

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on March 3, 2005, in Room 514-S of the Capitol.

All members were present except:

Representative Sawyer- excused

Committee staff present:

Alan Conroy, Legislative Research Department  
J. G. Scott, Legislative Research Department  
Amy VanHouse, Legislative Research Department  
Reagan Cussimano, Legislative Research Department  
Michele Alishahi, Legislative Research Department  
Julian Efirid, Legislative Research Department  
Debra Hollon, Legislative Research Department  
Susan Kannarr, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Administrative Analyst  
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Department of Revenue
- Attachment 2 Budget Committee Report on Board of Tax Appeals
- Attachment 3 Budget Committee Report on Department of Credit Unions and Office of the Securities Commission
- Attachment 4 Budget Committee Report on Department of Health and Environment (KDHE)-Environment Function and Department of Health and Environment (KDHE)-Health Function
- Attachment 5 Proviso presented by Representative McCreary

Representative Feuerborn moved to introduce legislation relating to commercial driver licenses. The motion was seconded by Representative Lane. Motion carried.

Representative McCreary, Chair of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Department of Revenue for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Gatewood.

Representative Gatewood moved for a substitute motion to amend the Budget Committee report for FY 2005 by accepting the Governor's Budget Amendment to delete 10.0 FTE positions. The motion was seconded by Representative McCreary. Motion carried.

Representative McCreary moved to adopt the Budget Committee recommendation for the Department of Revenue for FY 2005 as amended. The motion was seconded by Representative Gatewood. Motion carried.

Representative McCreary, Chair of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Department of Revenue for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 1). The motion was seconded by Representative Gatewood.

Representative Gatewood moved for a substitute motion to amend the Budget Committee report for FY 2006 by deleting Item No. 2 and accept the Governor's Budget Amendment to delete 18 FTE. The motion was seconded by Representative McCreary. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 3, 2005, in Room 514-S of the Capitol.

Representative McCreary moved to adopt the Budget Committee recommendation for the Department of Revenue for FY 2006 as amended. The motion was seconded by Representative Gatewood. Motion carried.

Representative Gatewood, member of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Board of Tax Appeals for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 2). The motion was seconded by Representative McCreary. Motion carried.

Representative Gatewood, member of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Board of Tax Appeals for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative McCreary. Motion carried.

Representative Williams, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Department of Credit Unions for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 3). The motion was seconded by Representative Schwartz. Motion carried.

Representative Williams, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Department of Credit Unions for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 3). The motion was seconded by Representative Schwartz. Motion carried.

Representative Williams, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Department of Credit Unions for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 3). The motion was seconded by Representative Schwartz. Motion carried.

Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Office of the Securities Commission for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 3). The motion was seconded by Representative Schwartz. Motion carried.

Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Office of the Securities Commission for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 3). The motion was seconded by Representative Schwartz. Motion carried.

Responding to a question from the Committee concerning the frequency of field exams by the Securities Commission on businesses in Kansas and the impact of the internet on the Securities Commission, the Budget Committee will review and report to the full Committee before Omnibus.

Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Office of the Securities Commission for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 3). The motion was seconded by Representative Schwartz. Motion carried.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Department of Health and Environment-Environment Function for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 4). The motion was seconded by Representative Powell. Motion carried.

Representative Landwehr, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Department of Health and Environment-Health Function for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 4). The motion was seconded by Representative Bethell. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 3, 2005, in Room 514-S of the Capitol.

Representative Ballard, member of the Social Services Budget Committee, presented the Budget Committee report on the Department of Health and Environment-Health Function for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 4). The motion was seconded by Representative Bethell.

Representative Schwab moved to amend the Budget Committee report by deleting Item No. 2 and proposing to review it at Omnibus. The motion was seconded by Representative Lane. Motion carried.

Responding to a question from the Committee, the Budget Committee noted that the WIC Farmers Market program addressed in Item No. 9, is an expansion of the program already in existence.

In response to another question, Roderick Bremby, Secretary of Kansas Department of Health and Environment (KDHE), stated that KDHE does not unlawfully release any personal data concerning births in the state.

Representative Landwehr moved to adopt the Budget Committee recommendation for the Department of Health and Environment-Health Function for FY 2006 as amended. The motion was seconded by Representative Bethell. Motion carried.

Representative Landwehr introduced Dr. Howard Rodenberg, who has assumed a position as Director of Health for the Kansas Department of Health and Environment.

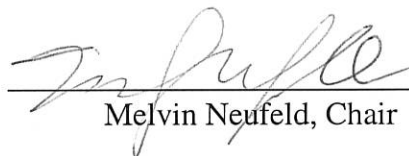
Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Department of Health and Environment-Environment Function for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 4). The motion was seconded by Representative Schwartz.

Representative Schwab moved to amend the Budget Committee report by deleting Item No. 2 and review it at Omnibus. The motion was seconded by Representative Lane. Motion carried.

Representative McCreary moved to amend the Budget Committee report by adding a proviso pertaining to a proposed landfill in Harper County (Attachment 5). The motion was seconded by Representative Sharp. Motion carried.

Representative Schwartz moved to adopt the Budget Committee recommendation for the Department of Health and Environment-Environment Function for FY 2006 as amended. The motion was seconded by Representative Powell. Motion carried.

The meeting was adjourned at 10:25 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 4, 2005.

  
Melvin Neufeld, Chair

# HOUSE APPROPRIATIONS COMMITTEE

March 3, 2005

9:00 A.M.

NAME	REPRESENTING
Victoria H. DeLoach	Budget
Andrew Hill	Lane
Doug Bowman	CCECOS
Ken Saadi	KDIHE
Ron Ammerschmidt	KDIHE
KOB MEALY	Hew Low Firm
Caroleyn Middleton	Ks St No Assn

**HOUSE BUDGET COMMITTEE REPORT**


**Department of Revenue**

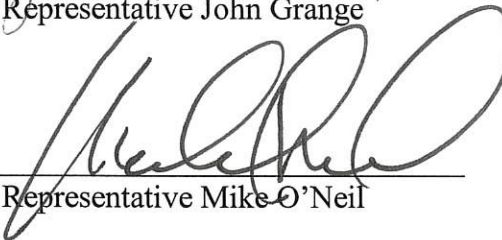
**FY 2005 and FY 2006**

  
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Representative Bill McCreary, Chairperson

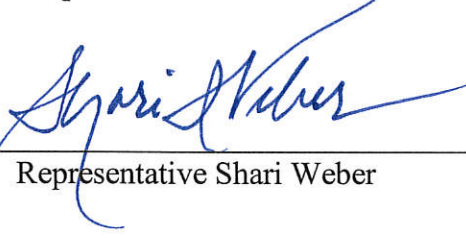
  
\_\_\_\_\_  
Representative Eric Carter

  
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Representative Doug Gatewood

  
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Representative John Grange

  
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Representative Mike O'Neil

  
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Representative Tom Thull

  
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Representative Shari Weber

**HOUSE APPROPRIATIONS**

DATE 3-03-2005  
ATTACHMENT 1

## Senate Subcommittee Report

**Agency:** Department of Revenue

**Bill No.** 272

**Bill Sec.** 18

**Analyst:** Efird

**Analysis Pg. No.** Vol. II-1360

**Budget Page No.** 343

Expenditure	Agency Req. FY 05	Governor Rec. FY 05	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State Operations	\$ 75,263,037	\$ 75,263,037	\$ 0
State Aid	6,492,050	6,492,050	0
State Assistance	3,500,000	3,500,000	0
TOTAL	<u>\$ 85,255,087</u>	<u>\$ 85,255,087</u>	<u>\$ 0</u>
<b>Financing:</b>			
State General Fund	\$ 20,046,408	\$ 20,046,408	0
Other Funds	65,208,679	65,208,679	0
TOTAL	<u>\$ 85,255,087</u>	<u>\$ 85,255,087</u>	<u>\$ 0</u>
 FTE Positions	 1,196.0	 1,206.0	 (10.0)

### Agency Estimate/Governor's Recommendation

The **agency** requests operating expenditures totaling \$85.3 million, of which \$20.1 million is financed by the State General Fund. No additional expenditures financed by the State General Fund are requested. Additional financing of \$608,724 for the production of license plates is requested from the Division of Vehicles (DOV) Operating Fund. The **Governor** concurs with the revised FY 2005 agency estimated expenditures of \$85.3 million and adds 10.0 FTE positions in order to improve delinquent tax collections.

Financing from the State General Fund exceeds the revised estimate of expenditures by \$2,481,954, the amount of the reappropriation from FY 2004. The **Governor** recommends lapsing \$2,481,961 State General Fund. Financing for the increased costs of producing license plates is recommended from the \$3.4 million reappropriated in the DOV Operating Fund from FY 2004.

### Senate Subcommittee Recommendation

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is the same State General Fund amount of \$20,046,408 originally approved by the 2004 Legislature and there is no change from the approved amount.

The Subcommittee would note that the Governor recommends an enhancement to be initiated in FY 2005, but the increased costs are offset by additional shrinkage of \$378,134 that reduces the State General Fund by the same amount as the FY 2005 enhancement cost.

The **Governor** recommends a tax collection enhancement that adds 18.0 new FTE positions for tax collections, with 10.0 FTE recommended in FY 2005 and the other 8.0 FTE recommended in FY 2006 for new field positions. The **Governor's** recommendations provide financing from the State General Fund for salaries and benefits, with \$378,134 in FY 2005 and \$1,057,520 in FY 2006. The Governor estimates the additional staff will bring in \$6.0 million worth of unpaid taxes in FY 2006, with \$8.5 million anticipated in each of FY 2007 and FY 2008, primarily from sales and individual income taxes. The agency indicates that limited staff levels have hindered tax collections, and the Legislative Division of Post Audit concluded in its tax enforcement audit of October 2004 that the Department of Revenue could benefit by adding additional staff.

2. **Delete New FTE Positions.** The Subcommittee recommends deleting 10.0 FTE positions recommended by the Governor in FY 2005 and for the agency to absorb the new staff for the tax collection initiative within its existing FTE limitation.

According to a Division of Personnel Services 2004 Workforce Report on turnover (a process that produces shrinkage savings in the budget), the Department of Revenue had an average of 1,012 classified employees during FY 2004. The agency's authorized FTE positions in FY 2004 were 1,196.0, of which 1,164.0 were classified positions. The difference between the average of 1,012.0 classified employees and the authorized number of 1,164.0 classified positions is 152.0 FTEs, or 13.1 percent which constitutes an average vacancy rate.

The Subcommittee believes that the agency has sufficient authority to fill the 10.0 FTE positions this fiscal year and was assured by the agency that it is planning to advertise a total of 22 positions and anticipates filling those ten recommended by the Governor for tax collections. The agency believes that it has sufficient State General Fund financing to pay FY 2005 enhancement costs of \$378,134 from current resources recommended by the Governor. The agency indicates that a Governor's Budget Amendment will recommend this same reduction in 10.0 FTE positions.

### **Senate Committee Recommendation**

The Committee concurs.

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### House Budget Committee Report

Agency: Department of Revenue

Bill No. 2480

Bill Sec. 18

Analyst: Efird

Analysis Pg. No. Vol. II – 1360

Budget Page No. 343

Expenditure	Agency Req. FY 05	Governor Rec. FY 05	Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State Operations	\$ 75,263,037	\$ 75,263,037	\$ 0
State Aid	6,492,050	6,492,050	0
State Assistance	3,500,000	3,500,000	0
TOTAL	<u>\$ 85,255,087</u>	<u>\$ 85,255,087</u>	<u>\$ 0</u>
<b>Financing:</b>			
State General Fund	\$ 20,046,408	\$ 20,046,408	\$ 0
Other Funds	65,208,679	65,208,679	0
TOTAL	<u>\$ 85,255,087</u>	<u>\$ 85,255,087</u>	<u>\$ 0</u>
 FTE Positions	 1,196.0	 1,206.0	 0.0

#### Agency Estimate/Governor's Recommendation

The **agency** requests operating expenditures totaling \$85.3 million, of which \$20.1 million is financed by the State General Fund. No additional expenditures financed by the State General Fund are requested. Additional financing of \$608,724 for the production of license plates is requested from the Division of Vehicles (DOV) Operating Fund. The **Governor** concurs with the revised FY 2005 agency estimated expenditures of \$85.3 million and adds 10.0 FTE positions in order to improve delinquent tax collections.

Financing from the State General Fund exceeds the revised estimate of expenditures by \$2,481,954, the amount of the reappropriation from FY 2004. The **Governor** recommends lapsing \$2,481,961 State General Fund. Financing for the increased costs of producing license plates is recommended from the \$3.4 million reappropriated in the DOV Operating Fund from FY 2004.

#### House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is the same State General Fund amount of \$20,046,408 originally approved by the 2004 Legislature and there is no change from the approved amount.

1-4



2. **Request Budget Amendment.** The Budget Committee recommends asking for a Governor's Budget Amendment before deleting 10.0 FTE positions recommended by the Governor in FY 2005 for new field tax collections staff. The Budget Committee understands that the agency can absorb the tax collection staff within its authorized FTE limitation because it has approximately 152 vacancies. The *Governor's Budget Report* added 10.0 FTE positions that will not be needed in FY 2005, and the Governor's Budget Amendment will reduce those 10.0 FTE positions since the agency will absorb the staff within its existing FTE limitation in FY 2005.

