

MINUTES OF THE SOCIAL SERVICES BUDGET COMMITTEE

The meeting was called to order by Chairman David Crum at 3:37 pm on February 16, 2011, in Room 711 in the Docking Building.

All members were present except:
Rep. Mike Kiegerl - Excused

Committee staff present:
Estelle Montgomery, Kansas Legislative Research Department
Dorothy Hughes, Kansas Legislative Research Department
Nobuko Folmsbee, Office of the Revisor of Statutes
Nancy Fontaine, Committee Assistant

Conferees appearing before the Committee:
Representative Steven Johnson
Dr. Jim Morford, Retired Ellsworth Director, Evangelical Lutheran Good Samaritan Society
Rob Fillion, Executive Director, Ellsworth County, Smoky Hill Development Corporation
Laura Howard, Deputy Secretary for Administration, Department of Social & Rehabilitation Services
Jack Fowler, Executive Director, Kansas Commission on Veterans' Affairs

Others attending:
See attached list.

The hearing on **HB 2258 - Conveyance of land in Ellsworth County from SRS to the Lutheran Evangelical Good Samaritan Society** was opened. Nobuko Folmsbee, staff revisor, reviewed the bill.

Representative Steven Johnson spoke in support of **HB 2258** stating it removes use restrictions, which would allow the region to use a portion of the land for economic development. When the land was initially transferred, the state retained two rights. One was mineral rights and other was a clause returning the property to the state should Good Samaritan cease to operate for charitable purposes a home for the aged. This bill does not address the mineral rights but would grant clear title to Good Samaritan (Attachment 1).

Dr. Jim Morford spoke in support of **HB 2258**. He provided a a copy of the original deed for the property signed in 1959 (Attachment 2), other historical documents (Attachment 3) and the draft agreement between the Evangelical Luther Good Samaritan Society and the Smoky Hill Economic Corporation (Attachment 4).

Rob Fillion spoke in support of **HB 2258**. The land would be conveyed to the Smoky Hill Development Corporation in order for them to develop it and provide and opportunity for economic stimulus to Ellsworth County. Mr. Fillion stood for questions.

Laura Howard testified that the Department of Social & Rehabilitation Services supports **HB 2258** as written. Ms. Howard stood for questions.

There being no further conferees, the hearing on **HB 2258** was closed.

State Mental Health Hospitals Budget Presentation continued:

The committee resumed deliberations on the State Mental Health Hospitals with Larned State Hospital.

Representative McLeland made a motion to approve the Larned State Hospital budget. Representative Mast seconded the motion. Motion passed.

Representative Henry recommended including in the budget report to the Appropriations Committee language regarding the Sexual Predator Treatment Program. There was consensus among members to include this language.

Representative Bowers made a motion to approve the Larned budget as amended. Representative

CONTINUATION SHEET

Minutes of the House Social Services Budget Committee at 3:30 pm on February 16, 2011, in Room 711 of the Docking State Office Building.

Goodman seconded the motion. Motion passed.

Deliberations continued with a discussion of the Osawatomie State Hospital budget.

Representative McLeland made a motion to approve the Osawatomie State Hospital budget.
Representative Mast seconded the motion. Motion passed.

Representative Henry recommends adding the same language agreed to in the Rainbow Mental Health Facilities budget be included in all the Mental Health Hospital reports. There was consensus among the members to include this language.

Representative Mast made a motion to accept the Osawatomie State Hospital budget as amended.
Representative Wolf seconded the motion. Motion passed.

Veterans' Affairs Budget Presentation:

Dorothy Hughes presented the Veterans' Affairs FY2011 and FY2012 budget (Attachment 5) and stood for questions.

Jack Fowler provided the Agency Presentation including a review of FY2011 issues and budget issues for FY2012 (Attachment 6). Mr. Fowler stood for questions.

The next meeting is scheduled for February 17, 2011.

The meeting was adjourned at 5:48 pm.

SOCIAL SERVICES BUDGET COMMITTEE GUEST LIST

PLEASE CONTINUE TO ROUTE TO NEXT GUEST

DATE: February 16, 2011

[illegible]

State of Kansas
House of Representatives

State Capitol
Topeka, Kansas 66612
785-296-7696
steven.johnson@house.ks.gov



10197 S. Hopkins Rd.
Assaria, Kansas 67416
785-829-0319

Steven C. Johnson
Representative, 108th District

Thank you Mr. Chairman and members of the committee.

It is a pleasure to come before you today in support of HB 2258.

Today you will be hearing from and about Good Samaritan. They provide nursing, assisted living and senior housing options in the city of Ellsworth. Our desire is to enable Good Samaritan to continue to make the best use of their property.

Good Samaritan acquired their property from the state in 1959. They acquired a quarter section of land near Ellsworth at that time for \$20,010.00. Good Samaritan currently operates on a fraction of those acres. The property continues to a highway intersection which could be of possible use to the community for economic development. Rather than continue to tie up the entire property, Good Samaritan wishes to provide an opportunity for development which could attract good and useful neighbors for Good Samaritan.

In that initial transfer, the state retained two rights. One was the mineral rights and the other was a clause (I will paraphrase) returning the property to the state should Good Samaritan cease to operate for charitable purposes a home for the aged. This bill would grant clear title to roughly 29 acres on the southwest corner of the tract to Good Samaritan. The mineral rights are not transferred in this bill and I would like to address this issue further at the conclusion of our guests' testimony.

Ellsworth area leaders have been working on this effort for a few years. We are fortunate to have two leaders from the Ellsworth community with us today to give you more information about the purpose of the bill and property involved. Dr. Jim Morford has recently retired as the director of the Good Samaritan. We are fortunate to have both his presence today and his vision for the future of Good Samaritan and the Ellsworth community. Dr. Morford's vision led to his working with Rob Fillion, of the Smoky Hill Development Corp, a 501(c) 6 corporation dedicated to the economic prosperity of Ellsworth County. I have been impressed with the history and mission of Good Samaritan. I will ask Dr. Morford to share some of the history. Further he can share with us what Good Samaritan is today and well as what they will need in the future and how they can best cooperate with the community. Rob Fillion will continue to talk about the vision for the property and the interaction between Good Samaritan and Ellsworth. At the conclusion, I would like to talk further about potential issues with the mineral rights and we will be glad to stand for questions.

A handwritten signature in black ink, appearing to read "Steve C. Johnson", written in a cursive, flowing style.

Social Services Budget Committee
Date Feb. 16, 2011
Attachment 1

DEED OF REAL ESTATE

Pursuant to the authority granted by Senate Bill 172 of the 1959 Session of the Kansas legislature, the State Board of Social Welfare, by this deed made the 9 day of July, 1959, and in consideration of the sum of Twenty Thousand and Ten Dollars (\$20,010.00), the receipt of which is acknowledged, hereby grants, bargains, sells and conveys all of the right, title and interest of the State Board of Social Welfare in the following real estate to the Senior Christian Community Centers, Inc., of Ellsworth County, Kansas, a Kansas corporation, its successors and assigns forever, subject to an existing lease to the Evangelical Lutheran Samaritan Society:

Southwest Quarter (SW $\frac{1}{4}$) of Section Twenty-Nine (29), Township Fifteen (15), Range Eight (8), except that portion thereof used for cemetery purposes. Situated in Ellsworth County, Kansas.

Saving and excepting from the above grant all minerals and mines under the described land, with power for the State Board of Social Welfare, its successors and assigns, to take all usual, necessary, or convenient means for working, getting, laying up, dressing, making merchantable, and taking away the mines and minerals, including the right of ingress and egress at any point on the above described real estate to accomplish the above powers.

Should the Senior Christian Community Centers, Inc., its successors and assigns, cease to use, operate and maintain the described real estate for charitable purposes as a home for the aged or infirm, the interest granted said corporation, its successors and assigns, by this instrument shall automatically determine and revert to the

State Board of Social Welfare, its successors and assigns.

STATE BOARD OF SOCIAL WELFARE OF KANSAS

By: Wm. W. Moneypeny
Chairman

A C K N O W L E D G M E N T

State of Kansas, Shawnee County, ss:

BE IT REMEMBERED, That on this 7 day of July, A.D. 1959, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came William W. Moneypeny, Chairman, State Board of Social Welfare of Kansas, who is personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

NOTARIAL SEAL

Viola M. Schwantes
Notary Public

Term Expires February 11, 1963

Viola M. Schwantes

A P P R O V A L

The above and foregoing Real Property Deed is hereby approved as to form by me this 6 day of July, 1959.

John Anderson
John Anderson, Attorney General,
State of Kansas.

STATE OF KANSAS }
ELLSWORTH COUNTY }

This instrument was filed for record on the 1
19 day of August A.D. 1959

at 2:00 o'clock P.M. and recorded in v. 9

45 of Deeds p. 3

John Anderson

Subscribed and sworn to before me on this day of 1959

Notary Public

76-14a01. Use of certain property in Ellsworth county as hospital for aged; rules and regulations. The land, tenements and appurtenances used by the Mother Bickerdyke annex near the city of Ellsworth in Ellsworth county and described as the southwest quarter (SW 1/4) of section twenty-nine (29) township fifteen (15) range eight (8), except the portion thereof used for cemetery purposes, the title to which is not vested in the state of Kansas, and all personal property belonging to and being used by said Mother Bickerdyke annex which has not been transferred to the Kansas soldiers' home under section 5 [*] of this act, are hereby placed under the control of the state board of social welfare, as of August 1, 1951, to be used as a hospital for aged persons who are chronically ill, under such rules and regulations as the state board of social welfare shall prescribe.

History: L. 1951, ch. 86, § 6; June 30.

Said institution shall
be known as the
"Ellsworth home for
aged."

76-14a02. Leasing of home; term; disposition of proceeds. The state board of social welfare is hereby authorized and empowered to lease, upon such terms and conditions as it shall deem advisable, the property known as the Ellsworth home for the aged, or any part thereof for the purpose of providing a home for the aged to the Evangelical Lutheran Good Samaritan Society for a period of not to exceed fifty years. All rents received from any such lease shall be paid into the state treasury and the state treasurer shall credit the same to the general fee fund of the Ellsworth home for the aged.

History: L. 1953, ch. 414, § 1; L. 1955, ch. 384, § 1; June 30.

1955
+ 50

2005

eight (8), except the portion thereof used for cemetery purposes. The board of social welfare shall solicit sealed bids by public notice inserted in one publication in the Kansas register. Sale of such property shall be made to the highest responsible bidder who submits a bid within 30 days after publication of such notice, except that in no case shall such property be sold for less than the sum of \$20,000. The conveyance of said property shall provide for the retention by the state of Kansas of all mineral rights in and under such property, together with ingress and egress thereto for production of any oil, gas, or other mineral, and shall also provide for the reversion of said title to the state of Kansas in the event said property ceases to be used, operated and maintained by said society for charitable purposes as a home for the aged or infirm. The deed to said property shall be approved by the attorney general, and shall be executed by the chairperson of the board of social welfare and duly acknowledged by the chairperson before an officer authorized by law to take acknowledgments. The amount received from the sale of said property shall be credited to the state general fund.

History: L. 1959, ch. 328, § 1; L. 1981, ch. 324, § 31; Jan. 1, 1982.

76-14a04. Lease for exploration or production of oil, gas or other minerals on certain property; money received credited to state general fund. (a) The secretary of social and rehabilitation services is hereby authorized and empowered to execute any lease upon such terms and conditions deemed advisable by the secretary, for the exploration or production of any oil, gas or other minerals retained by the state of Kansas in and under the property in Ellsworth county described as the southwest quarter of section 29, township 15, range eight, except the portion thereof used for cemetery purposes, as provided in K.S.A. 76-14a03.

(b) The amount of money received from such lease including any money received for the production of any oil, gas or other minerals shall be credited to the state general fund.

(c) The property described in subsection (a) is deemed to be under the control of the secretary for purposes of executing such leases for the exploration or production of any oil, gas or other minerals.

History: L. 1982, ch. 342, § 1; May 13.

Article 15.—NORTON STATE HOSPITAL; TUBERCULOSIS HOSPITAL (CHANUTE)

Cross References to Related Sections:

Support of outpatients, see 76-170, 76-1510b.

Jurisdiction conferred on secretary of social and rehabilitation services, see 76-12a06.

Admission and rights of persons admitted, see 76-12b01 et seq.

76-1501.

History: R.S. 1923, 76-1501; Repealed, L. 1943, ch. 282, § 5; March 30.

Source or prior law:

L. 1911, ch. 295, § 4; L. 1913, ch. 302, § 4; Revised, 1923.

76-1502. Institution established. Laws 1913, chapter 302, sections 6 and 8, included by reference. [Provided for the selection of a site for the Kansas sanatorium for tubercular patients, the transfer of title to the site to the state and for the erection of buildings. Section 8 of the act provided for a proclamation by the governor opening the sanatorium.]

History: R.S. 1923, 76-1502.

Source or prior law:

L. 1911, ch. 295, §§ 6, 8.

Research and Practice Aids:

Hospitals — 2.

C.J.S. Hospitals § 4.

76-1502a. Name. The name of the Kansas sanatorium for tubercular patients located at Norton, Kansas, is hereby changed to the Norton state hospital. On and after the effective date of this act, any reference in the laws of this state to the "Kansas sanatorium for tubercular patients" or words of similar import shall be deemed to be made to the Norton state hospital.

History: L. 1967, ch. 476, § 1; July 1.

76-1502b. Norton state hospital fee fund created; deposits and expenditures, how made; remittance required. The superintendent of Norton state hospital shall remit all moneys received by or for him or her from charges made under K.S.A. 59-2006 and other operations of such institution to the state treasurer at least monthly. Upon receipt of any such remittance the state treasurer shall deposit the entire amount thereof in the state treasury and the same shall be credited to the Norton state hospital fee fund. All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pur-

STATE OF KANSAS

SESSION LAWS, 1959

PASSED AT THE FIFTY-EIGHTH REGULAR SESSION—THE SAME
BEING THE FORTY-FIRST BIENNIAL SESSION—
OF THE LEGISLATURE OF THE STATE
OF KANSAS



Date of Publication of this Volume
June 30, 1959

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THE STATE PRINTING PLANT
TOPEKA, KANSAS
1959



27-8665

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CHAPTER 328

STATE BOARD OF SOCIAL WELFARE TO SELL THE ELLSWORTH
HOME FOR THE AGED

Senate Bill No. 172

AN ACT authorizing the sale of property known as the Ellsworth home for the aged, and providing certain conditions and restrictions on the conveyance thereof.

Be it enacted by the Legislature of the State of Kansas:

SECTION 1. The state board of social welfare is hereby authorized and empowered to sell the property known as the Ellsworth home for the aged, and more particularly described as the south-west quarter (SW $\frac{1}{4}$) of section twenty-nine (29), township fifteen (15), range eight (8), except the portion thereof used for cemetery purposes. The board of social welfare shall solicit sealed bids by public notice inserted in one publication in the official state paper. Sale of such property shall be made to the highest responsible bidder who submits his bid within thirty (30) days after publication of such notice, except that in no case shall such property be sold for less than the sum of twenty thousand dollars (\$20,000). The conveyance of said property shall provide for the retention by the state of Kansas of all mineral rights in and under such property, together with ingress and egress thereto for production of any oil, gas, or other mineral, and shall also provide for the reversion of said title to the state of Kansas in the event said property ceases to be used, operated and maintained by said society for charitable purposes as a home for the aged or infirm. The deed to said property shall be approved by the attorney general, and shall be executed by the chairman of the board of social welfare and duly acknowledged by him before an officer authorized by law to take acknowledgments. The amount received from the sale of said property shall be credited to the state general fund.

SEC. 2. This act shall take effect and be in force from and after its publication in the official state paper.

Approved March 13, 1959.

Published in the official state paper March 19, 1959.

STATE OF KANSAS

1981 SESSION LAWS OF KANSAS

[Prepared in accordance with K.S.A. 1980 Supp. 45-310]

PASSED DURING THE 1981 REGULAR SESSION OF THE
SIXTY-NINTH LEGISLATURE OF THE STATE OF KANSAS

Date of Publication of this Volume
July 1, 1981

76-515. Before entering into any such oil, gas or other mineral lease upon such land, the board of regents shall give not less than ~~thirty~~ 30 days public notice of its intention to lease said lands by a publication in the ~~official state paper~~ *Kansas register*. Leases shall be made only upon competitive bids and shall be awarded to the highest responsible bidder. The right to reject any and all bids for leases shall be reserved by the board of regents. All leases made under the provisions of this act shall be executed by the ~~chairman~~ *chairperson* of the board of regents and attested by the secretary of said the board.

