

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Wednesday, March 04, 2015, 112-N of the Capitol.

All members were present except:

Representative Mark Kahrs – Excused

Representative Barbara Ballard – Excused

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](#)

Opening Remarks

Chairman Ryckman opened the committee meeting. A review of the report criteria on staffing issues, followed by J.G. Scott, Legislative Research Department. He asked committee members if there was any other database information they would like to have included in this report. And, he noted that the Board of Regents' universities use another system than all other state agencies.

Discussion followed by committee members. The recommendation was made to collect data from the state agencies now, and data from the Regent universities would be provided for review later in the session.

J.G. Scott reviewed the data collection criteria. He stated that the report will include the following information on vacant positions: length of vacancy, full time, part-time and temporary positions, shrinkage, classified and unclassified positions, and funding budgeted for these positions. If the committee members find that this is a productive document, the Regent universities will be asked to provide the same information.

Introduction of Proposed Legislation

Representative Barker made a conceptual motion that after the 90 day session legislators would no longer receive pay, and after 95 days legislators would not receive subsistence pay. Representative Lunn seconded the motion. Motion carried.

Budget Committee Report on:

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MINUTES of the Committee on Appropriations at 9:00 am on Wednesday, March 04, 2015, 112-N of the Capitol.

Representative Schwartz, Vice-Chair, Legislative (House) Budget Committee, presented the FY 2015, FY 2016 and FY 2017 Budget Reports for the Legislative Coordinating Council ([Attachment 1](#)) .

The Governor recommended State General Funds of \$549,678 for FY 2015, \$547,345 for FY 2016 and \$551,773 for FY 2017. The Budget Committee concurred with the Governor's recommendation.

Representative Schwartz made a motion to approve the Legislative Coordinating Council Budget Reports for FY 2015, FY 2016 and FY 2017. Representative Kleeb seconded the motion. Motion carried.

Budget Committee Report on:

Representative Schwartz, Vice-Chair, Legislative Budget (House) Committee presented Budget Reports for FY 2015, FY 2016 and FY 2017 for the Legislative Division of Post Audit ([See Attachment 1](#)). The Governor's recommendation for FY 2015 was \$2,383,764, \$2,381,916 for FY 2016, and \$2,401,604. The Budget Committee concurred with the Governor's recommendations for FY 2015 with the correction that SGF was omitted and the Budget Committee added. For FY 2016 and FY 2017, the Budget Committee recommended adding language that would exempt the agency from payment of the monumental building surcharge.

Representative Schwartz made a motion to approve the Budget Reports for the Legislative Division of Post Audit for FY 2015, FY 2016 and FY 2017. Representative Barker seconded the motion. Motion carried.

Budget Committee Report on:

Representative Schwartz, Vice-Chair, Legislative Budget (House) Committee, presented the FY 2015, FY 2016 and FY 2017 Budget Reports for the Legislative Research Department ([See Attachment 1](#)). The Governor's recommendation for FY 2015 was \$3,879,490, \$3,643,586 for FY 2016, and \$3,678,679 for FY 2017. The Budget Committee concurred with the Governor's recommendations. Budgeting concerns were expressed for FY 2016 and FY 2017.

Representative Schwartz made a motion to approve the FY 2015, FY 2016 and FY 2017 Budget Reports for the Legislative Research Department. Representative Kleeb seconded the motion. Motion carried.

Budget Committee Report on:

Representative Schwartz, Vice-Chair, Legislative Budget (House) Committee, presented the FY 2015, FY 2016 and FY 2017 Budget Reports for the Legislature ([See Attachment 1](#)). The Governor's recommended funding for FY 2015 of \$17,747,358, \$17,694,291 for FY 2016, and \$17,604,220 for FY 2017. The Budget Committee concurred with the Governor's recommendation in FY 2015. For FY 2016 and FY 2017 the Budget Committee recommended adding language that the Legislature would

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procure consulting services to assist in review and evaluation of state government, examine core functions, procedures and efficiencies for all departments, agencies, divisions and services. And, directed the Legislative Research staff to prepare a cost analysis on hiring professional consulting services, and report findings to the committee prior to finalizing the Mega bill.

