency recently indicated no grant funding for this item has been obtained to fund the data research position.

E. Review the Possible Addition of Funding for Upgrading the K-TRACS Software System to NARxCare (House Committee). The House Committee on Social Services Budget recommended adding \$728,200, all from the State General Fund, to upgrade the K-TRACS system platform to NARxCare for FY 2019. The recommended amount would cover the cost of NARxCare for three years (FY 2019, FY 2020, and FY 2021.) The House Committee on Social Services Budget also recommended the agency continue to actively pursue grants or other funding resources for this position and recommended the agency return state moneys to the State General Fund if the agency obtains additional funding. The House Committee on Appropriations requested additional information regarding other potential funding sources for NARxCare to review at Omnibus.

The agency provided the following update:

- The NARxCare platform would provide automatic analysis of K-TRACS data and create a patient risk score and visual depiction of data for prescribers; and
- Additional funding from the CDC grant (\$262,550) was recently awarded to the agency for FY 2019. The agency reports that \$232,500 of the grant funds will be used to upgrade the K-TRACS system to NARxCare for FY 2019 so the agency does not need additional funding for this item.

Kansas Department of Revenue

A. Review Additional Funding for Digital License Plate Implementation (Senate Committee). The agency requested a supplemental appropriation of \$2.0 million, all from the State General Fund, in FY 2018 and for FY 2019, for expenditures related to the implementation of and production costs for digital license plate conversion with distribution beginning in August 2018. The system is to replace the current inventory system that is utilized by the State. Implementation costs include modifications to the current vehicle registration system and an increase in per-plate production costs. The agency expects out-year production costs to be offset by the savings generated from on-demand printing and elimination of overproduction, which occurs in the current system. The agency estimates \$700,000 has been spent over the previous two fiscal years to maintain inventory levels in excess of actual plates issued. This was not included in the Governor's Budget Recommendation. The House added \$2.0 million, all from the Motor Vehicle Operating Fund, and added language to transfer \$2.0 million from the State Highway Fund to the Motor Vehicle Operating Fund in FY 2018 and for FY 2019 for expenditures related to the implementation of and production costs for digital license plate conversion and distribution.

B. HB 2362 (Law). HB 2362 creates a \$20 Alcoholic Beverage Control (ABC) modernization

fee to be charged on both initial and renewal liquor license applications. The bill reduces the initial application fee for a liquor license from \$50 to \$30 plus the \$20 modernization fee. The \$20 modernization fee is added to the renewal application fee, which will remain at \$10. The revenue from the \$20 fee will be deposited in the ABC Modernization Fund created by the bill, to be used for the software and equipment upgrades associated with the Department of Revenue's licensing, permitting, enforcement, and case management and is estimated to receive new revenues of \$40,000 in both FY 2018 and for FY 2019. The new fund would need to be added to the appropriations bill as a no limit fund.

C. Sub. for HB 2147 (Law). Sub. for HB 2147 creates a process by which certain Native American military veterans may apply for a refund of state personal income taxes improperly withheld from such veteran's federal military income in the amount of income taxes paid plus interest. The Native American Veterans' Income Tax Fund (Fund) is created by the Director of Taxation (Director) within the Kansas Department of Revenue. The Fund comprises moneys collected under the Kansas Income Tax Act in an amount determined by the Director as necessary to meet refund requirements provided by the bill. Any additional moneys required for the Fund are transferred from the State General Fund and reported to the State Treasurer. The new fund would need to be added to the appropriations bill as a no limit fund.

Kansas Department for Aging and Disability Services

A. Review Feasibility of Expansion of Ventilator Program (House Committee). The Kansas Department for Aging and Disability Services (KDADS) provides funding for a program for individuals who are 24/7 dependent on a ventilator (VENT). The House Committee requested the agency report on the feasibility of expanding the program to other long-term care facilities at more locations around the state.

The agency states the VENT program can be expanded as long as residents and facilities meet the clinical requirements as required by regulations and policies of the VENT program to ensure proper care is provided. The agency states the VENT program has very specific requirements, including requirements that residents must be clinically determined to be 24/7 dependent on a ventilator, have no ability to be weaned, with a tracheostomy or endotracheal tube. The only location that currently provides this program is Promise Skilled Nursing Facility in Overland Park, Kansas.

B. Review Crisis Services for Youth (House Committee). The House Committee requested the agency coordinate with other state agencies and the Medicaid Managed Care Organizations to pursue initiatives and policies that provide intensive crisis services for youths and their families and report back on the feasibility and cost of providing such services.

KDADS states changes in KanCare 2.0 would provide appropriate Medicaid services to youth in the community. This includes strengthened care coordination for this population, wraparound, and peer support. KDADS has a System of Care Grant for children and youth with severe emotional disturbance (SED), which includes high-fidelity wraparound for youth and family. Using a System of Care approach. Youth and family involvement, or "voice and choice," is prioritized. This requires mutual respect and meaningful partnerships between families and professionals. Youth and families are involved as key stakeholders, which includes participation in policy development, care coordination, evaluation, strategic planning, service provision, social marketing, and individual and

system advocacy. Four community mental health centers are a part of this grant. During the four-year grant, KDADS staff are developing the sustainability plan and moving to a statewide System of Care.

KDADS states it is in the process of posting a request for proposal that will establish enhanced crisis administration services, including a 24-Hour Crisis Hotline and Mobile Crisis Response in order to immediately facilitate and triage crisis issues for all populations to the right place at the right time. KDADS has been working for the past year with mental health stakeholders, the Department of Corrections (DOC), the Department for Children and Families (DCF), and the Kansas Department of Health and Environment (KDHE) regarding children crisis services. Current discussions include review of a Nebraska State Plan amendment that could allow eight-bed group homes. Under current regulations, there are proposals for crisis beds for youth without SB 179, which is currently in Conference Committee. Other options being considered include intensive outpatient options for children and youth and crisis walk-in centers to provide easy access to crisis services for children and adults.

C. Review COMCARE Crisis Center Receipt of Funding (House Committee). The House Committee requested the agency report on the status of \$1.3 million in funding for the COMCARE Crisis Center, which was in the budget for COMCARE, but had not been received by the agency. The agency states there have been continued contract negotiations between COMCARE and KDADS to ensure proper oversight and individual safety of services provided. Currently, this agreement is awaiting a signature from COMCARE, as it planned to meet with the Sedgwick County Commission on April 18, 2018 for approval. Upon execution, KDADS states it will provide appropriate payment for services.

D. Review Feasibility of Implementing Supportive Housing Program (House Committee). The House Committee added \$4.8 million, including \$2.2 million from the State General Fund, for supported housing projects for FY 2019. It was noted KDADS did not have a current position on this amount of funding for housing projects, but was evaluating the concept and planned to report back to the Legislature on the feasibility of implementation of a pilot program across the state prior to the end of the 2018 Legislative Session.

KDADS states the Governor's Behavioral Health Planning Council Housing and Homelessness Subcommittee reported recommendations to KDADS on December 13, 2017. Based on this report, the Secretary for Aging and Disability Services directed the creation of a larger work-group to develop a proposal for an evidenced-based Housing First pilot. This project will coordinate current housing programs and an array of housing options must be available. The pilot will include two sites, including urban and rural/frontier. The budgeted amount for a one-year pilot is \$500,000 in FY 2018 and KDADS would be partnering with the Kansas Housing Resources Corporation for implementation. In addition to this pilot, another work-group recommendation was made to open up Medicaid codes for supported housing to allow for more services to be provided to those utilizing the services following a Missouri Model. A fiscal impact is uncertain and KDADS recommends not moving forward unless through a pilot program, as to determine the impact to Medicaid. Representatives from KDADS state that if the \$4.8 million, including \$2.2 million from the State General Fund, is approved by the Legislature for FY 2019, the agency would not anticipate getting being able to have the Medicaid State Plan revised, approved by the federal Centers for Medicare and Medicaid Services (CMS), and initiated prior to January 1, 2019.

E. Review Reauthorizing the Legislative Mental Health Task Force (Senate Committee). The Senate Committee noted its intent to consider reauthorizing the Legislative Mental Health Task Force to meet over the 2018 Legislative Interim to assess the regional needs for inpatient psychiatric beds, including the option of building a 200-bed facility at Osawatomie State Hospital. The Legislative

Mental Health Task Force was originally authorized to meet during the 2017 Legislative Interim by proviso language in the 2017 appropriations bill (2017 Senate Sub. for HB 2002). Reauthorization of the Legislative Mental Health Task Force to meet over the 2018 Legislative Interim could be accomplished by adding similar proviso language to an appropriations bill clarifying the members of the Task Force, the number of times the Task Force would meet, the topics to be reviewed, and manner and time frame for recommendations to be provided.

F. HB 2232 (Law). HB 2232 allows a resident of an adult care home, or a resident's guardian or legal representative, to conduct authorized electronic monitoring in the resident's room subject to requirements set out in the bill. The bill provides protections for the residents and adult care homes, establishes guidelines for monitoring, addresses the terms under which a recording could be admitted into evidence or considered during a proceeding, establishes penalties for violations related to permissible electronic monitoring, and requires the Secretary of Aging and Disability Services to adopt rules and regulations necessary to administer the provisions of the bill.

