

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Thursday, April 23, 2015, 112-N of the Capitol.

All members were present except:

Representative Gene Suellentrop – Excused

Representative Amanda Grosserode – Excused

Other members present:

Representative Tom Sawyer, appointed substitute member to the committee

Committee staff present:

Andy Chiamopoulos, Legislative Research Department

J.G. Scott, Legislative Research Department

Dylan Dear, 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 called the meeting to order and reviewed the agenda. He welcomed Representative Sawyer, who is temporarily replacing Representative Carlin.

Overview of Consensus Revenue Estimates

J.G. Scott, Kansas Legislative Research Department, presented an overview of the State General Fund (SGF) Receipts, Expenditures and Balances for FY 2014, FY 2015, FY 2016, and FY 2017, which includes the April 20th Consensus Revenue Estimates and actions taken by the Conference Committee ([Attachment 1](#)). He stated that for FY 2015 the beginning balance was \$380 million, \$6.3 billion available for expenditures. The Conference Committee reduced expenditures of approximately \$15 million, which reflects a \$70 billion beginning balance for FY 2016. For FY 2016 the April Consensus Revenue Receipts are \$5.7 billion. After all of the revenue and expenditure adjustments, there would be a zero ending balance, which would require \$131 million in revenue increases or expenditure reductions to maintain a zero ending balance. In order to maintain a zero ending balance for FY 2017, there would need to be revenue enhancements or expenditure reductions of approximately \$80 million, which will require legislative action it was noted.

Chris Courtwright, Kansas Legislative Research Department, presented an overview of the SGF Revenue Estimates for FY 2015, FY 2016 and FY 2017 ([Attachment 2](#)), which was revised by the Consensus Estimating Group's November 2014 estimates. He stated that a detailed memo will be

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available later in the week that will include the economic forecast for Kansas. The overall revenue estimates for FY 2015, FY 2016 and FY 2017 reflects a decrease of \$42 million. A review of the economic factors followed.

Chris Courtwright responded to questions from committee members. He stated that all of the current tax cuts, under current law, are built in to the assessments. A review of the tables reflecting adjustments to the property tax and fees, income taxes, excise taxes and other revenues including transfers followed. Discussion continued regarding national and regional economic cycles and the potential impact on SGF receipts. A monthly tracking report will be provided between now and November, and revised consensus revenue estimates will be available in June, which will reflect fiscal notes with changes relative to legislation enacted in to law during the veto session, he added. A review of the impact with the tax law changes by the 2012 and 2013 legislature followed. Changes in the individual income tax in FY 2016 will result in a \$998 million fiscal note for the two combined years. The statutorily mandated responsibilities of the Consensus Revenue Estimating Group followed. The November estimates are based on economic outlook and variables that determine the new baseline figures reflected in the Governor's Budget Recommendations in January.

Bobbi Mariani, Kansas Legislative Research Department, presented an update on the Consensus Caseload Estimates for FY 2015, FY 2016 and FY 2017 ([Attachment 3](#)). The revised estimate for FY 2015 is a decrease of \$36.4 million from SGF and \$119.3 million from all funding sources from the amount approved in **House Substitute for SB 4**. For FY 2016 there is a decrease of \$58.6 million from all funding sources and an increase of \$3.8 million from SGF. For FY 2017, there is a decrease of \$6.5 million from SGF and \$71 million for all funding sources from the Governor's budget recommendation. This represents a combined estimate of \$248.9 million decrease in all funds, included \$39.1 million from the SGF, she noted. Consensus caseload estimate adjustments were attributable primarily to fewer children in the Department of Corrections/Juvenile Services Out of Home Placements, KanCare managed care rates that were estimated higher than actual negotiated rates, a decreasing number of families receiving Temporary Assistance to Needy Families (TANF) funds, lower waiver assessment costs and state expenditures for services provided in nursing facilities for mental health, and increased expenditures for Foster Care.

Bobbi Mariani responded to questions from committee members. She reviewed the Affordable Care Act users fee, which is an insurers fee that is paid to the Federal Government as a cost for managed care organizations. Those costs are factored in by the rates the state charges to those companies. She noted that the amount budgeted for FY 2015 will not be paid out until FY 2016. A review of the allowable expenses for foster care followed. Amy Deckard and Justin Carroll, Kansas Legislative Research Department, provided clarification on the Department of Corrections/Juvenile services Out of Home Placements, which is primarily funded by SGF. This program was transferred to the Department of Corrections in 2013 and was previously administered by the Juvenile Justice Authority. A review of the factors that impact SGF increases followed.

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Dezeree Hodish, Kansas Legislative Research Department, presented an update on the Expanded Lottery Act Revenue Fund (ELARF) Table for FY 2014 - FY 2017 ([Attachment 4](#)) . She stated that gaming revenues have increased by \$1.3 million in FY 2015. The Conference Committee position is that in the event the total transfers and expenditures exceed revenues, there would be an automatic SGF transfer to cover approved expenditures. It is estimated that this transfer would be approximately \$7.2 million in gaming revenues, which is less than the Governor's recommendation of \$8.5 million for FY 2015. This transfer would result in a zero ending balance. She noted that 22 percent of the state gaming revenues go in to this account. For FY 2016, the projected ending balance, after expenditures and transfers, would be \$5.1 million, attributable to a new gaming zone. For FY 2017, it is projected that the ending balance would be approximately \$5.1 million attributable to increased gaming revenues.

J.G. Scott, stated that committee members received updated Conference Committee positions for FY 2014 - FY 2017 for the Children's Initiatives Fund ([Attachment 5](#)) , Economic Development Initiatives Fund ([Attachment 6](#)) and the State Water Fund Plan ([Attachment 7](#)) .

