

MINUTES

LEGISLATIVE BUDGET COMMITTEE

July 19, 2005
Room 514-S—Statehouse

Members Present

Representative Melvin Neufeld, Chairman
Senator Dwayne Umbarger, Vice Chairman
Senator Jim Barone
Senator Stephen Morris
Representative Bill Feuerborn

Members Absent

Representative Brenda Landwehr
Representative Dean Newton

Staff

Alan Conroy, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Becky Krahl, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes Office
Bruce Kinzie, Revisor of Statutes Office
Judy Bromich, Administrative Analyst, Senate Ways and Means Committee
Nikki Feuerborn, Administrative Analyst, House Appropriations Committee
Mary Shaw, Committee Secretary

Conferees

Candy Shively, Deputy Secretary, Integrated Services, Kansas Department of Social and Rehabilitation Services
Don Jordan, Acting Commissioner, Juvenile Justice Authority
Melissa Ness, St. Francis Academy
Cheryl Rathbun, Licensed Specialist Clinical Social Worker, St. Francis Academy
Melanie Owens, Chief Financial Officer, St. Francis Academy

Mike Hoar, United Methodist - Youthville
Glenn Deck, Executive Director, Kansas Public Employees Retirement System
George Vega, Director of Human Resources, Kansas Department of Social and Rehabilitation Services
Terri Roberts, Executive Director, Kansas State Nurses Association
Karl Hansen, Assistant Attorney General, Consumer Affairs/Antitrust Division
David Davies, Deputy Attorney General, Civil Division
David Pope, Chief Engineer, Division of Water Resources, Kansas Department of Agriculture

**Tuesday, July 19
Morning Session**

Chairman Melvin Neufeld called the meeting to order at 10:05 a.m. The Chairman recognized Candy Shively, Deputy Secretary, Integrated Services, Kansas Department of Social and Rehabilitation Services, who provided background and an update on the status of Level V Group Homes ([Attachment 1](#)). Ms. Shively mentioned that in June 2005, the Kansas Department of Social and Rehabilitation Services (SRS) and the Juvenile Justice Authority (JJA) were notified that some Level V facilities were closing or converting their beds to Level VI. She cited three reasons for the changes:

- Financial considerations resulting from a change in the payment method for children in the child welfare system;
- A diminishing reliance on residential facilities as greater effort is being made to place children with relatives or in family foster homes in the community where the child is from; and
- Potential changes coming from the federal Medicaid Program.

Ms. Shively explained that the change in the payment method that began July 1, 2005 resulted in the residential treatment facilities no longer being directly paid by the child welfare providers. The residential treatment facilities will bill Medicaid directly for their services. The current state rate for Level V residential treatment facilities is \$106.50 per day. Through discussions between SRS, JJA, and the residential facilities, Ms. Shively noted that a need has been identified for a service that will meet the treatment needs of youth that exceed those provided for within the base Level V per diem rate. She also mentioned that while those needs exceed Level V services, those youth do not meet the criteria for Level VI treatment.

During the 2005 Special Legislative Session on June 27, 2005, SRS and JJA met with the House Appropriations Committee. Ms. Shively noted that the House Appropriations Committee recommended that JJA and SRS look into increasing the basic Level V facility rate to \$121.50 per day. The last increase occurred in 2001 and the \$121.50 rate per day is intended to reflect a cost of living increase since the last rate increase occurred. The House Appropriations Committee directed JJA and SRS to continue their work, in consultation with specialized Level V facilities, to determine an enhanced rate for those Level V facilities which provide specialized services for children who exhibit particularly challenging behaviors. Ms. Shively noted that the House Appropriations Committee requested that they report the results of this work to the Legislative Budget Committee during the interim. She explained that the money for these rate adjustments could come

from a \$2.8 million State General Fund appropriation that was inadvertently included twice in the 2005 Omnibus Appropriations Bill.

Ms. Shively addressed youth in need of intermediate care and indicated that approximately 165 youth are in need of specialized Level V services on any given day. She noted this is about 20.0 percent of all youth in Level V facilities and includes youth in both the SRS and JJA systems. Ms. Shively explained that the children in need of specialized Level V services are defined as children having medically necessary mental or behavioral health needs that cannot be met through the standard Level V program. She mentioned that admission to an intermediate care bed would require the youth to be diagnosed with co-occurring multiple Axis I diagnosis which could include:

- co-occurring psychiatric disorders;
- substance abuse;
- sexually inappropriate behaviors; and
- developmental disability.

