

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chair Melvin Neufeld at 9:00 a.m. on March 10, 2003, in Room 514-S of the Capitol.

All members were present except:

Representative Bob Bethell, Excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy Deckard, Legislative Research Department
Becky Krahl, Legislative Research Department
Melissa Calderwood, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Leah Robinson, Legislative Research Department
Robert Waller, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Sue Fowler, Committee Secretary

Conferees appearing before the committee:

Others attending: See Attached

Representative Shriver, Member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Governor's Department for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 1). Motion was seconded by Representative Howell. Motion carried.

Representative Shriver, Member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Governor's Department for FY 2004 and moved for the adoption of the Budget Committee recommendations for FY 2004 (Attachment 1). Motion was seconded by Representative Pottorff. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Lieutenant Governor for FY 2003 and FY 2004 and moved for the adoption of the Budget Committee recommendations for FY 2003 and FY 2004. (Attachment 1). Motion was seconded by Representative Shriver. Motion carried.

Representative Shriver, Member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Secretary of State for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 1). Motion was seconded by Representative Pottorff. Motion carried.

Representative Shriver, Member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Secretary of State for FY 2004 and moved for the adoption of the Budget Committee recommendations with notation for FY 2004 (Attachment 1). Motion was seconded by Representative Pottorff. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Treasurer for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 1). Motion was seconded by Representative Howell. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Treasurer for FY 2004 and moved for the adoption of the Budget Committee recommendation with notation for FY 2004 (Attachment 1). Motion was seconded by Representative Shriver. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on March 10, 2003, in Room 514-S of the Capitol.

Representative Shriver, Member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Insurance Department for FY 2003 and FY 2004 and moved for the adoption of the Budget Committee recommendations with notations for FY 2003 and FY 2004. (Attachment 1). Motion was seconded by Representative Howell. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Health Care Stabilization Fund Board of Governors for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 1). Motion was seconded by Representative Shriver. Motion carried.

Representative Pottorff, of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Health Care Stabilization Fund Board of Governors for FY 2004 and moved for the adoption of the Budget Committee recommendation with adjustments and notations for FY 2004 (Attachment 1). Motion was seconded by Representative Howell. Motion carried.

Representative Howell, Member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Attorney General for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 2). Motion was seconded by Representative Shriver. Motion carried.

Representative Howell, Member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Attorney General for FY 2004 and moved for the adoption of the Budget Committee recommendations with exception for FY 2004 (Attachment 2). Motion was seconded by Representative Shriver.

The committee discussed the need for a proviso in the FY 2004 budget report. It was noted the report lays out intent for a proviso but did not actually include one in the report.

Representative Shriver made a substitute motion to add a proviso and to recommend introduction of a bill allowing the Attorney General to transfer moneys from all the SGF accounts to support water litigation regarding interstate water rights. Motion was seconded by Representative Howell. Motion carried.

The committee discussed the need to review the Attorney General's office space and rental agreement for offices prior to Omnibus.

Representative Howell moved to amend the FY 2004 report to review the office space and rental agreement for Attorney General's office prior to Omnibus. Motion was seconded by Representative Pottorff. Motion carried.

Representative Howell moved to adopt the FY 2004 report as amended. Motion was seconded by Representative Shriver. Motion carried.

Discussion on HB 2052 – State finance, prescribing transfers from the State General Fund to the State Highway Fund

The committee discussed various options of dedicating certain percentage amounts to various funds. There was a reluctance by some committee members to dedicate these percentages, due to the fact that there could possibly be a more immediate need when the ending balance reaches the point of allowing transfer.

The meeting was adjourned at 10:10 a.m. The next meeting is scheduled for March 11, 2003.



Melvin Neufeld, Chair

APPROPRIATIONS COMMITTEE GUEST LIST

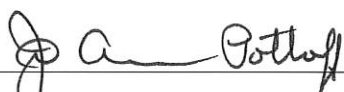
DATE: *March 10, 2003*

NAME	REPRESENTING
<i>Tracy Shaffer</i>	<i>Attorney General</i>
<i>Stephanie Buchanan</i>	<i>DOB</i>
<i>Vicki Helsel</i>	<i>DOB</i>
<i>Bob Hayes</i>	<i>HCSF</i>
<i>Marcy Watson</i>	<i>HCSF</i>
<i>Peggy Hanna</i>	<i>Treasurer's office</i>
<i>Ron Seiber</i>	<i>HCSF Law Firm</i>
<i>Travis Sawyer</i>	<i>Intern: Rep. McCreary</i>
<i>Elaine Frisbie</i>	<i>Div. of the Budget</i>
<i>Udilyn Hols</i>	<i>Budget</i>
<i>Louis Chabwa</i>	<i>Budget</i>
<i>Keith Bradshaw</i>	<i>Budget</i>
<i>Mike Hutches</i>	<i>Ks. Governmental Consulting</i>
<i>Kyle Kenler</i>	<i>DOB</i>
<i>Nancy Bryant</i>	<i>SOS</i>


FY 2003 and FY 2004

General Government and Commerce Budget Committee

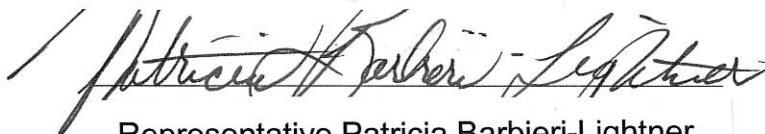
Governor
Lieutenant Governor
Secretary of State
State Treasurer
Insurance Commissioner
Health Care Stabilization Fund Board of Governors



Representative Jo Ann Pottorff, Chair



Representative Andrew Howell



Representative Patricia Barbieri-Lightner



Representative Annie Kuether

Representative Joe Shriver



Representative Tom Sloan



Representative Dan Thimesch

HOUSE APPROPRIATIONS

DATE 3-10-03

ATTACHMENT 1

Senate Subcommittee Report

Agency: Governor's Department

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. Vol. II-1141

Budget Page No. 169

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
State General Fund	\$ 2,123,637	\$ 2,040,477	\$ 0
Special Revenue Funds	0	3,830,548	0
TOTAL	\$ 2,123,637	\$ 5,871,025	\$ 0
FTE Positions	29.0	32.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	29.0	32.0	0.0

Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2003 operating expenditures totals \$2,123,637 (all from the State General Fund). The revised estimate is \$83,160 above the approved amount (including reappropriations and the August and November allotments). The agency's budget was submitted prior to the second allotment.