## Senate Subcommittee Report

**Agency:** Department of Revenue

**Bill No.** 270

**Bill Sec.** 43

**Analyst:** Efird

**Analysis Pg. No.** Vol. II-1360

**Budget Page No.** 343

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Senate Subcommittee Adjustments*
<b>Operating Expenditures:</b>			
State Operations	\$ 76,235,295	\$ 78,879,734	\$ (2,657,439)
State Aid	6,492,050	6,492,050	0
State Assistance	3,500,000	3,500,000	0
TOTAL	<u>\$ 86,227,345</u>	<u>\$ 88,871,784</u>	<u>\$ (2,657,439)</u>
<b>Financing:</b>			
State General Fund	\$ 20,098,909	\$ 20,678,285	\$ (901,976)
Other Funds	66,128,436	68,193,499	(1,755,463)
TOTAL	<u>\$ 86,227,345</u>	<u>\$ 88,871,784</u>	<u>\$ (2,657,439)</u>
 FTE Positions	 1,196.0	 1,214.0	 (68.0)

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

### Agency Request/Governor's Recommendation

The **agency** requests operating expenditures totaling \$86.2 million, of which \$20.1 million is financed by the State General Fund. The **agency's** budget request includes an enhancement package totaling \$438,800 for replacement motor vehicles, of which \$388,000 is financed from the State General Fund.

The **Governor** concurs with the agency's FY 2006 base budget request, provides salary plan adjustments, funding for a 27<sup>th</sup> pay period, increased death and disability insurance funding, and 18.0 FTE positions in order to improve delinquent tax collections. Ten of the positions are included in FY 2005 by the **Governor's** recommendation, and eight positions are added in FY 2006 by the **Governor's** recommendation. The *Governor's Budget Report* cites the agency estimate that the additional staff will bring in \$6.0 million worth of unpaid taxes in FY 2006, primarily from sales and individual income taxes. The recommendation by the Governor would allow expenditures of almost \$88.9 million in FY 2006.

### Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school

1-6

finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$1,846,430.**

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$1,121,883, including \$342,681 from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$1,830,556, including \$559,295 from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$1,661,640, including \$506,906 State General Fund), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$168,916, including \$52,389 State General Fund) for later Committee consideration.
3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$631,877 or 3.2 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is a decrease of \$270,099, or 1.3 percent below the approved amount.
4. **Delete New FTE Positions.** The Subcommittee recommends deleting 18.0 FTE positions recommended by the Governor in FY 2006 and for the agency to absorb the new staff positions for the tax collection initiative within its existing FTE limitation.

The Subcommittee was assured by the agency that it had sufficient flexibility with its FTE positions and vacant positions to absorb the new staff as recommended by the Governor, and that eliminating the 18.0 FTE positions would not be harmful to the agency. The agency indicates that a Governor's Budget Amendment will recommend this same action.

5. **Governor's Tax Collection Initiative.** The Governor's recommendations provide enhancement financing from the State General Fund for salaries and benefits of \$1,057,520 in FY 2006. The Governor estimates the additional staff will bring in \$6.0 million worth of unpaid taxes in FY 2006, with \$8.5 million anticipated in each of FY 2007 and FY 2008, primarily from sales and individual income taxes. The Subcommittee asked for an accounting of how the agency would spend the enhancement funding recommended by the Governor and the following details were provided for FY 2006:

Fill 18 vacant positions .....	\$ 798,500
Reclassify current staff .....	154,000
Subtotal--salaries and benefits .....	952,500
Other operating expenses .....	37,460
One-time capital outlay:	
Office equipment and installation .....	67,725
Five automobiles .....	54,500
Total .....	\$1,112,185

The agency indicates that it is able to absorb the additional cost of \$54,665 (primarily for automobiles) within the Governor's FY 2006 State General Fund financing as recommended. The agency indicates that the five automobiles are in addition to the other enhancement request recommended by the Governor for motor vehicles. The Governor recommends \$130,800 for additional motor vehicle purchases, with \$65,400 financed by the State General Fund and \$65,400 financed by the DOV Operating Fund. The Subcommittee recommends that the agency consider leasing rather than purchasing, and that a report should be made to this Subcommittee during the 2006 Legislature, explaining what cost-benefit analysis results guided the decision as to lease or purchase motor vehicles in FY 2006.

6. **Additional State General Fund Revenue.** The *Governor's Budget Report* attributes enhanced tax collections in three fiscal years that will result from the initiative of adding 18 field staff positions. Information provided by the agency suggests that increasing field audit staff also will produce new revenue. The Subcommittee notes that at the present time four field auditor positions are vacant and recommends that all four positions be filled as soon as possible. The agency indicates that it had planned to recruit to fill two of the four positions from among college graduates this spring. The Subcommittee cites a 2003 Legislative Division of Post Audit report on *Corporate Income Taxes: Reviewing Factors Affecting The Recent Steep Drop in Those Tax Receipts*. One of the questions examined in the report focused on "How have the resources and results for reviewing and auditing corporate tax returns changed during the last few years?" The report recommends "The department should find ways to hire or reassign more staff to conduct corporate tax audits, and the Legislature should support that effort." The report notes that "Each corporate tax auditor generates about \$1.0 million a year in additional revenues and promotes greater accountability within the corporate community."

The Subcommittee recommends filling 4.0 FTE field auditor positions in FY 2006 and much like the Governor's tax collection initiative, the financing should be from the recommended FY 2006 budget. The Subcommittee points out that the DOV Operating Fund is projected to have an ending balance of \$500,000 at the conclusion of FY 2006 and that the Audit Services program is financed primarily from that fund in the Governor's FY 2006 recommendations. Salaries and benefits of the four positions should be financed from the \$500,000 balance, unless it is to be transferred to the State General Fund as has happened to some fund balances in other state agencies. The Governor's FY 2006 recommendations do not include such a transfer of that \$500,000 balance. The

estimated cost in FY 2006 for the four staff and operating expenses is \$295,000 for the full 12 months.

The Subcommittee understands that new field auditors will not produce \$1.0 million each in the first or even second year. A schedule previously developed by the agency suggests audit assessments will produce \$830,000 in FY 2006, \$2,140,000 in FY 2007, and \$3,575,000 in FY 2008, if the Audit Services program were fully staffed. By filling the four additional staff positions, the program should be at full staffing in FY 2006. The agency's revenue projections originally were attributed to the productivity of new field audit staff, of which 12 already have been hired. The revenue projections do not appear to have been incorporated in State General Fund consensus estimates for the next three fiscal years. The Subcommittee offers this recommendation in the hopes that it will yield new revenue for the State General Fund.

7. **Eliminate Unneeded FTE positions.** The Subcommittee recommends deleting 50.0 FTE positions. As pointed out in the FY 2005 recommendations, according to a Division of Personnel Services 2004 Workforce Report on turnover (a process that produces shrinkage savings in the budget), the Department of Revenue had an average of 1,012 classified employees during FY 2004. The agency's authorized FTE positions in FY 2004 were 1,196.0, of which 1,164.0 were classified positions. The difference between the average of 1,012.0 classified employees and the authorized number of 1,164.0 classified positions is 152.0 FTEs, or 13.1 percent which constitutes an average vacancy rate. The Subcommittee believes that this action will not adversely affect the agency and that future budgets will not have shrinkage adjustments of the magnitude used in FY 2005 and FY 2006. The Governor's recommendations include \$5,578,525 in FY 2005 and \$7,015,209 in FY 2006 for shrinkage adjustments. The effective shrinkage rates for this agency were 10.2 percent in FY 2005 and 11.9 percent in FY 2006 as recommended by the Governor.

### Senate Committee Recommendation

The Committee concurs.

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### House Budget Committee Report

**Agency:** Department of Revenue

**Bill No.** 2482

**Bill Sec.** 43

**Analyst:** Efird

**Analysis Pg. No.** Vol. II – 1360

**Budget Page No.** 343

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State Operations	\$ 76,235,295	\$ 78,879,734	\$ 119,900
State Aid	6,492,050	6,492,050	0
State Assistance	3,500,000	3,500,000	0
TOTAL	\$ 86,227,345	\$ 88,871,784	\$ 119,900
<b>Financing:</b>			
State General Fund	\$ 20,098,909	\$ 20,678,285	\$ 119,900
Other Funds	66,128,436	68,193,499	0
TOTAL	\$ 86,227,345	\$ 88,871,784	\$ 119,900
FTE Positions	1,196.0	1,214.0	(100.0)

#### Agency Request/Governor's Recommendation

The **agency** requests operating expenditures totaling \$86.2 million, of which \$20.1 million is financed by the State General Fund. The **agency's** budget request includes an enhancement package totaling \$438,800 for replacement motor vehicles, of which \$388,000 is financed from the State General Fund.

The **Governor** concurs with the agency's FY 2006 base budget request, provides salary plan adjustments, funding for a 27<sup>th</sup> pay period, increased death and disability insurance funding, and 18.0 FTE positions in order to improve delinquent tax collections. Ten of the positions are included in FY 2005 by the **Governor's** recommendation, and eight positions are added in FY 2006 by the **Governor's** recommendation. The *Governor's Budget Report* cites the agency estimate that the additional staff will bring in \$6.0 million worth of unpaid taxes in FY 2006, primarily from sales and individual income taxes. The recommendation by the Governor would allow expenditures of almost \$88.9 million in FY 2006.

#### Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance

1-10

funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$1,846,430.**

## House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$631,877 or 3.2 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is a decrease of \$270,099, or 1.3 percent below the approved amount.
2. **Request Governor's Budget Amendment.** The Budget Committee recommends asking for a Governor's Budget Amendment before deleting 18.0 FTE positions recommended by the Governor in FY 2006 for new tax collection staff. The Budget Committee understands that the agency can absorb the tax collection staff with no increase in its authorized FTE limitation because it has approximately 152 vacancies. The *Governor's Budget Report* added 18.0 FTE positions that will not be needed in FY 2006, and the Governor's Budget Amendment will reduce those 18.0 FTE positions since the agency will be able to hire additional staff without an increase in the FTE limitation.
3. **Eliminate Unneeded FTE positions.** The Budget Committee recommends deleting 100.0 FTE positions. The Budget Committee believes that this action will not adversely affect the agency and that future budgets will not have shrinkage adjustments of the magnitude used in FY 2005 and FY 2006. The Governor's recommendations include \$5,578,525 in FY 2005 and \$7,015,209 in FY 2006 for shrinkage adjustments. The effective shrinkage rate for this agency was 10.2 percent in FY 2005 and 11.9 percent in FY 2006 as recommended by the Governor. The agency has maintained an average of 152 vacancies in order to achieve the shrinkage recommended by the Governor. This action, taken in conjunction with item 2, will reduce vacancies by 118, leaving a net of 34 vacancies in FY 2006.
4. **Motor Vehicles.** The Budget Committee recommends deleting the State General Fund financing of \$119,900 for 11 motor vehicles in FY 2006 and notes financing of \$65,400 from non-State General Fund sources for six additional cars. The issue of buying motor vehicles should be reviewed at Omnibus.
5. **Other Information.** The Budget Committee notes a contract in the amount of \$65,562.88 for an unclassified, Special Project position with benefits, specifically identified as Legislative Liaison. According to the contract, the base salary of \$50,000 will be paid from January 16 to December 31, 2005. Fringe benefits are budgeted \$14,237.80 and other operating costs are budgeted \$1,325.08.


**House Tax, Judicial, Transportation,  
and Retirement Budget Committee**

**FY 2005 and FY 2006**

**on**

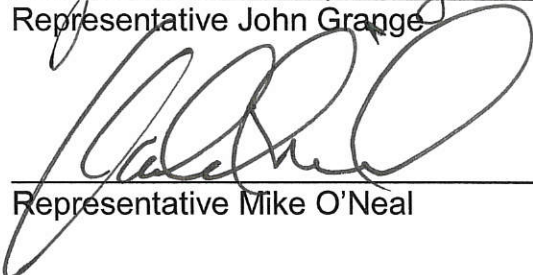
**Board of Tax Appeals**

  
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Representative Bill McCreary, Chairperson

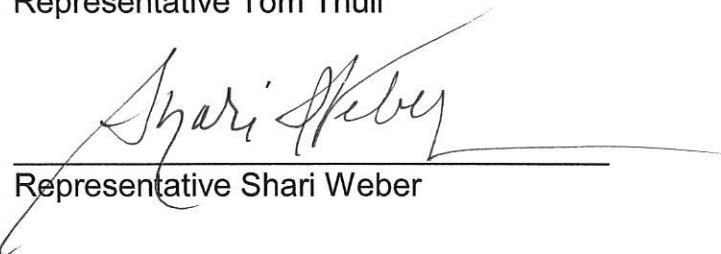
  
\_\_\_\_\_  
Representative Eric Carter

  
\_\_\_\_\_  
Representative Doug Gatewood

  
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Representative John Grange

  
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Representative Mike O'Neal

  
\_\_\_\_\_  
Representative Tom Thull

  
\_\_\_\_\_  
Representative Shari Weber

**HOUSE APPROPRIATIONS**

DATE 3-03-2005  
ATTACHMENT 2



## Senate Subcommittee Report

**Agency:** State Board of Tax Appeals

**Bill No.** SB 272

**Bill Sec.** 17

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 2, 1381

**Budget Page No.** 399

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,479,018	\$ 1,479,018	\$ 0
Other Funds	252,608	252,608	0
<b>TOTAL</b>	<b>\$ 1,731,626</b>	<b>\$ 1,731,626</b>	<b>\$ 0</b>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>26.0</b>	<b>26.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$1,731,626, an increase of \$144,213 or 9.1 percent above the approved amount. The agency estimates FY 2005 State General Fund expenditures of \$1,479,018, an increase of \$184,819 or 14.3 percent above the approved amount. The difference between the approved amount and the agency's revised estimate is the result of an unlimited reappropriation of FY 2004 State General Fund savings totaling \$16,882, an additional \$167,937 for Kansas Savings Incentive Program (KSIP) expenditures, and \$40,606 in reduced expenditures from special revenue funds.

