

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:35 a.m. on February 18, 2004 in Room 123-S of the Capitol.

All members were present.

### Committee staff present:

J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department  
Michele Alishahi, Kansas Legislative Research Department  
Nicoletta Buonasera, Kansas Legislative Research Department  
Melissa Calderwood, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Amy Van House, Kansas Legislative Research Department  
Norman Furse, Revisor of Statutes  
Jill Wolters, Senior Assistant, Revisor of Statutes  
Judy Bromich, Administrative Analyst  
Mary Shaw, Committee Secretary

### Conferees appearing before the committee:

None

### Others attending:

See Attached List.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2004 and FY 2005 were available to the committee.

### **Subcommittee reports on the Fee Boards (Attachment 1):**

#### **Board of Accountancy**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Accountancy concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$160,977 to the State General Fund.
3. Allow increased expenditures upon approval of the State Finance Council.

#### **Board of Barbering**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Barbering concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Allow increased expenditures upon approval of the State Finance Council.

#### **Board of Cosmetology**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Cosmetology concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.

## CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:30 a.m. on February 18, 2004 in Room 123-S of the Capitol.

2. Allow increased expenditures upon approval of the State Finance Council.

### **Board of Mortuary Arts**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Mortuary Arts concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Allow increased expenditures upon approval of the State Finance Council.

### **Abstracters' Board of Examiners**

Subcommittee Chairman Salmans reported that the subcommittee on the Abstracters' Board of Examiners concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustment:

1. Delete the 3.0 percent pay plan increase.

### **Behavioral Sciences Regulatory Board**

Subcommittee Chairman Salmans reported that the subcommittee on the Behavioral Sciences Regulatory Board concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustment:

1. Delete the 3.0 percent pay plan increase.

### **Board of Technical Professions**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Technical Professions concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$617,646 to the State General Fund.

Senator Downey moved, with a second by Senator Helgerson, to remove the attachments and summaries from all of the fee fund subcommittee reports. Motion carried on a voice vote.

### **Board of Nursing**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Nursing concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$379,751 to the State General Fund.
3. Reduce the amount of BEST reduction and transfer by \$1,170.

### **Board of Healing Arts**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Healing Arts concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustment:

1. Delete the 3.0 percent pay plan increase.

## CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:30 a.m. on February 18, 2004 in Room 123-S of the Capitol.

### **Board of Hearing Aid Examiners**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Hearing Aid Examiners concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustment:

1. Delete the 3.0 percent pay plan increase.

### **Board of Examiners in Optometry**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Examiners in Optometry concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$16,684 to the State General Fund.

### **Board of Pharmacy**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Pharmacy concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$1,178,600 to the State General Fund.

### **Kansas Dental Board**

Subcommittee Chairman Salmans reported that the subcommittee on the Kansas Dental Board concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$354,960 to the State General Fund.

### **Board of Veterinary Medical Examiners**

Subcommittee Chairman Salmans reported that the subcommittee on the Board of Veterinary Medical Examiners concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Concur with the GBA No. 1, Item 5, technical correction to restore \$19,618.
3. Do not transfer BEST reduction of \$3,942.

### **Department of Credit Unions**

Subcommittee Chairman Salmans reported that the subcommittee on the Department of Credit Unions concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$166,705 to the State General Fund.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:30 a.m. on February 18, 2004 in Room 123-S of the Capitol.

**Real Estate Appraisal Board**

Subcommittee Chairman Salmans reported that the subcommittee on the Real Estate Appraisal Board concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$334,369 to the State General Fund.

**Real Estate Commission**

Subcommittee Chairman Salmans reported that the subcommittee on the Real Estate Appraisal Board concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$508,438 to the State General Fund.
3. Reduce the amount of the BEST reduction and transfer by \$6,821.
4. Include proviso allowing expenditures of \$200 in hospitality.
5. Add \$15,000 to allow for purchase of vehicle and associated costs.

**Securities Commissioner**

Subcommittee Chairman Salmans reported that the subcommittee on the Securities Commissioner concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustment:

1. Delete the 3.0 percent pay plan increase.

**Bank Commissioner**

Subcommittee Chairman Salmans reported that the subcommittee on the Bank Commissioner concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with the following adjustments:

1. Delete the 3.0 percent pay plan increase.
2. Do not transfer \$2,704,718 to the State General Fund.
3. Concur with GBA No. 1, Item 3, for a technical FTE position adjustment.

Senator Jackson distributed copies of a global comment regarding fees and discussion followed (Attachment 2). Copies were distributed by Staff regarding the FY 2005 Fee Fund Transfers (Attachment 3). The Chairman explained that the fee fund subcommittee reports will be held and revisited at a future date.

Chairman Morris called the committee's attention to discussion of:

**SB 320--Allowing grandparents to serve as foster parents**

The Committee discussed the SRS balloon amendment.

Senator Downey moved, with a second by Senator Schodorf, to adopt the SB 320 SRS balloon amendment (Attachment 4). Motion carried on a voice vote.

Senator Helgerson moved, with a second by Senator Schodorf, to amend SB 320 in FY 2004 last quarter \$250,000 and \$750,000 in FY 2005 with a \$1 million dollar cap. Motion was withdrawn.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:30 a.m. on February 18, 2004 in Room 123-S of the Capitol.

Chairman Morris mentioned that further discussion on **SB 320** will take place at a future meeting.

The meeting adjourned at 12:05 p.m. The next meeting is scheduled for February 19, 2004.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

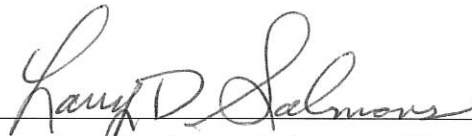
DATE February 18, 2004

NAME	REPRESENTING
Cheri Froetschner	DOR
Julie Thomas	<del>DOR</del>
Ethel Erickson	DOB
Alma Dymen	Board of Accountancy
K & M	Hewlett Packard
Penny Bonnie	Board of Optometry
Mary Bulubeen	KS BR
Sherry Ouel	KS Real Estate Commission
Ernie Fogge	AARP
Steve Solomon	The Farm, Inc.
Pat Johnson	Bd of Tech Professions
Betty Rose	" " "
Mel Dwin	Bd of Cosmetology
Mack Smith	Mortuary Arts Board
Steve Wassom	KS Sec. Comm.
Elaine Frisbie	Div. of Budget

**FY 2004 and FY 2005**

**SENATE SUBCOMMITTEE REPORTS**

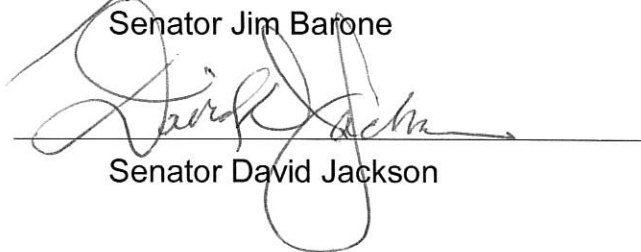
*Board of Accountancy  
Board of Barbering  
Board of Cosmetology  
Board of Mortuary Arts  
Abstracters' Board of Examiners  
Behavioral Sciences Regulatory Board  
Board of Technical Professions  
Board of Nursing  
Board of Healing Arts  
Board of Hearing Aid Examiners  
Board of Examiners in Optometry  
Board of Pharmacy  
Kansas Dental Board  
Board of Veterinary Medical Examiners  
Department of Credit Unions  
Real Estate Appraisal Board  
Real Estate Commission  
Securities Commissioner  
Bank Commissioner*



Senator Larry Salmans, Chair



Senator Jim Barone



Senator David Jackson

Senate Ways and Means  
2-18-04  
Attachment 1

## Senate Subcommittee Report

**Agency:** Board of Accountancy

**Bill No.**

**Bill Sec.**

**Analyst:** Buonasera

**Analysis Pg. No.** Vol. 1-697 **Budget Page No.** 473

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Board of Accountancy Fee Fund	\$ 242,290	\$ 242,290	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>

### Agency Request/Governor's Recommendation

The agency estimates for FY 2004 operating expenditures is \$242,290, which is an increase of \$11,415 (4.9 percent) from the amount approved by the 2003 Legislature. The difference between the amount approved and the agency's estimate is the anticipated expenditure of \$11,415 from KSIP funds.

The Governor concurs with the agency's request.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.



## Senate Subcommittee Report

**Agency:** Board of Accountancy

**Bill No.**

**Bill Sec.**

**Analyst:** Buonasera

**Analysis Pg. No.** Vol. 1-697 **Budget Page No.** 473

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Board of Accountancy Fee Fund	\$ 248,853	\$ 251,694	\$ (3,588)
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>

\*The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency's Request/Governor's Recommendation

**The agency's request** for FY 2005 operating expenditures is \$248,853 which is \$94 below the amount approved by the 2003 Legislature. This decrease is due to a difference in fringe benefits, found when salaries and wages were recalculated.

**The Governor recommends** restoring the \$94. Also included in the recommendation, is the addition of \$3,588 for the 3.0 percent pay plan increase and the reduction of \$841 for BEST reductions in contractual services and commodities. The Governor recommends the transfer of \$160,977 to the State General Fund.

### Senate Subcommittee Recommendation

**The Senate Subcommittee** concurs with the Governor's with the following adjustments and notation:

1. **Pay Plan Adjustment** - Delete \$3,588 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. The Subcommittee does not recommend these transfers take place. For this agency, a transfer of \$160,977 to the State General Fund would be eliminated. The Subcommittee noted the Attorney General Opinion 2002-045 which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure

that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that it is concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative costs.

3. The Subcommittee notes that the agency's budget has become so tight and that there is no cushion to shift funds within the budget to cover unanticipated expenses. The Subcommittee recommends that the agency be allowed to use additional money from their fee fund to cover any unanticipated costs that may occur after receiving approval from the State Finance Council.

## Senate Subcommittee Report

**Agency:** Board of Barbering

**Bill No.**

**Bill Sec.**

**Analyst:** Buonasera

**Analysis Pg. No.** Vol. 1-697 **Budget Page No.** 477

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Board of Barbering Fee Fund	\$ 124,092	\$ 124,092	\$ 0
FTE Positions	1.5	1.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.0	0.0
TOTAL	2.0	1.5	0.0

### Agency Request/Governor's Recommendation

**The agency's estimate** for FY 2004 operating expenditures is \$124,092, which is the same amount approved by the 2003 Legislature.

**The Governor** concurs with the agency's estimate.

### Senate Subcommittee Recommendation

**The Senate Subcommittee** concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Board of Barbering

**Bill No.**

**Bill Sec.**

**Analyst:** Buonasera

**Analysis Pg. No.** Vol. 1-697 **Budget Page No.** 477

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Board of Barbering Fee Fund	\$ 129,649	\$ 131,275	\$ (2,210)
FTE Positions	1.5	1.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.0	0.0
TOTAL	<u>2.0</u>	<u>1.5</u>	<u>0.0</u>

\*The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

**The agency's request** for FY 2005 operating expenditures is \$129,649 which is an increase of \$12,573 (10.7 percent) from the approved amount. The enhancement request is for a Special Projects 0.5 non-FTE position. The expenditure authority would have been included in the original FY 2005 request if the balance in the fee fund had been sufficient. Since the 2003 Legislature passed a bill that increases the maximum fee schedule for the Board, the additional expenditure is now possible.

