



April 25, 2019

ITEMS FOR OMNIBUS CONSIDERATION

Secretary of State

A. SCR 1605 (Constitutional Amendment). SCR 1605 submits to the qualified electors of the state an amendment to Article 10, Section 1 of the *Kansas Constitution*, which concerns reapportionment of senatorial and representative districts, to remove the census adjustment for military personnel and students. The amendment will be submitted to the electors at the general election in November 2019.

The agency indicates the estimated cost of publishing the constitutional amendment as required to be \$99,376, all from the State General Fund, for FY 2020. Pursuant to KSA 64-103, proposed constitutional amendments are required to be published in one newspaper in every county where a newspaper is published each week for the three weeks prior to the election. The Office of the Secretary of State indicates the cost estimate was based on the length of SCR 1605.

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

A. Review Funding for the Health Care Access Improvement Program (House and Senate Committees). The **Conference Committee agreed** to add language to authorize the agency to make expenditures to maintain hospital and physician Medicaid rates at the FY 2019 level until the first calendar quarter following approval by the federal Centers for Medicare and Medicaid Services (CMS) of the Health Care Access Improvement Program hospital provider assessment rate adjustment recommended by the 2019 Legislature in FY 2019 and FY 2020. There is additional language in FY 2020 specifying that if the hospital provider rate adjustment is not approved by the 2019 Legislature, the agency is authorized to maintain hospital and physician provider Medicaid rates at the FY 2019 level for the entirety of FY 2020.

The **Conference Committee concurred** with the Senate for FY 2020 to add \$14.2 million, all from the State General Fund, for the Health Care Access Improvement Program. In addition, the **Conference Committee agreed** to add further language in both FY 2019 and FY 2020 to require the agency to submit for approval to CMS a request to increase the hospital assessment rate to 3.0 percent, include hospital outpatient operating revenue in the hospital provider assessment, and use a base year of 2016 for the assessment. The agency would be required to publish the notice of CMS approval in the *Kansas Register*, and the changes would take effect on or after January or July 1 immediately following publication and no additional moneys appropriated from the State General Fund would be allowed to be expended to support rate enhancements under the hospital provider assessment.

The original Senate position was to review the item at Omnibus due to pending legislation to increase the provider assessment (SB 225). The Senate Committee then added \$14.2 million, all from the State General Fund, but retained the recommendation to review the item at Omnibus.

B. Review Maximus Contract Negotiations (House and Senate Committees). The Conference Committee deleted \$5.0 million, all from special revenue funds, for contractual services for Maximus for FY 2020 and recommended review of the item at Omnibus. This item is related to the KanCare Clearinghouse enhancement to in-source long-term care and the elderly and disabled KanCare eligibility applications. The agency previously reported the full budgeted amount of \$31.8 million would be needed for contract negotiations with Maximus. The agency indicated it has reached an agreement with Maximus for a total extension of 18 months, with a reduced contract scope beginning January 1, 2020. The contract extension will also have Maximus continuing to process family medical applications through December 31, 2020. The agency stated no savings were available as a result of the negotiated extension and requested the previously deleted funds be restored.

C. Review Funding for Juvenile Crisis Intervention Centers (Senate Committee). The Senate deleted \$6.0 million, all from the Evidence Based Juvenile Programs account of the State General Fund, and added the same amount to the Kansas Department of Corrections (KDOC). The Senate requested the agencies involved with this item, including the Kansas Department of Health and Environment (KDHE), the Kansas Department for Aging and Disability Services (KDADS), the Department for Children and Families (DCF), and KDOC report back at Omnibus on a plan for implementation and the funding necessary for implementation. See the DCF section for further detail.

D. SB 67 (Veto). SB 67 requires certain notifications be posted in facilities where medication abortions that use mifepristone are provided and be given by physicians providing such abortions. Among other things, the bill provides relevant definitions and creates civil and criminal penalties for violating the notification requirements. The notice would be required to include information about the KDHE website, which is required to be maintained under the Woman's Right-to-Know Act (KSA 65-6710), and other relevant telephone and Internet resources containing information on where the patient can obtain timely assistance to attempt to reverse the medication abortion. [Note: KDHE is required to publish and distribute certain informational materials, which are updated on an annual basis.]

The bill requires, within 90 days after the effective date of the bill, KDHE cause to be published, in English and in each language that is the primary language of 2.0 percent or more of the state's population, in print and on the website required by law, comprehensible materials designed to inform women of the possibility of reversing the effects of a medication abortion that uses mifepristone and information on resources available to reverse the effects of a medication abortion that uses mifepristone. The website also includes other relevant telephone and Internet resources containing information on where the patient may obtain timely assistance to attempt to reverse the medication abortion.

The bill requires KDHE to assess a fine of \$10,000 to any private office, freestanding surgical outpatient clinic, hospital, or other clinic or facility that fails to post the sign. Each day the required sign is not posted is a separate violation. KDHE is required to remit all moneys received from fines to the State Treasurer. The State Treasurer is required to deposit the entire amount of money remitted in the State Treasury to the credit of the State General Fund.

The bill requires any person licensed by the State Board of Healing Arts or the Board of Nursing who prescribes or administers progesterone for the purpose of reversing a medication abortion report to KDHE within 14 days of prescription or administration the person has prescribed or administered progesterone to a patient for such purpose; if the progesterone treatment fails to reverse the effects of the medication abortion, report to KDHE within 14 days of such failure; and if the woman to whom progesterone is prescribed or administered for the purpose of reversing a medication abortion successfully carries the pregnancy to term, report to KDHE the maternal and newborn health conditions at the time of birth within 14 days of the birth.

KDHE estimates the bill will require expenditures of \$27,450, all from the State General Fund, to implement the requirements of SB 67 for FY 2020. The agency indicates the bill would require consultation with a medical provider to develop comprehensible, accurate content to be added to existing print and online resources and materials. The funding would be required for printing, postage, and contractual services. The agency would absorb within existing resources costs related to staff coordination and review of materials, printing, distributing orders, and other activities.

E. Human Services Consensus Caseloads - GBA No. 1, Item 7, Page 5. 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 12, 2019, to revise the estimates on human services caseload expenditures for FY 2019 and FY 2020. The caseload estimates include expenditures for Temporary Assistance for Families, the Reintegration/Foster Care Contracts, KanCare Regular Medical Assistance, and KDADS Non-KanCare. A chart summarizing the estimates for FY 2019 and FY 2020 is attached at the end of this memorandum.

Since an appropriations bill for fiscal years 2019 and 2020 has not yet been passed by the 2019 Legislature, the starting point for the April 2019 estimates was the Governor's recommendations for FY 2019 and FY 2020. The estimate for FY 2019 is a decrease of \$15.9 million from all funding sources and a State General Fund decrease of \$12.3 million compared to the FY 2019 Governor's recommendation. The estimate for FY 2020 is an increase of \$5.4 million from all funding sources and a State General Fund increase of \$4.2 million above the FY 2020 Governor's recommendation. **The combined estimate for FY 2019 and FY 2020 is an all funds decrease of \$10.4 million and a State General Fund decrease of \$8.0 million below 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 memorandum, KanCare Medical estimates include all Medicaid KanCare expenditures for all agencies.

FY 2019

The FY 2019 revised estimate for all human service caseloads is \$3.5 billion from all funding sources, including \$1.3 billion from the State General Fund. The estimate is a change from the amount recommended by the Governor, reflecting an all funds decrease of \$15.9 million and a State General Fund decrease of \$12.3 million.

The FY 2019 estimate for the Temporary Assistance for Needy Families Program is \$12.0 million from all funding sources. This is a decrease of \$200,000, all from federal funds, below the Governor's recommendation. The number of individuals receiving cash assistance benefits is expected to decrease more than was anticipated in the fall estimate. The FY 2019 estimate for the Foster Care Program is \$215.0 million, including \$149.7 million from the State General Fund. Estimated expenditures for the Foster Care program were increased above the Governor's recommendation by \$5.5 million from all funding sources, including \$2.2 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, but the new estimate for children in care is below the number estimated in the fall. In addition to the increasing number of children in foster care in FY 2019, it is estimated that contract costs will continue to increase. DCF has negotiated new rates with the current foster care contractors for the remainder of FY 2019. The main drivers of increased costs for FY 2019 are increases in placement costs related to limited capacity, costs for higher daycare utilization, emergency placements to keep children from staying overnight in contractor offices, increased security measures for contractor offices, more placements for higher needs children, an increased number of children entering DCF custody from the juvenile justice system, and personnel and transportation costs related to an increased number of children in care. While the caseload has continued to increase, DCF reports that the overall growth for FY 2019 is 2.2 percent, which is lower than the recent average annual increase of 5.6 percent. A major factor in the slower growth is an increase in adoptions through DCF initiatives.

The FY 2019 estimate for KanCare Medical is \$3.2 billion, including \$1.1 billion from the State General Fund, reflecting a decrease of \$22.5 million from all funding sources and a State General Fund decrease of \$15.2 million below the Governor's recommendation. The KanCare Medical estimate includes medical expenditures for KDHE and KDADS. The decrease in KanCare Medical costs is attributable to several factors including a reduction in the projected member enrollment of 1.0 percent from the fall estimate, and overall enrollment is down 1.9 percent from FY 2018. Member enrollment continues to decrease as a result of the resolution of the eligibility backlog and resumption of full annual reviews. In addition, the OneCare Kansas health homes estimate was eliminated in FY 2019 as the implementation date was delayed to January 1, 2020. The estimate includes \$6.0 million, all from the State General Fund, to account for a \$6.0 million transfer to the Department of Corrections for juvenile crisis intervention centers. There are no estimated expenditures for these centers and this amount was already factored into caseload savings in the fall estimates.

The FY 2019 estimate for KDADS Non-KanCare is \$60.8 million, including \$35.3 million from the State General Fund. The estimate reflects an increase of \$1.3 million from all funding sources and a State General Fund increase of \$730,000 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 due to delays in eligibility determinations for pending claims. The increase is also attributable to increased expenditures for home and community-based services waiver assessments.

FY 2020

The FY 2020 revised estimate is \$4.1 billion from all funding sources, including \$1.3 billion from the State General Fund. The estimate is a change from the amount recommended by the Governor, reflecting an all funds increase of \$5.4 million and a State General Fund increase of \$4.2 million.