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

### Senate Subcommittee Recommendation

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$184,819 or 14.3 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

### House Budget Committee Report

**Agency:** State Board of Tax Appeals

**Bill No.** HB 2480

**Bill Sec.** 17

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 2, 1381

**Budget Page No.** 399

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,479,018	\$ 1,479,018	\$ 0
Other Funds	252,608	252,608	0
<b>TOTAL</b>	<b>\$ 1,731,626</b>	<b>\$ 1,731,626</b>	<b>\$ 0</b>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>26.0</b>	<b>26.0</b>	<b>0.0</b>

#### Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$1,731,626, an increase of \$144,213 or 9.1 percent above the approved amount. The agency estimates FY 2005 State General Fund expenditures of \$1,479,018, an increase of \$184,819 or 14.3 percent above the approved amount. The difference between the approved amount and the agency's revised estimate is the result of an unlimited reappropriation of FY 2004 State General Fund savings totaling \$16,882, an additional \$167,937 for Kansas Savings Incentive Program (KSIP) expenditures, and \$40,606 in reduced expenditures from special revenue funds.

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

#### House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$184,819 or 14.3 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

## Senate Subcommittee Report

**Agency:** State Board of Tax Appeals

**Bill No.** SB 270

**Bill Sec.** 42

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 2, 1381 **Budget Page No.** 399

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 1,296,773	\$ 1,371,092	\$ (74,319)
Other Funds	269,000	271,500	0
<b>TOTAL</b>	<b>\$ 1,565,773</b>	<b>\$ 1,642,592</b>	<b>\$ (74,319)</b>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>26.0</b>	<b>26.0</b>	<b>0.0</b>

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

### Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$1,565,773, a decrease of \$165,853 or 9.6 percent below the revised current year estimate. The agency requests FY 2006 State General Fund expenditures of \$1,296,773, a decrease of \$182,245 or 12.3 percent below the revised estimate. The reduction in State General Fund expenditures mainly reflects Kansas Savings Incentive Program (KSIP) expenditures budgeted in FY 2005 that are not planned to reoccur in FY 2006.

The **Governor** recommends an FY 2006 operating budget of \$1,642,592, a decrease of \$89,034 or 5.1 percent below the FY 2005 recommendation. The Governor recommends State General Fund expenditures of \$1,371,092, a decrease of \$107,926 or 7.3 percent below the current year recommendation. The recommendation is \$76,819 or 4.9 percent more than the agency's request and includes:

- An additional \$74,319 from the State General Fund for the 2.5 percent salary increase, the 27<sup>th</sup> payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate; and
- An additional \$2,500 from the BOTA Filing Fee Fund for capital outlay.

### Statutory Budget Submission

KSA 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the Governor's Budget Report includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this

2-4

requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$122,429.**

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$28,497 from the State General Fund to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$45,822 from the State General Fund to remove funding recommended by the Governor for the 27th payroll period (\$42,218), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$3,604) for later Committee consideration.
3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$76,893 or 5.9 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is an increase of \$2,574 or 0.2 percent above the approved amount.
4. **Board Members.** The Subcommittee recommends an interim study to review the current structure of the Board of Tax Appeals membership, particularly regarding the issue of when Board members have a conflict of interest in certain cases. The agency indicated that the reduction of BOTA members from five to three, with the implementation of 2003 HB 2005, raises the problem of how to handle cases when one or two members have a conflict of interest.
5. **Vacant Positions.** The Subcommittee notes that the agency recently filled an attorney position, but still has three vacant clerical positions that have not been filled due to a lack of funding. The Subcommittee also notes the agency does intend to fill the clerical positions as the funds become available.
6. **Microfilming Files.** The Subcommittee notes that the agency followed the recommendation made by the 2004 Senate Subcommittee to utilize the less expensive services offered by the Department of Revenue in microfilming their closed files. The Subcommittee also notes that the agency has completed approximately 70.0 percent of the microfilming of the closed files from 1997 to 1999. The Subcommittee recommends the agency continue microfilming its closed files.

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

### House Budget Committee Report

**Agency:** State Board of Tax Appeals

**Bill No.** HB 2482

**Bill Sec.** 42

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 2, 1381

**Budget Page No.** 399

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,296,773	\$ 1,371,092	\$ 0
Other Funds	269,000	271,500	(2,500)
<b>TOTAL</b>	<b>\$ 1,565,773</b>	<b>\$ 1,642,592</b>	<b>\$ (2,500)</b>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>26.0</b>	<b>26.0</b>	<b>0.0</b>

#### Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$1,565,773, a decrease of \$165,853 or 9.6 percent below the revised current year estimate. The agency requests FY 2006 State General Fund expenditures of \$1,296,773, a decrease of \$182,245 or 12.3 percent below the revised estimate. The reduction in State General Fund expenditures mainly reflects Kansas Savings Incentive Program (KSIP) expenditures budgeted in FY 2005 that are not planned to reoccur in FY 2006.

The **Governor** recommends an FY 2006 operating budget of \$1,642,592, a decrease of \$89,034 or 5.1 percent below the FY 2005 recommendation. The Governor recommends State General Fund expenditures of \$1,371,092, a decrease of \$107,926 or 7.3 percent below the current year recommendation. The recommendation is \$76,819 or 5.9 percent more than the agency's request and includes:

- An additional \$74,319 from the State General Fund for the 2.5 percent salary increase, the 27<sup>th</sup> payroll period, and the increase in the Kansas Public Employees Retirement System (KPERS) death and disability contribution rate; and
- An additional \$2,500 from the BOTA Filing Fee Fund for capital outlay.

#### Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the Governor's Budget Report includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget

recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$122,429.**

### House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$1,371,092, an increase of \$76,893 or 5.9 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$28,497), the 27<sup>th</sup> payroll period (\$42,218), and the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$3,604), the recommendation is an increase of \$2,574 above the approved amount.

In addition, the Budget Committee notes that the increase of \$2,574 in the State General Fund recommendation for FY 2006 is attributable to an increase in the KPERS employer contribution rate. Absent the estimated amount recommended for the rate increase (\$4,092), the recommendation is a decrease of \$1,518 below the approved amount.

2. **Capital Outlay Funding.** Delete \$2,500 from the BOTA Filing Fee Fund to remove funding recommended by the Governor for capital outlay. The Budget Committee wishes to review this item at Omnibus to determine if the funding for capital outlay should be added back into the agency's FY 2006 budget.

# House Agriculture and Natural Resources Budget Committee

FY 2005

FY 2006

FY 2007

Department of Credit Unions  
Office of the Securities Commission

  
\_\_\_\_\_  
Representative Sharon Schwartz, Chairperson

  
\_\_\_\_\_  
Representative Vaughn Flora

  
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Representative Joann Freeborn

  
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Representative Carl Holmes

  
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Representative Larry Powell

  
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Representative Tom Sloan

  
\_\_\_\_\_  
Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 3-03-2005

ATTACHMENT 3

## Senate Subcommittee Report

**Agency:** Department of Credit Unions      **Bill No.** SB 272

**Bill Sec.** 05

**Analyst:** Alishahi      **Analysis Pg. No.** Vol. 3, 1558

**Budget Page No.** 481

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
Special Revenue Funds	\$ 898,833	\$ 938,176	\$ 0
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>13.0</u>	<u>13.0</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$898,833, a decrease of \$18,631 or 2.0 percent below the approved amount. The estimate includes a reduction of \$4,533 in salaries and wages, mainly in the amount budgeted for temporary employees, and a reduction of \$14,098 in other operating expenditures.

The **Governor** recommends an FY 2005 operating budget of \$938,176, an increase of \$20,712 or 2.3 percent above the approved amount. The recommendation is \$39,343 or 4.4 percent more than the agency's revised estimate and includes an additional \$39,343 for Kansas Savings Incentive Program (KSIP) expenditures.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.



### House Budget Committee Report

**Agency:** Department of Credit Unions

**Bill No.** HB 2480

**Bill Sec.** 05

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 3, 1558

**Budget Page No.** 481

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 898,833	\$ 938,176	\$ 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** estimates a current year operating budget of \$898,833, a decrease of \$18,631 or 2.0 percent below the approved amount. The estimate includes a reduction of \$4,533 in salaries and wages, mainly in the amount budgeted for temporary employees, and a reduction of \$14,098 in other operating expenditures.

The **Governor** recommends an FY 2005 operating budget of \$938,176, an increase of \$20,712 or 2.3 percent above the approved amount. The recommendation is \$39,343 or 4.4 percent more than the agency's revised estimate and includes an additional \$39,343 for Kansas Savings Incentive Program (KSIP) expenditures.

#### House Budget Committee Recommendation

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

1. **KSIP Expenditures.** The Budget Committee notes that the Governor recommended that all of the agency's available KSIP expenditures, totaling \$39,343, be budgeted in FY 2005.

## Senate Subcommittee Report

**Agency:** Department of Credit Unions

**Bill No.** SB 270

**Bill Sec.** 09

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 3, 1558

**Budget Page No.** 481

<u>Expenditure Summary</u>	<u>Agency Request FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
Special Revenue Funds	\$ 922,786	\$ 968,691	\$ (45,905)
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>13.0</u>	<u>13.0</u>	<u>0.0</u>

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

### Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$922,786, an increase of \$23,953 or 2.7 percent above the FY 2005 revised estimate. The request includes an enhancement totaling \$12,600 to replace a high mileage vehicle.

The **Governor** recommends an FY 2006 operating budget of \$968,691, an increase of \$30,515 or 3.3 percent above the FY 2005 recommendation. The recommendation is \$45,905 or 5.0 percent more than the agency's request and includes an additional \$45,905 for the 2.5 percent salary increase, the 27<sup>th</sup> payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate. In addition, the Governor recommends the agency's enhancement request.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$17,551, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$28,354, none of which is from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$26,001), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$2,353) for later Committee consideration.

- 3. **Vehicles.** The Subcommittee notes that the majority of fee boards that own vehicles, including the Department of Credit Unions, have included an enhancement request to purchase vehicles as replacements for high mileage currently owned vehicles. The Subcommittee recommends the agency do a cost analysis of a long-term lease versus the purchase of vehicles. The cost analysis should include associated costs, specifically insurance and maintenance costs. The Subcommittee notes that the current state contract with Enterprise limits the agency to a four week contract and notes that the state contract expires on October 30, 2006. Additionally, the Subcommittee recommends the agency do a needs analysis to determine an internal rotation cycle that would allow for the most efficient use of all vehicles within the agency's fleet.

**Senate Committee Recommendation**

The Senate Committee concurs with the Subcommittee's recommendation.

**House Budget Committee Report**

**Agency:** Department of Credit Unions      **Bill No.** HB 2482      **Bill Sec.** 09  
**Analyst:** Alishahi      **Analysis Pg. No.** Vol. 3, 1558      **Budget Page No.** 481

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 922,786	\$ 968,691	\$ (12,600)
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 Request/Governor's Recommendation**

The **agency** requests an FY 2006 operating budget of \$922,786, an increase of \$23,953 or 2.7 percent above the FY 2005 revised estimate. The request includes an enhancement totaling \$12,600 to replace a high mileage vehicle.

The **Governor** recommends an FY 2006 operating budget of \$968,691, an increase of \$30,515 or 3.3 percent above the FY 2005 recommendation. The recommendation is \$45,905 or 5.0 percent more than the agency's request and includes an additional \$45,905 for the 2.5 percent salary increase, the 27<sup>th</sup> payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate. In addition, the Governor recommends the agency's enhancement request.

3-5

## House Budget Committee Recommendation

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

1. **Vehicle Purchase.** Delete \$12,600, none of which is from the State General Fund, to remove funding recommended by the Governor to replace a high mileage vehicle. The Budget Committee recommends the agency's vehicle purchase be reviewed at Omnibus.

In addition, the Budget Committee notes that the mileage on the agency's vehicle is much less than on other state agency vehicles that have been reviewed in budget hearings. The agency indicated that its 1999 Chevrolet Cavalier has approximately 78,000 miles and will reach 90,000 miles during the first part of FY 2006.

The Budget Committee recommends the agency explore the options of purchasing a used vehicle with less mileage or leasing a vehicle, instead of purchasing a new one.