The Governor recommends FY 2003 operating expenditures of \$5,871,025, including \$2,040,477 from the State General Fund. The Governor's State General Fund expenditure recommendation is the same as the approved amount. The Governor's recommendation reflects the August 2002 allotment which reduced State General Fund expenditures for this agency by \$118,141, and the November 2002 allotment which reduced State General Fund expenditures by an additional \$83,160.

The Governor also recommends the transfer of \$3,830,548 from various federal funding sources, to reflect the transfer of a portion of the federal grant programs formerly administered by the Attorney General to the Governor's office. This transfer was authorized by executive directive of the Governor.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with recommendations of the Governor.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Governor's Department

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. Vol. 2-1141

Budget Page No. 169

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
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The Governor also recommends the transfer of \$3,830,548 from various federal funding sources, to reflect the transfer of a portion of the federal grant programs formerly administered by the Attorney General to the Governor's office. This transfer was authorized by executive directive of the Governor.

House Budget Committee Recommendation

The House Budget Committee concurs with recommendations of the Governor.

Senate Subcommittee Report

Agency: Governor's Department

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. Vol. II-1141

Budget Page No. 169

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Subcommittee Adjustments
State General Fund	\$ 1,685,869	\$ 1,599,031	\$ 0
Special Revenue Funds	0	11,141,973	0
TOTAL	\$ 1,685,869	\$ 12,741,004	\$ 0
FTE Positions	28.0	34.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	28.0	34.0	0.0

Agency Request/Governor's Recommendation

The agency request for FY 2004 totals \$1,685,869 (all from the State General Fund) and is a reduction of \$437,768 or 20.6 percent from the revised FY 2003 estimate. The request includes funding for 28.0 FTE positions in FY 2004, a reduction of 1.0 FTE from the FY 2003 revised current year estimate. The reduction reflects the first full year of closure of the Governor's Wichita satellite office.

The Governor recommends total FY 2004 expenditures of \$12,741,004, including \$1,599,031 from the State General Fund. The Governor's recommended State General Fund expenditures are a reduction of \$441,446 (21.6 percent) from the revised FY 2003 estimate. The Governor's recommendation for all other funding sources in FY 2004 is an increase of \$7,311,425 (190.9 percent). The increase is largely the result of two factors: full year funding for the federally funded Crime Victims programs transferred from the Office of the Attorney General to the Office of the Governor in mid-FY 2003; and the Governor's recommendation to transfer administration of the federal Byrne grant monies from the Kansas Sentencing Commission to the Office of the Governor. The Governor recommends a total of 34.0 FTE positions, an increase of 2.0 from the revised current year recommendation.

Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$336,625.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with recommendations of the Governor, with the following observation:

- The Subcommittee notes that, while most other agencies were asked to absorb a 2.0 percent State General Fund allotment in August 2002, Governor Graves imposed a 5.0 percent reduction on the budgets of the Governor's office and the Lieutenant Governor. Both agencies also absorbed the 3.9 percent reduction imposed on most other state agencies as part of the November 2002 allotment. The Subcommittee was concerned that these reductions may have left insufficient funding in the Governor's budget to allow Governor Sebelius to adequately address the challenges facing a new administration. In response to the Subcommittee's concerns, Governor Sebelius prepared a letter for the Subcommittee noting that the cuts had required her to cut back on the number of administrative positions to be filled, but noting that while the cuts were difficult, "they represent the tough times that Kansas is facing." The Subcommittee remains concerned about the level of funding reduced from the Governor's office budget, but concurs with the recommendation, commending the Governor on her willingness to lead by example and work with the budget constraints facing all state agencies.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Governor's Department **Bill No. --** **Bill Sec. --**

Analyst: Robinson **Analysis Pg. No.** Vol. II-1141 **Budget Page No.** 169

<u>Expenditure Summary</u>	<u>Agency Request FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Budget Committee Adjustments</u>
State General Fund	\$ 1,685,869	\$ 1,599,031	\$ 0
Special Revenue Funds	0	11,141,973	0
TOTAL	<u><u>\$ 1,685,869</u></u>	<u><u>\$ 12,741,004</u></u>	<u><u>\$ 0</u></u>
FTE Positions	28.0	34.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>28.0</u></u>	<u><u>34.0</u></u>	<u><u>0.0</u></u>

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Agency Request/Governor's Recommendation

The agency request for FY 2004 totals \$1,685,869 (all from the State General Fund) and is a reduction of \$437,768 or 20.6 percent from the revised FY 2003 estimate. The request includes funding for 28.0 FTE positions in FY 2004, a reduction of 1.0 FTE from the FY 2003 revised current year estimate. The reduction reflects the first full year of closure of the Governor's Wichita satellite office.

The Governor recommends total FY 2004 expenditures of \$12,741,004, including \$1,599,031 from the State General Fund. The Governor's recommended State General Fund expenditures are a reduction of \$441,446 (21.6 percent) from the revised FY 2003 estimate. The Governor's recommendation for all other funding sources in FY 2004 is an increase of \$7,311,425 (190.9 percent). The increase is largely the result of two factors: full year funding for the federally funded Crime Victims programs transferred from the Office of the Attorney General to the Office of the Governor in mid-FY 2003; and the Governor's recommendation to transfer administration of the federal Byrne grant monies from the Kansas Sentencing Commission to the Office of the Governor. The Governor recommends a total of 34.0 FTE positions, an increase of 2.0 from the revised current year recommendation.

Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$336,625.

House Budget Committee Recommendation

The Budget Committee concurs with recommendations of the Governor.

Senate Subcommittee Report

Agency: Lieutenant Governor

Bill No. 62

Bill Sec. 10

Analyst: Robinson

Analysis Pg. No. Vol. 2 – 1152

Budget Page No. 321

<u>Expenditure Summary</u>	<u>Agency Estimate FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Subcommittee Adjustments</u>
State General Fund	\$ 138,033	\$ 132,628	\$ 0
Special Revenue Funds	0	0	0
TOTAL	\$ 138,033	\$ 132,628	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.0	3.0	0.0

Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2003 operating expenditures totals \$138,033, or \$5,405 higher than the approved amount (including reappropriations and the August and November allotments). The agency's budget was submitted prior to the second allotment.

The Governor recommends FY 2003 operating expenditures of \$132,628, the amount approved by the 2002 Legislature, including reappropriations and the two allotments. The Governor's recommendation reflects the August 2002 which reduced State General Fund expenditures for this agency by \$8,882, and the November 2002 allotment which reduced State General Fund expenditures by an additional \$5,405.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with recommendations of the Governor.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Lieutenant Governor

Bill No.