Ms. Shively provided examples of the type of youth who may meet the criteria for specialized Level V services in her written testimony. She also mentioned that a prior authorization screening process is being implemented to insure that only youth with these exceptionally challenging, medically necessary mental or behavioral health needs are admitted to these specialized Level V facilities.

Ms. Shively indicated that behavioral and safety issues of youth in intermediate care may require staffing ratios that exceed state licensing requirements, youth specific requirements of the physical environment, and specialized professional treatment services in addition to standard Level V behavior management requirements. These examples of combinations of staff, services, and programs are listed in her written testimony.

In regard to the Center for Medicaid/Medicare Services (CMS), Ms. Shively mentioned that JJA and SRS are presenting the concept of intermediate care to CMS. CMS must agree with this concept before Title XIX funding will be available for the enhanced rate. She noted that the approval from CMS has not yet been received.

In closing, Ms. Shively explained that SRS and JJA are in complete agreement that therapeutic foster care is a preferable manner in which to treat this population of youth. She noted that therapeutic foster care is \$70 per day and that this rate has not been raised since 2002. She explained that this is included in their plan for treatment through increasing the number of homes with enhanced funding and this plan is contingent upon approval by CMS.

Chairman Neufeld mentioned that based on Ms. Shively's testimony, the Committee will need to take a serious look at therapeutic foster care. He noted that there is a good portion of the state where these services simply are not available in some communities. He mentioned that he was concerned how this is going to be developed and how to make it work.

Chairman Neufeld recognized Don Jordan, Acting Commissioner, Juvenile Justice Authority, who presented information regarding Level V rates ([Attachment 2](#)). Acting Commissioner Jordan introduced Heather Morgan, Director of Public and Legislative Affairs, Juvenile Justice Authority, who was present with him.

Commissioner Jordan explained that during the 2005 Special Session of the Legislature, SRS and JJA worked with the House Appropriations Committee to increase the Level V per diem rates. Commissioner Jordan explained that the House Appropriations Committee had asked them to

address the situation of Level V providers, who had been reimbursed as much as \$160 per day by the SRS foster care contractors, and that JJA and SRS meet with Level V providers to gather feedback before implementing any proposal. They were asked to report back to the Legislative Budget Committee regarding the results of this process.

Commissioner Jordan mentioned that a meeting was held on July 12, 2005, between JJA, SRS, the Division of Health Policy of the Department of Administration, and Level V providers, and as a result of the meeting, a new service called intermediate care is being developed to serve the youth. He noted that the per diem rate for intermediate care is \$145 per day. Details regarding intermediate care are found in the written testimony of Acting Commissioner Jordan and Deputy Secretary Shively.

In regard to intermediate care, Commissioner Jordan emphasized that it has not been approved by the Center for Medicaid Services (CMS). JJA, SRS, and the Division of Health Policy recommend the approval of intermediate care rates and services be contingent upon the CMS approval or denial. Denial by CMS would mean that Kansas would be responsible for 100 percent of the \$145 daily per diem cost for the dedicated 165 beds, if this plan was implemented without CMS approval. This would require approximately an additional \$6.0 million from the State General Fund to be appropriated to pay for the new service.

On page 3 of Commissioner Jordan's written testimony, information was provided about the estimated Level V rate increase, intermediate care development, and therapeutic foster care fiscal effect (provided in a table).

In response to a question by Senator Morris as to whether CMS may approve the intermediate care plan, Commissioner Jordan explained that CMS may look at the plan as an expansion or making changes to a structure that CMS is not positive should exist at all. He noted that CMS has been raising issues with SRS over the basic operations of Level V facilities as they may not meet the requirements of institutes for mental diseases and some issues around medical necessity.

Senator Barone asked if the gender mix of the 165 beds is known and if there are gender-related issues that would go with this treatment. Ms. Shively responded that the 165 beds have not been broken down based on gender, but they do know that some of the youth with the types of behaviors described cut across genders. She noted that they could attempt to obtain more information.

In response to a question by Chairman Neufeld regarding the JJA budget and the proposed rate increase, Commissioner Jordan explained that as long as the money being proposed gets lapsed out of SRS's budget and appropriated to JJA, this would work. He noted that JJA is doing some estimating regarding purchase of service in both Level V and Level VI in-home supports. Commissioner Jordan noted that he felt JJA would need to ask for a supplemental appropriation for the base services in the caseload estimate and the funding mix in FY 2006, not including the proposed rate increases.