J.G. Scott presented an overview of the Conference Comparison of the Appropriations Bills for FY 2015, FY 2016, FY2017, FY 2018 and FY 2019, which includes **Senate Sub. for HB 2135** ([Attachment 8](#)) . This information compared the Senate and House positions and any action that was taken.

Chairman Ryckman stated that the Appropriations Committee will be meeting on Thursday, April 30th to continue discussion on the Judicial Branch budget.

Shawn Sullivan, Director of the Budget, Office of the Governor, reviewed amendments to the Governor's Budget Amendment No. 1, committee members received in January ([Attachment 9](#)) . He noted that the recommendations alone would not solve the budget shortfall. Based on new information, the adjustments to expenditures and revenues reflects a budget decrease of approximately \$113 million for combined FY 2015, FY 2016 and FY 2017. Of this amount, the caseload revised estimates are \$39 million and \$74 million from all other items. The new estimates for the National Bio-Agro Defense Facility (NBAF) reflects an SGF reduction for debt service expenditures by \$6.3 million in FY 2016 and \$5.9 million in FY 2017, due to the newly adjusted bond rate. SGF transfer adjustments for the Lottery and Gaming Revenues reflect enhanced gaming revenues. For FY 2015 the recommendation would decrease the transfer from SGF to ELARF by \$1.284 million, the transfer from ELARF to SGF would be increased by \$942,000 in FY 2016 and \$1.2 million in FY 2017. The amendment restores funding cuts of the 4 percent State Highway transfer allotment for the Division of Vehicles Operating budget. This would restore funding in FY 2016 of \$918,543, \$837,085 in FY 2016 and \$837,035 in FY 2017. For FY 2016 and FY 2017, the amount is less due to the \$1 million transfer that was included in the Senate's budget that was approved by the Conference Committee. Recent surveys by the Centers for Medicare and Medicaid Services, resulted in significant expenditure corrections at the state hospitals. The amendments include increase expenditure limitations for FY 2015 from the Osawatomie State Hospital Fee Fund by \$1.5 million, and \$1 million from the Kansas Department for Aging and

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Disability Services (KDADS) Title XIX fund for increase operational costs and increased salary expenses for Parsons State Hospital shared resources with Osawatomie State Hospital. He noted that from the Title XIX Fund, \$500,000 would be distributed to each hospital. He stated the plans also require building improvements for Osawatomie State Hospital and an additional \$3.4 million from SGF for KDADS for additional community resources for individuals placements for those impacted by the vacant bed space during building renovation mandates. Director Sullivan discussed the new federal fund for the Department for Children and Families. The Supplemental Nutrition Assistance Program (SNAP) Employment and Training Pilot is a no limit designation fund which is a three year grant of \$13.5 million from the U.S. Department of Agriculture, Food and Nutrition Services. There is no impact to SGF, he noted. The additional Medical Programs fee fund, within the Department of Health and Environment, was reviewed. Updated fee fund estimates reflect an increase of \$9.6 million in FY 2016 and \$14.7 million in FY 2017, and SGF expenditures can be reduced by the same amounts, he noted. A review of the Healthcare Access Improvement Program followed. The amended recommendation is an increase in KanCare expenditures from the Health Care Access Improvement Fund of \$18.7 million in FY 2016 and FY 2017, and a reduction from SGF by the same amount in both years. The cost of reimbursement rate increases has been higher than program revenues, which has been subsidized by SGF. He reviewed the provisos necessary to increase the assessment rate of 1.83 percent to 2.55 percent for inpatient operating revenue, which is set in statute. The correction to the Kansas Guardianship Program restores the KPERS employer contribution reduction and employee health plan of \$4,445 in FY 2015, \$5,245 in FY 2016 and \$5,556 in FY 2017. The program does not participate in these plans. Director Sullivan reviewed information relating to the caseload adjustments and cost of assistance programs. He noted that prior to KanCare, the growth rate for Medicaid was 7.5 percent. Since 2014, the growth rate has declined to a 5.2 percent reduction, with the hope for continued decline in growth over the coming years. There are on-going discussions between the DCF and federal government regarding foster care funding, he added. The Kansas Law Enforcement Training Center bonds are primarily financed from court docket fees. Refinancing bonds would require additional language to the appropriations bill, and would allow for a lower refinancing rate. A review of the debt service refunding followed. The amendment reflects an additional savings of \$717,932 in FY 2015, \$319,400 in FY 2016 and \$854,400 for FY 2017.

Director Sullivan and Kansas Department of Health and Environment Mike Randol, Director of Finance, responded to questions from committee members regarding the provisos for increasing the assessment rate for inpatient services imposed on hospital providers. Discussion followed regarding the need to increase rates and a re-basing process. The human service caseload estimates are primarily reductions in the KDHE Medical Program increases, Director Sullivan stated. In regards to the Law Enforcement Training Center Bonds, it was noted that there are sufficient docket fee funds within existing resources, however, language was requested to be included in the Appropriations Bill to allow flexibility for funding sources to pay the debt service in FY 2017.

Jill Wolters, Office of the Revisor of Statutes, stated that the proviso would allow the Department of Administration the ability to combine SGF bonds together for a new debt restructuring, that would

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lower debts and that could be paid from either Special Revenue Fund or SGF.