Bill Sec.

Analyst: Robinson

Analysis Pg. No. Vol. 2-1152

Budget Page No. 321

<u>Expenditure Summary</u>	<u>Agency Estimate FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Budget Committee Adjustments</u>
State General Fund	\$ 138,033	\$ 132,628	\$ 0
Special Revenue Funds	0	0	0
TOTAL	<u>\$ 138,033</u>	<u>\$ 132,628</u>	<u>\$ 0</u>
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2003 operating expenditures totals \$138,033, or \$5,405 higher than the approved amount (including reappropriations and the August and November allotments). The agency's budget was submitted prior to the second allotment.

The Governor recommends FY 2003 operating expenditures of \$132,628, the amount approved by the 2002 Legislature, including reappropriations and the two allotments. The Governor's recommendation reflects the August 2002 which reduced State General Fund expenditures for this agency by \$8,882, and the November 2002 allotment which reduced State General Fund expenditures by an additional \$5,405.

House Budget Committee Recommendation

The Budget Committee concurs with recommendations of the Governor.

Senate Subcommittee Report

Agency: Lieutenant Governor

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. Vol. 2 – 1152

Budget Page No. 321

<u>Expenditure Summary</u>	<u>Agency Request FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Subcommittee Adjustments</u>
State General Fund	\$ 118,228	\$ 112,093	\$ 0
Special Revenue Funds	0	0	0
TOTAL	\$ 118,228	\$ 112,093	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.0	3.0	0.0

Agency Request/Governor's Recommendation

The agency's request for FY 2004 operating expenditures totals \$118,228, a reduction of \$19,805, or 14.3 percent from the revised current year estimate. The request includes salaries and wages totaling \$87,976, which includes a partial salary for the Lieutenant Governor and continued staffing for two support positions.

The Governor recommends operating expenditures of \$112,093, a reduction of \$6,135, or 5.2 percent from the agency's request. The Governor's recommendation imposes a 7.0 percent shrinkage rate on the agency's salaries and wages budget.

Under the Governor's FY 2004 **statutory budget recommendation**, this Governor's recommendation for this agency's budget would have to be reduced an additional \$23,598.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with recommendations of the Governor.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Lieutenant Governor **Bill No. --** **Bill Sec. --**
Analyst: Robinson **Analysis Pg. No.** Vol. 2 – 152 **Budget Page No.** 321

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
State General Fund	\$ 118,228	\$ 112,093	\$ 0
Special Revenue Funds	0	0	0
TOTAL	\$ 118,228	\$ 112,093	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.0	3.0	0.0

Agency Request/Governor's Recommendation

The agency's request for FY 2004 operating expenditures totals \$118,228, a reduction of \$19,805, or 14.3 percent from the revised current year estimate. The request includes salaries and wages totaling \$87,976, which includes a partial salary for the Lieutenant Governor and continued staffing for two support positions.

The Governor recommends operating expenditures of \$112,093, a reduction of \$6,135, or 5.2 percent from the agency's request. The Governor's recommendation imposes a 7.0 percent shrinkage rate on the agency's salaries and wages budget.

Under the Governor's FY 2004 **statutory budget recommendation**, this Governor's recommendation for this agency's budget would have to be reduced an additional \$23,598.

House Budget Committee Recommendation

The Budget Committee concurs with recommendations of the Governor.

Senate Subcommittee Report

Agency: Secretary of State

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No. Vol. 2-1175

Budget Page No. 365

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
State General Fund	\$ 1,697,549	\$ 1,631,075	\$ 0
Special Revenue Funds	1,635,677	1,635,677	0
TOTAL	\$ 3,333,226	\$ 3,266,752	\$ 0
FTE Positions	56.0	56.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	56.0	56.0	0.0

Agency Est./Governor's Recommendation

The agency estimates \$3,333,226 for FY 2003 operating expenditures. This is an increase of \$66,474 from the approved amount of \$3,266,752. This increase represents the second allotment ordered by the Governor on November 12, 2002. The agency submitted their budget prior to this allotment. The estimate includes: \$2,136,859 for salaries and wages; \$1,000,989 for contractual services; \$140,050 for commodities; and \$30,863 for capital outlay.

The Governor recommends \$3,266,752 for FY 2003 operating expenditures, the approved amount. The Governor's recommendation reflects the August 2002 allotment which reduced State General Fund expenditures for this agency by \$37,984, and the November 2002 allotment which reduced State General Fund expenditures by an additional \$66,474.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

The Senate committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Secretary of State

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No. Vol 2-1175

Budget Page No. 365

<u>Expenditure Summary</u>	<u>Agency Est. FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>House Budget Committee Adjustments</u>
State General Fund	\$ 1,697,549	\$ 1,631,075	\$ 0
Special Revenue Funds	1,635,677	1,635,677	0
TOTAL	\$ 3,333,226	\$ 3,266,752	\$ 0
FTE Positions	56.0	56.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	56.0	56.0	0.0

Agency Est./Governor's Recommendation

The agency estimates \$3,333,226 for FY 2003 operating expenditures. This is an increase of \$66,474 from the approved amount of \$3,266,752. This increase represents the second allotment ordered by the Governor on November 12, 2002. The agency submitted their budget prior to this allotment. The estimate includes: \$2,136,859 for salaries and wages; \$1,000,989 for contractual services; \$140,050 for commodities; and \$30,863 for capital outlay.

The Governor recommends \$3,266,752 for FY 2003 operating expenditures, the approved amount. The Governor's recommendation reflects the August 2002 allotment which reduced State General Fund expenditures for this agency by \$37,984, and the November 2002 allotment which reduced State General Fund expenditures by an additional \$66,474.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Secretary of State

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No. Vol. 2-1175

Budget Page No. 365

<u>Expenditure Summary</u>	<u>Agency Req. FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
State General Fund	\$ 1,722,743	\$ 834,707	\$ 0
Special Revenue Funds	1,919,988	2,719,988	0
TOTAL	\$ 3,642,731	\$ 3,554,695	\$ 0
FTE Positions	56.0	56.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	56.0	56.0	0.0

Agency Req./Governor's Recommendation

The agency requests FY 2004 operating expenditures of \$3,642,731 (\$1,722,743 SGF). The request includes: \$2,170,119 for salaries and wages; \$1,090,999 for contractual services; \$11,714 for commodities; and \$174,178 for capital outlay.

