

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on March 4, 2005, in Room 514-S of the Capitol.

All members were present except:

Representative Sawyer- excused

Committee staff present:

J. G. Scott, Legislative Research Department
Amy VanHouse, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Michele Alishahi, Legislative Research Department
Amy Deckard, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Leah Robinson, Legislative Research Department
Matt Spurgin, 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:

Bill Acree, Helping Hands Humane Society
Mike Stock, Department of Administration
Bill Miskell, Special Assistant, Juvenile Justice Authority

Others attending:

See attached list.

- Attachment 1 Testimony on **SB 266** by Bill Acree, Helping Hands Humane Society, Inc.
- Attachment 2 Testimony on **SB 266** by Mark Stock, Real Estate Officer, Department of Administration
- Attachment 3 Testimony on **SB 266** by Bill Miskell, Special Assistant, Juvenile Justice Authority
- Attachment 4 Budget Committee Report on Governor's Department, Lieutenant Governor, Health Care Stabilization Fund Board of Governors
- Attachment 5 Budget Committee Report on Secretary of State, Insurance Department, State Treasurer
- Attachment 6 Budget Committee Report on Attorney General
- Attachment 7 Budget Committee Report on Board of Optometry
- Attachment 8 Budget Committee Report on Kansas Lottery, Kansas Racing and Gaming Commission

Representative Feuerborn moved to introduce legislation concerning adult care homes. The motion was seconded by Representative Bethell. Motion carried.

Hearing on SB 266 - Transfer of property by the Department of Administration to the Helping Hands Humane Society.

Leah Robinson, Legislative Research Department, explained that **SB 266** authorizes the Department of Administration, on behalf of the Juvenile Justice Authority, to donate 4.9 acres of unimproved land to the Helping Hands Humane Society, located between the Topeka Juvenile Correctional Facility and the Helping Hands Humane Society. The bill states that the transfer would be accomplished with a quitclaim deed; any costs related to the transfer would be paid by the Helping Hands Humane Society; and the property would be exempt from statutory appraisal requirements.

Chair Neufeld recognized Bill Acree, Helping Hands Humane Society, Inc., who presented testimony in support of **SB 266** (Attachment 1).

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 4, 2005 in Room 514-S of the Capitol.

The Chair recognized Mark Stock, Real Estate Officer, Department of Administration, who presented testimony in support of **SB 266** (Attachment 2).

Responding to questions from the Committee, Mr. Stock indicated that the estimated value of the land is \$5,000. Mr. Stock noted that the Department of Administration has reviewed the possibility of including a reversion clause in the legislation which would allow the land to revert to the state when and if the Helping Hands Humane Society not longer had a use for the land.

The Chair recognized Bill Miskell, Special Assistant, Juvenile Justice Authority, who presented testimony in support of **SB 266** (Attachment 3).

Chair Neufeld closed the hearing on **SB 266**.

Representative Schwartz moved to recommend **SB 266** favorable for passage. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Governor's Department for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 4). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Governor's Department for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 4). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Lieutenant Governor for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 4). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Lieutenant Governor for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 4). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Healthcare Stabilization Fund Board of Governors for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 4). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Healthcare Stabilization Fund Board of Governors for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 4). The motion was seconded by Representative Lane. Motion carried.

Representative Lane, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Secretary of State for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 5). The motion was seconded by Representative Pottorff. Motion carried.

Representative Lane, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Secretary of State for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 5). The motion was seconded by Representative Pottorff. Motion carried.

Representative Lane, member of the General Government & Commerce Budget Committee, presented the

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 4, 2005 in Room 514-S of the Capitol.

Budget Committee report on the Insurance Department for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 5). The motion was seconded by Representative Pottorff. Motion carried.

Representative Lane, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Insurance Department for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 5). The motion was seconded by Representative Pottorff.

The Budget Committee stated that Governor's Budget Amendment (GBA) No. 1 addresses a technical correction to the Insurance Department budget to restore 0.2 FTE positions in FY 2005 and 0.5 FTE positions in FY 2006.

Representative Pottorff moved for a substitute motion to adopt GBA No.1 with reference to the Insurance Department for FY 2005 and FY 2006. The motion was seconded by Representative Lane. Motion carried.

Representative Lane moved to adopt the Budget Committee recommendation for the Insurance Department for FY 2005 and FY 2006 as amended. The motion was seconded by Representative Pottorff. Motion carried.

Representative Lane, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the State Treasurer for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 5). The motion was seconded by Representative Pottorff. Motion carried.

Representative Lane, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the State Treasurer for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 5). The motion was seconded by Representative Schwab. Motion carried.

Representative Schwab, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Attorney General for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 6). The motion was seconded by Representative Pottorff. Motion carried.

Representative Schwab, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Attorney General for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 6). The motion was seconded by Representative Landwehr. Motion carried.

The Committee expressed a concern with the salary increase for unclassified attorneys addressed in Item No. 3 of the Budget Committee report.

Representative Gatewood moved for a substitute motion to defer Item No. 3 of the Budget Committee report on the Attorney General for FY 2006 until Omnibus. The motion was seconded by Representative Lane. Motion failed on a 7-13 vote. Representative Gatewood requested to be recorded as voting in favor of the motion.

Representative Lane stated that he chose not to sign the Budget Committee report for the Attorney General.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Board of Optometry for FY 2005, FY 2006 and FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2005, FY 2006 and FY 2007 (Attachment 7). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Kansas Lottery for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 8). The motion was seconded by Representative Lane.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 4, 2005 in Room 514-S of the Capitol.

Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Kansas Lottery for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 8). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Kansas Racing and Gaming Commission for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 8). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Kansas Racing and Gaming Commission for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 8). The motion was seconded by Representative Lane. Motion carried.

The Budget Committee noted that the Kansas Lottery and Kansas Racing and Gaming Commission are dependent on sales to enable them to maintain a positive cash-flow.

Representative Landwehr moved to approve the minutes of February 16, February 17, February 18, February 21 and February 22. The motion was seconded by Representative Pilcher-Cook. Motion carried.

The meeting was adjourned at 10:20 a.m. The next meeting is scheduled for 9:00 a.m. on March 7, 2005.



Melvin Neufeld, Chair

HOUSE APPROPRIATIONS COMMITTEE

March 4, 2005

9:00 A.M.

NAME	REPRESENTING
Marilyn Jacobson	DOA
Jeff Cragaman	Treasurers
Beggy Wanne	
John McElroy	KSEA
Joe Fritton	DOA
Mark Stork	DOA
Bill Hecce	Helping Hands Humane Soc.
BILL MISKELL	JJA
ALAN BURT	SECRETARY OF STATE
Nancy Bryant	SOS
Gary Gosh	HCSF
Bob Hayer	HCSF
Gary Swille	Kansas Lottery
Ed Van Petten	" "
John Gosh	" "
TRACY DIEL	Ks Racing + Gaming Comm
Chad RB	" "
John Gosh	INDEPENDENCE KS
Ken Secher	Hein Law Firm
Stephanie Buchanan	DOB



March 4, 2005

Kansas House Appropriations Committee

Re: Senate Bill 266

Mr. Chairman and members of the Committee:

Good morning. My name is Bill Acree. I am the Director of Development at Helping Hands Humane Society in Topeka, Kansas.

Helping Hands Humane Society (HHHS) has provided Topeka, Shawnee County and the surrounding area with a fiscally responsible non-profit program that has served the community for over 66 years, by addressing animal welfare issues, helping to meet the needs and providing a sanctuary for homeless animals.

The present facility was built in 1973 and was constructed to accommodate 5,000 animals a year. Last year, 10,271 animals were brought to Helping Hands. As a result of the continued growth and animal intake over the last several years, the Board of Directors of HHHS has decided to build a new shelter.

The new building will have pen space to handle upwards of 250 dogs and 150 cats, a veterinary suite for daily animal care, a special section for animals other than dogs and cats and an education/training room area. The facility will be built on the current location and will be completed in phases to allow the shelter to continue operations while construction is being done. This existing property is approximately 3 acres and it will take this entire site for the new building and parking area. The architectural estimate is that it will cost \$4 to \$5 million to build the new shelter.

As a result of using the entire present site for the new building and parking it has created a need for some additional space. HHHS would like to acquire 4.9 acres of ground adjacent to the West boundary of the current property for the addition of a large storage building and park setting for the shelter. The storage building would be used for vehicles, lawn equipment, maintenance work area, and the dog and cat food for the animals being housed in the shelter. The park setting will provide staff and volunteers with a fenced in outdoor area to exercise the animals. The access to this additional property will be through the Helping Hands property only. This ground is the East boundary of ground that is currently not used but is state owned and occupied by the Juvenile Justice Authority. SB266 allows for the conveyance of this parcel to Helping Hands Humane Society.

We submit this request to you in hopes of your support.

Thank you.

Kansas Department of Administration
Duane Goossen, Secretary
1000 SW Jackson, Suite 500
Topeka, Kansas 66612-1268
(785) 296-3011

House Appropriations Committee
S.B. 266

Mark Stock, Real Estate Officer
Division of Facilities Management
March 4, 2005

Thank you for this opportunity to provide testimony in support of SB 266 as amended. The Department of Administration has worked closely with both the Juvenile Justice Authority and the Helping Hands Humane Society on this land transfer.

Essentially, this is a donation of land to HHHS by the State of Kansas, and the Department is pleased to support that donation as outlined in SB 266 as amended by the Senate Ways and Means Committee.

I thank you for your time and would be happy to stand for questions.

HOUSE APPROPRIATIONS

DATE 3-04-2005
ATTACHMENT 2



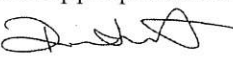
K A N S A S

DENISE L. EVERHART
COMMISSIONER

KATHLEEN SEBELIUS, GOVERNOR

JUVENILE JUSTICE AUTHORITY

TO: Representative Melvin Neufeld, Chairman
Members of the House Committee on Appropriations

FROM: Denise L. Everhart, Commissioner 

SUBJECT: Senate Bill 266

DATE: March 4, 2005

Mr. Chairman and members of the Committee, I appear before you today in support of Senate Bill 266 as amended. Senate Bill 266 would transfer ownership of 4.9 acres of land from the State of Kansas to the Helping Hands Humane Society. The land subject to the bill is located just to the east and adjacent to the Kansas Juvenile Correctional Complex, a juvenile correctional facility operated by the Juvenile Justice Authority.

For the past several years, JJA has been working with members of the Shawnee County legislative delegation and representatives of the Helping Hands Humane Society to provide information regarding this tract of land. The description of the use of the property as proposed by the Helping Hands Humane Society does not present to us a significant cause for concern for potential operational problems as the result of this proposed development.

JJA supports the transfer of the property described in Senate Bill 266 to the Helping Hands Humane Society. I would be happy to respond to any questions the committee may have.

JAYHAWK WALK, 714 SW JACKSON ST, STE 300, TOPEKA,
VOICE: 785-296-4213 FAX: 785-296-1412 HTTP://JJA.

HOUSE APPROPRIATIONS

DATE 3-04-2005
ATTACHMENT 3

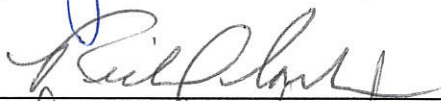
House General Government and Commerce Budget Committee

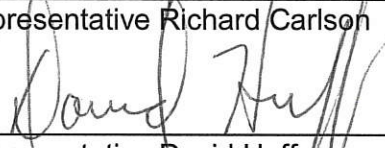
Reports on

FY 2005 and FY 2006

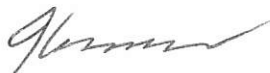
Governor
Lt. Governor
Health Care Stabilization Fund Board of Governors


Representative Jo Ann Pottorff, Chairperson

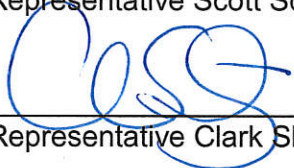

Representative Richard Carlson


Representative David Huff


Representative Annie Kuether


Representative Harold Lane


Representative Scott Schwab


Representative Clark Shultz

HOUSE APPROPRIATIONS

DATE 3-04-2005
ATTACHMENT 4

Senate Subcommittee Report

Agency: Governor's Department

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. Vol. 2-1145

Budget Page No. 171

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,294,753	\$ 2,294,753	\$ 0
Federal Funds	12,842,467	12,842,467	0
Other Funds	219,547	219,547	0
TOTAL	\$ 15,356,767	\$ 15,356,767	\$ 0
FTE Positions	41.0	41.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	41.0	41.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** FY 2005 revised request reflects a net increase of \$352,467 (including \$182,714 from the State General Fund) from the amount approved by the 2004 Legislature. This amount reflects an unlimited reappropriation of funding totaling \$182,714 from the State General Fund that was available for expenditure, but not expended in FY 2004. This amount carried forward and is now available for expenditure in FY 2005. In addition, another \$205,516 in special programs funding is requested in the revised FY 2005 request.

The **Governor** concurs with the agency's revised FY 2005 request.

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 \$182,714 or 8.7 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate has not yet considered this budget.

