

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:45 a.m. on March 12, 2004, in Room 123-S of the Capitol.

All members were present except:

Senator David Adkins- excused
Senator Nick Jordan- excused

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Leah Robinson, 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
Susan Kannarr, Kansas Legislative Research Department
Amy Vanhouse, 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 budget reports on:

Kansas Commission on Veterans' Affairs (Attachment 1)

Subcommittee Chairman Jackson reported that the subcommittee on the Kansas Commission on Veterans' Affairs concurs with the Governor's recommendation in FY 2004 with adjustment and concurs with the Governor's FY 2005 recommendations with adjustments.

Chairman Morris welcomed Senator Lana Oleen to the committee. Senator Oleen explained that Ft. Riley has 50 burial sites. They have closed roads and turned them into grave sites in order to be able to inter people. Currently they have two to three burials per week and only fifty spots. Senator Oleen noted that the message they send is very important and she appreciated the subcommittee's deliberation on it. She is concerned that it not appear that any money is withholding of any of the dollars that have been committed that are included the Governor's budget relative to how that looks to the federal government at this time.

Senator Helgerson moved, with a second by Senator Jackson, to amend the subcommittee report on the Kansas Commission on Veterans' Affairs to remove any language referring to the deletion of \$200,000 and the full committee will review this at Omnibus. Motion carried on a voice vote.

Senator Jackson moved, with a second by Senator Helgerson, to adopt the subcommittee budget report on the Kansas Commission on Veterans' Affairs in FY 2004 and FY 2005 as amended. Motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:45 a.m. on March 12, 2004, in Room 123-S of the Capitol.

Kansas Department of Administration (Attachment 2)

Senator Christine Downey reported that the subcommittee on the Kansas Department of Administration concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with observations.

Senator Downey moved, with a second by Senator Jackson, to amend the subcommittee budget report on the Kansas Department of Administration to propose an interim study regarding Item No. 3, FY 2005, concerning insurance being taken out of the Educational Building Fund. Motion carried on a voice vote.

Senator Kerr moved, with a second by Senator Barone, to amend the subcommittee budget report on the Kansas Department of Administration to add language directing the publication of a paper copy of the State Telephone book, but that fees may be charged for them. Motion carried on a voice vote.

Senator Salmans moved, with a second by Senator Downey, to amend the subcommittee budget report on the Kansas Department of Administration to allow a hard copy of their health care screening results, if desired. Motion carried on a voice vote.

Senator Downey moved, with a second by Senator Salmans, to adopt the subcommittee budget report on the Kansas Department of Administration in FY 2004 and FY 2005 as amended. Motion carried on a voice vote.

Kansas Human Rights Commission (Attachment 3)

Subcommittee Chairman Salmans reported that the subcommittee on the Kansas Human Rights Commission concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Senator Salmans moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Kansas Human Rights Commission in FY 2004 and FY 2005. Motion carried on a voice vote.

Kansas Department of Human Resources (Attachment 4)

Subcommittee Chairman Buntin reported that the subcommittee on the Kansas Department of Human Resources concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments.

Senator Buntin moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Kansas Department of Wildlife and Parks in FY 2004 and FY 2005. Motion carried on a voice vote.

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

SB 459--Unified aging budget for state agencies

Senator Downey mentioned that it may be a good idea to look at doing the same thing with the Homeland Security funds that are coming into the state as is proposed in **SB 459** and what is done with children's fund tracking.

Senator Schodorf moved, with a second by Senator Barone, to recommend **SB 459** favorable for passage. Motion carried on a roll call vote.

The meeting adjourned at 11:30 a.m. The next meeting is scheduled for March 15, 2004.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

DATE March 12, 2004

NAME	REPRESENTING
Bruce Limber	Connections Unlimited
Kathleen Helt	Ks Public Broadcasting
Mark McCain	KPBC
Lloyd Mintzmyer	SHPTV for Kansas Public Broadcasting
Marilyn Jacobs	DOA
Pat Higgins	DOA
Gavin Young	DFA
Brandon Myers	KHRC
William V. Minner	KS Human Rights Commission
Robert Hollar	KHRC
K. R. Pae	KCUA
George Webb	KCUA
Craig Haberlin	KS AREA AGENCIES ON AGING ASSN.
Wayne Ballig	KCUA
Ken Baker	KPBC
Eugene W. Miane	KPBC
Paul Schenker	KDAR
Bill Schaper	KDAR
Aaron Dunkel	BUDGET
Paul Thomas	DOT
Kimbra Caywood	Kearney & Assoc.
K. B. Stiff	HEIN Law Firm

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

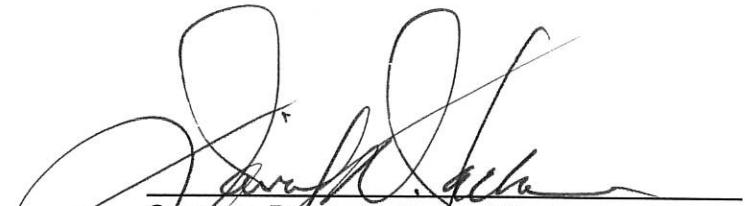
DATE March 12, 2004

NAME	REPRESENTING
Lang Wash	KS Dept. on Aging

SENATE WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES

Kansas Commission on Veterans' Affairs

FY 2004 and FY 2005



Senator Dave Jackson, Chair



Senator Henry Helgeson

House Budget Committee Report

Agency: Commission on Veterans' Affairs **Bill No. --**

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 2 - 1124

Budget Page No. 437

Expenditure Summary	Agency Estimate FY 04	Gov. Rec. FY 04*	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 6,185,364	\$ 6,101,577	\$ 0
All Other Funds	9,514,405	8,532,690	0
Subtotal - Operating	\$ 15,699,769	\$ 14,634,267	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
All Other Funds	8,853,552	9,419,780	0
Subtotal - Capital Improvements	\$ 8,853,552	\$ 9,419,780	\$ 0
TOTAL	\$ 24,553,321	\$ 24,054,047	\$ 0
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	561.8	561.8	0.0

*Includes Governor's Budget Amendment No. 2

Agency Estimate/Governor's Recommendation

The Kansas Commission on Veterans' Affairs estimates \$15,699,769 for FY 2004 operating expenditures, which is an increase of \$1,723,378 or 12.3 percent from the amount approved by the 2003 Legislature. The estimate includes \$6,185,364 from the State General Fund, which is an increase of \$750,254 or 13.8 percent from the approved amount. The estimate also includes \$9,514,405 from all other funds, which is an increase of \$973,124 or 11.4 percent from the approved amount. Increases include supplemental requests for preparation and mailing of the "Governor's Letter" to returning military members, shrinkage, and information technology upgrades. The estimate also includes funding to increase the census at the Kansas Veterans' Home due to the opening of the third wing of Donlon Hall and the first floor of Triplett Hall.

The Governor recommends \$14,648,860 for FY 2004 operating expenditures, which is an increase of \$672,469 or 4.8 percent from the amount approved by the 2003 Legislature. The recommendation includes \$5,435,455 from the State General Fund, which is an increase of \$345 from the approved amount. The recommendation also includes \$9,213,405 from all other funds, which is an increase of \$672,124 or 7.9 percent from the approved amount. The recommendation includes partial funding from the agency's estimate for the census expansion at the Kansas Veterans' Home.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustment.

1. The Budget Committee concurs with Governor's Budget Amendment (GBA) No. 2, which provides supplemental funding for the Kansas Veterans' Home and the Kansas Soldiers' Home. The Division of the Budget reported that they had conducted a series of meetings with the agency and had determined that both Homes had insufficient resources to fund operations for the remainder of the fiscal year. Monthly meetings will also be conducted with the agency by the Division of the Budget, with input requested from the Legislative Research Department and interested Legislators, to track the funding status of the two Homes.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Commission on Veterans' Affairs **Bill No. --**

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 2 - 1124

Budget Page No. 437

Expenditure Summary	Agency Estimate FY 04	Gov. Rec. FY 04*	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 6,185,364	\$ 6,101,760	\$ 0
All Other Funds	9,514,405	8,532,690	0
Subtotal - Operating	\$ 15,699,769	\$ 14,634,267	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
All Other Funds	8853552	9419780	0
Subtotal - Capital Improvements	\$ 8,853,552	\$ 9,419,780	\$ 0
TOTAL	\$ 24,553,321	\$ 24,054,047	\$ 0
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	561.8	561.8	0.0

* Includes Governor's Budget Amendment No. 2

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The Governor recommends \$14,648,860 for FY 2004 operating expenditures, which is an increase of \$672,469 or 4.8 percent from the amount approved by the 2003 Legislature. The recommendation includes \$5,435,455 from the State General Fund, which is an increase of \$345 from the approved amount. The recommendation also includes \$9,213,405 from all other funds, which is an increase of \$672,124 or 7.9 percent from the approved amount. The recommendation

includes partial funding from the agency's estimate for the census expansion at the Kansas Veterans' Home.