Sec. 30. K.S.A. 76-6a25 is hereby amended to read as follows: 76-6a25. Prior to the issuance of any bonds under authority of this act and after the adoption of a resolution authorizing any bonds hereunder, the board shall cause to be published once in the ~~official state paper of the state of Kansas~~ *register* a notice to all persons interested that it has determined to issue bonds under authority of this act. The notice shall state the amount or maximum amount of bonds to be issued pursuant to such resolution, together with a brief statement of the purposes for which the proceeds are to be used, and further, that unless an action to contest the legality of the proposed bonds shall be filed in a court of law within ~~thirty~~ 30 days from the date of such publication, the right to contest the legality of any bonds issued in compliance with the proceedings taken by said board prior to the date of such publication and the right to contest the validity of the provisions of such proceedings shall cease to exist and no court shall thereafter have authority to inquire into such matters. After the expiration of said ~~thirty~~ 30 days, no one shall have any right to commence an action contesting the validity of such bonds or the provisions of such proceedings and all such bonds shall be conclusively presumed to be legal, and no court shall thereafter have authority to inquire into such matters.

Sec. 31. K.S.A. 76-14a03 is hereby amended to read as follows: 76-14a03. The state board of social welfare is hereby authorized and empowered to sell the property known as the Ellsworth home for the aged, and more particularly described as the southwest quarter (SW $\frac{1}{4}$) of section twenty-nine (29), township fifteen (15), range eight (8), except the portion thereof used for cemetery purposes. The board of social welfare shall solicit sealed bids by public notice inserted in one publication in the ~~official state paper~~ *Kansas register*. Sale of such property shall be made to the highest responsible bidder who submits his or her a bid within ~~thirty~~ (30) 30 days after publication of such notice, except that in no case shall such property be sold for less than the sum of ~~twenty thousand dollars (\$20,000)~~ \$20,000. The convey-

ance of said property shall provide for the retention by the state of Kansas of all mineral rights in and under such property, together with ingress and egress thereto for production of any oil, gas, or other mineral, and shall also provide for the reversion of said title to the state of Kansas in the event said property ceases to be used, operated and maintained by said society for charitable purposes as a home for the aged or infirm. The deed to said property shall be approved by the attorney general, and shall be executed by the ~~chairman~~ chairperson of the board of social welfare and duly acknowledged by ~~him or her~~ the chairperson before an officer authorized by law to take acknowledgments. The amount received from the sale of said property shall be credited to the state general fund.

Sec. 32. K.S.A. 76-1935a is hereby amended to read as follows: 76-1935a. The custodian of the members and patients trust fund at the Kansas soldiers' home shall notify the executive director of the Kansas veterans' commission of any moneys which are under ~~his or her~~ the custodian's charge belonging to members who have died intestate, without known heirs or designated beneficiaries for funds on deposit, and the ~~said~~ executive director shall publish a notice for two consecutive weeks in the ~~official~~ state paper *Kansas register* which shall state the name of each deceased member, ~~his or her~~ their last known home address and the amount of the deposit remaining in the account of such former member; and such notice shall further state that unless interested persons appear and file a legitimate claim therefor within one year after the date of the last publication of such notice, said amount or amounts will be transferred to the general fees fund of the soldiers' home to help defray unrecovered costs connected with the maintenance and operation of ~~said~~ the soldiers' home and for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services which are performed on behalf of ~~said~~ such agency by other state agencies.

Unless a party entitled thereto shall make claim within the time stated in the notice, the balance in any former member's fund as so published for which no claim is made as prescribed herein shall be transferred as hereinabove provided. Thereafter, unless a claim is filed with the veterans' commission within two years after such transfer is made, no claim may be made or filed for such former member's fund: ~~Provided, except~~ that a person under legal disability during the two-year period may file a claim within one year after removal of the disability. The veterans' commission is hereby authorized to make payments to claimants it shall determine are entitled thereto, if such claims otherwise comply with the terms of this act; and such payments shall be authorized

**AGREEMENT
FOR
PURCHASE AND GIFT
OF REAL ESTATE**

This **Agreement for Purchase and Sale of Real Estate** ("Agreement") is made effective this ____ day of February 2011 by and between the following parties:

Seller/Giftor:

The Evangelical Lutheran Good Samaritan Society

referred to as Seller for purposes of this Agreement; and

Buyer

Smoky Hill Economic Development Corporation

referred to as Buyer for purposes of this Agreement.

Note: This Agreement for Purchase and Sale of Real Estate is a legally binding Contract, please review it before signing.

WITNESSETH:

In consideration of the covenants made each to the other, as herein set forth, Seller shall sell and convey title and Buyer shall purchase, on the terms and conditions hereinafter set forth the following described real estate situated in Ellsworth County, Kansas, to-wit:

SEE ATTACHED LEGAL DESCRIPTION – EXHIBIT 1 To Agreement for Purchase and Sale of Real Estate

together with all the permanent improvements, fixtures and appurtenances thereto belonging (the Property) pursuant to the terms, conditions and requirements of this Agreement as hereinafter set forth.

1. **Purchase Price.** The full consideration and purchase price for the Property is \$100.00 with any value of the Property in excess of the purchase price being considered a gift or transfer for economic and community development/enrichment. The \$100.00 amount shall be paid as follows:

- a. The sum of \$100.00 to be paid to the escrow agent, upon the signing of this Agreement and held in accordance with the terms hereof and disbursed to Seller at closing.

2. **Title.** Seller shall convey marketable fee simple title to the Property to Buyer, free and clear of all liens, encumbrances, defects and burdens, by a properly executed general corporate warranty deed in recordable form, EXCEPT and subject to the following permitted exceptions. The permitted exceptions are:

- a. Easements, Restrictions, Covenants, Reservations, Conditions, and Rights of Way of Record, which would not be deemed by a reasonable person or by general practice and usage in the county where the Property is located to impair the use of the Property for future economic and community development/enrichment.
- b. Zoning Ordinances of Record, if any.
- c. Exceptions waived or deemed waived by Buyer, in accordance with the terms of this Agreement.
- d. Any oral or other farm tenancy currently existing.
- e. The Restrictive Covenants hereafter described

It is a specific requirement of this Agreement and sale that the general corporate warranty deed, given to Buyer shall contain the following Restrictive Covenants, which shall run with the land:

1. The Property, nor any part or parcel thereof, shall be used for geriatric care or other purposes which would directly compete with the services typically provided by Seller at its Ellsworth, Kansas facilities; provided however, said services constitute more than 10% of Sell the gross

revenue produced by Seller at its Ellsworth, Kansas facilities. Those services include but are not limited to, long-term care, nursing home care, skilled nursing care, assisted living, senior housing, adult day care, adult health and care services.

2. The Property, nor any part or parcel thereof, shall be used for adult entertainment uses, which include but are not limited to the following:

(a) ADULT BOOKSTORE -- An establishment having as a substantial or significant portion of its stock in trade, books, magazines, periodicals, pictures and other matter which are distinguished or characterized by their emphasis depicting, describing, or relating to sexual conduct or sexual excitement.

(b) ADULT CABARET -- A nightclub, bar, restaurant, tavern, dance hall, or similar commercial establishment which features:

(i). Persons who appear in a state of nudity; or

(ii). Live performances which are characterized by an emphasis on depicting anatomical areas specified as less than completely and opaquely covered human genitals, pubic region, buttock and female breast below a point immediately above the top of the areola, and human genitals in a state of sexual arousal, or relating to sexual conduct or sexual excitement; or

(iii). Motion pictures, films, video cassettes, cable television, slides, DVDs, digital, electronic or other photographic reproductions which are characterized by the depiction or description of anatomical areas specified as above, or relating to sexual conduct or sexual excitement.

(c) ADULT MOTION-PICTURE THEATER -- An enclosed building or outdoor venue used for public uses, for presenting material (motion pictures, films, video cassettes, cable television, slides, DVDs or any other such visual or electronic media) distinguished by an emphasis on matter depicting, describing, or relating to sexual conduct or sexual excitement.

(d) ADULT PARAPHERNALIA STORE -- An establishment having as a substantial or significant portion of its stock in devices, objects, tools, toys or electronic media which are distinguished or characterized by their association with sexual activity, including sexual intercourse, sexual conduct or sexual excitement.

(e) ADULT VIDEO STORE - ARCADE -- An establishment having a substantial or significant portion of its stock in trade (for sale or rent) motion pictures, films, video cassettes, DVDs and other film material or similar audio/visual media and electronic media which are distinguished or characterized by their emphasis depicting, describing, or relating to sexual conduct or sexual excitement.

(f) ESTABLISHMENTS WHICH DISPLAY LIVE NUDITY FOR THEIR PATRONS --- An establishment which provides live entertainment for its patrons, that includes persons in the state of nudity; or live performances which are characterized by an emphasis on depicting anatomical areas specified as less than completely and opaquely covered human genitals, pubic region, buttock and female breast below a point immediately above the top of the areola, and human genitals in a state of sexual arousal, or relating to sexual conduct or sexual excitement.

(g) NUDITY -- defined as Uncovered or less than opaquely covered human genitals, pubic areas, the human female breast below a point immediately above the top of the areola, or the covered male genitals in a discernibly turgid state. For the purposes of this definition, a female breast is considered uncovered if the nipple or areola only are covered.

(h) SEXUAL CONDUCT -- Human masturbation, sexual intercourse, actual or simulated, normal or perverted, any lewd exhibitions of the genitals, flagellation or torture in the context of a sexual relationship, any lewd touching of the genitals, pubic areas, or buttocks of the human male or female, or the breasts of the female, whether alone or between members of the same or opposite sex or between humans and animals, and any depiction or representation of excretory functions in the context of a sexual relationship. Sexual intercourse is simulated when it depicts explicit sexual intercourse which gives the appearance of the consummation of sexual intercourse, normal or perverted.

(i) SEXUAL EXCITEMENT -- The condition of human male or female genitals or the breasts of the female while in a state of sexual stimulation or the sensual experiences of humans engaging in or witnessing sexual conduct or nudity.

SUBSTANTIAL OR SIGNIFICANT PORTION OF STOCK -- Means more than twenty-five percent (25%) of the total display, shelf, rack, table, stand or floor area, utilized for display to rent or sell.

3. The Property, nor any part or parcel thereof, shall be used for gaming or gambling activities.

3. Proof of Title. Buyer shall obtain such examination and proof of title as Buyer shall desire, at Buyers expenses. Objections to the quality of title (marketability) shall be furnished by Buyer to Seller, at least 20 days prior to the closing date or they shall be deemed waived. If there are objections to title, Buyer may correct or cure those objections to Buyers satisfaction at Buyer's expense or terminate this Agreement, by delivering a written Notice of Cancellation of this Agreement, requesting a return of the \$100.00 to both the Seller and Escrow Agent. Once the Notice of Cancellation has been delivered, as required herein the Escrow

Agent shall return the \$100.00 held in escrow to Buyer and this Agreement shall be deemed null and void.

4. Escrow Agent. All moneys paid and to be paid and all documents including, without limitation, the deed, title insurance or abstract, if any, and other papers to be delivered hereunder shall be paid and delivered to Smoky Hill Title, as Escrow Agent, who shall hold and then pay and deliver the same to the respective party entitled thereto upon full performance by the parties of all the terms of this agreement. If doubt or questions arise as to payments, distributions, duties or obligations of the Escrow Agent, the Escrow Agent may (a) continue to hold all funds or documents until the parties mutually agree in writing or until a court of competent jurisdiction finally determines the rights of the parties, or (b) deposit all funds and documents so held with the Clerk of the District Court of the County where the above described real estate is situate and, after notifying all parties in writing, Escrow Agent's liability shall cease, except to account for any sums previously delivered.

5. Closing Date and Possession.

5.1 Unless extended by written agreement of the parties, or as reasonably necessary to satisfy valid objections to title as provided hereinabove, this Agreement, shall be completed and the transaction closed on or before April 15, 2011 or within 15 days after such time as the contingencies and conditions precedent set forth herein have occurred. If closing cannot be held on said date due to title defects then closing shall occur within 10 days of Buyer being satisfied that marketable title can be provided but no later than September 15, 2011.

6. Taxes and Assessments. Seller shall pay all taxes and assessments on the Property, if any for the year 2010 and all prior years. All taxes and assessments thereafter shall be paid by Buyer, assuming this sale closes.

7. Farm Tenants. Buyer accepts the Property subject to any farm tenancy thereon, and shall receive all rents or crop shares, after closing, due to Seller under the terms of the existing farm tenancy. Buyer accepts any obligation for Seller's share of the crop expense under the terms of the lease, if any, provided Buyer receive the landlords share of the crop to which the expense is related.

8. Assignment. Buyer shall not sell, assign, pledge, hypothecate, give or grant a security interest in, or transfer this contract or any interest under it or any interest in or to the Property, without first obtaining the written consent of the Seller.

9. Default. In the event Buyer fails to comply with any of the terms of this agreement, then this agreement shall, at the option of the Seller, become immediately null and void whereupon all rights of Buyer hereunder shall end and all monies paid hereunder shall be retained by the Seller as rent and liquidated damages for the said nonperformance and Seller shall; be entitled to retain possession of said real estate and upon said election all parties shall be released from further liability hereunder. The remedies set forth herein shall be Sellers exclusive remedy and Seller shall not have the right to seek damages, specific performance or other remedies at law or equity.

10. **Cost.** Buyer shall pay all the following cost and expense of this transaction:

- a. Cost of such title search or examination as Buyer shall desire.
 - b. Cost of inspections desired by Buyer, if any.
 - c. The cost of filing any documents of record.
 - d. Cost of an appraisal for the Buyer, if any, shall be paid by Buyer.
 - e. The cost of preparing this Agreement for Purchase and Sale of Real Estate and the cost of drawing the deed shall be paid by Buyer.
 - f. Cost of any title defects, if any, Buyer wishes to cure shall be paid by Buyer.
 - g.
- Any other cost shall be paid by the party incurring same, including attorney fees.

11. **Contingencies and Conditions Precedent.** This contract is subject to the following contingencies and conditions precedent:

Necessary legislative or governmental approvals for sale and transfer of the Property in accordance with the terms of this Agreement.

12. **Condition of Property.** No representations of any kind whatsoever have been made to Buyer by Seller or by any one on Seller's behalf, as to the condition of the Property, any improvements thereon, or other assets being sold hereunder except:

No Exceptions

Except for said specifically stated representations, if any, Buyer has relied upon Buyer's own inspection of the Property, improvements and all assets sold hereunder. It is specifically agreed and understood that said real estate, improvements, and assets are sold in "as is" and "where is" condition at the time possession, with only the above listed representations if any, as to the condition of the Property.

13. **Environmental Hazards.** The parties acknowledge that Sellers have not conducted an environmental impact study and make no representation or warranty regarding the presence or absence of prohibitive substances or of any other materials of any kind having an environmental impact upon the Property. Buyers acknowledge having inspected the Property, are familiar with it, and agree to purchase the Property "as is, where is" without warranty of any type as to its condition except as otherwise stated in the section of this agreement entitled Condition of Property.

14. **No Commission.** The parties hereby stipulate that they have not consulted with any real estate broker or salesman with respect to this sale, and no commissions arising from this sale are due and owing.

15. Relationship of the Parties and Indemnification. The relationship of the parties is solely that of buyer and seller, and nothing herein shall create any other relationship or liability. If any claim is made against the Sellers for damages arising out of or from the use of the Property by the Buyer, the Buyer shall be solely responsible for such claim and shall indemnify the Sellers against loss on the account thereof, including court costs, attorney's fees, and expenses.

16. Real Estate Reporting Person. The parties agree that the Escrow Agent is the real estate reporting person as that term is defined under Internal Revenue Code Section 6045(e). Seller and Buyer agree to provide Escrow Agent with a written statement, certified under penalties of perjury, setting forth Sellers' and Buyers' correct name, address, and taxpayer identification number. The parties further agree that Escrow Agent shall be required to file the informational return required by Internal Revenue Code Section 6045.

17. Representation of Parties. The law firm of Sherman, Hoffman & Hipp, LC, Ellsworth, Kansas, represents the Buyer. The Seller is represented by its in house counsel.

18. Time. Time and punctuality are hereby made the essence of this agreement.

19. Captions. The captions heading the various paragraphs of this Agreement are for convenience and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

20. Kansas Law Applies. This Agreement and its validity, construction and performance shall be governed by the laws of Kansas. This Agreement shall be interpreted according to its fair meaning, and not in favor of or against any party.

21. Severability. The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render the other provisions unenforceable, invalid, or illegal.

22. Persons Bound- Execution-Copies. This Agreement shall extend to and bind the parties hereto, as well as their successors and assigns. This Agreement may be executed in any number of counterparts, or in multiple originals, or upon any number of separate signature pages, which when combined shall be deemed an original, and all such counterparts or originals shall for all purposes constitute one agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year first above written.