The Governor recommends \$3,554,695 for FY 2004 operating expenditures (\$834,707 SGF). The recommendation includes: \$2,070,042 for salaries and wages; \$1,090,999 for contractual services; \$11,714 for commodities; and \$174,178 for capital outlay. The Governor's recommendation includes a \$88,036 reduced resources package in salaries and wages. The Governor recommends that the agency be completely fee funded by FY 2005. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$175,721.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following notations:

1. The Subcommittee expresses concern with the Governor's recommendation to remove all State General Fund moneys from the budgets of certain statewide elected officials, including the Secretary of State. The recommendation would make the Secretary of State totally fee funded by FY 2005. These officials, as public office holders, owe a duty of service to all Kansans, and not all of the responsibilities of each office are well-suited to collection of fees for services performed. The Subcommittee is concerned that the shift to a fee-funded structure might place undue emphasis on only those services which, in effect, generate revenue to operate the agency at the expense of other activities which work to the benefit of a broader segment of the population. In spite of these

concerns, the Subcommittee recognizes the pressures on the State General Fund and reluctantly concurs with the recommendation.

2. The Subcommittee recommends proposing legislation enacting four separate items on the agency's behalf. These include:
 - a. Rename the agency's Information and Copy Service Fee Fund to the Information and Service Fee Fund. In addition, give the agency the authority to establish an information and services fee via rules and regulations, subject to legislative scrutiny.
 - b. Franchise Fee Recovery Fund- allow the agency to retain \$2 for every annual report that is submitted to the state. The agency currently receives \$1.
 - c. Allow all moneys collected in connection with the registration of notary publics to be paid to the Secretary of State's Information and Service Fee Fund rather than the State General Fund.
 - d. Modify the legal publications statutes so that moneys are paid directly to the Secretary of State for the publication and distribution of legal publications. Currently the moneys are deposited in SGF and then are intended to be returned to the Secretary of State for the costs incurred. However, in recent years, the amount allocated from SGF is not sufficient to cover the costs associated with these duties.
3. The Subcommittee strongly recommends the state abandon the readjusted census for legislative reapportionment and the underlying statute be repealed.
4. The Subcommittee notes that while a statutory requirement for the Presidential Preference Primary exists, no funding for this activity is included in the budget. The Subcommittee also notes that the State needs to give counties as much lead time as possible to prepare for this activity. In addition, the agency is commended for trying to draw attention to the primary by collaborating with other mid-western states to hold all the primaries on the same day.
5. The Subcommittee recommends that the Secretary of State be allowed to publish constitutional amendments on their official website in lieu of printing all required copies. In addition, the amendment would be published in the *Kansas Register*.
6. It appears that, due to the budget constraints, the Summer Intern Program will have to be discontinued in FY 2004. This is a loss, as the program provides an excellent opportunity for exposure to public service for young Kansans.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Secretary of State

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No. Vol 2-1175 **Budget Page No.** 365

<u>Expenditure Summary</u>	<u>Agency Req. FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
State General Fund	\$ 1,722,743	\$ 834,707	\$ 0
Special Revenue Funds	1,919,988	2,719,988	0
TOTAL	<u>\$ 3,642,731</u>	<u>\$ 3,554,695</u>	<u>\$ 0</u>
FTE Positions	56.0	56.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>56.0</u>	<u>56.0</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The agency requests FY 2004 operating expenditures of \$3,642,731 (\$1,722,743 SGF). The request includes: \$2,170,119 for salaries and wages; \$1,090,999 for contractual services; \$11,714 for commodities; and \$174,178 for capital outlay.

The Governor recommends \$3,554,695 for FY 2004 operating expenditures (\$834,707 SGF). The recommendation includes: \$2,070,042 for salaries and wages; \$1,090,999 for contractual services; \$11,714 for commodities; and \$174,178 for capital outlay. The Governor's recommendation includes a \$88,036 reduced resources package in salaries and wages. The Governor recommends that the agency be completely fee funded by FY 2005. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$175,721.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following notation:

1. The Budget Committee notes that in future years the State General Fund, not fee funds, should be utilized to finance election matters such as redistricting and the census.

House Budget Committee Report

Agency: State Treasurer

Bill No. Sub. for HB 2026

Bill Sec. 12,13

Analyst: Calderwood

Analysis Pg. No. Vol. 2-1194

Budget Page No. 419

<u>Expenditure Summary</u>	<u>Agency Est. FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 3,727,466	\$ 3,664,906	\$ 0
Aid to Local Units	109,003,579	66,016,211	0
Other Assistance	9,000,000	9,000,000	0
TOTAL	\$ 121,731,045	\$ 78,681,117	\$ 0
State General Fund:			
State Operations	\$ 1,546,348	\$ 1,483,788	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 1,546,348	\$ 1,483,788	\$ 0
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.5	55.5	0.0

Agency Estimate/Governor's Recommendation

State Operations

The Treasurer's current year estimate of state operations expenditures totals \$3,727,466, an increase of \$10,504 from the approved budget. State General Fund expenditures total \$1,546,348, an increase of \$11,315 from the approved budget. Net other changes increase all other fund expenditures by \$694,343. The agency requested FTE positions are consistent with the 2002 Legislature approved amount of 55.5 FTE positions.

The Governor recommends a current year state operations budget of \$3,664,906 (including \$1,493,788 from State General Fund financing) which is a decrease of \$62,560 from the agency's estimate. The \$62,560 decrease is the second allotment of the State General Fund which was assessed after the agency submitted its budget. Salaries are reduced by \$62,560 from the agency's FY 2003 estimate. The Governor's August 15, 2002 allotment for the Treasurer was \$34,882 (2.0 percent). The Governor concurs with the agency's workforce estimate.

Local Aid

The Treasurer's current year estimate of aid to local units of government expenditures totals \$109,003,579, an increase of \$694,343 in special revenue funds from the approved budget. The Kansas Speedway Bond Financing Fund was not factored into the approved budget, representing an anticipated increase of \$731,443. The Tax Increment Financing Revenue Replacement Fund is anticipated to decrease by \$37,000 from the approved amount of \$995,000.

The Governor's recommendation for local aid payments reflects the November 2002 recommendation to withhold the second demand transfer to counties and cities. The LAVTRF payment totaled \$26,246,722, while the CCRSF payment totaled \$16,740,646.