Senate Subcommittee Recommendation

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

1. The Subcommittee concurs with Governor's Budget Amendment (GBA) No. 2, item 1, which provides supplemental funding for the Kansas Veterans' Home and the Kansas Soldiers' Home. The Division of the Budget reported that they had conducted a series of meetings with the agency and had determined that both Homes had insufficient resources to fund operations for the remainder of the fiscal year. Monthly meetings will also be conducted with the agency by the Division of the Budget, with input requested from the Legislative Research Department and interested Legislators, to track the funding status of the two Homes.

House Budget Committee Report

Agency: Commission on Veterans' Affairs **Bill No.** HB 2900

Bill Sec. 28

Analyst: VanHouse

Analysis Pg. No. Vol. 2 - 1124

Budget Page No. 437

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05*	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 6,295,679	\$ 5,733,245	\$ 0
All Other Funds	11,713,981	10,307,778	0
Subtotal - Operating	\$ 18,009,660	\$ 16,041,023	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
All Other Funds	3,128,167	3,249,097	0
Subtotal - Capital Improvements	\$ 3,128,167	\$ 3,249,097	\$ 0
TOTAL	\$ 21,137,827	\$ 19,290,120	\$ 0
FTE Positions	557.0	557.8	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	561.0	561.8	0.0

*Includes Governor's Budget Amendment No. 1, page 5, item 8 and Governor's Budget Amendment No. 2, items 1 and 2.

Agency Requests/Governor's Recommendation

The Kansas Commission on Veterans' Affairs requests \$18,009,660 for FY 2005 operating expenditures, which is an increase of \$2,309,891 or 14.7 percent from the FY 2004 estimate. The request includes \$5,093,697 from the State General Fund, which is an increase of \$110,315 or 1.8 percent from the FY 2004 estimate. The request also includes \$11,025,154 from all other funds, which is an increase of \$2,309,891 or 23.1 percent from the FY 2004 estimate. The request includes all other funds increases of \$1.8 million for the scheduled opening of the fourth wing of Donlon Hall and the second floor of Triplett Hall at the Kansas Veterans' Home. The agency request also includes enhancement requests of \$491,429 from the State General Fund.

The Governor recommends \$16,118,851 for FY 2005 operating expenditures, which is an increase of \$1,469,991 or 10.0 percent from the FY 2004 recommendation. The recommendation includes \$5,093,697 from the State General Fund, which is a decrease of \$341,758 or 6.3 percent from the FY 2004 recommendation. The recommendation also includes \$11,025,154 from all other funds, which is an increase of \$1,811,749 or 19.7 percent from the FY 2004 recommendation.

House Budget Committee Recommendation

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

1. The Budget Committee concurs with Governor's Budget Amendment (GBA) No. 1, page 5, Item 8, which corrects the FTE positions for the agency by adding 0.8 FTE at the Kansas Soldiers' Home.
2. The Budget Committee concurs with Governor's Budget Amendment (GBA) No. 2, which provides supplemental funding for the Kansas Veterans' Home and the Kansas Soldiers' Home. The Division of the Budget reported that they had conducted a series of meetings with the agency and had determined that both Homes had insufficient resources to fund operations for the remainder of the fiscal year. Monthly meetings will also be conducted with the agency by the Division of the Budget, with input requested from the Legislative Research Department and interested legislators, to track the funding status of the two Homes. The GBA also adds \$100,000 from the State Institutions Building Fund for rehabilitation and repair at the Kansas Soldiers' Home.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Commission on Veterans' Affairs **Bill No.** SB 538

Bill Sec. 28

Analyst: VanHouse

Analysis Pg. No. Vol. 2-1124 **Budget Page No.** 437

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Gov. Rec. FY 05*</u>	<u>Senate Subcommittee Adjustments**</u>
Operating Expenditures:			
State General Fund	\$ 6,295,679	\$ 5,733,245	\$ (98,813)
All Other Funds	<u>11,713,981</u>	<u>10,307,778</u>	<u>(215,841)</u>
Subtotal - Operating	\$ 18,009,660	\$ 16,041,023	\$ (314,654)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
All Other Funds	<u>3,128,167</u>	<u>3,249,097</u>	<u>0</u>
Subtotal - Capital Improvements	\$ 3,128,167	\$ 3,249,097	\$ 0
TOTAL	<u><u>\$ 21,137,827</u></u>	<u><u>\$ 19,290,120</u></u>	<u><u>\$ (314,654)</u></u>
FTE Positions	557.0	557.8	0.0
Non FTE Uncl. Perm. Pos.	<u>4.0</u>	<u>4.0</u>	<u>0.0</u>
TOTAL	<u><u>561.0</u></u>	<u><u>561.8</u></u>	<u><u>0.0</u></u>

* Includes Governor's Budget Amendment No. 1, page 5, item 8 and Governor's Budget Amendment No. 2

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

Agency Requests/Governor's Recommendation

The Kansas Commission on Veterans' Affairs requests \$18,009,660 for FY 2005 operating expenditures, which is an increase of \$2,309,891 or 14.7 percent from the FY 2004 estimate. The request includes \$5,093,697 from the State General Fund, which is an increase of \$110,315 or 1.8 percent from the FY 2004 estimate. The request also includes \$11,025,154 from all other funds, which is an increase of \$2,309,891 or 23.1 percent from the FY 2004 estimate. The request includes all other funds increases of \$1.8 million for the scheduled opening of the fourth wing of Donlon Hall and the second floor of Triplett Hall at the Kansas Veterans' Home. The agency request also includes enhancement requests of \$491,429 from the State General Fund.

The Governor recommends \$16,118,851 for FY 2005 operating expenditures, which is an increase of \$1,469,991 or 10.0 percent from the FY 2004 recommendation. The recommendation includes \$5,093,697 from the State General Fund, which is a decrease of \$341,758 or 6.3 percent from the FY 2004 recommendation. The recommendation also includes \$11,025,154 from all other funds, which is an increase of \$1,811,749 or 19.7 percent from the FY 2004 recommendation.

Senate Subcommittee Recommendation

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

1. Delete \$314,654, including \$98,813 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 concurs with Governor's Budget Amendment (GBA) No. 1, page 5, Item 8, which corrects the FTE positions for the agency by adding 0.8 FTE at the Kansas Soldiers' Home.
3. The Subcommittee concurs with Governor's Budget Amendment (GBA) No. 2, item 1, which provides supplemental funding for the Kansas Veterans' Home and the Kansas Soldiers' Home. The Division of the Budget reported that they had conducted a series of meetings with the agency and had determined that both Homes had insufficient resources to fund operations for the fiscal year. Monthly meetings will also be conducted with the agency by the Division of the Budget, with input requested from the Legislative Research Department and interested Legislators, to track the funding status of the two Homes.
4. The Subcommittee is concerned that while the federal government is financing the initial construction of the four state veterans cemeteries, once construction is complete, the state is obligated to operate and maintain the cemeteries. The Subcommittee is also concerned with the staffing levels and costs recommended for cemetery operations. The fiscal note from the 1999 bill creating the cemetery program estimates annual program expenditures of \$606,111, with \$524,867 from the State General Fund and 12.0 FTE positions. The current estimate for annual program expenditures is now approximately \$1 million.

The cemetery at Fort Dodge is open and operating. Construction at the WaKeeney cemetery is expected to be complete in May 2004 and Winfield cemetery construction is expected to be complete in the fall of 2004. The cemetery at Fort Riley is still in the planning stages. Due to the above financial concerns, the Subcommittee recommends that work on the Fort Riley cemetery, where construction has not yet begun, be stopped until further review of this issue during Omnibus.

5. The agency reported that funding is included in the budget for salaries for cemetery personnel at Fort Dodge, Winfield and WaKeeney; however, vacant FTE positions from the Soldiers' and Veterans' Homes would need to be used to staff the Winfield and WaKeeney cemeteries. The agency is encouraged to explore staffing alternatives, such as inmate or volunteer labor, for groundskeeping and maintenance functions. The Subcommittee deletes \$200,000 from salaries and wages for the systemwide cemetery program, and directs the agency to conduct and report back at Omnibus a complete review of systemwide cemetery staffing needs and staffing alternatives as mentioned above.

