Approved: February 06, 2015

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Wednesday, January 28, 2015, 112-N of the Capitol.

All members were present

Committee staff present:
- J.G. Scott, Legislative Research Department
- Dylan Dear, Legislative Research Department
- Andy Chiamopoulos, Legislative Research Department
- Nobuko Folmsbee, Office of Revisor of Statutes
- Kathy Holscher, Kansas Legislative Committee Assistant
- Jill Wolters, Office of Revisor of Statutes
- Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:
- No conferees present

Others in attendance:
- See Attached List

Introduction of Proposed Legislation

Chairman Ryckman opened the meeting and reviewed the committee agenda.

Representative Schwartz made a motion to introduce legislation regarding the Uniform Act regulating traffic related to height and length of loads. Representative Barker seconded the motion. Motion carried.

Hearing on: HB2133 — Appropriation revisions and supplementals for FY 2015 and FY 2016 for various state agencies.

Chairman Ryckman opened the hearing on **HB 2133**.

J.G. Scott, Kansas Legislative Research Department (KLRD), provided a Summary Overview of the bill (Attachment 1) . He stated that some of this information normally would be brought to the Budget Subcommittees process. However, the information has been distributed, in summary format, for work in committee today. There are over $60 million in State General Fund (SGF) allotments made by the Governor, reducing budgets for the current year. The Governor's SGF allotments are not reflected in this bill, he noted. The revised FY 2015 recommendation of $15.5 billion in all funds, including $6.3 billion from SGF have been included in this bill. The recommendations reflect a net increase of $154.1 million from from all funding sources, and an SGF increase of $45.4 million above the approved amount by the 2014 Legislature. It was noted that the recommended adjustments would reflect a positive ending balance of $70 million for FY 2015. A review of the reductions were as follows: SGF reduction of 4 percent in agency operating expenditures; reduced Kansas Public Employee Retirement System (KPERS) employer contribution rate; reduced Disaster Relief Fund expenditures;

reappropriation lapses for Legislative and Judicial Branches; and salary cost reduction in the Kansas Bureau of Investigations (KBI). Budget increases were as follows: fully funding Human Service Consensus Caseload estimates; technical education tuition; and Department of Administration, Office of Information Technology Services for federal government expenditure reimbursement. Also included in the bill was a SGF transfer adjustment total of $253.2 million from the State Highway Fund, Medical Program Fee Fund, KEY Fund and Job Creation Program Fund. J.G. Scott reviewed the SGF revenue adjustments by agency. He stated that information will be provided to the committee with the ending balances for these agency adjustments.

J.G. Scott responded to questions from committee members. He responded that there are some transfers from fee funds, but no fee sweeps from ending balances for FY 2015. There were reductions from KPERS, he added. Regarding bonding authority for the Department of Transportation, he noted that bonding authority cannot exceed 18 percent of the revenue. A review of the Medical Program Fee Fund followed. It was noted that the pharmacy rebates have increased.

J.G. Scott provided an overview of the SGF Profile for FY 2013 - FY 2017 (Attachment 2) , which includes all of the Governor's recommendations. Additional adjustments for the Kansas Bioscience Authority and School Finance caseloads will be included in the Mega bill, he stated. For cash flow purposes, budget items in flux were not included in this bill.

J.G. Scott, Director Sullivan, Division of the Budget and Legislative Research Staff responded to questions from committee members. Agencies submitted budgets that reflected a 4 percent operational reduction and KPERS reductions, it was noted. State Hospitals were not included in the Governor's allotments. Additional information will be provided regarding changes in FTE classified positions to non-FTE positions, and the attrition rate. J.G. Scott stated that in the current year there are $250 million in bonds issued for the Kansas Department of Transportation.

Chairman Ryckman stated that written testimony in opposition of the bill from Economic Lifelines (Attachment 3) and the Kansas Contractors Association (Attachment 4) has been distributed to committee members.

Discussion continued by committee members. J.G. Scott stated that $53 million in K-12 funding was not included in the bill, of which $20 million is for Capital Outlay projects that were pushed back to June 15, 2015. There is approximately $35 million increase in the Local Option Budget (LOB) for supplemental general state aid that is not included in this bill. The Board of Regents special revenue funds reflect fee and tuition increases following the June budgeting process, he noted. Repayment of KDOT transfers (which are from sales tax receipts only), could be repaid with legislative action. Maintenance of bridges and access roads in the State Parks is paid from transfers from the State Highway Funds, it was noted. Mark Skoglund, KLRD, provided an explanation of the increase expenditures for the Kansas Water Office and Department of Agriculture. He stated that the increase for the Kansas Water Office is by federal funding to streamline stabilization and for the Department of

Agriculture the majority of the increase is for flood plain mapping, Capital Outlay for vehicle replacement some of which is federal funds and State Water funds that were carried over will be used. The Health Care Stabilization Fund was reviewed by Daivd Fye, KLRD. The projection is based on claims payments, he noted. Additional information regarding the rationale for bonding authority by the Board of Regents, will be forthcoming.
Justin Carroll, KLRD, provided information on the Reinvestment Act and funding to close cell blocks that was reinvested to keep the needed cell blocks opened. A review of the Disaster Relief Fund followed.

Chairman Ryckman reviewed the next committee meeting agenda. He stated that discussion on the bill will continue tomorrow with the intent to pass the bill out of committee on Monday, February 2, 2015.

Meeting adjourned: 9:56 a.m.