2. **Legislative Post Audit.** The Budget Committee notes that Legislative Post Audit will perform an audit to review the agency's procedures for regulating credit unions. The performance audit will address the following four topics:
  - a. Changes in credit union services in recent years, including the growth of credit unions in comparison to other segments of the financial services industry;
  - b. The agency's procedures for ensuring the safety and soundness of credit unions, and a comparison of the agency's oversight procedures with those for other financial institutions;
  - c. Whether the agency's actions in relation to credit unions' expanded services are consistent with State law; and
  - d. The agency's effectiveness in regulating the influence of out-of-state credit unions.

## Senate Subcommittee Report

**Agency:** Department of Credit Unions

**Bill No.** SB 270

**Bill Sec.** 09

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 3, 1558

**Budget Page No.** 481

<u>Expenditure Summary</u>	<u>Agency Request FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
Special Revenue Funds	\$ 938,242	\$ 935,209	\$ (19,311)
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>13.0</u>	<u>13.0</u>	<u>0.0</u>

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

### Agency Request/Governor's Recommendation

The **agency** requests an FY 2007 operating budget of \$938,242, an increase of \$15,456 or 1.7 percent above the FY 2006 request. The request includes an enhancement totaling \$26,000 to replace two high mileage vehicles.

The **Governor** recommends an FY 2007 operating budget of \$935,209, a decrease of \$33,482 or 3.5 percent below the FY 2006 recommendation. The recommendation is \$3,033 or 0.3 percent less than the agency's request and includes:

- An additional \$19,311 for the continuation of the 2.5 percent salary increase, and the continuation of the FY 2006 increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate; and
- An additional \$3,656 for a technical correction in salaries and wages, mainly in the amount budgeted for benefit costs.

In addition, the Governor recommends the agency's enhancement request.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$16,958, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (the continuation of the 2.5 percent base salary adjustment for all state employees recommended in FY 2006) for consideration in a separate bill.

- 2. **Other Salary and Wage Adjustment.** Delete \$2,353, none of which is from the State General Fund, to remove funding recommended by the Governor for the Kansas Public Employees Retirement System (KPERs) death and disability increase for later Committee consideration.
- 3. **Vehicles.** The Subcommittee notes that the majority of fee boards that own vehicles, including the Department of Credit Unions, have included an enhancement request to purchase vehicles as replacements for high mileage currently owned vehicles. The Subcommittee recommends the agency do a cost analysis of a long-term lease versus the purchase of vehicles. The cost analysis should include associated costs, specifically insurance and maintenance costs. The Subcommittee notes that the current state contract with Enterprise limits the agency to a four week contract and notes that the state contract expires on October 30, 2006. Additionally, the Subcommittee recommends the agency do a needs analysis to determine an internal rotation cycle that would allow for the most efficient use of all vehicles within the agency's fleet.

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

### House Budget Committee Report

**Agency:** Department of Credit Unions      **Bill No.** 2482      **Bill Sec.** 09  
**Analyst:** Alishahi      **Analysis Pg. No.** Vol. 3, 1558      **Budget Page No.** 481

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 938,242	\$ 935,209	\$ 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 Request/Governor's Recommendation

The **agency** requests an FY 2007 operating budget of \$938,242, an increase of \$15,456 or 1.7 percent above the FY 2006 request. The request includes an enhancement totaling \$26,000 to replace two high mileage vehicles.

3-8

The **Governor** recommends an FY 2007 operating budget of \$935,209, a decrease of \$33,482 or 3.5 percent below the FY 2006 recommendation. The recommendation is \$3,033 or 0.3 percent less than the agency's request and includes:

- An additional \$19,311 for the continuation of the 2.5 percent salary increase, and the continuation of the FY 2006 recommendation to increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate; and
- An additional \$3,656 for a technical correction in salaries and wages, mainly in the in the amount budgeted for benefit costs.

In addition, the Governor recommends the agency's enhancement request.

### **House Budget Committee Recommendation**

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

## Senate Subcommittee Report

**Agency:** Office of the Securities Commissioner    **Bill No.** SB 272

**Bill Sec.** 11

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 3, 1690

**Budget Page No.** 503

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 2,485,297	\$ 2,428,596	\$ 0
FTE Positions	28.0	28.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	28.0	28.0	0.0

### Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$2,485,297, an increase of \$237,320 or 10.6 percent above the approved amount. The estimate includes a shrinkage rate of 1.0 percent, an additional 0.2 FTE position, an additional \$222,593 in Kansas Savings Incentive Program (KSIP) expenditures, an increase of \$8,546 in salaries and wages, mainly as a result of salary adjustments, an additional \$5,000 in other assistance to support funding for investor education programs in other state agencies, and an increase of \$1,181 in other operating expenditures, including a supplemental request for an additional \$7,575 in contractual services to lease two vehicles to replace high mileage agency-owned vehicles.

The **Governor** recommends an FY 2005 operating budget of \$2,428,596, an increase of \$180,619 or 8.0 percent above the approved amount. The recommendation is \$56,701 or 2.3 percent less than the agency's revised estimate and includes an increase in the shrinkage rate to 3.0 percent, resulting in a reduction of \$35,468 in salaries and wages, a reduction of \$17,258 in capital outlay, an additional 0.2 FTE position, and an additional \$3,600 in contractual services for reimbursement of private vehicle mileage costs, in place of the agency's supplemental request to lease two vehicles in FY 2005.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.



### House Budget Committee Report

**Agency:** Office of the Securities Commissioner **Bill No.** HB 2480

**Bill Sec.** 11

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 3, 1690

**Budget Page No.** 503

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 2,485,297	\$ 2,428,596	\$ 0
FTE Positions	28.0	28.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>28.0</b>	<b>28.0</b>	<b>0.0</b>

#### Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$2,485,297, an increase of \$237,320 or 10.6 percent above the approved amount. The estimate includes a shrinkage rate of 1.0 percent, an additional 0.2 FTE position, an additional \$222,593 in Kansas Savings Incentive Program (KSIP) expenditures, an increase of \$8,546 in salaries and wages, mainly as a result of salary adjustments, an additional \$5,000 in other assistance to support funding for investor education programs in other state agencies, and an increase of \$1,181 in other operating expenditures, including a supplemental request for an additional \$7,575 in contractual services to lease two vehicles to replace high mileage agency-owned vehicles.

The **Governor** recommends an FY 2005 operating budget of \$2,428,596, an increase of \$180,619 or 8.0 percent above the approved amount. The recommendation is \$56,701 or 2.3 percent less than the agency's revised estimate and includes an increase in the shrinkage rate to 3.0 percent, resulting in a reduction of \$35,468 in salaries and wages, a reduction of \$17,258 in capital outlay, an additional 0.2 FTE position, and an additional \$3,600 in contractual services for reimbursement of private vehicle mileage costs, in place of the agency's supplemental request to lease two vehicles in FY 2005.

#### House Budget Committee Recommendation

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

- 1. Reimbursement of Mileage Costs.** The Budget Committee supports the Governor's recommendation to add \$3,600 to the agency's budget for reimbursement of private vehicle mileage costs. The Governor recommended this funding in place of the agency's supplemental request for additional funding to lease two vehicles in FY 2005.

## Senate Subcommittee Report

**Agency:** Office of the Securities Commissioner    **Bill No.** SB 270

**Bill Sec.** 18

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 3, 1690

**Budget Page No.** 503

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments*
Operating Expenditures:			
Special Revenue Funds	\$ 2,498,543	\$ 2,481,591	\$ (112,778)
FTE Positions	30.0	30.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>30.0</b>	<b>30.0</b>	<b>0.0</b>

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

### Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$2,498,543, an increase of \$13,246 or 0.5 percent above the FY 2005 revised estimate. The request includes a shrinkage rate of 1.0 percent and three enhancements totaling \$225,088. The enhancements include an additional \$69,262 for increases in existing salaries, an additional 2.0 FTE positions and \$141,045 for two additional examiner positions, and an additional \$14,781 to continue leasing the two vehicles requested from FY 2005 and additional funding to lease a third vehicle in FY 2006.

The **Governor** recommends an FY 2006 operating budget of \$2,481,591, an increase of \$52,995 or 2.2 percent above the FY 2005 recommendation. The recommendation is \$16,952 or 0.7 percent less than the agency's request and includes:

- An additional \$112,778 for the 2.5 percent salary increase, the 27<sup>th</sup> payroll period, and the increase in the Kansas Public Employees Retirement System (KPERS) death and disability contribution rate;
- An increase in the shrinkage rate to 3.0 percent, resulting in a reduction of \$35,625 in salaries and wages; and
- A reduction of \$17,886 in capital outlay expenditures.

In addition, the Governor recommends two of the agency's three enhancement requests. The Governor recommends an additional \$9,600 for lease payments for one vehicle and an additional \$139,269 and 2.0 FTE positions for two new examiner positions. The Governor does not recommend the agency's other enhancement request.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$43,113, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$69,665, none of which is from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$63,865), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$5,800) for later Committee consideration.

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

### House Budget Committee Report

**Agency:** Office of the Securities Commissioner    **Bill No.** HB 2482    **Bill Sec.** 18  
**Analyst:** Alishahi    **Analysis Pg. No.** Vol. 3, 1690    **Budget Page No.** 503

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 2,498,543	\$ 2,481,591	\$ (9,600)
FTE Positions	30.0	30.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>30.0</b>	<b>30.0</b>	<b>0.0</b>

### Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$2,498,543, an increase of \$13,246 or 0.5 percent above the FY 2005 revised estimate. The request includes a shrinkage rate of 1.0 percent and three enhancements totaling \$225,088. The enhancements include an additional \$69,262 for increases in existing salaries, an additional 2.0 FTE positions and \$141,045 for two additional examiner positions, and an additional \$14,781 to continue leasing the two vehicles requested from FY 2005 and additional funding to lease a third vehicle in FY 2006.

3-13

The **Governor** recommends an FY 2006 operating budget of \$2,481,591, an increase of \$52,995 or 2.2 percent above the FY 2005 recommendation. The recommendation is \$16,952 or 0.7 percent less than the agency's request and includes:

- An additional \$112,778 for the 2.5 percent salary increase, the 27<sup>th</sup> payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate;
- An increase in the shrinkage rate to 3.0 percent, resulting in a reduction of \$35,625 in salaries and wages; and
- A reduction of \$17,886 in capital outlay expenditures.

In addition, the Governor recommends two of the agency's three enhancement requests. The Governor recommends an additional \$9,600 for lease payments for one vehicle and an additional \$139,269 and 2.0 FTE positions for two new examiner positions. The Governor does not recommend the agency's other enhancement request.

### **House Budget Committee Recommendation**

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

1. **Leasing Vehicles.** Delete \$9,600, none of which is from the State General Fund, to remove funding recommended by the Governor to replace two high mileage vehicles. The Budget Committee recommends the agency's leasing of two vehicles be reviewed at Omnibus.
2. **Enhancement of Existing Salaries.** The Budget Committee notes that the Governor did not recommend the agency's enhancement request for an additional \$69,262, none of which is from the State General Fund, to provide salary increases for several positions. The agency indicated that the additional funding was requested to correct inequitable pay circumstances, prevent turnover, or reallocate positions. The Budget Committee recommends the enhancement of existing salaries be reviewed at Omnibus.
3. **Two Additional Examiner Positions.** The Budget Committee notes that the Governor's recommendation includes an additional 2.0 FTE positions and \$139,269 for two new examiner positions.
  - a. The agency indicated that the two new positions will allow them to increase the frequency of exams of Broker-Dealer and Investment Advisor offices in Kansas. Currently, the agency's average frequency of field exams for firms and branches in Kansas is only one exam in 12.8 years. The agency explained that its four examiners have a caseload of approximately 307 firms/branches per examiner. In addition, several hundred offices and individuals have never been subject to an examination by the Office of the Securities Commissioner for monitoring their sales practices or services.
  - b. The agency also indicated that the two new positions will more than pay for themselves in the long run, since the increase in exams will most likely result in more fines and settlements.

4. **Investor Education Programs.** The Budget Committee notes the agency's efforts to provide investor education programs. The agency provides funding for the Stock Market Game and Street Sage, two interactive web-based programs that teach young adults about investing in the stock market.

## Senate Subcommittee Report

**Agency:** Office of the Securities Commissioner    **Bill No.** SB 270

**Bill Sec.** 18

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 3, 1690

**Budget Page No.** 503

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments*
Operating Expenditures:			
Special Revenue Funds	\$ 2,647,068	\$ 2,444,048	\$ (47,186)
FTE Positions	32.0	30.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>32.0</b>	<b>30.0</b>	<b>0.0</b>

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

### Agency Request/Governor's Recommendation

The **agency** requests an FY 2007 operating budget of \$2,647,068, an increase of \$148,525 or 5.9 percent above the FY 2006 request. The request includes a shrinkage rate of 1.0 percent and four enhancements totaling \$362,939. The enhancements include an additional \$69,482 for increases in existing salaries, an additional 2.0 FTE positions and \$135,810 to continue the two examiner positions requested in FY 2006, an additional 2.0 FTE positions and \$138,059 for two more examiner positions in FY 2007, and an additional \$19,588 to continue leasing the two vehicles requested from FY 2005, the one vehicle requested from FY 2006, and additional funding to lease a fourth vehicle in FY 2007.