(Signatures on Next Page)

**The Evangelical Lutheran Good
Samaritan Society**

By:

Office:

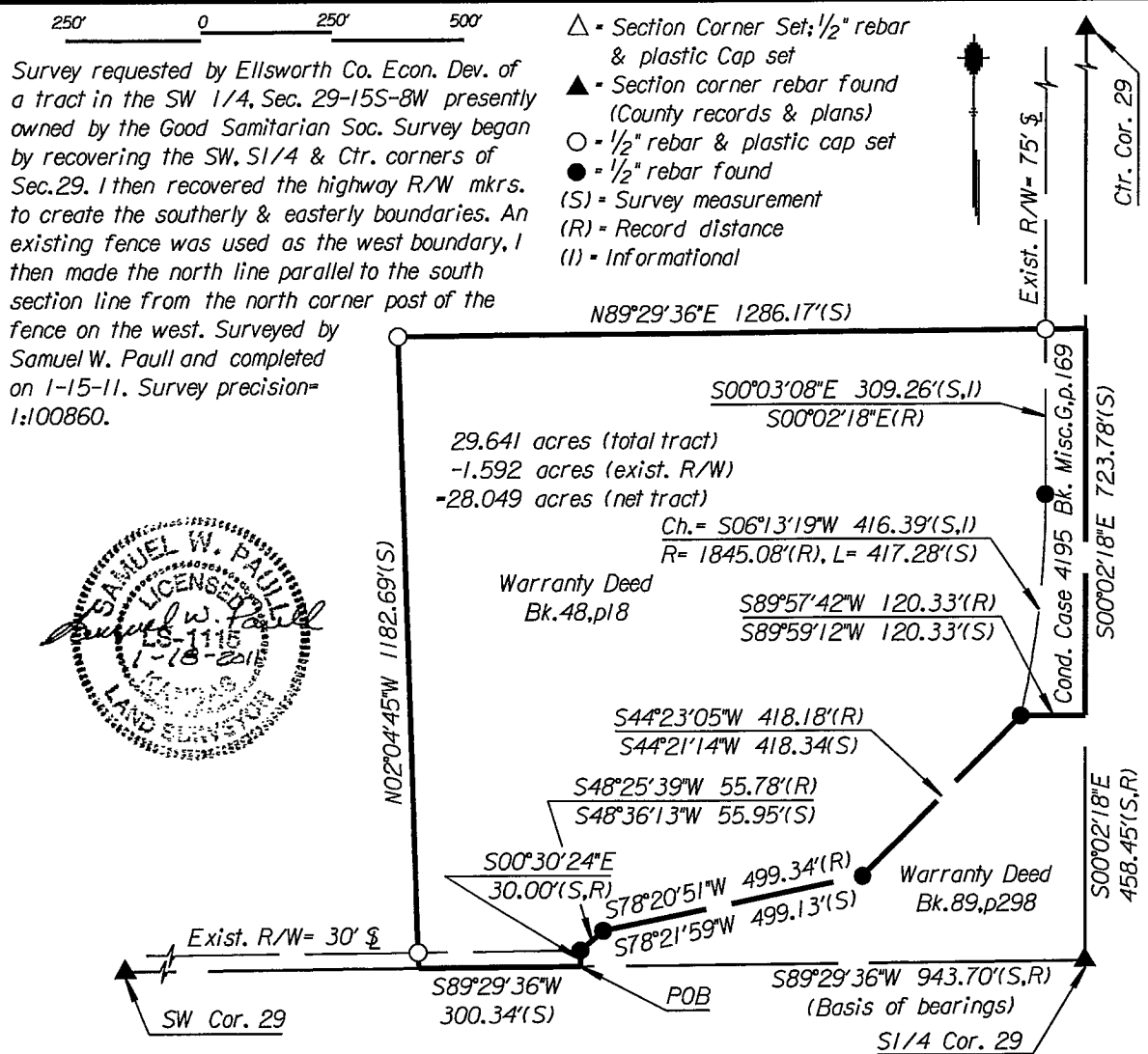
SELLER

Smoky Hill Development Corporation

By: Sarah Grace Goss

Office: President

BUYER



A tract of land in the Southwest Quarter of Section 29, Township 15 South, Range 8 West of the 6th P.M. in Ellsworth County, Kansas described as follows: COMMENCING at the Southeast Corner of said Quarter Section, thence on an assumed bearing of South 89 degrees 29 minutes 29 seconds West, 943.70 feet along the south line of said Quarter Section to the POINT OF BEGINNING; FIRST COURSE, thence South 89 degrees 29 minutes 36 seconds West, 300.34 feet along the south line of said Quarter Section; SECOND COURSE, thence North 02 degrees 04 minutes 45 seconds West, 1182.69 feet; THIRD COURSE, thence North 89 degrees 29 minutes 36 seconds East, 1286.17 feet to the east line of said Quarter Section; FOURTH COURSE, thence South 00 degrees 02 minutes 18 seconds East, 723.78 feet along the east line of said Quarter Section; FIFTH COURSE, thence South 89 degrees 59 minutes 12 seconds West, 120.33 feet to the existing westerly K-14/K-156 right of way; SIXTH COURSE, thence South 44 degrees 21 minutes 14 seconds West, 418.34 feet along said westerly right of way; SEVENTH COURSE, thence South 78 degrees 21 minutes 59 seconds West, 499.13 feet along said westerly right of way; EIGHTH COURSE, thence South 48 degrees 36 minutes 13 seconds West, 55.95 feet along said westerly right of way to the existing northerly township road right of way; NINTH COURSE, thence South 00 degrees 30 minutes 24 seconds East, 30.00 feet to the south line of said Quarter Section and the point of beginning. The above described tract contains 29.641 acres, which includes 1.592 acres of existing right of way, resulting in a tract of 28.049 acres, more or less.

Exhibit 1 to Agreement for Purchase & Sale of Real Estate

Evangelical Lutheran Good Samaritan Society/Ellsworth County Economic Development, Inc.

Tract in the Southwest Quarter of Section 29-T15S-R8W, Ellsworth Co., Ks.

By Samuel W. Paull; PO Box 293, Kanopolis, Ks. 67454; 785-531-0558

KANSAS COMMISSION ON VETERANS' AFFAIRS



DRAFT

| Expenditure | Actual FY 2010 | Agency Est. FY 2011 | Gov. Rec. FY 2011 | Agency Req. FY 2012 | Gov. Rec. FY 2012 |
|-------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: | | | | | |
| State General Fund | \$ 8,189,261 | \$ 8,744,694 | \$ 8,330,406 | \$ 8,601,322 | \$ 7,878,879 |
| Other Funds | 10,781,586 | 10,304,751 | 10,304,751 | 10,709,897 | 10,734,332 |
| TOTAL | \$ 18,970,847 | \$ 19,049,445 | \$ 18,635,157 | \$ 19,311,219 | \$ 18,613,211 |
| Capital Improvements: | | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 223,141 | 1,940,149 | 1,940,149 | 848,090 | 848,090 |
| TOTAL | \$ 223,141 | \$ 1,940,149 | \$ 1,940,149 | \$ 848,090 | \$ 848,090 |
| GRAND TOTAL | \$ 19,193,988 | \$ 20,989,594 | \$ 20,575,306 | \$ 20,159,309 | \$ 19,461,301 |

Percentage Change:

Operating Expenditures:

| | | | | | |
|--------------------|--------|------|-------|--------|--------|
| State General Fund | (6.0)% | 6.8% | 1.7% | (1.6)% | (5.4)% |
| All Funds | (1.0) | 0.4 | (1.8) | 1.4 | (0.1) |

| | | | | | |
|------------------------|-------|-------|-------|-------|-------|
| FTE Positions | 513.0 | 498.0 | 498.0 | 500.0 | 340.0 |
| Non-FTE Perm.Uncl.Pos. | 9.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| TOTAL | 522.0 | 504.0 | 504.0 | 506.0 | 346.0 |

AGENCY OVERVIEW

The mission of the Kansas Commission on Veterans' Affairs (KCVA) is to serve Kansas veterans and their families, relatives, and dependents with dignity and compassion and to be their principal advocate in ensuring that they receive information, advice direction, medical care, benefits, social support, and lasting memorials in recognition of their service to Kansas and the nation.

Services provided by the agency include long-term nursing and assisted living care to eligible veterans, completion and maintenance of four state veterans' cemeteries, and coordination with federal agencies to provide financial assistance to Kansas veterans for health care and disability income.

The agency serves veterans through 15 field offices, six service organization offices, and the central office located in Topeka. Additional services are provided through services grants to veterans' service organizations. Nursing and assisted living care are provided through the Kansas Soldiers' Home in Fort Dodge and the Kansas Veterans' Home in Winfield.

MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** added \$1.3 million from the State General Fund for the Kansas Veterans' Home (KVH) and the Kansas Soldiers' Home (KSH) for FY 2004 and FY 2005 to address funding concerns at both homes. In May of 2004, the federal Department of Veterans' Affairs took over the operation of the Community-Based Outpatient Clinic at Fort Dodge.

The **2005 Legislature** added \$205,000 for FY 2005 and \$391,000 for FY 2006 from the State General Fund for operating expenditures at KSH, including \$41,000 in FY 2006 for vehicle purchases. Additionally, the 2005 Legislature added \$344,501 for FY 2006 from the State General Fund for direct care staff salary upgrades at KSH and KVH.

The **2006 Legislature** added \$71,310 from the State General Fund in FY 2007 to fund two additional veterans' service representatives for positions which were previously vacant. The Legislature also added \$48,478 from the State General Fund in FY 2007 to allow for the reclassification of veterans' service representatives.

Also, the **2006 Legislature** passed 2006 House Sub. for SB 396, which directed the KCVA to establish and administer a Veterans' Claims Assistance Program (VCAP) to be implemented through annual grant agreements with veterans' service organizations. The program was to be established and operations to commence on or before August 1, 2006. The grants are subject to appropriation by the Legislature. Additionally, the 2006 Legislature added \$500,000 from the State General Fund in FY 2007 to fund the VCAP grants.

The **2007 Legislature** included \$500,000 from the State General Fund for the FY 2008 budget for the continuation of VCAP established by the 2006 Legislature. The Legislature also added, from the State General Fund, \$32,988 to replace one tractor, \$53,012 to fund salaries and wages for an additional ten resident workers, and \$18,800 for one minivan to transport KSH residents. In addition, the Legislature added \$34,620 from the State General Fund for one nine-passenger minivan with a wheelchair lift to transport KVH residents.

In late 2007, the Department of Aging found several deficiencies at KSH. To correct these items, a Department of Administration taskforce was commissioned to consult with KSH. Several additional enhancements were requested in response to the taskforce.

The **2008 Legislature** added \$240,000, including \$40,000 from the State General Fund, in FY 2008 to fill the Emporia veterans' service representative position and pay for consulting fees related to the deficiencies found at KSH in Fort Dodge. The Legislature added \$658,173, including \$408,173 from the State General Fund, in FY 2009 for operating expenses for a new cemetery at Fort Riley, salary and wage increases at KVH in Winfield, replacement of ten electric beds, replacement of a 12-passenger wheelchair lift van, and the shifting of 24.0 FTE positions to unclassified positions. The shift in staffing was an attempt to resolve issues related to insufficient nursing staff at KSH.

The **2009 Legislature** deleted \$118,895, all from the State General Fund, in FY 2009 and \$367,964, also all from the State General Fund, in FY 2010. The Legislature also deleted

\$314,784, all from the State Institutions Building Fund and placed the capital improvements projects on hold pending the outcome of the state investigation into facilities closure.

The **2010 Legislature** added \$833,856, all from the State Institutions Building Fund, for roof repairs at KSH for FY 2011 and also added \$700,000, all from the State General Fund, to the KCVA operations budget for FY 2011. In addition, the Legislature added language allowing the KCVA to expend Scratch Lotto Funds received by the agency not only for the enhanced service delivery program but also for normal program operations in the Veterans Services Program. The Legislature also closed Triplett Hall, a long term care nursing facility, at KVH and eliminated payment of veterans' spouses' pharmacy costs at KSH.

BUDGET SUMMARY AND KEY POINTS

FY 2011 – Current Year. The **agency** estimates a revised operating budget of \$19,049,445, an all funds decrease of \$1,131,179, or 5.6 percent, below the amount approved by the 2010 Legislature. The estimate includes \$8,744,694 from the State General Fund, an increase of \$414,321, or 5.0 percent, above the approved State General Fund amount.

The estimate includes supplemental requests totaling \$414,288, all from the State General Fund. **Absent the supplemental requests**, the estimate is \$18,635,157, which is a decrease of \$1,545,467, or 7.7 percent. Also absent the supplemental requests, the revised State General Fund estimate is \$8,330,406, an increase of \$33, or less than 0.1 percent, above the State General Fund amount approved by the 2010 Legislature.

The all funds decrease is primarily due to reductions at KSH and KVH made due to lower revenues than previously estimated in the KSH and KVH fee funds, as well as the KSH Medicare fund.

The **Governor** recommends a revised operating budget of \$18,635,157, an all funds decrease of \$414,288, or 2.2 percent, below the agency revised FY 2011 estimate. The recommendation includes \$8,330,406 from the State General Fund, which is \$414,288, or 4.7 percent, below the agency revised FY 2011 State General Fund estimate. **Absent the supplemental request**, the recommendation is the same as the agency revised estimate. The Governor does not recommend supplemental funding for this agency in FY 2011.

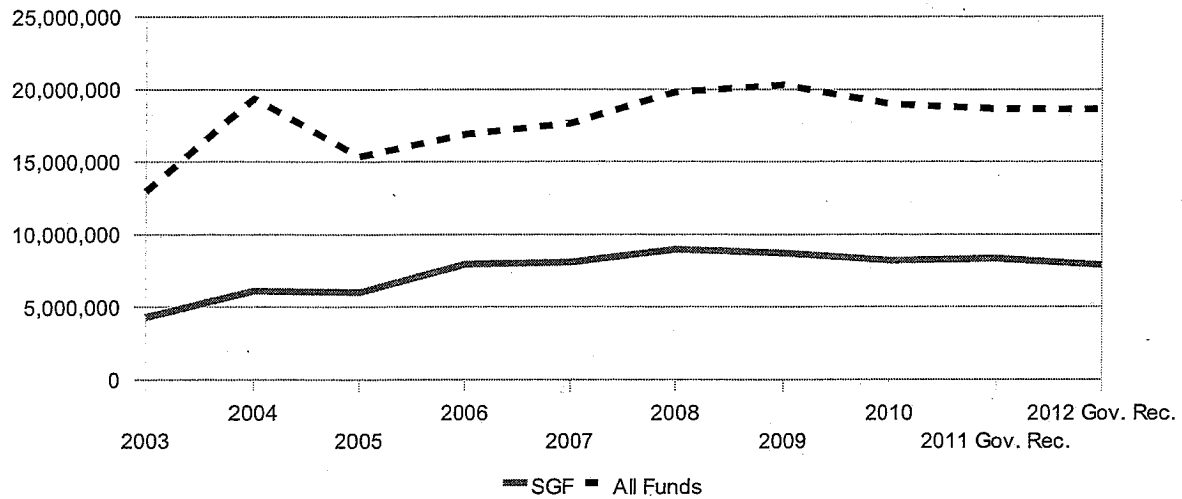
FY 2012 – Budget Year. The **agency** requests an operating budget of \$19,311,219 for FY 2012, an all funds increase of \$261,774, or 1.4 percent, above the revised FY 2011 estimate. The request includes \$8,601,322 from the State General Fund, a decrease of \$143,372, or 1.6 percent, below the State General Fund revised FY 2011 estimate. The request includes 500.0 FTE positions, an increase of 2.0 FTE above the revised FY 2011 estimate.

The request includes enhancements totaling \$307,765, all from the State General Fund. **Absent the enhancements**, the request is \$19,003,454, which is a decrease of \$45,991, or 0.2 percent, below the revised FY 2011 estimate. Absent the enhancements, the FY 2012 State General Fund request is \$8,293,557, which is a decrease of \$451,137, or 5.2 percent, below the revised FY 2011 State General Fund estimate. The enhancements include the addition of 2.0 FTE positions. Absent the FTE enhancement, the FY 2012 request would be 498.0 FTE positions, the same as the revised FY 2011 estimate.