The FY 2020 estimate for the Temporary Assistance for Needy Families Program is \$11.0 million from all funding sources. The estimate is a decrease of \$600,000 from all funding sources from the Governor's recommendation. The number of individuals receiving cash assistance benefits is expected to decrease more than was anticipated in the fall estimate. The FY 2020 estimate for the Foster Care Program is \$242.8 million, including \$172.0 million from the State General Fund. The estimate is a decrease of \$2.2 million from all funding sources, including \$3.0 million from the State General Fund, below the Governor's recommendation. The number of children anticipated to be served in the foster care system is still expected to increase over FY 2019. However, the increase is less than the increase included in the fall estimate. The costs for foster care services are expected to continue to increase compared to the Governor's recommendation. One significant change since the fall estimate is the extension of the current foster care contracts. The current contracts now run through September 30, 2019 with the new grants starting October 1, 2019. DCF has negotiated new rates for the current foster care contracts for the first quarter of FY 2020 and for the new foster care case management grants starting in the second quarter of FY 2020.

The FY 2020 estimate for KanCare Medical is \$3.8 billion from all funding sources, including \$1.1 billion from the State General Fund. The estimate reflects an increase of \$6.3 million from all funding sources and a State General Fund increase of \$5.6 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 2020. Projected member enrollment is estimated to increase over FY 2019. The primary cause for the increase in State General Fund is due to the repayment of \$17.8 million for a portion of federal Children's Health Insurance Program bonus payments received from FY 2009 through FY 2013 that were disallowed by the federal Centers for Medicare and Medicaid Services (CMS). KDHE maintains that the data used in Kansas' bonus payment calculations were in accordance with Federal requirements. However, CMS suggests that Kansas overstated FY 2009 through FY 2013 by including individuals who did not qualify because of their basis-of-eligibility category. KDHE plans to appeal the final determination. The OneCare Kansas health homes estimate was reduced as the implementation date was delayed to January 1, 2020. The estimate assumes budget neutral expenditures for the Health Care Access Improvement Program as a solution for the program continues to be discussed in the budget process. In addition, the estimate includes \$6.0 million, all from the State General Fund, to account for a \$6.0 million transfer to the Department of Corrections for juvenile crisis intervention centers. There are no estimated expenditures for these centers and this amount was already factored into caseload savings in the fall estimates.

The Nursing Facility Provider Assessment estimate is decreased by \$2.0 million in the revised estimate. The estimate was reduced as some providers have struggled with cash flow issues, some facilities have decreased their number of patient beds resulting in a lower amount per bed, some facilities are on delayed payment plans,; and other facilities are not currently contributing to the Provider Assessment due to falling into receivership.

It should be noted that the KanCare estimate for FY 2020 includes expenditures of \$509.0 million, including \$14.2 million from the State General Fund, to reflect the Governor's recommendation for expansion of Medicaid.

The FY 2020 estimate for KDADS Non-KanCare is \$63.6 million, including \$36.2 million from the State General Fund. The estimate reflects an increase of \$2.0 million, including \$1.6 million from the State General Fund, above the Governor's recommendation. The increase in KDADS Non-KanCare costs is primarily attributable to an anticipated increase in the reimbursement rates for Nursing Facilities for Mental Health (NFMH). The increase is also

attributable to an increase in the number of assessments for the Medicaid Home and Community Based Services (HCBS) waiver for individuals with a Traumatic Brain Injury (TBI), due to removal of the requirement of a traumatic onset and removal of the limitation of the waiver to certain age ranges.

F. GBA No. 1, Item 8, Page 6 - Children's Health Insurance Program (CHIP) Bonus Repayment.

Children's Initiatives Fund

A. Tobacco Settlement Revenue Estimates. KLRD, the Division of the Budget, and the Office of the Attorney General met on April 19, 2019, to discuss the projected revenue from the tobacco settlements. The informal consensus estimate for receipts from the tobacco settlement agreement for FY 2019 is estimated to be \$56.0 million, which is an increase of \$4.0 million above the Fall 2018 estimate. The consensus estimate for tobacco settlement receipts for FY 2020 totals \$52.0 million, which is the same as the Fall 2018 consensus estimate.

Kansas Department for Aging and Disability Services

A. Clubhouse Model Program Funding (Senate Committee). The Senate Committee recommended considering the addition of funding for Clubhouse Model Programs in FY 2019. Clubhouse Model Programs are nonprofit social and vocational programs for individuals with severe and persistent mental illness. Enacted 2018 Sub. for HB 2194 would have added \$1.0 million from net revenue of lottery vending machines for Clubhouse Model Programs in FY 2019. However, due to delayed implementation, it is estimated that little to no revenue will be received from lottery vending machines in FY 2019. Separately from lottery vending machine revenue, KDADS included \$250,000 in funding for Clubhouse Model Programs in its FY 2019 budget and the **Conference Committee added** an additional \$250,000, all from the State General Fund, for Clubhouse Model Program funding in FY 2019. This total of \$500,000 is the same amount of funding Clubhouse Model Programs received from KDADS in FY 2018.

Representatives from Clubhouse Model Programs request an additional \$196,304, all from the State General Fund, to allow for the opening and expansion of other programs and services. Providers requested this amount of funding for start-up funding at Clubhouse Model Programs in Hutchinson (\$43,281), Olathe (\$49,500), and Topeka (\$53,523), as well as training and travel expenses for 16 individuals at the Clubhouse training (Independence Center) based in St. Louis, Missouri (\$50,000).

B. Medicaid Outpatient Behavioral Health Reimbursement Rates (Senate Committee). The Senate Committee recommended considering the addition of \$9.2 million, including \$3.8 million from the State General Fund, to provide a 4.0 percent increase in Medicaid outpatient behavioral health (including psychiatry) reimbursement rates for FY 2020. Funding for this increase was not included in KDADS' budget request and was not included in the Governor's recommendation in FY 2019 and FY 2020. Representatives from KDADS were contacted for additional clarity or updates on this item and the agency states its calculations show a 4.0 percent increase in behavioral health codes would be estimated, totaling approximately \$11.5 million from all funds.

Representatives from the Association of Community Mental Health Centers (ACMHCs) state multiple surrounding states are considering or have already implemented increases for behavioral health codes in recent years, such as Missouri and Nebraska participating in the

federal Certified Community Behavioral Health Center initiative, which provides them with cost-based reimbursements, and Colorado expanding Medicaid. Representatives from ACMHCs state, “Medicaid rates for behavioral health services have been stagnant for over a decade. While there have been a handful of increases to rates of individual Medicaid codes, these adjustments also included corresponding decreases to other codes. Previous adjustments were revenue neutral at best or resulted in reductions for providers. Unlike other Medicaid providers that receive cost-based reimbursement, are rebased annually, or have provider assessments to increase rates, outpatient behavioral health Medicaid providers do not receive regular rate increases. The lack of adequate Medicaid rates is creating workforce challenges for providers.” Representatives from ACMHCs estimate the cost of a 4.0 percent increase for behavioral health services, including mental health and substance use disorder treatment, would cost \$12.0 million from all funds, including \$5.0 million from the State General Fund.

C. Update on Psychiatric Residential Treatment Facilities (Senate Committee). The Senate Committee requested an update on the status of Psychiatric Residential Treatment Facilities (PRTFs), which are private licensed facilities providing out-of-home residential psychiatric treatment to children and adolescents whose mental health needs cannot be effectively and safely met in a community setting. The facilities are intended to provide active treatment in a structured therapeutic environment for children and youth with significant functional impairments resulting from identified mental health diagnosis, substance use diagnosis, sexual abuse disorders, and mental health diagnosis with co-occurring disorder. There are currently 9 PRTFs in Kansas.

Representatives from KDADS provided an update on PRTFs, noting there are currently 262 youth in Kansas PRTFs. The overall PRTF census includes 108 children in foster care, or 41.0 percent of the census. There are currently 46 out-of-state youth in Kansas PRTFs, though 44 of these youth are located at a PRTF that specializes in services for youth with intellectual or developmental disabilities (Lake Mary in Paola, Kansas). There are currently 160 individuals on the waiting list for PRTF services, including 45 individuals in foster care, or 28.0 percent of the waiting list.

D. Update on Need for Additional Inpatient Psychiatric Beds (Senate Committee). The Senate Committee requested KDADS provide an update on the need for additional inpatient psychiatric beds statewide. Representatives from KDADS provided an update stating the agency has been developing a strategy for increasing the capacity of the mental health system to address inpatient services. This strategy includes the following three core aspects.

(1) Strengthen and expand community-based services that prevent behavioral health crises and divert patients from more restrictive inpatient services. By strengthening the community supports for behavioral health services and increasing access to care, demand on inpatient settings will be reduced. A recent example of these efforts is that of creating and opening KanCare billing codes for community integration services that support Housing First approaches to stabilizing mental health and substance use disorder patients at-risk for homelessness and utilizing SOAR to expedite the Social Security benefits of disabled patients leaving the state hospitals during discharge planning to help prevent their re-admission.

(2) Create and expand new levels of short-term crisis intervention and crisis stabilization at local and regional levels across the state in public-private partnerships with local governments and service providers. Currently, KDADS is working in partnership with other state agencies to develop regulations and licensing procedures for community-based crisis intervention centers and juvenile crisis intervention centers. KDADS is currently providing partial funding to five Crisis Stabilization Unit projects including RSI. KDADS’ strategy reflects an

immediate growth opportunity that would include 36-60 new regional psychiatric hospital beds, which was recommended in the Mental Health Task Force report. Increased adult inpatient bed capacity in Crisis Intervention Centers, Crisis Stabilization Units, and Regional Beds would reduce the need for hospitalization at Osawatomie State Hospital and Larned State Hospital. Juvenile crisis intervention centers would also increase available options for youth and children and reduce demand on the PRTFs.

(3) Expand High Acuity Psychiatric Hospitalization for Youth (HAPHY), PRTF, and state hospital bed capacity to reduce or eliminate waiting lists. KDADS is working with current providers to add 28 additional PRTF beds and 49 additional HAPHY beds in the youth system of care.

E. Human Services Consensus Caseloads - GBA No. 1, Item 7, Page 5. The Division of the Budget, DCF, KDHE, KDADS, and KLRD met on April 12, 2019, to revise the estimates on human services caseload expenditures for FY 2019 and FY 2020.

The FY 2019 estimate for KDADS non-KanCare is \$60.8 million, including \$35.3 million from the State General Fund. The estimate reflects an increase of \$1.3 million from all funds and a State General Fund increase of \$730,000 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 due to delays in eligibility determinations for pending claims. The increase is also attributable to increased expenditures for Home and Community Based Services waiver assessments.

The FY 2020 estimate for KDADS non-KanCare is \$63.6 million, including \$36.2 million from the State General Fund. The estimate reflects an increase of \$2.0 million, including \$1.6 million from the State General Fund, above the Governor's recommendation. The increase in KDADS non-KanCare costs is primarily attributable to an anticipated increase in the reimbursement rates for nursing facilities for mental health. The increase is also attributable to an increase in the number of assessments for the Medicaid Home and Community Based Services waiver for individuals with a Traumatic Brain Injury due to removal of the requirement of a traumatic onset and removal of the limitation of the waiver to certain age ranges.