House Budget Committee Report

Agency: Governor's Department

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. Vol. 2-1145

Budget Page No. 171

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 2,294,753	\$ 2,294,753	\$ 0
Federal Funds	12,842,467	12,842,467	0
Other Funds	219,547	219,547	0
TOTAL	\$ 15,356,767	\$ 15,356,767	\$ 0
FTE Positions	41.0	41.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	41.0	41.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** FY 2005 revised request reflects a net increase of \$352,467 (including \$182,714 from the State General Fund) from the amount approved by the 2004 Legislature. This amount reflects an unlimited reappropriation of funding totaling \$182,714 from the State General Fund that was available for expenditure, but not expended in FY 2004. This amount carried forward and is now available for expenditure in FY 2005. In addition, another \$205,516 in special programs funding is requested in the revised FY 2005 request.

The **Governor** concurs with the agency's revised FY 2005 request.

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 increase of \$182,714 or 8.7 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The entire increase is the result of an unlimited reappropriation from FY 2004.

Senate Subcommittee Report

Agency: Governor's Department

Bill No. SB 270

Bill Sec. 27

Analyst: Robinson

Analysis Pg. No. Vol. 2-1145

Budget Page No. 171

<u>Expenditure Summary</u>	<u>Agency Request FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 2,217,387	\$ 2,325,610	\$ (108,223)
Federal Funds	12,757,721	12,782,893	(25,172)
Other Funds	173,004	181,972	(8,968)
TOTAL	<u>\$ 15,148,112</u>	<u>\$ 15,290,475</u>	<u>\$ (142,363)</u>
FTE Positions	39.0	39.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>39.0</u>	<u>39.0</u>	<u>0.0</u>

* The entire adjustment reflects deletion of the Governor's recommended salary and wage adjustments.

Agency Request/Governor's Recommendation

The FY 2006 **agency** budget request for reportable expenditures totals \$15,148,112, a reduction of \$208,655 (1.4 percent) from the FY 2005 revised estimate.

The **Governor** recommends a total of \$15,290,475, a reduction of \$66,292 from the revised current year recommendation, and an increase of \$142,363 from the amount requested by the agency. The only adjustment to the agency's request is an increase in the recommendation for salaries and wages to reflect the Governor's recommended 2.5 percent salary increase, a 0.4 percent increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate, and the 27th payroll period which occurs 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 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 \$207,661.**

4-4

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$54,822, including \$41,674 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 \$87,541, including \$66,549 from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$81,224), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$6,317) 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 \$213,571 or 10.1 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 \$105,348, or 5.0 percent above the approved amount.
4. The Subcommittee notes that the FY 2006 Governor's recommendation for the Governor's Department represents an increase of \$13.6 million, or 826.6 percent, since FY 2002. The vast majority of the increase is attributable to the shift of federal crime victim and law enforcement grants from the budgets of the Attorney General and the Sentencing Commission which began in FY 2003. State General Fund expenditures for the same period increase by \$675,487, or 40.9 percent. Most of the State General Fund increase is the result of the shift of the Commissions on Hispanic and Latino Affairs, African-American Affairs, and Native American Affairs from the budget of the Department of Labor to the Governor's office.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate has not yet considered this budget.

House Budget Committee Report

Agency: Governor's Department

Bill No. HB 2482

Bill Sec. 27

Analyst: Robinson

Analysis Pg. No. Vol. 2-1145

Budget Page No. 171

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,217,387	\$ 2,325,610	\$ 0
Federal Funds	12,757,721	12,782,893	0
Other Funds	173,004	181,972	0
TOTAL	\$ 15,148,112	\$ 15,290,475	\$ 0
FTE Positions	39.0	39.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	39.0	39.0	0.0

Agency Request/Governor's Recommendation

The FY 2006 **agency** budget request for reportable expenditures totals \$15,148,112, a reduction of \$208,655 (1.4 percent) from the FY 2005 revised estimate.

The **Governor** recommends a total of \$15,290,475, a reduction of \$66,292 from the revised current year recommendation, and an increase of \$142,363 from the amount requested by the agency. The only adjustment to the agency's request is an increase in the recommendation for salaries and wages to reflect the Governor's recommended 2.5 percent salary increase, a 0.4 percent increase in the death and disability contribution rate, and the 27th payroll period which occurs 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 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 \$207,661.**

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 2006 State General Fund recommendation for the agency totals \$2,325,610, an increase of \$213,571 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$41,674), the 27th payroll period (\$61,745), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$4,804), the recommendation is an increase of \$105,348, or 5.0 percent above the approved amount.
2. The Budget Committee notes that 3.0 FTE positions which are considered employees of the Governor's Department are actually funded from other agencies. The Department of Revenue, the Department of Administration, and the University of Kansas Geological Survey fund a total of \$205,377 for these three positions.

Senate Subcommittee Report

Agency: Lieutenant Governor

Bill No. --

Bill Sec.--

Analyst: Robinson

Analysis Pg. No. Vol. 2-1158

Budget Page No. 315

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 137,361	\$ 137,361	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of expenditures is \$137,361 (all from the State General Fund), a net increase of \$22,544 over the amount approved by the 2004 Legislature. 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 which exceeded the anticipated reappropriation by \$22,544 and is available for expenditure without any further legislative action. Adjustments requested to the approved budget include:

- Increased salaries and wages expenditures totaling \$32,512 related to the Lieutenant Governor's full-time assumption of responsibilities of that position are partially offset by reductions in contractual services (\$9,085) and commodities (\$883).

The **Governor** concurs with the agency's revised FY 2005 estimate of expenditures.

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 \$22,544 or 19.6 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate has not yet considered this budget.

4-8

House Budget Committee Report

Agency: Lieutenant Governor

Bill No. --

Bill Sec.--

Analyst: Robinson

Analysis Pg. No. Vol. 2 -1158

Budget Page No. 315

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 137,361	\$ 137,361	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.0	3.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of expenditures is \$137,361 (all from the State General Fund), a net increase of \$22,544 over the amount approved by the 2004 Legislature. 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 which exceeded the anticipated reappropriation by \$22,544 and is available for expenditure without any further legislative action. Adjustments requested to the approved budget include:

- Increased salaries and wages expenditures totaling \$32,512 related to the Lieutenant Governor's full-time assumption of responsibilities of that position are partially offset by reductions in contractual services (\$9,085) and commodities (\$883).

The **Governor** concurs with the agency's revised FY 2005 estimate of expenditures.

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 increase of \$22,544 or 19.6 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The increase is entirely the result of an unlimited reappropriation from FY 2004.

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Senate Subcommittee Report

Agency: Lieutenant Governor

Bill No. SB 270

Bill Sec. 28

Analyst: Robinson

Analysis Pg. No. Vol. 2-1158

Budget Page No. 315

<u>Expenditure Summary</u>	<u>Agency Request FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 167,439	\$ 175,737	\$ (8,298)
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.0	3.0	0.0

* The entire adjustment reflects deletion of the Governor's recommended salary and wage adjustments.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$167,439 (all from the State General Fund), an increase of \$30,078 (21.9 percent) from the FY 2005 revised estimate. The increase reflects full-year salary and wage funding relating to the Lieutenant Governor's decision to discontinue service as Secretary of Commerce.

The Governor recommends an FY 2006 operating budget of \$175,737 (all from the State General Fund), an increase of \$38,376 (27.9 percent) from the revised estimate, and an increase of \$8,298 from the agency's request.

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 \$15,692.**

Senate Subcommittee Recommendation

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

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1. **Pay Plan Adjustment.** Delete \$3,190, all 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 \$5,108, all from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$4,726), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$382) 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 \$60,920 or 53.1 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 \$52,622, or 45.8 percent above the approved amount.
4. The Subcommittee notes that the Lieutenant Governor's budget has increased substantially from FY 2004 to FY 2006 (\$70,907, or 67.6 percent). Most of this increase is attributable to the fact that the Lieutenant Governor discontinued service as a cabinet secretary and is now taking the full statutory salary from this budget. Budgets in recent years had included only a small salary contingency amount for the Lieutenant Governor's position.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate has not yet considered this budget.

House Budget Committee Report

Agency: Lieutenant Governor

Bill No. HB 2482

Bill Sec. 28

Analyst: Robinson

Analysis Pg. No. Vol. 2-1158

Budget Page No. 315

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 167,439	\$ 175,737	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.0	3.0	0.0

Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$167,439 (all from the State General Fund), an increase of \$30,078 (21.9 percent) from the FY 2005 revised estimate. The increase reflects full-year salary and wage funding relating to the Lieutenant Governor's decision to discontinue service as Secretary of Commerce.

The Governor recommends an FY 2006 operating budget of \$175,737 (all from the State General Fund), an increase of \$38,376 (27.9 percent) from the revised estimate, and an increase of \$8,298 from the agency's request.

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 \$15,692.**

House Budget Committee Recommendation

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

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1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$175,737, an increase of \$60,920 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$3,190), the 27th payroll period (\$4,726), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$382), the recommendation is an increase of \$52,622, or 45.8 percent above the approved amount. Most of the increase is related to the payment of the full statutory Lieutenant Governor's salary from this budget. Budgets in recent years had included only a small salary contingency amount for the Lieutenant Governor's position.

Senate Subcommittee Report

Agency: Healthcare Stabilization Fund Board of Governors **Bill No. --** **Bill Sec. --**

Analyst: Deckard **Analysis Pg. No.** Vol. 2, p. 1234 **Budget Page No.** 187

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments</u>
Special Revenue Funds:			
State Operations	\$ 4,266,014	\$ 4,266,014	\$ 0
Other Assistance	24,824,078	24,824,078	0
TOTAL	<u>\$ 29,090,092</u>	<u>\$ 29,090,092</u>	<u>\$ 0</u>
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** FY 2005 revised estimate is \$29,090,092, an increase of \$528,551 or 1.9 percent above the approved amount, all of which is an increase in estimated costs of claims. The request for the Claims program is subject to a no-limit appropriation for both claims payments and associated legal fees and other items directly related to the payment of claims.

The **Governor** recommends FY 2005 expenditures of \$29,090,092, the same as the agency's estimate.

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: Healthcare Stabilization Fund Board of Governors **Bill No. --**

Bill Sec. --

Analyst: Deckard

Analysis Pg. No. Vol. 2, p. 1234

Budget Page No. 187

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Special Revenue Funds:			
State Operations	\$ 4,266,014	\$ 4,266,014	\$ 0
Other Assistance	24,824,078	24,824,078	0
TOTAL	<u>\$ 29,009,092</u>	<u>\$ 29,090,092</u>	<u>\$ 0</u>
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** FY 2005 revised estimate is \$29,090,092, an increase of \$528,551 or 1.9 percent above the approved amount, all of which is an increase in estimated costs of claims. The request for the Claims program is subject to a no-limit appropriation for both claims payments and associated legal fees and other items directly related to the payment of claims.

The **Governor** recommends FY 2005 expenditures of \$29,090,092, the same as the agency's estimate.

House Budget Committee Recommendation

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

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Senate Subcommittee Report

Agency: Healthcare Stabilization Fund Board of Governors **Bill No.** SB 270 **Bill Sec.** 33

Analyst: Deckard **Analysis Pg. No.** Vol. 2, p.1234 **Budget Page No.** 187

<u>Expenditure Summary</u>	<u>Agency Request FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>Senate Subcommittee Adjustments*</u>
Special Revenue Funds:			
State Operations	\$ 4,313,516	\$ 4,365,401	\$ (51,885)
Other Assistance	24,824,078	24,824,078	0
TOTAL	\$ 29,137,594	\$ 29,189,479	\$ (51,885)
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

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

Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 expenditure limitation of \$29,137,594, an increase of \$47,502 or 0.2 percent above the FY 2005 revised estimate. The request includes \$1,107,288 for the Administrative program and \$28,030,306 for the Claims program. The request for the Claims program is subject to a no-limit appropriation for both claims payments and associated legal fees and other items directly related to the payment of claims.

The \$47,502 increase occurs in the Administrative program and is attributable to an increase in fringe benefit rate increases, not including shrinkage savings in the request, an additional \$3,750 for Board of Governors management related activities, and additional costs for utilizing rental cars.

The **Governor** recommends FY 2006 expenditures of \$29,189,479, an increase of \$99,387 or 0.3 percent above the FY 2005 recommendation. The recommendation is an increase of \$51,885 or 0.2 percent above the agency request. The increase is attributable to \$51,885 for salary adjustments. The salary adjustments include the addition of: \$2,658 for KPERS death and disability payments; \$29,389 to fund the 27th payroll period; and \$19,838 for the 2.5 percent base salary adjustment for state employees.

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 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

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ending in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, there would be no reduction to the Governor's recommended FY 2006 budget.**

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$19,838, 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 \$32,047, none of which is from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$29,389), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$2,658) for later Committee consideration.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Healthcare Stabilization Fund Board of Governors **Bill No.** HB 2482 **Bill Sec.** 33

Analyst: Deckard **Analysis Pg. No.** Vol. 2, p. 1234 **Budget Page No.** 187

<u>Expenditure Summary</u>	<u>Agency Request FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Committee Adjustments</u>
Special Revenue Funds:			
State Operations	\$ 4,313,516	\$ 4,365,401	\$ 0
Other Assistance	24,824,078	24,824,078	0
TOTAL	\$ 29,137,594	\$ 29,189,479	\$ 0
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

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Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 expenditure limitation of \$29,137,594, an increase of \$47,502 or 0.2 percent above the FY 2005 revised estimate. The request includes \$1,107,288 for the Administrative program and \$28,030,306 for the Claims program. The request for the Claims program is subject to a no-limit appropriation for both claims payments and associated legal fees and other items directly related to the payment of claims.