The **Governor** recommends an FY 2012 operating budget of \$18,613,211, an all funds decrease of \$21,946, or 0.1 percent, below the Governor's FY 2011 recommendation. It is also an all funds decrease of \$698,008, or 3.6 percent, below the agency FY 2012 request, with a State General Fund decrease of \$722,443, or 8.4 percent, below the agency FY 2012 State General Fund request. The Governor does not recommend enhanced funding, which accounts for \$307,765 of the all funds reduction. The Governor also recommends the agency's reduced resources budget, which comprises the remaining \$414,678 of the all funds reduction. The \$24,435 difference between the all funds reduction and the State General Fund is the recommendation at the agency use an additional \$24,435 from the federal burial reimbursement fund. The Governor also recommends 340.0 FTE positions, which is a 158.0 reduction from the agency FY 2012 request absent the enhancement, consistent with the Governor's goal to decrease unfilled FTE positions across state agencies.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2003-FY 2012



OPERATING EXPENDITURES FY 2003-FY 2012

| Fiscal Year | SGF | % Change | All Funds | % Change | FTE |
|------------------------------------|--------------|----------|---------------|----------|---------|
| 2003 | \$ 4,289,931 | 7.3% | \$ 12,943,566 | 5.8% | 558.8 |
| 2004 | 6,101,473 | 42.2 | 19,353,420 | 49.5 | 557.8 |
| 2005 | 6,006,862 | (1.6) | 15,347,805 | (20.7) | 557.8 |
| 2006 | 7,933,871 | 32.1 | 16,881,784 | 10.0 | 557.8 |
| 2007 | 8,059,706 | 1.6 | 17,632,272 | 4.4 | 556.8 |
| 2008 | 8,955,250 | 11.1 | 19,799,498 | 12.3 | 556.8 |
| 2009 | 8,712,946 | (2.7) | 20,284,990 | 2.5 | 522.0 |
| 2010 | 8,189,261 | (6.0) | 18,970,847 | (6.5) | 513.0 |
| 2011 Gov. Rec. | 8,330,406 | 1.7 | 18,635,157 | (1.8) | 498.0 |
| 2012 Gov. Rec. | 7,878,879 | (5.4) | 18,613,211 | (0.1) | 340.0 |
| Ten-Year Change Dollars/Percent | \$ 3,588,948 | 83.7% | 5,669,645 | 43.8% | (218.8) |

Summary of Operating Budget FY 2010-FY 2012

Kansas Commission on Veterans' Affairs

| | Actual FY 2010 | Agency Request | | | | Governor's Recommendation | | | |
|-----------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
| | | Estimate FY 2011 | Request FY 2012 | Dollar Change from FY 11 | Percent Change From FY 11 | Rec. FY 2011 | Rec. FY 2012 | Dollar Change from FY 11 | Percent Change from FY 11 |
| By Program: | | | | | | | | | |
| Administration | \$ 452,431 | \$ 462,949 | \$ 457,842 | \$ (5,107) | (1.1)% | \$ 454,449 | \$ 434,950 | \$ (19,499) | (4.3)% |
| Veterans' Services | 1,780,543 | 2,363,468 | 2,448,486 | 85,018 | 3.6 | 2,338,468 | 2,245,585 | (92,883) | (4.0) |
| Kansas Soldiers' Home | 6,859,952 | 6,439,893 | 6,631,349 | 191,456 | 3.0 | 6,439,893 | 6,424,304 | (15,589) | (0.2) |
| Kansas Veterans' Home | 9,136,628 | 8,967,675 | 8,951,020 | (16,655) | (0.2) | 8,586,887 | 8,699,721 | 112,834 | 1.3 |
| Cemeteries Program | 741,293 | 815,460 | 822,522 | 7,062 | 0.9 | 815,460 | 808,651 | (6,809) | (0.8) |
| TOTAL | \$ 18,970,847 | \$ 19,049,445 | \$ 19,311,219 | \$ 261,774 | 1.4% | \$ 18,635,157 | \$ 18,613,211 | \$ (21,946) | (0.1)% |
| Salaries and Wages | \$ 14,508,341 | \$ 14,363,997 | \$ 14,977,687 | \$ 613,690 | 4.3% | \$ 14,363,997 | \$ 14,661,491 | \$ 297,494 | 2.1% |
| Contractual Services | 2,598,345 | 2,410,660 | 2,270,081 | (140,579) | (5.8) | 2,220,840 | 1,985,079 | (235,761) | (10.6) |
| Commodities | 1,820,644 | 1,922,265 | 1,820,733 | (101,532) | (5.3) | 1,775,729 | 1,760,893 | (14,836) | (0.8) |
| Capital Outlay | 43,517 | 352,523 | 242,718 | (109,805) | (31.1) | 274,591 | 205,748 | (68,843) | (25.1) |
| Subtotal - Operations | \$ 18,970,847 | \$ 19,049,445 | \$ 19,311,219 | \$ 261,774 | 1.4% | \$ 18,635,157 | \$ 18,613,211 | \$ (21,946) | (0.1)% |
| Aid to Local Units | 0 | 0 | 0 | 0 | -- | 0 | 0 | 0 | -- |
| Other Assistance | 0 | 0 | 0 | 0 | -- | 0 | 0 | 0 | -- |
| TOTAL | \$ 18,970,847 | \$ 19,049,445 | \$ 19,311,219 | \$ 261,774 | 1.4% | \$ 18,635,157 | \$ 18,613,211 | \$ (21,946) | (0.1)% |
| Financing: | | | | | | | | | |
| State General Fund | \$ 8,189,261 | \$ 8,744,694 | \$ 8,601,322 | \$ (143,372) | (1.6)% | \$ 8,330,406 | \$ 7,878,879 | \$ (451,527) | (5.4)% |
| All Other Funds | 10,781,586 | 10,304,751 | 10,709,897 | 405,146 | 3.9 | 10,304,751 | 10,734,332 | 429,581 | 4.2 |
| TOTAL | \$ 18,970,847 | \$ 19,049,445 | \$ 19,311,219 | \$ 261,774 | 1.4% | \$ 18,635,157 | \$ 18,613,211 | \$ (21,946) | (0.1)% |

BUDGET OVERVIEW

A. FY 2011 – Current Year

| CHANGE FROM APPROVED BUDGET | | | | | |
|-----------------------------|---------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
| | Approved 2010 Legislature | Agency Estimate FY 2011 | Agency Change from Approved | Governor Rec. FY 2011 | Governor Change from Approved |
| State General Fund | \$ 8,330,373 | \$ 8,744,694 | \$ 414,321 | \$ 8,330,406 | \$ 33 |
| All Other Funds | 11,850,251 | 10,304,751 | (1,545,500) | 10,304,751 | (1,545,500) |
| TOTAL | <u>\$ 20,180,624</u> | <u>\$ 19,049,445</u> | <u>\$ (1,131,179)</u> | <u>\$ 18,635,157</u> | <u>\$ (1,545,467)</u> |
| FTE Positions | 498.0 | 498.0 | 0.0 | 498.0 | 0.0 |

The **agency** estimates a revised operating budget of \$19,049,445, an all funds decrease of \$1,131,179, or 5.6 percent, below the amount approved by the 2010 Legislature. The estimate includes \$8,744,694 from the State General Fund, an increase of \$414,321, or 5.0 percent, above the approved State General Fund amount.

The estimate includes supplemental requests totaling \$414,288, all from the State General Fund. **Absent the supplemental requests**, the estimate is \$18,635,157, which is a decrease of \$1,545,467, or 7.7 percent. Absent the supplemental requests, the revised State General Fund estimate is \$8,330,406, an increase of \$33, or less than 0.1 percent, above the State General Fund amount approved by the 2010 Legislature.

The all funds decrease is primarily due to reductions at KSH and KVH made due to lower revenues than previously estimated in the KSH and KVH fee funds, as well as the KSH Medicare fund.

The **Governor** recommends a revised operating budget of \$18,635,157, an all funds decrease of \$414,288, or 2.2 percent, below the agency revised FY 2011 estimate. The recommendation includes \$8,330,406 from the State General Fund, which is \$414,288, or 4.7 percent, below the agency revised FY 2011 State General Fund estimate. The recommendation is an all funds decrease of \$1,545,467, or 7.7 percent, below the amount approved by the 2010 Legislature. The recommendation is the same as the agency revised estimate absent the supplemental request. The Governor does not recommend supplemental funding for this agency in FY 2011.

| FY 2011 CURRENT YEAR ADJUSTMENTS | | | | | | |
|--|-------------------|-------------------|------------|---------------------------|-------------|------------|
| Enhancements | Agency Request | | | Governor's Recommendation | | |
| | SGF | All Funds | FTE | SGF | All Funds | FTE |
| KVH Vehicle and Equipment | \$ 77,932 | \$ 77,932 | 0.0 | | | |
| KVH Reinstatement of Funds | 221,536 | 221,536 | 0.0 | \$ 0 | \$ 0 | 0.0 |
| KVH Medicare Billing Software and Training | 81,320 | 81,320 | 0.0 | 0 | 0 | 0.0 |
| Funds for IT Services | 8,500 | 8,500 | | | | |
| Purchase of Vietnam Era Medallions | 25,000 | 25,000 | 0.0 | 0 | 0 | 0.0 |
| TOTAL | \$ 414,288 | \$ 414,288 | 0.0 | \$ 0 | \$ 0 | 0.0 |

The **agency** requests supplemental funding totaling \$414, 288, all from the State General Fund, for FY 2011.

- **Vehicle and Equipment: \$77,932.** The Kansas Veterans' Home (KVH) requests \$77,932, all from State General Funds, to purchase a 12-passenger van with a wheelchair lift as well as nine computers, eight printers, five electric beds, two patient sling lifts, and one fax machine.
- **Reinstatement of Funds: \$221,536.** KVH also requests \$221,536, all from the State General Fund, due to lower than anticipated Medicare and Medicaid receipts in FY 2011. The 2010 Legislature adjusted state funding based on federal funding projections, which, according to the agency, caused a shortfall when federal funds were lower than expected. These funds would be used for the following:
 - Administration: \$10,000 for data processing supplies and \$4,000 for office supplies.
 - Nursing home: \$40,000 for professional fees; \$40,000 for scientific supplies; \$20,000 for computer programming; \$12,000 for food; \$1,000 for gasoline; and \$1,000 for office supplies.
 - Non-nursing home: \$5,000 for food and \$4,000 for recreation supplies.
 - Physical plant: \$20,000 for repair and service of buildings and grounds; \$20,000 for fees related to the physical plant; \$20,000 for household supplies; \$10,536 for building and grounds materials; \$10,000 for equipment
- **Billing Software and Training: \$81,320.** KVH's third request is \$81,320 for software, training, and consulting services related to Medicaid billing. The breakdown is as follows:
 - Software and training: \$21,320 for Accu-med software implementation including software, training, monthly support fees, and the software license.
 - Consulting services: \$60,000 for a consultant team that will train staff to use the billing system.
- **Information Technology Services: \$8,500.** The Administration program requests \$8,500 for information technology (IT) services. In the course of recent budget reductions, KCVA

eliminated the IT Director in the administrative office. The supplemental amount requested would cover IT needs in the absence of this director.

- **Vietnam Era Medallions: \$25,000.** The Veterans' Services program requests \$25,000 for the purchase and awarding of Vietnam Era Medallions. The Vietnam Era Medallions program is approximately one year old but has not yet had funding appropriated. The agency estimates 570 veterans are waiting for the medal, medallion, and certificate.

The **Governor** does not recommend supplemental funding in FY 2011.

B. FY 2012 – Budget Year

| FY 2012 OPERATING BUDGET SUMMARY | | | | |
|-------------------------------------|----------------------|------------------------------|------------|------------------|
| | Agency Request | Governor's Recommendation | Difference | |
| Total Request/Recommendation | \$ 19,311,219 | \$ 18,613,211 | \$ | (698,008) |
| FTE Positions | 500.0 | 340.0 | | (160.0) |
| Change from FY 2011: | | | | |
| <i>Dollar Change:</i> | | | | |
| State General Fund | \$ (143,372) | \$ (451,527) | | |
| All Other Funds | 405,146 | 429,581 | | |
| TOTAL | <u>\$ 261,774</u> | <u>\$ (21,946)</u> | | |
| <i>Percent Change:</i> | | | | |
| State General Fund | (1.6)% | (5.4)% | | |
| All Other Funds | 3.9 | 4.2 | | |
| TOTAL | <u>1.4%</u> | <u>(0.1)%</u> | | |
| Change in FTE Positions | 2.0 | (158.0) | | |

The **agency** requests an operating budget of \$19,311,219 for FY 2012, an all funds increase of \$261,774, or 1.4 percent, above the revised FY 2011 estimate. The request includes \$8,601,322 from the State General Fund, a decrease of \$143,372, or 1.6 percent, below the State General Fund revised FY 2011 estimate. The request includes 500.0 FTE positions, an increase of 2.0 FTE positions above the revised FY 2011 estimate.

The request includes enhancements totaling \$307,765, all from the State General Fund. **Absent the enhancements**, the request is \$19,003,454, which is a decrease of \$45,991, or 0.2 percent, below the revised FY 2011 estimate. Absent the enhancements, the FY 2012 State General Fund request is \$8,293,557, which is a decrease of \$451,137, or 5.2 percent, below the revised FY 2011 State General Fund estimate. The enhancements include the addition of 2.0 FTE. Absent the FTE enhancement, the FY 2012 request would be 498.0 FTE, the same as the revised FY 2011 estimate.

- **Salaries and Wages.** The agency requests \$14,977,687 for salaries and wages for FY 2012. This is an increase of \$613,690, or 4.3 percent, above the revised FY 2011 estimate. The increase is primarily due to state employee group health insurance, and KPERS employer retirement contributions. This includes an enhancement request of \$95,765 for the salaries and wages of 2.0 FTE Veterans' Services Representatives

positions. **Absent the enhancement**, this salaries and wages request is \$14,881,922, which is an increase of \$517,925, or 3.6 percent, above the revised FY 2011 estimate.

- **Contractual Services.** The agency requests \$2,270,081 for contractual services for FY 2012. This is a decrease of \$140,579, or 5.8 percent, below the revised FY 2011 estimate. The decrease is primarily due to reductions in utilities costs, travel, fees, and software programming and fees. The request includes an enhancement of \$212,000, all from the State General Fund, of which \$100,000 would go to KSH and \$112,000 would go to KVH. **Absent the enhancement**, the request for contractual services is \$2,058,081, which is a decrease of \$352,579, or 14.6 percent, below the revised FY 2011 estimate.
- **Commodities.** The agency requests \$1,820,733 for commodities for FY 2012. This is a decrease of \$101,532, or 5.3 percent, below the revised FY 2011 estimate. The decrease is due primarily to \$59,800 less in scientific supplies, \$25,000 less in miscellaneous supplies, \$24,089 less in food, and \$19,800 less in household supplies, but was also offset by an increase in gasoline and pharmaceutical costs. Many reductions in this category can be attributed to an agreement KCVA recently entered into with the VA allowing purchases directly from the Federal Supply Schedule, which is essentially a group purchasing agreement which yields lower prices due to the federal government negotiating for volume discounts.
- **Capital Outlay.** The agency requests \$242,718 for capital outlay for FY 2012. This is a decrease of \$109,805, or 31.1 percent, below the revised FY 2011 estimate. The decrease is primarily due to a \$73,299 reduction in self-propelled equipment, as well as a \$26,100 reduction in passenger cars due to a one-time purchase in FY 2011.

The **Governor** recommends an FY 2012 operating budget of \$18,613,211, an all funds decrease of \$21,946, or 0.1 percent, below the Governor's FY 2011 recommendation. It is also an all funds decrease of \$698,008, or 3.6 percent, below the agency FY 2012 request, with a State General Fund decrease of \$722,443, or 8.4 percent, below the agency FY 2012 State General Fund request. The Governor does not recommend enhanced funding, which accounts for \$307,765 of the all funds reduction. The Governor also recommends the agency's reduced resources budget, which comprises the remaining \$414,678 of the all funds reduction. The \$24,435 difference between the all funds reduction and the State General Fund is the recommendation at the agency use an additional \$24,435 from the federal burial reimbursement fund. The Governor also recommends 340.0 FTE positions, which is a 158.0 FTE position reduction from the agency FY 2012 request absent the enhancement, consistent with the Governor's goal to decrease primarily unfilled FTE positions across state agencies. All 158.0 FTE positions are vacant.

| FY 2012 ENHANCEMENTS | | | | | | |
|------------------------------|-------------------|-------------------|------------|---------------------------|-------------|------------|
| Enhancements | Agency Request | | | Governor's Recommendation | | |
| | SGF | All Funds | FTE | SGF | All Funds | FTE |
| Fund Two VSR Positions | \$ 95,765 | \$ 95,765 | 2.0 | \$ 0 | \$ 0 | 0.0 |
| Reinstatement of KSH Funding | 100,000 | 100,000 | 0.0 | 0 | 0 | 0.0 |
| Reinstatement of KVH Funding | 112,000 | 112,000 | 0.0 | 0 | 0 | 0.0 |
| TOTAL | <u>\$ 307,765</u> | <u>\$ 307,765</u> | <u>2.0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>0.0</u> |

Enhancements Detail

The **agency** submitted three enhancements for FY 2012 totaling \$307,765, all from the State General Fund. The enhancements include the addition of 2.0 FTE positions.

- **Fund Two Veterans' Services Representatives (VSR) Positions: \$95,765.** The agency requests \$95,765, all from the State General Fund, to add 2.0 FTE VSR positions. The agency states that adding two VSRs would increase the total number of field offices to 15. KCVA has not had that many field offices since 1999.
- **Reinstatement of KSH Funding: \$100,000.** During the 2010 Legislature, KCVA received \$700,000 in restored funding. Of that, KSH received \$100,000. KCVA is requesting that this \$100,000, all from the State General Fund, be included in the FY 2012 KSH budget, with the intent that it would also be included in the KSH base budget in subsequent years.
- **Reinstatement of KVH Funding: \$112,000.** During the 2010 Legislature, KCVA received \$700,000 in restored operations funding. Of that, KVH received \$112,000. KCVA is requesting that this \$112,000, all from the State General Fund, be included in the FY 2012 KVH budget with the intent that it would also be included in the KVH base budget in subsequent years.