Discussion followed by committee members regarding the Omnibus process. Chairman Ryckman stated that there would be no action taken on the Governor's recommended adjustments, as this was an informational presentation. The committee will have a voice concerning adjustments to the GBA or other fiscal notes attached to bills that may go to conference or that may be presented as a stand alone bill. Concern was expressed regarding the temporary placement of individuals during building renovations at Osawatomie State Hospital. The Mental Health Task Force, consisting of major stakeholders, is continuing to work on a long-term plan to address individual needs and concerns, it was noted.

The meeting recessed at: 12:15 p.m.

Chairman Ryckman reconvened the meeting at 1:04 p.m. He acknowledged Representative Suellentrop, sponsor of today's lunch, and reviewed the agenda for the afternoon meeting.

J.G. Scott, Legislative Research Department, recapped items included in the State General Fund Receipts, Expenditures and Balances ([See Attachment 1](#)). The beginning balance in FY 2015 was approximately \$380 million, which included the Consensus Revenue Estimates reduction of approximately \$87 million, recommendations included in the passage of **SB 4**, and there are approximately \$17 million in recommended revenue adjustments from the Governor's Budget Amendments that have not been completed. The ending balance for FY 2015 is approximately \$69 million. For FY 2016, there is approximately \$6.388 billion in revenue, which includes adjusted receipts of \$6.319 billion. The Governor's recommended expenditures are approximately \$6.4 billion. A total of \$131 million in additional reductions in expenditures or increases in revenue would be needed to maintain a zero ending balance.

J.G. Scott responded to questions from committee members. He stated that the Governor's revenue adjustments of \$262.7 million would require legislative action. In regards to the KPERS Bonding expenditure, he stated that **SB 228**, which has passed, authorizes bonds of \$1 billion and reduced bond rates based on an additional 10 year amortization. This reflects \$10 million in savings.

For FY 2017, there is a zero ending balance. The revenue receipt estimates are \$5.775 billion with adjusted receipts \$6.482 billion. Reductions in expenditures or increases in revenue is needed to maintain a zero ending balance are approximately \$80 million. A review of the FY 2016 and FY 2017 revenue and tax adjustments, as recommended by the Governor, followed ([Attachment 10](#)).

Discussion & action on:

J.G. Scott, reviewed the Items for Omnibus Consideration ([Attachment 11](#)), which will be presented by the assigned analyst he stated. Chairman Ryckman stated that this information contains items either for discussion, committee recommendations, or committee action.

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Mark Dapp, Legislative Research Department, presented items for consideration for the Kansas Department of Revenue, Secretary of State and Kansas Public Employees Retirement System (KPERs) (See Attachment 11) .

Kansas Department of Revenue

Item A. in the Governor's Budget Amendment restores the Division of Vehicles operating fund reductions. He noted this would be an action item for committee members that would reduce the SGF transfer and increase the expenditure limitation.

Discussion followed by committee members. It was noted that for FY 2016 and FY 2017 combined years this would be an increased expenditure authority of approximately \$1.8 million. Increasing license fees from \$8 to \$12 was discussed, which would require legislative action it was noted.

Representative Waymaster made a motion to restore the Division of Vehicles Operating fund reductions for FY 2015 and FY 2016, and review alternative solutions in FY 2017 with the possibility of legislative action to adjust the amount of drivers license fees. Representative Schwartz seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that this would be an additional transfer of \$1 million to the Division of Vehicle Modernization for FY 2016 and FY 2017. This recommendation is in Conference Committee, it was noted.

Representative Hoffman made a substitute motion to restore the Division of Vehicles operating fund for FY 2015. Representative Barker seconded the motion. Motion carried.

Chairman Ryckman stated that the motion would represent the committee's position in conference.

Item B. **Sub for HB 2159**, would amend provisions regarding expungement of driving under the influence and test refusal offenses. It was noted that his bill is in Conference Committee, and there was no discussion by committee members.

Item C. **Sub. for HB 2155**. This bill would would create the Kansas Charitable Gaming Act, and amend the Kansas Lottery Act, including changes to the regulation of charitable raffles. This bill is in Conference Committee, and there was no discussion by committee members.

Item D. **HB 2013** would establish a \$15 driving test fee for commercial driver's license application and a \$10 fee for additional testing that may be required. This bill is in Conference Committee, and there was no discussion by committee members.

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Item E. Review the Agency's Newly Revised Expenditure Reductions for FY 2015, FY 2016 and FY 2017 is in the Senate Committee. The Senate Committee added language that would transfer \$1 million for both FY 2016 and FY 2017, from State Highway Funds to the Division of Vehicles Modernization Fund to address expenditure reductions and operating shortfall. There was no discussion by committee members.

Secretary of State

Item A. **Sub 239**, if amended, would repeal the statute calling for a presidential preference primary election, which would be replaced with a new law regarding presidential nominee selection and party procedures for every presidential election. This would require additional expenditures if the bill would not pass, he noted. This bill is in Conference Committee, and there was no discussion by committee members.

Item B. Review of Governor's Recommended Transfer of an Additional 10 Percent for the Agency's Fee Fund to SGF would increase the amount withheld from the agency's fee fund revenue from 10.0 percent to 20.0 percent for deposit in the SGF for administrative reimbursement to the State. This is in the Senate Committee and the Senate and House Committee did not recommend the increase. There was no discussion by committee members.

Kansas Public Employees Retirement System.

Item A. **SB 228** allows the issuance of bonds, not to exceed \$1 billion, for deposit into the KPERS trust fund for the purpose of reducing the unfunded liability.

J.G. Scott stated that committee action would be necessary in order to approve a rate reduction. In response to questions from committee members, he stated this action would reflect rates for two years as if amortized for another ten years. For FY 2016 and FY 2017, the rates are set in the bill. For FY 2018 the rates would increase, and would require legislative action to adjust rates, he responded.