Discussion followed by committee members regarding the Budget Committee's recommendations. It was noted that it would be helpful to review budgets prior to the start of the session.

Representative Henry made a motion for an amendment to include in the Budget Committee's language that Legislative Post Audit would be in consultation and discussion with the Legislative Research Staff when preparing a cost analysis on hiring a professional consulting services. Representative Carlin seconded the motion.

Discussion continued by committee members regarding the motion.

Representative Henry renewed the motion. motion carried.

Representative Suellentrop made a motion for an amendment to the language for FY 2015, FY 2016 and FY 2017, stating the preliminary cost analysis report, on hiring consulting services, would be available to the legislature by December, 1, 2015, and the final report available by March 1, 2016. Representative Grosserode seconded the motion.

Discussion followed by committee members and staff regarding the motion. It was recommended that the Legislative Research Department review procedures other states gone through this process in regards to costs and vendors.

Representative Suellentrop renewed the motion. Motion carried.

Representative Schwartz made a motion to approve the Legislature Budget Reports for FY 2015, and FY 2016 and FY 2017 as amended. Representative Barker seconded the motion. Motion carried.

Budget Committee Report on:

Representative Schwartz, Vice-Chair, Legislative Budget (House) Committee, presented the FY 2015, FY 2016 and FY 2017 Budget Reports for the Office of the Revisor of Statutes (See Attachment 1).

For FY 2015, the Governor's recommendation was \$3.1 million from SGF, and 31.5 FTE positions. The Budget Committee concurred with the Governor's recommendation.

For FY 2016, the Governor's recommendation was \$3,089,560 from SGF. The Budget Committee concurred with the Governor's recommendation.

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For FY 2017, the Governor's recommendation was \$3,089,560 from SGF. The Budget Committee concurred with the Governor's recommendation.

Representative Schwartz made a motion to approve the FY 2015, FY 2016 and FY 2017 Budget Reports for the Office of the Revisor of Statutes. Representative Suellentrop seconded the motion. Motion carried.

Budget Committee Report on:

Representative Waymaster, Chair, General Government Budget Committee, presented the FY 2015, FY2016 and FY 2017 Budget Reports and an overview of the Kansas Lottery ([Attachment 2](#)).

For FY 2015, the Governor's recommendation was \$333.2 million from special revenue funds, which is a decrease of \$7.9 million below the agency's revised estimate. The decrease is attributable to reduced expenditures on contractual services and lower than anticipated gaming revenues. **House Sub. for SB 4** adopted the Governor's recommendation with the adjustment to delete \$286,375 for a new automation system, deleted \$65,000 for the purchase of video conferencing equipment, and deleted \$641,755 for reduced salaries and wages shrinkage, all of which would be reviewed later in the budget process. The Budget Committee concurred with the Governor's recommendations as adjusted by **House Sub. for SB 4** with the additional adjustments: add \$286,375 for the new automation system; add \$65,000 for the purchase of video conferencing equipment, and add \$641,755 for the reduced salaries and wages shrinkage.

Discussion followed by committee members regarding the cost of the video conferencing system and sales staff. It was noted the system would be a cost saving measure by reducing travel expenditures. Increased operating expenditures was due to the opening of new casinos and the money received from the lottery is determined by the Legislature, it was noted. Concern was expressed regarding the cost of purchasing video conferencing equipment when other options may be more affordable or may be free.

Representative Claeys made a motion for an amendment that would delete \$65,000 from the Budget Committee's recommendation for the purchase of video conferencing equipment. Representative Suellentrop seconded the motion. Motion carried.

Representative Waymaster made a motion to approve the FY 2015 Kansas Lottery Budget Report as amended. Representative Wolfe Moore seconded the motion. Motion carried.