SENATE SUBCOMMITTEE REPORTS

FY 2004 and FY 2005

Department of Administration



Senator David Adkins, Subcommittee Chair



Senator Christine Downey



Senator Larry Salmans

House Budget Committee Report

Agency: Department of Administration **Bill No.** 2899

Bill Sec. 26

Analyst: Robinson

Analysis Pg. No. Vol. 1 - 534

Budget Page No. 13

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 16,045,910	\$ 16,075,910	\$ 0
Other Funds	2,471,832	2,721,832	0
Subtotal - Operating	\$ 18,517,742	\$ 18,797,742	\$ 0
Capital Improvements:			
State General Fund	\$ 3,936,362	\$ 3,936,362	\$ 0
Other Funds	646,594	646,594	0
Subtotal - Cap. Impr.	\$ 4,582,956	\$ 4,582,956	\$ 0
TOTAL	\$ 23,100,698	\$ 23,380,698	\$ 0
FTE Positions			
Reportable Budget	246.3	246.3	0.0
Nonreportable Budget	643.1	643.1	0.0
Subtotal - FTE	889.4	889.4	0.0
Non FTE Perm. Uncl. Pos.	22.1	22.1	0.0
TOTAL	911.5	911.5	0.0

Agency Estimate/Governor's Recommendation

Reportable Budget

The **agency's** current year estimate of **reportable** expenditures is \$18.5 million, a net increase of \$409,238 from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$16.0 million, or \$411,805 above the amount approved by the 2003 Legislature. The differences between the approved amount and the agency's revised estimate are an **unlimited reappropriation** of FY 2003 State General Fund savings which exceeded the anticipated reappropriation by \$313,686 and is available for expenditure without any further legislative action, additional SGF funding of \$98,119 under the **Kansas Savings Incentive Program**, and miscellaneous net adjustments in requested expenditures from other funds totaling \$2,567.

The **Governor's** current year estimate of **reportable** expenditures is \$18.8 million, a net increase of \$689,238 from the approved budget. The Governor recommends FY 2004 State General Fund expenditures of \$16.1 million, or \$441,805 above the amount approved by the 2003 Legislature. The Governor's recommendation concurs with the agency's revised estimate with the following adjustments:

- **The Governor** adds an additional \$30,000 from the State General Fund to provide for additional sales tax costs that are being experienced by contractors that have bids with the state.
- **The Governor** recommends \$250,000 from the Budget Fee Fund for the operation of the Governor's Office of Health Planning and Finance.

Nonreportable Budget

The **agency** estimates current year nonreportable operating expenditures of \$95.9 million, a reduction of \$7.2 million from the amount approved by the 2003 Legislature. **The Governor's recommendation** totals \$94.0 million, a reduction of \$1.9 million from the agency's revised estimate.

House Budget Committee Recommendation

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

House Committee Recommendation

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

House Committee of the Whole Recommendation

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

Senate Subcommittee Report

Agency: Department of Administration **Bill No.** 536

Bill Sec. 26

Analyst: Robinson

Analysis Pg. No. Vol. 1 - 534 **Budget Page No.** 13

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 16,045,910	\$ 16,075,910	\$ 0
Other Funds	2,471,832	2,721,832	0
Subtotal - Operating	<u>\$ 18,517,742</u>	<u>\$ 18,797,742</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 3,936,362	\$ 3,936,362	\$ 0
Other Funds	646,594	646,594	0
Subtotal - Cap. Impr.	<u>\$ 4,582,956</u>	<u>\$ 4,582,956</u>	<u>\$ 0</u>
TOTAL	<u>\$ 23,100,698</u>	<u>\$ 23,380,698</u>	<u>\$ 0</u>
FTE Positions			
Reportable Budget	246.3	246.3	0.0
Nonreportable Budget	643.1	643.1	0.0
Subtotal - FTE	<u>889.4</u>	<u>889.4</u>	<u>0.0</u>
Non FTE Perm. Uncl. Pos.	22.1	22.1	0.0
TOTAL	<u>911.5</u>	<u>911.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

Reportable Budget

The **agency's** current year estimate of **reportable** expenditures is \$18.5 million, a net increase of \$409,238 from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$16.0 million, or \$411,805 above the amount approved by the 2003 Legislature. The differences between the approved amount and the agency's revised estimate are an **unlimited reappropriation** of FY 2003 State General Fund savings which exceeded the anticipated reappropriation by \$313,686 and is available for expenditure without any further legislative action, additional SGF funding of \$98,119 under the **Kansas Savings Incentive Program**, and miscellaneous net adjustments in requested expenditures from other funds totaling \$2,567.

The **Governor's** current year estimate of **reportable** expenditures is \$18.8 million, a net increase of \$689,238 from the approved budget. The Governor recommends FY 2004 State General

Fund expenditures of \$16.1 million, or \$441,805 above the amount approved by the 2003 Legislature. The Governor's recommendation concurs with the agency's revised estimate with the following adjustments:

- **The Governor** adds an additional \$30,000 from the State General Fund to provide for additional sales tax costs that are being experienced by contractors that have bids with the state.
- **The Governor** recommends \$250,000 from the Budget Fee Fund for the operation of the Governor's Office of Health Planning and Finance.

Nonreportable Budget

The **agency** estimates current year nonreportable operating expenditures of \$95.9 million, a reduction of \$7.2 million from the amount approved by the 2003 Legislature. **The Governor's recommendation** totals \$94.0 million, a reduction of \$1.9 million from the agency's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Department of Administration

Bill No. 2900

Bill Sec. 19

Analyst: Robinson

Analysis Pg. No. Vol. 1 - 534

Budget Page No. 13

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 17,256,420	\$ 15,811,265	\$ 0
Other Funds	2,441,255	2,878,032	0
Subtotal - Operating	<u>\$ 19,697,675</u>	<u>\$ 18,689,297</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 36,185,744	\$ 4,483,886	\$ 0
Other Funds	313,323	313,323	0
Subtotal - Cap. Impr.	<u>\$ 36,499,067</u>	<u>\$ 4,797,209</u>	<u>\$ 0</u>
TOTAL	<u>\$ 56,196,742</u>	<u>\$ 23,486,506</u>	<u>\$ 0</u>
FTE Positions			
Reportable Budget	246.1	206.1	0.0
Nonreportable Budget	643.3	601.9	0.0
Subtotal - FTE	<u>889.4</u>	<u>808.0</u>	<u>0.0</u>
Non FTE Perm. Uncl. Pos.	22.1	22.1	0.0
TOTAL	<u>911.5</u>	<u>830.1</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

Reportable Budget

The **agency** requests an FY 2005 **reportable** operating budget of \$19.7 million, an increase of \$1.2 million (6.4 percent) from the revised current year estimate.

- The request includes operating enhancements totaling \$1.3 million from the State General Fund. **Absent that request**, the agency's request would be a reduction of \$105,843, or 0.6 percent, from the revised current year estimate.
- The agency submitted a reduced resources package of operating adjustments totaling \$953,135 from the State General Fund.

The Governor recommends an FY 2005 **reportable** operating budget of \$18.7 million, a reduction of \$108,445 (0.6 percent) from the revised current year recommendation. The Governor's recommendation is a reduction of \$1.0 million from the amount requested by the agency.

- The recommendation includes operating enhancements totaling \$778,915 from the State General Fund, representing the debt service interest payment on Phase 2 of the Statehouse Renovation project.
- In addition to the Budget Efficiency Savings Teams (BEST) reductions totaling \$3,172,244 (\$185,962 from the State General Fund), the Governor accepts a portion of the reduced resources package submitted by the agency. The Governor's recommended reduction package totals \$526,539.
- The Governor's recommendation includes the reduction of 40.2 reportable **FTE positions**, which involves the elimination of a number of vacant positions.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$3,005,752 State General Fund.

Nonreportable Budget

The **agency** requests an FY 2005 **nonreportable** operating budget of \$100.9 million, an increase of \$5.0 million (5.2 percent) from the revised current year estimate. The agency's request includes **enhancements** totaling \$1.8 million. **Absent the requested enhancements**, the agency's request would be \$99.1 million, an increase of \$3.2 million, or 3.3 percent.

The **Governor** recommends an FY 2005 **nonreportable** operating budget of \$93.5 million, a reduction of \$464,776 (0.5 percent) from the revised current year recommendation. The Governor's recommendation is a reduction of \$7.4 million from the amount requested by the agency. The Governor recommends one of the agency's requested **enhancements** totaling \$150,000. The Governor's recommendation includes the elimination of 41.2 FTE positions, related to the elimination of a number of vacant positions.