Representative Schwartz made a motion to accept Item A. **SB 228**. Representative Barker seconded the motion. Motion carried.

Dylan Dear, Legislative Research Department, reviewed items for discussion for the Department of Administration, Judicial Branch, and Office of the State Treasurer.

Department of Administration

Item A. **SB 228** is law that allows the Kansas Development Finance Authority (KDFA) to issue bonds, in one or more series, not to exceed \$1 billion, and additional costs for issuance. This would be deposited into the KPERS trust fund to reduce the unfunded liability.

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Representative Schwartz made a motion to accept Item A. **SB 228**. Representative Barker seconded the motion. Motion carried.

Item B. **HB 2267** is law that revises notice requirements and construction project evaluations.

Representative Hutton made a motion to accept **HB 2267** and to recoup expenses through a fee structure. The motion was seconded by Representative Claeys. Motion carried.

Chairman Ryckman stated that the payment structure change for KPERS would reduce the Block Grant, as well as school expenditures for classroom activities. J.G. Scott added that this will not impact payroll or previously funded activities.

Item C. State Building Debt. The House Committee requested a report on the debt to equity ratio prior to omnibus.

Concern was expressed for the debt to worth ratio for the Curtis and Eisenhower Buildings. A review of the approval process followed.

Item D. GBA No.1, Item 1, Page 1 - National Bio-Agro Defense Facility Debt Service. This amendment would be approximately \$6.4 million reduction to the SGF in FY 2016 and a reduction of \$5.9 million in FY 2017, as a result of interest payments only. Principal and interest payments will begin in FY 2018.

Representative Schwartz made a motion to accept GBA No. 1 Item 1, Page 1. Representative Barker seconded the motion. Motion carried.

Item E. GBA No. 1, Item 11, Page 10 - Debt Service Refunding. This amendment reflects revised bonding estimates, which includes additional savings in FY 2015 and lowers savings in FY 2016 and FY 2017.

Representative Schwartz made a motion to accept GBA No. 1, Item 11, Page 10 -Debt Service Refunding. Representative Barker seconded the motion Motion carried.

Judicial Branch

Item A. **SB 51** would have extended the surcharge to fund non-judicial personnel, and would have allowed for the transfer for the Electronic Filing and Management fund to the Docket Fee Fund. This bill was stricken, and no action was taken by committee members.

Item B. Judicial Branch Budget. The Senate Committee delayed recommendations until Omnibus, as

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budget adjustment information would be provided from the Judicial subcommittee. No action was taken by committee members.

Chairman Ryckman stated that the Appropriations Committee will meet next Thursday to discuss or make recommendations to the Judicial Branch Budget.

Office of the State Treasurer

Item A. **HB 2216** amends the Kansas Money Transmitter Act, Kansas Mortgage Business Act, and Kansas Banking Code, and establishes a savings program. The agency requests \$50,000 from SGF to create marketing materials.

Discussion followed regarding marketing material.

Representative Waymaster made a motion that the agency would absorb the \$50,000 request for marketing purposes unless a detailed marketing plan was presented for the committee's consideration. Representative Kahrs seconded the motion. Motion carried.

Aaron Klaassen, Legislative Research Department, reviewed items for discussion for the Adjutant General's Department, Kansas Department of Transportation, and Kansas Highway Patrol.

Item A. Add Funding for Rehabilitation and Repair for FY 2016 and FY 2017. The Joint Committee on State Building recommended an additional \$250,000 from SGF for rehabilitation and repair expenditures. The House and Senate Committees did not request additional funding.

B. GBA No.1, Item 11, Page 10 - Debt Service Refunding

This was adopted in committee.

Kansas Department of Transportation.

A. **HB 2103** designates the Clay County Vietnam Veterans Bridge. The agency requests an expenditure limitation increase of \$3,160 from the State Highway Fund for FY 2016.

Representative Clays made a motion to approve the expenditure limitation increase of \$3,160 for FY 2016. Representative KleeB seconded the motion. Motion carried.

B. **SB 43** designates the portion of K-8 Highway as the Home on the Range Highway. The agency request an expenditure limitation increase of \$2,940 from the State Highway Fund for this project for FY 2016.

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Representative Claeys made a motion to approve the expenditure limitation increase of \$2,940 from the State Highway Fund for this project for FY 2016. Representative Waymaster seconded the motion. Motion carried.

C. **SB 127** designates and memorializes several bridges, highways and interchanges. The agency is requesting an operating expenditure increase of \$21,420 from the State Highway Fund for FY 2016.

Representative Claeys made a motion to approve the expenditure increase of \$21,420 from the State Highway Fund for FY 2016. Representative Schwartz seconded the motion. Motion carried.

D. Senate Sub. for **HB 2090** is in Conference Committee and would amend several laws related to vehicle registration, adds endorsement codes for CDLs and amends vehicle length limit for custom harvester equipment. It was noted that enacting **SB 288** would prevent the loss of \$22.7 million in federal funding to the State Highway Fund in FY 2015 and \$23.5 million in FY 2016 and each subsequent year of noncompliance. There was no discussion by committee members.

Kansas Highway Patrol.

A. Review the Agency's Newly Proposed Compensation Plan for FY 2016 and FY 2017. This is in the Senate Committee, he noted. There was no discussion by committee members.

B. Obtain Information on Deferred Retirement Option Plan. This item is in the Senate Committee, he noted. There was no discussion by committee members.

Mark Skoglund, Legislative Research Department, reviewed items for discussion for the Department of Agriculture.