The agency requests \$73,051, including \$14,610 from the State General Fund, and the addition of 1.0 FTE position to implement the provisions of the bill for FY 2019. The agency states the increase in expenditures includes \$69,051 for salary and benefits of a new Complaint Intake Specialist position and \$4,000 per year for equipment and supplies. The agency states the \$73,051 includes \$47,483 in federal funds, \$10,958 from agency fee funds, and \$14,610 from the State General Fund.

G. HB 2501 (Law). HB 2501 creates in the State Treasury the Health Occupations Credentialing (HOC) Fee Fund to be administered by the Secretary for Aging and Disability Services. Fees collected under provisions of the Adult Care Home Licensure Act, Dietitians Licensing Act, Operator Registration Act, and the act regulating speech-language pathologists and audiologists are to be deposited into the HOC Fee Fund instead of the State General Fund. [Note: Health Occupations Credentialing within the Kansas Department for Aging and Disability Services' Survey, Certification, and Credentialing Commission collects these fees for the credentialing of certified nurse aides, certified medication aides, home health aides, registered adult care home operators, licensed adult care home administrators, licensed dietitians, licensed audiologists, and licensed speech-language pathologists.]

The agency requests the HOC Fee Fund be appropriated as a no limit fund for FY 2019. The agency also requests \$673,756 appropriated in the KDADS HOC State General Fund account for FY 2019 in 2017 Senate Sub. for HB 2002 be transferred to the newly created HOC Fee Fund for FY 2019, expenditures be decreased by this amount from the HOC State General Fund account for FY 2019, and expenditures be increased by this amount from the HOC Fee Fund for FY 2019.

H. Human Services Consensus Caseloads-GBA No. 1, Item 1, Page 2. The Division of the Budget, Department for Children and Families (DCF), Department of Health and Environment (KDHE), Department for Aging and Disability Services (KDADS), and the Legislative Research Department met on April 17, 2018, to revise the estimates on human services caseload expenditures for FY 2018 and FY 2019.

The FY 2018 estimate for KDADS Non-KanCare is \$55.0 million, including \$33.0 million from the State General Fund. The estimate reflects an increase of \$2.1 million from all funding sources and a State General Fund increase of \$1.0 million above the Governor's recommendation. The increase in KDADS Non-KanCare costs is primarily attributable to an increase in expenditures for retroactive fee-for-service payments to nursing facilities attributable to delays in eligibility determinations for pended claims. The increase is also attributable to increased expenditures for head injury rehabilitation and home and community based services waiver assessments. The increase was partially offset by a

reduction in expenditures for PACE, as FY 2018 expenditures are still reflected in the KDHE KanCare portion of expenditures in FY 2018.

The FY 2019 estimate for KDADS Non-KanCare is \$61.3 million, including \$35.3 million from the State General Fund. The estimate reflects an increase of \$11.3 million, including \$6.3 million from the State General Fund, above the Governor's recommendation. The increase in KDADS Non-KanCare costs is primarily attributable to an increase in expenditures for retroactive fee-for-service payments to nursing facilities attributable to delays in eligibility determinations for pended claims. The increase is also attributable to increased expenditures for head injury rehabilitation and home and community based services waiver assessments.

For additional information on Human Services Consensus Caseloads, see KDHE, Division of Health Care Finance, Item L, page 30, of this memorandum.

Kansas Neurological Institute

A. Debt Service Correction (Joint Committee). The Joint Committee on State Building Construction recommends adding \$15,327, all from the State Institutions Building Fund, in FY 2018, and deleting \$88,022, all from the State Institutions Building Fund, for FY 2019 to align with the agency's debt service schedule from December 2003 and the agency's traditional practice of making its July payment in June. The House recommended adding this funding in Sub. for HB 2468 and the Senate recommended adding this funding in Sub. for SB 269.

Board of Nursing

A. HB 2496 (Law). HB 2496 enacts the Nurse Licensure Compact (Compact) and amends the Kansas Nurse Practice Act (Act) to enable the Board of Nursing to carry out the provisions of the Compact and establish the duties of registered nurses (RNs) and licensed practical nurses (LPNs) under the Compact. The Compact allows RNs and LPNs to have one multi-state license, with the privilege to practice in the home state of Kansas and in other Compact states physically, electronically, telephonically, or any combination of those. The agency's membership in the Compact takes effect on July 1, 2019.

The agency requests \$347,000, including \$255,000 from grant funds and \$92,000 from the Board of Nursing Fee Fund, and an increase of 1.0 FTE position, to implement the bill for FY 2019. The increase in grant fund expenditures by \$255,000 is through receipt of a National Council of State Board of Nursing grant for implementation costs for communication, information technology, and data integrity preparation. The increase in Board of Nursing Fee Fund expenditures totaling \$92,000 includes \$76,000 for salary and benefits for a investigator position for incidents occurring out of state, \$6,000 for the annual National Licensure Compact member fee, and \$10,000 for supplies and construction of a new office for the position. The agency states it takes a year for an investigator to be fully functional and ready to handle a full case load, including learning the base information the other investigators learn and then all the intricacies specializing in Compact multi-state nursing licenses and discipline across state lines, understanding the other state's nurse practice acts, and servicing subpoenas across state lines.

Osawatomie State Hospital

A. Review Updated Federal Revenue Estimate (House Committee). The House Committee requested an updated estimate of federal revenue for Osawatomie State Hospital in FY 2018 and for FY 2019 in order to consider possible adjustments in funding amounts and funding sources. Adair Acute Care, which consists of 60 patient beds at Osawatomie State Hospital (OSH), was recertified for federal reimbursement revenue by the federal Centers for Medicare and Medicaid Services (CMS) in December 2017. The remaining 146 patient beds at the hospital are licensed for use, but remain ineligible for federal reimbursement revenue. The agency provided estimated federal revenue totals on February 14, 2018, but later informed legislative committees that these totals would need to be revised. The agency was asked to provide updated federal revenue estimates so that potential funding adjustments could be made in FY 2018 and FY 2019.

In FY 2018, the agency estimates federal revenue totaling \$12.4 million, which includes three quarterly Disproportionate Share Hospital (DSH) payments totaling \$4.8 million and a one-time retroactive payment totaling \$7.6 million. This is \$2.2 million above the federal revenue estimate in the Governor's recommendations in FY 2018. The House previously recommended deleting \$4.1 million from the State General Fund and adding \$4.1 million from federal funds in FY 2018 due to the agency's federal revenue estimate from February 14, 2018. An adjustment from this position adding \$1.9 million from the State General Fund and deleting \$1.9 million from federal funds would match the agency's current federal revenue estimate and maintain all funds expenditures at the amount in the Governor's recommendation.

For FY 2019, OSH estimates federal revenue of four quarterly DSH payments totaling \$6.4 million. This is \$5.1 million below the federal revenue estimate in the Governor's recommendation for FY 2019. The House previously recommended adding \$2.6 million from the State General Fund and deleting \$2.6 million from federal funds for FY 2019 due to the agency's federal revenue estimate from February 14, 2018. An adjustment from this position adding \$2.5 million from the State General Fund and deleting \$2.5 million from federal funds would match the agency's federal current revenue estimate and maintain all funds expenditures at the amount in the Governor's recommendation.

B. Review Plan to End Moratorium on Patient Admissions at Osawatomie State Hospital (Senate Committee). The agency was asked to provide a plan to end the moratorium on patient admissions at OSH. In June 2015, OSH implemented a moratorium on involuntary patient admissions above 146 patients and ceased voluntary patient admissions. The moratorium on involuntary patient admissions above a certain number created a wait list for patients to be admitted above this total. In July 2017, the patient census was raised to 158 patients and in February 2018, the number was raised to 166 patients. While the patient census has risen, the moratorium has not been lifted, which means the wait list is still in effect and voluntary patients are not admitted to OSH.

The agency reports it is committed to ending the moratorium as soon as possible, but doing so will require engagement with community mental health centers (CMHCs), hospitals, and law enforcement. Prior to the moratorium, OSH was over census by about 50 patients. The Kansas Department for Aging and Disability Services (KDADS) oversees the state hospitals and has had initial discussions with the CMHCs about ending the moratorium. The agency indicated it was interested in meeting with the Mental Health Task Force on this topic if that entity meets further, as well as with interested stakeholders. The agency reports it may be possible to end the moratorium on admissions if the interested parties can come to an understanding about the requirements of staffing, the admissions process, and the census management initiative. The agency highlights three primary areas in the focus of this effort:

(1) Staffing. To end the moratorium, sufficient staffing must be available until the hospital is capable of staffing 206 beds. OSH is incrementally expanding available beds, which requires active recruitment and systematic training necessary to archive and maintain the staffing levels necessary.