House Budget Committee Recommendation

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

1. The Budget Committee notes that in January 2004, the Department of Administration announced that the state van pool program would be terminated. This will be accomplished by retiring the van pool vehicles when they reach 95,000 miles. The Legislative Division of Post Audit recently completed a 100 hour audit on the operations of the central motor pool, including the van pool program, and presented the findings of the audit to the Budget Committee. There are a number of issues related to the termination of the program, as highlighted in the audit report. The report indicates that the Department of Administration had indicated that the van pool program was not self-supporting. In arriving at this conclusion, the report notes, the Department recalculated expenses that should have been charged to the program and applied those charges retroactively. When the assumptions in place at the time regarding what costs would be charged to the program are used, the program revenues over the last three years have exceeded the costs of the program by approximately \$10,000. Using the

Department's modified determination of expenditures, however, the costs of the program exceed the revenues generated by approximately \$40,000. Most of the revised costs relate to costs for parking the vehicles in state parking lots and for administering the program. Among the concerns noted in the report is that by retroactively applying these revised cost estimates, van pool riders were never given the opportunity to pay these additional costs. The report also notes that in FY 2003, the Motor Pool decided to change its approach to allocating insurance costs to more accurately reflect the cost of insuring different types of vehicles. Given this decision, it increased insurance costs allocated to the van pool program from about \$9,000 to nearly \$28,000, but that decision was not applied retroactively. Instead, van pool riders' FY 2003 rates were adjusted to cover the increased costs attributable to the decision. Finally, the report notes that the Department's estimates of the amount of time staff spent on the program far exceeded the time Motor Pool staff told the auditors they actually spent.

2. The Budget Committee notes that the Public Broadcasting Council is actively building partnerships and seeking opportunities to improve quality and reduce costs related to the KAN-ED network. The rapid transfer of information using broadband technology creates many opportunities, not only for schools, but for law enforcement and homeland security issues. The Budget Committee encourages the Council to continue to explore opportunities regarding the KAN-ED network and to keep the Legislature informed of progress and cooperative efforts in this area.
3. The Public Broadcasting Council also presented a request for \$74,924 from the State General Fund for capital equipment grants which would be used to match funds to replace aging equipment at Radio Kansas in Hutchinson (\$41,064) and KMUW in Wichita (\$33,860). The Budget Committee notes that failure to address these equipment needs could ultimately result in substantially increased costs in the case of a complete failure of power or transmission lines, when needed repairs would have to be made on an emergency basis.
4. The Budget Committee notes that the Governor's FY 2005 recommendation for the Department of Administration includes funding totaling \$438,326 from state building funds, including the Educational Building Fund (\$329,840), the State Institutions Building Fund (\$56,511), and the Correctional Institutions Building Fund (\$51,975), to provide insurance for state-owned buildings. The Budget Committee is concerned that this recommendation would take away funding needed for repair and renovation of the buildings to cover insurance costs which are currently paid from the State General Fund. This situation is particularly troubling given projected shortfalls to the Education Building Fund in FY 2004.

House Committee Recommendation

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

1. Modify item number 3 of the Budget Committee report to include the following language to acknowledge the Department of Administration's commitment to the Kansas Public Broadcasting Council (KPBC): "In the event of a station equipment failure, based on the request of the KPBC relative to equipment need, the

Department of Administration is committed to assisting the station to restore transmission.”

2. Modify item number 4 of the Budget Committee report to request that the Joint Committee on State Building Construction review the issue of using building funds to offset State General Fund expenditures for insurance costs, and report back to the Appropriations Committee before Omnibus.

House Committee of the Whole Recommendation

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

Senate Subcommittee Report

Agency: Department of Administration

Bill No. 538

Bill Sec. 19

Analyst: Robinson

Analysis Pg. No. Vol. 1 - 534

Budget Page No. 13

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 17,256,420	\$ 15,811,265	\$ (170,588)
Other Funds	<u>2,441,255</u>	<u>2,878,032</u>	<u>51,533</u>
Subtotal - Operating	\$ 19,697,675	\$ 18,689,297	\$ (119,055)
Capital Improvements:			
State General Fund	\$ 36,185,744	\$ 4,483,886	\$ 0
Other Funds	<u>313,323</u>	<u>313,323</u>	<u>0</u>
Subtotal - Cap. Impr.	\$ 36,499,067	\$ 4,797,209	\$ 0
TOTAL	<u>\$ 56,196,742</u>	<u>\$ 23,486,506</u>	<u>\$ (119,055)</u>
FTE Positions			
Reportable Budget	246.1	206.1	0.0
Nonreportable Budget	<u>643.3</u>	<u>601.9</u>	<u>0.0</u>
Subtotal - FTE	889.4	808.0	0.0
Non FTE Perm. Uncl. Pos.	<u>22.1</u>	<u>22.1</u>	<u>0.0</u>
TOTAL	<u>911.5</u>	<u>830.1</u>	<u>0.0</u>

* Includes a reduction of \$193,979 (including \$170,588 from the State General Fund) for deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

Reportable Budget

The **agency** requests an FY 2005 **reportable** operating budget of \$19.7 million, an increase of \$1.2 million (6.4 percent) from the revised current year estimate.

- The request includes operating enhancements totaling \$1.3 million from the State General Fund. **Absent that request**, the agency's request would be a reduction of \$105,843, or 0.6 percent, from the revised current year estimate.
- The agency submitted a reduced resources package of operating adjustments totaling \$953,135 from the State General Fund.

The **Governor** recommends an FY 2005 **reportable** operating budget of \$18.7 million, a reduction of \$108,445 (0.6 percent) from the revised current year recommendation. The Governor's recommendation is a reduction of \$1.0 million from the amount requested by the agency.

- The recommendation includes operating enhancements totaling \$778,915 from the State General Fund, representing the debt service interest payment on Phase 2 of the Statehouse Renovation project.
- In addition to the Budget Efficiency Savings Teams (BEST) reductions totaling \$3,172,244 (\$185,962 from the State General Fund), the Governor accepts a portion of the reduced resources package submitted by the agency. The Governor's recommended reduction package totals \$526,539.
- The Governor's recommendation includes the reduction of 40.2 reportable **FTE positions**, which involves the elimination of a number of vacant positions.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$3,005,752 State General Fund.

Nonreportable Budget

The **agency** requests an FY 2005 **nonreportable** operating budget of \$100.9 million, an increase of \$5.0 million (5.2 percent) from the revised current year estimate. The agency's request includes **enhancements** totaling \$1.8 million. **Absent the requested enhancements**, the agency's request would be \$99.1 million, an increase of \$3.2 million, or 3.3 percent.

The **Governor** recommends an FY 2005 **nonreportable** operating budget of \$93.5 million, a reduction of \$464,776 (0.5 percent) from the revised current year recommendation. The Governor's recommendation is a reduction of \$7.4 million from the amount requested by the agency. The Governor recommends one of the agency's requested **enhancements** totaling \$150,000. The Governor's recommendation includes the elimination of 41.2 FTE positions, related to the elimination of a number of vacant positions.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$193,979, including \$170,588 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. Add \$74,924 from the Economic Development Initiatives Fund for capital equipment grants for the Public Broadcasting Council. The funding would be used to match funds to replace aging equipment at Radio Kansas in Hutchinson (\$41,064) and KMUW in Wichita (\$33,860). The Subcommittee believes that failure to address these issues in a timely fashion could ultimately result in substantially increased costs in the event of a complete failure of the equipment. The Subcommittee would also note that the 2002 Legislature recommended FY 2003 funding totaling \$114,099 for capital equipment grant matching funds from the Economic Development Initiatives Fund, and believes this would be an appropriate funding source for this item.
3. The Subcommittee expresses concern with the Governor's recommendation to offset \$438,326 in State General Fund expenditures for insurance costs with state building funds, including the Educational Building Fund (\$329,840), the State Institutions Building Fund (\$56,511), and the Correctional Institutions Building Fund (\$51,975). The Subcommittee is concerned that this recommendation could deprive Regents institutions, correctional facilities, and other state institutions of needed repair and renovation expenditures. The Subcommittee also notes SB 392, which allows the Committee on Surety Bonds and Insurance, outside the competitive bidding statutes, to enter into contracts for purchase of insurance on behalf of state agencies. Should the legislation be enacted, it may provide an alternative which would allow the affected agencies to acquire the insurance at a savings from the current amount. The Subcommittee recommends that this issue, including potential funding alternatives, be reconsidered at Omnibus, particularly if SB 392, which has already passed the Senate, is enacted. The Subcommittee does not believe that expanding the scope of items that can be funded from the EBF is appropriate in light of the significant backlog of capital improvements needed at our state universities for which resources are not now available.
4. The Subcommittee recommends the introduction of legislation which would authorize state agencies which own vehicles to acquire comprehensive coverage for collision for those vehicles. With the phase out of the central motor pool, agencies with permanently assigned motor pool vehicles have been required to take ownership of those vehicles, and are expected to budget for all of the costs associated with maintaining and operating the vehicle, including fuel, maintenance, registration fees, and insurance premiums. Agencies taking ownership of motor pool vehicles are responsible for utilizing the state's liability insurance contract to acquire the appropriate automobile liability insurance coverage. KSA 74-4702 prohibits state agencies from purchasing insurance on any state-owned property unless otherwise expressly authorized by law, and without this statutory

change, in the event an agency's vehicle is damaged, that agency would need to fund full repair and replacement costs.