**The Governor** concurs with the enhancement request of \$12,573. Also included in the recommendation is the addition of \$2,210 for the 3.0 percent pay plan increase and the reduction of \$584 for BEST reductions in contractual services, commodities and capital outlay.

### Senate Subcommittee Recommendation

**The Subcommittee** concurs with the Governor's recommendation with the following adjustment and notation:

1. **Pay Plan Adjustment** - Delete \$2,210 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Subcommittee notes that the agency's budget has become so tight and that there is no cushion to shift funds within the budget to cover unanticipated expenses. The Subcommittee recommends that the agency be allowed to use additional money from their fee fund to cover any unanticipated costs that may occur after receiving approval from the State Finance Council.

## Senate Subcommittee Report

**Agency:** Board of Cosmetology

**Bill No.**

**Bill Sec.**

**Analyst:** Buonasera

**Analysis Pg. No.** Vol. 1-697 **Budget Page No.** 481

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Board of Cosmetology Fee Fund	\$ 675,307	\$ 675,307	\$ 0
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>12.0</b>	<b>12.0</b>	<b>0.0</b>

### Agency Request/Governor's Recommendation

The agency's estimates for FY 2004 operating expenditures is \$675,307, which is an increase of \$24,010 (3.7 percent) from the amount approved by the 2003 Legislature. The difference between the amount approved and the agency's estimate is the anticipated expenditure of \$24,010 from KSIP funds.

The Governor concurs with the agency's estimate.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Board of Cosmetology

**Bill No.**

**Bill Sec.**

**Analyst:** Buonasera

**Analysis Pg. No.** Vol. 1-697 **Budget Page No.** 481

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustment*</u>
Board of Cosmetology Fee Fund	\$ 715,727	\$ 722,874	\$ (11,494)
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u>12.0</u>	<u>12.0</u>	<u>0.0</u>

\*The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

**The agency's request** for FY 2005 operating expenditures is \$715,727 which is the same amount approved by the 2003 Legislature.

**The Governor recommends** the addition of \$11,494 for the 3.0 percent pay plan increase and the reduction of \$4,347 for BEST reductions in contractual services, commodities and capital outlay.

### Senate Subcommittee Recommendation

**The Subcommittee** concurs with the Governor's recommendation with the following adjustment and notation:

1. **Pay Plan Adjustment** - Delete \$11,494 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Subcommittee notes that the agency's budget has become so tight and that there is no cushion to shift funds within the budget to cover unanticipated expenses. The Subcommittee recommends that the agency be allowed to use additional money from their fee fund to cover any unanticipated costs that may occur after receiving approval from the State Finance Council.

## Senate Subcommittee Report

**Agency:** Board of Mortuary Arts

**Bill No.**

**Bill Sec.**

**Analyst:** Buonasera

**Analysis Pg. No.** Vol. 1-697 **Budget Page No.** 493

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Board of Mortuary Arts Fee Fund	\$ 236,432	\$ 236,432	\$ 0
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 Request/Governor's Recommendation

The agency's estimates for FY 2004 operating expenditures is \$236,432 which is an increase of \$21,184 (9.8 percent) from the amount approved by the 2003 Legislature. The difference between the amount approved and the agency's estimate is the anticipated expenditure of \$21,184 from KSIP funds.

The Governor concurs with the agency's estimate.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Board of Mortuary Arts

**Bill No.**

**Bill Sec.**

**Analyst:** Buonasera

**Analysis Pg. No.** Vol. 1-697 **Budget Page No.** 493

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustment*
Board of Mortuary Arts Fee Fund	\$ 234,785	\$ 237,971	\$ (4,128)
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>

\*The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Estimate/Governor's Recommendation

**The agency's request** for FY 2005 operating expenditures is \$234,785 which is the same amount approved by the 2003 Legislature.

**The Governor recommends** the addition of \$4,128 for the 2.0 percent pay plan increase and the reduction of \$942 for BEST reductions in contractual services, commodities and capital outlay.

### Senate Subcommittee Recommendation

**The Subcommittee** concurs with the Governor's recommendation with the following adjustment and notation:

1. **Pay Plan Adjustment** - Delete \$4,128 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Subcommittee notes that the agency's budget has become tight and that there is no cushion to shift funds within the budget to cover unanticipated expenses. The Subcommittee recommends that the agency be allowed to use additional money from their fee fund to cover any unanticipated costs that may occur after receiving approval from the State Finance Council.



## Senate Subcommittee Report

**Agency:** Abstracters' Board of Examiners    **Bill No.** \_\_\_\_\_    **Bill Sec.** \_\_\_\_\_  
**Analyst:** Deckard    **Analysis Pg. No.** Vol 1-697    **Budget Page No.** 471

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Abstracters' Fee Fund	\$ 19,463	\$ 19,463	\$ 0
FTE Positions	0.0	0.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency** estimates FY 2004 expenditures at \$19,463 the same as the amount approved by the 2003 Legislature.

The **Governor** recommends FY 2004 expenditures of \$19,463, the same amount requested by the agency.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Abstracters' Board of Examiners      **Bill No.**      **Bill Sec.**

**Analyst:** Deckard      **Analysis Pg. No.** Vol 1-697      **Budget Page No.** 471

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Abstracters' Fee Fund	\$ 20,878	\$ 21,315	\$ (478)
FTE Positions	0.0	0.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0

\* The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The **agency** requests FY 2005 expenditures of \$20,878, the same amount approved by the 2003 Legislature.

The **Governor** recommends \$21,315 for FY 2005, an increase of \$437 from the agency's request. The increase is due to the addition of \$478 for the three percent pay plan adjustment and the reduction of \$41 in BEST recommendations. The \$41 will be transferred to the State General Fund.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would not be changed as the agency does not receive any State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment**—Delete \$478, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

## Senate Subcommittee Report

**Agency:** Behavioral Sciences Regulatory Board **Bill No.**

**Bill Sec.**

**Analyst:** Deckard

**Analysis Pg. No.** Vol 1- 697

**Budget Page No.** 479

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Behavioral Sciences Reg Board Fee Fund	\$ 515,595	\$ 510,120	\$ 0
FTE Positions	8.0	8.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	8.0	8.0	0.0

### Agency Estimate/Governor's Recommendation

The **agency** requests FY 2004 expenditures of \$515,595, which is \$19,542 or 3.9 percent above the approved amount. Of the increase, \$4,976 is attributable to six months of health insurance coverage for two employees (one single coverage and one family coverage); \$1,566 is for increased Secretary of State and State Treasurer fees; \$12,800 is for expert witnesses, court reporting services, and hearing officer fees for three anticipated disciplinary cases; and \$200 is for increased charges for KSA's and KAR's.

The **Governor** recommends FY 2004 expenditures of \$510,120. This includes funding for all of the supplemental requests except for the health insurance coverage.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Behavioral Sciences Regulatory Board    **Bill No.** \_\_\_\_\_    **Bill Sec.** \_\_\_\_\_  
**Analyst:** Deckard    **Analysis Pg. No.** Vol 1- 697    **Budget Page No.** 479

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Behavioral Sciences Reg Board Fee Fund	\$ 540,883	\$ 548,009	\$ (9,161)
FTE Positions	8.0	8.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	8.0	8.0	0.0

\* The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The **agency** requests FY 2005 expenditures of \$540,883, the same as the amount approved by the 2003 Legislature.

The **Governor** recommends FY 2005 expenditures of \$548,009, an increase from the agency's request of \$7,126. The increase is due to the addition of \$9,161 for the three percent pay plan increase and the reduction of \$2,035 for BEST savings. The \$2,035 will be transferred to the State General Fund.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would not be changed as the agency does not receive any State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$9,161, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

## Senate Subcommittee Report

**Agency:** Board of Technical Professions      **Bill No.**      **Bill Sec.**

**Analyst:** Deckard      **Analysis Pg. No.** Vol 1- 697      **Budget Page No.** 507

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Board of Technical Professions Fee Fund	\$ 528,936	\$ 528,936	\$ 0
FTE Positions	6.0	6.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	6.0	6.0	0.0

### Agency Estimate/Governor's Recommendation

The **agency** requests FY 2004 expenditures of \$528,936, an increase of \$3,000 from the amount approved by the 2003 Legislature. The increase was the addition of \$3,000 in KSIP expenditures.

The **Governor** recommends \$528,936, the same amount requested by the agency.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Board of Technical Professions    **Bill No.** \_\_\_\_\_    **Bill Sec.** \_\_\_\_\_

**Analyst:** Deckard    **Analysis Pg. No.** Vol 1- 697    **Budget Page No.** 507

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
Board of Technical Professions Fee Fund	\$ 556,422	\$ 555,857	\$ (6,661)
FTE Positions	6.0	6.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u>6.0</u>	<u>6.0</u>	<u>0.0</u>

\* The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The **agency** requests \$556,422 which is \$3,277 or 0.6 percent less than the approved amount. The agency indicated that there are internal savings that will be realized and budgeted only for the actual amount that will be required.

The **Governor** recommends \$555,857 for FY 2005, a decrease of \$565 from the agency request. The recommendation includes an increase of \$6,661 for the three percent pay plan increase and a reduction of \$7,226 for the BEST team recommendations. The \$7,226 will be transferred to the State General Fund. In addition, \$617,646 from the Technical Professions Fee Fund will be transferred to the State General Fund.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would not be changed as the agency does not receive any State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$6,661, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Fee Fund Transfers** - The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to

the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. The Subcommittee does not recommend these transfers take place. For this agency, a transfer of \$617,646 to the State General Fund would be eliminated. The Subcommittee noted the Attorney General Opinion 2002-045 which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that they are concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative services performed by the State.

The Senate Subcommittee notes that this agency has a cyclical revenue stream and that, according to the agency, the transfer of their fee funds to the State General Fund as recommended by the Governor would cause the agency to experience a negative balance in their fee fund account. In addition, the Subcommittee notes that in the past it requested that the agency reduce its fees to the regulated entities as it was experiencing a large balance in its fee fund account. The agency reported that it has reduced the fees it charges over the past two years. In addition, the agency noted that if the transfer was made from their fee fund balance, the fees charged to the regulated entities would have to be raised soon.

3. The Governor submitted GBA No. 1, Item No. 14 as a technical correction to the calculations of the recommended fee funds transfers for a portion of the fee funded agencies. Because of the Subcommittee's recommendation to not transfer these funds to the State General Fund, the Subcommittee does not recommend concurring with GBA No. 1, Item No. 14.
4. The Subcommittee notes that the agency had its KSIP fund reduced by \$6,741 and the same amount transferred to the State General Fund in FY 2004. Also in FY 2004 the agency experienced move related costs of \$65,688.
5. The Subcommittee notes that testimony was provided by industry for this agency. See Attachments A and B.



# **Kansas Society of Professional Engineers**

*A state society of the National Society of Professional Engineers*

Attachment 4

**Senate Ways and Means Committee  
Testimony of Kansas Society of Professional Engineers  
Regarding Kansas Board of Technical Professions Budget  
Submitted by Ron Gaches, Executive Director  
Friday, February 13, 2004**

Thank you Chairman Morris and members of the Committee for this opportunity to express our concerns regarding the recommendation by Governor Sebelius to transfer \$617,646 of the KSBTP Fee Fund to the State General Fund in FY 2005.