The **Governor** does not recommend enhanced funding for FY 2012.

| FY 2012 REDUCED RESOURCES | | | | | | |
|---------------------------------|-----------------------|---------------------|------------|---------------------------|---------------------|------------|
| Item | Agency Recommendation | | | Governor's Recommendation | | |
| | SGF | All Funds | FTE | SGF | All Funds | FTE |
| Administration Reductions | \$ (22,892) | \$ (22,892) | 0.0 | \$ (22,892) | \$ (22,892) | 0.0 |
| Veterans' Services Reductions | (107,136) | (107,136) | 0.0 | (107,136) | (107,136) | 0.0 |
| KSH Reductions | (107,045) | (107,045) | 0.0 | (107,045) | (107,045) | 0.0 |
| KVH Reductions | (139,299) | (139,299) | 0.0 | (139,299) | (139,299) | 0.0 |
| Veterans' Cemeteries Reductions | (38,306) | (38,306) | 0.0 | (38,306) | (38,306) | 0.0 |
| TOTAL | \$ (414,678) | \$ (414,678) | 0.0 | \$ (414,678) | \$ (414,678) | 0.0 |

FY 2012 Reduced Resources

KCVA was required to submit a reduced resources budget that achieved a 5.0 percent reduction in expenditures. KCVA has submitted eight items, detailed by program, for a total reduction of \$414,678 from the State General Fund, which meets the 5.0 percent target.

- **Administration program reductions: \$22,892**, all from the State General Fund. The Administration program would eliminate funding for one part-time receptionist and one part-time accounting specialist.
- **Veterans' Services program reductions: \$107,136**, all from the State General Fund. The Veterans' Services program would close a VSR office, which would include eliminating funding for one position, for a reduction of \$57,702. It would also reducing funding for the Enhanced Service Delivery Program by \$24,434. In addition, it would reduce the Veterans' Claims Assistance Program by \$25,000.
- **Kansas Soldiers' Home reductions: \$107,045**, all from the State General Fund. KSH would close its onsite pharmacy and instead outsource those services, thereby eliminating funding for two positions and one contracted pharmacist.
- **Kansas Veterans' Home reductions: \$139,299**, all from the State General Fund. KVH would reduce funding for positions in the nursing home for a reduction of \$139,299. According to the agency, a reduction in staff would cause the nursing home census to decrease, which decreases the number of veterans who could receive care in that setting.
- **Veterans' Cemeteries program reductions: \$38,306**, all from the State General Fund. The Veterans' Cemeteries program would eliminate funding for staff at the Fort Dodge Cemetery, which would cause closure of that location.

The **Governor** recommends adoption of the reduced resources budget in its entirety.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The Governor's FY 2012 recommendation does not include a base salary adjustment for state employees.

Classified Employee Pay Plan. During the 2007 interim, the State Employee Compensation Oversight Commission was charged with the development of a new pay plan for classified employees for the Governor, Chief Justice of the Supreme Court and 2008 Legislature to consider. The Commission endorsed the recommendation of the Hay Group that five separate pay plans be created for state employees in the classified service, with different opportunities for pay increases to acknowledge the different types of work performed. The five pay plans recommended include: a management pay plan for those involved in managerial functions (increases based on performance); a professional individual contributor for employees requiring knowledge of principles and theories of a professional discipline that is normally obtained through a college curriculum (increases within broad bands to reflect different levels of work and performance against established standards); a protective service pay plan for uniformed officers and all other positions that meet the definition of police or law enforcement officer (increases based on achievement of milestone and certification events as well as time on the job and performance); a basic vocational pay plan for employees that perform routine, structured, work where performance can be measured on a pass/fail basis (increases based on the traditional step movement approach, based on time on the job); and a general classified pay plan for those employees who do not fall within the parameters of the other four plans (the pay ranges will have steps below the market rate and an open range above the market rate).

The time frame to fully implement the recommended plan was five years. Under the plan, the classified employees were divided into three groups to first address those with the greatest salary disparity to the market rate. The 2008 Legislature appropriated \$8.5 million from the State General Fund for FY 2009, the first year of the program. The 2008 Legislature also appropriated \$8.5 million from the State General Fund for each year from FY 2010 through FY 2013 to the State Finance Council. The Governor does not recommend continued funding for the plan, and recommends that the \$8.5 million which had been previously appropriated for both FY 2012 and FY 2013 be lapsed.

Longevity Bonus Payments. For FY 2012, the Governor recommends the continuation of the current "temporary" longevity bonus payment program. The recommendation provides for a bonus of \$50 per year of service, with a 10-year minimum (\$500) and a 25-year maximum (\$1,250). The current statutory provisions of the longevity bonus payment are \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2012 payments is \$12.6 million, including \$5.3 million from the State General Fund. **For this agency,** longevity payments total \$96,300, including \$42,055 from the State General Fund.

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. A total of \$37.1 million, including \$32.3 million from the State General Fund, is included in the Governor's FY 2012 recommendations for KPERs adjustments. The FY 2012 rate for KPERs regular and school members will increase by 0.6 percent, from 8.17 percent to 8.77 percent, when compared to FY 2011. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

Funding Sources

| Funding Source | Agency Req. Percent of Total FY 2012 | Gov. Rec. Percent of Total FY 2012 |
|-----------------------------|--|--|
| State General Fund | 44.5% | 42.3% |
| Soldiers' Home Fee Fund | 8.9 | 9.3 |
| Veterans' Home Fee Fund | 15.6 | 16.2 |
| Soldiers' Home Federal Fund | 11.7 | 12.2 |
| Veterans' Home Federal Fund | 15.2 | 15.8 |
| All Other Funds | 4.0 | 4.3 |
| TOTAL | 100.0% | 100.0% |

Note: Percentages may not add due to rounding.

Soldiers' Home Fee Fund and Federal Fund

The Kansas Soldiers' Home is primarily financed through the State General Fund, federal Veterans' Administration (VA) per diem payments, and fees assessed to residents. Residents' fees are deposited in the Soldiers' Home Fee Fund. Beginning in FY 2005, a separate fund was created, the Soldiers' Home Federal Fund, to received the VA per diem payments.

The VA pays per diems of up to 50.0 percent of expenses, not to exceed \$38.90 per day per resident in assisted living care, or \$94.59 per day per resident in nursing care as of October 1, 2010, the start of federal fiscal year 2011. The VA per diem rate is adjusted each year on October 1. Resident fees are assessed based on ability to pay.

The following tables show the status of the Soldiers' Home Fee Fund and the Soldiers' Home Federal Fund.

Soldiers' Home Fee Fund Analysis

| Resource Estimate | Actual FY 2010 | Agency Estimate FY 2011 | Gov. Rec. FY 2011 | Agency Request FY 2012 | Gov. Rec. FY 2012 |
|--|------------------------|-------------------------------|-----------------------|------------------------------|------------------------|
| Beginning Balance | \$ 108,512 | \$ (131,931) | \$ (131,931) | \$ 0 | \$ 0 |
| Revenue | 1,655,350 | 1,717,223 | 1,717,223 | 1,695,354 | 1,695,354 |
| Net Receipts | <u>33,136</u> | <u>32,205</u> | <u>32,205</u> | <u>32,205</u> | <u>32,205</u> |
| Total Funds Available | \$ 1,796,998 | \$ 1,617,497 | \$ 1,617,497 | \$ 1,727,559 | \$ 1,727,559 |
| Less: Expenditures | 1,920,659 | 1,617,497 | 1,617,497 | 1,727,559 | 1,727,559 |
| Transfers Out | 8,270 | 0 | 0 | 0 | 0 |
| Off Budget Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Ending Balance | <u>\$ (131,931)</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Ending Balance as Percent of Expenditures | (6.9)% | 0.0% | 0.0% | 0.0% | 0.0% |
| Month Highest Ending Balance | December \$ 705,865 | January \$ 246,892 | January \$ 246,892 | December \$ 332,266 | December \$ 332,266 |
| Month Lowest Ending Balance | June \$ (131,931) | July \$ (76,819) | July \$ (76,819) | June \$ 0 | June \$ 0 |

The **agency** estimates revenues and net receipts totaling \$1,617,497 in FY 2011. The agency estimates expenditures of the same amount.

The **Governor** concurs with the agency revised estimate for FY 2011.

The **agency** estimates revenues and net receipts totaling \$1,727,559 for FY 2012. The agency estimates expenditures of the same amount.

The **Governor** concurs with the agency request for FY 2012.

Soldiers' Home Federal Fund Analysis

| Resource Estimate | Actual FY 2010 | Agency Estimate FY 2011 | Gov. Rec. FY 2011 | Agency Request FY 2012 | Gov. Rec. FY 2012 |
|--|--------------------|-------------------------------|----------------------|------------------------------|----------------------|
| Beginning Balance | \$ 145,188 | \$ (41,136) | \$ (41,136) | \$ 0 | \$ 0 |
| Revenue | 2,220,847 | 2,263,445 | 2,263,445 | 2,173,536 | 2,173,536 |
| Transfers In | 140,907 | 90,000 | 90,000 | 90,000 | 90,000 |
| Total Funds Available | \$ 2,506,942 | \$ 2,312,309 | \$ 2,312,309 | \$ 2,263,536 | \$ 2,263,536 |
| Less: Expenditures | 2,548,078 | 2,312,309 | 2,312,309 | 2,263,536 | 2,263,536 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 |
| Off Budget Expenditures | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | <u>\$ (41,136)</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Ending Balance as Percent of Expenditures | (1.6)% | 0.0% | 0.0% | 0.0% | 0.0% |

The **agency** estimates revenues and net receipts totaling \$2,312,309 in FY 2011. The agency estimates expenditures of the same amount.

The **Governor** concurs with the agency revised estimate for FY 2011.

The **agency** estimates revenues and net receipts totaling \$2,263,536 for FY 2012. The agency estimates expenditures of the same amount.

The **Governor** concurs with the agency request for FY 2012.

Veterans' Home Fee Fund and Federal Fund

The Kansas Veterans' Home is primarily financed through the State General Fund, federal VA per diem payments, and fees assessed to residents. Residents' fees are deposited in the Veterans' Home Fee Fund. A separate fund, the Veterans' Home Federal Fund, was created to receive the VA per diem payments.

The VA pays per diems of up to 50.0 percent of expenses, not to exceed \$38.90 per day per resident in assisted living care, or \$94.59 per day per resident in nursing care as of October 1, 2010, the start of federal fiscal year 2011. The VA per diem rate is adjusted each year on October 1. Resident fees are assessed based on ability to pay.

The following tables show the status of the Veterans' Home Fee Fund and the Veterans' Home Federal Fund.

Veterans' Home Fee Fund Analysis

| Resource Estimate | Actual FY 2010 | Agency Estimate FY 2011 | Gov. Rec. FY 2011 | Agency Request FY 2012 | Gov. Rec. FY 2012 |
|--|-----------------------|-------------------------------|-----------------------|------------------------------|-----------------------|
| Beginning Balance | \$ 28,905 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Revenue | 3,040,216 | 2,879,141 | 2,879,141 | 2,994,248 | 2,994,248 |
| Transfers In | 22,993 | 20,691 | 20,691 | 20,691 | 20,691 |
| Total Funds Available | \$ 3,092,114 | \$ 2,899,832 | \$ 2,899,832 | \$ 3,014,939 | \$ 3,014,939 |
| Less: Expenditures | 3,079,364 | 2,899,832 | 2,899,832 | 3,014,939 | 3,014,939 |
| Transfers Out | 12,750 | 0 | 0 | 0 | 0 |
| Off Budget Expenditures | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Ending Balance as Percent of Expenditures | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Month Highest Ending Balance | January \$ 976,382 | October \$ 711,207 | October \$ 711,207 | October \$ 739,436 | October \$ 739,436 |
| Month Lowest Ending Balance | June \$ 0 | June \$ 0 | June \$ 0 | June \$ 0 | June \$ 0 |

The **agency** estimates revenues and net receipts totaling \$2,899,832 in FY 2011. The agency estimates expenditures of the same amount.

The **Governor** concurs with the agency revised estimate for FY 2011.

The **agency** estimates revenues and net receipts totaling \$3,014,939 for FY 2012. The agency estimates expenditures of the same amount.

The **Governor** concurs with the agency request for FY 2012.

Veterans' Home Federal Fund Analysis

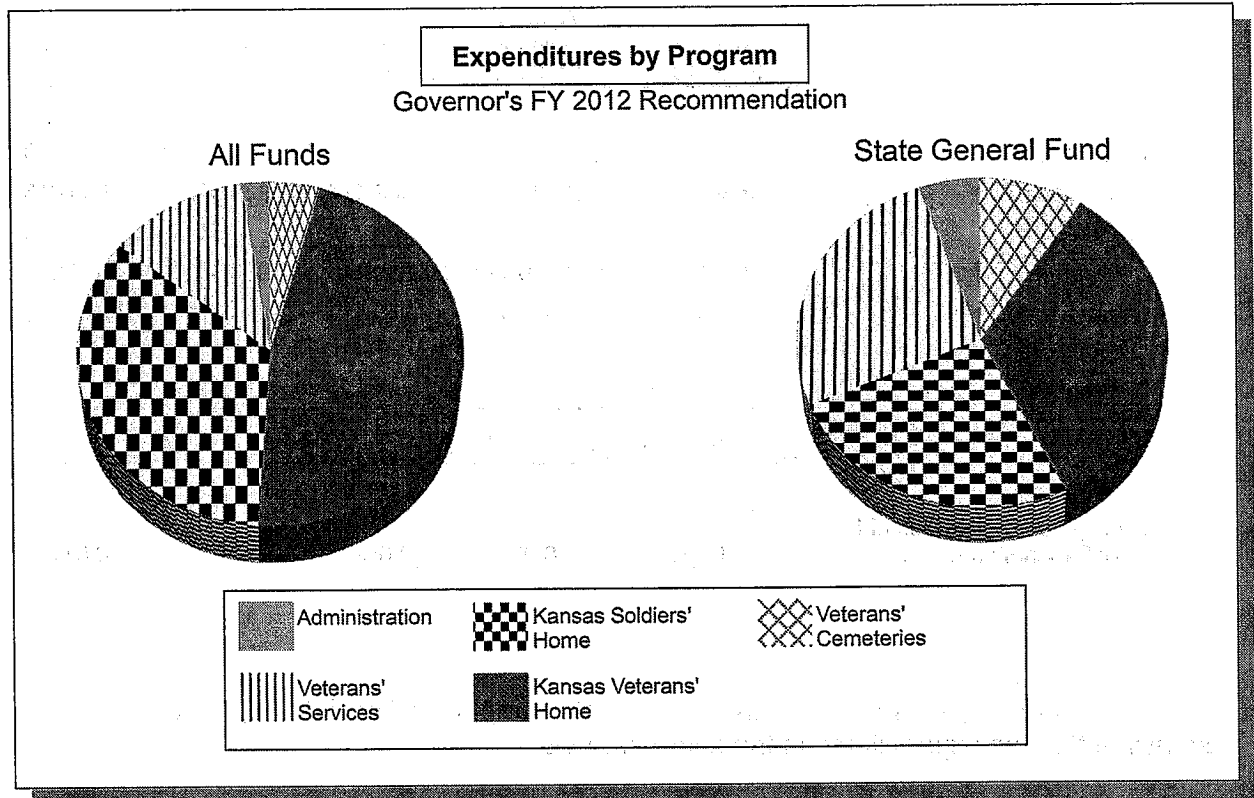
| Resource Estimate | Actual FY 2010 | Agency Estimate FY 2011 | Gov. Rec. FY 2011 | Agency Request FY 2012 | Gov. Rec. FY 2012 |
|--|--------------------|-------------------------------|----------------------|------------------------------|----------------------|
| Beginning Balance | \$ 57,567 | \$ (52,364) | \$ (52,364) | \$ 0 | \$ 0 |
| Revenue | 2,804,117 | 2,902,474 | 2,902,474 | 2,935,613 | 2,935,613 |
| Transfers In | (17) | 0 | 0 | 0 | 0 |
| Total Funds Available | \$ 2,861,667 | \$ 2,850,110 | \$ 2,850,110 | \$ 2,935,613 | \$ 2,935,613 |
| Less: Expenditures | 2,914,031 | 2,850,110 | 2,850,110 | 2,935,613 | 2,935,613 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 |
| Off Budget Expenditures | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | <u>\$ (52,364)</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Ending Balance as Percent of Expenditures | (1.8)% | 0.0% | 0.0% | 0.0% | 0.0% |

The **agency** estimates revenues and net receipts totaling \$2,850,110 in FY 2011. The agency estimates expenditures of the same amount.

The **Governor** concurs with the agency revised estimate for FY 2011.

The **agency** estimates revenues and net receipts totaling \$2,935,613 for FY 2012. The agency estimates expenditures of the same amount.