5. The Subcommittee notes that the agency requested \$31.6 million from the State General Fund to address deferred maintenance issues in a number of state buildings, particularly the Docking and Landon State Office Buildings. The funding was not recommended by the Governor. The Subcommittee is aware of the state's financial situation, but is concerned by the numerous items requested that concern life safety and accessibility issues. The Department is currently in the process of evaluating the future use of the Docking and Landon Buildings, but the Subcommittee is concerned that the safety of state employees not be compromised while that determination is being made. The Subcommittee requests that the Department specifically identify those items which relate to life safety and accessibility issues and report back at Omnibus.
6. The Subcommittee notes that Smoky Hills Public Television recently received a \$1.4 million grant from the United States Department of Agriculture's Rural Utilities Service Division to provide digital service to 16 counties in northwestern Kansas. The state commitment of funds for digital television conversion helped to leverage this grant. The Subcommittee commends the station and the Council for continuing to aggressively pursue matching funds to provide services to all parts of the state.
7. The Public Broadcasting Council also updated the Subcommittee on the status of discussions between the Council and the Kansas Department of Transportation (KDOT) regarding utilization of fiber optic lines west of Salina. Currently KDOT's fiber optic cable lines have been activated from Kansas City through Topeka and Salina and south to Wichita. KDOT is interested in activating the fiber west of Salina, and the Council is interested in partnering with KDOT to utilize the fiber, but as of yet, there is not sufficient traffic to justify activation. The Council is continuing to pursue this issue, and has already notified KDOT of at least six other entities who would also be interested in utilizing the fiber. The Subcommittee commends the Council for its continued efforts in this area and encourages both the Council and KDOT to continue to work toward an agreement for use of this existing resource.
8. During the Public Broadcasting Council's presentation to the Subcommittee, questions arose regarding participation of public television and radio employees in the both the Kansas Public Employees Retirement System (KPERS), and the state's group health insurance program. Currently those employees whose stations are licensed to state agencies, municipalities, or other KPERS affiliated employers are eligible to participate in KPERS. Likewise, those employees whose stations are licensed to state agencies or participating non-state groups (generally Unified School Districts or local governments) are eligible for participation in the state health insurance plan. Differences exist, however for those stations that are licensed to non-profit entities.

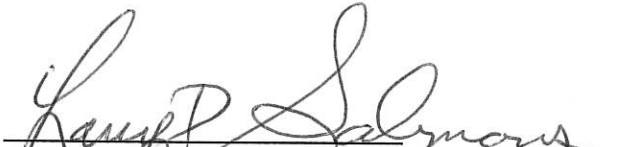
Any entity certified as not-for-profit by the Internal Revenue Service can apply to be a KPERS participating employer if it is performing some governmental function that KPERS can establish after a review of articles of incorporation. With regard to group health insurance participation, Kansas statutes authorize the Kansas Health Care Commission by rule and regulation, to determine eligibility for non-

state groups. Currently Health Care Commission regulations limit participation to public school districts, community colleges, area vocational technical schools, or technical colleges, counties, townships, cities, community mental health centers, groundwater management districts, rural water-supply districts, public wholesale water supply districts, county extension councils, and extension districts.

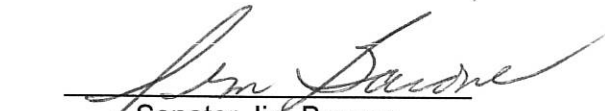
The Subcommittee encourages the Public Broadcasting Council to further explore the potential benefits of KPERS and group health insurance participation for employees of all of the Council's member stations and to work with both KPERS and the Health Care Commission in that regard.

**SENATE SUBCOMMITTEE ON
KANSAS HUMAN RIGHTS COMMISSION**

FY 2004 & FY 2005



Senator Larry Salmans, Chair



Senator Jim Barone

Senate Ways and Means
3-12-04
Attachment 3

House Budget Committee Report

Agency: Kansas Human Rights Commission **Bill No.** HB 2899

Bill Sec. 24

Analyst: Alishahi

Analysis Pg. No. Vol. 1, p. 557

Budget Page No. 66

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,497,229	\$ 1,394,643	\$ 0
Other Funds	357,997	396,497	0
TOTAL	\$ 1,855,226	\$ 1,791,140	\$ 0
FTE Positions	36.0	36.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	36.0	36.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 operating expenditures of \$1,855,226 is an increase of \$141,284 (8.2 percent) from the approved budget. The State General Fund estimate of \$1,497,229 is an increase of \$159,784 (11.9 percent) from the approved budget. The agency's estimate includes two supplemental requests totaling \$102,546 from the State General Fund.

The **Governor's** recommendation for FY 2004 operating expenditures of \$1,791,140 is an increase of \$77,198 (4.5 percent) from the approved budget. The State General Fund recommendation of \$1,394,643 is an increase of \$57,198 (4.3 percent) from the approved budget. The Governor's recommendation is \$64,086 (3.4 percent) less than the agency's FY 2004 revised estimate; and does not include the two supplemental requests.

House Budget Committee Recommendations

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

1. The House Budget Committee commends the agency for its outstanding work in resolving discrimination cases as the number of open cases has dropped from a high of 2,768 in FY 1995 to 548 in FY 2003. The processing time for each case has also declined from 22.0 months in FY 1995 to 6.3 months in FY 2003.
2. The House Budget Committee commends the agency for receiving national recognition by the International Association of Official Human Rights Agencies as one of the top five Human Rights Organizations in the United States.
3. The House Budget Committee commends the agency for its excellent work in keeping its State General Fund expenditures from increasing no more than \$116,077 (9.1 percent) from FY 1995 to the FY 2005 Governor's Budget Report.

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Kansas Human Rights Commission **Bill No.** SB 536

Bill Sec. 24

Analyst: Alishahi

Analysis Pg. No. Vol. I, p. 557

Budget Page No. 66

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,497,229	\$ 1,394,643	\$ 0
Other Funds	357,997	396,497	0
TOTAL	\$ 1,855,226	\$ 1,791,140	\$ 0
FTE Positions	36.0	36.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	36.0	36.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 operating expenditures of \$1,855,226 is an increase of \$141,284 (8.2 percent) from the approved budget. The State General Fund estimate of \$1,497,229 is an increase of \$159,784 (11.9 percent) from the approved budget. The agency's estimate includes two supplemental requests totaling \$102,546 from the State General Fund.

The **Governor's** recommendation for FY 2004 operating expenditures of \$1,791,140 is an increase of \$77,198 (4.5 percent) from the approved budget. The State General Fund recommendation of \$1,394,643 is an increase of \$57,198 (4.3 percent) from the approved budget. The Governor's recommendation is \$64,086 (3.4 percent) less than the agency's FY 2004 revised estimate; and does not include the two supplemental requests.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Human Rights Commission **Bill No.** HB 2900 **Bill Sec.** 16

Analyst: Alishahi **Analysis Pg. No.** Vol. 1, p. 557 **Budget Page No.** 66

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,614,079	\$ 1,392,724	\$ 0
Other Funds	341,500	429,341	0
TOTAL	\$ 1,955,579	\$ 1,822,065	\$ 0
FTE Positions	36.0	36.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	36.0	36.0	0.0

Agency Request/Governor's Recommendation

The **agency's** request for FY 2005 operating expenditures of \$1,955,579 is an increase of \$100,353 (5.4 percent) from the FY 2004 estimate. The State General Fund request of \$1,614,079 is an increase of \$116,850 (7.8 percent) from the FY 2004 estimate. The agency's request includes two enhancement requests totaling \$242,124 from the State General Fund.