KSPE members believe the recommendation to sweep the KSBTP balances into the State General Fund is a short-sighted solution to the state's budget problems that will hamstring the budget of the Board in future years, resulting in higher professional licensure fees, reduced enforcement of Kansas technical professional licensure law leading to increase risk to the public health and welfare, or some combination of the above.

The volunteer Board of the KSBTP has previously taken action to modestly reduce renewal fees for technical professionals, resulting in a controlled reduction in the Board's fund balance. Without any further action by the state, in just a few years the fund balance will reach a level where licensure fees will need to be increased. Sweeping the fund balance will cause a license fee increase almost immediately,

Because of the irregular cash flow of Board revenues as a result of the two-year licensure cycle of most licensed professionals, a significant fund balance is essential to maintaining the work of the Board. In each two-year cycle there are several consecutive months where expenditures exceed revenues. This cycle cannot be disrupted without major statutory alteration of our state licensure laws, a change our Society does not support.

Finally, KSPE leadership strongly believes that the Board of Technical Professions should retain a fund balance sufficient to address the unusual Board responsibilities associated with a catastrophic event like the Kansas City Hyatt Hotel collapse of several years ago. Action by the Missouri Board to investigate and pursue appropriate professional licensure violations cost that Board hundreds of thousands of dollars, an essential expense. Obviously, the cost today of any similar action required by the Kansas Board would be even more expensive.

The financial dilemma currently confronting the State of Kansas general fund is an excellent example of the difficult budget problems that can occur when public institutions don't maintain adequate reserves. KSPE believes it is inappropriate for the State to shift the burden for balancing the State's General Fund to fee funded agencies. The thousands of technical professionals licensed by the KSBTP already contribute 20% of their professional licensure fees to the State General Fund. We believe that is a sufficient contribution from any fee funded agency and encourage the Senate Ways and Means Committee to pursue other options for balancing the State FY 2005 budget.



February 13, 2004



*President*  
Rich Bartholomew, AIA  
Overland Park

*President Elect*  
Mark Franzen, AIA  
Overland Park

*Secretary*  
Jan Burgess, AIA  
Wichita

*Treasurer*  
Michael Seiwert, AIA  
Wichita

*Directors*  
Tracy Anderson, AIA  
Manhattan

Richard Blackburn, AIA  
Topeka

Joy Coleman, AIA  
Lawrence

Douglas R. Cook, AIA  
Olathe

Timothy J. Dudte, AIA  
Wichita

Robert D. Fincham, AIA  
Topeka

John Gaunt, FAIA  
Lawrence

Jane Huesemann, AIA  
Lawrence

J. Jones, Associate AIA  
Manhattan

Michael G. Mayo, AIA  
Manhattan

Rick McCafferty  
Wichita

Tom Milavec, AIAS  
Manhattan

Courtney Miller, AIAS  
Lawrence

Bobbi Pearson, Assoc, AIA  
Emporia

C. Stan Peterson, AIA  
Topeka

Jennifer Rygg, Assoc, AIA  
Wichita

Jason Van Hecke, AIA  
Wichita

Kyle Wedel, AIAS  
Manhattan

TO: Senator Salmans and Members of the Subcommittee

FROM: Trudy Aron, Executive Director

RE: **OPPOSITION OF GOVERNOR'S RECOMMENDED  
TRANSFERS FROM FEE FUNDED AGENCIES**

Good morning, Senator Salmans and members of the Subcommittee. I am Trudy Aron, executive director, of the American Institute of Architects in Kansas (AIA Kansas.) I am here to oppose the transfer of funds from the Board of Technical Professions to the State General Fund.

AIA Kansas is a statewide association of architects and intern architects. Most of our 700 members work in over 100 private practice architectural firms designing a variety of project types for both public and private clients including justice facilities, schools, hospitals and other health facilities, industrial buildings, offices, recreational facilities, housing, and much more. The rest of our members work in industry, government and education where many manage the facilities of their employers and hire private practice firms to design new buildings and to renovate or remodel existing buildings.

The State Board of Technical Professions is totally funded by the fees it collects from those it regulates – architects, engineers, landscape architects, land surveyors, and geologists. The State general fund already received 20% of all fees collected. The transfer of over \$600,000 from the Board to the General Fund amounts to an additional tax on the design professions. It penalizes a Board that has the foresight to build their reserves so they can respond to unanticipated expenses or emergencies.

AIA Kansas has wholeheartedly supported the Board in setting fees that adequately fund the board and provide for unexpected expenses that may be beyond the annual projected expenditures. We urge you to reject the transfer of funds from the Board of Technical Professions to the State General Fund.

Thank you.

*Executive Director*  
Trudy Aron, Hon. AIA, CAE  
aron@aiaks.org

## Senate Subcommittee Report

**Agency:** Board of Nursing

**Bill No.**

**Bill Sec.**

**Analyst:** Deckard

**Analysis Pg. No.** Vol 1- 697

**Budget Page No.** 495

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Board of Nursing Fee Fund	\$ 1,387,305	\$ 1,387,305	\$ 0
FTE Positions	22.0	22.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	22.0	22.0	0.0

### Agency Estimate/Governor's Recommendation

The agency requests \$1,387,305 which is \$49,304 or 3.7 percent above the approved amount. The agency's revised request was \$1,917 below the approved amount. The agency submitted supplemental requests totaling \$51,221. The supplemental request includes: building space rental of \$30,124; treasurer's fees of \$3,100; and KSIP expenditures of \$17,997.

The **Governor** recommends \$1,387,305 for FY 2004, which is the same amount requested by the agency.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Board of Nursing

**Bill No.**

**Bill Sec.**

**Analyst:** Deckard

**Analysis Pg. No.** Vol 1- 697

**Budget Page No.** 495

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Board of Nursing Fee Fund	\$ 1,485,979	\$ 1,495,077	\$ (53,551)
FTE Positions	22.0	22.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	22.0	22.0	0.0

\* Includes a reduction of \$54,721 none of which is from the State General Fund for deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The agency requests \$1,485,979 which is \$47,712 or 3.3 percent above the approved amount. The increase is attributable to: building space rental of \$24,410; treasurer's fees of \$3,100; KSIP expenditures of \$16,455; and reallocation of 2.0 FTE positions in the IT classification of \$3,747.

The **Governor** recommends \$1,495,077 for FY 2005, an increase \$107,772 from the FY 2004 recommendation. The recommendation includes funding for all of the enhancements requested by the agency as well as their KSIP funding request. In addition, the recommendation includes an increase of \$54,721 for the three percent increase and a reduction of \$15,966 for the BEST team recommendations. This amount will be transferred to the State General Fund. In addition, the Governor recommends that \$379,751 will be transferred from the agency's fee fund to the State General Fund.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would not be changed as the agency does not receive any State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$54,721, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. **Fee Fund Transfers** - The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. The Subcommittee does not recommend these transfers take place. For this agency, a transfer of \$379,751 to the State General Fund would be eliminated. The Subcommittee noted the Attorney General Opinion 2002-045 which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that they are concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative services performed by the State.
3. The Governor submitted GBA #1, Item No. 14 as a technical correction to the calculations of the recommended fee funds transfers for a portion of the fee funded agencies. Because of the Subcommittee's recommendation to not transfer these funds to the State General Fund, the Subcommittee does not recommend concurring with GBA #1, Item No. 14.
4. The Subcommittee reduces the amount of the BEST reduction and transfer by \$1,170 due to the agency occurring extraordinary expenses for the move of their offices during one or two of the fiscal years on which BEST reductions were based.
5. The Subcommittee notes the possible introduction of a bill which would move the responsibility for regulation of CNAs (Certified Nurses Aid) and CMAs (Certified Medication Aid) from the Department of Health and Environment (KDHE) to the Board of Nursing. If the bill were to be enacted into law, the Subcommittee notes there would be an increase in this budget.

## Senate Subcommittee Report

**Agency:** Board of Healing Arts

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.** Vol.1-697

**Budget Page No.** 489

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Special Revenue Fund	\$ 2,360,567	\$ 2,360,567	\$ 0
FTE Positions	29.0	29.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<b>30.0</b>	<b>30.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

**The agency requests** current year expenditures of \$2,360,567, which is consistent with the amount approved by the 2003 Legislature.

**The Governor recommends** current year expenditures of \$2,360,567, an amount consistent with the approved amount.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 2004.

## Senate Subcommittee Report

**Agency:** Board of Healing Arts

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.** Vol.1-697

**Budget Page No.** 489

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Special Revenue Fund	\$ 2,467,714	\$ 2,483,523	\$ (36,888)
FTE Positions	29.0	29.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>29.0</b>	<b>29.0</b>	<b>0.0</b>

\* The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

**The agency requests** FY 2005 expenditures of \$2,467,714, which is \$10,000 or 0.4 percent above the amount approved by the 2003 Legislature. The enhancement request is for the rent surcharge for buildings in Shawnee County.

**The Governor recommends** FY 2005 expenditures of \$2,483,523, which is \$25,809 or 1.1 percent above the approved amount. The Governor recommends the addition of \$36,888 for a 3.0 percent pay plan increase and the reduction of \$11,079 for BEST reductions in contractual services, commodities, and capital outlay. The Governor does not recommend the agency's enhancement request.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would not be changed as the agency does not receive any State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment**—Delete \$36,888, including \$0 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Subcommittee is encouraged by the board's progress with its Information Technology project. The project addresses on-line renewals for all practitioners; improved case management through on-line complaint forms and access to disciplinary reports, and complaint tracking; and an improved document management system. The Subcommittee commends the excellent efforts of the board on this important project.

## Senate Subcommittee Report

**Agency:** Hearing Aid Board of Examiners      **Bill No.**      **Bill Sec.**

**Analyst:** Calderwood      **Analysis Pg. No.** Vol.1-697      **Budget Page No.** 491

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Special Revenue Fund	\$ 18,833	\$ 18,833	\$ 0
FTE Positions	0.4	0.4	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

**The agency requests** current year expenditures of \$18,833, which is \$37 or 0.2 percent below the amount approved by the 2003 Legislature. The reduction occurred in the calculation of agency salaries and wages.

**The Governor concurs** with the revised request.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 2004.



## Senate Subcommittee Report

**Agency:** Hearing Aid Board of Examiners

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.** Vol.1-697

**Budget Page No.** 491

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Special Revenue Fund	\$ 21,486	\$ 21,916	\$ (507)
FTE Positions	0.4	0.4	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0</b>

\* The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

**The agency** requests expenditures of \$21,486 for FY 2005 which is consistent with the amount approved by the 2003 Legislature.

**The Governor** recommends FY 2005 expenditures of \$21,916, which is \$430 or 2.0 percent above the approved amount. The Governor recommends the addition of \$507 for a 3.0 percent pay plan increase and the reduction of \$77 for BEST reductions in contractual services and commodities.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would not be changed as the agency does not receive any State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$507, including \$0 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

## Senate Subcommittee Report

**Agency:** Board of Optometry

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.** Vol.1-697 **Budget Page No.** 497

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Special Revenue Fund	\$ 111,514	\$ 104,970	\$ 0
FTE Positions	0.8	0.8	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<b>1.8</b>	<b>1.8</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

**The agency requests** current year expenditures of \$111,514, which is \$6,544 or 6.2 percent above the amount approved by the 2003 Legislature. The increase is due to additional funding requested for legal services. The board cut legal services to accommodate the 5.9 percent reduction (transfer to SGF) approved by the 2003 Legislature.