(2) Admission Process. Over the last year, KDADS made changes to the state hospital admissions process that are consistent with federal and state requirements, which ensure patients admitted to the hospital are medically appropriate for the level of care KDADS is obligated to provide (as a specialty, psychiatric hospital). The current admission process will continue after the moratorium is lifted.

(3) Census Management Initiative (CMI). KDADS is implementing safeguards into the admissions process that allow for the continuing care of patients when the census at the hospital is near or at capacity. KDADS is reviewing and revising the CMI used prior to the moratorium to make it stronger and more effective in addressing the stress of increasing census demands. This is likely to continue to require contracting with other community psychiatric hospitals for diversion beds as part of the CMI.

Department of Administration

A. Review Funding for Clyde Mill Demolition (Senate Committee). The Senate Committee recommended the Legislature review alternative means of funding the demolition of a mill in Clyde, Kansas. The Senate Committee on Ways and Means recommended \$300,000, all from the State General Fund, for demolition of the mill and that the property be conveyed to Cloud County after demolition.

In December 2011, Ms. Bernice Pickerill passed away. In her estate, she deeded ownership of the mill to the State of Kansas. Notice of the deed was provided to the Kansas Attorney General on February 6, 2012. The 2017 Legislature subsequently amended state law to prohibit transfers of real estate to the State of Kansas or any agency, via a probate proceeding or otherwise without consideration, unless written consent is provided by the Secretary of Administration and the Attorney General. The Attorney General is authorized to bring a civil action to declare any violation of the bill.

B. SB 262 (Law) SB 262 authorizes the Capitol Preservation Committee to approve plans to place a permanent statue of Dwight D. Eisenhower on the Kansas Capitol grounds. Implementation of the bill requires the appropriation of the Dwight D. Eisenhower Statue Fund.

Department of Corrections

A. Review Funding for Juvenile Corrections and Parole Officers Retirement (House and Senate Committee). The House and Senate Committees recommended reviewing the addition of \$1.6 million, all from the State General Fund, to allow Kansas Juvenile Corrections Officers to participate in the Kansas Police and Firemen's Retirement (KP&F) Plan. The House Committee on Appropriations recommended \$5.2 million be added to the FY 2019 KDOC budget for either KP&F conversion or salary adjustments. Juvenile Corrections Officers are currently on regular State KPERS.

On March 22, 2018, the Kansas Public Employee Retirement System (KPERS) estimated that converting all Corrections Officers, Juvenile Corrections Officers and Parole Officers to KP&F would

increase expenditures from the Department of Corrections (KDOC) by \$5.8 million per year and reduce expenditures from other state agencies by \$600,000 per year for a net increase in expenditures of \$5.2 million. Of this increase, approximately \$215,000 is for parole officers and \$415,000 is for Juvenile Corrections Officers. Due to the manner in which KPERS liability is calculated, the costs to remove these groups from the \$5.8 million estimate is greater than the \$630,000 that would be assumed.

KPERS members are eligible for full retirement at age 65 with five years of service or at age 60 with 30 years of service. Many elements in the KP&F plan are different. The final average salary is calculated differently, and the multiplier is 2.5 percent instead of 1.85 percent. The vesting requirement is 15 years of service. Full KP&F retirement is at age 50 with 25 years of service, age 55 with 20 years of service, or age 60 with 15 years of service.

HB 2448, has passed the House and been reported favorably out of the Senate Committee on Financial Institutions and Insurance. The bill, as amended, does not include conversion for either Parole or Juvenile Corrections Officers. The bill does change the affiliation date from July 1, 2018 to January 1, 2019. This amendment reduces the FY 2019 expenditure for the bill by approximately 50.0 percent from what is estimated above.

Kansas Lottery

A. GBA No. 1 Item 6, Page 6 - Gaming Revenues Transfer Adjustments

Office of Information and Technology Services

A. Review Office of Information and Technology Services Modernization Request (Senate Committee) and GBA No. 1 Item 7, Page 7 - Office of Information and Technology Services Modernization - Data Center. The Senate Committee recommended that the Office of Information and Technology Services modernization funding request be reviewed at Omnibus. For FY 2018 the Governor recommended \$2.6 million, all from the State General Fund, for Information Technology Modernization. The Senate Ways and Means Committee concurred with the Governor's recommendation. Subsequently, the OITS and the Director of the Division of Budget revised the recommendation from \$2.6 million to \$4.1 million. The agency states that the \$4.1 million is for:

- **Centralized Service Desk.** Implement a centralized service desk for all Cabinet-Level IT incidents/tickets with standardized support and resolution processes.
- **Data Center as a Service (DcaaS).** Eliminate Cabinet agency over capacity data center issues and modernize the State's compute infrastructure (average age of servers are over 9 yrs old, Data Centers are in need of significant repair/replacement). Partial transition/migration costs to cloud solution.
- **Finance & Administration for IT Modernization.** Standardization of IT spend tracking, Software licensing to eliminate duplication and reduce number of vendor contracts to increase efficiencies, vendor management for reduction of costs and consolidation of duplicate contracts for efficiencies
- **Underfunded KDOC O365 Charges.** The estimated cost is \$72,445.

For FY 2019, the Governor did not recommend any funding for IT Modernization. There was \$2.6 million included as part of the Governor's recommendation for Cybersecurity. The Senate Ways and Means Committee concurred with the Governor's recommendation. Subsequently, the OITS and the Director of the Division of Budget revised the recommendation from \$0 to \$7.3 million. The agency states that the \$7.3 million is for:

- **Data Center as a Service (DcaaS).** Completion of transition/migration to Cloud solution which will start at the end of FY18 and continue through FY19
- **Network as a Service.** Modernization of the state's outdated network infrastructure which is approaching end of life and is in need of upgrades. Modernization will result in improved reliability, consolidation and standardization.
- **Enterprise Project Management Office (EPMO).** Establishment of office to manage all projects, reduce all project budget and cost overruns, and standardize project reporting and processes across agencies.

Kansas Sentencing Commission

A. Review Funding for SB 123 Drug Treatment (House and Senate Committee). The House and Senate Committees recommended reviewing the possible addition of \$2.3 million, including \$2.0 million from the State General Fund, for drug treatment recommended by SB 123. The request included \$1.8 million for HB 2088 and \$500,000 for HB 2090.

HB 2088, as amended, would expand eligibility for the non prison sanction of placement in a certified drug abuse treatment program for offenders convicted of unlawful possession of a controlled substance. Eligibility would be expanded from offenders convicted of a drug severity level 5 possession offense who have not been convicted of certain other crimes, to include offenders convicted of a severity level 4 possession offense (< 3.5 grams cocaine, < 1 gram of meth or heroin, and < 25 grams of marijuana) with a criminal history of E (no personal felonies) or lower who have not been convicted of certain other crimes.

The bill has passed the House and been recommended favorably, as amended, by the Senate Committee on the Judiciary. The Sentencing Commission submitted a revised fiscal note based on the amended bill and estimates between \$1.0 million and \$1.3 million in expenditures. The average cost was \$3,598 per SB 123 treatment offender in FY 2017. HB 2088 Impact Assessment:

- **Scenario One:** If 30% of the drug severity level 4 E to I offenders who are sentenced to prison are sentenced to drug treatment programs, by FY 2019, 23 prison beds would be saved and by FY 2028, 36 prison beds would be saved. The Commission estimates expenditures of \$1,022,552 for scenario one.
- **Scenario Two:** If 50% of the drug severity level 4 E to I offenders who are sentenced to prison are sentenced to drug treatment programs, by FY 2019, 38 prison beds would be saved and by FY 2028, 62 prison beds would be saved. The Commission estimates expenditures of \$1,168,630 for scenario two.

- Scenario Three: If 80% of the drug severity level 4 E to I offenders who are sentenced to prison are sentenced to drug treatment programs, by FY 2019, 62 prison beds would be saved and by FY 2028, 99 prison beds would be saved. The Commission estimates expenditures of \$1,314,709 for scenario three.

The Committee Report on HB 2090 was not adopted by the House Committee of the Whole and the Commission is not requesting funding for this program currently. HB 2090, as amended, would amend the special sentencing rule imposing presumptive imprisonment for a third or subsequent felony offense of possession of a controlled substance. Specifically, the bill would remove some of the conditions that disqualify persons sentenced under the rule from applying for modification of sentence upon successful completion of an intensive substance abuse treatment program.

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

A. Review Funding Source and Amount for Youth Crisis Intervention Centers (House and Senate Committees). The House Committee deleted the House Social Services Budget Committee's recommendation to add \$6.0 million, all from special revenue funds, to fund three youth crisis intervention centers for FY 2019 and recommended the item be reviewed at Omnibus, including identifying possible funding sources.

The Senate Committee added \$6.0 million, all from the Evidence Based Juvenile Programs account of the State General Fund, for the purpose of funding three youth crisis intervention centers across the state for FY 2019. The Senate Committee further recommended various agencies and parties involved collaborate to identify further directions and report back at Omnibus.