Melissa Ness, on behalf of St. Francis Academy, a residential service provider, explained that there should be not only a rate discussion, but a systems change discussion. She provided an overview of services and service challenges for youth in Level V residential care ([Attachment 3](#)). Ms. Ness emphasized that the service providers are anxious to make sure that the services, and how the system is changed, are really compatible with the needs of the youth who are being served.

Cheryl Rathbun, Licensed Specialist Clinical Social Worker, St. Francis Academy, provided a description of the kind of youth in need of these services. (Refer to Attachment 3, the written

testimony provided by Melissa Ness.) Ms. Rathbun described the type of youth that were in the program many years ago. She noted that it was the “Boys Town” type model with children that had some behavior problems, there were single diagnosis children, and perhaps out of 26 children in a program, there was one child on medication. She noted that the kinds of children they have coming now are much different and reflect some or all of the following:

- dually diagnosed;
- have reactive attachment disorders;
- have pervasive development disorders;
- demonstrate Axis II symptoms of developing personality disorders, especially borderline personality with cutting or other self abuse behaviors;
- require multiple medications;
- are victims of chronic sexual, physical, and emotional abuse;
- are sex offenders;
- display chronic sexual acting out;
- demonstrate addiction behaviors;
- start fires;
- belong to gangs; and
- have multiple failed Level V or foster home placements.

In response to a question by Senator Barone earlier in the meeting, Ms. Rathbun explained that this is not just a male behavior problem, but is also a female behavior problem. She also provided information describing behavior manifestations. Ms. Rathbun discussed the list of the enhanced program requirements and treatment needs for high-risk youth:

- professional staff who are licensed and certified;
- nursing staff to monitor psychotropic medications;
- addiction groups and individual therapy;
- intensive sex offender treatment services;
- high supervision requirements for sexual behaviors, victimization, and other high risk behaviors; and
- specialized therapies for post traumatic stress disorders and victims of sex abuse.

Melanie Owens, Chief Financial Officer, St. Francis Academy, provided information regarding the cost drivers (Attachment 3, written testimony provided by Melissa Ness). Ms. Owens provided a list of the additional expenses incurred serving the population of an enhanced Level V program:

- increased levels of training for staff to provide services for high risk youth;
- higher salaries for professionals due to work with higher need youth;
- higher liability insurance as a result of behaviors staff manage;
- higher workers compensation costs;
- licensure costs for professional staff;
- increased cost for nursing staff (medication dispensing is critical); and
- accreditation costs to maintain level of excellence and meet CMS and State of Kansas requirements.

Mike Hoar, United Methodist-Youthville, explained that they have checked with six or eight other states and he noted that every state is structured differently and comparable rates in other states are anywhere from \$240 to \$400 a day. Mr. Hoar noted that the acuity rate is much higher now and approximately 90 percent of the children are on psychotropic medications. Chairman

Neufeld asked Mr. Hoar if the \$145 per day rate would be sufficient and Mr. Hoar responded that it would not and the need would probably be more like \$170 per day.

Chairman Neufeld explained that the Committee needs to keep an eye on this issue and he noted the following:

- it is a significant challenge in finding ways to find more therapeutic foster care programs;
- the Committee needs to come up with suggestions for this situation;
- going to Level VI is not the answer for all these children, but we do not want the children in Juvenile Justice correctional facilities either; and
- the Committee will need to visit with all the stakeholders prior to the end of the interim session to be sure the therapeutic foster homes have the proper supports in the community for the system to work.

Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS), provided a review of the KPERS exemption for retired nurses at the State Hospitals ([Attachment 4](#)). In regard to the earnings limitation for retirees, Mr. Deck explained that, generally, annual compensation of retired KPERS members returning to work for a previous employer is statutorily limited to \$15,000. The State is one employer and includes all state agencies and universities. He noted there is no limitation if the retiree works for a different KPERS employer, the federal government, or the private sector. Mr. Deck explained regarding the earnings limitation for nurses (detailed in his written testimony) that the exemption applies to licensed professional and licensed practical nurses employed by the State at:

- Osawatomie State Hospital;
- Rainbow Mental Health Facility;
- Larned State Hospital;
- Parsons State Hospital and Training Center;
- Kansas Neurological Institute;
- Kansas Soldiers' Home; and
- Kansas Veterans' Home.