For additional information on Human Services Consensus Caseloads, see KDHE–Division of Health Care Finance, Item E, page 3, of this memorandum.

Larned State Hospital

A. Review Increases in State Hospital Employee Salaries (House Committee). The House Committee recommended review of possible increases in state hospital employee salaries at Omnibus. In its budget submission to the 2019 Legislature, Larned State Hospital (LSH) did not request enhancement funding for salary increases for state hospital employees in FY 2019 and FY 2020. The House Budget Committee received testimony indicating the starting wages for mental health developmental disability technicians (MHDDTs) was less than the starting wages for comparable positions at Larned Correctional Mental Health Facility (LCMHF), though both facilities occupy the same grounds. The House Budget Committee also received testimony that LSH was having difficulty filling these positions and retaining staff. The House Budget Committee recommended the agency raise the starting wages for MHDDTs to the same amount as comparable positions at LCMHF, but did not add any additional funding in FY 2019 and FY 2020. The House Committee did not recommend increasing LSH employee wages, but recommended the Committee consider increases in state hospital employee wages at Omnibus. Representatives from KDADS were contacted to provide an update and clarity on this item, and

reported the amount of funding needed to raise the MHDDT starting hourly wage (\$14.66 per hour) and wages in between to the starting hourly wage for comparable positions at LCMHF (\$15.75 per hour) would total \$683,742, all from the State General Fund, for FY 2020. This amount includes \$373,861 for 201.5 FTE positions currently filled and \$309,881 for 102.0 FTE positions currently vacant.

Osawatomie State Hospital

A. GBA No. 1, Item 6, Page 5 – Revenue Shortfall.

Parsons State Hospital and Training Center

A. Review Increases in State Hospital Employee Salaries (House Committee). The House Committee recommended review of possible increases in state hospital employee salaries at Omnibus. In its budget submission to the 2019 Legislature, Parsons State Hospital and Training Center (PSH&TC) requested enhancement funding of \$2.1 million, all from the State General Fund, for salary increases for direct care staff for FY 2020. The Governor did not recommend funding for this enhancement. The House Budget Committee recommended adding \$500,000 in FY 2019 and \$1.0 million for FY 2020, all from the State General Fund, for salary increases for direct care staff. The House Committee did not recommend these increases, but recommended the Committee consider increases in state hospital employee salaries at Omnibus. Representatives from KDADS were contacted to provide an update and clarity on this item, and reported the request for salary increases for these employees was intended to assist with the recruitment and retention of qualified employees who leave PSH&TC for higher paying, less stressful, and less dangerous employment within the community.

Kansas Commission on Veterans' Affairs Office

A. Halsey Hall Kitchen Capital Improvements Project (Senate Committee). The Senate Committee recommended review of the agency's request for additional funding for the Halsey Hall kitchen capital improvement project at the Kansas Soldiers' Home at Fort Dodge, totaling \$265,275, all from the State Institutions Building Fund, in FY 2019. The 2016 Legislature approved \$412,500, all from the State Institutions Building Fund, for the renovation of the Halsey Hall kitchen for FY 2017. The project includes replacement of 40-year-old kitchen equipment with modern energy-efficient equipment; replacement of flooring, ceiling, and fixtures of the area; and updating the serving line floor plan to better accommodate handicapped residents.

When the agency received bids to complete the project, the totals were \$265,275 higher than the original estimate. The agency states it has waited to begin this project until all necessary funding was approved. For the 2019 Legislative Session, the agency requested \$265,275, all from the State Institutions Building Fund, in FY 2019. The Governor did not recommend the funding. The Joint Committee on State Building Construction concurred with the Governor's recommendation.

Department for Children and Families

A. Children's Advocacy Centers (Senate Committee). The Senate Committee requested additional information regarding funding for Children's Advocacy Centers (CACs), which are independent, non-profit agencies that provide child-focused, community-oriented

programs that coordinate investigation and intervention services for abused children by bringing together professionals and agencies in a comprehensive, multi-disciplinary model.

DCF indicates the agency collaborates with CACs in the following ways:

- The agency coordinates the Children's Justice Act (CJA) grant. The CJA is a federally funded program that helps states develop, establish, and operate programs to improve the handling of child abuse and neglect cases. The Children's Advocacy Centers' statewide organization, the Children's Advocacy Centers of Kansas, receives \$37,000 from the CJA grant;
- The agency makes referrals to local CACs for forensic interviews; and
- The agency enters into a memorandum of understanding with the local CACs in order to participate in multi-disciplinary teams (MDT). Each CAC in Kansas facilitates county-based MDTs to bring together stakeholders involved in the child welfare system.

The Governor's Grants Office manages the Children's Advocacy Center Grant Program. The grant's purpose is to initiate, enhance, or expand grant projects that establish comprehensive CACs. The Kansas Chapter of Children's Advocacy Centers works with the Governor's Grants Program to implement and provide technical assistance and training for the CAC Grant Program.

B. Family First Prevention Services Act Task Force (House Committee). The House Committee added language to establish a 15-member Family First Prevention Services Act (FFPSA) Task Force. The proviso language identifies the following Task Force members:

- The Secretary for Children and Families;
- A representative of KDADS;
- One judge with experience in child in need of care matters appointed by the Chief Justice of the Supreme Court;
- One attorney with experience in child in need of care matters appointed by the Kansas County and District Attorneys Association;
- One member of the House Committee of Health and Human Services appointed by the Speaker of the House;
- One member of the House Committee on Health and Human Services appointed by the House Minority Leader;
- One member of the House Committee on Children and Seniors appointed by the Speaker of the House;
- One member of the Senate Committee on Public Health and Welfare appointed by the President of the Senate;
- One member of the Senate Committee on Public Health and Welfare appointed by the Senate Minority Leader; and
- One appointed by each of the following organizations:
 - The Children's Alliance of Kansas;

- The Kansas Children’s Service League;
- Saint Francis Ministries;
- KVC Health Systems;
- The Association of Community Mental Health Centers of Kansas; and
- The Kansas Association of Addiction Professionals.

The proviso language would authorize the FFPSA Task Force to meet during the 2020 Legislative Session and would require DCF to submit a report detailing the work of the Task Force to the 2020 Legislature on or before January 13, 2020. The **Conference Committee agreed** to consider the language at Omnibus.

DCF indicates the agency is mandated by federal law to assemble statewide and regional work groups to follow the progress of FFPSA and provide feedback on the impact of implementation on the outcomes through data and case review. These work groups will be made up of members from state agencies and other stakeholders involved in the child welfare system. DCF indicates the proviso language may create a conflict of interest for the service providers specifically mandated in the bill to participate in the Task Force.

C. Juvenile Crisis Intervention Centers (Senate Committee). The Senate Committee requested an update from DCF regarding juvenile crisis intervention centers (JCICs).

House Sub. for SB 179 (2018) created and amended law to establish JCICs. The bill describes an intervention center as a facility that provides short-term observation, assessment, treatment, and case planning and referral for any juvenile who is experiencing a mental health crisis and is likely to cause harm to self or others. The bill also requires the Secretary for Children and Families to provide an annual report of information regarding outcomes of juveniles admitted to JCICs to the Joint Committee on Corrections and Juvenile Justice Oversight, the House Committee on Corrections and Juvenile Justice, and the Senate Committee on Judiciary. Additionally, the Secretary of Corrections may enter into memoranda of agreement with other cabinet agencies to provide funding, not to exceed \$2,000,000 annually, from the Evidence-based Programs Account of the State General Fund or other available appropriations for the JCICs.

DCF indicates a request for proposal (RFP) was released on October 15, 2018. DCF received one response from the Johnson County Department of Corrections Juvenile Services (Johnson County) that included short-term observation, treatment, and case planning limited to 30 days. Johnson County was offered the award on December 13, 2018; however, no award was drafted and Johnson County pulled their proposal due to financial issues.

DCF indicates an inter-agency work group consisting of DCF, KDADS, KDOC, and KDHE was created to discuss access to services and explore short- and long-term planning for services to support families with youth experiencing a mental health crisis. The work group is also working to define how JCICs should operate. The work group indicates JCIC treatment would be appropriate for youth in need of an intervention for behavioral issues that could lead to harm to self or others, but whose issues are not so severe that acute care is required. The work group also indicates the treatment should occur in collaboration with community mental health centers and should not last more than 30 days. DCF indicates KDADS is working on an RFP that would establish a pilot program of JCICs in collaboration with community mental health centers.

D. SB 77 (Law). SB 77 creates law in the Revised Kansas Code for Care of Children (CINC Code); defines a “child with sexual behavior problems” to mean a person under 18 years of age who has allegedly committed sexual abuse against another person under 18 years of age; and requires DCF to take certain actions when reports of child abuse or neglect are received, the subject of such report is a child with sexual behavior problems, and DCF determines a joint investigation with law enforcement is required in accordance with the CINC Code. Under such circumstances, DCF must immediately provide a referral to a child advocacy center or other mental health provider and, as needed, offer additional services to the child and the child’s family. Such services shall be voluntary, unless DCF determines there will be a high risk of future sexual behavior problems by the child if the child or family refuses services.

The bill also requires DCF to document attempts to provide voluntary services, reasons the services are important to reduce the risk of future sexual behavior problems by the child, whether services are accepted and provided, and the outcome for the child and family. The bill specifies none of its provisions shall prohibit any action or investigation by DCF otherwise authorized by law.

DCF requests \$126,352, including \$114,158 from the State General Fund, and 2.0 FTE positions for FY 2020 to implement the provisions of SB 77. This includes \$114,864 for salaries and wages for the 2.0 additional FTE positions and \$14,488 for other operating expenses. The estimate includes 1.0 additional child protection investigator and 1.0 position for the Kansas Protection Reporting Center. DCF indicates SB 77, as enrolled, may increase calls to the Kansas Protection Reporting Center and investigations annually. DCF indicates any costs related to the requirement to offer additional services as needed could be absorbed within current budgetary resources.

E. Human Services Consensus Caseloads – GBA No. 1, Item 7, Page 5. The Division of the Budget, DCF, KDHE, KDADS, and KLRD met on April 12, 2019, to revise the estimates on human services caseload expenditures for FY 2019 and FY 2020. 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 FY 2019 estimate for the Temporary Assistance for Needy Families Program is \$12.0 million from all funds. This is a decrease of \$200,000, all from federal funds, below the Governor’s recommendation. The number of individuals receiving cash assistance benefits is expected to decrease more than was anticipated in the fall estimate. The FY 2019 estimate for the Foster Care program is \$215.0 million, including \$149.7 million from the State General Fund. Estimated expenditures for the Foster Care program were increased above the Governor’s recommendation by \$5.5 million from all funds, including \$2.2 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, but the new estimate for children in care is below the number estimated in the fall. In addition to the increasing number of children in foster care in FY 2019, it is estimated contract costs will continue to increase. DCF has negotiated new rates with the current foster care contractors for the remainder of FY 2019. The main drivers of increased costs for FY 2019 are increases in placement costs related to limited capacity, costs for higher daycare utilization, emergency placements to keep children from staying overnight in contractor offices, increased security measures for contractor offices, more placements for higher needs children, an increased number of children entering DCF custody from the juvenile justice system, and personnel and transportation costs related to an increased number of children in care. While the caseload has continued to increase, DCF reports the overall growth for FY 2019 is 2.2 percent, which is lower than the recent average annual

increase of 5.6 percent. A major factor in the slower growth is an increase in adoptions through DCF initiatives.