The **Governor** concurs with the agency request for FY 2012.



| Program | Gov. Rec. All Funds FY 2012 | Percent of Total | Gov. Rec. SGF FY 2012 | Percent of Total |
|-----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration | \$ 434,950 | 2.3% | \$ 434,950 | 5.5% |
| Veterans' Services | 2,245,585 | 12.1 | 2,035,585 | 25.8 |
| Kansas Soldiers' Home | 6,424,304 | 34.5 | 2,033,856 | 25.8 |
| Kansas Veterans' Home | 8,699,721 | 46.7 | 2,646,672 | 33.6 |
| Veterans' Cemeteries | 808,651 | 4.3 | 727,816 | 9.2 |
| TOTAL | \$ 18,613,211 | 100.0% | \$ 7,878,879 | 100.0% |

FTE POSITIONS BY PROGRAM – FY 2010- FY 2012

| Program | Actual FY 2010 | Agency Est. FY 2011 | Gov. Rec. FY 2011 | Agency Req. FY 2012 | Gov. Rec. FY 2012 |
|---------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration <i>Topeka</i> | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Veterans' Services <i>state-wide</i> | 22.0 | 39.0 | 39.0 | 41.0 | 28.0 |
| Kansas Soldiers' Home <i>Ft Dodge</i> | 90.0 | 133.0 | 133.0 | 133.0 | 109.0 |
| Kansas Veterans' Home <i>Winfield</i> | 146.0 | 302.3 | 302.3 | 302.3 | 180.3 |
| Veterans' Cemeteries | 13.8 | 17.8 | 17.8 | 17.8 | 16.8 |
| TOTAL | 276.8 | 498.0 | 498.0 | 500.0 | 340.0 |

A. Administration

The Administration program provides central management and staff support from the main office located in Topeka for all other programs within KCVA. The Administration program contains the agency's fiscal services, human resources, and information technology functions. The program was split off from the Veterans' Services program for budgetary reasons beginning in FY 2006. It also contains funding, where relevant, for the Persian Gulf War Veterans' Health Initiative Board.

| PROGRAM SUMMARY OF EXPENDITURES FY 2010-FY 2012 | | | | | |
|--|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item | Actual FY 2010 | Agency Est. FY 2011 | Gov. Rec. FY 2011 | Agency Req. FY 2012 | Gov. Rec. FY 2012 |
| Expenditures: | | | | | |
| Salaries and Wages | \$ 385,974 | \$ 384,312 | \$ 384,312 | \$ 381,988 | \$ 359,096 |
| Contractual Services | 63,488 | 74,359 | 65,859 | 68,876 | 68,876 |
| Commodities | 2,969 | 2,969 | 2,969 | 3,969 | 3,969 |
| Capital Outlay | 0 | 1,309 | 1,309 | 3,009 | 3,009 |
| Subtotal - Operations | \$ 452,431 | \$ 462,949 | \$ 454,449 | \$ 457,842 | \$ 434,950 |
| Aid to Local Units | 0 | 0 | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 | 0 | 0 |
| TOTAL | <u>\$ 452,431</u> | <u>\$ 462,949</u> | <u>\$ 454,449</u> | <u>\$ 457,842</u> | <u>\$ 434,950</u> |
| Financing: | | | | | |
| State General Fund | \$ 452,431 | \$ 462,949 | \$ 454,449 | \$ 457,842 | \$ 434,950 |
| All Other Funds | 0 | 0 | 0 | 0 | 0 |
| TOTAL | <u>\$ 452,431</u> | <u>\$ 462,949</u> | <u>\$ 454,449</u> | <u>\$ 457,842</u> | <u>\$ 434,950</u> |
| FTE Positions | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Non-FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL | <u>5.0</u> | <u>6.0</u> | <u>6.0</u> | <u>6.0</u> | <u>6.0</u> |

Current Year - FY 2011. The **agency** estimates a revised FY 2011 budget of \$462,949, all from the State General Fund, for the Administration program. This is an increase of \$10,518, or 2.3 percent, above the FY 2010 actual. The revised estimate includes a supplemental request of \$8,500 in contractual services for information technology (IT) services. **Absent the supplemental**, the revised estimate is \$454,449, all from the State General Fund. The revised estimate also includes 6.0 FTE positions.

The **Governor** recommends a revised FY 2011 budget of \$454,449, all from the State General Fund, for the Administration program. This is a decrease of \$8,500, or 1.8 percent, below the agency revised FY 2011 estimate, attributable to the Governor not recommending

supplemental funding. The recommendation is the same as the agency revised estimate absent the supplemental. The Governor concurs with the agency revised estimate of 6.0 FTE positions.

Budget Year - FY 2012. The **agency** requests \$457,842, all from the State General Fund, for the Administration program in FY 2012. This is a decrease of \$5,107, or 1.1 percent, below the revised FY 2011 estimate. The decrease is primarily due to reductions in classified temporary staff and professional fees.

- **Salaries and Wages.** The agency requests \$381,988, all from the State General Fund, for salaries and wages in the Administration program in FY 2012. This is a decrease of \$2,324, or 0.6 percent, below the revised FY 2011 estimate. This portion of the request includes \$738 in shrinkage. The majority of the decrease is due to reductions in classified temporary staff, offset in part by increases in state employee group health insurance and KPERS employer retirement contributions.
- **Contractual Services.** KCVA requests \$68,876, all from the State General Fund, for contractual services in the Administration program in FY 2012. This is a decrease of \$5,483, or 7.4 percent, below the revised FY 2011 estimate. This is due to reductions in professional fees, partially offset by an increase in the cost of building space rental.
- **Commodities.** The agency requests \$3,969, all from the State General Fund, for commodities in the Administration program in FY 2012. This is an increase of \$1,000, or 33.7 percent, above the revised FY 2011 estimate. This is primarily due to increases in data processing supplies and office supplies for printers and fax machines.
- **Capital Outlay.** KCVA requests \$3,009, all from the State General Fund, for capital outlay in the Administration program in FY 2012. This is an increase of \$1,700, or 129.9 percent, above the revised FY 2011 estimate. This is due to an increase in office equipment such as computer software and hardware.

The **Governor** recommends a budget of \$434,950, all from the State General Fund, for the Administration program for FY 2012. This is a decrease of \$22,892, or 5.0 percent, below the agency request and a decrease of \$19,499, or 4.3 percent, below the Governor's FY 2011 recommendation, all from the State General Fund. The decrease below the agency request is comprised entirely of salaries and wages reductions spread across the categories of unclassified temporary employees, payroll taxes for Medicare and Social Security, workers' compensation, and unemployment compensation. The Governor concurs with the agency request for 6.0 FTE positions, the same amount as in FY 2011.

B. Veterans' Services

The purpose of the Veterans' Services program is to provide and administer a system by which the eligible residents of Kansas can obtain assistance and advice in procuring benefits from the state and federal governments in the area of veterans' or survivors' benefits. Services are provided through 15 field offices located throughout the state and six offices located in the federal Department of Veterans' Affairs (VA) Medical Centers in Topeka, Leavenworth, and Wichita.

Additional services are provided through service grants to Veterans' Service Organizations (VSOs). Where services through VSOs are not available, the KCVA Veterans' Service Representatives (VSRs) provide services. Quality control measures are performed at the Wichita VA Medical Center. Services provided by the program include assistance with obtaining services in the areas of education, health, vocational guidance, and economic security. KCVA is the State Approving Agency (SAA) for the federal GI Bill Education program.

| PROGRAM SUMMARY OF EXPENDITURES FY 2010-FY 2012 | | | | | |
|--|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item | Actual FY 2010 | Agency Est. FY 2011 | Gov. Rec. FY 2011 | Agency Req. FY 2012 | Gov. Rec. FY 2012 |
| Expenditures: | | | | | |
| Salaries and Wages | \$ 1,131,408 | \$ 1,333,509 | \$ 1,333,509 | \$ 1,563,961 | \$ 1,420,268 |
| Contractual Services | 630,449 | 779,831 | 779,831 | 716,850 | 682,076 |
| Commodities | 18,659 | 73,854 | 48,854 | 67,200 | 67,200 |
| Capital Outlay | 27 | 176,274 | 176,274 | 100,475 | 76,041 |
| Subtotal - Operations | \$ 1,780,543 | \$ 2,363,468 | \$ 2,338,468 | \$ 2,448,486 | \$ 2,245,585 |
| Aid to Local Units | 0 | 0 | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 | 0 | 0 |
| TOTAL | \$ 1,780,543 | \$ 2,363,468 | \$ 2,338,468 | \$ 2,448,486 | \$ 2,245,585 |
| Financing: | | | | | |
| State General Fund | \$ 1,598,389 | \$ 2,157,227 | \$ 2,132,227 | \$ 2,238,486 | \$ 2,035,585 |
| All Other Funds | 182,154 | 206,241 | 206,241 | 210,000 | 210,000 |
| TOTAL | \$ 1,780,543 | \$ 2,363,468 | \$ 2,338,468 | \$ 2,448,486 | \$ 2,245,585 |
| FTE Positions | 22.0 | 39.0 | 39.0 | 41.0 | 28.0 |
| Non-FTE Uncl. Perm. Pos. | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| TOTAL | 24.0 | 41.0 | 41.0 | 43.0 | 30.0 |

Current Year - FY 2011. The agency estimates a revised FY 2011 budget of \$2,363,468 for the Veterans' Services program, including \$2,157,227 from the State General Fund. This is an all funds increase of \$582,925, or 32.7 percent, and a State General Fund increase of \$558,838, or 35.0 percent, above the FY 2010 actual. The increase is primarily due to salaries and wages

expenditures such as state employee group health insurance, employer Medicare payroll taxes, and KPERS employer retirement contributions; contractual services such as database access fees and travel expenses; and capital outlay of \$146,599 for self-propelled equipment. the agency requests 41.0 FTE positions, the same amount as currently approved.

The revised estimate includes a supplemental request of \$25,000, all from the State General Fund, for the purchase and awarding of Vietnam Era Medallions. The Vietnam Era Medallions program is approximately one year old but has not yet had funding appropriated. The agency estimates 570 veterans are waiting for the medal, medallion, and certificate. **Absent the supplemental** request, the agency revised FY 2011 estimate is \$2,338,468, with \$2,132,227 from the State General Fund.

The **Governor** recommends a revised FY 2011 budget of \$2,338,468, including \$2,132,227 from the State General Fund, for the Veterans' Services program. This is a State General Fund decrease of \$25,000, or 1.1 percent, below the agency revised FY 2011 estimate. The Governor does not recommend supplemental funding for the Vietnam Era Veterans Medallions program, which accounts for the entire \$25,000 reduction. The Governor concurs with the agency's FY 2011 request of 41.0 FTE positions.

Budget Year - FY 2012. The agency requests \$2,448,486 for the Veterans' Services program, including \$2,238,486 from the State General Fund. This is an all funds increase of \$85,018, or 3.6 percent, and a State General Fund increase of \$81,259, or 3.8 percent, above the revised FY 2011 estimate. The increase is found solely in salaries and wages, specifically state employee group health insurance and KPERS employer retirement contributions. The request includes 41.0 FTE positions.

The request includes an enhancement totaling \$95,765, all from the State General Fund, to fund an additional 2.0 FTE Veterans' Services Representatives positions. **Absent the enhancement**, the request is \$2,352,721, with \$2,142,721 from the State General Fund. This is an all funds decrease of \$10,747, or 0.5 percent, and a State General Fund decrease of \$14,506, or 0.7 percent, below the revised FY 2011 estimate.

- **Salaries and Wages.** The agency requests \$1,563,961 for salaries and wages, including \$1,432,433 from the State General Fund, in the Veterans' Services program in FY 2012. This is an all funds increase of \$230,452, or 17.3 percent, and a State General Fund increase of \$227,485, or 18.9 percent, above the revised FY 2011 estimate.

This includes an enhancement of \$95,765, all from the State General Fund, for the salaries and wages of an additional 2.0 FTE Veterans' Services Representatives. Absent the enhancement, the salaries and wages request is \$1,468,196, including \$1,336,668 from the State General Fund. **Absent the enhancement**, this is an all funds increase of \$134,687, or 10.1 percent, and a State General Fund increase of \$131,720, or 10.9 percent, above the revised FY 2011 estimate.

Aside from the enhancement, the overall increase is primarily due to state employee group health insurance and KPERS employer retirement contributions.

- **Contractual Services.** KCVA requests \$716,850 for contractual services, including \$638,378 from the State General Fund, for the Veterans' Services program in FY 2012. This is an all funds decrease of \$62,981, or 8.1 percent, and a State General Fund decrease of \$63,773, or 9.1 percent, below the revised FY 2011 estimate. This is due to

reductions in database fees, long distance communications costs, and in-state and out-of-state travel.

- **Commodities.** The agency requests \$67,200, all from the State General Fund, for commodities in the Veterans' Services program in FY 2012. This is a decrease of \$6,654, or 9.0 percent, below the revised FY 2011 estimate. This is due primarily to a reduction of \$25,000 in supplies and materials but partially offset by a \$15,346 increase in gasoline costs. The increase in gasoline expenditures is primarily due to rising gasoline prices.
- **Capital Outlay.** KCVA requests \$100,475, all from the State General Fund, for capital outlay in the Veterans' Services program in FY 2012. This is a decrease of \$75,799, or 43.0 percent, below the revised FY 2011 estimate. This is primarily due to two mobile veterans' services vehicles being purchased in FY 2011 and only one being purchased in FY 2012.

The **Governor** recommends an FY 2012 budget of \$2,245,585, including \$2,035,585 from the State General Fund. This is an all funds decrease of \$92,883, or 4.0 percent, below the Governor's FY 2011 all funds recommendation and a decrease of \$96,642, or 4.5 percent, below the Governor's FY 2011 State General Fund recommendation. The recommendation is also a decrease of \$202,901, or 8.3 percent, below the agency FY 2012 all funds request and 9.1 percent below the agency FY 2012 State General Fund request. The Governor also does not recommend the requested additional 2.0 FTE for Veterans Services Representatives positions. The Governor recommends the elimination of 11.0 FTE positions for a total FTE position recommendation of 28.0 FTE positions, consistent with the Governor's goal to decrease unfilled FTE positions across state agencies.

C. Kansas Soldiers' Home

The mission of the Kansas Soldiers' Home (KSH) in Fort Dodge is to provide quality, long-term health care and enhance the overall well-being of honorably discharged veterans and their dependents in an environment that supports the individuals' biological, sociological, and psychological needs.

KSH offers different levels of care including residential cottages, assisted living, and nursing home care. Cottage residency is open to any eligible veteran and his or her spouse; it provides independent living with assistance from social and health services staff available. Domiciliary care, or assisted living, provides residents with support services such as meal preparation and medication monitoring. Nursing home care is also available for residents who are not capable of supporting and caring for themselves.

| PROGRAM SUMMARY OF EXPENDITURES FY 2010-FY 2012 | | | | | |
|--|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item | Actual FY 2010 | Agency Est. FY 2011 | Gov. Rec. FY 2011 | Agency Req. FY 2012 | Gov. Rec. FY 2012 |
| Expenditures: | | | | | |
| Salaries and Wages | \$ 5,002,561 | \$ 4,970,000 | \$ 4,970,000 | \$ 5,080,000 | \$ 5,080,000 |
| Contractual Services | 1,036,677 | 735,344 | 735,344 | 831,799 | 624,754 |
| Commodities | 812,231 | 734,389 | 734,389 | 719,390 | 719,390 |
| Capital Outlay | 8,483 | 160 | 160 | 160 | 160 |
| Subtotal - Operations | \$ 6,859,952 | \$ 6,439,893 | \$ 6,439,893 | \$ 6,631,349 | \$ 6,424,304 |
| Aid to Local Units | 0 | 0 | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 | 0 | 0 |
| TOTAL | \$ 6,859,952 | \$ 6,439,893 | \$ 6,439,893 | \$ 6,631,349 | \$ 6,424,304 |
| Financing: | | | | | |
| State General Fund | \$ 2,295,431 | \$ 2,182,189 | \$ 2,182,189 | \$ 2,240,901 | \$ 2,033,856 |
| All Other Funds | 4,564,521 | 4,257,704 | 4,257,704 | 4,390,448 | 4,390,448 |
| TOTAL | \$ 6,859,952 | \$ 6,439,893 | \$ 6,439,893 | \$ 6,631,349 | \$ 6,424,304 |
| FTE Positions | 90.0 | 133.0 | 133.0 | 133.0 | 109.0 |
| Non-FTE Uncl. Perm. Pos. | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| TOTAL | 93.0 | 137.0 | 137.0 | 137.0 | 113.0 |

Current Year - FY 2011. The agency estimates a revised FY 2011 budget of \$6,439,893 for the Kansas Soldiers' Home, including \$2,182,189 from the State General Fund. This is an all funds decrease of \$420,059, or 6.1 percent, and a State General Fund decrease of \$113,242, or 4.9 percent, below the FY 2010 actual. The decrease is primarily due to lower than expected revenues in the KSH fee fund and KSH Medicare receipts. The revised estimate includes 133.0 FTE positions.