It was noted that the exemption for nurses is effective from July 1, 2005 through June 30, 2008, and retirees must be off the institution's payroll for 30 days before returning to work and must be eligible for normal retirement (*i.e.*, not early retirement) to qualify for the exemption. Mr. Deck explained that the reason for being off 30 days is that the Internal Revenue Service wants to be sure that there is a real retirement and there is some concern with tax law regarding requiring employees to be off the payroll for a certain time. Mr. Deck described the implementation plans in detail in his written testimony.

George Vega, Director of Human Resources, Kansas Department of Social and Rehabilitation Services, addressed the earnings limitation exemption for hiring retired nurses at State Mental Health and Developmental Disability facilities ([Attachment 5](#)). Mr. Vega thanked the Legislature for the opportunity to pilot this program. He noted that SRS is hopeful that this new capability will help them in addressing the critical shortage of nurses in their facilities.

Mr. Vega explained that, at this time, there are four registered nurses and one retired practical nurse who returned to work at two of their facilities. Mr. Vega mentioned that the KPERS staff has been very helpful in providing clarification when questions are raised by SRS staff.

In closing, Mr. Vega mentioned that by exempting these staff from the earnings limitation, it provides SRS with a viable solution to the difficulties they experience in providing adequate staffing at their facilities.

Terri Roberts, Executive Director, Kansas State Nurses Association, addressed the nursing shortage ([Attachment 6](#)). Ms. Roberts mentioned that they are happy that at least the State institutions were given an opportunity to re-employ their retired nurses. She noted that 35 percent of the nurses employed at the State institutions are eligible for retirement. Ms. Roberts felt the reasons the nurses stay in their profession is that they like their work and they are not eligible for Medicare and they do not want to pay additional health insurance coverage costs.

Ms. Roberts noted that 18 community hospitals are members of KPERs for their retirement and also have the same need. She noted that, as part of their proposal, they emphasized all nurses at these community hospitals as well. Ms. Roberts explained that Kansas is currently experiencing a nursing shortage projected to last through at least 2010, unless trends are reversed, and the Kansas State Nurses Association has concerns about it.

In response to a question by Representative Feuerborn regarding 12-hour nursing shifts, Ms. Roberts responded that, based on the latest research on fatigue, that there is a significant decline in the fatigue factor after 12.5 hours of work.

J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department, reviewed with the Committee the Legislative Budget Committee statutory topic and the topics referred by the Legislative Coordinating Council ([Attachment 7](#)).

Afternoon Session

Don Jordan, Acting Commissioner, Juvenile Justice Authority, provided an update on the use of the Kansas Juvenile Correctional Complex and the Topeka Juvenile Correctional Facility (refer to Attachment 2). Commissioner Jordan addressed the following items:

Kansas Juvenile Correctional Complex

Commissioner Jordan noted that, at this time, JJA does not believe that utilizing the infirmary would justify the cost. He noted that if costs, or the facility population changes significantly, they would then reevaluate the need for the infirmary. Commissioner Jordan mentioned that \$228,983 is spent on medical care outside the facilities, which was an average over the past two years. He explained that most of this cost is attributed for pharmaceuticals. The part attributed to the Atchison Juvenile Correctional Facility, Topeka Juvenile Correctional Facility, and the Beloit Juvenile Correctional Facility was estimated at approximately \$40,000 of that total. He noted that opening the infirmary would require \$357,559 in salary and wage expenditures, and would include other related costs.

Topeka Juvenile Correctional Facility and Overall Review of the Plans for the Topeka Juvenile Correctional Facility and the Kansas Juvenile Correctional Complex

Commissioner Jordan explained that all living units are closed at the old Topeka Juvenile Correctional Facility. He noted that the school at the Topeka Juvenile Correctional Facility is being

used until the end of the summer term and will be moved to the Kansas Juvenile Correctional Facility in time for Fall classes to begin. Commissioner Jordan explained that the Kansas Juvenile Correctional Complex will continue to use the following buildings on the Topeka Juvenile Correctional Facility campus: the warehouse/commissary; the vocational technology classrooms, the industry programs, the maintenance offices, and the greenhouse. He noted that utilization of these buildings has always been a part of the plan for the Kansas Juvenile Correctional Complex.