The FY 2020 estimate for the Temporary Assistance for Needy Families Program is \$11.0 million from all funds. The estimate is a decrease of \$600,000 from all funds below the Governor’s recommendation. The number of individuals receiving cash assistance benefits is expected to decrease more than was anticipated in the fall estimate. The FY 2020 estimate for the Foster Care program is \$242.8 million, including \$172.0 million from the State General Fund. The estimate is a decrease of \$2.2 million from all funds, including \$3.0 million from the State General Fund, below the Governor’s recommendation. The number of children anticipated to be served in the foster care system is still expected to increase above FY 2019. However, the increase is less than the increase included in the fall estimate. The costs for foster care services are expected to continue to increase compared to the Governor’s recommendation. One significant change since the fall estimate is the extension of the current foster care contracts. The current contracts now run through September 30, 2019, with the new grants starting October 1, 2019. DCF has negotiated new rates for the current foster care contracts for the first quarter of FY 2020 and for the new foster care case management grants starting in the second quarter of FY 2020.

Board of Pharmacy

A. Review Funding for the Prescription Monitoring Program (K-TRACS) (Senate Committee). The Senate Committee recommended reviewing the agency transfers from the Board of Healing Arts (BOHA), Board of Nursing, Board of Examiners in Optometry, and the Dental Board to the Board of Pharmacy for the Prescription Monitoring Program (K-TRACS) for FY 2020 and FY 2021 at Omnibus. The **Conference Committee agreed** to add \$705,000, all from special revenue funds, for the transfer from the Medical Programs Fee Fund in KDHE (drug rebates) and \$305,000, all from special revenue funds, for increased agency transfers from the BOHA, Board of Nursing, Board of Examiners in Optometry, and Dental Board to the Board of Pharmacy Fee Fund for FY 2020 and FY 2021.

K-TRACS Agency Transfers - Conference Committee Recommendation					
Agency	Rec. Transfer	FY 2020		FY 2021	
		FF Beg. Balance	FF Ending Balance	FF Beg. Balance	FF Ending Balance
Board of Nursing	\$103,500	\$692,763	\$276,173	\$276,173	(\$120,437)
Dental Board	\$41,500	\$784,120	\$800,918	\$800,918	\$791,856
Board of Healing Arts	\$235,500	\$2,709,542	\$2,531,099	\$2,531,099	\$2,319,208
Board of Examiners in Optometry	\$16,500	\$146,897	\$111,592	\$111,592	\$101,712
Board of Pharmacy	\$130,000	\$1,195,128	\$632,375	\$632,375	(\$13,973)

The agency indicates additional funding for K-TRACS may be available through KDHE’s proposal to the federal Centers for Disease Control and Prevention for Overdose Data to Action. The application is due May 1, 2019, with funding awarded in late August or early September 2019. The funding opportunity would cover the cost of an epidemiologist position, a portion of statewide integration (INTEGRx8), NARxCARE, and a portion of PERx. The agency anticipates the funding, if awarded, could total \$655,150.

B. HB 2119 (Law). HB 2119 amends the Pharmacy Act to require certain prescription orders be transmitted electronically and to permit a licensed pharmacist to administer a drug by injection in certain situations. The bill also allows a business entity issued a certificate of authorization by BOHA to employ or contract with one or more licensees of BOHA for the purpose of providing professional services for which such licensees hold a valid license by BOHA.

The Board of Pharmacy requests \$91,170, all from special revenue funds, and an increase of 0.8 FTE positions, for increased staff to issue waivers, review complaints, and conduct relevant inspections and investigations to ensure compliance with the law. The agency indicates total associated staff time associated with the increased complaints and investigations would require a 0.5 FTE inspector position and 0.3 FTE licensing position.

Additionally, BOHA requests \$57,063, all from special revenue funds, and 1.0 FTE position for increased staff to review complaints, conduct investigations, and draft and implement rules and regulations. The agency anticipates there will be approximately four new business entities certified the first year, with anticipated revenue totaling \$4,000.

Kansas State Board of Healing Arts

A. Review Funding for the Prescription Monitoring Program (K-TRACS) (Senate Committee). See the Board of Pharmacy Item A, Page 13 for additional information.

Board of Nursing

A. Review Funding for the Prescription Monitoring Program (K-TRACS) (Senate Committee). See Board of Pharmacy Item A, on Page 13 for additional information.

Board of Examiners in Optometry

A. Review Funding for the Prescription Monitoring Program (K-TRACS) (Senate Committee). See the Board of Pharmacy Item A, Page 13 for additional information.

Kansas Dental Board

A. Review Funding for the Prescription Monitoring Program (K-TRACS) (Senate Committee). See Board of Pharmacy Item A, on Page 13 for additional information.

Kansas Human Rights Commission

A. Review the Agency's Supplemental Request for State Retirement Benefits, Health Insurance, State Building Charges, and Office of Information Technology Services (OITS) Fees (Senate Committee). The Senate Committee requested a review of the agency's supplemental request for \$29,937 in FY 2019 and \$67,042 in FY 2020, all from the State General Fund, to provide funding for rate increases in state retirement benefits, health insurance benefits, state building charges, and OITS fees in FY 2019. The agency indicated it is difficult to absorb increased rates without corresponding increases to its State General Fund appropriation. The agency states, "The increased fringe benefits and operating costs require the agency to exhaust limited federal fund resources or reduce expenditures funded by the State General Fund in other areas of the budget. Reallocating State General Fund resources usually

means leaving positions vacant that would otherwise be filled.” The Governor did not recommend the agency’s supplemental request.

B. GBA No. 1, Item 2, Page 3 - Database Conversion

Board of Regents

A. Review the Addition of Funding for State Universities, Community Colleges, Technical Colleges, and Washburn University (Senate Committee). The Board of Regents has enhancement requests for the state universities (\$50.0 million), Tiered Technical State Aid (\$7.2 million), Non-Tiered Course Credit Hour Grant (\$18.0 million), and Washburn University (\$2.2 million). The **Conference Committee agreed** to add \$7.5 million, all from the State General Fund, to the four items. The Senate Committee recommends reviewing the possibility of adding an additional \$33.0 million to these line items to help offset tuition and close the gap to the funding model for the community and technical colleges for FY 2020.

B. GBA No. 1, Item 12, Page 8 - Career and Technical Education Initiative.

Kansas State University–Extension Systems and Agricultural Research Programs

A. Review the Funding for the Fire Suppression/Kansas Forestry Service (Senate Committee). The Senate Committee recommended funding the Kansas State University–Extension Systems and Agricultural Research Programs agency new line item with \$1.45 million, all from the State General Fund. The Senate Committee recommended review of the funding at Omnibus. The **Conference Committee agreed** to a line item totaling \$650,000, all from the State General Fund, for FY 2020.

Department of Education

A. Review Addition of Funding for Evidence-based Reading Programs (Senate Committee). For several years, the Department of Education’s budget included \$2.1 million, all from the State General Fund, for Kansas Reading Success, a statewide contract that made computer-based reading instruction available to Kansas school districts. The Governor’s recommendation for FY 2020 eliminated funding for this contract. In 2019 Sub. for SB 75, the Senate Committee added \$1.8 million, all from the State General Fund, for evidence-based reading programs for FY 2020. The Senate Committee also added language governing the distribution of the funds to school districts. The language specified funding could be used for a variety of evidence-based reading programs, including, but not limited to, the computer-based instruction that was available as part of the Kansas Reading Success contract.

The **Conference Committee considered** funding for evidence-based reading programs, but has not yet reached an agreement. The last Senate offer included \$900,000, all from the State General Fund, and additional language to require a 25.0 percent match from school districts.

B. Review Possible Addition of Funding for School Safety and Security Grants (Conference Committee). The **Conference Committee requested** to review the possible addition of \$5.0 million, all from the State General Fund, for School Safety and Security Grants for FY 2020. House Sub. for SB 109 (2018) appropriated \$5.0 million, all from special revenue funds, for such grants and required school districts to match the amount of the grant on a dollar-for-dollar basis. The language governing the distribution of the grants required the moneys be

used for “school safety and security improvements as approved” by the Kansas State Board of Education (KSBE).

For FY 2019, the KSBE awarded grants to 156 of the state’s 286 school districts. KSBE distributed funding based on the following formula: \$18.30 per student, or the actual amount requested by the school district, whichever was lower. The average grant was \$32,268. The smallest grant was awarded to Healy (USD 468) for \$1,043 and the largest was awarded to Wichita (USD 259) for \$922,613.

The agency’s budget request for FY 2020 included \$5.0 million, all from the State General Fund, for School Safety and Security Grants. The Governor’s recommendation for FY 2020 eliminated funding for the grants.

C. House Sub. for SB 16 (Law) and GBA No. 1, Item 9, Page 7 – 2019 SB 16 Accountability and Financial Reports. House Sub. for SB 16 amends the Kansas School Equity and Enhancement Act (KSEEA), creates law and amends current statutes relating to public schools, and appropriates funds to the Department of Education for FY 2020 and FY 2021. Among the provisions included in the bill are the following:

- The Department of Education is required to create one-page performance accountability reports for the State, each school district, and each school building;
- The Department of Education is required to prepare annual longitudinal reports on student achievement on the state assessments for English language arts, mathematics, and science; and
- The existing school district funding report is amended to include virtual student full-time equivalent enrollment and expenditures for legal services challenging the constitutionality of the school finance system under Article 6, Section 6 of the *Kansas Constitution*, including any dues or fees paid to an organization participating in such litigation.

To implement these provisions, the Department of Education requests \$130,089, including \$86,726 from the State General Fund, and 1.5 FTE positions for FY 2020. The request is to fund the salaries and related operating expenditures for three half-time IT applications developer positions. The agency indicates one-third of the costs for these positions can be funded with federal moneys. After FY 2020, the agency indicates ongoing costs will be \$85,357, including \$56,905 from the State General Fund, and 1.0 FTE position.

GBA No. 1, Item 9 adds \$85,357, including \$56,905 from the State General Fund, and 1.0 FTE position for FY 2020 for the implementation of House Sub. for SB 16.