A. Review Efficiency Improvements Resulting from the Trial Merger of the Department of Agriculture and the Veterinary Examiners Program. He noted that this is in the Senate Committee. There was no discussion by committee members.

Bobbi Mariani, Legislative Research Department, reviewed items for discussion for the Kansas Department of Health and Environment - Division of Health Care Finance.

A. Review Anticipated Cost Savings Associated with implementation of KanCare Policy Changes, including Passage of Necessary Legislation such as **SB 123** or Similar Legislation, which is in the House Committee. The policy changes include a savings of \$114.0 million for the Kansas Department of Health and Environment (KDHE) and the Kansas Department for Aging and Disability Services. A review of the FY 2016 Governor's Budget Report included the Medicaid Caseload savings for FY 2016 and FY 2017. The caseload reduction of \$30.6 million would be attributable to improved rates and better trend data. The Medicaid pharmacy administrative drug reforms anticipated savings would be

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\$31.2 million, which would need legislative action, and is currently in Conference Committee and was folded into **Senate Sub for HB 2149**, she noted. The Managed Care Organizations financial incentives to implement changes with contracted providers would be an anticipated savings of \$11.5 million. The program changes for Behavioral Health would be an anticipated savings of \$4.7 million. These savings have been accounted for in the FY 2016 Governor's Budget Report for FY 2016 and FY 2017, she added.

Bobbi Mariani responded to questions from committee members. She stated that provisions of **SB 123** (modified) and **SB 181** into **HB 2149**.

B. Executive Reorganization Order No. 43 transfers the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families (DCF) to KDHE and transfers foster care licensing responsibilities from KDHE to the DCF effective July 1, 2015. The total realized savings, with the error rate improvement, of \$59 million for both agencies, and was included in the Governor's Budget Recommendations.

Bobbi Mariani responded to questions from committee members. Regarding the the implementation of KanCare policy changes, she noted that there has not been any information provided on the impact on staffing or on the implementation on the funds transfer. The error rate reflects the inaccuracy for determining eligibility payments. With the reorganization, increased accuracy in eligibility determination and reduced expenditures is anticipated.

C. Senate Sub. for **HB 2149** includes provisions of **SB 123** and **SB 181** and is in Conference Committee. A review of the MCO financial incentives followed.

D. **Senate Sub. for HB 2281** amends provisions of the Vision Care Services Act, creates the Medical Assistance Fee Fund, increases privilege fees paid by health maintenance organizations and includes the provision of **SB 180**. This bill is in Conference Committee, it was noted.

E. Human Services Consensus Caseload Estimates and GBA No. 1, Item 9, Page 7.

Representative Schwartz made a motion to accept the Human Services Consensus Caseload Estimates and GBA No. 1, Item 9, Page 7. Representative Hutton seconded the motion. Motion carried.

Amy Deckard, Legislative Research Department stated that the \$52.8 million reduction was inadvertently left in the fall estimates, as the nursing facility provider assessment is scheduled to sunset on June 30, 2016. Legislative action would be needed next session to extend the nursing facility provider assessment.

F. GBA No. 1, Item 6, Page 5 - Additional Medical Programs Fee Fund Expenditures.

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Representative Schwartz made a motion to accept GBA No.1, Item 6, Page 5 - Additional Medical Programs Fee Fund Expenditures. Representative Barker seconded the motion. Motion carried.

G. GBA No. 1, Item 7, Page 6- Healthcare Access Improvement Program Adjustments

Chairman Ryckman stated that there will be continued discussion on this item at next Thursday's committee meeting.

The meeting recessed at: 2:45 p.m.

The meeting reconvened at: 3:15 p.m.

Amy Deckard, Legislative Research Department, reviewed items for discussion for the Kansas Department for Aging and Disability Services, and Children's Initiatives Fund,

Kansas Department for Aging and Disability Services

A. Review of Expenditures from the Proceeds of the Sale of the Rainbow Mental Health Facility. The proceeds of \$1.9 million would be expended at the Osawatomie State Hospital for patient beds, census management and correction issues identified during the federal audit and for the Community Investment Revolving Fund Program. It was noted that this review was requested by the House Committee.

B. Review Community Engagement Project and Innovative Behavioral Health Projects was requested by the House Committee, it was noted.

Discussion followed by committee members regarding the nine counties that requested additional services. Additional information will be forthcoming, Amy Deckard stated.

C. Review Status of Entities Whose Contracts Were Not Renewed. The House Committee recommended a review of the status of contracts that were not planned to be renewed in FY 2016.

D. Review Potential Restoration of Community Developmental Disability Organization (CDDOs) Contracts. The House Committee recommended the administrative reductions of \$350,000 for the Community Developmental Disability Organization. A review of the CDDOs for FY 2015 state aid and administrative costs and projected FY 2016 and FY 2017 amounts followed. There was no discussion from committee members.

E. Review of Nutrition Program Funding. The House Committee recommended a review of the program funding. An overview of the program followed.

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F. Review of KanCare Savings. The proposed policy changes include a cost savings of \$114 million evenly split between the Kansas Department of Health and Environment and the Kansas Department for Aging and Disability Services. This includes the same information as previously reviewed, which is in the House Committee.

G. Executive Reorganization Order No. 43 transfers the Medicaid eligibility responsibility for determination and associated employees from DCF to the Department of Health and Environment and transfers foster care licensing from the Department of Health and Environment to the DCF. This includes information that was previously reviewed.

H. Expanded Lottery Act Revenue Fund for Problem Gambling and Addictions Grant Fund and GBA No. 1, Item 2, Page 2. The fund statutorily receives 2.0 percent of the net gaming revenues.