Other Assistance

Unclaimed Property Payments. Beginning in FY 2001, the State Treasurer's budget reflects the payment of monies, which are held by the state until their rightful owners are found, as a reportable budget expenditure. Prior to that time, these payments were considered as part of the nonreportable budget. For FY 2003, the State Treasurer estimates that these payments will total \$9,000,000.

The Governor concurs with the agency's current year estimate.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2003.

House Budget Committee Report

Agency: State Treasurer

Bill No.

Bill Sec.

Analyst: Calderwood

Analysis Pg. No. Vol. 2-1194

Budget Page No. 419

<u>Expenditure Summary</u>	<u>Agency Req. FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 3,771,794	\$ 3,692,298	\$ 0
Aid to Local Units	134,007,943	23,083,943	0
Other Assistance	9,200,000	9,200,000	0
TOTAL	\$ 146,979,737	\$ 35,976,241	\$ 0
State General Fund:			
State Operations	\$ 1,555,041	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 1,555,041	\$ 0	\$ 0
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.5	55.5	0.0

Agency Request/Governor's Recommendation

State Operations

The agency requests a FY 2004 state operations budget of \$3,771,794, which represents an increase of \$44,328 from the current year estimate. The agency FY 2004 budget estimate totals \$146,979,737. Requested State General Fund financing of \$1,555,041 represents an increase of \$8,693 (0.6 percent) from the current year recommendation.

The Governor recommends a FY 2004 state operations budget of \$3,692,298, an increase of \$27,392 from the current year recommendation. The Governor does not recommend any State General Fund support for the agency. The Governor recommends an amount equal to the agency's SGF request to be funded from the Unclaimed Property Expense Fund. The Governor adjusts this request to \$1,475,545 to reflect inclusion of the 5.0 percent reduced resources package, a decrease of \$79,496 from the agency request.

Local Aid

The estimate for payments to local units of government totals \$134,007,943, an increase of \$25,004,364, from the current year. The demand transfers to local units of government are projected by the Consensus Revenue Estimating Group to total \$111.0 million in FY 2004. Local Ad Valorem Tax Reduction Fund (LAVTRF) payments are estimated to be \$63.1 million under current law, an increase of \$10.6 million (20.1 percent) from the current year estimate. County and City Revenue Sharing Fund (CCRSF) payments are estimated to total \$47.9 million under current law, an increase of \$14.4 million (43.0 percent) from the current year estimate. **The FY 2004 estimates assume no cap on payment growth.** **Special revenue fund** payments to local units of government are estimated to total \$23,083,943 in FY 2004, an increase of \$55,100 (2.4 percent) from the current year. Increase are associated with the Local Alcoholic Liquor Fund (\$50,000), the Tax Increment Revenue Financing Replacement Fund (\$5,000), and the Racing Admissions Tax (\$100).

The Governor recommends \$23,083,943 for payments to local units of government, a decrease of \$42,932,268 from the current year recommendation. The FY 2004 recommendation is a decrease of \$110,924,000 (82.8 percent) from the agency FY 2004 estimate. **The Governor** does not recommend payment of the **LAVTRF** or the **CCRSF** transfers during the budget year. **The Governor** concurs with the agency's estimate for other special revenue fund payments to local units of government in FY 2004.

Other Assistance

The agency estimates that **unclaimed property payments** will total \$9,200,000 in FY 2004, an increase of \$200,000 (2.2 percent) from the current year. **The Governor** concurs.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following notation:

1. The Budget Committee notes that the Treasurer will be a solely fee-funded agency in FY 2004. The Budget Committee expresses its concern about the Governor's recommendation to supplant \$1,475,545 in State General Fund monies with a fee on unclaimed property claims, a fee estimated by the agency at 25 percent and the Governor at 17 percent. The Budget Committee recommends review of the FY 2004 state operations financing for the Treasurer at Omnibus.

Senate Subcommittee Report

Agency: Kansas Insurance Department **Bill No.** Sub for HB2026; 62

Bill Sec. 2;11

Analyst: Deckard

Analysis Pg. No. Vol. 2-1222

Budget Page No. 235

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
Special Revenue Funds			
State Operations	\$ 10,349,401	\$ 10,349,401	\$ 0
Aid to Local Units	6,068,200	6,068,200	0
Other Assistance	3,500,000	3,000,000	0
Subtotal- Operating	\$ 19,917,601	\$ 19,417,601	\$ 0
Capital Improvements	150,000	150,000	0
TOTAL	<u>\$ 20,067,601</u>	<u>\$ 19,567,601</u>	<u>\$ 0</u>
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
TOTAL	<u>160.5</u>	<u>160.5</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The agency estimates \$19,917,601 for FY 2003 operating expenditures which is a reduction of \$389,992 from the approved amount. The changes in this budget from the approved include: Elimination of 1.0 Non-FTE examiner position (\$73,596), increase of \$750,000 in estimated Firefighters Relief Program payments, decrease of \$1,000,000 in estimated Workers' Compensation Payments, decrease in salaries and wages (\$144,395), elimination of temporary unclassified examiner (\$82,008), Increase in Capital Outlay (\$200,007), Federal Grant reduction (\$10,000), and a reduction in the amount of contractual services (\$30,000).

The Governor concurs with the agency's estimate with the following adjustments:

1. Additional \$500,000 reduction in estimated Workers' Compensation Payments;
2. Transfer an additional \$100,000 from the Insurance Department Regulation Fee Fund to SGF; and
3. Transfer \$4,000,000 from the Workers' Compensation Fund to SGF.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following notation:

1. According to the agency, the assessments against employers would likely increase in FY 2005, unless the agency is reimbursed for the FY 2003 transfer from the Workers' Compensation Fund to the State General Fund in the amount of \$4,000,000. For that reason the Subcommittee recommends that the transfer be considered a "loan" to be repaid before the end of FY 2005.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation with the following adjustment.

1. Agree with the Subcommittee that the transfer be considered a loan but delete the reference to a time-frame for repayment.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Kansas Insurance Department **Bill No.** Sub for HB2026; 62 **Bill Sec.** 2;11

Analyst: Deckard **Analysis Pg. No.** Vol 2-1222 **Budget Page No.** 235

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	House Budget Committee Adjustments
Special Revenue Funds			
State Operations	\$ 10,349,401	\$ 10,349,401	\$ 0
Aid to Local Units	6,068,200	6,068,200	0
Other Assistance	3,500,000	3,000,000	0
Subtotal- Operating	\$ 19,917,601	\$ 19,417,601	\$ 0
Capital Improvements	150,000	150,000	0
TOTAL	<u>\$ 20,067,601</u>	<u>\$ 19,567,601</u>	<u>\$ 0</u>
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
TOTAL	<u>160.5</u>	<u>160.5</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The agency estimates \$19,917,601 for FY 2003 operating expenditures which is a reduction of \$389,992 from the approved amount. The changes in this budget from the approved include: Elimination of 1.0 Non FTE examiner position (\$73,596), increase of \$750,000 in estimated Firefighters Relief Program payments, decrease of \$1,000,000 in estimated Workers' Compensation Payments, decrease in salaries and wages (\$144,395), elimination of temporary unclassified examiner (\$82,008), Increase in Capital Outlay (\$200,007), Federal Grant reduction (\$10,000), and a reduction in the amount of contractual services (\$30,000).