For FY 2016, the Governor's recommendation of \$337 million from special revenue funds represents a decrease of \$14.3 million below the agency's request, attributable to reduced contractual services and lower than anticipated gaming revenues. The Budget Committee concurred with the Governor's recommendation.

Discussion followed by committee members regarding the applications for a facility manager for the

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SE gaming zone. It was noted that the revenue for the Kansas Lottery is approximately \$26 million and \$77 million from casino operations. Representative Waymaster stated that the Kansas Racing and Gaming Commission provides oversight, whereas, the Kansas Lottery reviews the money received from the casinos. Concern was expressed for increased wages for facilities managers when the casino revenues were decreasing. It was noted that the incentive program was intended to increase the amount of money going in to the SGF as motivation for the sales managers.

Representative Waymaster made a motion to approve the FY 2016 Budget Report for the Kansas Lottery. Representative Wolfe Moore seconded the motion. Motion carried.

For FY 2017, the Governor's recommendation is \$355.9 million, which is a decrease of \$851,522 below the agency's request attributable to reduced expenditures for contractual services and lower than anticipated gaming revenues. The Budget Committee concurred with the Governor's recommendation.

Discussion followed by committee members regarding the privilege fee. It was noted that the privilege fee is a pass through from the Kansas Lottery to the state, and advertising costs are approximately \$12,000 per month.

Representative Suellentrop made a motion for an amendment that when the budget is passed this would be subject to approval of a qualified applicant for the SE gaming zone. Representative Hutton seconded the motion. Motion carried.

Representative Waymaster made a motion to approve the FY 2017 Budget Report for the Kansas Lottery as amended. Representative Wolfe Moore seconded the motion. Motion carried.

Budget Committee Report on:

Representative Waymaster, Chair, General Government Budget Committee, presented the FY 2015, FY 2016 and FY 2017 Budget Reports for the Kansas Racing and Gaming Commission (See Attachment 2).

For FY 2015, the Governor's recommendation represents a decrease of \$56,842 below the agency's revised budget attributable to reduced employer contributions to KPERS. The Budget Committee concurred with the Governor's recommendation as adjusted by **House Sub for SB 4** with the adjustment to add \$909,362 and 5.0 FTE positions for machine examinations, and added language appropriating a no limit expenditure authority for the Gaming Machine Examination Fund.

Representative Waymaster made a motion to approve the Kansas Racing and Gaming Commission Budget Report for FY 2015. Representative Wolfe Moore seconded the motion. Motion carried.

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For FY 2016, the Governor's recommendation represents a decrease of \$72,823 below the agency's request attributable to reduced employer contributions for health insurance. The Budget Committee concurred with the Governor's recommendation.

Discussion followed by committee members. It was noted that there has not been an audit review conducted by the Legislative Post Audit during the past year.

Representative Waymaster made a motion to approve the FY 2016 Budget Committee Report for the Kansas Racing and Gaming Commission. Representative Wolfe Moore seconded the motion. Motion carried.

For FY 2017, the Governor's recommendation was a decrease of \$79,805 below the agency's request attributable to reduced employer contributions for health insurance. The Budget Committee concurred with the Governor's recommendation.

Discussion followed by committee members. It was noted that expenses are paid for by the casino managers. The Kansas Lottery serves as the fiduciary and the Kansas Racing and Gaming Commission provides the oversight and regulation of the casinos. A review of the tribal state contract followed. Concern was expressed for increased expenses and less revenue each year. It was noted that there is a Legislative Post Audit underway.

Representative Waymaster made a motion to approve the FY 2017 Budget Report for the Kansas Racing and Gaming Commission. Representative Wolfe Moore seconded the motion. Motion carried.

Budget Committee Report on:

Representative Waymaster, Chair, General Government Budget Committee, presented the FY 2015, FY 2016 and FY 2017 Budget Reports for the Office of the Governor ([Attachment 3](#)).