D. GBA No. 1, Item 10, Page 7 – KPERS-School Employer Contributions Revision.

E. GBA No. 1, Item 11, Page 8 – Education Super Highway.

Kansas Department of Transportation

A. Review Additional Funding for Projects for FY 2020 (Senate Committee). The agency states, “Any additional funding received would be spent on transportation projects. Funding could be split between: Preservation projects, the Enhanced Safety Program, the Local Bridge Improvement Program, and the new Cost-Share Program, or the Economic Development programs. With the funding of \$6.4 million provided for the US-75 project in Montgomery County (item letter B), there are no remaining T-WORKS modernization or expansion projects that could be accelerated for a FY 2020 letting.”

B. Review the Addition of \$6.4 million for the US-75 Project in Montgomery County for FY 2020 (Senate Committee). The Senate Committee recommended Omnibus review of the delayed T-WORKS US-75 project in Montgomery County. This project was presented by the agency for acceleration for FY 2020. The **Conference Committee agreed** to add the funding for this project and reduce the transfers from the State Highway Fund to the State General Fund by the same amount for FY 2020.

C. Review the Addition of \$50.0 million, all from the State Highway Fund, for Additional Spending on Preservation, Priority Bridge Program, Local Government Cost Share Program, and Enhanced Safety Program for FY 2020 (House Committee). The Governor recommended reduced transfers from the State Highway Fund to the State General Fund for FY 2020, and the House Committee recommended considering reducing transfers from the State Highway Fund to the State General Fund by a further amount to provide additional funding for programs. The agency notes, “Any additional funds retained by [the Kansas Department of Transportation] would be spent on transportation projects. Areas of additional funding added could be spent within Preservation projects, the Enhanced Safety Program, the Local Bridge Improvement Program, and the new Cost-Share Program, or the Economic Development programs.” The agency further notes, “With the inclusion of the US-75 project in Montgomery County (item letter B), there are no remaining T-WORKS modernization or expansion projects that could be accelerated for a FY 2020 letting.”

D. HB 2070 (Law). HB 2070 designates the portion of US-75 from the junction of US-75 and NW 46th Street in Shawnee County to the junction of US-75 and I-70 as the John Armstrong Memorial Highway and removes this portion of US-75 from designation as the Purple Heart/Combat Wounded Veterans Highway. The bill also designates bridge No. 018-011 on US-77 in Cowley County as the SGT Kevin A. Gilbertson Memorial Bridge. The Secretary of Transportation is required to place suitable signs to indicate the designations. Under continuing law, the Secretary is precluded from placing these signs until the Secretary has received sufficient moneys from gifts and donations to reimburse the Secretary for the cost of placing such signs, plus an additional 50.0 percent of the initial cost to defray future maintenance or replacement of the signs. The Secretary may accept and administer gifts and donations to aid in obtaining and installing suitable signs. The agency would have to receive \$9,000 in total in order to provide for the memorial signage in the bill. The agency is requesting a State Highway Fund operations account expenditure limitation increase of \$6,000 to expend donated funds received for signs for FY 2020. This amount includes expenditures of \$3,260 for the John Armstrong Memorial Highway (\$4,890 in donations) and \$2,740 for the SGT Kevin A. Gilbertson Memorial Bridge (\$4,110 in donations) for FY 2020.

E. GBA No. 1, Item 20, Page 10 – Additional Transportation Investments.

Adjutant General's Department

A. Review the Possible Addition of Funding to Purchase 7 Wildland Engine Skid Tank Units for Brush Trucks to Support State Wildland Fire Response Capabilities for FY 2020 (Senate Committee). The Senate Committee recommended a review of the possible addition of funding for 7 wildland engine skid tank units for FY 2020. The agency requested an enhancement totaling \$250,000, all from the State General Fund, for 14 wildland engine skid tank units (units holding water that can be mounted on trucks), 60 sets of individual wildland fire personnel protective equipment (protection from smoke and fire during encounters), and 2 helicopter dip tanks (large portable water pools for black hawk bambi buckets to dip into as a source of water when other sources are not readily available), specific to supporting State wildland fire responses for FY 2020. The Governor did not recommend the enhancement for FY 2020. The Senate Committee recommended the enhancement, but deleted \$94,500, all from the State General Fund, to reduce 7 skid tank units from the agency's requested amount (\$13,500 per skid tank). The **Conference Committee agreed** to add \$155,500, all from the State General Fund, for 7 of the 14 skid tanks requested as part of this enhancement for FY 2020. This is a decrease of \$94,500, all from the State General Fund, to purchase 7 skid tank units as part of the agency's requested amount.

B. GBA No. 1, Item 18, Page 10 – McConnell Air Force Base Utility Costs.

C. GBA No. 1, Item 19, Page 10 – Additional Disaster Funding.

State Fire Marshal

A. Deleted Salary Increases from FY 2019 to FY 2020 (House and Senate Committees). The House and Senate Committees recommended deleting and reviewing any salary increases for FY 2020. The Office of the State Fire Marshal's budget was reduced by \$44,186, all from the Fire Marshal Fee Fund, for a salary increase from FY 2019 to FY 2020. The agency states this amount is composed of the following amounts: 1) The FY 2020 increase of \$32,386 to provide full funding for an unfilled deputy fire marshal position that started being funded in the FY 2019 budget at 50.0 percent (\$32,386); 2) The remaining \$11,800 for overtime pay expenditures. The agency is trying to align budgeted expenditures with historical expenditures related to IT work being accomplished at times in which would be least disruptive to operations and to fire investigations.

Kansas Highway Patrol

A. Review the Possible Addition of Bonding Authority for the Purchase of Troop B Headquarters for FY 2020 (Senate Committee). The Senate Committee requested a review of the Kansas Highway Patrol's (KHP) enhancement request for bonding authority to purchase leased property for the Troop B Headquarters (Shawnee County) for FY 2020.

The agency requested an enhancement for \$295,647, as part of annual transfers from the State Highway Fund, to continue for each year out to FY 2032 for the purchase of Troop B headquarters for FY 2020. The agency states the bond funding would be used to finance the purchase of currently leased property at 3501 NW U.S. Highway 24, which has an office/storage building 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 began in December 2018. The annual lease cost in 2018 was \$298,266, then increased to \$303,556 in 2019, and finally to

\$307,447 for 2020, which is the last year of the lease. The current lease agreement includes an option to purchase the property during the term of the lease, with a purchase credit of \$40,500. The KHP's option to purchase includes the right to have the property appraised to arrive at a fair market value and set a purchase price. 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. The fair market value of the property on February, 12, 2019, was assessed at \$2.8 million. If this request is approved, the agency also requests the creation of a new limited budget unit under the KHP Operations Fund for these payments. The debt service request for FY 2020 would total \$295,647, all from a State Highway Fund transfer, of which \$90,647 is for debt service interest and \$205,000 is for debt service principal. The estimated total cost of the bonds would be \$3.6 million, which would be divided over 12 years. The agency provided the following estimated debt service schedule. The **Conference Committee agreed** to not add the funding or the language for the purchase of Troop B.

**KANSAS HIGHWAY PATROL REAL ESTATE ACQUISITION
(PRELIMINARY; SUBJECT TO CHANGE)**

	Total	Principal	Interest
Debt Service			
2020	\$ 295,647	\$ 205,000	\$ 90,647
2021	298,906	205,000	93,906
2022	298,515	210,000	88,515
2023	297,530	215,000	82,530
2024	296,058	220,000	76,058
2025	299,172	230,000	69,172
2026	296,536	235,000	61,536
2027	298,264	245,000	53,264
2028	299,297	255,000	44,297
2029	299,582	265,000	34,582
2030	299,247	275,000	24,247
2031	298,219	285,000	13,219
2032	41,648	40,000	1,648
2033	--	--	--
TOTAL	\$ 3,618,619	\$ 2,885,000	\$ 733,619

<i>Net Proceeds</i>	\$ 2,800,000
<i>Cost of Issuance (a)</i>	\$ 85,000
<i>All in Financing Rate</i>	4.184%

Note: Totals may not add due to rounding.

B. Review the Transfer of an Additional \$3.0 million from the State Highway Fund to the Highway Patrol for Aircraft for FY 2020 (House Committee). The House Committee recommend review of possible additional transfers from the State Highway Fund to KHP to fund law enforcement (LE) aircraft replacement. The agency provided a report to the House Committee on Appropriations, which included current aircraft and possible options to replace aircraft (of which the agency currently has five LE aircraft—one helicopter and four airplanes). The report noted a new and fully LE-equipped helicopter replacement would range from \$5.0 million to \$5.6 million each and the replacement cost of a fully equipped LE Cessna 206 would be approximately \$1.9 million each. The original report included two offered options (including trade values for existing aircraft). The agency has since reviewed the proposed funding amount and has identified the following options if the agency were to be provided with the additional proposed transfer amount of \$3.0 million for FY 2020.

1. Non-helicopter / non-finance option (\$3.0 million) (*Note:* Assuming the trade-in of the current 1978 Cessna 182—\$50,000):

- Upgrade FLIR on 940HP: \$600,000
- Install FLIR and mapping system on 900HP: \$700,000
- Purchase new fully equipped C206: \$1.7 million

2. Purchase of three new LE-equipped helicopters option (\$3.0 million first year, then \$15.3 million financed over nine years) (*Note:* Assuming the trade-in of the 2005 Bell 407 Helicopter, 1978 Cessna 182, 1998 Cessna 206; trade-in value of all three—\$2.2 million):

- First-year finance payment to purchase three helicopters: \$1.7 million (first year financing)
- Upgrade FLIR on 940HP: \$600,000
- Install FLIR and mapping system on 900HP 2012 Cessna 206: \$200,000

3. Purchase of two new LE-equipped helicopters and one new LE-equipped Cessna 206 (initial \$3.0 million, then additional \$1.1 million per year for nine-year finance) (*Note:* Assuming the trade-in of 1978 Cessna 182, 1998 Cessna 206, and 2005 Bell 407 Helicopter; trade-in value of all three—\$2.2 million):

- Additional Amount transferred: \$3.0 million
- Purchase Cessna 206 equipped for LE: \$1.7 million
- First-year payment to finance two LE-equipped helicopters: \$1.0 million

The Department of Transportation states, “Funds transferred out of the State Highway Fund reduce the amount of agency resources available to complete transportation projects.”

Kansas Department of Commerce

A. SB 135 (Conference). SB 135 would expand the list of eligible counties for participation in the Rural Opportunity Zone (ROZ) Program to include Atchison, Cowley, Crawford, Dickinson, Ford, Franklin, Miami, and Pottawatomie counties. SB 135 has not passed the Senate. However, the provisions of the bill, as amended by the Senate Committee on Taxation, have been included in the tax Conference Committee, meriting its inclusion in this memorandum.