In closing, Commissioner Jordan explained that they plan to run a single facility called the Kansas Juvenile Correctional Complex with a total of 270 beds available. He noted that this includes 60 medium security beds, 150 maximum security beds, 30 reception and diagnostic unit (RDU) beds, and 30 transitional beds. Should population increases warrant, the 15 beds in the infirmary could be utilized for some future use, which would increase the total capacity to 285 beds. The RDU recently opened and is being utilized and should be fully operational by September 1, 2005. JJA has developed and is implementing a classification system designed to identify the appropriate level of security for youth served in various juvenile correctional facilities.

Commissioner Jordan noted that they would like to pick out a new name for the facility which will utilize the buildings at the Topeka Juvenile Correctional Facility, whether it will be named Topeka Juvenile Correctional Facility or the Kansas Juvenile Correctional Complex.

In response to a question by Representative Feuerborn, Commissioner Jordan explained that he would like to bring in someone for an assessment to figure out how to appropriately mothball or maintain the empty buildings. He wants to see what an appropriate routine would be to maintain them for some level of future use and get a cost estimate for what it would take to keep those buildings mothballed, as opposed to whether it might be better to tear the buildings down and build new buildings seven to eight years out.

Karl Hansen, Assistant Attorney General, Consumer Affairs/Antitrust Division, gave an update on the Tobacco Settlement. (No written testimony was submitted.) Mr. Hansen explained some of the threats that are out there to the tobacco revenue streams that the State receives from the Master Settlement Agreement (MSA). He highlighted the following information regarding possible threats to the tobacco revenue streams.

The most imminent threat is that there is a mechanism in the MSA that allows the participating manufacturers to seek a rebate of some of the monies they have paid to the states in certain years. The triggering mechanism revolves around market share. When the market share falls below a certain level, companies are then entitled to start the procedures to seek a refund of monies. The year 2003 monies were the first year for which they were eligible to seek a rebate. If they are successful in meeting all the requirements, it could cost the State of Kansas \$9 million and potentially more. It was noted that this could affect the April 2006 payment. The tobacco companies would have to demonstrate that the MSA was the significant factor in the degradation of their market shares. Once at that point, they have to prove that the states have not been diligently enforcing their statutes and diligently enforcing the various requirements of the agreement, and only upon that showing can they then seek the refund. Mr. Hansen noted that the Attorney General's Office felt confident that this is not a great threat in Kansas at this time.

He noted a number of concerns regarding the legal liabilities of the different tobacco companies, such as:

- bankruptcies;
- the U. S. Department of Justice Racketeer Influenced and Corrupt Organizations (RICO) suit against the major tobacco companies;

- legal liabilities that could impact manufacturers making payments to the State; and
- a loophole which could stop non-participating manufacturers selling products in the state, but not prevent a participating manufacturer from selling in the state without paying anything to the state.

Mr. Hansen noted that the Attorney General's Office needs to keep watch on these items.

David Davies, Deputy Attorney General, Civil Division, gave an update on the Water Litigation. (No written testimony was submitted.) Mr. Davies provided some background on the Water Litigation. He noted that in November of 2003, the Special Master issued his fourth report and the Attorney General's Office took some exceptions to it. These exceptions were argued October 4, 2004. Subsequent to the oral arguments, the Supreme Court issued a decision on December 7, 2004. Mr. Davies explained that, basically, the Supreme Court affirmed the Special Master's recommendations in the fourth report. He noted that subsequent to the December 7, 2004, order, differences arose over detail to be contained in the decree. Colorado wants a flexible and vague decree and Kansas wants a more detailed decree. The Special Master is still considering the position of each state on the level of detail to be included in the decree.

Mr. Davies provided information regarding a timeline on the decree. Negotiations were started on March 12, 2005 and end September 12, 2005. He noted that anything after September 12, 2005, will be submitted to arbitration. If there is arbitration, it could last six months. With no arbitration, the Attorney General's Office fully expects a full decree by the Special Master by the end of the current calendar year. If there is arbitration, it is expected to have a full decree no later than the Spring of 2006.

In closing, Mr. Davies provided current information regarding the Nebraska Water Litigation Settlement. He explained that this is the first year of full implementation of the settlement that was entered into with Nebraska. Mr. Davies mentioned that while the Nebraska state engineers have done a good job in working with the engineers in Kansas on compliance issues, some local water user groups and natural resources districts have been resistant to the implementation of the settlement. He noted that with drought conditions being on the increase, the likelihood of more difficulty in compliance is on the rise and Kansas must remain vigilant to be sure to enforce the settlement and insure its water rights in the Republican River basin.