The \$47,502 increase occurs in the Administrative program and is attributable to an increase in fringe benefit rate increases, not including shrinkage savings in the request, an additional \$3,750 for Board of Governors management related activities, and additional costs for utilizing rental cars.

The **Governor** recommends FY 2006 expenditures of \$29,189,479, an increase of \$99,387 or 0.3 percent above the FY 2005 recommendation. The recommendation is an increase of \$51,885 or 0.2 percent above the agency request. The increase is attributable to \$51,885 for salary adjustments. The salary adjustments include the addition of: \$2,658 for KPERS death and disability payments; \$29,389 to fund the 27th payroll period; and \$19,838 for the 2.5 percent base salary adjustment for state employees.

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, there would be no reduction to the Governor's recommended FY 2006 budget.**

House Budget Committee Recommendation

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

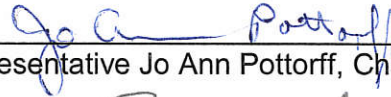
1. The Budget Committee recommends the introduction of legislation to put into statute two of the agency's provisos which are included in the appropriations bill every year. The provisos allow the agency to make payments for claims benefits and costs for legal and professional services in fiscal years other than the fiscal year in which the settlement or judgement was made.

House General Government and Commerce Budget Committee

Reports on

FY 2005 and FY 2006

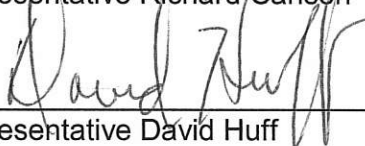
Secretary of State
Insurance Department
State Treasurer



Representative Jo Ann Pottorff, Chairperson



Representative Richard Carlson



Representative David Huff



Representative Annie Kuether



Representative Harold Lane



Representative Scott Schwab



Representative Clark Shultz

HOUSE APPROPRIATIONS

DATE 3-04-2005

ATTACHMENT 5

Senate Subcommittee Report

Agency: Secretary of State

Bill No. --

Bill Sec. --

Analyst: Alishahi

Analysis Pg. No. Vol. 2, 1179

Budget Page No. 359

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 170,911	\$ 687,397	\$ 0
Other Funds	10,208,712	10,208,712	0
TOTAL	\$ 10,379,623	\$ 10,896,109	\$ 0
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	54.0	54.0	0.0

Staff Note: *The agency's revised estimate and the Governor's recommendation for FY 2005 include budgeted State General Fund expenditures for the implementation of the Help America Vote Act (HAVA) of 2002 that require state match for federal grant funds. Excluding HAVA expenditures, the agency's operating budget for FY 2005 is entirely fee funded. The 2003 Legislature directed that by FY 2005 the Secretary of State would no longer receive financing from the State General Fund for agency operating expenditures.*

Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$10,379,623, a decrease of \$10,834,225 or 51.1 percent below the approved amount. The agency estimates FY 2005 State General Fund expenditures of \$170,911, a decrease of \$263,241 or 60.6 percent above the approved amount.

- The agency's revised estimate includes Help America Vote Act (HAVA) of 2002 expenditures totaling \$6,496,941, including \$170,911 from the State General Fund that is part of the required state match for the federal grant funds.
- Without HAVA expenditures, the agency's revised estimate is an increase of \$212,815 or 5.8 percent above the approved amount for the regular divisions within the Secretary of State's Office.

The **Governor** recommends an FY 2005 operating budget of \$10,896,109, a decrease of \$10,317,739 or 48.6 percent below the approved amount. The recommendation includes State General Fund expenditures of \$687,397, an increase of \$253,245 or 58.3 percent above the approved amount.

- The Governor's recommendation includes HAVA expenditures totaling \$7,013,427, including \$687,397 from the State General Fund that is part of the required state match for the federal grant funds.

- Without HAVA expenditures, the recommendation is the same as the agency's revised estimate for the regular divisions within the Secretary of State's Office.

Senate Subcommittee Recommendation

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$253,245 or 58.3 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

Staff Note: The budgeted State General Fund expenditures are for the implementation of the Help America Vote Act (HAVA) of 2002 that require state match for federal grant funds. Excluding HAVA expenditures, the agency is entirely fee funded.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Secretary of State **Bill No. --** **Bill Sec. --**
Analyst: Alishahi **Analysis Pg. No.** Vol. 2, 1179 **Budget Page No.** 359

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 170,911	\$ 687,397	\$ 0
Other Funds	10,208,712	10,208,712	0
TOTAL	\$ 10,379,623	\$ 10,896,109	\$ 0
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	54.0	54.0	0.0

Staff Note: The agency's revised estimate and the Governor's recommendation for FY 2005 include budgeted State General Fund expenditures for the implementation of the Help America Vote Act (HAVA) of 2002 that require state match for federal grant funds. Excluding HAVA expenditures, the agency's operating budget for FY 2005 is entirely fee funded. The 2003 Legislature directed that by FY 2005 the Secretary of State would no longer receive financing from the State General Fund for agency operating expenditures.

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Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$10,379,623, a decrease of \$10,834,225 or 51.1 percent below the approved amount. The agency estimates FY 2005 State General Fund expenditures of \$170,911, a decrease of \$263,241 or 60.6 percent above the approved amount.

- The agency's revised estimate includes Help America Vote Act (HAVA) of 2002 expenditures totaling \$6,496,941, including \$170,911 from the State General Fund that is part of the required state match for the federal grant funds.
- Without HAVA expenditures, the agency's revised estimate is an increase of \$212,815 or 5.8 percent above the approved amount for the regular divisions within the Secretary of State's Office.

The **Governor** recommends an FY 2005 operating budget of \$10,896,109, a decrease of \$10,317,739 or 48.6 percent below the approved amount. The recommendation includes State General Fund expenditures of \$687,397, an increase of \$253,245 or 58.3 percent above the approved amount.

- The Governor's recommendation includes HAVA expenditures totaling \$7,013,427, including \$687,397 from the State General Fund that is part of the required state match for the federal grant funds.
- Without HAVA expenditures, the recommendation is the same as the agency's revised estimate for the regular divisions within the Secretary of State's Office.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, 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 \$253,245 or 58.3 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

***Staff Note:** The budgeted State General Fund expenditures are for the implementation of the Help America Vote Act (HAVA) of 2002 that require state match for federal grant funds. Excluding HAVA expenditures, the agency is entirely fee funded.*

2. **Budget Increase.** The Budget Committee notes that the Governor's FY 2005 recommendation is an increase of \$7,231,651 or 197.35 percent above the FY 2004 actual expenditures. The Budget Committee recognizes that the large increase in the agency's budget is the result of the implementation of HAVA. The recommendation includes HAVA expenditures totaling \$7,013,427, including \$687,397 from the State General Fund.

Senate Subcommittee Report

Agency: Secretary of State

Bill No. SB 270

Bill Sec. 30

Analyst: Alishahi

Analysis Pg. No. Vol. 2, 1179

Budget Page No. 359

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 462,848	\$ 0	\$ 0
Other Funds	19,488,477	19,642,857	(154,380)
TOTAL	\$ 19,951,325	\$ 19,642,857	\$ (154,380)
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	54.0	54.0	0.0

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

Staff Note: The agency's request and the Governor's recommendation for FY 2006 include budgeted State General Fund expenditures for the implementation of the Help America Vote Act (HAVA) of 2002 that require state match for federal grant funds. Excluding HAVA expenditures, the agency's operating budget for FY 2006 is entirely fee funded. The 2003 Legislature directed that by FY 2005 the Secretary of State would no longer receive financing from the State General Fund for agency operating expenditures.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$19,951,325, an increase of \$9,571,702 or 92.2 percent above the current year revised estimate. The agency's request includes State General Fund expenditures of \$462,848, an increase of \$291,937 or 170.8 percent above the revised estimate.

- The agency requests Help America Vote Act (HAVA) of 2002 expenditures totaling \$15,755,847, including \$462,848 from the State General Fund that is part of the required state match for the federal grant funds.
- Without HAVA expenditures, the agency's request is an increase of \$312,796 or 8.1 percent above the revised FY 2005 estimate for the regular divisions within the Secretary of State's Office.

The **Governor** recommends an FY 2006 operating budget of \$19,642,857, an increase of \$8,746,748 or 80.3 percent above the FY 2005 recommendation. The Governor's recommendation does not include State General Fund expenditures, a decrease of \$687,397 or 100.0 percent below the FY 2005 recommendation.

- The recommendation includes HAVA expenditures totaling \$15,299,586, none of

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which is from the State General Fund. The recommendation includes a reduction of \$462,848 in State General Fund expenditures from the agency's FY 2006 request. The Governor recommends the HAVA state match funds the agency budgeted for FY 2006 be transferred to the current year.

- Without HAVA expenditures, the recommendation is an increase of \$460,589 or 11.9 percent above the FY 2005 recommendation for the regular divisions within the Secretary of State's Office. The recommendation includes an additional \$154,380 for the 2.5 percent salary increase, the 27th payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$59,192 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 \$95,188 to remove funding recommended by the Governor for the 27th payroll period (\$87,694), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$7,494) 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 decrease of \$434,152 or 100.0 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature.

Staff Note: The budgeted State General Fund expenditures are for the implementation of the Help America Vote Act (HAVA) of 2002 that require state match for federal grant funds. Excluding HAVA expenditures, the agency is entirely fee funded.

4. **Revenue from the Sale of Publications.** The Subcommittee recommends the introduction of legislation that would allow the agency to deposit the revenue collected from the sales and distribution of the *Session Laws of Kansas* and the *Kansas Administrative Regulations* and supplements to the Information Services Fee Fund, rather than the State General Fund.
 - The Subcommittee notes that the agency pays the costs associated with the publication and distribution of the *Session Laws of Kansas* and the *Kansas Administrative Regulations* and supplements from the Information Services Fee Fund, but the revenue from the sale of the publications goes to the State General Fund. While the agency does charge an administrative fee for the sale of the publications, the fee does not cover the publication and distribution expenses.

- In addition, the Subcommittee notes that if the bill is not enacted by Omnibus, the Subcommittee wishes to review the inclusion of a proviso to allow the agency to retain the revenue in FY 2006.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Secretary of State

Bill No. HB 2482

Bill Sec. 30

Analyst: Alishahi

Analysis Pg. No. Vol. 2, 1179

Budget Page No. 209

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 462,848	\$ 0	\$ 0
Other Funds	19,488,477	19,642,857	0
TOTAL	<u>\$ 19,951,325</u>	<u>\$ 19,642,857</u>	<u>\$ 0</u>
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>54.0</u>	<u>54.0</u>	<u>0.0</u>

Staff Note: The agency's request and the Governor's recommendation for FY 2006 include budgeted State General Fund expenditures for the implementation of the Help America Vote Act (HAVA) of 2002 that require state match for federal grant funds. Excluding HAVA expenditures, the agency's operating budget for FY 2006 is entirely fee funded. The 2003 Legislature directed that by FY 2005 the Secretary of State would no longer receive financing from the State General Fund for agency operating expenditures.

Agency Request/Governor's Recommendation

The **agency** estimates an FY 2006 operating budget of \$19,951,325, an increase of \$9,571,702 or 92.2 percent above the current year revised estimate. The agency's request includes State General Fund expenditures of \$462,848, an increase of \$291,937 or 170.8 percent above the revised estimate.

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- The agency requests Help America Vote Act (HAVA) of 2002 expenditures totaling \$15,755,847, including \$462,848 from the State General Fund that is part of the required state match for the federal grant funds.
- Without HAVA expenditures, the agency's request is an increase of \$312,796 or 8.1 percent above the revised FY 2005 estimate for the regular divisions within the Secretary of State's Office.

The **Governor** recommends an FY 2006 operating budget of \$19,642,857, an increase of \$8,746,748 or 80.3 percent above the FY 2005 recommendation. The Governor's recommendation does not include State General Fund expenditures, a decrease of \$687,397 or 100.0 percent below the FY 2005 recommendation.

- The recommendation includes HAVA expenditures totaling \$15,299,586, none of which is from the State General Fund. The recommendation includes a reduction of \$462,848 in State General Fund expenditures from the agency's FY 2006 request. The Governor recommends the HAVA state match funds the agency budgeted for FY 2006 be transferred to the current year.
- Without HAVA expenditures, the recommendation is an increase of \$460,589 or 11.9 percent above the FY 2005 recommendation for the regular divisions within the Secretary of State's Office. The recommendation includes an additional \$154,380 for the 2.5 percent salary increase, the 27th payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate.

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 recommendation does not include State General Fund expenditures, a decrease of \$434,152 or 100.0 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature.
2. **Budget Increase.** The Budget Committee notes that the Governor's FY 2006 recommendation is an increase of \$8,746,748 or 80.3 percent above the FY 2005 recommendation. The Budget Committee recognizes that the large increase in the agency's expenditures is the result of the implementation of HAVA. The recommendation includes HAVA expenditures totaling \$15,299,586, none of which is from the State General Fund.
3. **Sale of Publications.** The Budget Committee notes that the agency pays the costs associated with the publication and distribution of the *Session Laws of Kansas* and the *Kansas Administrative Regulations* and supplements from the Information Services Fee Fund, but the revenue from the sale of the publications goes to the State General Fund. The agency indicated that while it does charge an administrative fee for the sale of the publications, the fee does not cover the

publication and distribution expenses. The Budget Committee also notes the agency's request to be allowed to keep the revenue collected from the sale of the publications to partially offset the expenses related to publishing and distributing them.