The original fiscal note on the bill indicates the Kansas Department of Commerce would require 1.0 additional FTE position and \$64,800 in salary expenditure authority to manage the expanded program. The Department of Commerce also indicates the bill would require \$63,000, all from the State General Fund, to support the state portion of the Student Loan Forgiveness Program. The Department of Revenue (KDOR) indicates the bill would reduce State General Fund revenue by \$472,000 in FY 2020 from the State Income Tax Credit.

Subsequent to the bill's introduction, the Senate Committee amended the bill to include Ford and Miami counties. The Department of Commerce indicates, as Miami, Ford, Cowley and Crawford would be the most populous counties in the ROZ Program, the Department of Commerce is unable to estimate how much the expansion would reduce State General Fund revenue or State General Fund expenditures, particularly for the Student Loan Forgiveness portion of the program.

B. Review National Endowment for the Arts Grants (Senate Committee). The Senate Committee on Ways and Means requested information on the history of federal National Endowment for the Arts (NEA) funding in Kansas and whether dissolving the Creative Arts Commission as an independent agency and moving it into the Department of Commerce negatively impacted federal funding.

The Department of Commerce notes the location of the KCAIC within the Department has no impact on NEA funding; however, the lack of state matching funds did. Furthermore, the abolition of the FTE positions for the agency by the Governor in FY 2012 prevented the agency from filing an NEA funding request in that year.

History of NEA state funding in Kansas:

- FY 2009 - Partnership Grant: \$685,300;
- FY 2010 - Partnership Grant: \$685,300; NEA Recovery Act Grant: \$301,700;
- FY 2011 - Partnership Grant: \$778,200; NEA Disabilities Center Grant: \$12,000;
- FY 2012 - \$0 - Governor line item vetoes legislative appropriation for the, Arts Commission; no NEA application submitted this year;
- FY 2013 - \$0 - NEA Grant Application submitted so no grant in submitting year;
- FY 2014 - \$560,800;
- FY 2015 - \$430,691 (*Note:* This number was reduced from \$586,200 due to inadequate state match);
- FY 2016 - \$0 - No NEA award due to lack of state match;
- FY 2017 - \$637,600;
- FY 2018 - \$629,800; and
- FY 2019 - \$636,800.

NEA federal appropriation from FY 2009 to FY 2018 fluctuated between \$155.0 million and \$152.8 million but did decline to \$138.4 million in FY 2013. The decline in FY 2013 was due to federal sequestration. Additionally, funding in FY 2009 excludes \$50.0 million in American Recover and Reinvestment Act funds that were distributed for the Arts. Therefore, total federal funding did not substantially impact State Partnership Grant levels. Federal funding for the Arts has been relatively stable since a decline in 1996 due to a political decision by federal legislative bodies.

The agency also indicates additional state contributions for the arts is unlikely to increase the amount of Base State Partnership Grant federal funds received. Additional state funding would improve the ability of the KCAIC to compete for NEA Arts Education Grants and

NEA Underserved Grants. Kansas receives \$20,000 in Arts Education grants and \$48,500 in Underserved grants annually, which are both about half the national average.

C. Review Private Activity Bonds Program (Senate Committee). Private activity bonds are a federally funded program. The federal tax code allows state and local governments to use tax-exempt bonds to finance certain projects that would be considered private activities. The private activities that can be financed with tax-exempt bonds are called “qualified private activities.” Congress uses an annual state volume cap to limit the amount of tax-exempt bond financing generally and restricts the types of qualified private activities that would qualify for tax-exempt financing to selected projects defined in the tax code.

The Department of Commerce reviews requests and approves the bonds to be issued to third parties that handle the bonding aspect. The Department of Commerce does not have an operations budget for private activity bonds but relies on the Kansas Development Finance Authority (KDFFA), Kansas Housing Resources Corporation, and others to assist in marketing the program. The Department of Commerce acts primarily as a pass-through entity for these bonds.

Under the federal volume cap, Kansas had a total CY 2018 bond allocation of \$318.0 million. This is the statutory minimum. In FY 2018, \$28.0 million was issued for a Solid Waste Disposal Facility in Wichita, \$10.0 million for the Beginning Farmers Program, and the remaining \$280.0 million went to qualified residential rental projects and qualified mortgage bonds.

The types of bonds qualifying for such tax-exempt status are:

- Exempt facility bonds;
- Qualified mortgage bonds;
- Qualified veterans’ mortgage bonds;
- Qualified small issue bonds;
- Qualified student loan bonds;
- Qualified redevelopment bonds; and
- Qualified 501(c)(3) bonds.

In Kansas, the primary demand for bond allocation has been for the issuance of exempt facility bonds, mortgage revenue bonds, and qualified small issue bonds (or industrial revenue bonds).

Exempt facility bonds are used to fund activities such as:

- Mass commuting facilities;
- Facilities for the furnishing of water;
- Sewage facilities;
- Solid waste disposal facilities;
- Qualified residential rental projects;
- Facilities for the local furnishing of electric energy or gas;
- Local district heating or cooling facilities; and

- Qualified hazardous waste facilities.

Mortgage revenue bonds are issued to provide first-time home buyers an enhanced opportunity to finance the purchase of a new home. Persons meeting certain financial and demographic guidelines are able to achieve substantial savings over the life of a home mortgage through the use of these available programs.

Kansas legislation allows government units to issue qualified small issue bonds (or industrial revenue bonds) to be used for qualifying industrial or other authorized purposes. These industrial revenue bonds are securities issued by cities, counties, or the KDFA to provide the funds for credit-worthy companies to purchase land, pay the cost of constructing and equipping new facilities or purchase, and remodel or expand existing facilities.

According to the Department of Commerce, Shawnee and Sedgwick counties were the only two counties interested in handling the program for first-time home buyers when initially created. The policy of the Department of Commerce has been to claim the entire federal allocation and issue any remaining authority at the end of the year to Shawnee and Sedgwick counties.

Kansas Department of Revenue

A. SB 22 (Vetoed). SB 22, as enrolled and presented to the Governor on March 19, 2019, would make several changes to Kansas income tax provisions in response to federal income tax changes enacted in late 2017, reduce the state sales tax rate by 1.0 percent on certain purchases of food, and enact a number of provisions in response to a U.S. Supreme Court decision authorizing states and local units to collect sales and compensating use taxes on certain transactions made through out-of-state retailers and marketplace facilitators that have an economic presence (nexus) in Kansas.

The bill would have the following fiscal effects.

	(Dollars in Millions)		
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Individual Income Tax Provisions			
Itemized Deduction Option	\$ (50.1)	\$ (60.3)	\$ (60.9)
Business Income Tax Provisions			
Repatriation	\$ (10.5)	\$ (0.4)	\$ (0.2)
GILTI	(70.9)	(24.7)	(24.2)
Limitation on Interest Deductions	(53.1)	(25.5)	(30.6)
FDIC Premium Deductions	(2.7)	(1.3)	(1.3)
Capital Contributions	negligible	negligible	negligible
<i>Subtotal-Business Income Tax</i>	<u>\$ (137.2)</u>	<u>\$ (51.9)</u>	<u>\$ (56.3)</u>
Sales Tax Rate Decrease on Food (all funds)			
State General Fund Share	\$ (36.5)	\$ (55.4)	\$ (56.3)
State Highway Fund Share	(7.0)	(10.7)	(10.8)
<i>Subtotal-Food Sales Tax Decrease</i>	<u>\$ (43.5)</u>	<u>\$ (66.1)</u>	<u>\$ (67.1)</u>
Internet Sales Tax Provisions (all funds)			
State General Fund Share	\$ 18.2	\$ 27.7	\$ 28.2
State Highway Fund Share	3.5	5.4	5.5
<i>Subtotal-Internet Sales Tax</i>	<u>\$ 21.7</u>	<u>\$ 33.1</u>	<u>\$ 33.7</u>
TOTAL	<u>\$ (209.1)</u>	<u>\$ (145.2)</u>	<u>\$ (150.6)</u>
<i>Total State General Fund Share</i>	\$ (205.6)	\$ (139.9)	\$ (145.3)
<i>Total State Highway Fund Share</i>	(3.5)	(5.3)	(5.3)

According to the fiscal note prepared by the Division of the Budget on SB 22, as introduced, KDOR expects to incur an additional \$0.820 million in FY 2020 administrative costs to implement the bill's income tax provisions beyond the amount recommended for the agency in *The FY 2020 Governor's Budget Report*. The Department of Administration indicates collections for its debt setoff program could increase by an indeterminate amount to the extent that more individual income tax refunds would be available for potential interception as a result of the bill's enactment. KDOR expects to incur an additional \$0.506 million in FY 2020 administrative costs associated with the internet sales provisions of the bill.

The Governor vetoed SB 22 on March 25, 2019.

B. SB 97 (Law). SB 97 authorizes registration of certain rental vehicles in fleets and issuance of permanent license plates to reflect that registration. To qualify for this type of registration, the person must register more than 250 motor vehicles subject to an excise tax on the gross receipts received from rental or lease for a period of time not exceeding 28 days (rental vehicle excise tax).

The bill authorizes the Division of Vehicles, KDOR, to impose a fee not exceeding \$1.00 for each such registration. Those fees will be remitted to the State Treasurer for credit to the Fleet Rental Vehicle Administration Fund created by the bill for purposes of funding the administrative costs for registering and tagging fleet rental vehicles.

KDOR estimates the bill would require additional expenditures of \$86,228 from special revenue funds for FY 2020. This figure includes \$85,354 to hire 2.0 new FTE positions to handle

an estimated 15,000 to 20,000 additional transactions; \$624 to develop the new license plate; and \$250 for IT system programming costs. KDOR would receive revenue from the \$1.00 registration fee; however, KDOR is unable to estimate the amount of revenue it would receive from the fee.

C. HB 2246 (Conference Committee). HB 2246 would amend requirements for distinctive license plate development and for continuing distinctive license plates and would add several new distinctive license plates to be issued on and after January 1, 2020. The bill would add military branch license plates and three license plates for which royalty fees would be paid: proud educator license plates, Alpha Kappa Alpha license plates, and Knights of Columbus license plates.

KDOR indicates the bill can be fulfilled from within existing resources. However, the bill does create the following funds that would require appropriation to approve expenditures for FY 2020: Distinctive License Plate Fund, Educational Institutions Emblem Royalty Fund, Kansas Educators Support Foundation Royalty Fund, Alpha Kappa Alpha Royalty Fund, and the Knights of Columbus Royalty Fund.

Kansas Lottery

A. GBA No. 1, Item 4, Page 4 - Lottery and Gaming Revenue Adjustment.

Department of Corrections

A. Review the Cost of Hepatitis C Treatment for the Identified Population within the Correctional Facilities (Senate Committee) and GBA No. 1, Item 17, Page 9 - Hepatitis C Treatment. As of March 4, there were 73 inmates undergoing hepatitis C treatment and 28 who have completed treatment. Treatment for those currently undergoing treatment will be completed by the end of the current fiscal year. The contract with Corizon includes \$1.5 million annually for hepatitis C treatment, which will have been expended by time the remaining 73 inmates complete treatment.