The agency, in collaboration with the Kansas Department for Aging and Disability Services (KDADS), reported that changes in KanCare 2.0 would provide appropriate Medicaid services to youth in the community. This would include strengthened care coordination, wraparound, and peer support.

KDADS has a System of Care Grant for children and youth with serious emotional disturbance (SED), which includes high-fidelity wraparound for youth and family. KDADS reports using a System of Care approach youth and family involvement, or "voice and choice," is prioritized and requires mutual respect and meaningful partnerships between families and professionals. KDADS additionally states youth and families are involved as key stakeholders, which includes participation in policy development, care coordination, evaluation, strategic planning, service provision, social marketing, and individual and system advocacy. Four community mental health centers are recipients of the grant. During the four-year grant, KDADS staff are developing the sustainability plan and moving to a statewide System of Care.

KDADS is in the process of posting a request for proposal that will establish enhanced crisis administration services, including a 24-Hour Crisis Hotline and Mobile Crisis Response in order to immediately facilitate and triage crisis issues for all populations to the right place at the right time. KDADS has been working for the past year with mental health stakeholders, Department of Corrections (DOC), Department for Children and Families (DCF), and KDHE regarding children crisis services and reports current discussions include review of a Nebraska State Plan amendment that could allow eight-bed group homes. Under current regulations, there are proposals for crisis beds for youth without enactment of SB 179, which is currently in Conference Committee. KDADS offered additional recommendations, including intensive outpatient options for children and youth and crisis walk-in centers to help provide easy access to crisis services, both for children and adults.

B. Review Additional Funding for Reimplementation of a Program Under the Federal Medicaid Health Homes (House Committee). The House Committee deleted the House Social Services Budget Committee's recommendation to add \$5.0 million, all from the State General Fund, for the reimplementation of a program under the Federal Medicaid Health Homes for FY 2019 and recommended the item be reviewed at Omnibus.

C. Review Additional Funding for the Graduate Medical Education (GME) Program (Senate Committee). The Senate Committee added \$3.0 million, including \$1.3 million from the State General Fund, for the Medicaid regular medical program for increased GME funding to hospitals currently receiving GME for FY 2019 and recommended the item be reviewed at Omnibus.

D. Review Funding for the Governor's Recommendation for Graduate Medical Education (GME) Residency Start-up Funding (House Committee). The House Committee deleted \$2.3 million, including \$1.0 million from the State General Fund, for GME residency start-up funding for FY 2019 and recommended the item be reviewed at Omnibus.

E. Review Additional Funding for KanCare Operations (House and Senate Committees). The House and Senate committees recommended the agency review current KanCare operations and provide a request for additional funding and resources necessary for the proper operation of the program in FY 2018 and for FY 2019.

The agency states that for optimal operations for FY 2019, an additional 25 eligibility positions would be added. This resource would allow the agency to transition Home and Community Based Services to a model similar to the Nursing Home Liaison Model and allow use of the current outstation workers to meet with members, nursing homes, and assisted living centers in the community. The agency would receive 75.0 percent federal match for the positions since their duties would be for eligibility determination so the State would essentially only be responsible for the cost of six positions.

Additionally, the agency would request ten auditing positions to allow for monitoring claims timeliness, performing audits, assessing damages, and monitoring for network adequacy. The agency would receive a 50.0 percent federal match for the auditing positions. The positions would be revenue-producing due to the ability to assess liquidated damages as the agency does not currently have the capacity to monitor these contractual requirements.

F. Review Ongoing Concerns Related to Psychiatric Residential Treatment Facilities (PRTFs) and Consider Viable Solutions Recommended by the Agency (House Committee). The House Committee requested the agency identify viable solutions to address concerns with current utilization patterns of PRTFs and report back at Omnibus on necessary alterations to the current admission and payment policies for PRTFs and recommendations for implementation of a process to allow the community mental health centers (CMHCs) to assess a child for PRTF placement rather than the managed care organizations (MCOs).

The agency collaborated with the Kansas Department for Aging and Disability Services (KDADS) on this item, and the information that follows was provided. MCOs determine medical necessity for admission to PRTFs for Medicaid youth. Previously, youth were screened by CMHCs but the federal Centers for Medicare and Medicaid Services (CMS) determined the practice was a parity issue. KDADS worked with the MCOs and CMHCs on the current process in place, which was agreed to by the workgroup.

KDADS reports that while there has been anecdotal information provided that PRTF lengths of stays have significantly decreased, average stays have actually remained fairly constant, if not increased, in some cases. KDADS states additional Intensive Outpatient Services are needed to avoid unnecessary PRTF stays and recommends increased communication between the CMHCs and MCOs. Children are staying in the PRTF after they no longer meet the medical necessity requirement. CMS considered this to be commingling, leaving the PRTF at risk for jeopardizing certification and federal funding.

A pilot program began October 1, 2017, and ended April 1, 2018, in which CMHCs would engage children on the wait list and their family in intensive community-based services. The pilot allowed the CMHCs to complete Community-Based Service Team (CBST) assessments to determine if services were needed and the MCOs paid an enhanced rate for each CBST.

PRTFs do not accept all Kansas youth. PRTFs state some children are too difficult to serve. KDADS reports it is still seeing increased numbers of out-of-state children in Kansas PRTFs. KDADS states MCOs should review medical necessity. PRTFs have reported to KDADS they want to increase the number of licensed beds; however, only one PRTF has sent a request asking for approval of additional beds.

KDADS states it is important that children receive “the right services at the right time in the right place.” PRTFs are for planned admission for children with chronic behaviors and require an active guardian or family involvement as part of the treatment team. PRTF treatment is to move a child back to baseline and reconnect to community services. KDADS states that early childhood treatment, intervention, and family preservation, along with peer support, will avoid institutional placement, which has been shown to damage children.

KDADS recommended possible solutions, including drop-in centers, crisis services for children, or intensive day service programs where the child goes home at night.

G. Review Ongoing Concerns Related to the Health Care Access Improvement Fund (House and Senate Committees). The House Committee added language for FY 2019 prohibiting the transfer of \$11.5 million from the Health Care Access Improvement Fund (commonly referred to as the HCAIP Fund) to the Medical Programs Fee Fund until concerns regarding the HCAIP Fund balance have been resolved and the 4.0 percent Medicaid rate increase for hospitals is implemented. Further, the House Committee added language to allow reduction of the amount of the transfer from the HCAIP Fund if expenditures were not approved by the Health Care Access Improvement Panel (Panel).

The House Committee recommended reviewing the current process used to verify revenue and expenditures from the HCAIP Fund at Omnibus. The House Committee also recommended reviewing the potential reduction of the FY 2018 transfer from the HCAIP Fund to the Medical Programs Fee Fund from \$11.5 million to \$9.6 million, if the additional \$1.9 million in expenditures could not be identified prior to Omnibus.

The Senate Committee added language in FY 2018 and for FY 2019 requiring the agency to provide all information necessary for the Panel to review with approval of all expenditures from the HCAIP Fund needed prior to transfer of funds. The Senate Committee requested the agency work with the Panel and the Kansas Hospital Association (KHA) to develop a process for this no later than May 4, 2018, and if the HCAIP Fund cannot be reconciled by that time, it must be reconciled for at least the last two complete fiscal years. The Senate Committee also added language in FY 2018 prohibiting the transfer of \$11.5 million from the HCAIP Fund to the Medical Programs Fee Fund until concerns

regarding the fund balance have been resolved and the 4.0 percent Medicaid rate increase for hospitals is implemented. Further, language was added to reduce the transfer to \$9.6 million if the additional \$1.9 million in expenditures cannot be identified prior to Omnibus.

The Senate Committee recommended reviewing the process agreed upon by the agency, the KHA, and the Panel put in place to verify all expenditures out of the HCAIP Fund and also recommended reviewing the FY 2018 transfer from the HCAIP Fund to the Medical Programs Fee Fund, including the potential reduction of the transfer from \$11.5 million to \$9.6 million at Omnibus.

The agency reports it has thoroughly examined the HCAIP Fund and believe the fund is being overspent annually by approximately \$30.0 million to \$40.0 million from all funding sources. The agency reports the monthly reconciliation file is to be updated by April 20, 2018. The file will compare the last reporting template to a “cash based” template, where the agency is tracking actual expenditures as reported in SMART, and breaking out hospital versus physician expenditures.

The agency is working on scheduling times with the House Committee on Appropriations leadership and the Senate Committee on Ways and Means leadership to review the findings. The agency has been in constant communication with the KHA on all findings to date, including having the KHA join a conference call with the agency’s actuaries as they reviewed their analysis, as well as having an in-person meeting at the KHA office with one of the agency’s consultants that provided separate analysis.

Regarding the \$1.9 million difference between the \$11.5 million transfer and the \$9.6 million hospital provider rate increase, this is tied directly to HCAIP Fund expenditures. The agency plans to make a correcting entry to the fund as a result of the fund being overspent. This will result in a \$0 balance, negating any transfers included in the Governor’s recommendation. The agency states the Division of the Budget has indicated the \$11.5 million transfer in FY 2018 was never tied to the 4.0 percent rate increase scheduled to start for FY 2019.