4. **Anticipated Governor's Budget Amendment (GBA).** The Budget Committee notes that the agency will be requesting a GBA to cover the cost of publishing the proposed constitutional amendment in each county newspaper as required by law. The Kansas Press Association estimated it will cost approximately \$89,000 to publish this amendment. The Budget Committee notes that the requested financing will come from the State General Fund.

Senate Subcommittee Report

Agency: Insurance Department

Bill No. SB 272

Bill Sec. 13

Analyst: Alishahi

Analysis Pg. No. Vol. 2, 1216 **Budget Page No.** 209

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Special Revenue Funds:			
State Operations	\$ 10,702,852	\$ 10,702,852	\$ 0
Aid to Local Units	8,500,000	8,500,000	0
Other Assistance	2,512,396	2,512,396	0
Subtotal-Operating	\$ 21,715,248	\$ 21,715,248	\$ 0
Capital Improvements	420,000	420,000	0
TOTAL	\$ 22,135,248	\$ 22,135,248	\$ 0
FTE Positions *	146.7	146.5	0.0
Non-FTE Unclass. Perm. Pos.	4.0	4.0	0.0
TOTAL	150.7	150.5	0.0

* The 0.2 FTE difference between the agency's estimate and the Governor's recommendation is the result of a timing issue. The agency adjusted its FTE limitation, from 146.5 FTE to 146.7 FTE, after the Governor recommended to include the original estimate of 146.5 FTE positions.

Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$21,715,248, an increase of \$1,144,692 or 5.6 percent above the approved amount. The estimate includes a shrinkage rate of 3.2 percent, an additional \$1.0 million in aid to local units for the Firefighters Relief program, an additional \$457,931 for Kansas Savings Incentive Program (KSIP) expenditures, a reduction of \$311,236 in salaries and wages, mainly in fringe benefit costs, and a reduction of \$2,003 in other operating expenditures.

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 adjustment:

1. **Settlement Funds.** The Subcommittee recommends that the agency be allowed to retain \$103,183 from a recent \$15.0 million nationwide settlement agreement where an insurance company mishandled several disability claims. The Subcommittee recommends the funds be deposited in the settlement fund, with a no-limit expenditure limitation, rather than the State General Fund. The agency has indicated the funds will be utilized to enhance current efforts in education and outreach to better inform insurance consumers about the upcoming federal Medicare Part D prescription drug plan. The funds will also be used for other general assistance to Kansas consumers in need, including providing consumer guides in braille for the visually impaired.

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Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Insurance Department

Bill No. HB 2480

Bill Sec. 13

Analyst: Alishahi

Analysis Pg. No. Vol. 2, 1216

Budget Page No. 209

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 10,702,852	\$ 10,702,852	\$ 0
Aid to Local Units	8,500,000	8,500,000	0
Other Assistance	2,512,396	2,512,396	0
Subtotal-Operating	21,715,248	21,715,248	0
Capital Improvements	420,000	420,000	0
TOTAL	\$ 22,135,248	\$ 22,135,248	\$ 0
FTE Positions *	146.7	146.5	0.0
Non-FTE Unclass. Perm. Pos.	4.0	4.0	0.0
TOTAL	150.7	150.5	0.0

* The 0.2 FTE difference between the agency's estimate and the Governor's recommendation is the result of a timing issue. The agency adjusted its FTE limitation, from 146.5 FTE to 146.7 FTE, after the Governor recommended to include the original estimate of 146.5 FTE positions.

Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$21,715,248, an increase of \$1,144,692 or 5.6 percent above the approved amount. The estimate includes a shrinkage rate of 3.2 percent, an additional \$1.0 million in aid to local units for the Firefighters Relief program, an additional \$457,931 for Kansas Savings Incentive Program (KSIP) expenditures, a reduction of \$311,236 in salaries and wages, mainly in fringe benefit costs, and a reduction of \$2,003 in other operating expenditures.

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

House Budget Committee Recommendation

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

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Senate Subcommittee Report

Agency: Insurance Department

Bill No. SB 270

Bill Sec. 32

Analyst: Alishahi

Analysis Pg. No. Vol. 2, 1216

Budget Page No. 209

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments*
Special Revenue Funds:			
State Operations	\$ 10,788,812	\$ 11,244,922	\$ (456,110)
Aid to Local Units	8,750,000	8,750,000	0
Other Assistance	2,500,000	2,500,000	0
Subtotal-Operating	<u>\$ 22,038,812</u>	<u>\$ 22,494,922</u>	<u>\$ (456,110)</u>
Capital Improvements	245,000	245,000	0
TOTAL	<u><u>\$ 22,283,812</u></u>	<u><u>\$ 22,739,922</u></u>	<u><u>\$ (456,110)</u></u>
FTE Positions **	146.7	146.2	0.0
Non-FTE Unclass. Perm. Pos.	4.0	4.0	0.0
TOTAL	<u><u>150.7</u></u>	<u><u>150.2</u></u>	<u><u>0.0</u></u>

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

** The 0.5 FTE difference between the agency's estimate and the Governor's recommendation is the result of a timing issue. The agency adjusted its FTE limitation, from 146.2 FTE to 146.7 FTE, after the Governor recommended to include the original estimate of 146.2 FTE positions.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$22,038,812, an increase of \$323,564 or 1.5 percent above the revised current year estimate. The request includes a shrinkage rate of 3.2 percent and an additional \$250,000 for Firefighter Relief Fund payments.

The **Governor** recommends an FY 2006 operating budget of \$22,494,922, an increase of \$779,674 or 3.6 percent above the current year recommendation. The recommendation is \$456,110 or 2.1 percent more than the agency's request and includes:

- An additional \$456,110 for the 2.5 percent salary increase, the 27th payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate; and
- The transfer of \$1.0 million from the Insurance Department Service Regulation Fund to the State General Fund.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$174,733 to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state

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employees) for consideration in a separate bill.

2. **Other Salary and Wage Adjustments.** Delete \$281,377 to remove funding recommended by the Governor for the 27th payroll period (\$258,827), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$22,550) for later Committee consideration.
3. **Settlement Funds.** The Subcommittee recommends a proviso that allows the agency to carry forward into FY 2006 any remaining amount of the settlement funds not expended in FY 2005 from the settlement fund, with a no-limit expenditure limitation. The agency has indicated the funds will be utilized to enhance current efforts in education and outreach to better inform insurance consumers about the upcoming federal Medicare Part D prescription drug plan. The funds will also be used for other general assistance to Kansas consumers in need, including providing consumer guides in braille for the visually impaired.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Insurance Department **Bill No.** HB 2482 **Bill Sec.** 32
Analyst: Alishahi **Analysis Pg. No.** Vol. 2, 1216 **Budget Page No.** 209

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 10,788,812	\$ 11,244,922	\$ 0
Aid to Local Units	8,750,000	8,750,000	0
Other Assistance	2,500,000	2,500,000	0
Subtotal-Operating	<u>22,038,812</u>	<u>22,494,922</u>	<u>0</u>
Capital Improvements	245,000	245,000	0
TOTAL	<u><u>\$ 22,283,812</u></u>	<u><u>\$ 22,739,922</u></u>	<u><u>\$ 0</u></u>
 FTE Positions *	 146.7	 146.2	 0.0
Non-FTE Unclass. Perm. Pos.	4.0	4.0	0.0
TOTAL	<u><u>150.7</u></u>	<u><u>150.2</u></u>	<u><u>0.0</u></u>

* The 0.5 FTE difference between the agency's estimate and the Governor's recommendation is the result of a timing issue. The agency adjusted its FTE limitation, from 146.2 FTE to 146.7 FTE, after the Governor recommended to include the original estimate of 146.2 FTE positions.

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Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating budget of \$22,038,812, an increase of \$323,564 or 1.5 percent above the revised current year estimate. The request includes a shrinkage rate of 3.2 percent and an additional \$250,000 for Firefighter Relief Fund payments.

The **Governor** recommends an FY 2006 operating budget of \$22,494,922, an increase of \$779,674 or 3.6 percent above the current year recommendation. The recommendation is \$456,110 or 2.1 percent more than the agency's request and includes:

- An additional \$456,110 for the 2.5 percent salary increase, the 27th payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate; and
- The transfer of \$1.0 million from the Insurance Department Service Regulation Fund to the State General Fund.

House Budget Committee Recommendation

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

1. **Anticipated Governor's Budget Amendment (GBA).** The House Budget Committee notes that the agency will be requesting a GBA to prevent the transfer of \$1.0 million from the Insurance Department Service Regulation Fund to the State General Fund in FY 2006. The Budget Committee wishes to review the fee fund transfer at Omnibus.
2. **Partnership with Attorney General's Office.** The Budget Committee notes that the agency has partnered with the Attorney General's Office in at least 28 cases to investigate and prosecute consumer fraud. The Budget Committee also notes the agency supports the Attorney General's request for additional funding to assist in the work of identifying, investigating, and prosecuting white collar crime.
3. **Agency Website.** The Budget Committee notes the agency's efforts in education and outreach, particularly in regard to its website, www.ksinsurance.org, which provides a wealth of insurance information for Kansas consumers.

Senate Subcommittee Report

Agency: State Treasurer

Bill No. - -

Bill Sec. - -

Analyst: Spurgin

Analysis Pg. No. Vol. 2, 1197

Budget Page No. 415

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	11,487,809	11,487,809	0
TOTAL	<u>\$ 11,487,809</u>	<u>\$ 11,487,809</u>	<u>\$ 0</u>
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>55.5</u>	<u>55.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of **reportable** expenditures is \$11,447,809, a decrease of \$28,023,237 from the approved budget.

- State operations decrease by \$647.
- Local Aid payments decrease by \$27,022,500, and other assistance decrease by \$1,000,000. The other assistance decrease is due to a lower estimate in amounts paid out from the unclaimed property fund. The approved amount included aid to local units of \$28,102,500 which has been reduced in the estimate to \$1,080,000. Amounts included in the FY 2004 and FY 2005 requests to the 2004 Legislature included funding that the Division of Budget now classifies as non-expense items and not included in the above local aid estimates.
- The agency has reported all FTE positions as part of the reportable budget.
- The agency also estimates expenditures of \$1,469,071 on the non-reportable budget.

The **Governor** concurs with the agency's estimate for FY 2005.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

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Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

House Budget Committee Report

Agency: State Treasurer **Bill No.** -- **Bill Sec.** --

Analyst: Spurgin **Analysis Pg. No.** Vol. 2, 1197 **Budget Page No.** 415

Expenditure Summary	Agency Estimate FY 2005	Governor's Recommendation FY 2005	House Budget Committee Adjustments
Reportable Budget:			
All Funds:			
State Operations	\$ 2,367,809	\$ 2,367,809	\$ 0
Aid to Local Units	1,080,000	1,080,000	0
Other Assistance	<u>8,000,000</u>	<u>8,000,000</u>	<u>0</u>
TOTAL	<u>\$ 11,447,809</u>	<u>\$ 11,447,809</u>	<u>\$ 0</u>
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>55.5</u>	<u>55.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of **reportable** expenditures is \$11,447,809, a decrease of \$28,023,237 from the approved budget.

- State operations decreased by \$647.
- Local Aid payments decreased by \$27,022,500, and other assistance decreased by \$1,000,000. The other assistance decrease is due to a lower estimate in amounts paid out from the unclaimed property fund. The approved amount included aid to local units of \$28,102,500 which has been reduced in the estimate to \$1,080,000. Amounts included in the FY 2004 and FY 2005 requests to the 2004 Legislature included funding that the Division of Budget now classifies as non-expense items and not included in the above local aid estimates.
- The agency has reported all FTE positions as part of the reportable budget.
- The agency also estimates expenditures of \$1,469,071 on the non-reportable budget.

The **Governor** concurs with the agency's estimate for FY 2005.

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House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: State Treasurer

Bill No. SB 270

Bill Sec. 31

Analyst: Spurgin

Analysis Pg. No. Vol. 2, 1197

Budget Page No. 415

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments*
Reportable Budget			
All Funds:			
State Operations	\$ 2,392,462	\$ 4,066,716	\$ (1,674,254)
Aid to Local Units	122,324,000	1,100,000	0
Other Assistance	8,000,000	8,000,000	0
TOTAL	<u>\$ 132,716,462</u>	<u>\$ 13,166,716</u>	<u>\$ (1,674,254)</u>
FTE Positions			
Reportable Budget	55.0	55.0	0.0
Non-Reportable Budget	0.0	0.0	0.0
Subtotal - FTE	<u>55.0</u>	<u>55.0</u>	<u>0.0</u>
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>55.0</u>	<u>55.0</u>	<u>0.0</u>

* The Subcommittee adjustments include a reduction of \$144,364, none of which is from the State General Fund, to delete amounts recommended by the Governor for the 2.5 percent base salary increase, the 27th payroll period, and the KPERS death and disability increase.

Agency Request/Governor's Recommendation

The **agency** requests a FY 2006 **reportable** operating budget of \$132,716,462, a net increase of \$121,268,653 (1,059.3 percent) from the revised current year request.