Representative Schwartz made a motion to accept the Expanded Lottery Act Revenue Fund for Problem Gambling and Addictions Grant Fund and GBA No. 1, Item 2, Page 2. Representative Barker seconded the motion. Motion carried.

I. Human Services Consensus Caseloads and GBA No. 1, Item 9, Page 7 have already been adopted by the committee, she stated.

J. GBA No. 1, Item 4, Page 4 - Centers for Medicare and Medicaid Services Mandates. This includes information was previously discussed.

Representative Schwartz made a motion to accept GBA No. 1, Item 4, Page 4 - Centers for Medicare and Medicaid Services Mandates. Representative Barker seconded the motion. Motion carried.

Children's Initiative Fund.

A. Tobacco Settlement Revenue Estimates. The FY 2015 estimate is \$62 million, \$59 for FY 2016 and \$58 for FY 2017.

Department for Children and Families.

A. Review of Reading Program. The House Committee recommended a review of the program with minimum requirements. The Conference Committee agreement included the addition of \$2.1 million for the Children's Initiative Fund (CIF) for FY 2016 for the program and directed the Department of Education to develop a request for proposal.

B. Executive Reorganization Order No. 43 transfers the Medicaid eligibility responsibility form the DCF to the Department of Health and Environment, and transfers foster care licensing responsibilities

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from the Department of Health and Environment to DCF effective July 1, 2015. This information was previously discussed, she noted.

C. **Senate Sub. for HB 2258** authorizes TANF program by statute rather than by rule and regulation, modifies and creates definitions and requirements pertaining to the Child Care program, TANF assistance and the food assistance program, as well as verification of eligibility for benefit programs administered by the department.

In response to committee members questions, Amy Deckard stated that if accepted, this would be an increase in SGF for FY 2016 and FY 2017, but an all funds savings for both years. Costs are included for photo equipment for the issuance of cards.

Representative Schwartz made a motion to accept Senate Sub. for **HB 2258**. Representative Macheers seconded the motion. Motion carried.

D. Human Services Consensus Caseloads and GBA No. 1, Item 9, Page 7 has already been adopted by the committee, she noted.

E. GBA No. 1, Item 5, Page 5 - New Federal Fund. The is a grant for food and nutritional services and does not require state or matching funds.

Representative Schwartz made a motion to accept GBA No. 1, Item 5, Page 5 - New Federal Fund. Representative Barker seconded the motion. Motion carried.

David Fye, Legislative Research Department, reviewed items for discussion for the Health Care Stabilization Fund Board of Governors, Kansas Insurance Department, Osawatomie State Hospital and Parsons State Hospital.

Health Care Stabilization Fund Board of Governors

A. **HB 2064** would amend the Health Care Provider Insurance Availability Act. No action is needed at this time, as the bill is in Conference Committee he stated.

Kansas Sentencing Commission

A. Review Projected Balance in the Service Regulation Fund at the end of FY 2018 and FY 2019. This is in the Senate Committee, he noted.

Osawatomie State Hospital

A. Review Additional Funding to Address Federal Survey Findings. This is in the Senate Committee,

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he noted.

B. GBA No. 1, Item 4, Page 4 - Centers for Medicare and Medicaid Services Mandates. This item has already been adopted by the committee, he noted.

Parsons State Hospital.

A. GBA No. 1, Item 4, Page 4 - Centers for Medicare and Medicaid Services Mandates. This item has already been adopted by the committee, he noted.

Justin Carroll, Legislative Research Department, reviewed items for discussion for the Department of Corrections.

A. Human Services Consensus Caseloads and GBA No.1, Item 9, Page 7. which revises estimates on caseload expenditures. He noted that the juveniles in Out of Home Placements are primarily state funded. There are eight categories with decreasing populations specifically in the Youth Residential Center facilities.

B. **HB 2051** would amend the inmate good time credits. The Kansas Sentencing Commission estimates the bill would reduce the number of prison beds with a realized savings of \$1.7 for FY 2016 and \$2.6 million in FY 2017. This bill is in Conference Committee.

C. **HB 2336** requires the court to administer or review a risk assessment tool before placement of a juvenile offender. The Department of Corrections estimates the bill would reduced agency expenditures of \$206,000, from SGF, for FY 2016 and FY 2017.

Representative Schwartz made a motion to accept **HB 2336**. Representative Hoffman seconded the motion. Motion carried.

D. Review the sub committee's Adjustment for Increased Offender Program. The Senate Committee did not recommended the adjustment recommended by the Subcommittee.

E. Review Giving a 2.0 Percent Raise to Corrections Officers. This was a House Committee request, he noted.

F. GBA No. 1, Item 11, Page 10 - Debt Service Refunding. This has already been included in the Department of Corrections debt service and bond restructuring recommendations.

Justin Carroll reviewed an item for discussion for the Kansas Sentencing Commission and Winfield Correctional Facility.

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- Review the Kansas Sentencing Commission's enhancement requests for FY 2016 and FY 2017. The Senate Committee requested a review of the enhancement request at Omnibus, he stated.
- Review Winfield Correctional Facility's Utility Increases for the New Building at the Kansas Veterans Home. The Senate Committee requested a review of the increase at Omnibus.

Dezeree Hodish, Legislative Research Department, reviewed items for discussion for the Attorney General's Office, Kansas Bureau of Investigation, and Kansas Lottery.

Attorney General

A. Review the agency's Supplemental and Enhancement Requests for Water Litigation Funding and B. Review the Agency's Enhancement Requests for Costs Associated with the Civil Commitment of Sexually Violent Predators. The House Committee did not take action on these two items, as the review was at the request of the Senate Committee.