H. HB 2639 (Law). HB 2639 requires local and state law enforcement officers and agencies to assist the Secretary of Health and Environment (Secretary) in taking and processing fingerprints of persons residing, working, or regularly volunteering in a child care facility and to release all records of adult convictions and non-convictions and adult convictions or adjudications of another state or country to KDHE. The bill creates the Child Care Criminal Background and Fingerprinting Fund (Fund) in the State Treasury to be administered by the Secretary. All fingerprinting fees collected are to be deposited in the Fund for use in paying local and state law enforcement officers and agencies for the processing of fingerprints and criminal history background checks for KDHE.

The bill also updates the list of sex-related crimes that prohibit a person from residing, working, or regularly volunteering in a child care facility to include the crimes of commercial sexual exploitation of a child and the unlawful use of electronic means to commit human trafficking, commercial sexual exploitation of a child, and similar offenses.

The agency estimates the bill will require expenditures of \$12,560 in FY 2018 and \$35,360 for FY 2019, all from existing, no limit federal funds for staff to process payments from providers. The estimate includes 1.0 additional FTE position. The agency requests the new fund be added to the appropriations bill as a no limit fund.

I. Senate Sub. for HB 2600 (Governor). Senate Sub. for HB 2600 amends the Nuclear Energy Development and Radiation Control Act, provides for the study and investigation of maternal

deaths by the Secretary of Health and Environment, and creates the Palliative Care and Quality of Life Interdisciplinary Advisory Council and the State Palliative Care Consumer and Professional Information and Education Program within KDHE.

The agency requests \$9,400, including \$6,900 from the State General Fund, in FY 2018 and \$115,000, including \$85,000 from the State General Fund, for FY 2019. The estimate is prorated for the remainder of FY 2018 and includes the addition of 1.0 FTE position for a Program Director; one-time computer expenses; printing, phone, travel, and office supply costs; Advisory Council Expenses; and data collection and evaluation.

J. Senate Sub. for HB 2028 (Conference). Senate Sub. for HB 2028 would establish the Kansas Telemedicine Act. The bill would also provide for coverage of speech-language pathologist and audiologist services *via* telehealth under the Kansas Medical Assistance Program (KMAP), if such services would be covered under KMAP when delivered *via* in-person contact.

The agency states there is potentially a large fiscal impact for this bill related to the coverage of speech therapy; however, it is unable to estimate expenditures at this time due to unknown utilization rates. The agency reports current speech service expenditures are approximately \$30.0 million annually through local education agencies.

K. HB 2577 (Conference). HB 2577 would require all fees collected by the Right-To-Know Program within KDHE to be deposited in the State Treasury and credited to the Kansas Right-To-Know Fund, which is created by the bill. Currently, these fees are deposited in the State General Fund. Expenditures from the new fund would only be for the administration of the program.

Enactment of the bill would reduce State General Fund revenue by \$311,663 per fiscal year. The agency reports the FY 2019 State General Fund appropriation of \$85,653 for administration of the program is still necessary as fees collected would not immediately be available. Further, the agency indicates it anticipates adding 1.0 FTE position if the bill becomes law. The agency requests the new fund be added to the appropriations bill as a no limit fund.

L. Human Services Consensus Caseloads – GBA No. 1, Item 1, Page 2. The Division of the Budget, Department for Children and Families, KDHE, Kansas Department for Aging and Disability Services (KDADS), and Kansas Legislative Research Department met on April 17, 2018, to revise the estimates on human services caseload expenditures for FY 2018 and FY 2019. The caseload estimates include expenditures for Temporary Assistance to Families, the Reintegration/Foster Care Contracts, KanCare Regular Medical Assistance, and KDADS Non-KanCare.

Since an appropriations bill for fiscal years 2018 and 2019 has not yet been passed, the starting point for the April 2018 estimates was the Governor's recommendations for FY 2018 and FY 2019. The estimate for FY 2018 is an increase of \$31.1 million from all funding sources and a State General Fund increase of \$40.5 million compared to the FY 2018 Governor's recommendation. The estimate for FY 2019 is an increase of \$76.9 million from all funding sources and a State General Fund increase of \$68.6 million above the FY 2019 Governor's recommendation. **The combined estimate for FY 2018 and FY 2019 is an all funds increase of \$108.0 million and a State General Fund increase of \$109.1 million above the Governor's recommended budget.**

The administration of KanCare within the state is accomplished by KDHE maintaining fiscal management and contract oversight including regular medical services, while KDADS administers the Medicaid Home and Community Based Services waiver programs for disability services as well as long-term care services, mental health and substance abuse services, and the State Hospitals.

Throughout this section, KanCare Medical estimates include all Medicaid KanCare expenditures for all agencies.

The FY 2018 estimate for all human service caseloads is \$3.0 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 \$31.1 million and a State General Fund increase of \$40.5 million.

The FY 2018 estimate for KanCare Medical is \$2.8 billion, including \$880.3 million from the State General Fund, reflecting an increase of \$21.5 million from all funding sources and a State General Fund increase of \$33.6 million above the Governor's recommendation. The KanCare Medical estimate includes medical expenditures for KDHE and KDADS. 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 KanCare capitation rates reflect an increase of approximately 7.0 percent over the estimated mid-year rates, primarily due to the redetermination of members. Projected member enrollment was estimated to be lower in the fall than what is anticipated in the revised estimate. The federal medical assistance percentage (FMAP) for fee-for-service was also adjusted to account for state-only programs. The primary cause of the increase in State General Fund expenditures is a revised estimate for HMO privilege fee revenue. The net impact is a reduction of \$16.0 million in special revenue funds, resulting in the need for an offsetting increase of State General Fund. The Nursing Facility Provider Assessment estimate is also reduced by \$5.0 million in the revised estimate. Numerous providers have struggled with cash flow issues due to eligibility delays and have set provider assessment payment plans. Additionally, the FY 2018 estimate was increased due to medical expenditures for the Program of All-Inclusive Care for the Elderly (PACE) not being operationalized to be adjusted to the KDADS Non-KanCare expenditures in FY 2018, so these expenditures are now reflected within KDHE KanCare expenditures in FY 2018.

The FY 2019 estimate is \$3.4 billion from all funding sources, including \$1.2 billion from the State General Fund. The estimate is a change from the amount recommended by the Governor, reflecting an all funds increase of \$76.9 million and a State General Fund increase of \$68.6 million.

The FY 2019 estimate for KanCare Medical is \$3.1 billion from all funding sources, including \$1.0 billion from the State General Fund. The estimate reflects an increase of \$49.4 million from all funding sources and a State General Fund increase of \$50.1 million from the Governor's recommendation. The increase is a result of many factors. The KanCare capitation expenditures were estimated by applying a 3.2 percent per member per month growth for cost trend in FY 2019. Projected member enrollment is estimated to increase by approximately 10,000 members from FY 2018. The FMAP for fee-for-service was also adjusted to account for state-only programs. The primary cause of the increase in State General Fund expenditures is a revised estimate for FY 2019 HMO privilege fee revenue. The net impact is a reduction of \$21.0 million in fee revenue, resulting in the need for an offsetting increase of State General Fund.

It should be noted that the new KanCare estimate for FY 2019 includes additional expenditures in the Governor's budget recommendation of \$22.1 million, including \$9.6 million from the State General Fund, to reflect the Governor's recommendation to increase all hospital provider rates by 4.0 percent; \$17.7 million, including \$7.7 million from the State General Fund, for a 3.0 percent increase to nursing facility rates; and \$2.3 million, including \$1.0 million from the State General Fund, for hospitals to start new residency programs.

More information on the Human Services Consensus Caseload Estimates is included in this memorandum under the Department for Children and Families, Item L, page 15, and the Kansas Department for Aging and Disability Services, item H, page 20.

M. GBA No. 1, Item 2, Page 4 - Campus Sexual Assault Prevention Grant.

N. GBA No. 1, Item 3, Page 5 - Health Facilities Surveys Contractors.

Office of the State Bank Commissioner

A. SB 335 (Conference). SB 335 has been adopted by the House. The Conference Committee Report on SB 335 contains the provisions of SB 284, which would make a statutory reference change related to confidentiality from the Kansas Mortgage Business Act to the Kansas Money Transmitter Act (KMTA). SB 335 would amend several sections of the State Banking Code relating to savings and loan associations, savings banks, and the KMTA. The bill would incorporate savings and loan associations and savings banks into the State Banking Code. The bill would also specify the State Bank Commissioner's authority under the KMTA. The Office of the State Bank Commissioner estimates the bill has the potential to increase revenue by \$28,000 for FY 2019 (\$1,500 in application fees and \$26,500 in assessment fees) depending on the number of institutions that convert to a state charter and the asset size of those institutions. The Office of the State Bank Commissioner requests an increase of \$28,000, all from the Bank Commissioner Fee Fund, for operational expenditures for FY 2019.