- The request includes the restoration of Local Ad Valorem Tax Reduction Fund (LAVTRF) and City-County Revenue Sharing Fund (CCRSF) payments, estimated at \$68,796,000 and \$52,428,000, respectively, for a total of local aid payments of \$121,224,000. The agency reports it is statutorily required to include such payments in the budget request.
- Excluding LAVTRF and CCRSF payments, the requested budget is an increase of \$44,653 (0.4 percent) over the agency's FY 2005 estimate.
- The agency requests \$1,100,000 in local aid in addition to the LAVTRF and CCRSF amounts, which is an increase of \$20,000 over the FY 2005 estimates.
- The agency requests \$1,655,926, a 0.5 percent increase, in salaries and wages; \$670,787, a 2.7 percent increase, in contractual services; \$35,514, a 6.5 percent increase, in commodities; and \$30,235, a 12.1 percent decrease, in capital outlay. Overall, the agency request for operating expenditures for the reportable budget

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is \$2,392,462, an increase of \$24,653 (1.0 percent) over the FY 2005 revised estimate.

The **Governor** recommends a FY 2006 **reportable** operating budget of \$13,166,716. The Governor does not recommend the LAVTRF or CCRSF payments, which is responsible for the large disparity between the recommendation and the agency's request. The Governor does not recommend a non-reportable budget. The Governor recommends funding from the Unclaimed Property Fee Fund to fund the portions of the Administration and Cash Management programs that are currently funded by service fees charged to other state agencies and therefore not reportable on the Treasurer's budget. The Governor also recommends increases in salaries and wages in all programs to fund the increase in KPERS death and disability, the base salary adjustment, and the 27th payroll period in FY 2006. Absent the pay plan adjustments, the Governor's recommendation for operating expenditures is equal to the amount requested by the agency on both the reportable and non-reportable budgets.

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. Because the State Treasurer is not funded from the State General Fund, no further reductions were made.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$55,599 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 \$88,765 to remove funding recommended by the Governor for the 27th payroll period (\$81,192), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$7,573) for later Committee consideration.
3. Delete \$1,529,890 from the Governor's recommendation. This removes the operating expenditures that the Governor recommended funding through fees on unclaimed property. The Subcommittee recommends that financing of \$1,529,890 be funded through the Services Reimbursement Fund through the collection of cash management and voucher processing fees. Since the Subcommittee recommends that this amount be funded in this manner, these expenditures would be moved to the non-reportable budget. The Subcommittee does not recommend funding the agency through fees charged on unclaimed

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property. The Subcommittee notes that testimony was heard that a fee of 20 to 25 percent on unclaimed property would be necessary to support the Governor's recommended level of funding.

- 4. The Subcommittee notes that SB 123 has had a hearing in Ways and Means. The Subcommittee recommends a proviso to allow the agency to charge service reimbursement fees and receive funding from those fees should SB 123 not be enrolled.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

House Budget Committee Report

Agency: State Treasurer **Bill No.** HB 2482 **Bill Sec.** 31
Analyst: Spurgin **Analysis Pg. No.** Vol. 2, 1197 **Budget Page No.** 415

<u>Expenditure Summary</u>	<u>Agency Request FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Committee Adjustments</u>
Reportable Budget			
All Funds:			
State Operations	\$ 2,392,462	\$ 4,066,716	\$ (1,573,424)
Aid to Local Units	122,324,000	1,100,000	0
Other Assistance	8,000,000	8,000,000	0
TOTAL	\$ 132,716,462	\$ 13,166,716	\$ (1,573,424)
FTE Positions			
Reportable Budget	55.5	55.5	0.0
Non-Reportable Budget	0.0	0.0	0.0
Subtotal - FTE	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.5	55.5	0.0

Agency Request/Governor's Recommendation

The **agency** requests a FY 2006 **reportable** operating budget of \$132,716,462, a net increase of \$121,268,653 (1059.3 percent) from the revised current year request.

- The request includes the restoration of LAVTRF and CCRSF payments, estimated at \$68,796,000 and \$52,428,000 respectively, for a total of local aid payments of \$121,224,000. The agency reports it has a duty to report such payments in the budget request.
- Excluding LAVTRF and CCRSF payments, the requested budget is an increase of \$44,653 (0.4 percent) over the agency's FY 2005 estimate.
- The agency requests \$1,100,000 in local aid in addition to the LAVTRF and CCRSF amounts, which is an increase of \$20,000 over the FY 2005 estimates.
- The agency requests a \$1,655,926, a 0.5 percent increase, in salaries and wages; \$670,787, a 2.7 percent increase, in contractual services; \$35,514, a 6.5 percent increase, in commodities; and \$30,235, a 12.1 percent decrease, in capital outlay. Overall, the agency request for operating expenditures for the reportable budget is \$2,392,462, an increase of \$24,653 (1.0 percent) over the FY 2005 revised estimate.

The **Governor** recommends a FY 2006 **reportable** operating budget of \$13,166,716. The Governor does not recommend the LAVTRF or CCRSF payments, which is responsible for the large disparity between the recommendation and the agency's request. The Governor does not recommend a non-reportable budget. The Governor recommends funding from the Unclaimed Property Fee Fund to fund the portions of the Administration and Cash Management programs that are currently funded by service fees charged to other state agencies and therefore not reportable on the Treasurer's budget. The Governor also recommends increases in salaries and wages in all programs to fund the increase in KPERS Death and Disability, the cost of living adjustment, and the 27th pay period in FY 2006. Absent the pay plan adjustments, the Governor's recommendation for operating expenditures is equal to the amount requested by the agency on both the reportable and non-reportable budgets.

House Budget Committee Recommendation

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

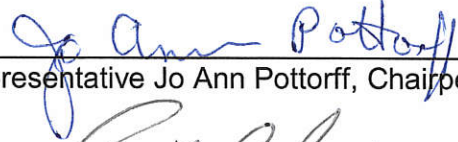
1. Delete \$1,573,424 from the Governor's recommendation. This represents the funding for programs (including the pay plan adjustments) that the Governor recommends be funded through fees on unclaimed property. The Budget Committee recommends that this funding come from service fees to other agencies. Funding through service fees charged to other agencies would make this portion of the budget non-reportable.
2. The Budget Committee notes that SB 123 would make service reimbursement fees charged to other state agencies a permanent source of funding. Should SB 123 not become law, the Budget Committee recommends a proviso to allow for such funding.

House General Government and Commerce Budget Committee

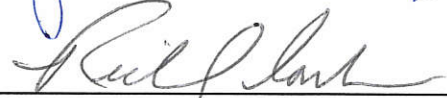
Reports on

FY 2005 and FY 2006

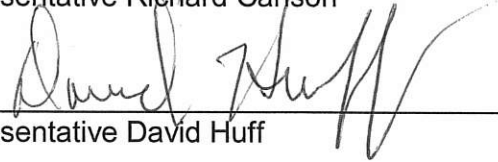
Attorney General



Representative Jo Ann Pottorff, Chairperson



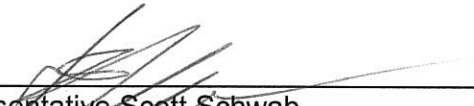
Representative Richard Carlson



Representative David Huff

Representative Annie Kuether

Representative Harold Lane



Representative Scott Schwab



Representative Clark Shultz

HOUSE APPROPRIATIONS

DATE 3-04-2005

ATTACHMENT 6

Senate Subcommittee Report

Agency: Attorney General

Bill No. --

Bill Sec. - -

Analyst: Rampey

Analysis Pg. No. Vol. 2-1165

Budget Page No. 65

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2005</u>	<u>Governor's Rec. FY 2005</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 4,747,669	\$ 4,592,172	\$ 0
Other Funds	11,845,649	11,845,649	0
TOTAL	<u>\$ 16,593,318</u>	<u>\$ 16,437,821</u>	<u>\$ 0</u>
FTE Positions	94.5	94.5	0.0
Non FTE Uncl. Perm. Pos.	9.0	9.0	0.0
TOTAL	<u>103.5</u>	<u>103.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **Attorney General estimates** expenditures of \$16,593,318, of which \$4,747,669 is from the State General Fund. The agency requests a supplemental appropriation of \$105,409 (revised downward from its original budget submission of \$292,374), which consists of \$62,374 for rent and \$43,035 to begin implementing the White Collar Crime Unit. Money carried forward from FY 2004 in State General Fund accounts totals \$785,693, of which \$590,278 is budgeted for litigation and other water-related activities involving Colorado and Nebraska. Part of the reappropriated money (\$139,877) is budgeted for expenditure in FY 2006.

The **Governor recommends** \$16,437,821, of which \$4,592,172 is from the State General Fund. The **Governor does not recommend** the supplemental appropriation of \$105,409, but also does not recommend that the reappropriated balance of \$139,877 be carried forward to FY 2006. As a result, the Attorney General would have enough money in the current year to fund the items for which the supplemental appropriation was requested. The **Governor concurs** with expenditure of \$590,278 in reappropriated funds from FY 2004 for water litigation activities.

Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved Budget.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$785,693 (20.6 percent) above the FY 2005 State General Fund amount approved by the 2004 Legislature. Of the increase, \$590,278 is funding budgeted for water litigation with Colorado and Nebraska. The remaining \$195,415 represents a 5.1 percent increase over the amount approved by the 2004 Legislature.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

House Budget Committee Report

Agency: Attorney General

Bill No. - -

Bill Sec. - -

Analyst: Rampey

Analysis Pg. No. Vol. 2, 1165

Budget Page No. 65

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2005</u>	<u>Governor's Rec. FY 2005</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 4,747,669	\$ 4,592,172	\$ 48,374
Other Funds	11,845,649	11,845,649	51,034
TOTAL	\$ 16,593,318	\$ 16,437,821	\$ 99,408
FTE Positions	94.5	94.5	0.0
Non FTE Uncl. Perm. Pos.	9.0	9.0	0.0
TOTAL	103.5	103.5	0.0

Agency Estimate/Governor's Recommendation

The **Attorney General estimates** expenditures of \$16,593,318, of which \$4,747,669 is from the State General Fund. The agency requests a supplemental appropriation of \$105,409 (revised downward from its original budget submission of \$292,374), which consists of \$62,374 for rent and \$43,035 to begin implementing the White Collar Crime Unit. Money carried forward from FY 2004 in State General Fund accounts totals \$785,693, of which \$590,278 is budgeted for litigation and other water-related activities involving Colorado and Nebraska. Part of the reappropriated money (\$139,877) is budgeted for expenditure in FY 2006.

The **Governor recommends** \$16,437,821, of which \$4,592,172 is from the State General Fund. The **Governor does not recommend** the supplemental appropriation of \$105,409, but also does not recommend that the reappropriated balance of \$139,877 be carried forward to FY 2006. As a result, the Attorney General would have enough money in the current year to fund the items for which the supplemental appropriation was requested. The **Governor concurs** with expenditure of \$590,278 in reappropriated funds from FY 2004 for water litigation activities.

House Budget Committee Recommendations

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

1. **Change from Approved Budget.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$785,693 or 20.6 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The increase is savings reappropriated from FY 2004, of which \$590,278 is funding for water litigation with Colorado and Nebraska.
2. Add \$99,408, of which \$48,374 is from the State General Fund, for rent, which went up \$1.30 per square foot for agencies in the Memorial Building and in the State Office Building in Wichita. (The money was requested as a supplemental appropriation by the Attorney General and has been adjusted downward by \$14,000 from the request to correct a miscalculation in the amount assessed the agency.)

Senate Subcommittee Report

Agency: Attorney General

Bill No. SB 270

Bill Sec. 29

Analyst: Rampey

Analysis Pg. No. Vol. 2-1165

Budget Page No. 65

<u>Expenditure Summary</u>	<u>Agency Request FY 2006</u>	<u>Governor's Rec. FY 2006</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 5,341,358	\$ 5,235,609	\$ 83,406
Other Funds	10,572,357	10,392,560	(222,460)
TOTAL	<u>\$ 15,913,715</u>	<u>\$ 15,628,169</u>	<u>\$ (139,054)</u>
FTE Positions	94.5	94.5	0.0
Non FTE Uncl. Perm. Pos.	9.0	9.0	0.0
TOTAL	<u>103.5</u>	<u>103.5</u>	<u>0.0</u>

* The Subcommittee's adjustment includes a reduction of \$326,029, of which \$227,386 is from the State General Fund, recommended by the Governor for the 2.5 percent base salary increase, the 27th payroll period, and the KPERS death and disability increase.

Agency Request/Governor's Recommendation

The Attorney General requests a total of \$15,913,715, of which \$5,341,358 is from the State General Fund. The request includes \$186,965 from the State General Fund to complete implementation of the White Collar Crime Unit, requested to begin in FY 2005. Requested funding from the State General Fund for water litigation is \$1,090,000 for Colorado and \$100,000 for Nebraska. In addition, requested enhancements include:

- \$124,277 from the State General Fund to shift salaries of staff in the Consumer Protection Division from special revenue funding to funding from the State General Fund. The requested amount is the first year of a four-year total of \$497,083.
- \$136,362, of which \$102,156 is from the State General Fund, for the first year of a two-year plan to raise the salaries of 28 attorneys who, because they are unclassified, have not received salary increases comparable to attorneys in the state's classified service. Total cost of the increase over two years would be \$272,688, of which \$204,304 would be from the State General Fund.
- \$148,902 for Information Technology upgrades, of which \$81,257 would be from the State General Fund.
- \$37,528, of which \$21,201 is from the State General Fund, for the increase in rent for agencies in the Memorial Building that took effect in FY 2005.