The **Governor's** recommendation for FY 2005 operating expenditures of \$1,822,065 is an increase of \$30,925 (1.7 percent) from the FY 2004 recommendation. The State General Fund recommendation of \$1,392,724 is a decrease of \$1,919 (0.1 percent) from the FY 2004 recommendation. The Governor recommends a 3.0 percent base salary increase of \$34,780 (\$25,393 from the State General Fund), and a BEST reduction of \$4,670 (\$4,624 from the State General Fund) in contractual services, commodities, and capital outlay. The Governor's recommendation is \$133,514 (6.8 percent) less than the agency's FY 2005 request; and does not include the two enhancement requests.

Under the Governor's FY 2005 **statutory budget recommendation**, the Governor's recommendation for the agency's budget would have to be reduced by an additional \$206,265.

House Budget Committee Recommendations

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

1. Since the FY 2005 appropriations bill is not yet available, the House Budget Committee wants to make sure the following proviso's remain in the bill:

- a. Any unencumbered balance in the operating expenditures account and in the contract investigative services account in excess of \$100 be reappropriated to the operating expenditures account; expenditures for official hospitality not exceed \$150; and expenditures for mediation services contracted with the Kansas Legal Services shall be made only upon certification that private monies are available to match the state's monies at a rate of \$1 of private monies for \$3 of state monies;
- b. Expenditures may be made from the annual banquet fund for operating expenditures for the Commission's annual banquet including official hospitality; and
- c. Expenditures may be made from the education and training fund for operating expenditures for the Commission's education and training programs for the general public.

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Kansas Human Rights Commission **Bill No.** SB 538

Bill Sec. 16

Analyst: Alishahi

Analysis Pg. No. Vol. I, p. 557

Budget Page No. 66

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 1,614,079	\$ 1,392,724	\$ (25,393)
Other Funds	341,500	429,341	(9,387)
TOTAL	\$ 1,955,579	\$ 1,822,065	\$ (34,780)
FTE Positions	36.0	36.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	36.0	36.0	0.0

* Includes a reduction of \$34,780, including \$25,393 from the State General Fund for deletion of the Governor's recommended pay plan adjustments.

Agency Estimate/Governor's Recommendation

The **agency's** request for FY 2005 operating expenditures of \$1,955,579 is an increase of \$100,353 (5.4 percent) from the FY 2004 estimate. The State General Fund request of \$1,614,079 is an increase of \$116,850 (7.8 percent) from the FY 2004 estimate. The agency's request includes two enhancement requests totaling \$242,124 from the State General Fund.

The **Governor's** recommendation for FY 2005 operating expenditures of \$1,822,065 is an increase of \$30,925 (1.7 percent) from the FY 2004 recommendation. The State General Fund recommendation of \$1,392,724 is a decrease of \$1,919 (0.1 percent) from the FY 2004 recommendation. The Governor recommends a 3.0 percent base salary increase of \$34,780 (\$25,393 from the State General Fund), and a BEST reduction of \$4,670 (\$4,624 from the State General Fund) in contractual services, commodities, and capital outlay. The Governor's recommendation is \$133,514 (6.8 percent) less than the agency's FY 2005 request; and does not include the two enhancement requests.

Under the Governor's FY 2005 **statutory budget recommendation**, the Governor's recommendation for the agency's budget would have to be reduced by an additional \$206,265.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$34,780 including \$25,393 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 commends the agency for receiving national recognition by the International Association of Official Human Rights Agencies as one of the top five Human Rights Organizations in the United States; and for its outstanding work in resolving discrimination cases as the number of open cases has dropped from a high of 2,768 in FY 1995 to 548 in FY 2003. The processing time for each case has also declined from 22.0 months in FY 1995 to 6.3 months in FY 2003.
3. The Subcommittee notes the agency's performance measures have been revised for FY 2004 and FY 2005. The Kansas Human Rights Commission adjusted its figures after receiving the Governor's recommendation. The following table reflects the changes made by the agency:

Performance Measures	FY 2003 Actual	FY 2004 Gov. Rec.	FY 2004 Rev. Est.	FY 2005 Gov. Rec.	FY 2005 Rev. Est.
Open Case Inventory	548	618	575	718	618
Number of Complaints Filed	869	950	950	950	950
Number of Complaints Closed	918	880	880	815	815
Processing Delay Time (in months)	6.3	6.5	6.5	7.1	6.7

4. The Subcommittee commends the agency's Third-Party Mediation Program, which has allowed the Human Rights Commission to contract with Kansas Legal Services, Inc. (KLS) to conduct a voluntary procedure in which the parties involved in discrimination complaints filed with the agency may try to mediate and resolve their cases short of having the agency investigate and process the complaint. The Subcommittee recognizes the positive relationship between the Human Rights Commission and KLS; and notes that mediation resulted in \$410,458 in total settlements during FY 2003, and \$916,097 in total settlements during the first six months of FY 2004.
5. The Subcommittee notes an error was made in the agency's FY 2005 budget analysis. The Third-Party Mediation Program receives \$115,000 from the State General Fund and \$38,333 from the Kansas Bar Foundation, not the Kansas Bar Association, for operational expenses.

**SENATE SUBCOMMITTEE ON
DEPARTMENT OF HUMAN RESOURCES**

FY 2004 & FY 2005



Senator Bill Buntin, Chair



Senator Jim Barone



Senator David Jackson

Senate Ways and means
3-12-04
Attachment 4

House Budget Committee Report

Agency: Department of Human Resources **Bill No. --**

Bill Sec. --

Analyst: Alishahi

Analysis Pg. No. Vol. II, p. 1164

Budget Page No. 91

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04*	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 66,171,498	\$ 66,171,498	\$ 0
Aid to Local Units	2,548,418	2,548,418	0
Other Assistance	446,558,290	446,558,290	0
Subtotal-Operating	\$ 515,278,206	\$ 515,278,206	\$ 0
Capital Improvements	680,300	680,300	0
TOTAL	\$ 515,958,506	\$ 515,958,506	\$ 0
State General Fund:			
State Operations	\$ 1,852,029	\$ 1,852,029	\$ 0
Aid to Local Units	64,586	64,586	0
Other Assistance	289,164	289,164	0
Subtotal-Operating	\$ 2,205,779	\$ 2,205,779	\$ 0
Capital Improvements	8,400	8,400	0
TOTAL	\$ 2,214,179	\$ 2,214,179	\$ 0
FTE Positions	940.4	938.4	2.0
Non FTE Uncl. Perm. Pos.	42.0	42.0	0.0
TOTAL	982.4	980.4	2.0

* Includes Governor's Budget Amendment No. 1, Item No. 7 which reduces the agency's FTE limitation for FY 2004, adjusting it from 940.4 to 938.4 FTE positions. The agency's FY 2004 budget includes a shift of \$186,017 in federal Reed Act funds from salaries and wages to contractual services to finance a Needs Assessment and Feasibility study on how to upgrade the Unemployment Insurance Benefits System. The Governor's Budget Amendment reflects a deletion for FY 2004 and FY 2005 of the 2.0 FTE positions the Reed Act funds had originally been appropriated for by the 2003 Legislature.

Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 operating expenditures of \$515,278,206 is an increase of \$169,884,640 (49.2 percent) from the approved budget. The State General Fund estimate of \$2,205,779 is an increase of \$322,588 (17.1 percent) from the approved budget. Differences between the approved amount and the agency's revised estimate are mainly attributable to:

State General Fund:

- An additional \$109,902 in KSIP funding; and

- An additional \$211,006 in state funds match of the federal Welfare to Work grant that was not included in the approved budget.

All Other Funds:

- An additional \$166,859,126 in unemployment insurance benefits that is the result of a heavier demand for unemployment benefits than originally projected;
- An additional \$1,076,717 is KSIP funding from the Worker's Compensation Fee Fund; and
- An additional \$900,000 in Unemployment Administration funding.

The **Governor's** recommendation for FY 2004 operating expenditures of \$515,278,206 is an increase of \$169,884,640 (49.2 percent) from the approved budget. The State General Fund recommendation of \$2,205,779 is an increase of \$322,588 (17.1 percent) from the approved budget. The Governor's recommendation for current year operating expenditures is consistent with the agency's revised estimate. However, the Governor's Budget Amendment eliminates 2.0 FTE positions, reducing the agency's total number of FTE positions from 940.4 FTE to 938.4 FTE.

In addition, the Governor recommends the agency separate the Advisory Council on Native American Affairs from the Administration program. The Governor's recommendation reflects the separation, which does not have a net effect upon the agency's budget.