The Governor concurs with the agency revised FY 2011 estimate.

Budget Year - FY 2012. The agency requests \$6,631,349 for the Kansas Soldiers' Home for FY 2012, which includes \$2,240,901 from the State General Fund. This is an all funds increase of \$191,456, or 3.0 percent, and a State General Fund increase of \$58,712, or 2.7 percent, above the revised FY 2011 estimate. In addition to the State General Fund, KSH receives funding from Medicare, the VA, and the Soldiers' Home Fee Fund. The request also includes 133.0 FTE positions.

The request includes an enhancement of \$100,000, all from the State General Fund, for a reinstatement of funding. **Absent the enhancement**, the request is \$6,531,349, with \$2,140,901 from the State General Fund. This would be an all funds increase of \$91,456, or 1.4 percent, above, and a State General Fund decrease of \$41,288, or 1.9 percent, below the revised FY 2011 estimate.

- **Salaries and Wages.** The agency requests \$5,080,000 for salaries and wages, including \$2,050,541 from the State General Fund, for KSH for FY 2012. This is an all funds increase of \$110,000, or 2.2 percent, above the revised FY 2011 estimate, and a State General Fund decrease of \$41,287, or 2.0 percent, below the revised FY 2011 State General Fund estimate. The overall increase is due primarily to an additional \$104,714 in group health insurance and an additional \$31,910 in KPERS employer retirement contributions.
- **Contractual Services.** KCVA requests \$831,799 for contractual services, including \$163,596 from the State General Fund, for KSH for FY 2012. This is an all funds increase of \$96,455, or 13.1 percent, and a State General Fund increase of \$100,000, or 157.2 percent, above the revised FY 2011 estimate. This overall increase is partially offset by a reduction in utilities.

This includes an enhancement of \$100,000, all from the State General Fund, which, according to the agency, is a restoration of funding. It would be used for professional fees. **Absent the enhancement**, the contractual services request is \$731,799, including \$63,596 from the State General Fund. This is an all funds decrease of \$3,545, or 0.5 percent, below the revised FY 2011 estimate. Absent the enhancement, the State General Fund request is the same as the revised FY 2011 State General Fund estimate.

- **Commodities.** The agency requests \$719,390, including \$26,604 from the State General Fund, for commodities at KSH for FY 2012. This is an all funds decrease of \$14,999, or 2.0 percent, and a State General Fund decrease of \$1, which is less than 0.1 percent, below the revised FY 2011 estimate. Most reductions in this category can be attributed to a recent agreement with the VA that allows KSH to purchase directly from the Federal Supply Schedule.

- **Capital Outlay.** KCVA requests \$160, all from the State General Fund, for capital outlay at KSH for FY 2012. This is the same amount as the revised FY 2011 estimate. Most capital needs at KSH are detailed in the Capital Improvements section.

The **Governor** recommends an FY 2012 budget of \$6,424,304, including \$2,033,856 from the State General Fund. This is a decrease of \$207,045, or 3.1 percent below the agency all funds request, and 9.2 percent below the agency State General Fund request. This is an all funds decrease of \$15,589, or 0.2 percent, including a State General Fund decrease of \$148,333, or 6.8 percent, below the Governor's FY 2011 recommendation. The Governor does not recommend any enhanced funding. The Governor also recommends a reduction of 24.0 FTE positions, for a total of 109.0 FTE positions, consistent with the Governor's goal to decrease unfilled FTE positions across state agencies.

D. Kansas Veterans' Home

The primary mission of the Kansas Veterans' Home (KVH) in Winfield is to provide three levels of nursing care to veterans and their eligible dependents. KVH officially opened May 1, 2000, on the grounds of the former Winfield State Hospital and Training Center.

The 80-bed domiciliary, or assisted living program, in Donlon Hall provides shelter, food, and other necessary services required by each resident, while allowing the resident to maintain a certain level of independence. The third wing of Donlon Hall was opened on July 14, 2003.

The 104-bed Bleckley Hall was opened June 12, 2000, and is equipped for 78 residents in need of skilled nursing care and 26 residents in need of care related to Alzheimer's disease. The first floor of Triplett Hall was opened on October 27, 2003.

| PROGRAM SUMMARY OF EXPENDITURES FY 2010-FY 2012 | | | | | |
|--|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item | Actual FY 2010 | Agency Est. FY 2011 | Gov. Rec. FY 2011 | Agency Req. FY 2012 | Gov. Rec. FY 2012 |
| Expenditures: | | | | | |
| Salaries and Wages | \$ 7,393,898 | \$ 7,037,999 | \$ 7,037,999 | \$ 7,300,000 | \$ 7,150,389 |
| Contractual Services | 808,989 | 757,926 | 576,606 | 589,356 | 546,173 |
| Commodities | 932,211 | 1,053,370 | 931,834 | 972,524 | 926,555 |
| Capital Outlay | 1,530 | 118,380 | 40,448 | 89,140 | 76,604 |
| Subtotal - Operations | \$ 9,136,628 | \$ 8,967,675 | \$ 8,586,887 | \$ 8,951,020 | \$ 8,699,721 |
| Aid to Local Units | 0 | 0 | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 | 0 | 0 |
| TOTAL | <u>\$ 9,136,628</u> | <u>\$ 8,967,675</u> | <u>\$ 8,586,887</u> | <u>\$ 8,951,020</u> | <u>\$ 8,699,721</u> |
| Financing: | | | | | |
| State General Fund | \$ 3,143,233 | \$ 3,183,269 | \$ 2,802,481 | \$ 2,897,971 | \$ 2,646,672 |
| All Other Funds | 5,993,395 | 5,784,406 | 5,784,406 | 6,053,049 | 6,053,049 |
| TOTAL | <u>\$ 9,136,628</u> | <u>\$ 8,967,675</u> | <u>\$ 8,586,887</u> | <u>\$ 8,951,020</u> | <u>\$ 8,699,721</u> |
| FTE Positions | 146.0 | 302.3 | 302.3 | 302.3 | 180.3 |
| Non-FTE Uncl. Perm. Pos. | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL | <u>148.0</u> | <u>302.3</u> | <u>302.3</u> | <u>302.3</u> | <u>180.3</u> |

Current Year - FY 2011. The **agency** estimates a revised FY 2011 budget of \$8,967,675, including \$3,183,269 from the State General Fund. This is an all funds decrease of \$168,953, or 1.8 percent, below the FY 2010 actual. It is also an increase in State General Fund dollars of \$40,036, or 1.3 percent, above the FY 2010 actual. The revised estimate includes 302.3 FTE positions, the same as the current approved level.

The revised estimate includes supplemental funding requests totaling \$380,788, all from the State General Fund. These requests are detailed on pages 8 and 9. **Absent the supplemental requests**, the revised estimate is \$8,586,887, with \$2,802,481 from the State General Fund.

The **Governor** recommends a revised FY 2011 budget of \$8,586,887, including \$2,802,481 from the State General Fund. The Governor does not recommend any supplemental funding. **Absent the supplemental requests**, the Governor's recommendation concurs with the agency revised estimate.

Budget Year - FY 2012. The **agency** requests \$8,951,020 for KVH for FY 2012, including \$2,897,971 from the State General Fund. This is an all funds decrease of \$16,655, or 0.2 percent, and a State General Fund decrease of \$285,298, or 9.0 percent, below the revised FY 2011 estimate. The agency request includes 302.3 FTE positions, the same amount as in FY 2011.

The request includes an enhancement of \$112,000, all from the State General Fund, for reinstatement of funding. **Absent the enhancement**, the request would be \$8,809,020, with \$2,785,971 from the State General Fund. This is an all funds decrease of \$158,655, or 1.8 percent, and a State General Fund decrease of \$397,298, or 12.5 percent, below the revised FY 2011 estimate.

- **Salaries and Wages.** The agency requests \$7,300,000, including \$2,059,210 from the State General Fund, for salaries and wages at KVH for FY 2012. This is an all funds increase of \$262,001, or 3.7 percent, and a State General Fund increase of \$110,127, or 5.7 percent, above the revised FY 2011 estimate. This is due primarily to the following increases: \$169,953 in state employee group health insurance; \$45,761 in KPERS employer retirement contributions; and \$14,652 in workers' compensation contributions. The agency has also budgeted for \$561,185 in shrinkage.
- **Contractual Services.** KCVA requests \$589,356, including \$171,641 from the State General Fund, for contractual services at KVH for FY 2012. This is an all funds decrease of \$168,570, or 22.2 percent, and a State General Fund decrease of \$9,679, or 5.3 percent, below the revised FY 2011 estimate. This is primarily due to reductions in computer programming, information systems consulting, and professional fees.

This includes an enhancement of \$112,000, all from the State General Fund, which the agency states would be a reinstatement of funding. **Absent the enhancement**, the contractual services request would be \$489,356, including \$59,641 from the State General Fund. This is an all funds decrease of \$268,579, or 35.4 percent, and a State General Fund decrease of \$121,679, or 67.1 percent, below the revised FY 2011 estimate.

- **Commodities.** The agency requests \$972,524, including \$577,980 from the State General Fund, for commodities at KVH for FY 2012. This is an all funds decrease of

\$80,846, or 7.7 percent, and a State General Fund decrease of \$396,954, or 40.7 percent, below the revised FY 2011 estimate. The decrease is primarily due to reductions in building and grounds materials, household supplies, and scientific supplies. In addition, some of the funding for this category that was previously financed by the State General Fund has been shifted to the KVH Fee Fund and KVH Federal Fund.

- **Capital Outlay.** KCVA requests \$89,140, all from the State General Fund, for capital outlay at KVH for FY 2012. This is a decrease of \$29,240, or 24.7 percent, below the revised FY 2011 estimate. The decrease is primarily due to a one-time vehicle purchase made in FY 2011.

The **Governor** recommends an FY 2012 budget of \$8,699,721, with \$2,646,672 from the State General Fund. This is a State General Fund decrease of \$251,299, or 8.7 percent, and an all funds decrease of \$251,299, or 2.8 percent, below the agency request. It is also an increase of \$112,834, or 1.3 percent, above the Governor's FY 2011 recommendation. That increase is comprised of a decrease of \$155,809, or 5.6 percent, below the FY 2011 State General Fund recommendation, and an increase of \$268,643, or 4.6 percent, above the FY 2011 all other funds recommendation. The Governor does not recommend any enhanced funding. The Governor also recommends the elimination of 122.0 FTE positions, for a total of 180.3 FTE positions.

E. Veterans' Cemeteries

The Veterans' Cemeteries program provides veterans and their eligible dependents with a burial site and fitting memorial to honor their service to the United States. The program was designed to establish, manage, and operate four state veterans' cemeteries. Cemetery construction was 100.0 percent funded through a grant from the federal Department of Veterans' Affairs (VA), with ongoing cemetery operations largely funded by the state, with minimal federal funding. During FY 2006, the cemeteries at Fort Dodge, WaKeeney, and Winfield became fully operational. The cemetery at Fort Riley opened in FY 2009.

| PROGRAM SUMMARY OF EXPENDITURES FY 2010-FY 2012 | | | | | |
|--|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item | Actual FY 2010 | Agency Est. FY 2011 | Gov. Rec. FY 2011 | Agency Req. FY 2012 | Gov. Rec. FY 2012 |
| Expenditures: | | | | | |
| Salaries and Wages | \$ 594,500 | \$ 638,177 | \$ 638,177 | \$ 651,738 | \$ 651,738 |
| Contractual Services | 58,742 | 63,200 | 63,200 | 63,200 | 63,200 |
| Commodities | 54,574 | 57,683 | 57,683 | 57,650 | 43,779 |
| Capital Outlay | 33,293 | 56,400 | 56,400 | 49,934 | 49,934 |
| Subtotal - Operations | \$ 741,109 | \$ 815,460 | \$ 815,460 | \$ 822,522 | \$ 808,651 |
| Aid to Local Units | 0 | 0 | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 | 0 | 0 |
| TOTAL | \$ 741,109 | \$ 815,460 | \$ 815,460 | \$ 822,522 | \$ 808,651 |
| Financing: | | | | | |
| State General Fund | \$ 699,777 | \$ 759,060 | \$ 759,060 | \$ 766,122 | \$ 727,816 |
| All Other Funds | 41,516 | 56,400 | 56,400 | 56,400 | 80,835 |
| TOTAL | \$ 741,293 | \$ 815,460 | \$ 815,460 | \$ 822,522 | \$ 808,651 |
| FTE Positions | 13.8 | 17.8 | 17.8 | 17.8 | 16.8 |
| Non-FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL | 13.8 | 17.8 | 17.8 | 17.8 | 16.8 |

Current Year - FY 2011. The **agency** estimates a revised FY 2011 budget of \$815,460, including \$759,060 from the State General Fund, for Veterans' Cemeteries. This is an all funds increase of \$74,167, or 10.0 percent, and a State General Fund increase of \$59,283, or 8.5 percent, above the FY 2010 actual. The revised estimate includes 17.8 FTE positions.

The **Governor** concurs with the agency revised FY 2011 estimate.

Budget Year - FY 2012. The **agency** requests \$822,522 for the Veterans' Cemeteries program for FY 2012, including \$766,122 from the State General Fund and \$56,400 in federal burial reimbursements. This is an all funds increase of \$7,062, or 0.9 percent, and a State

General Fund increase of the same amount, above the revised FY 2011 estimate. The federal burial reimbursement amount is the same as the revised FY 2011 estimate. The agency request includes 17.8 FTE positions, the same as the current approved amount.

- **Salaries and Wages.** The agency requests \$651,738, all from the State General Fund, for salaries and wages in the Veterans' Cemeteries program for FY 2012. This is an increase of \$13,561, or 2.1 percent, above the revised FY 2011 estimate. The increase is due to state employee group health insurance, KPERS employer retirement contributions, and workers' compensation contributions, and is partially offset by a decrease in classified temporary employees.
- **Contractual Services.** KCVA requests \$63,200, all from the State General Fund, for contractual services in the Veterans' Cemeteries program for FY 2012. This is the same amount as the revised FY 2011 estimate.
- **Commodities.** The agency requests \$57,650, including \$51,184 from the State General Fund, for commodities in the Veterans' Cemeteries program for FY 2012. This is an all funds decrease of \$33, or less than 0.1 percent, and a State General Fund decrease of \$6,499, or 11.3 percent, below the revised FY 2011 estimate. The decrease is due to lower spending on gasahol.
- **Capital Outlay.** The agency requests \$49,934, all from special revenue funds, for capital outlay in the Veterans' Cemeteries program for FY 2012. This is a decrease of \$6,466, or 11.5 percent, below the revised FY 2011 estimate, which is due to reductions in agricultural equipment and machinery.

The **Governor** recommends an FY 2012 budget of \$808,651, with \$727,816 from the State General Fund. This is a decrease of \$13,871, or 1.7 percent, below the agency request, including a decrease of \$38,306, or 5.0 percent, in State General Fund, and an increase of \$24,435, or 43.3 percent, in all other funds. The \$24,435 increase in all other funds is attributable to the Governor's recommendation that KCVA use those additional funds from the Department of Veterans' Affairs (VA) Burial Reimbursement Federal Fund in order to keep the Fort Dodge cemetery open. The Governor also recommends the elimination of 1.0 FTE, for a total of 16.8 FTE positions.

CAPITAL IMPROVEMENTS

| CAPITAL IMPROVEMENTS | | | | |
|-------------------------------|------------------------|--------------------------|------------------------|----------------------|
| Project | Agency Est. FY 2011 | Gov. Rec. FY 2011 | Agency Req. FY 2012 | Gov. Rec. FY 2012 |
| | | 1,567,644 | | |
| KSH Rehabilitation and Repair | \$ 1,567,644 | \$ 15,876,449 | \$ 274,585 | \$ 274,585 |
| KVH Rehabilitation and Repair | 372,505 | 372,505 | 573,505 | 573,505 |
| TOTAL | <u>\$ 1,940,149</u> | <u>\$ 16,048,945</u> | <u>\$ 848,090</u> | <u>\$ 848,090</u> |
| Financing: | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| All Other Funds | 1,940,149 | 1,940,149 | 848,090 | 848,090 |
| TOTAL | <u>\$ 1,940,149</u> | <u>\$ 1,940,149</u> | <u>\$ 848,090</u> | <u>\$ 848,090</u> |

FY 2011 - Current Year. The agency estimates a revised FY 2011 capital improvements budget of \$1,940,149, all from the State Institutions Building Fund. This is an increase of \$67,879, or 3.6 percent, above the amount approved by the 2010 Legislature. The FY 2011 revised capital improvements estimate includes projects at the Kansas Soldiers' Home (KSH) and Kansas Veterans' Home (KVH).