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The **Governor recommends** a total of \$15,628,169, of which \$5,235,609 is from the State General Fund. The **Governor recommends** a total of \$1,190,000 for water litigation with Colorado and Nebraska, as requested. The **Governor does not recommend** funding for the White Collar Crime Unit, or for any of the requested enhancements. Under the Governor's statutory budget, the Attorney General's budget would be reduced by \$467,504 from the State General Fund.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendation of the Governor, with the following exceptions and observations:

1. **Pay Plan Adjustment.** Delete \$124,939, of which \$87,302 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 \$201,080, of which \$140,534 is from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$185,092) and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$15,998) for later Committee consideration.
3. **Change from Approved Budget.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$1,429,130 (37.5 percent) over the approved amount. The increase is primarily accounted for by \$1,190,000 recommended for water litigation in FY 2006. (The approved FY 2005 budget had no funding for water litigation, based on the assumption that water activities in FY 2005 would be funded from FY 2004 savings that would be reappropriated.) Excluding water litigation funding and the additional State General Fund amount recommended by the Governor for the salary plan adjustments, the Governor's FY 2006 recommendation is an increase of \$11,294 (0.3 percent) over the approved FY 2005 budget.
4. Add \$124,277 from the State General Fund for the first year of a four-year plan to fund the salaries of 14.5 FTE positions and 3.0 temporary unclassified positions in the Consumer Protection Division entirely from the State General Fund. Currently, the salaries are funded 50 percent from the State General Fund and 50 percent from the Court Cost Fund, which has as its source of revenue investigative fees and expenses recovered by the Consumer Protection Division.
5. Add \$186,965 from the State General Fund to complete the implementation of the White Collar Crime Unit in FY 2006. (Implementation of the unit will begin in FY 2005 with \$43,035 in reappropriated funding. The two-year cost of the program will be \$230,000.) The 2004 Legislature added funding for the unit but the appropriation was vetoed by the Governor. The Subcommittee notes that a representative of the Insurance Commissioner spoke in support of the addition, saying that a White Collar Crime Unit could assist the Insurance Department in its investigations of insurance fraud.

- 6. Consider in the Omnibus Bill the addition of \$136,362, of which \$102,162 is from the State General Fund, for the first year of a two-year plan to upgrade the salaries of the 28 attorneys in the Attorney General's Office who, because they are unclassified, have not received salary increases comparable to attorneys in the state's classified service. The Subcommittee considers salary parity for attorneys its highest funding priority for Omnibus consideration.
- 7. Consider in the Omnibus Bill the addition of \$148,902, of which \$81,257 is from the State General Fund, for Information Technology Upgrades. The Subcommittee considers the ability to retrieve information about cases and the general management of documents essential to an office that deals extensively with legal files and other written materials.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

House Budget Committee Report

Agency: Attorney General **Bill No.** HB 2482 **Bill Sec.** 29
Analyst: Rampey **Analysis Pg. No.** Vol. 2, 1165 **Budget Page No.** 65

<u>Expenditure Summary</u>	<u>Agency Request FY 2006</u>	<u>Governor's Rec. FY 2006</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 5,341,358	\$ 5,235,609	\$ 183,413
Other Funds	10,572,357	10,392,560	101,851
TOTAL	<u>\$ 15,913,715</u>	<u>\$ 15,628,169</u>	<u>\$ 285,264</u>
FTE Positions	94.5	94.5	0.0
Non FTE Uncl. Perm. Pos.	9.0	9.0	0.0
TOTAL	<u>103.5</u>	<u>103.5</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Attorney General requests a total of \$15,913,715, of which \$5,341,358 is from the State General Fund. The request includes \$186,965 from the State General Fund to complete implementation of the White Collar Crime Unit, requested to begin in FY 2005. Requested funding from the State General Fund for water litigation is \$1,090,000 for Colorado and \$100,000 for Nebraska. In addition, requested enhancements include:

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- \$124,277 from the State General Fund to shift salaries of staff in the Consumer Protection Division from special revenue funding to funding from the State General Fund. The requested amount is the first year of a four-year total of \$497,083.
- \$136,362, of which \$102,156 is from the State General Fund, for the first year of a two-year plan to raise the salaries of 28 attorneys who, because they are unclassified, have not received salary increases comparable to attorneys in the state's classified service. Total cost of the increase over two years would be \$272,688, of which \$204,304 would be from the State General Fund.
- \$148,902 for Information Technology upgrades, of which \$81,257 would be from the State General Fund.
- \$37,528, of which \$21,201 is from the State General Fund, for the increase in rent for agencies in the Memorial Building that took effect in FY 2005.

The **Governor recommends** a total of \$15,628,169, of which \$5,235,609 is from the State General Fund. The **Governor recommends** a total of \$1,190,000 for water litigation with Colorado and Nebraska, as requested. The **Governor does not recommend** funding for the White Collar Crime Unit, or for any of the requested enhancements. Under the Governor's statutory budget, the Attorney General's budget would be reduced by \$467,504 from the State General Fund.

On December 7, 2004, the United States Supreme Court announced its most recent decision affecting water litigation against Colorado. The Court ruled that payment of interest on damages Colorado owes Kansas should date back only to 1985 when Kansas filed suit, not to the time that Colorado began depleting river water, which was the Kansas argument. As a result, Colorado likely will owe Kansas about \$29.0 million.

Any money received from Colorado, up to the amount that Kansas has appropriated for the litigation, will be credited to the Interstate Water Litigation Fund under the jurisdiction of the Attorney General. Based on the Governor's recommendation, that amount would be \$20,173,363, which is the total of State General Fund appropriations since the litigation began in FY 1984. Money in the Fund would be used to reimburse ditch companies \$112,500 for money they used to pay for litigation prior to the first State General Fund appropriation. The remainder of the \$20,173,363 would be used for purposes related to water, including water litigation with another state and monitoring any settlement with Colorado. Of the money from Colorado in excess of the total appropriated, one-third would go to the State Water Plan Fund for water conservation projects and two-thirds would go to the Water Conservation Projects Fund for projects in the Upper Arkansas River Basin affected by the Arkansas River Compact.

Total funding from the State General Fund for water litigation with Nebraska since FY 1988 is \$3,595,237. A settlement was negotiated in 2003 and the states currently are in the process of compiling and analyzing data concerning the Republican River Compact, which will provide the basis for enforcement of the settlement and future operation of the Compact.

House Budget Committee Recommendations

1. **Change from Approved FY 2005 Budget.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the Attorney General totals \$5,235,609, an increase of \$1,429,130 (37.5 percent) above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts from the State General Fund recommended for the 2.5 percent base salary adjustment (\$87,302), the 27th pay period (\$129,333), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$11,201), the recommendation is an increase of \$1,201,294 (31.6 percent) over the approved amount. The main reason for the increase is that the approved FY 2005 budget did not have funding for water litigation, in anticipation of FY 2004 savings being reappropriated.
2. Add \$148,902, of which \$81,257 is from the State General Fund, for Information Technology upgrades. One component of the upgrade is a proposed four-year lease of personal computers and other equipment. Funding also would pay to computerize all of the agency's documents for storage.
3. Add \$136,362, of which \$102,156 is from the State General Fund, for the first year of a two-year plan to raise the salaries of 28 attorneys who, because they are unclassified, have not received salary increases comparable to attorneys in the state's classified service. Total cost of the increase over two years would be \$272,688, of which the State General Fund amount would be \$204,304.
4. The Budget Committee notes that the Attorney General requested additional money for rent in both FY 2005 and FY 2006, as the result of an increase in rent for agencies in the Memorial Building and the State Office Building in Wichita. (The request for increased rent in FY 2006 totaled \$37,528, but was revised downward to \$30,528 to correct a miscalculation of the amount assessed the agency. Of the revised total, \$14,201 would be from the State General Fund.) The Budget Committee calls attention to the fact that agencies in the Memorial Building, including the Attorney General's Office, pay rent for the auditorium in the Memorial Building, even though the auditorium is used by other state agencies. The Budget Committee believes the cost of the auditorium ought to be borne by the Division of Facilities Management, Department of Administration, in recognition of the fact that the auditorium is used by a number of state agencies and not just those in the Memorial Building.
5. The Budget Committee calls attention to other enhancements not recommended for funding by the Budget Committee and requests that the enhancements be considered for funding in the Omnibus Bill. They are: \$124,277 from the State General Fund for the first year of a four-year plan to shift salaries of staff in the Consumer Protection Division entirely to the State General Fund and \$186,965 from the State General Fund to complete implementation begun in FY 2005 of the White Collar Crime Unit.
6. The Budget Committee calls attention to the attached table which shows the actual amount of State General Fund money expended for the fiscal years 2000 through 2004 and the amount recommended by the Governor for fiscal years 2005 and 2006. The amounts exclude funding for water litigation.

**State General Fund Expenditures
(Excluding Water Litigation Funding)**

Fiscal Year	State General Fund Expenditures	Change from Prior Year	Percentage Change
FY 2000 (Stovall)	\$ 3,757,398	\$ 395,974	12%
FY 2001 (Stovall)	\$ 3,667,870	\$ (89,528)	(2)%
FY 2002 (Stovall)	\$ 3,975,521	\$ 307,651	10%
FY 2003 (Stovall/Kline)	\$ 3,614,878	\$ (360,643)	(9)%
FY 2004 (Kline)	\$ 3,032,152	\$ (582,726)	(16)%
FY 2005 (Gov. Rec.) (Kline)	\$ 4,001,894	\$ 969,742	32%
FY 2006 (Gov. Rec.) (Kline)	\$ 4,145,609	\$ 143,715	4%

Note: Attorney General Kline took office January 2003.

House Budget Committee Report

FY 2005

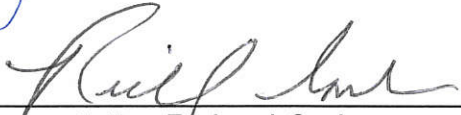
FY 2006

FY 2007

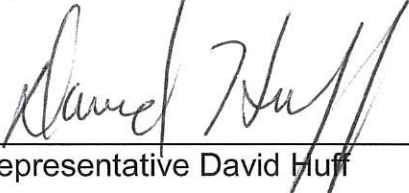
Board of Optometry



Representative JoAnn Pottorff, Chairperson



Representative Richard Carlson



Representative David Huff



Representative Annie Kuether



Representative Harold Lane



Representative Scott Schwab



Representative Clark Shultz

HOUSE APPROPRIATIONS

DATE 3-04-2005

ATTACHMENT 7

Senate Subcommittee Report

Agency: Board of Optometry **Bill No.** - -

Bill Sec. - -

Analyst: Spurgin

Analysis Pg. No. Vol. 3, 1642

Budget Page No. 495

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	114,388	114,388	0
TOTAL	<u>\$ 114,388</u>	<u>\$ 114,388</u>	<u>\$ 0</u>
FTE Positions	0.8	0.8	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>1.8</u>	<u>1.8</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency** request for FY 2005 expenditures is \$114,388 which is \$123 less than the amount approved by the 2004 Legislature.

The **Governor** concurs with the agency's FY 2005 estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet addressed this issue.

House Budget Committee Report

Agency: Board of Optometry

Bill No. --

Bill Sec. --

Analyst: Spurgin

Analysis Pg. No. Vol. 3, 1642

Budget Page No. 495

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2005</u>	<u>Governor's Recommendation FY 2005</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
Special Revenue Fund	\$ 114,388	\$ 114,388	\$ 0
FTE Positions	0.8	0.8	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>1.8</u>	<u>1.8</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency** request for FY 2005 expenditures is \$114,388 which is \$123 less than the amount approved by the 2004 Legislature.

The **Governor** concurs with the agency's FY 2005 estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Board of Optometry **Bill No.** SB 270

Bill Sec. 14

Analyst: Spurgin

Analysis Pg. No. Vol. 3, 1642

Budget Page No. 495

Expenditure Summary	Agency Request FY 2006	Governor's Recommendation FY 2006	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	118,617	121,795	(3,303)
TOTAL	<u>\$ 118,617</u>	<u>\$ 121,795</u>	<u>\$ (3,303)</u>
FTE Positions	0.8	0.8	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>1.8</u>	<u>1.8</u>	<u>0.0</u>

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

Agency Request/Governor's Recommendation

The **agency** requests expenditures of \$118,617 for FY 2006 which is an increase of \$4,104 (3.6 percent) above the FY 2005 request.

Salaries and Wages

- \$55,372 to fund an unclassified non-FTE Secretary/Treasurer who receives a fixed salary, a 0.8 FTE Public Service Administrator I and Board members' salaries.
- An increase of \$350 (0.6 percent) above FY 2005 estimates.

Contractual Services

- \$59,642 to fund rent, communications, travel for board meetings, administering exams, the national meeting of optometry board members, and contractual services for legal assistance.
- An increase of \$2,344 (4.1 percent) above FY 2005 estimates. The agency reports this is the amount necessary to maintain existing programs.

Commodities

- \$2,103 for office and examination supplies.
- An increase of \$35 above the FY 2005 estimates..