Department of Education

A. Review Restoration of Children's Initiatives Fund Allotments (Senate Committee). The Senate Committee adopted the Governor's recommendation to restore Children's Initiatives Fund allotments totaling \$2.4 million to the Kansas Children's Cabinet for FY 2019, and recommended reviewing the item at Omnibus. The restorations include \$2.3 million for the Early Childhood Block Grant, \$69,534 for the Child Care Quality Initiative, and \$6,953 for the Autism Diagnosis program. The House Committee had not adopted this part of the Governor's recommendation prior to Omnibus.

B. Review Funding for Communities Aligned in Early Development and Education (Senate Committee). The Senate Committee adopted the Governor's recommendation to add \$1.0 million, all from the Children's Initiatives Fund, to fund a pilot program for Communities Aligned in Early Development and Education (CAEDE) for FY 2019, and recommended reviewing the item at Omnibus. The House Committee had not adopted this part of the Governor's recommendation prior to Omnibus.

C. Review Funding for School Technology Infrastructure (Senate Committee). The Senate Committee deleted \$3.0 million, all from the State General Fund, for school technology infrastructure improvements for FY 2019, and recommended reviewing the item at Omnibus. According to the Governor's recommendation, the state moneys were to be used to draw down up to \$30.0 million in federal E-Rate moneys to allow all Kansas schools to acquire the Internet bandwidth needed for digital learning and upgrading the Wi-Fi networks in every school. The House Committee also deleted this part of the Governor's recommendation.

The Senate Committee requested information on the potential impact on other state recipients of E-Rate moneys, the average cost per district to upgrade its technology infrastructure, and the inclusion of this potential funding in the State's response to the Kansas Supreme Court's ruling in *Gannon V.*

According to the Department of Education (KSDE), school districts drawing on their E-Rate funds would not impact other state recipients of E-Rate moneys. Much of the E-Rate support received by Kansas school districts comes in the form of a school district's E-Rate discount rate. Most Kansas schools are currently at or above the 70.0 percent discount rate. The funding recommended by the Governor would supplement that discount rate, funding 10.0 percent of the cost to construct new broadband infrastructure and drawing down additional E-Rate moneys on a one-to-one dollar basis. For example, a district with a 70.0 percent discount rate and infrastructure costs of \$100,000 would pay \$10,000 to upgrade its technology infrastructure, while the remaining \$90,000 would be covered by state and federal moneys (\$10,000 covered by the State and \$80,000 covered by E-Rate moneys [\$70,000 from the normal E-Rate discount and \$10,000 to match the state contribution]).

Additionally, KSDE indicated it could not provide an estimate of the cost of upgrading school technology infrastructure since several factors would have to be considered, including the laying of fiber, what internal connections are needed, what physical structures would need to be modified or built, and the staff to manage the infrastructure. However, there are approximately 60 schools in Kansas that lack fiber Internet access.

An inquiry was submitted to Senate counsel regarding the potential inclusion of this funding in the State's response to the Kansas Supreme Court's ruling in *Gannon V.* As of the writing of this memorandum, no response had been received.

D. Review Use of Temporary Assistance for Needy Families (TANF) Funds for Parents as Teachers (Senate Committee). The Senate Committee deleted \$1.0 million, all from TANF, for the elimination of the Parents as Teachers wait list for FY 2019, and recommended reviewing the item at Omnibus. The House Committee also deleted this part of the Governor's recommendation.

The Senate Committee requested information from the Department of Education on how the agency would use TANF moneys in conjunction with the Children's Initiatives Fund moneys for the operation of the Parents as Teachers program. According to KSDE, use of TANF moneys would require those funds to go to low-income, high-risk families. Therefore, the TANF funds would have to go to Kansas City (USD 500) and other similar school districts.

E. Sub. for SB 423 (Law). Sub. for SB 423 appropriated moneys to the Department of Education for FY 2019 and made several amendments to the Kansas School Equity and Enhancement Act (KSEEA) and other school finance statutes. The bill requires school districts to adopt a minimum 15.0 percent Local Option Budget (LOB), which will then be counted as part of the Base Aid for Student Excellence (BASE) and the school district's Local Foundation Aid (LFA). That LFA is then subtracted from a school district's Total Foundation Aid to produce the amount of State Foundation Aid a school district is to receive. The BASE is composed of 85.0 percent state moneys and 15.0 percent local moneys. For FY 2019, the BASE of \$4,900 is divided as follows: \$4,165 in state moneys and \$735 in local moneys.

According to the Department of Education, implementation of Sub. for SB 423 will carry a fiscal impact of \$50,000, all from the State General Fund, for FY 2019. Due to changes in the calculation of state aid, specifically the inclusion of a portion of LOB moneys in LFA, KSDE will need to rewrite the

computer program for computing state aid. In addition, the software KSDE provides to school districts for computing their budgets will need to be rewritten.

F. Potential Amendments to the Kansas School Equity and Enhancement Act. After passage of Sub. for SB 423, an unintended consequence was discovered in the effect of a provision that includes a portion of the LOB as LFA. Included in the bill was a provision that increases the BASE to offset the increase in LFA. However, increasing the BASE has no effect of increasing the amount of foundation aid attributable to several weightings for which an increased BASE is one factor in the calculation of the amount of the weighting. Accordingly, the LOB being included in the amount of LFA reduces the amount of State Foundation Aid the school districts would otherwise receive. If the Legislature wishes to address this issue, an amendment to the KSEEA will be needed.

G. Spring 2018 Consensus Estimates for School Finance. The Division of the Budget, the Kansas Legislative Research Department, and KSDE met on April 19, 2018, to develop revised consensus estimates for school finance. The estimating group considered updated expenditures for FY 2018 and revised revenue estimates from the 20-mill property tax levy and the Mineral Production Fund. These estimates fund the school finance formula included in 2017 SB 19 and do not include the additional appropriations included in Sub. for SB 423.

The FY 2018 revised consensus estimate for the school finance formula is decreased expenditures of \$10.3 million, including a State General Fund decrease of \$13.6 million, below the budget approved by the 2017 Legislature. This includes the following:

- **State Foundation Aid.** Increased expenditures of \$20.0 million, including \$11.0 million from the State General Fund, for increased State Foundation Aid payments in FY 2018. This is a State General Fund increase of \$645,889 above the Fall 2017 consensus estimates due to a reduced revenue estimate from the 20-mill property tax levy;
- **Supplemental State Aid.** Decreased expenditures of \$26.4 million, all from the State General Fund, for decreased Supplemental State Aid payments in FY 2018, which is the same as the Fall 2017 estimate;
- **Capital Improvement State Aid.** Decreased expenditures of \$5.7 million, all from special revenue funds, for decreased Capital Improvement State Aid payments in FY 2018. This is a decrease of \$200,000 from the Fall 2017 consensus estimates due to updated data on state aid expenditures during FY 2018. Capital Improvement State Aid is a revenue transfer from the State General Fund; and
- **Capital Outlay State Aid.** Increased expenditures of \$1.8 million, all from the State General Fund, for increased Capital Outlay State Aid payments in FY 2018, which is the same as the Fall 2017 estimate. Capital Outlay State Aid is a demand transfer from the State General Fund.

The FY 2018 revised consensus estimate for employer contributions to the Kansas Public Employees Retirement System (KPERS) is increased expenditures of \$12.0 million, all from the State General Fund, above the budget approved by the 2017 Legislature. This includes the following:

- **KPERS–USDs.** Increased expenditures of \$9.8 million, all from the State General Fund, for increased employer contributions for KPERS–USDs in FY 2018. This is a

decrease of \$5.4 million from the Fall 2017 consensus estimate due to updated data on the employer obligation for KPERS–USDs; and

- **KPERS–Non-USDs.** Increased expenditures of \$2.1 million, all from the State General Fund, for increased employer contributions for community colleges, technical colleges, and interlocals in FY 2018. This is a decrease of \$664,000 from the Fall 2017 consensus estimate due to updated data on the employer obligation for KPERS–Non-USDs.

The Governor’s budget recommendation in FY 2018 included the Fall 2017 consensus estimates for school finance. Therefore, the Spring 2018 estimates are a total decrease of \$6.3 million, including decreased expenditures of \$5.5 million from the State General Fund, below the Governor’s budget recommendation.

The House Committee and the Senate Committee both adopted the Governor’s FY 2018 recommendation to include funding for the Fall 2017 consensus estimates prior to Omnibus.