C. **SB 95** created the Kansas Unborn Child Protection from Dismemberment Abortion Act. She noted that if the expenditures are not approved, the Attorney General can authorize the Director of Accounts and Reports to provide a direct transfer, if the balance in the Tort Claims Fund was inadequate.

Kansas Bureau of Investigation

A. Review Funding for Maintenance and Support of the Kansas Criminal Justice Information System. The agency requested supplemental funding from SGF to cover revenue shortfall. And, B. Review the House Budget Committee's Recommendation of Funding for Maintenance and Support of the Kansas Criminal Justice Information System (KCJIS). The agency revised enhancement requests reflect the possible passage of **SB 14**, which would increase the percentage of district court fees deposited into the KCJIS fund. The current Conference Committee position on **Senate Sub. for HB 2135** adds a proviso for FY 2016 and FY 2017 regarding surcharge collection of \$1 of the Division of Vehicles Modernization Surcharge not to exceed \$1 million remitted to KCJIS Line Fund for maintenance and support, she noted. This item was a House Committee request.

In response to committee members questions, Dezeree Hodish stated that the surcharge generates sufficient funds to cover maintenance and support expenditures.

C. Review Funding for Repair of the Parking Garage. The Joint Committee on State Building Construction recommended the possible addition of \$500,000 from SGF for FY 2016, due to current engineering reports reflecting structural concerns. And, the committee requested the agency to provide a request for proposal for review at Omnibus.

Kansas Lottery

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A. Expanded Lottery Act Revenues Fund. Projected gaming revenues for FY 2015 are \$262.2 million, \$261.7 million for FY 2017 and \$389.8 million for FY 2017. Revenue increases and the percentage paid to the city and counties, and facilities managers followed.

B. State Gaming Revenues Fund. Projected transfer from the Lottery Operating Fund to the State Gaming Revenues Fund reflect a decrease attributable to lost lottery ticket sales, she noted.

C. GBA No. 1, Item 2, Page 2 - Lottery and Gaming Revenues. This item refers to any additional monies left over in the Expanded Lottery Revenue (ELARF) Fund would be transferred to SGF in FY 2016 and FY 2017. This would require a proviso authorizing this transfer, she stated.

In response to questions from committee members she reviewed the ELARF balance and stated that the GBA only refers to FY 2016 and FY 2017.

Representative Schwartz made a motion to accept GBA No. 1, Item 2, Page 2 - Lottery and Gaming Revenues. Representative Barker seconded the motion. Motion carried.

Mark Savoy, Legislative Research Department, reviewed items for discussion for the Board of Barbering and the Board of Cosmetology.

Board of Barbering

A. Review a Report Regarding Rule Changes That Would allow the Agency to Enforce and Levy Fines Against Barbers and Barbering Institutions that Fail to Comply with Regulations in FY 2015. It was noted that a bill has been drafted regarding statutory changes related to fines and disciplinary actions.

Board of Cosmetology

A. Review the Addition of \$19,569 to Fund the Difference for a Part-time Inspector to Become a Full-time Inspector for FY 2016 and Review the Addition of \$20,232, all from the Cosmetology Fee Fund to Fund the Difference for a Part-time Inspector to Become a Full-time Inspector for FY 2017. The Senate Committee requested the review.

B. Review the Addition of \$25,000 to Fund Phase II of the Electronic Document Conversion for 2015. The board is in the process of converting paper files. The agency's funding request would be from the Cosmetology Fee Fund. This item is in the Senate Committee.

C. Review the Addition of \$15,000 from the Cosmetology Fee Fund, to Fund the Purchase of Table Computers to Better Conduct Inspections for FY 2017. This item is in the Senate Committee.

Ben Wilhelm, Legislative Research Department, reviewed items for discussion for the Kansas Human

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Rights Commission, and Governmental Ethics Commission.

A. Review a Report Addressing Whether the Educational Services Offered by the Agency Duplicate Those Offered by the Private Sector or the Federal Government in FY 2015, FY 2016 and FY 2017. The agency drafted a report and addressing this issue and reported that there were no duplicative services as compared to the private sector. Similar services when compared to the Federal Government were noted. The report noted that the agency partners with the EEOC.

Chairman Ryckman stated that a copy of the Kansas Human Rights Commission report has been distributed to committee members (Attachment 13).

Ben Wilhelm, Legislative Research Department, reviewed items for discussion for the Board of Indigents' Defense Services.

A. Assigned Counsel Caseload Estimate. **Senate Sub. for HB 2135** fully funds these estimated expenditures.

B. Review the addition of Funding for Assigned Counsel Caseloads in FY 2015. The Conference Committee position on **Senate Sub. for HB 2135** includes funding for this request.

C. Review the Addition of Funding for an Electronic Case Management System for FY 2016 and FY 2017. The committee requested a review of the funding for the enhancement request during Omnibus, he noted.

D. Review the Addition of \$611,000 SGF for both FY 2016 and FY 2017 to increase Assigned Counsel Payments to \$67 Per Hour. The committee requests a review for partial funding of the agency's enhancement request.

E. Review the Addition of \$100,000 SGF for FY 2016 and \$200,000 SGF for FY 2017 to increase Base Salaries for Public Defenders. The committee requested a review of funding.

Discussion followed by committee members. He stated that additional information would be provided regarding salary comparisons for public defenders to parity with other executive branch attorneys.

F. Review Agency Enhancement Requests for Assigned Counsel Payment Rates, Public Defender Base Salaries and "Hard 50" Litigation for FY 2016 and FY 2017. This review was requested by the Senate Committee, he noted.