Capital Outlay

- The agency requests \$1,500 in FY 2006 for the cost of replacing the current computer system which will reach the end of its expected life span. No expenditures were estimated for FY 2005.

The **Governor** recommends expenditures of \$121,795 for FY 2006 which is an increase of \$7,407 (6.5 percent) above the revised FY 2005 recommendation. The recommendation includes an increase of \$3,528 (6.4 percent) above the FY 2005 recommendation and is an increase of \$3,303 above the agency's request. The increase from the agency request includes adjustments for KPERS death and disability (\$128), base salary adjustment (\$1,280) and the 27th payroll period in FY 2006 (\$1,895). The Governor concurs with the agency's request for other operating expenditures.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$1,280 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 \$2,023 to remove funding recommended by the Governor for the 27th payroll period (\$1,895), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$128) for later Committee consideration.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet addressed this issue.

House Budget Committee Report

Agency: Board of Optometry

Bill No. HB 2482

Bill Sec. 14

Analyst: Spurgin

Analysis Pg. No. Vol. 3, 1642 **Budget Page No.** 495

<u>Expenditure Summary</u>	<u>Agency Request FY 2006</u>	<u>Governor's Recommendation FY 2006</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 118,617	\$ 121,795	\$ 0
FTE Positions	0.8	0.8	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>1.8</u>	<u>1.8</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The **agency** requests expenditures of \$118,617 for FY 2006 which is an increase of \$4,104 (3.6 percent) above the FY 2005 request.

Salaries and Wages

- \$55,372 to fund an unclassified non-FTE Secretary/Treasurer who receives a fixed salary, a 0.8 FTE Public Service Administrator I and Board members' salaries.
- An increase of \$350 (0.6 percent) above FY 2005 estimates.

Contractual Services

- \$59,642 to fund rent, communications, travel for board meetings, administering exams, the national meeting of optometry board members, and contractual services for legal assistance.
- An increase of \$2,344 (4.1 percent) above FY 2005 estimates. The agency reports this is the amount necessary to maintain existing programs.

Commodities

- \$2,103 for office and examination supplies.
- An increase of \$35 above the FY 2005 estimates..

Capital Outlay

- The agency requests \$1,500 in FY 2006 for the cost of replacing the current computer system which will reach the end of its expected life span. No expenditures were estimated for FY 2005.

The **Governor** recommends expenditures of \$121,795 for FY 2006 which is an increase of \$7,407 (6.5 percent) above the revised FY 2005 recommendation. The recommendation includes an increase of \$3,528 (6.4 percent) above the FY 2005 recommendation and is an increase of \$3,303 above the agency's request. The increase from the agency request includes adjustments for KPERS death and disability (\$128), base salary adjustment (\$1,280) and the 27th payroll period in FY 2006 (\$1,895). The Governor concurs with the agency's request for other operating expenditures.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Board of Optometry **Bill No.** SB 270

Bill Sec. 14

Analyst: Spurgin

Analysis Pg. No. Vol. 3, 1642

Budget Page No. 495

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	119,525	121,392	(1,415)
TOTAL	<u>\$ 119,525</u>	<u>\$ 121,392</u>	<u>\$ (1,415)</u>
FTE Positions	0.8	0.8	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>1.8</u>	<u>1.8</u>	<u>0.0</u>

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

Agency Request/Governor's Recommendation

The **agency** requests expenditures of \$119,525 for FY 2007 which is an increase of \$1,867 (1.6 percent) above the FY 2006 request.

Salaries and Wages

- \$59,138 to fund an unclassified non-FTE Secretary/Treasurer who receives a fixed salary and a 0.8 FTE Public Service Administrator I and Board members' salaries.
- An increase of \$1,899 (3.4 percent) above FY 2006 estimates. Longevity bonuses are budgeted.

Contractual Services

- \$59,651 to fund rent, communications, travel for board meetings, administering exams, the national meeting of optometry board members, and contractual services for legal assistance.
- An increase of \$9 above FY 2006 request.

Commodities

- \$2,103 for office and examination supplies.
- The same amount as FY 2006.

Capital Outlay

- \$500 is requested in FY 2007 to replace the current multifunction center (printer, scanner, copier, fax machine). The current equipment is expected to reach the end of its useful life span.

The **Governor** recommends expenditures of \$121,392, a decrease of \$403 (0.3 percent) below the FY 2006 recommendation. For salaries and wages, the Governor recommends an increase of \$1,867 from the agency request to fund the adjustments to KPERS Death and Disability (\$128) and the base salary adjustment (\$1,287). The Governor's recommendation concurs with agency's request for other operating expenditures.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$1,287 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 \$128 to remove funding recommended by the Governor for the Kansas Public Employees Retirement System (KPERS) death and disability increase for later Committee consideration.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Board of Optometry

Bill No. HB 2482

Bill Sec. 14

Analyst: Spurgin

Analysis Pg. No. Vol. 3, 1642 **Budget Page No.** 495

<u>Expenditure Summary</u>	<u>Agency Request FY 2007</u>	<u>Governor's Recommendation FY 2007</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
Special Revenue Fund	\$ 119,525	\$ 121,392	\$ 0
FTE Positions	0.8	0.8	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>1.8</u>	<u>1.8</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The **agency** requests expenditures of \$119,525 for FY 2007 which is an increase of \$1,867 (1.6 percent) above the FY 2006 request.

Salaries and Wages

- \$59,138 to fund an unclassified non-FTE Secretary/Treasurer who receives a fixed salary and a 0.8 FTE Public Service Administrator I and Board members' salaries.
- An increase of \$1,899 (3.4 percent) above FY 2006 estimates. Longevity bonuses are budgeted.

Contractual Services

- \$59,651 to fund rent, communications, travel for board meetings, administering exams, the national meeting of optometry board members, and contractual services for legal assistance.
- An increase of \$9 above FY 2006 request.

Commodities

- \$2,103 for office and examination supplies.
- The same amount as FY 2006.

Capital Outlay

- \$500 is requested in FY 2007 to replace the current multifunction center (printer, scanner, copier, fax machine). The current equipment is expected to reach the end of its useful life span.

The **Governor** recommends expenditures of \$121,392, a decrease of \$403 (0.3 percent) below the FY 2006 recommendation. For salaries and wages, the Governor recommends an increase of \$1,867 from the agency request to fund the adjustments to KPERS Death and Disability (\$128) and the base salary adjustment (\$1,287). The Governor's recommendation concurs with agency's request for other operating expenditures.

House Budget Committee Recommendation

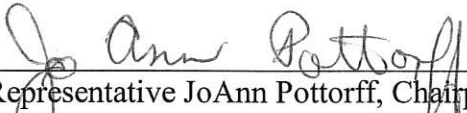
The House Budget Committee concurs with the recommendations of the Governor

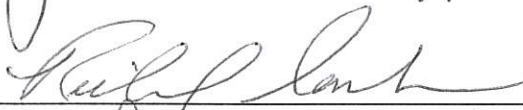
HOUSE BUDGET COMMITTEE REPORT

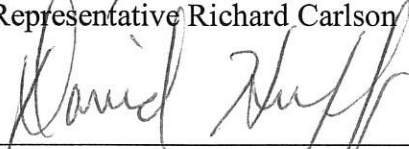
Kansas Lottery

Kansas Racing and Gaming Commission

March 4, 2005


Representative JoAnn Pottorff, Chairperson


Representative Richard Carlson


Representative David Huff

Representative Annie Kuether


Representative Harold Lane


Representative Scott Schwab


Representative Clark Shultz

HOUSE APPROPRIATIONS

DATE 3-04-2005

ATTACHMENT 8

Senate Subcommittee Report

Agency: Kansas Lottery

Bill No. 272

Bill Sec. 19

Analyst: Efird

Analysis Pg. No. Vol. II, 1332

Budget Page No. 317

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	59,862,333	59,718,383	143,950
TOTAL	\$ 59,862,333	\$ 59,718,383	\$ 143,950
 FTE Positions	 87.0	 87.0	 0.0

Agency Estimate/Governor's Recommendation

Sales of \$219.2 million are estimated by the agency, an increase of \$3.7 million from the approved amount, with approximately \$2.4 million attributed to the two instant scratch games designated to benefit veterans' programs. Administrative costs are requested at \$20,555,398, an increase of \$995,542 from the approved amount. These administrative expenditures are appropriated as both limited and non-limited line items. Costs of sales, such as instant ticket printing, on-line communications charges, and on-line vendor payments are appropriated as no limit line items. Other agency operating costs, such as advertising and personnel, are paid from a limited account. A reduction of \$92 in the approved expenditure limitation of \$9,303,945 is requested for the Lottery Operating Fund's agency operations account. Prizes are paid from the Lottery Prize Fund and the estimated expenditures will increase \$1,969,825 from the approved amount. Staffing is maintained at 87.0 FTE positions.

The Governor concurs with the revised estimate for sales of \$219.2 million and prizes of \$37,963,290 paid by the state. The Governor recommends a net reduction of \$143,950 in administrative costs, specifically in agency operations by reducing \$329,323 and by adding Kansas Savings Incentive Program (KSIP) expenditures of \$185,373. The Governor's recommendations would reduce the approved expenditure limitation for agency operations by \$329,415 and allow other administrative expenditures (cost-of-sales) to increase \$851,592 from the FY 2005 approved amount. The Governor concurs with continued staffing of 87.0 FTE positions.

The agency estimates State Gaming Revenues Fund transfers totaling \$63,250,000 in FY 2005. The amount estimated by the agency for the Veterans' game transfers is \$710,000 in FY 2005. In FY 2005, previously approved transfers to the State General Fund (SGF) of \$500,000 and \$668,277 are included in the agency's budget request. The Governor recommends a SGRF transfer of \$64.25 million in FY 2005, an increase of \$1.0 million. The Governor concurs in other FY 2005 transfers, including \$710,000 for Veterans games and the previously approved one-time transfers to the SGF of \$500,000 and \$668,277.

Senate Subcommittee Recommendation

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

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1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation does not include a State General Fund adjustment and that no FY 2005 State General Fund expenditures were approved by the 2004 Legislature.
2. **Review at Omnibus.** The Subcommittee recommends that Lottery sales and transfers to the State Gaming Revenues Fund be reviewed during Omnibus to make any adjustments based on estimates in April 2005.
3. **Shrinkage Savings Adjustment.** The Subcommittee heard a report from the Lottery concerning a projection for expenditures to pay salaries and benefits through the end of FY 2005, and as a result the Subcommittee believes that the \$353,100 amount of shrinkage savings in the Governor's revised recommendations will not be achieved without layoffs or furloughs, or a shift of funds from other operating expenditures that the Governor recommends. This issue will be addressed in the next recommendation.
4. **Expenditure Limitation Adjustment.** The Subcommittee recommends a no limit expenditure limitation to replace the dollar amount recommended by the Governor for the agency operations account of the Lottery Operating Fund. The Subcommittee believes that the Lottery is being operated in a business-like manner and that as a business, the flexibility of a no limit account will allow the Lottery to operate more effectively. The Subcommittee recommendation for a no limit agency operations account also would allow the restoration of \$143,950 of the agency's revised FY 2005 estimated expenditures, with the Governor's FY 2005 savings recommendations to be achieved, if possible, but not mandated through a reduction in expenditure authority that might adversely affect ticket sales.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendations.

House Budget Committee Report

Agency: Kansas Lottery

Bill No. 2480

Bill Sec. 19

Analyst: Efird

Analysis Pg. No. Vol. II – 1332

Budget Page No. 317

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	59,862,333	59,718,383	0
TOTAL	<u>\$ 59,862,333</u>	<u>\$ 59,718,383</u>	<u>\$ 0</u>

FTE Positions

87.0

87.0

0.0

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Agency Estimate/Governor's Recommendation

Sales of \$219.2 million are estimated by the agency, an increase of \$3.7 million from the approved amount, with approximately \$2.4 million attributed to the two instant scratch games designated to benefit veterans' programs. Administrative costs are requested at \$20,555,398, an increase of \$995,542 from the approved amount. These administrative expenditures are appropriated as both limited and non-limited line items. Costs of sales, such as instant ticket printing, on-line communications charges, and on-line vendor payments are appropriated as no limit line items. Other agency operating costs, such as advertising and personnel, are paid from a limited account. A reduction of \$92 in the approved expenditure limitation of \$9,303,945 is requested for the Lottery Operating Fund's agency operations account. Prizes are paid from the Lottery Prize Fund and the estimated expenditures will increase \$1,969,825 from the approved amount. Staffing is maintained at 87.0 FTE positions.

The Governor concurs with the revised estimate for sales of \$219.2 million and prizes of \$37,963,290 paid by the state. The Governor recommends a net reduction of \$143,950 in administrative costs, specifically in agency operations by reducing \$329,323 and by adding Kansas Savings Incentive Program (KSIP) expenditures of \$185,373. The Governor's recommendations would reduce the approved expenditure limitation for agency operations by \$329,415 and allow other administrative expenditures (cost-of-sales) to increase \$851,592 from the FY 2005 approved amount. The Governor concurs with continued staffing of 87.0 FTE positions.