House Budget Committee Recommendations

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

1. It was brought to the attention of the Budget Committee that a technical error was made inadvertently when the Department of Human Resources submitted its budget request concerning the type of positions to be eliminated with the transfer of federal Reed Act funds from salaries and wages to contractual services. As a result of the technical error, the Division of Budget was under the impression that the agency had gained 2.0 FTE positions when it had originally received the federal Reed Act funds that was shifted in the FY 2004 budget to finance the Unemployment Insurance Benefits System feasibility study; and therefore the Governor's Budget Amendment reflects the reduction of the 2.0 FTE positions for FY 2004 and FY 2005. However, the Department of Human Resources never actually gained 2.0 FTE positions with the federal Reed Act funds. Instead, the 2003 Legislature appropriated the funds for four non-FTE temporary Information Technology positions. The Budget Committee does not take a position on GBA 1, Item 7; and recommends the agency resolve the FTE error with the Governor's Office.

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Department of Human Resources **Bill No. --**

Bill Sec. --

Analyst: Alishahi

Analysis Pg. No. Vol. II, p. 1164 **Budget Page No.** 91

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04*	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 66,171,498	\$ 66,171,498	\$ 0
Aid to Local Units	2,548,418	2,548,418	0
Other Assistance	446,558,290	446,558,290	0
Subtotal-Operating	\$ 515,278,206	\$ 515,278,206	\$ 0
Capital Improvements	680,300	680,300	0
TOTAL	\$ 515,958,506	\$ 515,958,506	\$ 0
State General Fund:			
State Operations	\$ 1,852,029	\$ 1,852,029	\$ 0
Aid to Local Units	64,586	64,586	0
Other Assistance	289,164	289,164	0
Subtotal-Operating	\$ 2,205,779	\$ 2,205,779	\$ 0
Capital Improvements	8,400	8,400	0
TOTAL	\$ 2,214,179	\$ 2,214,179	\$ 0
FTE Positions	940.4	938.4	2.0
Non FTE Uncl. Perm. Pos.	42.0	42.0	0.0
TOTAL	982.4	980.4	2.0

* Includes Governor's Budget Amendment No. 1, Item No. 7 which reduces the agency's FTE limitation for FY 2004, adjusting it from 940.4 to 938.4 FTE positions. The agency's FY 2004 budget includes a shift of \$186,017 in federal Reed Act funds from salaries and wages to contractual services to finance a Needs Assessment and Feasibility study on how to upgrade the Unemployment Insurance Benefits System. The Governor's Budget Amendment reflects a deletion for FY 2004 and FY 2005 of the 2.0 FTE positions the Reed Act funds had originally been appropriated for by the 2003 Legislature.

Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 operating expenditures of \$515,278,206 is an increase of \$169,884,640 (49.2 percent) from the approved budget. The State General Fund estimate of \$2,205,779 is an increase of \$322,588 (17.1 percent) from the approved budget. Differences between the approved amount and the agency's revised estimate are mainly attributable to:

State General Fund:

- An additional \$109,902 in KSIP funding; and
- An additional \$211,006 in state funds match of the federal Welfare to Work grant that was not included in the approved budget.

All Other Funds:

- An additional \$166,859,126 in unemployment insurance benefits that is the result of a heavier demand for unemployment benefits than originally projected;
- An additional \$1,076,717 is KSIP funding from the Worker's Compensation Fee Fund; and
- An additional \$900,000 in Unemployment Administration funding.

The **Governor's** recommendation for FY 2004 operating expenditures of \$515,278,206 is an increase of \$169,884,640 (49.2 percent) from the approved budget. The State General Fund recommendation of \$2,205,779 is an increase of \$322,588 (17.1 percent) from the approved budget. The Governor's recommendation for current year operating expenditures is consistent with the agency's revised estimate. However, the Governor's Budget Amendment eliminates 2.0 FTE positions, reducing the agency's total number of FTE positions from 940.4 FTE to 938.4 FTE.

In addition, the Governor recommends the agency separate the Advisory Council on Native American Affairs from the Administration program. The Governor's recommendation reflects the separation, which does not have a net effect upon the agency's budget.

Senate Subcommittee Recommendation

1. The Governor submitted GBA No. 1, Item No. 7 as a correction to the agency's FTE limitation, adjusting it from 940.4 FTE to 938.4 FTE positions. The Subcommittee does not recommend concurring with the GBA. The Subcommittee notes that there was a misunderstanding between the agency and the Division of Budget. A technical error was made inadvertently when the Department of Human Resources submitted its budget request concerning the type of positions to be eliminated with the transfer of federal Reed Act funds from salaries and wages to contractual services. As a result of the technical error, the Division of Budget was under the impression that the agency had gained 2.0 FTE positions when it had originally received the federal Reed Act funds that were shifted in the FY 2004 budget to finance the Unemployment Insurance Benefits System feasibility study; and therefore the Governor's Budget Amendment reflects the reduction of the 2.0 FTE positions for FY 2004 and FY 2005. However, the Department of Human Resources never actually gained 2.0 FTE positions with the federal Reed Act funds. Instead, the 2003 Legislature appropriated the funds for four non-FTE temporary Information Technology positions.

House Budget Committee Report

Agency: Department of Human Resources

Bill No. HB 2900

Bill Sec. 27

Analyst: Alishahi

Analysis Pg. No. Vol. II, p. 1164

Budget Page No. 91

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05*	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 65,932,950	\$ 66,938,577	\$ 10,000
Aid to Local Units	1,850,000	1,850,000	0
Other Assistance	400,639,430	400,643,874	229,430
Subtotal-Operating	<u>\$ 468,422,380</u>	<u>\$ 469,432,451</u>	<u>\$ 239,430</u>
Capital Improvements	830,000	830,000	0
TOTAL	<u><u>\$ 469,252,380</u></u>	<u><u>\$ 470,262,451</u></u>	<u><u>\$ 239,430</u></u>
State General Fund:			
State Operations	\$ 1,712,653	\$ 1,042,893	\$ 10,000
Aid to Local Units	0	0	0
Other Assistance	229,430	4,444	229,430
Subtotal-Operating	<u>\$ 1,942,083</u>	<u>\$ 1,047,337</u>	<u>\$ 239,430</u>
Capital Improvements	8,400	8,400	0
TOTAL	<u><u>\$ 1,950,483</u></u>	<u><u>\$ 1,055,737</u></u>	<u><u>\$ 239,430</u></u>
FTE Positions			
FTE Positions	940.4	938.4	2.0
Non FTE Uncl. Perm. Pos.	42.0	42.0	0.0
TOTAL	<u><u>982.4</u></u>	<u><u>980.4</u></u>	<u><u>2.0</u></u>

* Includes Governor's Budget Amendment No. 1, Item No. 7 which reduces the agency's FTE limitation for FY 2005, adjusting it from 940.4 to 938.4 FTE positions. The agency's FY 2004 budget included a shift of \$186,017 in federal Reed Act funds from salaries and wages to contractual services to finance a Needs Assessment and Feasibility study on how to upgrade the Unemployment Insurance Benefits System. The Governor's Budget Amendment reflects for FY 2004 and FY 2005 a deletion of the 2.0 FTE positions the Reed Act funds had originally been appropriated for by the 2003 Legislature.

Agency Request/Governor's Recommendation

The **agency's** request for FY 2005 operating expenditures of \$468,422,380 is a decrease of \$46,855,826 (9.1 percent) from the FY 2004 estimate. The State General Fund request of \$1,942,083 is a decrease of \$263,696 (12.0 percent) from the FY 2004 estimate. The agency's request includes an enhancement package of \$21,965 from the State General Fund to pay for a

surcharge recommended by the Governor to be levied against state agencies that lease property in Shawnee County. The agency can not pay the surcharge with federal funds.

The **Governor's** recommendation for FY 2005 operating expenditures of \$469,432,451 is a decrease of \$45,845,755 (8.9 percent) from the FY 2004 recommendation. The State General Fund recommendation of \$1,047,337 is a decrease of \$1,158,442 (52.5 percent) from the FY 2004 recommendation. The recommendation is \$1,010,071 (0.2 percent) more than the agency's FY 2005 request; and does not include the enhancement request. The Governor recommends:

- A 3.0 percent base salary increase of \$1,176,914, including \$15,030 from the State General Fund; and
- A BEST reduction of \$149,322, including \$6,575 from the State General Fund.