**The Governor recommends** current year expenditures of \$104,970, an amount consistent with the approved amount. The Governor does not recommend the supplemental request.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 2004.

## Senate Subcommittee Report

**Agency:** Board of Optometry

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.** Vol.1-697 **Budget Page No.** 497

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Special Revenue Fund	\$ 112,292	\$ 113,511	\$ (1,381)
FTE Positions	0.8	0.8	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>1.8</u>	<u>1.8</u>	<u>0.0</u>

\*The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The agency requests FY 2005 expenditures of \$112,292 which is consistent with the amount approved by the 2003 Legislature.

The Governor recommends FY 2005 expenditures of \$113,511, which is \$1,219 or 1.1 percent above the approved amount. The Governor recommends the addition of \$1,381 for a 3.0 percent pay plan increase and the reduction of \$162 for BEST reductions in contractual services, commodities, and capital outlay. The Governor recommends the transfer of \$16,684 to the State General Fund.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would not be changed as the agency does not receive any State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$1,381, including \$0 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Governor recommends that all unencumbered biennial fee funds greater than

\$200,000 at the end of FY 2005 be transferred to the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. The Subcommittee does not recommend these transfers take place. For this agency, a transfer of \$16,684 to the State General Fund would be eliminated. The Subcommittee noted the Attorney General Opinion 2002-045 which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that they are concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative services performed by the State.

3. The Governor submitted GBA #1, Item No. 14 as a technical correction to the calculations of the recommended fee funds transfers for a portion of the fee funded agencies. Because of the Subcommittee's recommendation to not transfer these funds to the State General Fund, the Subcommittee does not recommend concurring with GBA #1, Item No. 14.
4. The Subcommittee notes agency testimony regarding the fee balance at the end of FY 2005. The Governor's office has changed revenue estimates and a sweep of \$16,684 would bring the balance below the recommended \$200,000 to \$132,468. The agency testified that the fee fund balance would be impacted by plans to move during FY 2006 to Topeka to establish a permanent office and continuing legal expenses associated with on-line contact lens purchases. The Board also testified about cash flow issues relating to the availability of funds for the transfer.

## Senate Subcommittee Report

**Agency:** Board of Pharmacy

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.** Vol.1-697 **Budget Page No.** 499

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Special Revenue Fund	\$ 623,415	\$ 586,872	\$ 0
FTE Positions	7.0	7.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>7.0</b>	<b>7.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

**The agency requests** current year expenditures of \$623,415, which is \$36,543 or 6.2 percent above the amount approved by the 2003 Legislature. The increase is due to additional expenses related to the pharmacy compliance inspector position and the registration of pharmacy technicians approved by the 2003 Legislature, increases in legal fees and related costs for investigation and disciplinary cases, and new and increased fees charged to state agencies.

**The Governor recommends** current year expenditures of \$586,872, an amount consistent with the approved amount. The Governor does not recommend the supplemental request.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 2004.

## Senate Subcommittee Report

**Agency:** Board of Pharmacy

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.** Vol.1-697 **Budget Page No.** 499

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Special Revenue Fund	\$ 666,995	\$ 637,221	\$ (11,159)
FTE Positions	7.0	7.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>7.0</u>	<u>7.0</u>	<u>0.0</u>

\*The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

**The agency requests** FY 2005 expenditures of \$666,995, which is \$33,391 or 5.3 percent above the amount approved by the 2003 Legislature. The increase is due to: additional expenses related to the pharmacy compliance inspector position and the registration of pharmacy technicians approved by the 2003 Legislature; increases in legal fees and related costs for investigation and disciplinary cases; and new and increased fees charged to state agencies.

**The Governor recommends** FY 2005 expenditures of \$637,221, which is \$3,617 or 0.6 percent above the approved amount. The Governor recommends the addition of \$11,159 for a 3.0 percent pay plan increase and the reduction of \$7,542 for BEST reductions in contractual services, commodities, and capital outlay. The Governor does not recommend the agency's enhancement request. The Governor recommends the transfer of \$1,178,600 to the State General Fund.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would not be changed as the agency does not receive any State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$11,159, including \$0 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. For this agency, a transfer of \$1,178,600 to the State General Fund would be eliminated. The Subcommittee noted the Attorney General Opinion 2002-045 which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that they are concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative services performed by the State.
3. The Governor submitted GBA #1, Item No. 14 as a technical correction to the calculations of the recommended fee funds transfers for a portion of the fee funded agencies. Because of the Subcommittee's recommendation to not transfer these funds to the State General Fund, the Subcommittee does not recommend concurring with GBA #1, Item No. 14.
4. The Subcommittee notes board testimony regarding the use of its fee fund balance. It is the Governor's intent to sweep \$1,178,600 from the board's fee fund at the end of FY 2005. The board stated that it would like to encumber \$500,000 to address the illegal operations of Canadian storefronts in Kansas. The board must secure private counsel and has been advised that the litigation could incur up to 3,000 billable hours. In addition, the board seeks to encumber \$100,000 to assist the Governor's Office of Health Planning and Finance by providing communications to consumers on prescription drugs. The board noted that it was also studying prescription drug monitoring and is working at the federal level with the Department of Justice. The board would like to encumber \$100,000 to help provide education to pharmacies and physicians.
5. The Subcommittee notes three bills related to the board: HB 2538, a drug repository bill regarding donated drugs to low-income pharmacies; HB 2505, allows for the establishment of a pharmaceutical lab at the University of Kansas; and SB 268, which affects person licensed by state boards.
6. The Subcommittee expresses concern about the unanticipated costs for car insurance that the board may incur due to policy changes regarding state vehicles.
7. The Subcommittee encourages the board to review its information technology equipment and its software for licensing and tracking disciplinary complaints. The board had stated that updated software could alleviate data replication problems within its current system.

## Senate Subcommittee Report

**Agency:** Kansas Dental Board

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.** Vol.1-697

**Budget Page No.** 485

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Special Revenue Fund	\$ 317,870	\$ 317,870	\$ 0
FTE Positions	2.5	2.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>2.5</b>	<b>2.5</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

**The agency requests** current year expenditures of \$317,870, which is consistent with the amount approved by the 2003 Legislature.

**The Governor concurs** with the current year estimate.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 2004.



## Senate Subcommittee Report

**Agency:** Kansas Dental Board

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.** Vol.1-697 **Budget Page No.** 485

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Special Revenue Fund	\$ 343,809	\$ 344,517	\$ (1,537)
FTE Positions	2.5	2.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>2.5</b>	<b>2.5</b>	<b>0.0</b>

\*The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

**The agency requests** FY 2005 expenditures of \$343,809, which is consistent with the amount approved by the 2003 Legislature.

**The Governor recommends** FY 2005 expenditures of \$344,517, which is \$708 or 0.2 percent above the approved amount. The Governor recommends the addition of \$1,537 for a 3.0 percent pay plan increase and the reduction of \$2,575 for BEST reductions in contractual services and commodities. The Governor recommends the transfer of \$354,960 to the State General Fund.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would not be changed as the agency does not receive any State General Fund.

### Senate Subcommittee Recommendation

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

- 1. Pay Plan Adjustment** - Delete \$1,537, including \$0 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. The Subcommittee does not recommend these transfers take place. For this agency, a transfer of \$354,960 to the State General Fund would be eliminated. The Subcommittee noted the Attorney General Opinion 2002-045 which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that they are concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative services actually performed by the State.
3. The Governor submitted GBA No. 1, Item No. 14 as a technical correction to the calculations of the recommended fee funds transfers for a portion of the fee funded agencies. Because of the Subcommittee's recommendation to not transfer these funds to the State General Fund, the Subcommittee does not recommend concurring with GBA No. 1, Item No. 14.
4. The Subcommittee notes the GBA to correct the amount of the transfer to SGF. The Division of the Budget indicated that the transfer amount needs to be reduced from \$354,960 to \$42,841. The Subcommittee expresses concern about the fee fund balance as FY 2006 revenues will be generated from the renewal of dental hygienists, a much smaller revenue than when dentists' licenses are renewed.

## Senate Subcommittee Report

**Agency:** Board of Veterinary Examiners

**Bill No. --**

**Bill Sec. --**

**Analyst:** VanHouse

**Analysis Pg. No.** Vol. 2 - 697

**Budget Page No.** 509

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Gov. Rec. FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Special Revenue Fund	\$ 256,043	\$ 256,043	\$ 0
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 Board of Veterinary Examiners estimates \$256,043 for FY 2004 operating expenditures from the Veterinary Examiners Fee Fund. The estimate is consistent with the amount approved by the 2003 Legislature.

The Governor concurs with the agency estimate.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Board of Veterinary Examiners

**Bill No. --**

**Bill Sec. --**

**Analyst:** VanHouse

**Analysis Pg. No.** Vol. 2 - 697

**Budget Page No.** 509

Expenditure Summary	Agency Request FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments*
Veterinary Examiners Fee Fund	\$ 281,217	\$ 261,620	\$ 15,655
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

\* Includes a reduction of \$3,963 from the Veterinary Examiners Fee Fund for deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

**The Board of Veterinary Examiners requests** \$281,217 for FY 2005 operating expenditures from the Veterinary Examiners Fee Fund. The estimate is consistent with the amount approved by the 2003 Legislature.

**The Governor recommends** \$261,620 for FY 2005 operating expenditures from the Veterinary Examiners Fee Fund. The recommendation includes a reduction of \$19,618 from the moratorium on new vehicle purchases, a decrease of \$3,942 for BEST reductions, and an increase of \$3,963 for the 3.0 percent pay plan adjustment.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments.

1. Delete \$3,963 from the Veterinary Examiners Fee Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Subcommittee concurs with the item included in the Governor's Budget Amendment Number 1 (page 3, item 5) pertaining to the vehicle purchase moratorium. The GBA states that the reduction of \$19,618 taken from this agency was in error.
3. The Subcommittee recommends elimination of the transfer of \$3,942 to the State General Fund in relation to the BEST reductions.

4. The agency reported that inspections are usually conducted every two years. The Subcommittee notes that for some veterinarians this may not be necessary. The Subcommittee encourages the agency to consider lengthening the time between inspections for veterinarians who historically have had excellent inspections.

## Senate Subcommittee Report

**Agency:** Department of Credit Unions

**Bill No.**

**Bill Sec.**

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 1-697

**Budget Page No.** 70

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 829,966	\$ 856,343	\$ 0
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>13.0</b>	<b>13.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 operating expenditures of \$829,966 is consistent with the approved budget. The estimate includes \$717,572 for salaries and wages, \$109,994 for contractual services, \$2,400 for commodities, and \$0 for capital outlay.

The **Governor's** recommendation for FY 2004 operating expenditures of \$856,343 is an increase of \$26,377 (3.2 percent) from the approved budget. The recommendation includes \$717,572 for salaries and wages, \$109,994 for contractual services, \$2,400 for commodities, and \$26,377 in KSIP funds for capital outlay.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Department of Credit Unions

**Bill No.**

**Bill Sec.**

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 1-697

**Budget Page No.** 70

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
Special Revenue Funds	\$ 898,833	\$ 917,464	\$ (19,669)
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>13.0</b>	<b>13.0</b>	<b>0.0</b>

\* The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The **agency's** request for FY 2005 operating expenditures of \$898,833 is consistent with the approved budget. The estimate includes \$737,661 for salaries and wages, \$149,972 for contractual services, \$8,200 for commodities, and \$3,000 for capital outlay.