David Pope, Chief Engineer, Division of Water Resources, Kansas Department of Agriculture, provided a status of the Arkansas River and Republican River interstate disputes ([Attachment 8](#)). Mr. Pope updated the Committee on the agency's efforts to enforce the Arkansas River Compact with Colorado and the Republican River Compact with Nebraska. He noted that significant progress has been made in both cases in recent years, but they are in the final stages of litigation with Colorado on the Arkansas River and more work must be done to implement the Republican River settlement.

Regarding the Republican River Compact litigation, Mr. Pope noted that on December 16, 2005, after initial legal rulings, discovery proceedings, and extensive negotiation, the case was settled by the states. The states reached agreement on the Republican River Groundwater Model on June 30, 2003, and Mr. Pope indicated it was a significant agreement on one model. He mentioned that they now have clear data collection requirements and accounting methods, and that the jointly developed groundwater model can be used to assess compliance with the compact.

Mr. Pope detailed information in his written testimony regarding Kansas' obligations in implementing the settlement regarding the Republican River. Regarding the Kansas-Colorado Arkansas River Compact litigation, Mr. Pope noted that they are working diligently at this time to

resolve the remaining technical issues as Mr. Davies outlined and it is very important to get the decree written. He also noted that they would like to get a very specific decree written, like the Nebraska settlement decree, to come up with something that is workable especially in regard to the monies received last spring.

Mr. Pope indicated that it is possible that litigation may also be needed to protect Kansas' equitable share of the Missouri River in a case brought by others or to resolve federal reserved water rights for Indian tribes. He noted that they have hoped to stay out of litigation there and have not joined voluntarily in any litigation.

Mr. Pope further addressed the issue of Indian tribes in the Missouri River basin. Most of the water rights have not been quantified to determine federally reserved Indian water rights. There are four tribes in Kansas, and they have received information from one of the tribes that they are exploring this issue further.

In response to a question by Senator Umbarger regarding the Ozark River basin in southeast Kansas and any future concerns with Oklahoma, Mr. Pope noted that there is a potential concern with the Ozark Plateau Aquifers. He noted that the Aquifer laps over into Missouri in the Springfield area, which is an area of high growth and that a portion laps over into Oklahoma. He mentioned that there is no compact and there is no mechanism to allocate water between the three states. Kansas has a significant regulatory structure in place, Missouri does not, and Oklahoma is somewhere in between in terms of regulation. There may come a time when Kansas may need to protect itself, but there is no plan in place. The second issue relates to Indian tribes and the clean water act. Some of the Oklahoma tribes are seeking to obtain status as a state as part of the clean water act. If approved, they could adopt their own water quality standards and those are enforceable against anyone upstream. Senator Umbarger requested that the Committee be kept up to date on the issues.

Chairman Neufeld asked a question about someone who went across the Oklahoma line and developed 5,000 acres of irrigation wells which affect the Ogalala Aquifer. Mr. Pope explained that water laws are very different in Kansas than in Oklahoma. There is a compact with Oklahoma that covers all of the Arkansas River Basin from the Cimarron area, into southeast Kansas, and as far as Wichita. It allocates storage in reservoirs and it is accounted for, but it does not regulate groundwater pumping in either state unless there is an inter-basin transfer, which could be an issue in this case. Oklahoma treats groundwater as a type of a private ownership situation for the mineral rights and they issue permits so that water rights are based on land area. Each landowner gets a prorated share and as long as the landowner has land they can get a permit, absent some other major intervening issue.

Alan Conroy, Director, Kansas Legislative Research Department, provided a review of the status of the State General Fund ([Attachment 9](#)). Mr. Conroy mentioned that he had hoped that the Division of Accounts and Reports would have closed the FY 2005 books by the meeting time so there could be actual expenditures and receipts, but noted that had not happened and the data would change. He noted that for FY 2006, with the additional money authorized in Special Session SB 3 (\$148 million in school finance expenditures), the estimated ending balance is approximately \$187 million. Mr. Conroy also provided information regarding State General Fund out year demands attached to his written testimony.

The meeting adjourned at 3:15 p.m.

Prepared by Mary Shaw
Edited by Leah Robinson

Approved by the Committee on:

October 10, 2005
(date)