Governmental Ethics Commission

A. Review the Adjustment to Agency Fees Necessary to Entirely Fund the Agency's Recommended

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Budget with Fee Revenue. The agency is funded 60 percent from SGF and the remainder covered by fees charged to lobbyists and candidates for public office. To fully fund the agency by fees, the fees would be substantially increased. The concern was relayed that the 2012 Attorney General's opinion regarding lobbyists fees raises without a showing of relation to the cost of regulation this could lead to first amendment rights litigation.

Sharon Wenger, Legislative Research Department, reviewed an item for discussion for the Department of Education.

A. **House Sub. for SB 7** repeals the existing school finance formula. The department would need to reprogram its budget system at an estimated cost of \$25,000 for FY 2016 from SGF. This funding was not included in the bill.

Representative Barker made a motion to accept House Sub. for SB 7. Representative Hutton seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that this budget system will be programed by in-house staff.

The motion was renewed. Motion failed.

Andy Chiampoulos, Legislative Research Department, reviewed items for discussion for the Real Estate Commission.

A. Review the Agency's FY 2016 and FY 2017 Enhancement Requests. This was requested by the Senate Committee.

B. Review the Governor's Proposed Increase in Fee Fund Revenue Transferred to the State General Fund. The House and Senate Committees did not adopt the Governor's 10.0 increase.

Jennifer Quellette, Legislative Research Staff, reviewed items for discussion for the Kansas Guardianship Program.

A. GBA No. 1, Item 8, Page 7 - Kansas Guardianship Program KPERS. This was reviewed earlier in committee by Director Sullivan, she noted.

Representative Schwartz made a motion to accept GBA No. 1, Item 8, Page 7 - Kansas Guardianship Program KPERS. Representative Kleeb seconded the motion. Motion carried.

B. Review of the Agency's Budget for Consideration of Restoring Reduced Funding for FY 2015, FY 2016 and FY 2017. This is in the Senate Committee.

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Shirley Morrow, Legislative Research Department, reviewed items for discussion for Kansas State University, Kansas State University Veterinary Medical Center, University of Kansas, University of Kansas Medical Center, Pittsburg State University, Board of Regents.

Kansas State University and Kansas State University Veterinary Medical Center are items in the Senate Committee, she stated.

University of Kansas

A. Review the State General Fund Operating Expenditures of the University for FY 2016 and FY 2017. This is in the Senate Committee.

B. GBA No. 1, Item 10, Page 10 - Kansas Law Enforcement Training Center Bonds. It was noted that this item was discussed by Director Sullivan earlier today.

Representative Schwartz made a motion to accept GBA No. 1, Item 10, Page 10 - Kansas Law Enforcement Training Center Bonds. Representative Hutton Seconded the motion.

Discussion followed by committee members. It was noted that the motion would change the language to refinance the bonds. By changing the language to include SGF, there is a lower interest rate for refinancing. The docket fees will cover the bond payment for the next several years. Discussion continued regarding the process to cover the payment if there were not enough docket fee funds available to make payment. Shirley Morrow responded that in that situation, the agency would submit a budget to the Governor requesting expenditures from a fund for consideration and determination.

The motion was renewed. Motion carried.

University of Kansas Medical Center

A. Review the Need for Additional Medical Residents at the Wichita Hospital for FY 2016 and FY 2017. This item is in the Senate Committee, she noted.

Pittsburg State University

A. GBA No. 1, Item 11, Page 10 - Debt Service Refunding. This item was covered earlier in committee, she noted.

Board of Regents

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A. Review the Proviso for the Postsecondary Tiered Technical State Aid Funding (House Committee).

The House Committee requested a review of the proviso from **Senate Sub. for HB 2135**, regarding removing the proviso and impact on the distribution of funds to the community and technical college. Shirley Morrow stated that as the bill is currently written, this allows the Board of Regents to keep the funding unchanged year to year. If the legislature increases the amount in the fund, additional money would go to the colleges that have a larger funding gap. By removing the proviso, the formula would move less money from small colleges, community and technical colleges.

Discussion followed by committee members. It was noted that presently there is language being written requesting the the Board of Regents to present a plan for redistributing funds to the Education Budget Committee during the FY 2016 session.

B. Review the Enhancements for the State Universities and Board of Regents for FY 2016 and FY 2017. The House Committee requested a review of the enhancement items for FY 2016 and FY 2017 ([Attachment 12](#)). She stated that the Fort Hays-Dodge City Community College merger was removed from the enhancement list, as the project is not longer viable.

C. Review the Addition of \$920,000, from SGF, for the New Washburn University Crime Lab Facility for FY 2016 and FY 2017. This item is in the Senate Committee for review, she stated.

Chairman Ryckman stated that a copy of the Governor's Recommended Tax Adjustment for FY 2016 and FY 2017 is being distributed to committee members ([Attachment 13](#)). The adjustment for FY 2016 is \$211.1 million and \$212.6 million in FY 2017, he noted.

J.G. Scott, Legislative Research Department, reviewed an item for discussion for the Kansas Legislative Research Department.

A. Review Previous Years Expenditures for Agency Travel That Focus on Training or Professional Development. The Senate Committee requested additional information about the possibility of large reduction in travel expenditures and the impact on newer staff.

Chairman Ryckman asked for additional discussion from committee members. Being none, he thanked members and staff for their committee work. He stated that as we continue to address the budget shortfall, please continue to bring your recommendations for reductions and/or efficiencies. The next committee meeting will be held next Thursday and includes a review of the Judicial Budget, he added.

Meeting adjourned at: 4:33 p.m.

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