The **Governor** recommends an FY 2007 operating budget of \$2,444,048, a decrease of \$37,543 or 1.5 percent below the FY 2006 recommendation. The recommendation is \$203,020 or 7.7 percent less than the agency's request and includes:

- An additional \$47,186 for the continuation of the 2.5 percent salary increase, and the continuation of the FY 2006 increase in the Kansas Public Employees Retirement System (KPERS) death and disability contribution rate; and
- An increase in the shrinkage rate to 3.0 percent, resulting in a reduction of \$35,694 in salaries and wages.

In addition, the Governor recommends two of the agency's four enhancement requests. The Governor recommends an additional \$14,400 to continue the lease payment for the one vehicle from FY 2006 and to fund a second vehicle lease payment for FY 2007, and an additional \$134,027 and 2.0 FTE positions to continue the two new examiner positions recommended in FY 2006. The Governor does not recommend the agency's two other enhancement requests.

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$41,386, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (the continuation of the 2.5 percent base salary adjustment for all state employees recommended in FY 2006) for consideration in a separate bill.
2. **Other Salary and Wage Adjustment.** Delete \$5,800, none of which is from the State General Fund, to remove funding recommended by the Governor for the Kansas Public Employees Retirement System (KPERs) death and disability increase for later Committee consideration.
3. **Examiner Positions.** The Subcommittee recommends that the agency's request for two additional examiner positions for FY 2007 be readdressed during the 2006 Legislative Session.

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

### House Budget Committee Report

**Agency:** Office of the Securities Commissioner    **Bill No.** HB 2482    **Bill Sec.** 18  
**Analyst:** Alishahi    **Analysis Pg. No.** Vol. 3, 1690    **Budget Page No.** 503

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 2,647,068	\$ 2,444,048	\$ (14,400)
FTE Positions	32.0	30.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>32.0</b>	<b>30.0</b>	<b>0.0</b>

### Agency Request/Governor's Recommendation

The **agency** requests an FY 2007 operating budget of \$2,647,068, an increase of \$148,525 or 5.9 percent above the FY 2006 request. The request includes a shrinkage rate of 1.0 percent and four enhancements totaling \$362,939. The enhancements include an additional \$69,482 for

3-17

increases in existing salaries, an additional 2.0 FTE positions and \$135,810 to continue the two examiner positions requested in FY 2006, an additional 2.0 FTE positions and \$138,059 for two more examiner positions in FY 2007, and an additional \$19,588 to continue leasing the two vehicles requested from FY 2005, the one vehicle requested from FY 2006, and additional funding to lease a fourth vehicle in FY 2007.

The **Governor** recommends an FY 2007 operating budget of \$2,444,048, a decrease of \$37,543 or 1.5 percent below the FY 2006 recommendation. The recommendation is \$203,020 or 7.7 percent less than the agency's request and includes:

- An additional \$47,186 for the continuation of the 2.5 percent salary increase, and the continuation of the FY 2006 recommendation to increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate; and
- An increase in the shrinkage rate to 3.0 percent, resulting in a reduction of \$35,694 in salaries and wages.

In addition, the Governor recommends two of the agency's four enhancement requests. The Governor recommends an additional \$14,400 to continue the lease payment for the one vehicle from FY 2006 and to fund a second vehicle lease payment for FY 2007, and an additional \$134,027 and 2.0 FTE positions to continue the two new examiner positions recommended in FY 2006. The Governor does not recommend the agency's two other enhancement requests.

### **House Budget Committee Recommendation**

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

1. **Leasing Vehicles.** Delete \$14,400, none of which is from the State General Fund, to remove funding recommended by the Governor to replace high mileage vehicles. The Budget Committee recommends the agency's leasing of three vehicles, including the continuation of two leased vehicles from FY 2006 and a third leased vehicle for FY 2007, be reviewed at Omnibus.
2. **Enhancement of Existing Salaries.** The Budget Committee notes that the Governor did not recommend the agency's enhancement request for an additional \$69,482, none of which is from the State General Fund, to provide salary increases for several positions. The agency indicated that the additional funding was requested to correct inequitable pay circumstances, prevent turnover, or reallocate positions. The Budget Committee recommends the enhancement of existing salaries be reviewed at Omnibus.
3. **Two Additional Examiner Positions.** The Budget Committee notes that the Governor's recommendation includes an additional 2.0 FTE positions and \$138,059 for the continuation of the two new examiner positions recommended for FY 2006.



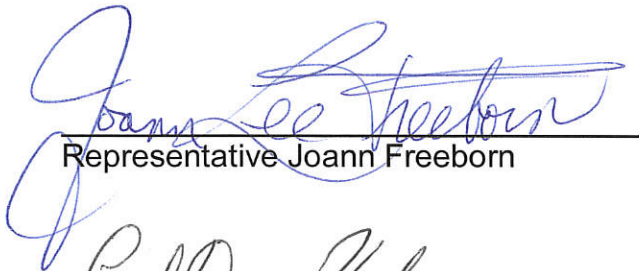
**Agriculture and Natural Resources Budget Committee**

**Kansas Department of Health and Environment -  
Environment Function**

**FY 2005 and FY 2006**

  
Representative Sharon Schwartz, Chair

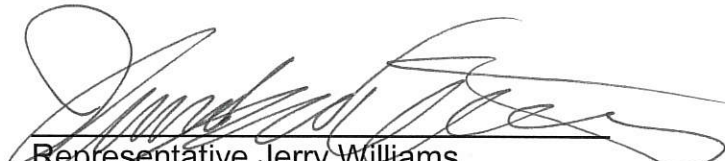
  
Representative Vaughn Flora

  
Representative Joann Freeborn

  
Representative Carl Holmes

  
Representative Larry Powell

  
Representative Tom Sloan

  
Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 3-03-2005  
ATTACHMENT 4


**Social Services Budget Committee**

**Kansas Department of Health and Environment -  
Health Function**


**FY 2005 and FY 2006**

  
Representative Brenda Landwehr, Chair

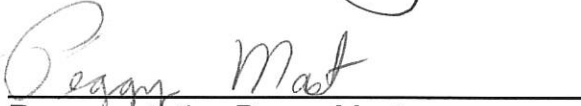
  
Representative Barbara Ballard

  
Representative Bob Bethell

  
Representative Willa DeCastro

  
Representative John Edmonds

  
Representative Jerry Henry

  
Representative Peggy Mast

  
Representative Louis Ruiz

  
Representative Arlan Seigfried

## Senate Subcommittee Report

**Agency:** Kansas Department of  
Health and Environment

**Bill No.** 272

**Bill Sec.** 25

**Analyst:** Kannarr

**Analysis Pg. No.** Vol. II, p. 842

**Budget Page No.** 175

<u>Expenditure Summary</u>	<u>Agency Est. FY 2005</u>	<u>Gov. Rec. FY 2005</u>	<u>Senate Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 113,073,089	\$ 113,093,040	\$ 0
Aid to Local Units	43,857,223	43,866,579	0
Other Assistance	36,960,000	36,960,000	0
Subtotal - Operating	<u>\$ 193,890,312</u>	<u>\$ 193,919,619</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 193,890,312</u></u>	<u><u>\$ 193,919,619</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 17,557,953	\$ 17,483,704	\$ 0
Aid to Local Units	9,160,787	9,170,143	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 26,718,740</u>	<u>\$ 26,653,847</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 26,718,740</u></u>	<u><u>\$ 26,653,847</u></u>	<u><u>\$ 0</u></u>
FTE Positions	885.0	885.0	0.0
Non-FTE Unclass. Perm.	141.3	141.3	0.0
<b>TOTAL</b>	<u><u>1,026.3</u></u>	<u><u>1,026.3</u></u>	<u><u>0.0</u></u>

### Agency Estimate/Governor's Recommendation

The **agency** estimates FY 2005 expenditures of \$193,890,312, an increase of \$4,920,953 or 2.6 percent above the amount approved by the 2004 Legislature. The agency estimates **Health Function** expenditures of \$129,846,880 including \$16,545,276 from the State General Fund. **Environment Function** expenditures are estimated to be \$64,043,432 including \$10,173,464 from the State General Fund. The estimate includes: State General Fund expenditures of \$26,718,740, the same as the approved amount; State Water Plan expenditures of \$3,192,666, the same as the approved amount; Children's Initiatives Fund expenditures of \$1,550,000, the same as the approved amount; and an increase in Other Assistance of \$6,460,000 in federal Women, Infants and Children's (WIC) expenditures due to increased demand for services.

The **Governor** recommends FY 2005 operating expenditures of \$193,919,619, an all funds increase of \$4,950,260 or 2.6 percent and a State General Fund decrease of \$64,893 or 0.2 percent from the amount approved by the 2004 Legislature. The recommendation is an increase of \$29,307 above the agency estimate.

### **Senate Subcommittee Recommendation**

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

1. The Subcommittee notes that the FY 2005 Governor's recommendation is a State General Fund decrease of \$64,893 or 0.2 percent below the amount approved by the 2004 Legislature.

### **Senate Committee Recommendation**

The Senate Committee concurs with the Subcommittee recommendation.

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### House Budget Committee Report

**Agency:** Kansas Department of Health and Environment

**Bill No.** 2480

**Bill Sec.** 25

**Analyst:** Kannarr

**Analysis Pg. No.** Vol. II, p. 842

**Budget Page No.** 175

Expenditure Summary	Agency Est. FY 2005	Gov. Rec. FY 2005	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 113,073,089	\$ 113,093,040	\$ 0
Aid to Local Units	43,857,223	43,866,579	0
Other Assistance	36,960,000	36,960,000	0
Subtotal - Operating	<u>\$ 193,890,312</u>	<u>\$ 193,919,619</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 193,890,312</u></u>	<u><u>\$ 193,919,619</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 17,557,953	\$ 17,483,704	\$ 0
Aid to Local Units	9,160,787	9,170,143	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 26,718,740</u>	<u>\$ 26,653,847</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 26,718,740</u></u>	<u><u>\$ 26,653,847</u></u>	<u><u>\$ 0</u></u>
FTE Positions	885.0	885.0	0.0
Non-FTE Unclass. Perm.	141.3	141.3	0.0
<b>TOTAL</b>	<u><u>1,026.3</u></u>	<u><u>1,026.3</u></u>	<u><u>0.0</u></u>

#### Agency Estimate/Governor's Recommendation

The **agency** estimates FY 2005 expenditures of \$193,890,312, an increase of \$4,920,953 or 2.6 percent above the amount approved by the 2004 Legislature. The agency estimates **Health Function** expenditures of \$129,846,880 including \$16,545,276 from the State General Fund. **Environment Function** expenditures are estimated to be \$64,043,432 including \$10,173,464 from the State General Fund. The estimate includes: State General Fund expenditures of \$26,718,740, the same as the approved amount; State Water Plan expenditures of \$3,192,666, the same as the approved amount; Children's Initiatives Fund expenditures of \$1,550,000, the same as the approved amount; and an increase in Other Assistance of \$6,460,000 in federal Women, Infants and Children's (WIC) expenditures due to increased demand for services.

The **Governor** recommends FY 2005 operating expenditures of \$193,919,619, an all funds increase of \$4,950,260 or 2.6 percent and a State General Fund decrease of \$64,893 or 0.2 percent from the amount approved by the 2004 Legislature. The recommendation is an increase of \$29,307 above the agency estimate.

4-5

### House Budget Committee Report

**Agency:** Department of Health and Environment - Health **Bill No.** 2480

**Bill Sec.** 25

**Analyst:** Kannarr

**Analysis Pg. No.** Vol. II, pg. 842 **Budget Page No.** 175

Expenditure Summary	Agency Est. FY 2005	Gov. Rec. FY 2005	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 56,403,296	\$ 56,423,247	\$ 0
Aid to Local Units	36,483,584	36,492,940	0
Other Assistance	36,960,000	36,960,000	0
Subtotal - Operating	\$ 129,846,880	\$ 129,876,187	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 129,846,880</b>	<b>\$ 129,876,187</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 7,384,489	\$ 7,310,240	\$ 0
Aid to Local Units	9,160,787	9,170,143	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 16,545,276	\$ 16,480,383	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 16,545,276</b>	<b>\$ 16,480,383</b>	<b>\$ 0</b>
FTE Positions	419.00	419.00	0.0
Non-FTE Unclass. Permanent	108.25	108.25	0.0
<b>TOTAL</b>	<b>527.25</b>	<b>527.25</b>	<b>0.0</b>

#### Agency Estimate/Governor's Recommendation

Agency requests FY 2005 expenditures of \$129,846,880, including \$16,545,276 from the State General Fund, and 419.0 FTE positions for the Health function. The request includes Children's Initiatives Fund expenditures of \$1,550,000, the same as the approved amount.

The Governor recommends expenditures of \$129,876,187, including \$16,480,383 from the State General Fund, and 419.0 FTE positions. The recommendation includes Children's Initiatives Fund expenditures of \$1,550,000. The recommendation is an all funds increase of \$29,307 or 0.02 percent and a State General Fund decrease of \$64,893 from the agency request.

4-6

## House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund decrease of \$478,029 or 2.8 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature.