The FY 2019 revised consensus estimate for the school finance formula is increased expenditures of \$26.7 million, including \$20.1 million from the State General Fund. This includes the following:

- **State Foundation Aid.** Increased expenditures of \$34.1 million, including \$24.0 million from the State General Fund, for increased State Foundation Aid payments for FY 2019. This is a State General Fund increase of \$1.4 million above the Fall 2017 consensus estimates due to reduced revenue estimates for the 20-mill property tax levy and the Mineral Production Fund;
- **Supplemental State Aid.** Decreased expenditures of \$8.2 million, all from the State General Fund, for decreased Supplemental State Aid payments for FY 2019, which is the same as the Fall 2017 estimate;
- **Capital Improvement State Aid.** Decreased expenditures of \$3.5 million, all from special revenue funds, for decreased Capital Improvement State Aid payments for FY 2019, which is the same as the Fall 2017 estimate. Capital Improvement State Aid is a revenue transfer from the State General Fund; and
- **Capital Outlay State Aid.** Increased expenditures of \$4.3 million, all from the State General Fund, for increased Capital Outlay State Aid payments for FY 2019, which is the same as the Fall 2017 estimate. Capital Outlay State Aid is a demand transfer from the State General Fund.

The FY 2019 revised consensus estimate for KPERS employer contributions is increased expenditures of \$37.8 million, all from the State General Fund. This includes the following:

- **KPERS–USDs.** Increased expenditures of \$32.1 million, all from the State General Fund, for increased employer contributions for KPERS–USDs for FY 2019. This is a State General Fund increase of \$6.0 million above the Fall 2017 consensus estimate due to projected increases in salaries for FY 2019; and

- **KPERS–Non-USDs.** Increased expenditures of \$5.6 million, all from the State General Fund, for increased employer contributions for community colleges, technical colleges, and interlocals for FY 2019. This is a State General Fund increase of \$1.0 million above the Fall 2017 consensus estimate due to projected increases in salaries for FY 2019.

The Governor’s budget recommendation for FY 2019 included the Fall 2017 consensus estimates for school finance. Therefore, the Spring 2018 estimates are a total increase of \$7.0 million, including an increase of \$8.4 million from the State General Fund, above the consensus estimates included in the Governor’s recommendation.

The Senate Committee adopted the Fall 2017 consensus estimates for FY 2019 prior to Omnibus. The House Committee did not adopt the Fall 2017 consensus estimates for FY 2019 prior to Omnibus.

H. GBA No. 1, Item 11, Page 9 - Reduce F 2019 Deferred KPERS Payment

Department of Agriculture

A. SB 263 (Law). SB 263 enacts the Alternative Crop Research Act, which allows the Kansas Department of Agriculture (KDA), either alone or in coordination with a state institution of higher education, to grow and cultivate industrial hemp and promote the research and development of industrial hemp, in accordance with federal law. The bill also establishes a pilot program in Russell County. The bill allows individuals to participate in the research program under the authority of the KDA. The Kansas Bureau of Investigations indicates that SB 263 as enrolled has no fiscal effect for the agency, based on the presumption that the pilot program is limited to Russell County. The Kansas Department of Agriculture indicates that it is currently unable to determine the fiscal impact of SB 263.

The bill creates the Alternative Crop Research Act Licensing Fee Fund in the State Treasury, which is to be administered by the Secretary of Agriculture. The new fund would need to be added to the appropriation bill as a no limit fund.

B. Consider Adding \$250,000, All from the State General Fund, for FY 2019 for an Animal Traceability Pilot Study (Senate Committee)—GBA No. 1, Item 9, Page 8. The Department of Agriculture requested funding for an animal traceability pilot study, which would trace cattle within the state. This request was made at the agency budget presentation in the Senate Subcommittee. The Department of Agriculture indicated an appropriation of \$250,000 for FY 2019 and an additional future appropriation of \$250,000 for FY 2020 would allow the agency to attract the remainder of the funds for the \$1.5 million to \$2.0 million project from the U.S. Department of Agriculture and private industry.

GBA No. 1, Item 9 adds \$250,000, all from the State General Fund, for FY 2019 for the animal traceability pilot study. The House Committee previously added this amount of funding for this purpose. To concur with GBA No. 1, Item 9, the House would need to delete this amount of funding for FY 2019 to avoid adding the funding twice.

C. Review the Deletion of \$177,429, all from the State General Fund, for FY 2019 to Fund 3.0 FTE Positions for Environmental Scientists (Senate Committee). These positions would be dedicated to assisting in the development of Water Conservation Areas in Western Kansas. The

funding for these positions was included in the Governor's Budget Recommendation and was removed by the Senate Subcommittee with a notation to review at Omnibus. The agency requested this funding as a supplemental request in the revised FY 2018 and FY 2019 budget request submission.

D. Review the Deletion of \$75,000, all from the State General Fund, for FY 2019 to Fund 1.0 FTE Position for a Water Technology Farms Coordinator (Senate Committee). This position would be dedicated to coordinating the various water technology farms throughout the state. The funding for this position was included in the Governor's Budget Recommendation and was removed by the Senate Subcommittee with a notation to review at Omnibus. The agency requested this funding as a supplemental request in the revised FY 2018 and FY 2019 budget submission.

E. Consider Adding \$90,000, all from the State General Fund, for FY 2019 to Fund Water Vision Education and Outreach (Senate Committee). This project is a shared commitment among the Department of Agriculture, the Kansas Water Office, the Kansas Department of Health and Environment (KDHE–Environment), and the Kansas Department of Wildlife, Parks and Tourism (KDWPT) to work with a marketing firm to increase awareness about water issues. The request of \$90,000 represents the share of the total funding obligated by KDHE–Environment and KDWPT. This funding was not included in the Governor's Budget Recommendation. The agency requested this funding as a supplemental request in the revised FY 2018 and FY 2019 budget submission.

F. Consider Adding \$50,000, all from the State General Fund, for FY 2019 for Emergency Volunteer Corps Development (Senate Committee). This funding would fund the provision of volunteer training and volunteer outreach. This funding was not included in the Governor's Budget Recommendation. The agency requested this funding as a supplemental request in the revised FY 2018 and FY 2019 budget submission.

G. Consider Adding \$60,000, all from the State General Fund, for FY 2019 for a Technical Assistant to Write Bio-security Plans (Senate Committee). This position would assist livestock operators seeking to develop bio-security plans. This funding was not included in the Governor's Budget Recommendation. The agency requested this funding as a supplemental request in the revised FY 2018 and FY 2019 budget submission.

Kansas Department of Health and Environment – Division of Environment

A. GBA No. 1, Item 8, Page 8--Livestock Waste Management Program.

Department of Wildlife, Parks and Tourism

A. Review the Deletion of \$618,000, all from Special Revenue Funds, for the Emporia Research Lab in FY 2018 (House Committee). The Governor recommended the agency's request for \$618,000 to rebuild a research lab in Emporia that had been reported as scheduled for demolition. In the House Committee on Agriculture and Natural Resources Budget meeting, the agency indicated the building may not be demolished and was awaiting further information on the status of the project. The House Budget Committee decided to remove this item from its agency budget recommendations pending receipt of further information at Omnibus on the status of the project.

The agency indicates it is no longer requesting this funding in FY 2018. The agency requests to receive this funding for FY 2019. The agency indicates it is currently awaiting information from the Emporia State University engineering department regarding cost estimates to add storage and laboratory space onto the new building that the University has identified to house the relocated lab. The University has requested that the current lab and storage space be removed and relocated from its current location within two years.

B. Review the Financial Impact of Adding Language Allowing the Kansas Department of Wildlife, Parks and Tourism to Expend Funds from the Wildlife Fee Fund to Issue Senior Lifetime Hunting and Fishing Licenses to Disabled Veteran Kansans Age 65 and Older in FY 2018 and for FY 2019 (Senate Committee). Currently, the agency is issuing annual licenses to disabled veteran seniors, and the agency representative indicated it would be more efficient to process lifetime, rather than annual, licenses. The licenses are provided free of charge to qualifying disabled veterans. The Senate Committee requested to review the fiscal impact of the language at Omnibus.

The Kansas Department of Wildlife, Parks and Tourism indicates it will cost the agency an estimated \$21,320 the first year of the program to grant lifetime licenses to new and renewing applicants. This estimate is based on the number of licenses granted to disabled veterans in 2016, which was 533. In future years, the cost will be approximately \$40 per applicant as newly-eligible individuals apply for the first time. The year-to-year costs will vary with the number of new applicants, but the proposed language eliminates the renewal costs associated with current licensees (approximately \$20.45 per annual license).

C. SB 331 (Conference). SB 331 would designate Flint Hills Trail State Park and Little Jerusalem State Park as part of the state park system. SB 331 would also establish the Flint Hills Advisory Council, which would be 14 members. In addition, SB 331 would remove the Prairie Spirit Rail Trail State Park and the proposed Flint Hills Trail State Park from the current setback requirements for swine-confined animal feeding operations. The bill would direct the Kansas Department of Wildlife, Parks and Tourism to carry out the requirements outlined in state law, including safety, accessibility, litter control, and law enforcement. Finally, SB 331 would clarify that property contained within or encumbered by any railroad rights-of-way that have been transferred or conveyed to the KDWP for interim use as a rail trail under federal law and is part of a state park would be deemed to be acquired and used for state park purposes and would therefore be exempt from property or *ad valorem* taxation.