The **Conference Committee agreed** to add \$1.5 million, all from the State General Fund, to fund hepatitis C treatment for the 100 inmates within the correctional facilities who the agency's health care provider is capable of providing treatment to in FY 2019.

Opt-out testing for the existing population began October 1, 2018, and was completed March 1, 2019. Through this process, 712 inmates were identified as requiring treatment. KDOC has also tracked the number of new inmates being admitted at the Reception and Diagnostic Unit (RDU) who tested positive for hepatitis C. The infection rate among intakes during this five-month period was 10.0 percent. Based on estimated FY 2019 admissions from the Kansas Sentencing Commission, less year-to-date admissions as of March 1, it is assumed KDOC will have 2,323 additional admissions this fiscal year. At a 10.0 percent infection rate, this will add 231 inmates to the number who require treatment. This brings the total number who require treatment to 943. Of this, an estimated 38 patients would be priority level 1 and would be the highest priority for treatment.

Corizon would be able to treat 100 more patients in FY 2019 if additional funding was available. This would allow KDOC to start treatment for all existing and projected priority level 1 patients and reach some of the priority level 2 patients by June 30. Treating 100 more patients

in FY 2019 would cost \$1.5 million, above and beyond the \$1.5 million already in the contract. This would leave 843 patients requiring treatment in FY 2020.

In FY 2020, the cost to treat 843 patients would be \$12.6 million. Less the \$1.5 million already built into the contract, the total amount of new funding would be \$11.1 million.

Hepatitis C treatment will be an ongoing activity in FY 2021 and beyond. KDOC will continue to gather and analyze intake data as well as annual health assessment testing data with the intent of developing a cost estimate for inclusion in the agency's FY 2021 budget request.

B. Direct the Department of Corrections to Provide Options to Reduce the Number of Staffing Vacancies at the Correctional Facilities (Senate Committee). According to KDOC, the current compensation plan for KDOC employees cannot compete in the labor market. Low pay is a barrier to recruitment and retention, particularly among positions that work with the offender population daily. KDOC requests funding to increase the starting rate for corrections officers (CO) I (A), I (B), and II, and juvenile correctional officers (JCO) I (A), I (B), and II by approximately 13.0 percent. This would bring CO I /JCO I (A) starting hourly pay to \$17.79; CO I/JCO I (B) pay to \$18.70; and CO II/JCO II pay to \$19.70.

This assumes these classifications would not receive the 2.5 percent increase included in the Governor's recommendation. To address internal equity issues that results from wage compression between entry-level and supervisory level positions and non-uniformed positions who routinely work with offenders such as counselors and parole officers, an additional 2.5 percent is requested for these classifications. This assumes the statewide 2.5 percent increase recommended by the Governor is approved. The FY 2019 increase assumes any pay enhancement takes effect May 19 (two pay periods). KDOC requests \$826,580 in FY 2019 and \$10,614,267 for FY 2020.

If the statewide pay plan is not approved, KDOC requests supervisory level positions and non-uniformed positions who routinely work with offenders be given a 5.0 percent increase. For FY 2019, the request is \$897,168; for FY 2020, the request is \$11,521,643.

C. GBA No. 1, Item 13, Page 8 - Employee Compensation Adjustment.

D. GBA No. 1, Item 14, Page 9 - Contract Beds for Adult Male Offenders.

E. GBA No. 1, Item 15, Page 9 - Housing Female Adult Offenders at the Kansas Juvenile Correctional Complex.

F. GBA No. 1, Item 16, Page 9 - Replacement Stab Vests

Kansas Sentencing Commission

A. Review Request for Additional Funding for Expanded Treatment Modalities (Senate Committee). The Senate Committee recommended review of the agency's request for \$1.8 million, all from State General Fund, to allow for additional treatment modalities in the Substance Abuse Treatment program for FY 2020.

The Kansas Sentencing Commission (KSC) administers the Substance Abuse Treatment Program in KSA 21-6824, commonly known as the SB 123 program. Passed in 2003,

offenders convicted of possession of controlled substances are potentially eligible for State-paid treatment if they meet certain statutory criteria. Generally, the offender is required to be at moderate to high risk of reoffending. Two assessments are utilized to determine eligibility. Kansas partners with independent substance abuse treatment providers. These certified treatment providers throughout the state then administer up to 18 months of treatment as part of probation, which includes a research-proven cognitive behavioral therapy element to encourage offender success. Some of the treatments funded include intermediate/residential inpatient, outpatient, reintegration, and relapse prevention/continuing care.

In most instances, placement at sentencing in SB 123 is a mandatory program supervised locally by community correctional services. In FY 2018, the KSC provided funding of almost \$6.5 million for 2,213 offenders. With the addition of approximately 300 offenders next year, the number of offenders served at both proposed appropriation levels would not change initially from an estimated 2,500 offenders per year due to the manner in which we receive cases. This is because the agency does not control the number of offenders it receives in the program. This population is dictated by district courts ordering the offenders into drug treatment. However, the KSC anticipates these numbers will increase as the Commission's Prison Population Projections indicate a 28.9 percent increase in the next ten years for prison admissions of drug offenders. This will most likely correlate with an increase in offenders eligible for SB 123. Even a 20.0 percent increase at \$3,713 per offender per year is \$1.8 million for 500 additional offenders. KSA 75-52,144(d) requires the KSC to pay for all assessments and costs for those that qualify for treatment.

Additional funding would mean the offender population would receive more robust services than Kansas currently reimburses providers. The KSC states utilizing industry standard treatments such as dual diagnosis treatment, telepsych services, and increasing current treatment length of stays for existing treatments will likely improve the success of the program due to increased dosage for offenders. Most fees for services offered by our 130 treatment providers statewide have not increased since inception of the program 15 years ago. There is concern that providers may opt out without making adjustments.

Board of Indigents' Defense Services

A. Assigned Counsel Caseload Estimate (House and Senate Committees) and GBA No. 1, Item 3, Page 3 - Assigned Counsel Caseloads. The Board of Indigents' Defense Services, the Division of the Budget, and KLRD met on April 11, 2019, to develop a revised caseload estimate for the assigned counsel program. The program provides felony defense when using public defenders is not possible or financially practical. Pursuant to KSA 22-4507(c), assigned counsel are compensated at a rate of \$80 per hour; however, the Board may prorate payment of pending and anticipated claims if it determines the appropriations for indigents' defense services will be insufficient for a given fiscal year.

During its June 2018 meeting, the Board prorated the hourly rate to \$75 per hour for FY 2019, which represents an increase of \$5 per hour from FY 2018. When the estimating group met on October 29, 2018, the FY 2019 estimate was increased from \$13.5 million to \$14.3 million and the FY 2020 estimate was determined at \$15.3 million.

During its April 2019 meeting, the Board declined to prorate the hourly rate for FY 2020, effectively increasing the rate from \$75 to \$80 per hour, which is the statutory limit. When the estimating group met on April 11, 2019, the group determined the FY 2019 appropriation of \$14.3 million would be adequate to fund services without an adjustment for FY 2019. The FY 2020 estimate was increased to \$15.9 million, which represents an increase of \$600,000 from

the October 2018 estimate. The increase is attributable both to the rate change and the number of estimated hours.

Judicial Branch

A. Review the Judicial Branch's FY 2020 Enhancement Requests (House and Senate Committees). The House and Senate Committees deleted enhancement funding for the Judicial Branch and recommended review at Omnibus.

For FY 2020, the Judicial Branch requests enhancement funding of \$20.1 million, all from the State General Fund, and 11.0 FTE positions for the following items:

- \$10.3 million, all from the State General Fund, for salary increases for non-judge employees for FY 2020. The request includes approximately \$8.3 million in salaries and \$2.0 million in benefits, which represents increases between 2.4 percent and 18.6 percent, depending on the position. The agency indicates this brings employee salaries to market level;
- \$7.8 million, all from the State General Fund, for salary increases for judges and justices for FY 2020. The request includes approximately \$6.1 million in salaries and \$1.7 million in benefits, which represents a 21.3 percent increase. The agency indicates this would bring district judge salaries equal to the average adjusted salaries of district judges in Colorado, Missouri, Nebraska, and Oklahoma;
- \$1.0 million, all from the State General Fund, for filling ten district court clerk vacancies and ten court services officer vacancies for FY 2020. The agency indicates the implementation of 2016 SB 367 (juvenile justice reform) requires additional personnel because of increased responsibilities through mandatory multi-disciplinary teams for case management, which includes responsibilities for coordinating such a team for each juvenile offender; and
- \$999,472, all from the State General Fund, and 11.0 FTE positions for two new district judges, five new district magistrate judges, two court reporters, and two administrative assistants for FY 2020. The agency indicates additional personnel are needed for busier judicial districts and that relocating judges is difficult because of a statutory requirement (KSA 20-301) for one resident judge per county in Kansas.

B. Review the Judicial Branch's FY 2020 Capital Improvements Request for a Learning Center (House and Senate Committees). The House and Senate Committees deleted capital improvements funding for a learning center and requested review at Omnibus. The agency requests \$200,000, all from the Docket Fee Fund, to create a learning center in the Kansas Judicial Center for FY 2020. The learning center would provide an interactive learning environment where visitors can learn about the Judicial Branch and its function within state government.

C. Capital Improvements Funding (Joint Committee). The Joint Committee on State Building Construction recommends adding \$700,000, including \$200,000 from the State General Fund, for capital improvement expenditures in FY 2019. Planned projects include the construction of a conference room and two training rooms (\$500,000) and the relocation of two appellate judges and their staff from the third floor of the Kansas Judicial Center to the second floor (\$200,000).

The Joint Committee recommends adding \$400,000, all from the Docket Fee Fund, for capital improvements expenditures for FY 2020. Planned projects include relocating the security guard station in the Kansas Judicial Center to the north entrance of the building (\$200,000) and the construction of a learning center to provide an interactive learning environment for visitors (\$200,000).

Department of Administration

A. Review Report for a Pilot GPS Vehicle Tracking Program (House Committee).

The House Committee requested a report for a pilot GPS vehicle tracking program at Omnibus. The Department of Administration indicates a statewide program does not currently exist and each state agency manages its own fleet of vehicles, contracting with Enterprise Car Rental to supplement additional vehicular needs.

In April 2018, DCF and KDOR awarded a contract to Azuga, Inc., to install GPS tracking devices in agency vehicles at a rate of \$13.50 per device per month. These tracking devices connect directly into a vehicle's on-board diagnostic port and do not require any modifications to the vehicle itself. DCF indicates it uses the tracking system to monitor vehicles coming up for replacement and to ensure vehicles are constantly being used. The agencies have indicated they will have an estimate for cost savings after one year of use.