The Governor concurs with the agency's estimate with the following adjustments:

1. Additional \$500,000 reduction in estimated Workers' Compensation Payments.
2. Transfer an additional \$100,000 from the Insurance Department Regulation Fee Fund to SGF.
3. Transfer \$4,000,000 from the Workers' Compensation Fund to SGF.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following notations:

1. The Budget Committee wishes to review the details of the anticipated move of the Senior Health Counseling of Kansas (SHICK) program to the Department of Aging and any impact it will have on the Department's budget during Omnibus.
2. The Budget Committee is concerned with the shifting of the agency's fee fund balances to the State General Fund in recent years and notes that the State General Fund may not have a legitimate right to take these funds. The Budget Committee notes that the agency indicated that unless they are reimbursed for these funds, including the \$7,000,000 transferred in FY 2002, the rates charged to insurance companies may have to be increased in FY 2005. The Budget Committee requests information from the agency as to the estimated rate increases and further requests that this topic be reviewed at Omnibus.

Senate Subcommittee Report

Agency: Kansas Insurance Department **Bill No.**

Bill Sec.

Analyst: Deckard

Analysis Pg. No. Vol. 2-1222

Budget Page No. 235

<u>Expenditure Summary</u>	<u>Agency Req. FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Special Revenue Funds			
State Operations	\$ 10,466,462	\$ 9,852,705	\$ 168,623
Aid to Local Units	6,068,200	6,068,200	0
Other Assistance	3,500,000	2,500,000	0
Subtotal- Operating	\$ 20,034,662	\$ 18,420,905	\$ 168,623
Capital Improvements	160,000	160,000	0
TOTAL	<u>\$ 20,194,662</u>	<u>\$ 18,580,905</u>	<u>\$ 168,623</u>
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
TOTAL	<u>160.5</u>	<u>160.5</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The agency requests operating expenditures of \$20,034,662 for FY 2004. This is an increase of \$117,061 from the FY 2003 estimate. The request includes: increase of \$175,244 in salaries and wages, a decrease of \$50,000 in capital outlay, and a decrease of \$8,183 in debt service from the FY 2003 estimate.

The Governor recommends \$18,420,905 for FY 2004 operating expenditures. This is a decrease of \$996,696 from the FY 2003 recommendations. The recommendation includes: \$7,382,074 for salaries and wages, \$2,429,669 for contractual services, \$248,604 for commodities, \$361,815 for capital outlay, \$44,300 for debt service, \$6,068,200 for aid to local units, and \$2,500,000 in other assistance. The difference from the agency's request is that the Governor reduces the estimate of Worker's Compensation claims payments by \$500,000. In addition the Governor is recommending a 5.9 percent operating reduction for this agency which amounts to \$613,757.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments and observations:

1. The Senate Subcommittee recommends reducing the amount of the 5.9 percent operating adjustment that the Governor recommended from \$613,757 to \$445,134. The revised figure applies the reduction only to the agency's Regulation Program and not all programs. According to the agency the Examination Program charges back to the companies the cost of the examina-

tions, so the agency is not able to control the costs incurred as examinations are statutorily required every other year.

- The Subcommittee notes that the certification fees paid for agents and agencies have been unchanged since 1977, and the fee level for this group may be in line for review in the next fiscal year.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Kansas Insurance Department **Bill No.** **Bill Sec.**

Analyst: Deckard **Analysis Pg. No.** Vol 2-1222 **Budget Page No.** 235

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	House Budget Committee Adjustments
Special Revenue Funds			
State Operations	\$ 10,466,462	\$ 9,852,705	\$ 0
Aid to Local Units	6,068,200	6,068,200	0
Other Assistance	3,500,000	2,500,000	0
Subtotal- Operating	\$ 20,034,662	\$ 18,420,905	\$ 0
Capital Improvements	160,000	160,000	0
TOTAL	<u>\$ 20,194,662</u>	<u>\$ 18,580,905</u>	<u>\$ 0</u>
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
TOTAL	<u>160.5</u>	<u>160.5</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The agency requests operating expenditures of \$20,034,662 for FY 2004. This is an increase of \$117,061 from the FY 2003 estimate. The request includes: increase of \$175,244 in salaries and wages, a decrease of \$50,000 in capital outlay, and a decrease of \$8,183 in debt service from the FY 2003 estimate.

The Governor recommends \$18,420,905 for FY 2004 operating expenditures. This is a decrease of \$996,696 from the FY 2003 recommendations. The recommendation includes: \$7,382,074 for salaries and wages, \$2,429,669 for contractual services, \$248,604 for commodities, \$361,815 for capital outlay, \$44,300 for debt service, \$6,068,200 for aid to local units, and \$2,500,000 in other assistance. The difference from the agency's request is that the Governor reduces the estimate of Worker's Compensation claims payments by \$500,000. In addition the Governor is recommending a 5.9 percent operating reduction for this agency which amounts to \$613,757.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following notations:

1. The Budget Committee wishes to review the details of the anticipated move of the Senior Health Insurance Counseling of Kansas (SHICK) program to the Department of Aging and any impact it will have on the Department's budget during Omnibus.
2. The Budget Committee is concerned with the shifting of the agency's fee fund balances to the State General Fund in recent years and notes that the State General Fund may not have a legitimate right to take these funds. The Budget Committee notes that the agency indicated that unless they are reimbursed for these funds, including the \$7,000,000 transferred in FY 2002, the rates charged to insurance companies may have to be increased in FY 2005. The Budget Committee requests information from the agency as to the estimated rate increases and further requests that this topic be reviewed at Omnibus.

Senate Subcommittee Report

Agency: Health Care Stabilization Fund **Bill No.**

Bill Sec.