For FY 2015, the Governor's recommendation was a decrease of \$520,301 below the agency revised estimate attributable to the allotment plan reducing KPERS employer contribution rate and reduced SGF for Domestic Violence Prevention Grants, which reallocates this amount to salaries. The Budget Committee concurred with the Governor's recommendation.

Representative Waymaster made a motion to approve the FY 2015 Budget Report for the Office of the Governor. Representative Wolfe Moore seconded the motion. Motion carried.

For FY 2016, the Governor's recommendation was a decrease of \$300,968 below the agency's request attributable to the 4.0 percent reduction of SGF operation expenditures, which reduced salaries and two program grants, and reduced employer contributions for health insurance. The Budget Committee concurred with the Governor's recommendation.

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Discussion followed by committee members regarding the allotment reduction and the impact on reduced funding for the Domestic Violence Prevention and Child Advocacy Center grants.

Representative Kleebe made a motion for an amendment that would restore funding from the Medicaid Fraud Prosecution Revolving Fund in the Attorney General's Office for the Domestic Violence Prevention and Child Advocacy Center grants for FY 2016 and FY 2017. The Motion was seconded by Representative Schwartz.

Discussion followed by committee members regarding the impact on reduced funding for the two programs.

Representative Kleebe renewed the motion. Motion carried.

Representative Waymaster made a motion to approve the FY 2016 Budget Report for the Office of the Governor as amended. Representative Wolfe Moore seconded the motion. Motion carried.

For FY 2017, the Governor's recommendation was a decrease of \$302,962 below the agency's request attributable to the 4.0 percent reduction to SGF operation expenditures, reduced salaries for domestic Violence Prevention and Child Advocacy Center grants, and reduced employer contributions for health insurance. The Budget Committee concurred with the Governor's recommendation.

Representative Waymaster made a motion to approve the FY 2017 Budget Report for the Office of the Governor as amended. Representative Wolfe Moore seconded the motion. Motion carried.

Budget Committee Report on:

Representative Waymaster, Chair, General Government Budget Committee, presented the Office of the State Treasurer Budget Reports for FY 2015, FY 2016 and FY 2017 (See Attachment 3).

For FY 2015, the Governor's recommendation was a reduction of \$124,462 below the agency's revised estimate attributable to reduced employer KPERS contributions, did not adopt the supplemental request for a constituent services officer and reduced funding for a vacant position. The recommendation also included a transfer of \$500,000 from the State Treasurer Operating Fund to the SGF for a projected ending balance of \$248,872. The Budget Committee concurred with the Governor's recommendation.

Representative Waymaster made a motion to approve the FY 2015 Budget Report for the Office of the State Treasurer. Representative Wolfe Moore seconded the motion. Motion carried.

For FY 2016, the Governor's recommendation was a decrease of \$159,579 below the agency's request attributable to eliminating salary and wage increases and reduced employer contributions for health insurance. The Governor recommended an agency transfer of \$300,000 from the State Treasurer Operating Fund to the SGF, for a projected ending balance of 428,947. The Budget committee

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concurred with the Governor's recommendations with the adjustment to delete \$100,000 of the transfer to the SGF.

Discussion followed by committee members. It was noted the Budget Committee's recommendation corrects an error that would have resulted in a negative balance in the fund.

Representative Waymaster made a motion to approve the FY 2016 Budget Report for the Office of the State Treasurer. Representative Wolfe Moore seconded the motion. Motion carried.

For FY 2017, the Governor's recommendation was a reduction of \$160,274 below the agency's request attributable to eliminating salary and wage increases and reduced employer contribution rate for health insurance. The Budget Committee concurred with the Governor's recommendation.

Representative Waymaster made a motion to approve the FY 2017 Budget Report for the Office of the State Treasurer. Representative Wolfe Moore seconded the motion. Motion carried.

Closing Remarks

Representative Schwartz made a motion to approve the minutes from the February 19, 20 and 24th committee meetings. Representative Carlin seconded the motion. Motion carried.

Meeting adjourned: 10:54 a.m.