The **Governor's** recommendation for FY 2005 operating expenditures of \$917,464 is an increase of \$18,631 (2.0 percent) from the approved budget. The recommendation includes \$757,330 for salaries and wages, \$149,849 for contractual services, \$7,601 for commodities, and \$2,684 for capital outlay. The Governor recommends a 3.0 percent base salary increase of \$19,669, a BEST reduction of \$1,038 in contractual services, commodities, and capital outlay, and a Fee Fund transfer of \$166,705 to the State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment**—Delete \$19,669 to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Fee Fund Transfers**—The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. The Senate Subcommittee does not recommend these transfers take place. For this agency, a transfer of \$166,705 to the State General Fund would

be eliminated. The Senate Subcommittee noted the Attorney General Opinion 2002-045 which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that they are concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Senate Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative services performed by the State.

3. The Governor submitted GBA No. 1, Item No. 14 as a technical correction to the calculations of the recommended fee funds transfers for a portion of the fee funded agencies. Because of the Senate Subcommittee's recommendation not to transfer these funds to the State General Fund, the Senate Subcommittee does not recommend concurring with GBA No. 1, Item No. 14.



## Senate Subcommittee Report

**Agency:** Kansas Real Estate Appraisal Board

**Bill No.**

**Bill Sec.**

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 1-697

**Budget Page No.** 70

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 251,919	\$ 251,919	\$ 0
FTE Positions	2.0	2.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 operating expenditures of \$251,919 is an increase of \$28,940 (13.0 percent) from the approved budget. The estimate includes \$127,762 for salaries and wages, \$78,752 for contractual services, \$13,800 for commodities, and \$31,605 for capital outlay.

The **Governor's** recommendation for FY 2004 operating expenditures of \$251,919 is an increase of \$28,940 (13.0 percent) from the approved budget. The Governor recommends \$127,762 for salaries and wages, \$78,752 for contractual services, \$13,800 for commodities, and \$31,605 for capital outlay. The recommendation is consistent with the agency's FY 2004 estimate.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Kansas Real Estate Appraisal Board      **Bill No.** \_\_\_\_\_      **Bill Sec.** \_\_\_\_\_  
**Analyst:** Alishahi      **Analysis Pg. No.** Vol. 1-697      **Budget Page No.** 70

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
Special Revenue Funds	\$ 242,512	\$ 244,226	\$ (3,546)
FTE Positions	2.0	2.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>

\* The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The **agency's** request for FY 2005 operating expenditures of \$242,512 is consistent with the approved budget. The estimate includes \$131,007 for salaries and wages, \$63,422 for contractual services, \$16,700 for commodities, and \$31,383 for capital outlay.

The **Governor's** recommendation for FY 2005 operating expenditures of \$244,226 is an increase of \$1,714 (0.7 percent) from the approved budget. The recommendation includes \$134,553 for salaries and wages, \$62,861 for contractual services, \$15,553 for commodities, and \$31,259 for capital outlay. The Governor recommends a 3.0 percent base salary increase of \$3,546, a BEST reduction of \$1,832 contractual services, commodities and capital outlay, and a Fee Fund transfer of \$334,369 to the State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment**—Delete \$3,546 to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Fee Fund Transfers**—The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. The Subcommittee does not recommend these transfers take place. For this agency, a transfer of \$334,369 to the State General Fund would be

eliminated. The Subcommittee notes the Attorney General Opinion 2002-045 which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that they are concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative services performed by the State.

## Senate Subcommittee Report

**Agency:** Kansas Real Estate Commission      **Bill No.**      **Bill Sec.**

**Analyst:** Alishahi      **Analysis Pg. No.** Vol.1-697      **Budget Page No.** 70

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 764,665	\$ 764,665	\$ 0
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>13.0</b>	<b>13.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 operating expenditures of \$764,665 is an increase of \$47,531 (6.6 percent) from the approved budget. The estimate includes \$506,113 for salaries and wages, \$226,507 for contractual services, \$12,245 for commodities, and \$19,800 for capital outlay.

The **Governor's** recommendation for FY 2004 operating expenditures of \$764,665 is an increase of \$47,531 (6.6 percent) from the approved budget. The Governor recommends \$506,113 for salaries and wages, \$226,507 for contractual services, \$12,245 for commodities, and \$19,800 for capital outlay. The recommendation is consistent with the agency's FY 2004 estimate.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Kansas Real Estate Commission      **Bill No.**      **Bill Sec.**  
**Analyst:** Alishahi      **Analysis Pg. No.** Vol. 1-697      **Budget Page No.** 70

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
Special Revenue Funds	\$ 830,887	\$ 795,796	\$ (6,502)
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>13.0</b>	<b>13.0</b>	<b>0.0</b>

\* Includes a reduction of \$13,323 for deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The **agency's** request for FY 2005 operating expenditures of \$830,887 is an increase of \$39,657 (5.0 percent) from the approved amount. The request includes \$8,397 for the reclassification of 2.0 FTE positions, \$1,260 for fuel, and \$30,000 to purchase two new vehicles.

The **Governor's** recommendation for FY 2005 operating expenditures of \$795,796 is an increase of \$4,566 (0.6 percent) from the approved amount. The recommendation includes a 3.0 percent base salary increase of \$13,323, a BEST reduction of \$8,757 in contractual services, commodities, and capital outlay, and a Fee Fund transfer of \$508,438 to the State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment**—Delete \$13,323 to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Fee Fund Transfers**—The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. The Subcommittee does not recommend these transfers take place. For this agency, a transfer of \$508,438 to the State General Fund would be eliminated. The Subcommittee notes the Attorney General Opinion 2002-045

which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that they are concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative services performed by the State.

In addition, the Senate Subcommittee notes that for this particular agency, the Governor's recommendation of a fee fund transfer of \$508,438 to the State General Fund will have an adverse affect upon the agency. It was brought to the attention of the Senate Subcommittee that the agency is concerned that the proposed sizeable transfer to the State General Fund may subject the agency to litigation from its licensees. The Senate Subcommittee understands that if the proposed transfer is approved, the agency will likely need to request a fee increase. The agency's receipts fluctuate from year to year because more licensees are scheduled for renewal in even-numbered years rather than odd-numbered years. The Senate Subcommittee realizes that revenues are historically lower in odd-numbered years and that expenditures recommended by the Governor for FY 2005 far exceed projected revenues after the agency transfers the 20.0 percent required to the State General Fund to cover indirect costs. The Senate Subcommittee notes that absent the proposed fee fund transfer, the agency has no plans to seek a fee increase for FY 2005.

3. **BEST Reduction**—The Senate Subcommittee notes that the agency's BEST reduction of \$6,821 in capital outlay is higher than it should be. It was brought to the attention of the Senate Subcommittee that the agency expended \$145,000 in FY 2001 and FY 2002 to develop from the ground up a new licensing database, which resulted in a higher four year average in capital outlay expenditures which inflated the agency's BEST reduction. The Senate Subcommittee does not recommend the \$6,821 BEST reduction in capital outlay for this agency.
4. The Senate Subcommittee notes that the agency has experienced an increase in consumer and licensing inquiries and complaints, and as a result, is in the process of reorganizing its enforcement program. The Senate Subcommittee understands that, despite the reorganization, the agency has a six month backlog of complaint investigations. It was brought to the attention of the Senate Subcommittee that the backlog is mainly due to an increase in inquiries received from consumers and licensees. The agency's enforcement staff averages about 155 inquires and 62 complaints each month. The Senate Subcommittee also notes that a large number of audits are now due in eastern Kansas and that the agency is considering seeking reclassification of the vacant Administrative Specialist position to a Real Estate Specialist position to assist with audits in eastern Kansas.

5. The Senate Subcommittee notes that the 2003 Legislature approved a proviso authorizing the Real Estate Commission to expend no more than \$200 for hospitality in FY 2005. The Senate Subcommittee recommends that the proviso be continued in the future.
6. The Senate Subcommittee notes that each of the agency's three auditors put more than 24,000 miles a year on their assigned vehicles and that the agency currently has one high mileage vehicle that has over 60,000 miles on it. The Senate Subcommittee was made aware that because of the two year moratorium, the Governor's recommendation did not include the agency's enhancement request for additional funds to purchase a new vehicle. The Senate Subcommittee recommends that the agency be given an authorization and an additional \$15,000 from the Real Estate Fee Fund for FY 2005 for the purchase of a vehicle, as well as the costs involved for fuel and maintenance, to replace the high mileage vehicle that the agency currently uses.

The Senate Subcommittee also notes that the elimination of the Central Motor Pool places a large financial burden on small agencies, such as the Real Estate Commission, who are prohibited by state law from purchasing collision insurance for their vehicles. The Senate Subcommittee understands the agency's concern that should there be an accident, the agency would not have the funds to replace its vehicles. The Senate Subcommittee believes that this is a global issue that needs to be addressed by the Department of Administration. The Senate Subcommittee requests that the Chair of the Senate Ways and Means Committee send the Department of Administration a letter recommending the agency examine this issue and develop a handbook addressing the problem.

7. The Senate Subcommittee understands that the agency sought an additional \$4,100 to cover the cost of a \$0.94 per square foot surcharge recommended by the Governor to be levied against state agencies based on the square footage of property an agency leases in Shawnee County. The surcharge includes both publicly and privately owned rental space occupied by any state agency; and it will cover the maintenance costs for the State Capital Building, the Judicial Center, and Cedar Crest. It was brought to the attention of the Senate Subcommittee that the Governor's recommendation did not include the additional \$4,100 for FY 2005. The Senate Subcommittee feels that the Governor should have the opportunity to review this oversight. The Senate Subcommittee would encourage the Governor to consider a Governor's Budget Amendment to include funding for the \$4,100 surcharge. If the Governor chooses not to consider a Governor's Budget Amendment, the Senate Subcommittee recommends that this issue be revisited prior to omnibus and to decide if it should be included in the omnibus bill.
8. The Senate Subcommittee notes complaints from real estate companies that state auditors do not give advance notice of their arrival and show up unexpectedly, oftentimes catching many of them unprepared for audits or in the midst of other business. The Senate Subcommittee recommends that in the future, the agency provide real estate companies courtesy notices prior to onsite visits so that the real estate companies can be better prepared and as a result make more efficient use of the auditor's time.

## Senate Subcommittee Report

**Agency:** Office of the Securities Commissioner    **Bill No.** \_\_\_\_\_    **Bill Sec.** \_\_\_\_\_  
**Analyst:** Alishahi    **Analysis Pg. No.** Vol.1-697    **Budget Page No.** 70

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 2,215,776	\$ 2,215,776	\$ 0
FTE Positions	27.8	27.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u>27.8</u>	<u>27.8</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 operating expenditures of \$2,215,776 is an increase of \$146,500 (6.6 percent) from the approved budget. The estimate includes \$1,629,921 for salaries and wages, \$378,539 for contractual services, \$40,816 for commodities, and \$166,500 capital outlay.