In addition, the Governor recommends that no transfer be made from the Workers Compensation Fee Fund to the State General Fund in FY 2005. The agency is recommended to use the funds instead to offset expenditures that were budgeted originally from the State General Fund. The Governor's Budget Amendment eliminates 2.0 FTE positions, reducing the agency's total number of FTE positions from 940.4 FTE to 938.4 FTE.

Under the Governor's FY 2005 **statutory budget recommendation**, the Governor's recommendation for the agency's budget would have to be reduced by an additional \$156,357.

House Budget Committee Recommendations

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

1. Add \$239,430 from the State General Fund to finance the Older Kansans Employment Program (OKEP). The Governor's recommendation for FY 2005 eliminated state funding of OKEP, yet it did not discontinue the program. Instead, the Department of Human Resources was instructed to find alternative funding sources. The Budget Committee recognizes the importance of OKEP for many older Kansans and recommends the \$229,430 from the State General Fund for OKEP grants be added back to the agency's FY 2005 budget as well as the \$10,000 from the State General Fund for the administration of program.

In addition, the Budget Committee recommends an interim study be done by a Legislative committee to determine which state agency can most effectively administer OKEP and meet the needs of older Kansans. While it recognizes that if the Governor's Executive Reorganization Order (ERO) No. 31 becomes effective, Older Kansas Employment Program will be transferred to the Department of Commerce, the Budget Committee feels that a study is necessary to better understand where the program belongs; and it looks favorably on the Department of Aging as a possible relocation site for OKEP.

2. The Budget Committee realizes that should ERO No. 31 become effective, it will have a tremendous impact on the agency's budget. The reorganization of the agency includes:
 - Transferring the Division of Employment and Training to the Department of Commerce where it will be known as the Division of Workforce Development;
 - Moving the Kansas Commission on Disability Concerns to the Department of Commerce as well; and
 - Renaming the Department of Human Resources as the Kansas Department of Labor.

Currently, the two agencies involved in the reorganization are in the process of preparing the transfer of approximately 280.0 employees, and \$39 million in mainly federally funded job training and labor exchange programs. The House Committee on Commerce and Labor held a hearing on ERO No. 31 on February 5, as did the Senate Committee on Commerce on February 4. Neither Committee made a recommendation by the February 14 deadline. The ERO was returned to the Senate and the House of Representatives without recommendations; and each house has until March 14 to take up the matter. ERO No. 31 will become effective when no action is taken by either house; approval by one house and no action by the other house; or approval by both houses. It will not become effective should either house adopt a resolution disapproving the ERO.

3. It was brought to the attention of the Budget Committee that a technical error was made inadvertently when the Department of Human Resources submitted its budget request concerning the type of positions to be eliminated with the transfer of federal Reed Act funds from salaries and wages to contractual services. As a result of the technical error, the Division of Budget was under the impression that the agency had gained 2.0 FTE positions when it had originally received the federal Reed Act funds that was shifted in the FY 2004 budget to finance the Unemployment Insurance Benefits System feasibility study; and therefore the Governor's Budget Amendment reflects the reduction of the 2.0 FTE positions for FY 2004 and FY 2005. However, the Department of Human Resources never actually gained 2.0 FTE positions with the federal Reed Act funds. Instead, the 2003 Legislature appropriated the funds for four non-FTE temporary Information Technology positions. The Budget Committee does not take a position on GBA 1, Item No. 7; and recommends the agency resolve the FTE error with the Governor's Office.

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Department of Human Resources **Bill No.** SB 538

Bill Sec. 27

Analyst: Alishahi

Analysis Pg. No. Vol. II, p. 1164 **Budget Page No.** 91

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05*	Senate Subcommittee Adjustments**
All Funds:			
State Operations	\$ 65,932,950	\$ 66,938,577	\$ (1,166,914)
Aid to Local Units	1,850,000	1,850,000	0
Other Assistance	400,639,430	400,643,874	229,430
Subtotal-Operating	\$ 468,422,380	\$ 469,432,451	\$ (937,484)
Capital Improvements	830,000	830,000	0
TOTAL	<u>\$ 469,252,380</u>	<u>\$ 470,262,451</u>	<u>\$ (937,484)</u>
State General Fund:			
State Operations	\$ 1,712,653	\$ 1,042,893	\$ (5,030)
Aid to Local Units	0	0	0
Other Assistance	229,430	4,444	229,430
Subtotal-Operating	\$ 1,942,083	\$ 1,047,337	\$ 224,400
Capital Improvements	8,400	8,400	0
TOTAL	<u>\$ 1,950,483</u>	<u>\$ 1,055,737</u>	<u>\$ 224,400</u>
FTE Positions	940.4	938.4	2.0
Non FTE Uncl. Perm. Pos.	42.0	42.0	0.0
TOTAL	<u>982.4</u>	<u>980.4</u>	<u>2.0</u>

* Includes Governor's Budget Amendment No. 1, Item No. 7 which reduces the agency's FTE limitation for FY 2005, adjusting it from 940.4 to 938.4 FTE positions. The agency's FY 2004 budget included a shift of \$186,017 in federal Reed Act funds from salaries and wages to contractual services to finance a Needs Assessment and Feasibility study on how to upgrade the Unemployment Insurance Benefits System. The Governor's Budget Amendment reflects for FY 2004 and FY 2005 a deletion of the 2.0 FTE positions the Reed Act funds had originally been appropriated for by the 2003 Legislature.

** Includes a reduction of \$1,176,914, including \$15,030 from the State General Fund 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 \$468,422,380 is a decrease of \$46,855,826 (9.1 percent) from the FY 2004 estimate. The State General Fund request of \$1,942,083 is a decrease of \$263,696 (12.0 percent) from the FY 2004 estimate. The agency's request includes an enhancement package of \$21,965 from the State General Fund to pay for a surcharge recommended by the Governor to be levied against state agencies that lease property in Shawnee County. The agency can not pay the surcharge with federal funds.

The **Governor's** recommendation for FY 2005 operating expenditures of \$469,432,451 is a decrease of \$45,845,755 (8.9 percent) from the FY 2004 recommendation. The State General Fund recommendation of \$1,047,337 is a decrease of \$1,158,442 (52.5 percent) from the FY 2004 recommendation. The recommendation is \$1,010,071 (0.2 percent) more than the agency's FY 2005 request; and does not include the enhancement request. The Governor recommends:

- A 3.0 percent base salary increase of \$1,176,914, including \$15,030 from the State General Fund; and
- A BEST reduction of \$149,322, including \$6,575 from the State General Fund.

In addition, the Governor recommends that no transfer be made from the Workers Compensation Fee Fund to the State General Fund in FY 2005. The agency is recommended to use the funds instead to offset expenditures that were budgeted originally from the State General Fund. The Governor's Budget Amendment eliminates 2.0 FTE positions, reducing the agency's total number of FTE positions from 940.4 FTE to 938.4 FTE.

Under the Governor's FY 2005 **statutory budget recommendation**, the Governor's recommendation for the agency's budget would have to be reduced by an additional \$156,357.

Senate Subcommittee Recommendations

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

1. **Pay Plan Adjustment** - Delete \$1,176,914 including \$15,030 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. Add \$239,430 from the State General Fund to finance the Older Kansans Employment Program (OKEP). The Governor's recommendation for FY 2005 eliminated state funding of OKEP, yet it did not discontinue the program. Instead, the Department of Human Resources was instructed to find alternative funding sources. The Subcommittee recognizes the importance of OKEP for many older Kansans; and recommends the \$229,430 from the State General Fund for OKEP grants be added back to the agency's FY 2005 budget as well as the \$10,000 from the State General Fund for the administration of program.

3. The Governor submitted GBA No. 1, Item No. 7 as a correction to the agency's FTE limitation, adjusting it from 940.4 FTE to 938.4 FTE positions. The Subcommittee does not recommend concurring with the GBA. The Subcommittee notes that there was a misunderstanding between the agency and the Division of Budget. A technical error was made inadvertently when the Department of Human Resources submitted its budget request concerning the type of positions to be eliminated with the transfer of federal Reed Act funds from salaries and wages to contractual services. As a result of the technical error, the Division of Budget was under the impression that the agency had gained 2.0 FTE positions when it had originally received the federal Reed Act funds that were shifted in the FY 2004 budget to finance the Unemployment Insurance Benefits System feasibility study; and therefore the Governor's Budget Amendment reflects the reduction of the 2.0 FTE positions for FY 2004 and FY 2005. However, the Department of Human Resources never actually gained 2.0 FTE positions with the federal Reed Act funds. Instead, the 2003 Legislature appropriated the funds for four non-FTE temporary Information Technology positions.