Analyst: Deckard

Analysis Pg. No. Vol 2-1240

Budget Page No. 185

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
Special Revenue Fund:			
State Operations	\$ 4,005,642	\$ 3,974,788	\$ 23,000
Other Assistance	25,656,317	25,656,317	0
TOTAL	\$ 29,661,959	\$ 29,631,105	\$ 23,000
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

Agency Est./Governor's Recommendation

The agency estimates FY 2003 expenditures at \$29,661,959, this is an increase of \$1,906,521 from the approved amount. The increase is due to the expected claims cost increases. The estimate includes: \$752,619 for salaries and wages; \$3,217,191 for contractual services; \$20,092 for commodities; \$15,740 for capital outlay.

The Governor recommends \$29,631,105 for FY 2004 operating expenditures. This is an increase of \$1,875,667 from the approved amount. The increase is due to the expected claims cost increases. The Governor recommendation includes: \$721,765 for salaries and wages; \$3,217,191 for contractual services; \$20,092 for commodities; and \$15,740 for capital outlay.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. Add \$23,000 in salaries and wages of the \$30,854 that the Governor recommended eliminating to allow the agency to hire a replacement for the retiring Compliance Section Supervisor. The agency indicates that it is vital that this position be filled.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Health Care Stabilization Fund **Bill No.** **Bill Sec.**

Analyst: Deckard **Analysis Pg. No.** Vol 2-1240 **Budget Page No.** 185

<u>Expenditure Summary</u>	<u>Agency Est. FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>House Budget Committee Adjustments</u>
State Operations	\$ 4,005,642	\$ 3,974,788	\$ 0
Other Assistance	25,656,317	25,656,317	0
TOTAL	\$ 29,661,959	\$ 29,631,105	\$ 0
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

Agency Est./Governor's Recommendation

The agency estimates FY 2003 expenditures at \$29,661,959, this is an increase of \$1,906,521 from the approved amount. The increase is due to the expected claims cost increases. The estimate includes: \$752,619 for salaries and wages; \$3,217,191 for contractual services; \$20,092 for commodities; \$15,740 for capital outlay.

The Governor recommends \$29,631,105 for FY 2004 operating expenditures. This is an increase of \$1,875,667 from the approved amount. The increase is due to the expected claims cost increases. The Governor recommendation includes: \$721,765 for salaries and wages; \$3,217,191 for contractual services; \$20,092 for commodities; and \$15,740 for capital outlay.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Health Care Stabilization Fund **Bill No.**

Bill Sec.

Analyst: Deckard

Analysis Pg. No. Vol. 2-1240

Budget Page No. 185

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Special Revenue Fund:			
State Operations	\$ 4,073,350	\$ 3,940,635	\$ 132,715
Other Assistance	25,656,317	25,656,317	0
TOTAL	\$ 29,729,667	\$ 29,596,952	\$ 132,715
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

Agency Req./Governor's Recommendation

The agency requests FY 2004 expenditures of \$29,729,667, an increase of \$67,708 from the FY 2003 estimate. The request includes an enhancement package of \$60,000 to upgrade the agency's database. These costs are in both contractual services and capital outlay. The agency's FY 2004 request includes: \$766,514 for salaries and wages; \$3,265,890 for contractual services; \$20,946 for commodities; and \$20,000 for capital outlay.

The Governor recommends \$29,596,952 for FY 2004 expenditures. The Governor recommends a 2.0 percent shrinkage rate (\$15,330) not included by the agency. In addition, the Governor is recommending a 5.9 percent operating adjustment for all biennial agencies and select other agencies. This agency's operating reduction is \$57,385.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments and notations:

1. Add \$15,330 in salary and wage shrinkage that the Governor removed in FY 2004 to avoid the potential layoff of an employee.
2. Grant the agency's enhancement request of \$60,000 in order to upgrade their database. The upgrade is necessary due to the fact that Microsoft is no longer servicing Windows NT; therefore, an upgrade to Windows 2000 is required.
3. While the Subcommittee recognizes that the Governor was attempting to be uniform while applying the 5.9 percent operating adjustment, to transfer moneys to SGF from the Healthcare Stabilization Fund violates the trust of the Fund as

it was established. The Subcommittee notes that this is a path that should not be taken lightly and while the Subcommittee has strong objections to taking this path, the State is left with few choices in this budget year. Rather than reducing expenditures from the fund, however, the Subcommittee is recommending that \$57,385 be transferred from the existing balances of the Healthcare Stabilization Fund to the State General Fund. This restores expenditures of \$57,385 to the agency's budget. The Subcommittee believes an expenditure reduction would not be commensurate with the agency fulfilling its obligations to its constituents, which fund the agency through the surcharges they pay.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Health Care Stabilization Fund **Bill No.** **Bill Sec.**

Analyst: Deckard **Analysis Pg. No.** Vol 2-1240 **Budget Page No.** 185

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	House Budget Committee Adjustments
State Operations	\$ 4,073,350	\$ 3,940,635	\$ 57,385
Other Assistance	25,656,317	25,656,317	0
TOTAL	\$ 29,729,667	\$ 29,596,952	\$ 57,385
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

Agency Req./Governor's Recommendation

The agency requests FY 2004 expenditures of \$29,729,667, an increase of \$67,708 from the FY 2003 estimate. The request includes an enhancement package of \$60,000 to upgrade the agency's database. These costs are in both contractual services and capital outlay. The agency's

FY 2004 request includes: \$766,514 for salaries and wages; \$3,265,890 for contractual services; \$20,946 for commodities; and \$20,000 for capital outlay.

The Governor recommends \$29,596,952 for FY 2004 expenditures. The Governor recommends a 2.0 percent shrinkage rate (\$15,330) not included by the agency. In addition, the Governor is recommending a 5.9 percent operating adjustment for all biennial agencies and select other agencies. This agency's operating reduction is \$57,385.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendations with the following adjustments and notations:

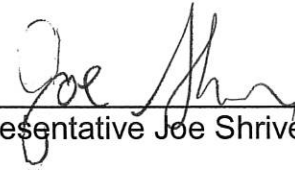
1. Restore \$57,385 to the Healthcare Stabilization Fund, and not transfer \$57,385 from the Health Care Stabilization Fund to the State General Fund. The Governor recommended deleting and transferring this amount in the 5.9 percent operating adjustment. The Budget Committee notes that a transfer from the Healthcare Stabilization Fund to the State General Fund violates the trust of the Fund as it was established. In addition, the Budget Committee notes the agency has no relationship with the State General Fund and that the transfer is not warranted or appropriate.
2. The Budget Committee notes that the Healthcare Stabilization Fund transfers up to \$200,000 annually to KDHE to pay for licensing fees for hospitals. The Budget Committee notes that this transfer is something that deserves more attention in the future.
3. The Budget Committee notes that the agency has never received monies from the State General Fund, even when the fund was underfunded, according to the agency.
4. The Budget Committee notes that the agency has to some degree protected the state from national problems in the area of medical malpractice insurance. This agency is currently performing as it was designed to, which is to ensure that the medical malpractice insurance market in Kansas remains viable.