The **Governor's** recommendation for FY 2004 operating expenditures of \$2,215,776 is an increase of \$146,500 (6.6 percent) from the approved budget. The recommendation includes \$1,629,921 for salaries and wages, \$378,539 for contractual services, \$40,816 for commodities, and \$166,500 capital outlay; and is consistent with the agency's FY 2004 estimate.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.



## Senate Subcommittee Report

**Agency:** Office of the Securities Commissioner    **Bill No.** \_\_\_\_\_    **Bill Sec.** \_\_\_\_\_

**Analyst:** Alishahi    **Analysis Pg. No.** Vol. 1-697    **Budget Page No.** 70

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
Special Revenue Funds	\$ 2,213,274	\$ 2,247,977	\$ (46,158)
FTE Positions	27.8	27.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>27.8</b>	<b>27.8</b>	<b>0.0</b>

\* The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The **agency's** request for FY 2005 operating expenditures of \$2,213,274 is a decrease of \$23,521 (1.1 percent) from the approved budget. The decrease is a result of salary and wages shrinkage savings from the recalculation of salaries and benefits for current staff. The estimate includes \$1,700,946 for salaries and wages, \$449,186 for contractual services, \$43,142 for commodities, and \$20,000 for capital outlay.

The **Governor's** recommendation for FY 2005 operating expenditures of \$2,247,977 is an increase of \$34,703 or (1.6 percent) from the approved budget. The recommendation includes \$1,747,104 for salaries and wages, \$443,570 for contractual services, \$40,045 for commodities, and \$17,258 for capital outlay. The Governor recommends a 3.0 percent base salary increase of \$46,158, and a BEST reduction of \$11,455 in contractual services, commodities, and capital outlay.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment**—Delete \$46,158 to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

## Senate Subcommittee Report

**Agency:** Office of the State Bank Commissioner **Bill No.**

**Bill Sec.**

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 1-697

**Budget Page No.** 70

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 5,934,294	\$ 6,757,729	\$ 0
FTE Positions	85.0	85.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<b>86.0</b>	<b>86.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 operating expenditures of \$5,934,294 is a decrease of \$26,514 (0.4 percent) from the approved budget. The estimate includes \$4,796,613 for salaries and wages, \$925,694 for contractual services, \$91,687 for commodities, \$75,300 for capital outlay, and \$45,000 in other assistance.

The **Governor's** recommendation for FY 2004 operating expenditures of \$6,757,729 is an increase of \$796,921 (13.4 percent) from the approved amount. The Governor recommends \$4,796,613 for salaries and wages, \$925,694 for contractual services, \$915,122 for commodities, \$75,300 for capital outlay, and \$45,000 for other assistance. The recommendation includes an increase of \$823,435 in KSIP funds, including \$177,752 in KSIP funds accelerated from FY 2005.

### Senate Subcommittee Recommendation

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

1. The Senate Subcommittee notes that the Governor's recommendation for FY 2004 includes authorization for \$934,487 in KSIP funds. It was brought to the attention of the Senate Subcommittee that the agency had originally estimated KSIP expenditures of \$111,052 for FY 2004 and \$177,752 for FY 2005; and that the Governor's recommendation accelerated the \$177,752 in KSIP funds from FY 2005 to FY 2004, and included an additional \$645,683 in KSIP funds for FY 2004 as well. The Senate Subcommittee expresses its concern over the Governor's decision to place all the agency's KSIP funds into the FY 2004 recommendation. The Senate Subcommittee believes that such actions devalue the intention of the Kansas Savings Incentive Program and that the agency has set up an excellent criteria for salary bonuses through its use of KSIP funds. Yet, the Senate

Subcommittee also appreciates the Governor's concern that the large balance in the KSIP account indicates that the agency has been over budgeted in the last few years. The Senate Subcommittee recommends the agency reduce the large balance in its KSIP account by funding expenditures for salary bonuses, professional development training, and technology equipment, and by reducing its fees. The Senate Subcommittee understands that the agency has set up a schedule of how it intends to expend the KSIP funds over the next several fiscal years (Attachment A).

The Senate Subcommittee also notes the agency's concern that the Governor's recommendation accelerated the \$177,752 in KSIP funds the agency originally included for FY 2005 to FY 2004 and did not include the authorization for any KSIP funds in FY 2005. It was brought to the attention of the Senate Subcommittee that the agency intends to follow the recommendation set forth by the Department of Budget that in FY 2005 that the agency readjust its expenditures for employee training and information technology equipment into KSIP funds and expend the previously budgeted dollars to fund the career paths of its Financial Examiners. The Senate Subcommittee appreciates the agency's concern that should it follow the Department of Budget's recommendation and not receive the KSIP authorization, it will be forced it to furlough some of its employees (Attachment B).

## Senate Subcommittee Report

**Agency:** Office of the State Bank Commissioner **Bill No.**

**Bill Sec.**

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 1-697

**Budget Page No.** 70

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05*	Senate Subcommittee Adjustments**
Operating Expenditures:			
Special Revenue Funds	\$ 6,547,288	\$ 6,281,279	\$ (131,769)
FTE Positions	87.0	86.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>87.0</b>	<b>86.0</b>	<b>0.0</b>

\* Includes Governor's Budget Amendment No. 1, Item 3.

\*\* The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The **agency's** request for FY 2005 operating expenditures of \$6,547,288 is an increase of \$285,781 (4.5 percent) from the approved budget. The request includes \$56,426 for an additional 1.0 FTE for an attorney position, \$202,655 to fund salary requirements for Financial Examiner positions, \$14,700 for out-of-state travel, \$12,000 for other contractual services; and the conversion of 1.0 FTE classified position to 1.0 FTE unclassified position.

The **Governor's** recommendation for FY 2005 operating expenditures of \$6,281,279 is an increase of \$19,772 (0.3 percent) from the approved budget. The recommendation includes \$56,426 for an additional 1.0 FTE for an attorney position and the conversion of 1.0 FTE classified position to 1.0 FTE unclassified position. The Governor recommends a 3.0 percent base salary increase of \$131,769, a BEST reduction of \$17,371 in contractual services, commodities, and capital outlay, the acceleration of \$177,752 in KSIP funds into FY 2004, and a Fee Fund transfer of \$2,704,718 to the State General Fund.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment**—Delete \$131,769 to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Fee Fund Transfers**—The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. This totals \$6.4 million for ten of the fee funded agencies. The Senate Subcommittee does not recommend these transfers take place. For this agency, a transfer of \$2,704,718 to the State General Fund would

be eliminated. The Senate Subcommittee noted the Attorney General Opinion 2002-045 which states: "If a successful challenge of any of these or other fund transfers were to be made, the State would likely have to repay the overages. To avoid ending up in this position, we would encourage the Legislature to study the issue of indirect costs and ensure that transfers of money from fee funded agencies into the general fund are not made arbitrarily, but rather bear a relationship to the actual costs borne by the State on behalf of those agencies and the constituencies they regulate or supervise." In addition the Subcommittee notes that they are concerned because it appears that the fee fund transfers were erratically calculated and not applied uniformly across the agencies. The Senate Subcommittee feels that if this agency should contribute a larger portion to the State General Fund, it should be made through the increase of the percent of receipts directed to the State General Fund for administrative services performed by the State.

The Senate Subcommittee also notes that the Governor's recommendation that the Bank Commissioner Fee Fund balance be reduced to \$200,000 and that the remaining funds totaling \$2,704,718 be transferred to the State General Fund will have an adverse effect upon the agency's the Division of Banking and the Division of Consumer and Mortgage Lending. The Senate Subcommittee understands that the two Divisions maintain separate accounting and reporting systems, and that the \$200,000 limit set for the Bank Commissioner Fee Fund would be divided, with the Division of Banking receiving a balance of \$72,000 or 36.0 percent of the \$200,000, and the Division of Consumer Mortgage and Lending receiving the remaining balance of \$128,000 or 64.0 percent for FY 2006. The Senate Subcommittee notes the impact the \$200,000 balance would have on each Division:

- a. The Division of Banking estimates that it will generate \$2,104,097 or 47.23 percent of its total revenue for FY 2006 in July 2005, and another \$2,241,311 or 50.31 percent of its total revenue in January 2006, and without an opening balance, the Division will end the fiscal year with a negative balance of \$195,500. The Senate Subcommittee notes that with an opening balance of \$72,000, the Division of Banking will experience a negative balance of \$298,087 in December 2005 and another negative balance of \$123,500 at the end of the fiscal year in June 2006 (Attachment C).
- b. The Division of Consumer and Mortgage Lending estimates that it will generate its revenue fairly consistent throughout FY 2006, and without an opening balance, the Division will end the fiscal year with a positive balance of \$83,260. The Senate Subcommittee notes that with an opening balance of \$128,000, the Division will still end FY 2006 with a positive balance of \$211,260, yet for six months out of the fiscal year, the Division will experience a negative ending balance (Attachment D).

The Senate Subcommittee appreciates the agency's concern that should the two Divisions be required to split the \$200,000 ending balance limitation set forth by the Governor, the Bank Commissioner Fee Fund would be essentially disabled from conducting business following the cash sweep in the beginning of FY 2006. The Senate Subcommittee notes the agency's request that the ending balance of the Fee Fund be adjusted, and that the Legislature establish a Division of Banking balance within the fund at each June 30<sup>th</sup> of no less than \$700,000, and a Division of Consumer Mortgage and Lending balance within the fund at each June 30<sup>th</sup> of no less than \$300,000. The Senate Subcommittee realizes that the

agency's proposed ending balance limitations for each Division would assure that they do not experience a negative ending balance at all throughout FY 2006. (Attachment C, D, and E).

3. The Governor submitted GBA No. 1, Item No. 14 as a technical correction to the calculations of the recommended fee funds transfers for a portion of the fee funded agencies. Because of the Senate Subcommittee's recommendation not to transfer these funds to the State General Fund, the Senate Subcommittee does not recommend concurring with GBA No. 1, Item No. 14.
4. The Governor submitted GBA No. 1, Item No. 3 as a technical correction to the agency's FTE limitation for FY 2005, adjusting it from 87.0 to 86.0 FTE positions. The Senate Subcommittee recommends concurring with GBA No. 1, Item No. 3.
5. The Senate Subcommittee notes that the agency's concern that the Governor's recommendation does not include the authorization for \$177,752 in KSIP funds originally included in the agency's request. It was brought to the attention of the Senate Subcommittee that the agency intends to follow the recommendation set forth by the Department of Budget that in FY 2005 that the agency readjust its expenditures for employee training and information technology equipment into KSIP funds and expend the previously budgeted dollars to fund the career paths of its Financial Examiners. The Senate Subcommittee appreciates the agency's concern that should it follow the Department of Budget's recommendation and not receive the KSIP authorization, it will be forced it to furlough some of its employees (Attachment B).
6. The Senate Subcommittee notes the agency's concern over the possibility that within the next year one of its largest banks will be sold. It was brought to the attention of the Senate Subcommittee that this particular bank makes up approximately 13.0 percent of the Division of Banking's annual cash flow of \$4.5 million. The Senate Subcommittee understands that there are no state institutions that can afford to buy the multi-billion dollar bank and should a national institution purchase the bank, it will result in a significant loss of fees to the Division of Banking, a potential increase for the agency's fees in the future.
7. The Senate Subcommittee understands that entities under the supervision of the Consumer and Mortgage Lending Division, including mortgage lenders, finance companies, and payday lenders, have continued to increase in overall number. It was brought to the attention of the Senate Subcommittee that considerable progress has been made in conducting examinations and addressing consumer issues in this area resulting in substantial savings for consumers, however current staffing levels have allowed for examination of only approximately 40 percent of all supervised entities. The Senate Subcommittee notes that additional FTE's will be necessary to fully implement the necessary examination and supervision activities of all licensed entities to ensure Kansas consumers are adequately protected. The Senate Subcommittee was made aware that the agency anticipates requesting additional FTE's for the CML examination area in the next fiscal year.