## House Budget Committee Report

**Agency:** Kansas Department of Health  
and Environment - Environment

**Bill No. - -**

**Bill Sec. - -**

**Analyst:** Kannarr

**Analysis Pg. No.** Vol. 2, pg. 842

**Budget Page No.** 175

Expenditure Summary	Agency Est. FY 2005	Gov. Rec. FY 2005	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 56,669,793	\$ 56,669,793	\$ 0
Aid to Local Units	7,373,639	7,373,639	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 64,043,432	\$ 64,043,432	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 64,043,432</b>	<b>\$ 64,043,432</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operation	\$ 10,173,464	\$ 10,173,464	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 10,173,464	\$ 10,173,464	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 10,173,464</b>	<b>\$ 10,173,464</b>	<b>\$ 0</b>
FTE Positions	466.0	466.0	0.0
Non-FTE Unclass. Perm.	33.0	33.0	0.0
<b>TOTAL</b>	<b>499.0</b>	<b>499.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The agency estimates FY 2005 expenditures of \$64,043,432, including \$10,173,464 from the State General Fund. The estimate is and all funds decrease of \$931,314 or 1.4 percent and a State General Fund increase of \$413,136 or 4.2 from the amount approved by the 2004 Legislature. The request includes State Water Plan expenditures of \$3,192,666, the same as the approved amount.

The Governor recommends expenditures of \$64,043,432, including \$10,173,464 from the State General Fund. The recommendation is the same as the agency request.



## House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$413,136 or 4.2 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The increase is a result of an agency decision to begin showing rent expenses in individual divisions and bureaus as opposed to Administration. The decision resulted in additional expenditures in the Health and Environment Laboratories. This move necessitated a transfer of State General Fund authority due to the Laboratories' heavy reliance on State General Fund financing. The result is a decrease in the health function and corresponding increase in the environment function. In total, KDHE's recommended FY 2005 budget is a decrease of \$64,893 or 0.2 percent from the approved amount.

## Senate Subcommittee Report

**Agency:** Kansas Department of Health and Environment

**Bill No.** 270

**Bill Sec.** 51 and 52

**Analyst:** Kannarr

**Analysis Pg. No.** 842

**Budget Page No.** 175

<u>Expenditure Summary</u>	<u>Agency Request FY 2006</u>	<u>Gov. Rec. FY 2006</u>	<u>Senate Subcommittee Adjustments*</u>
<b>All Funds:</b>			
State Operations	\$ 113,073,089	\$ 113,093,040	\$ (3,214,021)
Aid to Local Units	43,857,223	43,866,579	0
Other Assistance	36,960,000	36,960,000	0
Subtotal - Operating	\$ 193,890,312	\$ 193,919,619	\$ (3,214,021)
Capital Improvements	0	0	0
<b>TOTAL</b>	<b><u>193,890,312</u></b>	<b><u>193,919,619</u></b>	<b><u>(3,214,021)</u></b>
<b>State General Fund:</b>			
State Operations	\$ 17,557,953	\$ 17,483,704	\$ (726,650)
Aid to Local Units	9,160,787	9,170,143	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 26,718,740	\$ 26,653,847	\$ (726,650)
Capital Improvements	0	0	0
<b>TOTAL</b>	<b><u>26,718,740</u></b>	<b><u>26,653,847</u></b>	<b><u>(726,650)</u></b>
FTE Positions	885.0	885.0	0.0
Non-FTE Unclass. Perm.	141.3	141.3	0.0
<b>TOTAL</b>	<b><u>1,026.3</u></b>	<b><u>1,026.3</u></b>	<b><u>0.0</u></b>

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

### Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$197,108,025, an increase of \$3,217,713 or 1.7 percent above the FY 2005 estimate. The request includes: State General Fund expenditures of \$28,057,007, an increase of \$1,338,267 or 5.0 percent; State Water Plan expenditures of \$3,995,917, an increase of \$803,251 or 25.2 percent; Children's Initiatives Fund (CIF) expenditures of \$1,550,000, the same as in FY 2005; and an Enhancement Package of \$5,578,861, including \$1,746,381 from the State General Fund. Of the requested expenditures, \$4,614,705 (\$1,197,425 SGF) is requested for the Health Function and \$964,156 (548,956 SGF) is requested for the Environment Function. Absent the enhancement package, the agency request is an all funds decrease of \$2,361,148 or 1.2 percent and a State General Fund decrease of \$408,114 or 1.5 percent below the revised FY 2005 estimate.

4-10

The **Governor** recommends FY 2006 operating expenditures of \$196,473,003, an all funds decrease of \$635,022 and 2.0 FTE above the agency request. The recommendation includes: State General Fund expenditures of \$27,141,078, a decrease of \$915,929 or 3.3 percent below the agency request; State Water Plan expenditures of \$3,995,917, the same as the agency request; and Children's Initiatives Fund (CIF) expenditures of \$1,550,000, the same as the agency request. The Governor recommends a total of \$1,530,681, including \$322,425 from the State General Fund, for enhancements requested by the agency. The Governor reduces State General Fund expenditures by \$535,417. The reductions include \$371,953 from the agency's reduced resources package and \$163,464 for decreased telecommunications expenses. The Governor adds \$677,000, including \$450,000 to the Child Care Licensure program to address issues raised in an October 2004 Legislative Post Audit. The Governor adds \$3,214,021, including \$726,650 from the State General Fund, for the recommended statewide salary plan.

### **Statutory Budget Submission**

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$2,423,513 including \$1,538,534 from the Health Function and \$884,979 from the Environment Function.**

### **Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendation with the following exception and comments:

1. **Pay Plan Adjustment.** Delete \$1,195,889, including \$264,352 from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$2,018,132, including \$462,298 from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$1,849,416), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$168,716) for later Committee consideration.
3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$422,338 or 1.6 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is an decrease of \$304,312, or 1.1 percent below the approved amount.

4-11

4. **Infant-Toddler Programs.** The Subcommittee recommends a proviso be added to the appropriations bill to direct Smart Start to allocate \$200,000 in discretionary grants (from the Children's Initiative Fund) to the Infant-Toddler (Tiny K) program at KDHE. This proviso is identical to a provision in the FY 2005 budget added by the 2004 Legislature. The Subcommittee recognizes the importance of early childhood education and service programs. Under the Infant-Toddler (Tiny-K) program (Part C of the Individuals with Disabilities Education Act), the state is federally mandated to provide early intervention services to children aged birth to three years with or at risk of developmental disabilities/delays. Kansas delivers services through a public-private partnership with 36 local networks that coordinate services locally. Services are provided at no cost to the family. Proponents of the program testified that these services save the state money in the long term because 26 percent of the children leaving Tiny-K services are not eligible for school-based special education services, providing a savings of \$2.7 million each year. The Subcommittee received testimony requesting that Tiny-K services be funded on a per-child formula basis as is used in school special education and foster care systems.
5. **SB 84.** The Subcommittee notes that it will consider S.B. 84 regarding prescription support for primary care clinics outside of the budget review process.
6. **Low-Birthweight Babies.** The Subcommittee reviewed an October 2004 Legislative Post Audit report on on low-birthweight and premature babies. The Subcommittee notes that the number of these babies has financial impact on the state through the Medicaid program that pays for one-third of all births. According to the report, Medicaid eligible, low-birthweight (weighing less than 5 pounds, 8 ounces) and premature babies were approximately five times more expensive during the first year of life than normal weight babies. Of the \$54.1 million spent for babies born in 2000, approximately \$19.5 million (26 percent) was spent for these babies although they represented only 10 percent of all births. The report made a number of recommendations aimed at reducing the number of low-birthweight and premature babies. The Subcommittee requests the agency return at Omnibus and present additional information on the agency's activities related to the audit recommendations.
7. **S.B. 51.** The Subcommittee encourages the passage of S.B. 51 which would close a loophole in the state's master settlement agreement and bring additional tobacco revenue into the state. The Subcommittee recommends considering the allocation of these funds at Omnibus. Testimony requesting that any additional funds be allocated to youth anti-smoking efforts was received by the Subcommittee.
8. **Child Care Regulation.** The Subcommittee reviewed an October 2004 Legislative Post Audit report regarding the regulation of child care facilities and foster homes. Among other recommendations, the report suggested that KDHE and SRS prepare a plan for addressing several areas of duplication and submit it to the Legislature at the beginning of the 2005 Session. The audit report pointed out that the duplication, although potentially inefficient, was not particularly easy to solve. KDHE reported that it and SRS have been working on the plan but were encountering some difficulties. The Subcommittee requests the agency report at Omnibus on the status of the planning process.

9. **Transfer of Food Safety Functions.** The Subcommittee reviewed an October 2003 Legislative Post Audit report on food safety programs in Kansas. One of the recommendations was to combine all functions into a single agency. The Subcommittee notes that the 2004 Legislature endorsed Executive Reorganization Order 32 which transferred all food safety functions, excluding restaurant inspections, to the Department of Agriculture effective October 1, 2004. The Subcommittee received no testimony expressing concern about this transfer and it appears the transfer has been successful.
10. **Child Care Enhancement.** The Subcommittee notes that the Governor recommended the addition of \$677,000, including \$450,000 from the State General Fund, to the Child Care Licensure program to address issues raised in the Legislative Post Audit report discussed in Item 7 above. According to the agency, the funds will be divided between child care and foster care programs to help the program meet statutory requirements for timely inspections and to access additional federal dollars. Funding for the Foster Care Program (\$241,825 SGF and \$468,825 all funds) will be used to fund 8.0 currently vacant and unfunded FTE positions. This funding will ensure that the Department meets all timeliness and thoroughness guidelines in statute and regulation and will directly contribute to the state's overall ability to place foster children in the most timely and accurate manner. Funding for the Child Day Care Program (\$208,175 SGF) will be targeted at strengthening regulatory services and inspection capability at the local level. These funds go directly to local health departments, to fund increased levels of responsiveness in initial inspections and complaint investigations.
11. **Clandestine Drug Laboratories.** The Subcommittee received the agency's FY 2004 annual report on the Clandestine Drug Laboratory program and expresses its support for the activities. This program conducts cleanups of illegal methamphetamine labs, remediates environmental damage, receives required notifications of suspicious transactions, and provides education to law enforcement, first responders, chance-encounter occupation personnel, retail stores and the general public. The Retailer Meth Watch program encourages cooperation with law enforcement, placement of Meth Watch signage, employee education and proper product placement. Kansas was a leader in the development of this program which has been implemented in a number of other states and some foreign countries. The agency reported that KDHE cleanup costs are about half the cost of those done by the federal Drug Enforcement Agency (DEA). Cleanup services are provided free of charge to counties but some of the more populous counties choose to do their own. A unique feature of the Kansas program is to provide re-entry standards for people to re-inhabit the former lab sites. The Governor recommends funding of \$538,818, including \$476,303 from the State General Fund, to support this program in FY 2006.
12. **Dental Director.** The Subcommittee notes that the 2004 Legislature appropriated \$50,000 State General Fund and 1.0 FTE position to hire a state dental director. The agency reported that it is continuing the recruitment process, but has not found the appropriate person to fill the position. The Office of Oral Health at KDHE is currently headed by a registered dental hygienist until the dental director is hired.

## Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation with the following comment:

1. The Committee notes its appreciation for the efforts of people involved in the Kansas Mission of Mercy (KMOM) due to the Committee's belief in the valuable role oral healthcare plays in improving the public's health. KMOM is a mobile dental clinic that uses volunteer dental personnel and others to provide free dental care to Kansans in need. On the initiative of the Kansas Dental Association, the first KMOM was held in February, 2003. All funding for KMOM is provided by private individuals, corporations, civic groups and foundations. No state funding is provided or requested for this project. To date, three KMOM events (Garden City, Kansas City and Pittsburg) have provided \$2.23 million in free dental care to 6,550 patients. The fourth KMOM will be held in Salina on February 18-20, 2005 with an anticipated \$1 million in dental care to be given to 2,250 patients. The Kansas Legislature passed legislation in 2003 to expand the "charitable healthcare provider act" to limit the liability of KMOM dental provider participants.
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## House Budget Committee Report

**Agency:** Kansas Department of Health and Environment

**Bill No.** 2482

**Bill Sec.** 51 and 52

**Analyst:** Kannarr

**Analysis Pg. No.** 842

**Budget Page No.** 175

<u>Expenditure Summary</u>	<u>Agency Request FY 2006</u>	<u>Gov. Rec. FY 2006</u>	<u>House Budget Committee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 113,073,089	\$ 113,093,040	\$ 500,000
Aid to Local Units	43,857,223	43,866,579	0
Other Assistance	36,960,000	36,960,000	0
Subtotal - Operating	<u>\$ 193,890,312</u>	<u>\$ 193,919,619</u>	<u>\$ 500,000</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 193,890,312</u></u>	<u><u>\$ 193,919,619</u></u>	<u><u>\$ 500,000</u></u>
<b>State General Fund:</b>			
State Operations	\$ 17,557,953	\$ 17,483,704	\$ 0
Aid to Local Units	9,160,787	9,170,143	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 26,718,740</u>	<u>\$ 26,653,847</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 26,718,740</u></u>	<u><u>\$ 26,653,847</u></u>	<u><u>\$ 0</u></u>
FTE Positions	885.0	885.0	(1.0)
Non-FTE Unclass. Perm.	141.3	141.3	0.0
<b>TOTAL</b>	<u><u>1,026.3</u></u>	<u><u>1,026.3</u></u>	<u><u>(1.0)</u></u>

### Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$197,108,025, an increase of \$3,217,713 or 1.7 percent above the FY 2005 estimate. The request includes: State General Fund expenditures of \$28,057,007, an increase of \$1,338,267 or 5.0 percent; State Water Plan expenditures of \$3,995,917, an increase of \$803,251 or 25.2 percent; Children's Initiatives Fund (CIF) expenditures of \$1,550,000, the same as in FY 2005; and an Enhancement Package of \$5,578,861, including \$1,746,381 from the State General Fund. Of the requested expenditures, \$4,614,705 (\$1,197,425 SGF) is requested for the Health Function and \$964,156 (548,956 SGF) is requested for the Environment Function. Absent the enhancement package, the agency request is an all funds decrease of \$2,361,148 or 1.2 percent and a State General Fund decrease of \$408,114 or 1.5 percent below the revised FY 2005 estimate.