The agency indicates the bill has a fiscal impact of \$504,329 in increased expenditures from the Parks Fee Fund in FY 2018, including \$104,329 for salaries and wages for 2.0 FTE positions, \$100,000 for contractual services, and \$300,000 in one-time costs for capital outlay. For FY 2019, the impact is \$204,329. The agency indicates it will fund these expenditures within the amount currently appropriated in the Parks Fee Fund. The agency requests the addition of 2.0 FTE to its total FTE count, raising that amount from 445.0 FTE positions to 447.0 FTE positions in FY 2018 and for FY 2019.

Emporia State University

A. Review the funding for the Nursing Program for FY 2019 (Senate Committee). The Senate Committee wanted to review the current funding of \$535,000, all from the State General Fund, for the Nursing Program for FY 2019.

Board of Regents

A. Review the Addition of Funding to Restore 75.0 Percent of the Remainder of the Reduction to the Base for the Board of Regents and State Universities (Senate Committee). The Senate Committee wanted to review the possible addition of \$17.9 million, all from the State General Fund, to partially restore the reductions in the budgets for the Board of Regents and state universities for FY 2019. The 2017 Legislature completed a systemwide review of the 4.0 percent reduction (\$30.7 million) and restored approximately \$6.7 million to the system. The reduction was due to the Governor's allotment in FY 2017 that was distributed based on all funds instead of the State General Fund and the reductions were carried forward. The subcommittee action added 75.0 percent of the remaining base reduction for each agency. The Senate Committee deleted the money with the review and possible addition during Omnibus.

B. HB 2541 (Law). HB 2541 provides that every eligible guard member enrolled at a Kansas educational institution and participating in the educational assistance program shall receive assistance each semester in an amount equal to the tuition and required fees for not more than 15 credit hours. The Governor's recommendation added \$2.1 million, all from the State General Fund, to the \$870,869 currently in the scholarship fund. The current House Committee on Appropriations position concurs with the Governor's recommendation. The current Senate Committee on Ways and Means position reduced the Governor's addition by one-half.

Wichita State University

A. Review the Additional Funding for the National Institute for Aviation Research and National Center for Aviation Training for FY 2019 (Senate Committee). The Senate Committee wanted to review the additional research funding of \$5.0 million for the National Institute for Aviation Research and \$1.7 million for the National Center for Aviation Training, all from the State General Fund, for FY 2019.

Attorney General

A. HB 2579 (Conference). HB 2579 creates a civil cause of action allowing claimants to seek damages from the State for wrongful conviction. Claimants entitled to damages would receive \$50,000 for each year of imprisonment, as well as no less than \$25,000 for each additional year served on parole or post-release supervision for each additional year the claimant was required to register as an offender under the Kansas Offender Registration Act, whichever is greater. HB 2579 requires the award be paid as a combination of an initial payment not to exceed \$100,000 and the remainder as an annuity not to exceed \$80,000 per year. In addition to monetary damages, HB 2579 also allows the court to award non-monetary relief as sought in the complaint, including, but not limited to, counseling, housing assistance, and personal financial literacy assistance.

For FY 2019, the estimated fiscal impact totals \$3.9 million, all from the State General Fund. The expected expenditures include \$2.9 million for potential recoveries and \$1.0 million for legal fees, non-monetary damages, and other unknown cases that may emerge. The Office of the Attorney General indicates there is an unknown number of legal cases that could lead to substantial payouts.

Board of Indigents' Defense Services

A. Assigned Counsel Caseload Estimate (House and Senate Committees). The Board of Indigents' Defense Services, the Division of the Budget, and the Kansas Legislative Research Department met on April 17, 2018, to develop a revised caseload estimate for the assigned counsel program. The program provides felony defense when using public defenders is not possible. Assigned counsel expenditures and projections do not include capital casework. When the estimating group met on November 6, 2017, the FY 2018 estimate was increased from \$12.0 million to \$12.8 million and the FY 2019 estimate was increased from \$12.5 million to \$13.5 million.

The revised consensus estimate in FY 2018 is \$12.8 million, which is the same as the November 2017 estimate. The Senate Committee has already included the full amount of estimated expenditures. The House Committee has included \$12.7 million of estimated expenditures, which is a decrease of \$37,436.

The revised consensus estimate for FY 2019 is \$13.5 million, which is the same as the November 2017 estimate. The Senate Committee has already included the full amount of estimated expenditures. The House Committee has included \$12.8 million of estimated expenditures, which is a decrease of \$689,355.

Judicial Branch

A. Review the Judicial Branch's FY 2019 Supplemental Requests (House and Senate Committees). The House Committee on Appropriations and the Senate Committee on Ways and Means requested review of the the Judicial Branch's supplemental requests at Omnibus.

For FY 2019, the Judicial Branch requests supplemental funding of \$19.6 million, all from the State General Fund, and 9.0 FTE for following items:

- \$10.3 million, all from the State General Fund, for a salary adjustment for non-judge employees for FY 2019. The request includes approximately \$8.6 million in salaries and \$1.7 million in benefits, which represents increases between 3.4 percent and 21.0 percent, depending on the position. The agency indicates this brings non-judge employees' salaries to market level;
- \$7.5 million, all from the State General Fund, for a salary adjustment for judges and justices for FY 2019. The request includes approximately \$6.2 million in salaries and \$1.3 million in benefits, which represents a 21.7 percent increase. The agency indicates this brings judges' and justices' salaries to regionally comparable levels;
- \$772,419, all from the State General Fund, and 9.0 FTE for seven new judge positions and two new staff positions, spread across five judicial districts, for FY 2019. These positions include one district judge, six district magistrate judges, one court reporter, and one administrative assistant;
- \$874,628, all from the State General Fund, for filling 20 vacant positions for FY 2019. These positions include 10 trial court clerks and 10 court services officers. The agency indicates implementation of 2016 SB 367 (juvenile justice reform) requires additional

positions because of increased responsibilities through mandatory multi-disciplinary teams for case management; and

- \$200,000, all from the State General Fund, for the construction of two judicial suites on the second floor of the Judicial Center for FY 2019. This would relocate two Court of Appeals judges and their support staff to the same floor as the rest of the Court of Appeals. The Senate Committee has already added \$200,000, all from the State General Fund.

B. Court of Appeals Judicial Suite Funding (Joint Committee). The Joint Committee on State Building Construction recommends adding \$200,000, all from the State General Fund, for the construction of two judicial suites on the second floor of the Judicial Center for FY 2019.

Kansas Bureau of Investigation

A. Capital Improvements Funding (Joint Committee). The Joint Committee on State Building Construction recommends adding \$2.5 million in FY 2018 and \$2.6 million for FY 2019, all from the State General Fund, for the Kansas Bureau of Investigation's capital improvements projects. Both House and Senate Committees have already included the full amount of recommended expenditures in FY 2018 and for FY 2019.

In FY 2018, the recommendation includes funding for principal debt service payments for the Forensic Science Laboratory in Topeka (\$2.2 million); general rehabilitation and repair (\$100,000); the construction of a tornado shelter at the Forensic Science Laboratory in Pittsburg (\$7,800); and the conversion of existing space in the agency's headquarters building in Topeka to create an Internet Crimes Against Children (ICAC) facility (\$250,000). The Governor's recommendation includes the transfer of \$250,000 from the Attorney General's Court Cost Fund to the State General Fund to provide the necessary funding for the ICAC facility.

For FY 2019, the recommendation includes funding for principal debt service payments for the Forensic Science Laboratory in Topeka (\$2.3 million); general rehabilitation and repair (\$100,000); and the conversion of existing space in the agency's headquarters building in Topeka to create an ICAC facility (\$250,000). The Governor's recommendation includes the transfer of \$250,000 from the Attorney General's Court Cost Fund to the State General Fund to provide the necessary funding for the ICAC facility.

B. HB 2459 (Law). HB 2459 creates a new section within the Kansas Standard Asset Seizure and Forfeiture Act (SASFA) requiring the Kansas Bureau of Investigation to establish the Kansas Asset Seizure and Forfeiture Repository on or before July 1, 2019, to gather information concerning each seizure for forfeiture made by a seizing agent pursuant to SASFA.

HB 2459 also creates the following funds to collect any remaining proceeds from the sale of forfeited property after distribution and fees, if the law enforcement entity involved is a state agency, which would need to be appropriated in the budget bill:

- State Forfeiture Fund (Kansas Bureau of Investigation);
- State Medicaid Fraud Forfeiture Fund (Office of the Attorney General);

- State Forfeiture Fund (Kansas Highway Patrol);
- State Forfeiture Fund (Kansas Department of Corrections); and
- Kansas National Guard Counter Drug State Forfeiture Fund (Adjutant General's Department).

For FY 2019, the estimated fiscal impact totals \$345,188, all from the State General Fund, and 1.0 FTE position. The expected expenditures include one-time costs to outsource the creation of the repository, reporting mechanisms, and public website (\$280,500); one-time costs for information technology and furniture equipment (\$10,200); and ongoing costs to hire an additional employee to enter data, train stakeholders, act as a subject matter expert, and respond to requests for information (\$54,488 and 1.0 FTE position).