Attachment 1

## Office of the State Bank Commissioner

## Kansas Savings Incentive Program (KSIP Authorizations)

Shift Training costs to KSIP for Salary & Wage needs of Financial Examiner Career Path:

FY 2005	202,600
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Technology Infrastructure:

Information Technology Examination Program – emerging initiative that will require hardware, software, communications technology purchases, consulting and training expenses. OSBC anticipates program start up in FY04, heaviest expenditures during first 36 months.

FY 2004	17,500
FY 2005	12,000
FY 2006	12,000

Internet Based Electronic processing for licensing and registration functions of the Consumer & Mortgage Lending Program. Anticipate the purchase of Sequel Server application with modification, consulting, training and support requirements.

FY 2004	-0-
FY 2005	70,000

Capital Outlay:

Implementation of Agency Owned fleet of vehicles; purchase and replacement program possible as alternative to dissolution of Division of Motor Pool.

FY 2006	80,000
FY 2007	80,000

Operational;

Strategic planning requirements including professional consulting services, retreat facilities for plan update activities on a state-wide basis.

FY 2004	22,500
FY 2005	15,000
FY 2006	15,000

Professional Consulting services for an agency-wide assessment of utilization and deployment of human and fiscal resources.

FY 2006	The cost of this initiative is unknown, however, we feel that it would likely be expensive
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Salary Bonuses as authorized by statute but subject to expiration of Governor's Directive on 06-30-2004.

Upon expiration of Governor's Moratorium



Attachment B



OFFICE OF THE STATE BANK COMMISSIONER  
CLARENCE W. NORRIS, Bank Commissioner

KATHLEEN SEBELIUS, GOVERNOR

January 20, 2004

Duane Goossen, Director  
Division of the Budget  
Capitol, First Floor  
Topeka, Kansas 66612

Dear Director Goossen:

Thank you for taking the time to visit with me and the senior staff of our agency about our budget for Fiscal Year 2005. I think your visit to our office was the first our agency has had from a budget director, and I want you to know how much it was appreciated.

Our sincere thanks go to Governor Sebelius and you for the inclusion of the additional attorney position within our budget. This is a much needed addition and will serve our agency and Kansas consumers well.

While I am disappointed funding was not provided to allow our examiners to temporarily advance in their career path, as you suggest, our agency will attempt to readjust some of our expenditures for training and information technology into KSIP funds and expend those previously budgeted dollars to fund the examiner career paths.

It is my intention, at this point in time, not to ask the legislature to grant additional spending authority. Instead, in light of the state's financial picture, we will delay some training and IT items we had planned to pursue. As you recommend, I certainly want to meet with you and your staff after the legislature adjourns, prior to our submission of our next budget, to ensure we all have a clear understanding of this agency's examiner career path and how it works. As you suggest, the inclusion of these dollars in our regular biennial budget would appear appropriate. We look forward to future meetings with you, during which we will have the opportunity to clearly explain to you the duties our examiners perform at the various financial examiner job levels, why it is important to promote them at the appropriate time, and correspondingly, why it is necessary to regularly include these dollars as part of our biennial budgets.

I recognize the difficult position both Governor Sebelius and you are in as you endeavor to put forth a budget in these tough economic times. I also understand you are looking to every source of revenue to aid the general fund. While I disagree that the cash reserves this agency has accumulated as an operating safety net should be swept to the general fund, I can certainly understand why this fund, and others like it, would be identified as targets for additional monies.

Duane, again, thank you for taking your time to visit our office and discuss our upcoming budget. If I have misunderstood you or misinterpreted our recent discussions, please let me know. I look forward to a good working relationship with you and your staff during my tenure as Commissioner.

Very Sincerely,

Clarence W. Norris  
Bank Commissioner

CWN:lb

BANKING DIVISION	Office of the State Bank Commissioner			Cash Flow Analysis for Fiscal Year 2006 - PROFORMA									Fiscal Year 2006 Totals
	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	
<b>Receipt Estimates</b>													
Assessment & Fee Increases	47.23%	0.50%	0.08%	0.65%	0.03%	0.70%	50.31%	0.12%	0.10%	0.16%	0.07%	0.05%	100.00%
Revenue Estimates	2,104,097	22,275	3,564	28,958	1,337	31,185	2,241,311	5,346	4,455	7,128	3,119	2,228	4,455,000
Interagency Reimbursement	-	-	-	-	-	-	-	-	-	-	-	375,000	375,000
<b>Total Revenues</b>	<b>2,104,097</b>	<b>22,275</b>	<b>3,564</b>	<b>28,958</b>	<b>1,337</b>	<b>31,185</b>	<b>2,241,311</b>	<b>5,346</b>	<b>4,455</b>	<b>7,128</b>	<b>3,119</b>	<b>377,228</b>	<b>4,830,000</b>
<b>Expenditure Requirements</b>													
Administrative Expenses	12.73%	6.86%	7.18%	6.63%	6.30%	7.64%	5.64%	6.48%	4.73%	7.41%	8.71%	19.69%	100.00%
State General Fund Contribution	105,277	56,732	59,379	54,830	52,101	63,183	46,643	53,590	39,117	61,281	72,032	162,836	827,000
Payroll Requirements	338,000	338,000	338,000	338,000	338,000	338,000	338,000	338,000	338,000	338,000	338,000	338,500	4,056,500
<b>Total Disbursements</b>	<b>585,277</b>	<b>394,732</b>	<b>397,379</b>	<b>392,830</b>	<b>390,101</b>	<b>401,183</b>	<b>384,643</b>	<b>391,590</b>	<b>377,117</b>	<b>399,281</b>	<b>410,032</b>	<b>501,336</b>	<b>5,025,500</b>
<b>Net Cash Receipts over Disbursements</b>	<b>1,518,819</b>	<b>(372,457)</b>	<b>(393,815)</b>	<b>(363,873)</b>	<b>(388,765)</b>	<b>(369,998)</b>	<b>1,856,668</b>	<b>(386,244)</b>	<b>(372,662)</b>	<b>(392,153)</b>	<b>(406,913)</b>	<b>(124,109)</b>	<b>(195,500)</b>
<b>SUMMARY - BANKING</b>													
Receipts	2,104,097	22,275	3,564	28,958	1,337	31,185	2,241,311	5,346	4,455	7,128	3,119	377,228	4,830,000
Disbursements	(585,277)	(394,732)	(397,379)	(392,830)	(390,101)	(401,183)	(384,643)	(391,590)	(377,117)	(399,281)	(410,032)	(501,336)	(5,025,500)
<b>Net Cash Receipts over Disbursements</b>	<b>1,518,819</b>	<b>(372,457)</b>	<b>(393,815)</b>	<b>(363,873)</b>	<b>(388,765)</b>	<b>(369,998)</b>	<b>1,856,668</b>	<b>(386,244)</b>	<b>(372,662)</b>	<b>(392,153)</b>	<b>(406,913)</b>	<b>(124,109)</b>	<b>(195,500)</b>
<b>Anticipated Impact of Budget Recommendation</b>													
Opening Balance (36% of 200M)	72,000	1,590,819	1,218,362	824,548	460,675	71,911	(298,087)	1,558,580	1,172,337	799,675	407,522	609	
Ending Balance	1,590,819	1,218,362	824,548	460,675	71,911	(298,087)	1,558,580	1,172,337	799,675	407,522	609	(123,500)	
<b>Proposal A</b>													
Opening Balance	500,000	2,018,819	1,646,362	1,252,548	888,675	499,911	129,913	1,986,580	1,600,337	1,227,675	835,522	428,609	
Ending Balance	2,018,819	1,646,362	1,252,548	888,675	499,911	129,913	1,986,580	1,600,337	1,227,675	835,522	428,609	304,500	
<b>Proposal B</b>													
Opening Balance	700,000	2,218,819	1,846,362	1,452,548	1,088,675	699,911	329,913	2,186,580	1,800,337	1,427,675	1,035,522	628,609	
Ending Balance	2,218,819	1,846,362	1,452,548	1,088,675	699,911	329,913	2,186,580	1,800,337	1,427,675	1,035,522	628,609	504,500	

Attachment C

CML DIVISION	Office of the State Bank Commissioner			Cash Flow Analysis for Fiscal Year 2006 - PROFORMA										Fiscal Year 2006 Totals
	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06		
<b>Receipt Estimates</b>														
Revenue Estimates	1.97%	3.03%	5.53%	6.04%	10.14%	8.38%	3.40%	2.34%	7.24%	23.72%	25.36%	2.85%	100.00%	
	35,529	54,646	99,734	108,931	182,875	151,133	61,319	42,202	130,573	427,790	457,368	51,400	1,803,500	
<b>Expenditure Requirements</b>														
Administrative Expenses	5.17%	4.17%	4.70%	30.17%	6.10%	6.06%	5.88%	5.61%	4.97%	6.54%	7.06%	13.57%	100.00%	
Interagency Reimbursement	15,339	12,372	13,945	89,514	18,099	17,980	17,446	16,645	14,746	19,404	20,947	40,262	296,700	
State General Fund Contribution	-	-	-	-	-	-	-	-	-	-	-	375,000	375,000	
Payroll Requirements	58,000	-	-	-	-	-	-	-	-	-	-	-	58,000	
	82,545	82,545	82,545	82,545	82,545	82,545	82,545	82,545	82,545	82,545	82,545	82,545	990,540	
	155,884	94,917	96,490	172,059	100,644	100,525	99,991	99,190	97,291	101,949	103,492	497,807	1,720,240	
<b>Net Cash Receipts over Disbursements</b>	<b>(120,355)</b>	<b>(40,271)</b>	<b>3,244</b>	<b>(63,128)</b>	<b>82,231</b>	<b>50,608</b>	<b>(38,672)</b>	<b>(56,988)</b>	<b>33,282</b>	<b>325,841</b>	<b>353,876</b>	<b>(446,407)</b>	<b>83,260</b>	
<b>Summary - Consumer &amp; Mortgage Lending</b>														
Receipts	35,529	54,646	99,734	108,931	182,875	151,133	61,319	42,202	130,573	427,790	457,368	51,400	1,803,500	
Disbursements	(155,884)	(94,917)	(96,490)	(172,059)	(100,644)	(100,525)	(99,991)	(99,190)	(97,291)	(101,949)	(103,492)	(497,807)	(1,720,240)	
<b>Net Cash Receipts over Disbursements</b>	<b>(120,355)</b>	<b>(40,271)</b>	<b>3,244</b>	<b>(63,128)</b>	<b>82,231</b>	<b>50,608</b>	<b>(38,672)</b>	<b>(56,988)</b>	<b>33,282</b>	<b>325,841</b>	<b>353,876</b>	<b>(446,407)</b>	<b>83,260</b>	
<b>Anticipated Impact of Budget Recommendation</b>														
Opening Balance (64% of 200M)	128,000	7,645	(32,627)	(29,383)	(92,511)	(10,280)	40,328	1,656	(55,332)	(22,049)	303,792	657,667		
Ending Balance	7,645	(32,627)	(29,383)	(92,511)	(10,280)	40,328	1,656	(55,332)	(22,049)	303,792	657,667	211,260		
<b>Proposal A</b>														
Opening Balance	200,000	79,645	39,373	42,617	(20,511)	61,720	112,328	73,656	16,668	49,951	375,792	729,667		
Ending Balance	79,645	39,373	42,617	(20,511)	61,720	112,328	73,656	16,668	49,951	375,792	729,667	283,260		
<b>Proposal B</b>														
Opening Balance	300,000	179,645	139,373	142,617	79,489	161,720	212,328	173,656	116,668	149,951	475,792	829,667		
Ending Balance	179,645	139,373	142,617	79,489	161,720	212,328	173,656	116,668	149,951	475,792	829,667	383,260		

Office of the State Bank Commissioner

Bank Commissioner Fee Fund Analysis - #2811

The OSBC would offer the following comments and analysis regarding the proposal to sweep the Bank Commissioner Fee Fund annually to \$200,000 commencing on June 30, 2005.