The **Governor** recommends FY 2006 operating expenditures of \$196,473,003, an all funds decrease of \$635,022 and 2.0 FTE above the agency request. The recommendation includes: State General Fund expenditures of \$27,141,078, a decrease of \$915,929 or 3.3 percent below the agency

4-15

request; State Water Plan expenditures of \$3,995,917, the same as the agency request; and Children's Initiatives Fund (CIF) expenditures of \$1,550,000, the same as the agency request. The Governor recommends a total of \$1,530,681, including \$322,425 from the State General Fund, for enhancements requested by the agency. The Governor reduces State General Fund expenditures by \$535,417. The reductions include \$371,953 from the agency's reduced resources package and \$163,464 for decreased telecommunications expenses. The Governor adds \$677,000, including \$450,000 to the Child Care Licensure program to address issues raised in an October 2004 Legislative Post Audit. The Governor adds \$3,214,021, including \$726,650 from the State General Fund, for the recommended statewide salary plan.

### **Statutory Budget Submission**

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$2,423,513 including \$1,538,534 from the Health Function and \$884,979 from the Environment Function.**



## House Budget Committee Report

**Agency:** Kansas Department of Health and Environment - Health      **Bill No.** 2482

**Bill Sec.** 51

**Analyst:** Kannarr

**Analysis Pg. No.** Vol. II, pg. 842

**Budget Page No.** 175

Expenditure Summary	Agency Estimate FY 2006	Gov. Rec. FY 2006	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 54,834,385	\$ 56,542,842	\$ 0
Aid to Local Units	40,590,735	37,440,735	0
Other Assistance	36,960,000	36,960,000	0
Subtotal - Operating	\$ 132,385,120	\$ 130,943,577	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 132,385,120</b>	<b>\$ 130,943,577</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 7,876,971	\$ 7,760,846	\$ 0
Aid to Local Units	9,919,299	9,469,299	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 17,796,270	\$ 17,230,145	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 17,796,270</b>	<b>\$ 17,230,145</b>	<b>\$ 0</b>
FTE Positions	419.00	418.00	0.0
Non-FTE Unclass. Permanent	108.25	108.25	0.0
<b>TOTAL</b>	<b>527.25</b>	<b>526.25</b>	<b>0.0</b>

### Agency Request/Governor's Recommendation

The agency requests FY 2006 operating expenditures of \$132,385,120 for the Health Function, an increase of \$2,538,240 or 2.0 percent above the revised FY 2005 estimate. The request includes:

- An **Enhancement Package** of \$4,614,705, including \$1,197,425 from the State General Fund. The package includes: Family Planning Services (\$300,000 SGF, \$3,000,000 all funds); Expanded Participation in WIC (\$150,000 SGF); Health Family Services Expansion (\$300,000 SGF, \$600,000 all funds); WIC Farmer's Markets (\$22,425 SGF, \$439,705 all funds); Newborn Hearing Screening (\$175,000 SGF); and Motor Vehicle Replacements (\$250,000 SGF). Absent the enhancement package, the agency request is an all funds decrease of \$2,076,465 or 1.6 percent.
- **State General Fund** expenditures of \$17,796,270, an increase of \$1,250,994 above FY 2005. The increase is almost entirely due to the requested enhancement package. Without the enhancement package the State General Fund request is an increase of \$53,569 or 0.3 percent above the revised FY 2005 estimate.

4-17

- **Children's Initiatives Fund** expenditures of \$1,550,000, the same amount as FY 2005.
- **Aid to Local Units** expenditures of \$40,590,735, an increase of \$4,107,151 or 11.3 percent. The increase is due to the enhancement package request which contains \$4,189,705 in Aid to Locals. Funding is provided to local health departments and other local entities.
- **Other Assistance** expenditures of \$36,960,000, the same amount as FY 2005. Of this amount, \$36,600,000 is spent as part of the federal Women, Infants and Children (WIC) program.

The **Governor** recommends FY 2006 operating expenditures of \$130,943,577 for the Health Function. The recommendation is a decrease of \$1,441,543 or 1.1 percent below the agency request. The recommendation includes State General Fund expenditures of \$17,230,145, a decrease of \$566,125 or 3.2 percent below the agency request; Children's Initiatives Fund expenditures of \$1,550,000, the same amount as the agency request. The recommendation includes enhancements of \$1,677,205, including \$772,425 from the State General Fund. The recommendation includes funding for an expansion of Health Family Services (\$300,000 SGF, \$600,000 all funds), the establishment of WIC farmer's markets (\$22,425 SGF, \$439,705 all funds) and partial funding for the replacement of motor vehicles through special revenue and federal funds (\$187,500 all funds) which were included in the agency's enhancement request. The recommendation also includes funding of \$677,000, \$450,000 State General Fund, for the Child Care Licensing Program to address issues raised in an October 2004 Legislative post audit. The Governor recommends operating reductions of \$389,145 from the State General Fund and 1.0 FTE position.

### House Budget Committee Recommendation

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

1. **Change from FY 2005 approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$17,230,145, an increase of \$271,733 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$97,374), the 27<sup>th</sup> payroll period (\$160,965), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$14,027), the recommendation is an decrease of \$16,658, or 0.1 percent below the approved amount.
2. **Vehicle purchases.** The Budget Committee notes that the agency requested \$250,000 SGF for the purchase of 20 vehicles to replace current vehicles that will reach sufficient mileage to require replacement. The Governor recommends \$187,500 from special revenue funds for the purchase of these vehicles. The recommended amount includes \$37,500 from federal funds and \$150,000 from agency fee funds.
3. **Early childhood programs review.** The Budget Committee notes that the Legislative Coordinating Committee approved an interim study for the Joint Committee on Children's Issues to examine all programs providing services for

4-18

children birth to five. Due to time constraints, this interim study was not completed during the 2004 Interim. Therefore, the Budget Committee recommends the same study be completed during the 2005 Interim. Specifically, the interim committee would look at unifying the efforts of programs under the purview of the Children's Cabinet with the goal of identifying duplication and increasing coordination to improve services for children.

4. **Infant-Toddler (Tiny K) program.** The Budget Committee believes that early childhood education and services, like Infant-Toddler (Tiny-K), are important for children. Under the Tiny-K program (Part C of the Individuals with Disabilities Education Act), the state is federally mandated to provide early intervention services to children aged birth to three years with or at risk of developmental disabilities/delays. The state must serve all children determined to be eligible for services and waiting lists are prohibited by federal law. Tiny-K is a comprehensive, statewide system of community-based, family-centered early intervention services for young children, ages 0-3, with disabilities and their families. Kansas has chosen to deliver these services through a public-private partnership with local networks as opposed to centralized administration at the state level. There are 36 Kansas community early intervention networks that coordinate services locally.

The Budget Committee received significant testimony requesting additional state support for the Tiny K program. In light of the current state budget situation, no additional funding is being recommended at this time. The Budget Committee encourages the Tiny-K programs to request additional money from the Children's Cabinet, under its SmartStart discretionary grant funding, and other state foundations.

5. **Four-Year-Old At-Risk program funding.** The Budget Committee notes that the Children's Initiatives Fund (CIF) contains funding of \$5.5 million in FY 2006 to support Four-Year-Old At-Risk programs in the Department of Education. This program is funded through the school finance formula and allows school districts to count qualifying children as a 0.5 full-time equivalent pupil for purposes of state education funding. Total funding for the program recommended by the Governor in FY 2006 is \$13,755,152, with CIF funding making up 40 percent of the budget. The Budget Committee requests additional information on the Four-Year-Old At-Risk program by Omnibus on the services provided by the program and the rationale for using CIF for over half of the funding as opposed to building the total cost of the services into the school finance formula. Additionally, the Budget Committee understands that the program is statutorily capped at 5,500 students. The Budget Committee would like information on whether the program is currently at the limit and if so, is there a waiting list for the program. The Budget Committee also requests information on whether local education dollars support the Four-Year-Old At-Risk program.

The Budget Committee believes the issue of including complete funding for the Four-Year-Old At-Risk program should receive consideration when the Legislature is debating the school finance formula during the 2005 Session. If this funding were included in the school finance formula, CIF funding would be freed up to supplement state support for the Infant-Toddler (Tiny K) program. The Budget Committee received testimony requesting that the Tiny K program be funded on the same per-child basis as the Four-Year-Old At-Risk program. Currently, a set level of funding is spread across all children eligible to receive Tiny K services which means that the funding per child decreases as more

4-19

children receive services as has been the trend. The conferees questioned the reasoning behind paying for Individuals with Disabilities Education Act (IDEA) services one way from birth to three in Tiny K and then another when they reach age four. The testimony indicated that funding Tiny K on a per child basis equal to the Four-Year-Old At-Risk program would increase Tiny K funding by approximately \$3.0 million. The Governor recommends state funding of \$2.87 million in FY 2005 and \$2.67 million in FY 2006 for the local networks

6. **Newborn Hearing Screening program.** The Budget Committee notes the agency request of \$175,000 SGF to support the Sound Beginnings Newborn Hearing Screening and Early Hearing Detection and Intervention (EHDI) program in FY 2006. The Governor did not recommend the requested funding. According to the agency, federal funding currently supporting this program will end March 30, 2005. The EHDI program facilitates hearing screenings, tracking and referral services for every child born in Kansas. The Budget Committee requests further information on the status of funding for review at Omnibus.
7. **Breast cancer screening.** The Budget Committee heard testimony on the current breast cancer screening program. According to the testimony, the state currently uses private funding as the match to draw down federal screening grant dollars. The Budget Committee received a request to recommend state support of \$230,000 to draw down the federal money, thus allowing the private entity to use their dollars to provide services not covered under the federal program. The Budget Committee was informed that additional resources are being made available at the federal level for breast cancer screenings but states that provide support are being given higher priority in the allocation of the funding. Kansas currently provides no state support for this program. The Budget Committee believes that early detection is important in saving lives and dollars and requests more information on the program, including historical information, for review and consideration at Omnibus. Additionally, the Budget Committee requests information on whether the state pays for breast cancer screenings in any other programs at KDHE or SRS.
8. **Foster home regulation.** The Budget Committee notes that the agency has been working in cooperation with SRS to make improvements in the availability of foster care placements. The two agencies have been working over the last year to make operational adjustments and regulation changes address issues that were impacting availability of foster home placement opportunities. The Budget Committee was informed that the team that has been working on issues is close to making a report and recommendations. The Budget Committee requests an update on the report by Omnibus.
9. **WIC Farmers Markets.** The Budget Committee notes the Governor's recommendation of funding (\$22,425 SGF and \$439,705 all funds) for the creation of WIC farmers markets in Topeka, Lawrence and Kansas City to improve nutritional status and address obesity in women and children. This initiative would provide coupons to WIC participants to be used for purchasing food items at participating farmer's market vendors. The Budget Committee requests additional information on this enhancement by Omnibus.
10. **State Homeland Security Program.** The Budget Committee notes information it received on the State Homeland Security Program operated by KDHE. The State Homeland Security Program has two sections that operate within Division

of Health bureaus. The *Public Health Preparedness and Response to Bioterrorism Program*, which operates in the Bureau of Epidemiology and Disease Prevention, develops a statewide plan and assists local health departments and their local partners to develop and maintain effective plans for responding to bioterrorism and other public health emergencies. The *Hospital Bioterrorism Preparedness Program*, which operates in the Office of Local and Rural Health, assists hospitals to develop and maintain effective plans for responding to bioterrorism and other public health emergencies including plans for individual hospitals and six hospital regions. The Federal Homeland Security Fund includes grants for seven individual focus areas and the hospital preparedness grant. The Budget Committee notes the involvement of the 99 local public health departments and hospitals across the state in the preparedness planning process. Federal funding for this program was \$15.1 million in FY 2004 and is estimated at \$14.9 million in FY 2005 and \$13.7 million in FY 2006. Information about the individual focus areas and hospital readiness program is included as an Attachment 1 to this report.