Office of Information Technology Services

A. GBA No. 1, Item 1, Page 2 - Information Technology Modernization.

Attorney General

A. HB 2290 (Conference Committee). HB 2290 would establish the Crime Victims Compensation Division within the Office of the Attorney General to administer and support the operations of the Crime Victims Compensation Board (CVCB) for FY 2020. The new division would be required to investigate claims, appear in proceedings related to claims, and present evidence to oppose or support an award. The Division would also be given authority to adopt rules and regulations. The bill would place in statute a structure based upon a 2012 memorandum of understanding under which the agency has been providing support to the CVCB. There is no fiscal effect for this section of the bill.

The bill would also have the Attorney General appoint two new positions for FY 2020:

- The Kansas Youth Suicide Prevention Coordinator would identify, create, coordinate, and support youth suicide awareness and prevention throughout the state. The Coordinator's duties would include developing and disseminating a website, an online application, and a mobile phone application; cofordinating multidisciplinary and interagency strategies; and organizing events to bring together youth, educators, and community members. The agency estimates it will need \$100,924, all from the State General Fund, for an additional 1.0 FTE position. This includes \$82,346 for salaries and wages and \$18,578 for contractual services.
- The Kansas Victim and Notification Everyday (VINE) Coordinator would work with interested parties, including, but not limited to, sheriffs throughout the state to oversee the statewide implementation of the VINE system. The VINE system

provides information to crime victims about custody status and criminal cases of their offenders. The agency is currently utilizing federal grant funds from the Violence Against Women Act for an employee who carries out some of the functions of the VINE coordinator. If grant funding becomes unavailable, the agency would require additional funds in the future. The agency estimates \$96,854 for 1.0 FTE position. This includes \$76,236 for salaries and wages and \$20,618 for contractual services.

Kansas Insurance Department

A. GBA No. 1, Item 5, Page 4 - Insurance Department Service Regulation Fund Settlement.

Kansas Bureau of Investigation

A. Cyber and Financial Crimes Investigative Capacity (Senate Committee). The Senate Committee recommended a review of \$967,925, all from the State General Fund, and 7.0 FTE positions for a new cyber and financial crimes investigative capacity at the Kansas Bureau of Investigation (KBI) for FY 2020. The KBI currently has no capacity to combat cybercrime and no internal cyber investigative capacity, and the agency has to greatly limit financial crimes case acceptance due to restricted investigative priorities.

The agency originally requested \$1.9 million, all from the State General Fund, and 15.0 FTE positions to develop and implement a new capacity for the agency to investigate cyber and financial crimes for FY 2020. The Governor did not recommend the agency's request.

The House Committee recommended \$1.0 million, and 8.0 FTE positions for the program for FY 2020. The **Budget Conference Committee concurred** with the House position. The agency has indicated it will likely focus on either the cyber or financial crimes capacity with the reduced amount.

Pooled Money Investment Board

A. FY 2017 Bridge Loan Repayment Plan (Conference Committee). Repayment conditions are currently being **considered by the Budget Conference Committee** for repayment of a bridge loan from the Pooled Money Investment Board to the State General Fund. Current law requires repayment of \$317.2 million at \$52.9 million a year over six years beginning in FY 2019.

The Senate Committee recommended repaying the totality of the loan in FY 2019, which is the same as the Governor's recommendation.

The House Committee recommended repayment over four years with a payment of \$52.9 million in FY 2019 and payments of \$88.1 million in FY 2020, FY 2021, and FY 2022. This would delete payments in FY 2023 and FY 2024.

During Conference Committee negotiations, the House offered a modified version of its original recommendation, which would pay the loan back over three years with a payment of \$52.9 million in FY 2019 and \$132.2 million in FY 2020 and FY 2021. This modified proposal would delete payments in FY 2022, FY 2023, and FY 2024.

Department of Agriculture

A. Sub. for HB 2167 (Law). Sub. For HB 2167 requires the Kansas Department of Agriculture (KDA) to submit a plan to the U.S. Department of Agriculture regarding how the KDA will monitor and regulate the commercial production of industrial hemp within the state. The bill establishes the Commercial Industrial Hemp Program, makes changes to the Industrial Hemp Research Program, creates the Hemp Processor License, and creates the Industrial Hemp Regulatory Commission.

The bill has a net fiscal impact of additional expenditures totaling \$357,860 in FY 2020, which includes the following:

- The KDA estimates special revenue fund expenditures of \$300,000, with \$133,000 for salaries and wages for 2.0 FTE positions; \$47,550 for travel expenses; \$16,000 for seasonal staff; \$8,000 for vehicle and equipment rentals for seasonal staff; \$50,000 for lab samples and support; and \$45,450 for administrative support. These expenditures would be covered by the additional licensing fees; and
- The KBI estimates increased expenditures of \$357,860, all from the State General Fund. The bill requires the KBI Forensic Science Laboratory to develop a basic capacity to perform a tetrahydrocannabinol (THC) quantitation analysis. The agency estimates it would need to hire at least 1.0 Forensic Scientist I position, with salaries and wages totaling \$67,946 in FY 2020. Contractual services, commodities, and capital outlay expenditures for FY 2020 are estimated to be \$9,122, \$4,396, and \$176,397, respectively. Expenses could be up to \$1.1 million and 7.5 FTE positions dependent on the volume of testing required.

The bill renames the Alternative Crop Research Act Licensing Fee Fund to the Commercial Industrial Hemp Act Licensing Fee Fund. The agency requests the Fund be appropriated as a no limit fund for FY 2019 and FY 2020 and any funds in the Alternative Crop Research Act Licensing Fee Fund be transferred to the Commercial Industrial Hemp Act Licensing Fee Fund.

Kansas Water Office

A. Review the Equus Beds Chloride Plume Project (Senate Committee). The Senate Committee requested a review of the equus beds chloride plume project. Chloride contamination within the Equus Beds Aquifer from previous oil field production has resulted in areas of groundwater that is unsuitable for most uses. The Kansas Water Office has been collaborating with Equus Beds Groundwater Management District #2 (GMD2) and the City of Wichita on the development of a process to prioritize potential chloride remediation sites, evaluations of remediation alternatives, and management alternatives for generated waste streams. In order to identify the financial resources necessary to complete components of an overall remediation planning and implementation process, a request for proposals (RFP) will be conducted by GMD2. Meetings have been conducted with interested stakeholders regarding the project. In December, KWO staff provided GMD2 with a working draft for use in issuing an RFP. The RFP has not been issued at this time. It is anticipated that an RFP will be released for quotes by mid-May.

Department of Wildlife, Parks and Tourism

A. Review the Cabin Site Program (House Committee). The House Committee requested a review of the Kansas Department of Wildlife, Parks, and Tourism's (KDWPT's) cabin site program's occupancy rates.

In 2017 and 2018, the cabin program had overall occupancy rates of 39.54 percent and 43.47 percent, respectively. Overall weekend occupancy rates were 60.48 percent in 2017 and 65.10 percent in 2018. The program had the highest occupancy rates of 78.59 percent (2017) and 84.41 percent (2018) during the weekends of July through September.

The agency states that occupancy on weekends are very good. However, the occupancy on weekdays need improvement. In terms of advertising, the agency states they currently only use their website and once in a while on FaceBook. The agency would like to use dynamic pricing to lower the rates during the week to draw people in and use FaceBook and Twitter to put this out. Under current regulation, the agency must to go to the commission meeting to ask for rates to be lowered during the weekdays.

B. Review Salaries of Law Enforcement Officers (House Committee). The House Committee requested a review of previous proposals to move the KDWPT's law enforcement officers onto the KHP's pay plan.

For FY 2019 and FY 2020, the KDWPT requested supplementals to restructure its pay plan to promote better recruitment and retention of law enforcement officers. The funding would increase salaries and wages for law enforcement officers by 2.5 percent every two years. The FY 2019 supplemental of \$1.0 million is currently included in the agency's budget. The FY 2020 supplemental of \$1.1 million has been deleted due to the global adjustment to remove all salary increases outside of the Governor's recommended salary increase for state employees. Under the new pay plan, a natural resource officer's salary begins at \$21.65 per hour. A graduated trooper's salary begins at \$20.58 per hour.

State Employee Pay

A. Review Governor’s Recommendation for a 2.5 Percent Salary Adjustment for State Employees (House and Senate Committees). The Governor recommended increasing state employee base pay by 2.5 percent. The pay increase would require additional expenditures of \$63.5 million from all funds, including \$22.3 million from the State General Fund. The plan would increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators, the Judicial Branch, and employees who receive salary adjustments elsewhere in the appropriation bills would be excluded from the proposed pay plan. Under the proposal, the pay plan would be appropriated to and, if approved, certified by the State Finance Council.

Both the House Committee on Appropriations and Senate Committee on Ways and Means deleted the funding and implementation provisions of the Governor’s salary adjustment proposal. The Committees further deleted most other salary adjustments that were part of the Governor’s recommendations. Those additional salary deletions are detailed below.

SALARY DELETIONS - FY 2020			
Agency	SGF	All Funds	Comments
Board of Barbering	\$ 0	\$ (6,351)	
Board of Cosmetology	0	(18,568)	
Board of Pharmacy	0	(25,714)	
Dept. of Agriculture	(183,343)	(534,310)	
Department of Wildlife, Parks and Tourism	0	(1,125,192)	Adjustment is part of a 2.5% increase over 2 years for law enforcement officers. The first year of increase is included in the FY 2019 budget.
Governmental Ethics Commission	(5,643)	(8,714)	The adjustment was for an employee retention plan for select employees who meet the plan criteria.
Kansas Insurance Department	0	(146,254)	The adjustment was originally intended for a 1.5% across-the-board adjustment, but would primarily be used to recruit and retain financial analysts.
Judicial Council	0	(7,132)	
Kansas Lottery	0	(162,827)	
KPERS	0	(384,976)	
Bank Commissioner	0	(179,506)	
State Fire Marshal	0	(44,186)	See State Fire Marshal section on page 18
TOTAL	\$ (188,986)	\$ (2,643,730)	

SALARY DELETIONS - FY 2021

Agency	SGF	All Funds	Comments
Board of Barbering	\$ 0	\$ (6,351)	
Board of Cosmetology	0	(18,568)	
Board of Pharmacy	0	(25,677)	
Dept. of Credit Unions	0	(39,244)	
Governmental Ethics Commission	(5,634)	(8,700)	The adjustment was for an employee retention plan for select employees who meet the plan criteria.
Bank Commissioner	0	(137,858)	
TOTAL	<u><u>\$ (5,634)</u></u>	<u><u>\$ (236,398)</u></u>	