FY 2003 and FY 2004

HOUSE BUDGET COMMITTEE REPORT

Attorney General


Representative Jo Ann Pottorf, Chair


Representative Joe Shriver


Representative Patricia Barbieri-Lightner


Representative Tom Sloan


Representative Andrew Howell


Representative Dan Thimesch


Representative Annie Kuether

HOUSE APPROPRIATIONS

DATE 3-10-03
ATTACHMENT 2

House Budget Committee Report

Agency: Attorney General

Bill No.

Bill Sec.

Analyst: Rampey

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Budget Page No. 63

<u>Expenditure Summary</u>	<u>Agency Estimate FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 9,214,256	\$ 8,794,001	\$ 0
Aid to Local Units	8,827,622	5,199,179	0
Other Assistance	3,750,000	3,750,000	0
Subtotal—Operating	\$ 21,791,878	\$ 17,743,180	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 21,791,878</u>	<u>\$ 17,743,180</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 5,481,100	\$ 5,262,951	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 5,481,100	\$ 5,262,951	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 5,481,100</u>	<u>\$ 5,262,951</u>	<u>\$ 0</u>
FTE Positions	95.0	95.0	0.0
Non FTE Uncl. Perm. Pos.	18.0	18.0	0.0
TOTAL	<u>113.0</u>	<u>113.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The Attorney General estimates expenditures of \$21,791,878 in FY 2003, of which \$5,481,000 is from the State General Fund and \$16,310,778 is from federal and other special revenue funds. The State General Fund amount is an increase of \$506,441 over the approved amount due to the Attorney General's authority to reappropriate savings from the prior year. The amount is offset by the August 2002 allotment reduction of \$124,045 and a decision not to spend in FY 2003 but to carry forward into FY 2004 \$89,751 from the State General Fund.

The Governor recommends expenditures of \$17,743,180 in the current year, of which \$5,262,951 is from the State General Fund. The Governor's recommendation reflects the August 2002 allotment which reduced the Attorney General's budget by \$124,045 and further reduces the State General Fund amount by \$218,150 due to the November 2002 allotment and by another \$89,751 that the agency had intended to carry forward into FY 2004. The most significant change in the Governor's recommendation is the transfer of federally-funded programs for victims services and grants from the Office of the Attorney General to the Office of the Governor. The transfer was pursuant to Executive Directive No. 02-336, which was issued in December of 2002. The fiscal

effect of the action is that \$3,830,548 in federal funding in FY 2003 has been removed from the Attorney General's budget and transferred to the Governor's Office. (That amount of money is only for the remainder of FY 2003. The full-year total for FY 2004 is \$7,603,391.)

The Governor recommends \$946,204 for water litigation with Colorado and \$566,105 for water litigation with Nebraska, which are the amounts estimated by the agency.

House Budget Committee Recommendations

The House Budget Committee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Attorney General

Bill No.

Bill Sec.

Analyst: Rampey

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Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 8,986,091	\$ 7,627,215	\$ 0
Aid to Local Units	9,004,622	1,787,735	0
Other Assistance	3,750,000	3,750,000	0
Subtotal—Operating	\$ 21,780,713	\$ 13,164,950	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 21,780,713</u>	<u>\$ 13,164,950</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 5,213,157	\$ 4,200,785	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 5,213,157	\$ 4,200,785	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 5,213,157</u>	<u>\$ 4,200,785</u>	<u>\$ 0</u>
FTE Positions	95.0	95.0	0.0
Non FTE Uncl. Perm. Pos.	18.0	18.0	0.0
TOTAL	<u>113.0</u>	<u>113.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Attorney General requests a total of \$21,780,713 for FY 2004, of which \$5,213,157 is from the State General Fund. The requested budget includes \$545,000 for water litigation with Colorado and \$960,000 for Nebraska. In general, the budget as submitted is a maintenance budget which contains no new initiatives.

The Governor recommends \$13,164,950 for FY 2004, of which \$4,200,785 is from the State General Fund. The recommended State General Fund reduction from FY 2003 is comprised of an overall 5.0 percent reduction of \$262,372 to the agency's operating budget and a \$750,000 reduction from the Attorney General's allocated budget for water litigation. The sizable drop in expenditures from other funds is due to the transfer of six victims rights programs to the Governor's office. The total federal funding transferred is \$7,603,391 in FY 2004. The Governor recommends no funding for Colorado water litigation in FY 2004 and \$412,002 for Nebraska water litigation.

Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for the Attorney General's budget would have to be reduced by an additional \$884,341.

House Budget Committee Recommendations

The House Budget Committee concurs with the recommendations of the Governor, with the following exception:

1. The Budget Committee expresses its resolve that Kansas be committed to providing adequate funding to conclude water litigation with the states of Colorado and Nebraska. The Colorado case is nearing completion and a settlement with Nebraska has been reached. However, under the Governor's recommendations, no funding is available for Colorado water litigation in FY 2004 and recommended funding for Nebraska litigation of \$412,002 is less than half of what was requested.

The Budget Committee understands that the outside counsel in both cases has agreed to wait until monetary damages are received from Colorado to be reimbursed for services rendered in FY 2003 and the Attorney General is hopeful that the agreement can be extended into FY 2004. Nevertheless, the Budget Committee believes the Attorney General should be given maximum flexibility in the budget to transfer funds from one State General Fund account to another in order to make payments that cannot be anticipated at this time. In the past, it has been the practice of the Attorney General to request an Executive Directive from the Governor to transfer money from one water litigation account to the other as necessary. Under the Budget Committee's recommendation, the Attorney General on his own authority could transfer money from any of the agency's four State General Fund accounts to the other: The operating expenditures account (funding for regular agency operating expenditures, funded at \$3,706,483 by the Governor), the litigation costs account (additional funding for litigation expenses, funded at \$81,100 by the Governor), the Colorado water litigation account (no funding recommended by the Governor), and the Nebraska water litigation account (funded at \$412,002 by the Governor).