The OSBC has attached cash flow analysis for the Bank Commissioner Fee fund that reflects the implications of this proposal; we respectfully ask that the Governor and the Legislature adjust the ending balance for the OSBC from the \$200,000 recommended, and further:

Establish a Division of Consumer & Mortgage Lending balance for each June 30<sup>th</sup> of not less than \$300,000; and,

Establish a Division of Banking balance within the fund at each June 30<sup>th</sup> of not less than \$700,000.

The Office of the State Bank Commissioner maintains separate accounting and reporting systems for the two Divisions, Banking and Consumer & Mortgage Lending. This segregation of accounting requires that each Division maintain a cash balance to their individual credit, to which all receipts and disbursements are recorded. We therefore, need to establish minimum cash balances that are identifiable to the unique Divisions. The analysis the OSBC has attached utilizes FY2005 Enhancement Expenditure Levels and Revenue Receipts as the data source for projecting cash flows during the FY 2006. On the first business day following this cash balance sweep, July 1, 2005, the Bank Commissioner Fee Fund (2811) would essentially be disabled from conducting business due to the \$200,000 balance limitation.

Encumbrances for Real Estate Leases, prior Fiscal Year Expenses and bi-weekly payroll for the OSBC exceed \$425,000 each July 1. The Department of Administration will not issue warrants for paychecks, lease payments, or administrative expenses unless there are sufficient cash balances in excess of total agency encumbrances. Effectively, the \$200,000 balance cap, if enacted, would disable the OSBC from conducting business. The amount proposed is not a realistic amount based on the cash flow requirements of the OSBC.

The OSBC cannot operate in a situation where zero cash is available to meet normal operation costs. Functionally this isn't allowed by the Department of Administration; it is just a function of how State Government works. We respectfully request assistance in modifying this proposal so that the OSBC may conduct business within the parameters of normal operation, as operating with a negative cash balance is not feasible.

2/9/04

## GLOBAL COMMENT

The budgets of all the Governing Boards contain no SGF. All revenues are fees, or dues, charges to these clients who are served by the agencies. Therefore, the Governor's conversion of projected BEST reductions to the State General Fund is an inappropriate usurpation of the fee funds which are charged for services. If savings are achieved through efficiencies, the fee fund accounts should retain these amounts to offset future cost increases and to delay fee increases for consumers.

Senate Ways and Means  
2-18-04  
Attachment 2

## FY 2005 Fee Fund Transfers

The Governor recommended that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. The following table includes the recommended transfers from each agency.

### FY 2005 Fee Fund Transfers

Agency	FY 2005 Fee Fund Transfers
Bank Commissioner, State	2,704,718
Credit Unions, State Dept. of	166,705
Real Estate Appraisal Board	334,369
Real Estate Commission	508,438
Board of Accountancy	160,977
Kansas Dental Board	354,960
Nursing, Board of	379,751
Board of Optometry	16,684
Board of Pharmacy	1,178,600
Technical Professions, Board of	617,646
TOTAL	6,422,848



# KANSAS

JANET SCHALANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

## SOCIAL AND REHABILITATION SERVICES

February 18, 2004

Honorable Stephen Morris, Chair  
Senate Ways and Means Committee  
Statehouse 123-S  
Topeka, KS 66612

Re: SB 320 - Grandparents as Foster Parents

Dear Senator Morris:

Per our discussion earlier this week, attached find amendments to SB 320 - Grandparents as Foster Parents. Proposed amendments include language to require legal or state custody, establish eligibility at 130% federal poverty level, provide for a capped appropriation, and program implementation in the last quarter of FY 05. Due to the complexity of issues in this bill, we request language be added that allows SRS to develop rules and regulations to further clarify eligibility and program requirements. In anticipation of your approval of this request, the attached amendment incorporates this language.

As discussed, it is difficult to anticipate the number of grandparents who will participate in this program. The following table reflects a low estimate, based on the cost of including current TAF participants to the program, and a high estimate, based on our estimate of the number of possible participants at 130% of poverty level, with legal custody of their grand child.

	FY 05 Children	FY 05 Apr-Jun	FY 05	FY 06	FY 07
Cost to Include Current Participants in TAF Program	935	\$886,380	\$3,545,520	\$3,790,800	\$4,052,088
Cost for New Participants: With Legal Custody at 130% FPL	1154*	\$1,924,872	\$7,629,888	\$8,016,516	\$8,419,224
System Costs		\$89,100	\$89,100		
Estimated Total <b>SGF</b> - both Populations	2089	\$2,900,352	\$11,264,508	\$11,807,322	\$12,471,319

\* Represents 80% of estimated grandparents who are at 130% of FPL and who have legal custody of their grand child.

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*Senate Ways and Means  
2-18-04  
Attachment 4*

to Sen. Morris  
February 18, 2004  
Page 2

Thank you for the opportunity to provide input on SB 320. Please let me know if I can be of further assistance.

Sincerely,



Janet Schalansky  
Secretary

cc: Jennifer Crow  
Jeremy Anderson  
Julie Thomas



2 **SENATE BILL No. 320**

3  
4  
5 By Senator Vratil

6  
7 1-20

8  
9 AN ACT concerning the department of social and rehabilitation services;  
10 enacting the grandparents as foster parents act; prescribing powers,  
11 duties and functions for the secretary of social and rehabilitation services;  
12 prescribing certain guidelines and other criteria therefor.

13  
14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. (a) The provisions of sections 1 through 5, and amendments  
16 thereto, shall be known and may be cited as the grandparents as  
17 foster parents act.

18 (b) In accordance with the provisions of the grandparents as foster  
19 parents act and subject to the provisions of appropriation acts, the secretary  
20 of social and rehabilitation services shall establish a grandparents  
21 as foster parents program within the department of social and rehabilitation  
22 services. The grandparents as foster parents program shall be established  
23 and shall be administered in a manner that recognizes that:

- 24 (1) Raising a grandchild differs from when the grandparents raised  
25 their own children;
- 26 (2) caring for a grandchild often places additional financial, social and  
27 psychological strain on grandparents with fixed incomes;
- 28 (3) different parenting skills are necessary when raising a grandchild  
29 and many grandparents do not possess such skills, are not aware of how  
30 to obtain such skills and cannot afford access to the services necessary to  
31 obtain such skills;
- 32 (4) grandparents, like nonrelative foster parents, need a support  
33 structure, including counseling for the grandchild and caretaker, respite  
34 care and transportation assistance, and child care;
- 35 (5) the level of care provided by grandparents does not differ from  
36 nonrelative foster care, but reimbursement for such care is substantially  
37 less for grandparents; and
- 38 (6) grandparents are often unaware of medical and other assistance,  
39 including cash assistance, which they may be eligible to receive to support  
40 the grandchildren placed in their care.

41 Sec. 2. (a) A grandparent shall be eligible to participate in the grandparents Pursuant to meeting financial eligibility as  
42 as foster parents program if such grandparent: developed by the secretary, a

- 43 (1) Is 50 years of age or older;

(2) ~~has actual custody of a grandchild whether or not the grandparent is the legal guardian of the grandchild;~~ has the grandchild placed in such grandparent's custody by the state, ~~or~~ has other legal custody of the grandchild;

Add "," after "state"  
or is the legal guardian of the grandchild  
130

(3) has an annual household income of less than ~~200%~~ of the federal poverty level; and

(4) participates in the training available through the grandparents as foster parents program pursuant to section 4, and amendments thereto.

(b) The secretary of social and rehabilitation services shall annually review the eligibility of grandparents participating in the program.

Sec. 3. If there are no grandparents of a child who are willing to participate in the grandparents as foster parents program, the secretary of social and rehabilitation services may include in the program any other close relative who becomes the legal guardian of the child or obtains legal custody of the child, as granted by a court of competent jurisdiction or through placement by the secretary of social and rehabilitation services, if such relative also meets the eligibility requirements of subsection (a)(1), (a)(3) and (a)(4) of section 2, and amendments thereto.

Sec. 4. ~~Subject to the provisions of appropriation acts,~~ the secretary of social and rehabilitation services:

By the last quarter of SFY 2005 and subject

(a) Shall provide for reimbursement through the grandparents as foster parents program to eligible grandparents of not less than 75% of the current foster care payment service provider schedule otherwise applicable for the care of the grandchild, as determined by the secretary of social and rehabilitation services and shall continue the reimbursement through the grandparents as foster parents program to eligible grandparents until the child reaches the age of 18 or the age of 21, if such child is in full-time attendance at a secondary school, technical school or college or is in a state accredited job training program. Annually, the grandparents shall submit to the secretary of social and rehabilitation services a sworn statement that the child is still living with and receiving support from the grandparents. The parent of any child receiving assistance through the grandparents as foster parents program shall remain liable for the support of the child as required by the general statutes;

(b) shall establish program requirements for the grandparents as foster parents program, including, but not limited to, participation in foster parent training; parenting skills training, childhood immunizations and other health screenings;

(c) ~~shall provide continuing counseling for the child and grandparent~~ under the grandparents as foster parents program;

may

(d) may provide support services, including, but not limited to, respite care, child care and transportation assistance, except that eligibility for child care services pursuant to the grandparents as foster parents

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program shall be based on the same eligibility criteria used for other child care benefits provided by the department of social and rehabilitation services;

(e) shall provide a medical card and other medical assistance to each child under the grandparents as foster parents program;

(f) may provide ancillary services, including, but not limited to, clothing allowances, but not direct financial payments to the participants in the grandparents as foster parents program after such participants complete the training required pursuant to subsection (b); and

(g) shall establish criteria for the reduction in cash benefits received by any grandparent providing care for three or more grandchildren pursuant to the grandparents as foster parents program.

Sec. 5. The provisions of the grandparents as foster parents act shall not be construed to create an entitlement for participants in the grandparents as foster parents program.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.

New Sec. \_\_. Secretary may adopt regulations to implement provisos of this act.

and under no circumstances shall the program exceed the amount appropriated each year