11. **Family planning services waiver.** The Budget Committee notes the agency request for an enhancement that would expand Medicaid eligibility for family planning services. According to the agency, the Medicaid match rate for these services in 90/10 which would allow requested state funding of \$300,000 to draw down \$2.7 million in federal funding. In order to receive this funding the state would have to receive a Medicaid 1115 waiver from the federal government. The Budget Committee recognizes the value of these services and appreciate the potential match rate but is aware that 1115 waivers are very difficult to get right now. The Budget Committee encourages the agency to apply for the waiver and would be willing to consider funding next year if the waiver is approved at that time.
12. **Child care enhancement.** The Budget Committee notes that the Governor recommended the addition of \$677,000, including \$450,000 from the State General Fund, to the Child Care Licensure program to address issues raised in an October 2004 Legislative Post Audit report. According to the agency, the funds will be divided between child care and foster care programs to help the program meet statutory requirements for timely inspections and to access additional federal dollars. Funding for the Foster Care Program (\$241,825 SGF and \$468,825 all funds) will be used to fund 8.0 currently vacant and unfunded FTE positions. This funding will ensure that the Department meets all timeliness and thoroughness guidelines in statute and regulation and will directly contribute to the state's overall ability to place foster children in the most timely and accurate manner. Funding for the Child Day Care Program (\$208,175 SGF) will be targeted at strengthening regulatory services and inspection capability at the local level. These funds go directly to local health departments, to fund increased levels of responsiveness in initial inspections and complaint investigations.
13. **State dental office.** The Budget Committee notes that the agency is currently in the process of hiring a state dental director. The 2004 Legislature added \$50,000 SGF and 1.0 FTE, to be matched with federal Medicaid and private foundation dollars, to hire a state dental director and establish a state dental office. The agency reported that it has not been successful in finding the right person to fill the position after interviewing a number of candidates. The Budget Committee was informed that the agency will be attending a national oral health

4-21

meeting in April which they will utilize as a recruitment venue. The agency indicated that the pool of candidates is relatively small and that it believes eight other states are also recruiting for this type of position increasing the competition.

14. **Childhood immunizations.** The Budget Committee notes that the agency has been working to address issues of declining childhood immunization rates in Kansas. When the CDC's National Immunization Survey (NIS) results of states' childhood immunization rates were made public in late 2003, Kansas ranked 45<sup>th</sup> in certain rates. Since that time, several efforts have taken place to evaluate and improve the State's childhood immunization rates. Preliminary results from this year's NIS seem to indicate the improvement efforts are successful. Preliminary National Immunization Survey results for the 4:3:1:3:3 series (diphtheria, polio, measles, mumps, rubella, Hib, and hepatitis) indicate that Kansas has moved from a rank of 45<sup>th</sup> to 35<sup>th</sup>, moving to only one percentage rate from the national average for this immunization series. Final NIS results will be available in late summer 2005.

A Blue Ribbon Taskforce was created to develop recommendation on how the state could increase childhood immunization rates. Options developed include: Development of an immunization registry; changing the Age for Administration of Fourth Dose of DtaP; expansion of Immunization Reminder Systems; statewide expansion the current Medicaid Immunization Outreach Project *Immunize, Win a Prize*; expansion of current WIC/KDHE Partnership from one to three counties; and increasing access to childhood immunizations through the child's medical home.

15. **SB 216 - Isolation and quarantine.** The Budget Committee notes that SB 216 regarding isolation and quarantine was passed by the Senate on February 23<sup>rd</sup>. The bill clarifies the state's authority and contains due process provisions in the event of the need for large scale isolation and quarantine. The bill is similar to HB 2890 passed by the House in the 2004 Session. According to the agency, the proposed legislation is aimed at balancing the need for the government to protect public health with the right of the citizens to have a legal review of decisions limiting their personal freedom. The Budget Committee believes these are very important issues for the Legislature to consider.
16. **HB 2301 - Pregnancy maintenance initiative.** The Budget Committee notes that HB 2301 is currently assigned to the Appropriations Committee. The bill would create the Senator Stan Clark Pregnancy Maintenance Initiative Program with funding of \$600,000 from the State General Fund. The bill would create in statute, a program that has been included in appropriations bills since FY 2000. The program provides services for women to help them carry their pregnancy to term. The program provides referrals for services such as medical care, housing, adoption guidance, drug and alcohol treatment and parenting education. Grants have been awarded to four providers (Catholic Charities, Inc., Bethlehem House, Family Life Services, and Gerard House) in eight counties. Funding for the program was not included in the FY 2006 Governor's recommendation. The Budget Committee recommends that HB 2301 be funded at Omnibus if it proceeds through the Legislative process.

<b>EXPENDITURES FROM FEDERAL BIOTERRORISM FUNDS</b> <b>Kansas Department of Health and Environment</b> <b>FY 2005 - FY 2006</b>			
<b>Focus Area</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Gov. Rec.</b>	<b>FY 2006 Gov. Rec.</b>
<u>Area A: Preparedness Planning and Readiness Assessment</u> - Focus on building strategic partnerships throughout the state, both across state-level entities and organizations and between state and local groups particularly involving the 99 local health departments.	\$ 3,200,165	\$ 5,510,350	\$ 5,563,943
<u>Area B: Surveillance and Epidemiology Capacity</u> - Focus on the enhancement and development of a statewide, comprehensive disease investigation and surveillance capability. Included in this area are enhancements in personnel and statewide surveillance initiatives, as well as improvement of technological disease investigation tools.	2,206,891	1,096,027	961,878
<u>Area C: Laboratory Capacity - Biologic Agents</u> - Focus on the enhancement and development of laboratory capacity (Kansas State University School of Veterinary Medicine and KDEHE laboratories) to handle biological threats	375,363	537,109	450,953
<u>Area D: Laboratory Capacity</u> - Focus on the enhancement and development of laboratory capacity to handle biological threats. Improvements will include 3.0 positions in the laboratory to build a core team to handle clinical specimens.	480,983	581,904	421,924
<u>Area E: Health Alert Network/Communications and Information Technology</u> - Focus on building a connected information system across the state in support of local and state public health efforts. This includes enhancement of a statewide emergency notification system, the Health Alert Network, to allow all state public health officials to be notified instantly of a bioterrorism threat or other public health emergency.	2,635,202	1,349,656	774,619
<u>Area F: Risk Communication and Health Information Dissemination</u> - Focus on providing health and risk information to the public and key partners during a terrorism event by analyzing current communication systems and building systems of notification for all Kansans in cases of public health threats and emergencies.	573,360	210,032	189,534
<u>Area G: Education and Training</u> - Focuses on the need for a statewide plan and assists local health departments and their local partners to develop and maintain effective local plans for responses to bioterrorism and other public emergencies.	1,135,829	592,759	400,018
<u>Bioterrorism Hospital Readiness</u> - Assesses hospital preparedness and assists in the development of emergency preparedness plans for individual hospitals and for the six hospital regions across the state.	4,459,957	5,057,171	4,968,565
Bioterrorism Exercise Allocation	0	0	8,489
<b>TOTAL</b>	<b>\$ 15,067,750</b>	<b>\$ 14,935,008</b>	<b>\$ 13,739,923</b>

**House Budget Committee Report**

**Agency:** Kansas Department of Health and Environment - Environment

**Bill No.** 2482

**Bill Sec.** 52

**Analyst:** Kannarr

**Analysis Pg. No.** Vol. 2, pg. 842

**Budget Page No.** 175

Expenditure Summary	Agency Estimate FY 2006	Gov. Rec. FY 2006	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 57,799,060	\$ 58,605,581	\$ 500,000
Aid to Local Units	6,923,845	6,923,845	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 64,722,905</u>	<u>\$ 65,529,426</u>	<u>\$ 500,000</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 64,722,905</u></u>	<u><u>\$ 65,529,426</u></u>	<u><u>\$ 500,000</u></u>
State General Fund:			
State Operations	\$ 10,260,737	\$ 9,910,933	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 10,260,737</u>	<u>\$ 9,910,933</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 10,260,737</u></u>	<u><u>\$ 9,910,933</u></u>	<u><u>\$ 0</u></u>
FTE Positions	466.00	465.00	(1.0)
Non-FTE Unclass. Permanent	33.00	33.00	0.0
<b>TOTAL</b>	<u><u>499.00</u></u>	<u><u>498.00</u></u>	<u><u>(1.0)</u></u>

**Agency Estimate/Governor's Recommendation**

For **FY 2006** the agency requests operating expenditures of \$64,722,905 for the Environment Division, including the KDHE Laboratories. The request is an increase of \$679,473 or 1.1 percent above the revised FY 2005 estimate. The request includes State General Fund expenditures of \$10,260,737, an increase of \$87,273 or 0.9 percent from the FY 2005 estimate and State Water Plan expenditures of \$3,995,917, an increase of \$803,251 or 25.2 percent primarily due to the inclusion of \$800,000 for the new Watershed Restoration and Protection Strategies (WRAPS) project. The request includes an enhancement Package of \$964,156, including \$548,956 from the State General Fund.

The **Governor** recommends FY 2006 operating expenditures of \$65,529,426, an increase of \$806,521 or 1.2 percent above the agency request. The recommendation includes State General Fund expenditures of \$9,910,933, a decrease of \$262,531 or 2.6 percent below the FY 2005 recommendation and a decrease of \$349,804 or 3.4 percent below the agency request. State Water Plan Fund expenditures of \$3,995,917 are recommended which is the same as the agency request. The Governor also recommends an enhancement package of \$303,476 from special revenue and

4-24



federal funds for the purchase of replacement vehicles. The recommendation also includes a reduction package of \$146,272 from the State General Fund and 1.0 FTE as part of the agency's reduced resources package. Finally, the Governor adds \$1,613,473 including \$454,284 from the State General Fund for a 2.5 base salary adjustment, the 27<sup>th</sup> payroll period and KPERS death and disability payments.

### House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$9,910,933, an increase of \$150,605 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$166,978), the 27<sup>th</sup> payroll period (\$263,481), and the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$23,825), the recommendation is a decrease of \$330,728, or 3.4 percent below the approved amount.
2. **Vehicle Purchases.** The Budget Committee notes that the agency requested \$415,200 from special revenue funds to purchase 22 vehicles to replace current vehicles that will reach sufficient mileage to require replacement. The Governor recommends \$303,476 in special revenue funds to purchase vehicles (no number of vehicles specified). Of this amount \$66,050 is from federal funds and \$237,426 is from agency fee and trust funds.
3. **Eliminate Vacant Position.** The Budget Committee reviewed the agency's vacant positions and recommends the elimination of 1.0 FTE Public Service Executive III position that had been vacant for 1,056 days as of January 1, 2005.
4. **Stream Segment Use Designation.** Add \$300,000 from the State Water Plan Fund to assist the agency in completing Use Attainability Analyses (UAA's) of streams as required by K.S.A.82a-2004(c) passed by the 2001 Legislature. The Budget Committee recommends these funds be used by the department for internal resources or for contracts with qualified entities to perform the work. The agency requested \$548,956 State General Fund for this project in FY 2006. The Governor did not recommend this additional funding but gave the agency authority to carry forward dollars not spent in FY 2005 from the \$557,843 appropriated for this purpose by the 2004 Legislature. The agency currently estimates approximately \$200,000 will be carried forward from FY 2005 to FY 2006. The Budget Committee notes that the agency originally requested expenditures of \$1,655,755 for these activities over fiscal years 2005, 2006 and 2007 in last year's budget submission.
5. **Contamination Remediation.** Add \$200,000 from the State Water Plan Fund for contamination remediation activities to restore funds reallocated to the WRAPS project. The Budget Committee received a list of 20 sites across the state that require remediation and believes the additional funds will allow the agency to remediate a greater percentage of sites on the list.

4-25

6. **Watershed Restoration and Protection Strategies (WRAPS) Project.** The Budget Committee expresses its support of the WRAPS project because it allows local community involvement in water issues as opposed to state mandates and decisions. The program, funded with \$800,000 from the State Water Plan Fund and \$1.2 million in federal non-point pollution grant funds, will implement watershed management plans developed by stakeholder groups at the local level. Activities to be implemented will include assessment and evaluation of watershed conditions, establishment of local goals to reduce pollution, and development of action plans to achieve these goals. The process will closely coordinate state and local activities in these priority watersheds. A key component of the WRAPS process is the development of stakeholder groups to develop the watershed specific plans, since the state will not develop a single statewide one-size-fits-all approach.
  
7. **Waste Tire Fees.** The Budget Committee recommends the issue of waste tire fees be revisited in the 2006 Session. In its review of agency fee funds, the Budget Committee noted that the ending balances in this fee fund are approximately equal to annual expenditures. The agency is requested to return in the 2006 Legislative Session with a strategic analysis of whether it is time to lower the fees or expand the potential uses of the fund.

**Proviso**

To direct Kansas Department of Health and Environment (KDHE) to cause a third hydrologist study be made at the proposed Harper County landfill site before issuing a permit for said landfill to answer questions that have surfaced because of the differences in the conclusions of the two existing reports made by waste connections and Sumner County. The secretary of Kansas Department of Health and Environment (KDHE) would contract an independent hydrologist to perform this study at the expense of the company requesting the permit. The protection of the water supply of more than 20,000 people in Harper, Sumner County and northern Oklahoma dictates this action.

**HOUSE APPROPRIATIONS**

DATE 3-03-2005  
ATTACHMENT 5