The agency estimates a revised rehabilitation and repair budget for KSH of \$1,567,644, all from the State Institutions Building Fund. This estimate includes:

- **Major Maintenance: \$150,000**, all from the State Institutions Building Fund. According to the agency, this funding will be used for general maintenance, primarily in the residential cottages, such as the repainting of walls and ceilings; replacing floor coverings; and replacing and repairing plumbing, heating and electrical items. Details of the FY 2011 portion of this project are:
 - \$5,000 for the replacement of 20 cottage hot water heaters
 - \$33,000 for the replacement of floor coverings in ten cottages
 - \$6,000 for the replacement of plumbing in six cottages
 - \$10,000 for an energy efficiency study of Halsey Hall
 - \$22,500 for the rehabilitation of fixtures in ten cottage bathrooms
 - \$73,500 for miscellaneous facility repairs
- **Street Replacement: \$200,000**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace or repair all streets, curbs, sidewalks, and parking areas at KSH. This will address safety, snow removal, and Americans with Disabilities Act (ADA) compliance issues that have arisen. This is the second phase of this project.

- **Roofing Project: \$33,630**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace leaky roofs and shingles on a power plant building, garages, and the plumbing shop.
- **Storm Damage Repair: \$833,856**, all from the State Institutions Building Fund. This is the amount that the 2010 Legislature added from the State Institutions Building Fund to repair buildings damaged by storms.
- **Stone and Foundation Repair: \$130,000**, all from the State Institutions Building Fund.
- **Pershing Windows: \$38,279**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace single-pane windows in a building currently used in part by veterans' services representatives and in part leased by the VA to run a Community-Based Outpatient Clinic.
- **Other Professional Fees: \$181,879**, all from the State Institutions Building Fund. Professional fees are costs for rehabilitation and repair that have not been assigned to one specific project.

The **agency** estimates a revised rehabilitation and repair budget for KVH of \$372,505, all from the State Institutions Building Fund. This estimate includes:

- **Update Fire Alarm Panels: \$45,000**, all from the State Institutions Building Fund. According to the agency, the fire alarm panels in Donlon Hall, Bleckley Hall, Holly Kitchen, Timmerman Hall, Funston Hall, and the Holly Power Plant are over 11 years old and need to meet sensitivity test requirements set by the State Fire Marshal.
- **Donlon Nurse Call System: \$20,000**, all from the State Institutions Building Fund. The agency indicates that the current nurse call system is ten years old, and the computer hardware and software that support it are obsolete. The agency would like to replace the system to decrease - if not eliminate - the risk of system failure.
- **Emergency Repair and Maintenance: \$100,000**, all from the State Institutions Building Fund. The agency would like to note that substantial progress has been made on its five-year capital improvement plan to the point that the FY 2012 to FY 2016 plan does not include any new construction, building additions, or razing projects. The agency instead would like to set aside this \$100,000 for any emergency repairs or maintenance needs that may arise.
- **Cowan Wing Flooring: \$500**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace the existing carpet in the Cowan Wing of Bleckley Hall with tile. The agency states that the current flooring is a trip hazard due to fraying, and tile will also reduce sanitation issues and thereby improve infection control.
- **Ferguson Wing Flooring: \$500**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace the existing carpet in the Ferguson Wing of Bleckley Hall with tile. The agency states that the current flooring is a trip hazard due to fraying, and tile will also reduce sanitation issues and thereby improve infection control.

- **Hagemeister Wing Flooring: \$30,000**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace the existing carpet in the Hagemeister Wing of Bleckley Hall with tile. The agency states that the current flooring is a trip hazard due to fraying, and tile will also reduce sanitation issues and thereby improve infection control.
- **Donlon Hall Window Replacement: \$176,505**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace 38-year-old windows that are single pane. New, energy-efficient windows will eliminate existing climate control issues in Donlon Hall.

The **Governor** concurs with the agency revised FY 2011 estimate for capital improvements.

FY 2012-Budget Year. The agency requests \$848,090, all from the State Institutions Building Fund, for capital improvements for FY 2012. This is a decrease of \$1,092,059, or 56.3 percent, below the revised FY 2011 estimate. This is due to the completion of several repairs on the grounds and to the buildings at KSH and KVH.

The **agency** requests \$274,585 for rehabilitation and repair projects at the Kansas Soldiers' Home (KSH) at Fort Dodge in FY 2012, all from the State Institutions Building Fund. The projects are:

- **Major Maintenance: \$150,000**, all from the State Institutions Building Fund. According to the agency, this funding will be used for general maintenance, primarily in the residential cottages, such as the repainting of walls and ceilings; replacing floor coverings; and replacing and repairing plumbing, heating and electrical items. Details for the FY 2012 portion of this project are as follows:
 - \$5,000 for the replacement of 20 cottage hot water heaters
 - \$35,000 for the replacement of floor coverings in ten cottages
 - \$6,000 for the replacement of plumbing in six cottages
 - \$22,500 for the rehabilitation of fixtures in ten cottage bathrooms
 - \$81,500 for miscellaneous facility repairs
- **Street Replacement: \$124,585**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace or repair all streets, curbs, sidewalks, and parking areas at KSH. This will address safety, snow removal, and Americans with Disabilities Act (ADA) compliance issues that have arisen. This project is in its third phase.

The **agency** requests \$573,505 for rehabilitation and repair projects at the Kansas Veterans' Home (KVH) in Winfield in FY 2012, all from the State Institutions Building Fund. The projects are:

- **Rehabilitation and Repair of Fire Sprinkler System: \$12,000**, all from the State Institutions Building Fund. According to the agency, this funding will be used to comply with KSFM Code K54 and K.A.R. 28-39-162 which relate to the proper testing and inspection of smoke detectors as well as the protection of the safety and health of nursing home residents and personnel.

- **Emergency Repair and Maintenance: \$100,000**, all from the State Institutions Building Fund. According to the agency, this funding is reserved for compliance with state regulations concerning protection of health and safety; maintenance of plumbing, electrical, HVAC, and mechanical systems; maintenance of safety details such as doors, grab bars, and handrails; as well as maintenance of piping systems, switchboards, power panels, and alarm systems specifically in nursing facilities.
- **Robb Wing, Replace Flooring: \$55,000**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace the existing carpet in the Robb Wing of Donlon Hall with tile. The agency states that the current flooring is a trip hazard due to fraying, and tile will also reduce sanitation issues and thereby improve infection control.
- **Schmidt Wing, Replace Flooring: \$55,000**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace the existing carpet in the Schmidt Wing of Donlon Hall with tile. The agency states that the current flooring is a trip hazard due to fraying, and tile will also reduce sanitation issues and thereby improve infection control.
- **Adams Wing, Flooring: \$55,000**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace the existing carpet in the Adams Wing of Donlon Hall with tile. The agency states that the current flooring is a trip hazard due to fraying, and tile will also reduce sanitation issues and thereby improve infection control.
- **Ehlers Wing, Flooring: \$55,000**, all from the State Institutions Building Fund. According to the agency, this funding will be used to replace the existing carpet in the Ehlers Wing of Donlon Hall with tile. The agency states that the current flooring is a trip hazard due to fraying, and tile will also reduce sanitation issues and thereby improve infection control.
- **Holly Power Plant, Sprinkler System Installation: \$65,000**, all from the State Institutions Building Fund. According to the agency, KVH was surveyed by the VA from March 23-25, 2010. The VA Life Safety Inspector informed KVH that the Holly Power Plant, kitchen, food storage rooms, and the Persian Gulf War Walkway would need sprinkler systems by January 2013.
- **Donlon Window Replacement: \$176,505**, all from the State Institutions Building Fund. According to the agency, this funding will be used to install energy efficient windows in Donlon Hall. The agency states that the current single-paned windows are 38 years old and that new, double-paned windows would better protect residents from weather and also generally increase energy efficiency.

The **Governor** concurs with the agency FY 2012 request for capital improvements.

| PERFORMANCE MEASURES | | | | |
|--|-----------------------------|-------------------|----------------------|----------------------|
| Measure | Gov. Rec. for FY 2010 | Actual FY 2010 | Gov. Rec. FY 2011 | Gov. Rec. FY 2012 |
| Administration | | | | |
| Number of veterans, spouses, and dependents served | 66,238 | 91,464 | 105,000 | 120,000 |
| Veterans' Cemeteries | | | | |
| Number of burials per year | 200 | 250 | 250 | 250 |
| Number of pre-certifications received per year | 300 | 603 | 625 | 625 |
| Kansas Soldiers' Home | | | | |
| Average daily census (veteran) | 121 | 109 | 110 | 110 |
| Average daily census (non-veteran) | 29 | 27 | 27 | 27 |
| Number of deficiencies on state inspection | 10 | 10 | 10 | 10 |
| Number of deficiencies on federal inspection | 11 | 11 | 10 | 10 |
| Kansas Veterans' Home | | | | |
| Average daily census (veteran) | 126 | 110 | 111 | 111 |
| Average daily census (non-veteran) | 18 | 18 | 16 | 16 |
| Number of deficiencies on state inspection | 15 | 15 | 10 | 10 |
| Number of deficiencies on federal inspection | 9 | 14 | 10 | 10 |

HOUSE SOCIAL SERVICES BUDGET COMMITTEE

By Jack Fowler

Executive Director, Kansas Commission on Veterans' Affairs

FEBRUARY 16, 2011

Representative Crum, distinguished member of the House Social Services Budget:

Thank you for giving me the opportunity to brief you on the budget of the Kansas Commission on Veterans' Affairs.

I will address the KCVB Budget in two parts—the current fiscal year (2011) and next fiscal year (2012).

CURRENT FISCAL YEAR

The KCVB can conclude this fiscal year successfully, if two developments occur.

First, that the amendment to the Appropriations Bill, sponsored by Representative Goico, Chair for the House Veterans, Military and Homeland Security Committee, that would add \$181K to the KCVB Budget is successful.

Eighty-one thousand of this amount would go to complete the introduction of Medicare to the Veterans' Home at Winfield. Of that amount, \$21,000 would go to purchase, install, and training of the Accu-Med software and hardware necessary to implement billing at the Veterans' Home. The remainder of those funds would be used to hire an experienced management firm to provide the training necessary to implement and maximize Medicare services and billing. When the Soldiers' Home began the process for Medicare, the Pinon Management Group from Denver, CO, was hired (\$130,000), with Ft. Dodge carryover funds. The Kansas Veterans' Home has no carryover funds.

The other \$100,000 would offset a cash-flow problem at the Soldiers' Home at Ft. Dodge, a condition brought on primarily due to the high cost of prescription drugs. This would be a one-time cost. The Soldiers' Home contract with the prescription provider will change from quarterly payments to monthly payments, thereby permitting the Soldiers' Home to better manage those costs.

And second, that the Medicare and Medicaid revenues be designated as no-limit expenditure limitations. As those revenue streams increase, the KCVB would be otherwise unable to spend any dollars that exceed reported revenue estimates. To

illustrate the need, currently at the Ft. Dodge Soldiers' Home, we projected \$458K from Medicare and Medicaid. This estimate was just that. There was no historical data to buttress the estimate. Currently, the Soldiers' Home has received \$300K. With five months remaining, that facility should exceed its estimated revenue.

Conversely, at the Veterans' Home in Winfield, they have received \$80K from Medicaid and no dollars from Medicare. After originally estimating \$456K in revenue from both sources, that estimate was reduced to \$214K with \$34.4K estimated from Medicare.

The lack of historical data and large variances in actual revenues realized underscores the need for a no-limit expenditure limitation from Medicare and Medicaid. With this, any amounts above the estimated revenues at Ft. Dodge could be applied against any shortages at Winfield.

Those actions would make this fiscal year manageable.

FISCAL YEAR 2012

Next fiscal year poses a new set of challenges to the KCVA, some of which may be offset by designating the revenue streams from Medicaid and Medicare as no-limit funds.

The major challenge will be in our nursing facilities at Ft. Dodge and Winfield.

At our nursing homes funding quality staff is a national and a regional problem. Our nursing facilities must maintain enough direct care staff to meet the federal Department of Veterans Affairs guideline minimum of 2.5 hours of direct care to each resident per 24-hour period, seven days a week. This translates to a minimum of approximately one direct care employee for every eight residents in long-term care areas.

We constantly struggle to maintain a level of care commensurate with our mission. And when budgets shrink at those facilities, by necessity we are forced to impose a shrinkage of staff and census.

To meet budgetary deficit in state fiscal year 2010, the Veterans' Home in Winfield conducted two rounds of lay-offs and consolidated long-term care services into one building. Resident census over the past five years has been reduced from 144 to 127, a reduction of 12%.

At Ft. Dodge, resident census has gone from 170 to 120 during that same period, a 29% reduction.

Now, let's look at the SFY 2012 budget.

KCVA, during last year's budget process, was given an additional \$700K to ease the strain on our nursing facilities, and to begin an enhanced delivery service—the mobile vans for western Kansas (Hays & Ft. Dodge).

We allocated \$112,000 and \$100,000 to the Kansas Veterans' Home, and the Kansas Soldiers' Home, respectively. Those dollars were immediately cut from each Home's allocation. No explanation was given.

Then, too, as part of our budget submission, a five-percent resource reduction package was required. That reduction package was accepted by the Governor, meaning that, in addition to the amounts just stated, the Kansas Soldiers' Home was further reduced by \$107K, and the Kansas Veterans' Home by \$139K.

Therefore, the Homes were reduced by \$251K (KVH) and \$207K (KSH) respectively.

We are being cut not to the bone——but into the bone.

You should understand that at the Veterans' Home in Winfield, many services for the Veterans' Home is provided by the Winfield Correctional Facility (WCF). These services have been provided under an agreement between WCF and KVH since 2000. In return for the transfer of buildings which now house approximately 500 inmates and certain administrative areas of the WCF, the WCF provides free services, to include:

- Laundry Services
- Food Services
- Maintenance Services
- Routine Vehicle Maintenance Labor Services
- Warehouse Space
- Security Services
- Utility Costs
- Power Plant/Water Tower Maintenance

These services carry a value in excess of one million dollars, and illustrates the lack of wiggle room with regard to budget reductions at the Veterans' Home in Winfield. Simply put, strip away those services, which are provided, and you're left with little but skilled nursing staff and census reduction.

This condition, at a time when several dozen veterans' nursing homes are planned or under construction across the nation, sends an ominous message to Kansas veterans about our ability to care for them.

To prevent any further erosion in our ability to care for our aging Kansas veterans, we would like to see the Legislature, at a minimum, restore the \$100,000 and \$112,000 that was provided by the Legislature to the 2012 Budget.

Last, but certainly not least, are our frontline troops—the veterans service representatives.

First of all, we are extremely grateful to the Kansas Legislature for the funding which allowed KCVA to begin its enhanced delivery system. This initiative will allow us to reach veterans that might otherwise be unreachable....by taking the office to their locations....by placing our veterans service representatives at their doorstep, so to speak. This will give the KCVA a new level of visibility by bringing a heightened awareness of earned Federal Benefits to all Kansas veterans.

Our challenge is identifying and locating all veterans who would benefit from our assistance: through phone calls, the internet, and personal visits. Toward that identification, we are working with the Department of Revenue to identify motorists who are veterans. We plan to have a procedure to do just that by this time next year. This fiscal year, the KCVA signed a MOU with KHPA, SRS, and Aging on identifying veterans. Additionally, another program is in a partnership with the SRS, all applicants for benefits must first visit a KCVA field office. What all of this means is that it takes more, not less, boots on the ground in the form of veterans service representatives.

Last year Kansas ranked last among the 50 states in the ratio of veterans service representatives to the number of veterans served

During this fiscal year, thanks to the Legislature and the Governor, the KCVA budget permitted the reopening of two VSR offices—Hutchinson and Marysville—that had been closed the previous year due to a declining budget. These reopening—from 11 to 13 VSR offices—moved Kansas to 47th among the 50 states. To provide benefits to more than 225,000 Kansas veterans and their families spread out over our 105 counties. Our surrounding states are much better staffed to provide benefits and services to their veterans: Colorado, Nebraska, Missouri, and Oklahoma are ranked 15th, 20th, 21st, and 29th, respectively, on this scale.

We also received funding from scratch lottery proceeds to proceed with an enhanced delivery system with the purchase of two stand-alone mobile offices for Western Kansas. They arrived on February 7th, are being outfitted, and will operate out of Hays and Ft. Dodge.

Now is not the time to delay the progress with budget reductions. Rather, we requested funds to open two more VSR offices—much needed. For your consideration the cost of opening, or reopening another office is approximately \$55,000 annually. A secretary adds \$25,000 to that amount. KCVA would like to open two or more VSR offices annually in order to deliver benefits to our Kansas veterans. There is currently a \$117 dollar return for each dollar spent on veterans services in Kansas.

Moreover, our Kansas warriors are returning from Middle East battlegrounds with a variety of "invisible wounds" such as mild-to-moderate traumatic brain injury and post traumatic stress. There is much work ahead for all of us in the diagnosis, treatment and rehabilitation of these less-visible injuries.

Additionally, all aspects of veterans organizations need to expand and enhance treatment programs serving women veterans. Women are serving in the military at unprecedented levels—and must be cared for after leaving active service.

All of these matters underscore the need for more veterans service representatives—not less—to identify and provide the benefits they have richly earned.

I now stand for your questions.