The agency estimates State Gaming Revenues Fund transfers totaling \$63,250,000 in FY 2005. The amount estimated by the agency for the Veterans' game transfers is an additional \$710,000 in FY 2005. In FY 2005, previously approved transfers to the State General Fund (SGF) of \$500,000 and \$668,277 are included in the agency's budget request. The Governor recommends a SGRF transfer of \$63,540,000 in FY 2005, an increase of \$290,000, plus \$710,000 for veterans games. The Governor concurs in other FY 2005 transfers, including \$710,000 for Veterans games and the previously approved one-time transfers to the SGF of \$500,000 and \$668,277.

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 does not include a State General Fund adjustment and that no FY 2005 State General Fund expenditures were approved by the 2004 Legislature.
2. **Review at Omnibus.** The Budget Committee recommends that Lottery sales and transfers to the State Gaming Revenues Fund be reviewed during Omnibus to make any adjustments based on estimates in April 2005.
3. **Shrinkage Savings Review at Omnibus.** The Budget Committee heard a report from the Lottery concerning a projection for expenditures to pay salaries and benefits through the end of FY 2005, and the Budget Committee is concerned that the \$353,100 amount of shrinkage savings in the Governor's revised recommendations will not be achieved without a shift of funds from other operating expenditures that the Governor recommends. This issue will be addressed during Omnibus and the agency is directed to provide detailed information about projected expenditures for staff through the end of this fiscal year and the impact of the Governor's reductions on projected expenditures for other operating items through the end of the fiscal year.

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Senate Subcommittee Report

Agency: Kansas Lottery

Bill No. 270

Bill Sec. 44

Analyst: Efird

Analysis Pg. No. Vol. II, 1332

Budget Page No. 317

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	61,280,846	61,210,240	(248,913)
TOTAL	<u>\$ 61,280,846</u>	<u>\$ 61,210,240</u>	<u>\$ (248,913)</u>
 FTE Positions	 87.0	 87.0	 0.0

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

Agency Request/Governor's Recommendation

Sales of \$223.5 million are estimated by the agency, an increase of \$4.3 million from the current fiscal year, with approximately \$2.4 million attributed to the two instant scratch games designated to benefit veterans' programs. Administrative costs are requested at \$22,590,892. An expenditure limitation of \$9,865,192 is requested for those administrative expenses that are subjected to a limited appropriation. Staffing is maintained at 87.0 FTE positions.

The Governor concurs with estimated sales of \$223.5 million. The Governor recommends \$22,520,286 for administrative costs and an expenditure limitation of \$9,794,586, which is an increase of \$561,339 over the current fiscal year recommendation. The Governor concurs with continued staffing of 87.0 FTE positions.

The agency estimates State Gaming Revenues Fund (SGRF) transfers totaling \$64,490,000 in FY 2006. The amount estimated by the agency for the Veterans' game transfers is \$710,000 in FY 2006. The Governor recommends SGRF transfers of \$66.0 million in FY 2006, including the \$710,000 for Veteran's games within the total estimated transfer amount.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$94,711, including none 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 \$153,572, including none from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$140,282), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$13,290) for later Committee consideration.

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3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation does not include any expenditures from the State General Fund and that none were approved in FY 2005 by the 2004 Legislature.
4. **Expenditure Limitation Adjustment.** The Subcommittee recommends a no limit expenditure limitation to replace the dollar amount recommended by the Governor in FY 2006 for the agency operations account of the Lottery Operating Fund. The Subcommittee believes that the Lottery is being operated in a business-like manner and that as a business, the flexibility of a no limit account will allow the Lottery to operate in a more business-like manner, as pointed out in the current fiscal year's recommendation. The Subcommittee in concurring with the Governor's FY 2006 adjustments, such as shrinkage savings of \$375,334, believes that the added flexibility of the no limit account for agency operations will allow the Lottery to attempt to meet the Governor's recommendations, but if such savings are not possible, then the agency will not be punished by a shrinkage savings rate that might adversely affect ticket sales and staffing the agency.
5. **Review at Omnibus.** The Subcommittee recommends that Lottery sales and transfers to the State Gaming Revenues Fund be reviewed during Omnibus to make any adjustments based on estimates in April 2005, and to evaluate the impact of Oklahoma instituting a new lottery. In addition, the Subcommittee recommends further review of FY 2006 operating expenditures by considering the impact of a proposed change in instant ticket distribution and possible adjustments in expenditures that will result.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendations.

House Budget Committee Report

Agency: Kansas Lottery

Bill No. 2482

Bill Sec. 44

Analyst: Efird

Analysis Pg. No. Vol. II – 1332

Budget Page No. 317

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	61,280,846	61,210,240	(231,300)
TOTAL	\$ 61,280,846	\$ 61,210,240	\$ (231,300)

FTE Positions

87.0

87.0

0.0

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Agency Request/Governor's Recommendation

Sales of \$223.5 million are estimated by the agency, an increase of \$4.3 million from the current fiscal year, with approximately \$2.4 million attributed to the two instant scratch games designated to benefit veterans' programs. Administrative costs are requested at \$22,590,892. An expenditure limitation of \$9,865,192 is requested for those administrative expenses that are subjected to a limited appropriation. Staffing is maintained at 87.0 FTE positions.

The Governor concurs with estimated sales of \$223.5 million. The Governor recommends \$22,520,286 for administrative costs and an expenditure limitation of \$9,794,586, which is an increase of \$561,339 over the current fiscal year recommendation. The Governor concurs with continued staffing of 87.0 FTE positions.

The agency estimates State Gaming Revenues Fund (SGRF) transfers totaling \$64,490,000 in FY 2006. The amount estimated by the agency for the Veterans' game transfers is \$710,000 in FY 2006. The Governor recommends SGRF transfers of \$66.0 million in FY 2006, including the \$710,000 for Veteran's games within the total estimated transfer amount.

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 does not include any expenditures from the State General Fund and that none were approved in FY 2005 by the 2004 Legislature.
2. **Delete Motor Vehicles and Review at Omnibus.** The Budget Committee recommends deleting the Governor's recommended funding of \$231,300 for motor vehicles in order for this issue to be reviewed at Omnibus. The Budget Committee notes that this agency may no longer delivery lottery tickets with state owned vehicles and that a report should be made during Omnibus about any changes in distribution of lottery tickets, with the estimated impact on the FY 2006 budget.
3. **Review Sales and Estimated Transfers at Omnibus.** The Budget Committee recommends that Lottery sales and transfers to the State Gaming Revenues Fund be reviewed during Omnibus to make any adjustments based on estimates in April 2005, and to evaluate the impact of Oklahoma instituting a new lottery.

Senate Subcommittee Report

Agency: Kansas Racing and Gaming Commission

Bill No. 272

Bill Sec. 20

Analyst: Efird

Analysis Pg. No. Vol. II, 1346

Budget Page No. 329

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	6,154,006	5,976,508	0
TOTAL	<u>\$ 6,154,006</u>	<u>\$ 5,976,508</u>	<u>\$ 0</u>
 FTE Positions	 107.0	 67.0	 0.0

Agency Estimate/Governor's Recommendation

The agency requests a \$50,858 loan from the State General Fund in order to maintain a \$200,000 cash balance in the State Racing Fund. In addition, the agency reduces total approved expenditures by a net of \$283,548 in the current fiscal year. Finally, the agency requests a staffing increase of 40.0 FTE positions for the State Gaming Agency and no additional funding for those salaries in FY 2005 in order to begin advertising and hiring staff in conjunction with a proposed new tribal casino in the Kansas City area for which a tribal compact has been negotiated.

The Governor concurs with the agency's reduction of \$283,548 in expenditures and recommends further reductions of \$177,498 in FY 2005. No State General Fund loan or additional FTE positions are recommended.

The agency requests no transfers be made to State Gaming Revenues Fund in FY 2005 in order to maintain a cash balance of \$200,000 in the State Racing Fund at the end of the fiscal year. The 2004 Legislature approved a transfer of \$115,016 to the State Gaming Revenues Fund in FY 2005. The Governor recommends the FY 2005 State Gaming Revenues Fund transfer be reduced from \$115,015 to \$75,000 and that the State Racing Fund ending balance be maintained at \$207,557 by making further expenditure reductions.

State Racing Fund Resource Estimate	Actual FY 2004	Agency Estimate* FY 2005	Gov. Rec. FY 2005	Agency Request* FY 2006	Gov. Rec. FY 2006
Beginning Balance	\$ 456,071	\$ 404,274	\$ 404,274	\$ 216,887	\$ 207,557
Net Receipts*	2,901,893	2,702,203	2,635,373	2,941,828	2,651,345
Total Funds Available	<u>\$ 3,357,964</u>	<u>\$ 3,106,477</u>	<u>\$ 3,039,647</u>	<u>\$ 3,158,715</u>	<u>\$ 2,858,902</u>
Less: Expenditures	2,675,530	2,889,590	2,757,090	2,941,828	2,854,664
Less: Transfers	278,160	0	75,000	0	0
Ending Balance	<u>\$ 404,274</u>	<u>\$ 216,887</u>	<u>\$ 207,557</u>	<u>\$ 216,887</u>	<u>\$ 4,238</u>

* Includes SGF loans requested by the agency of \$50,858 in FY 2005 and \$290,483 in FY 2006.

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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 does not include a State General Fund adjustment and that no FY 2005 State General Fund expenditures were approved by the 2004 Legislature.
2. **Eliminate Transfer Amount.** The Subcommittee recommends deleting the \$75,000 recommended transfer in FY 2005 to the State Gaming Revenues Fund in order to enhance the agency's balance in the State Racing Fund for FY 2006 when a cashflow problem appears likely without an infusion of revenue. This action will reduce the revenue to the State General Fund by \$75,000 in FY 2005 and thereby is a revenue reduction in the amount of State General Fund receipts that were recommended in the *Governor's Budget Report*. The Subcommittee feels that this action will maintain an adequate balance in the State Racing Fund to offset potential decreases in the estimated FY 2005 revenues, and will allow sufficient operating balances through the fiscal year to maintain the appropriate regulatory role that is required under statutes authorizing the Kansas Racing Commission. The indirect use of the State General Fund financing (the \$75,000 recommended for transfer ultimately to the State General Fund by way of the State Gaming Revenues Fund) will allow the Commission to fulfill its duty of maintaining the integrity of the parimutuel industry.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendations.

House Budget Committee Report

Agency: Kansas Racing and Gaming Commission

Bill No. 2480

Bill Sec. 20

Analyst: Efird

Analysis Pg. No. Vol. II – 1346

Budget Page No. 329

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	6,154,006	5,976,508	0
TOTAL	\$ 6,154,006	\$ 5,976,508	\$ 0

FTE Positions

107.0

67.0

0.0

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Agency Estimate/Governor's Recommendation

The agency requests a \$50,858 loan from the State General Fund in order to maintain a \$200,000 cash balance in the State Racing Fund. In addition, the agency reduces total approved expenditures by a net of \$283,548 in the current fiscal year. Finally, the agency requests a staffing increase of 40.0 FTE positions for the State Gaming Agency and no additional funding for those salaries in FY 2005 in order to begin advertising and hiring staff in conjunction with a proposed new tribal casino in the Kansas City area for which a tribal compact has been negotiated.

The Governor concurs with the agency's reduction of \$283,548 in expenditures and recommends further reductions of \$177,498 in FY 2005. No State General Fund loan or additional FTE positions are recommended.

The agency requests no transfers be made to State Gaming Revenues Fund in FY 2005 in order to maintain a cash balance of \$200,000 in the State Racing Fund at the end of the fiscal year. The 2004 Legislature approved a transfer of \$115,016 to the State Gaming Revenues Fund in FY 2005. The Governor recommends the FY 2005 State Gaming Revenues Fund transfer be reduced from \$115,015 to \$75,000 and that the State Racing Fund ending balance be maintained at \$207,557 by making further expenditure reductions.

State Racing Fund Resource Estimate	Actual FY 2004	Agency Estimate* FY 2005	Gov. Rec. FY 2005	Agency Request* FY 2006	Gov. Rec. FY 2006
Beginning Balance	\$ 456,071	\$ 404,274	\$ 404,274	\$ 216,887	\$ 207,557
Net Receipts*	2,901,893	2,702,203	2,635,373	2,941,828	2,651,345
Total Funds Available	\$ 3,357,964	\$ 3,106,477	\$ 3,039,647	\$ 3,158,715	\$ 2,858,902
Less: Expenditures	2,675,530	2,889,590	2,757,090	2,941,828	2,854,664
Less: Transfers	278,160	0	75,000	0	0
Ending Balance	<u>\$ 404,274</u>	<u>\$ 216,887</u>	<u>\$ 207,557</u>	<u>\$ 216,887</u>	<u>\$ 4,238</u>

* Includes SGF loans requested by the agency of \$50,858 in FY 2005 and \$290,483 in FY 2006.

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 does not include a State General Fund adjustment and that no FY 2005 State General Fund expenditures were approved by the 2004 Legislature.
2. **Review at Omnibus.** The Budget Committee is concerned about the cashflow in the State Racing Fund and recommends a review during Omnibus in order to receive an update from the agency concerning revenues and expenditures.

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Senate Subcommittee Report

Agency: Kansas Racing and Gaming Commission **Bill No.** 270

Bill Sec. 45

Analyst: Efird **Analysis Pg. No.** Vol. II, 1346

Budget Page No. 329

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	8,652,756	6,143,531	(209,572)
TOTAL	\$ 8,652,756	\$ 6,143,531	\$ (209,572)
FTE Positions	107.0	67.0	0.0

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

Agency Request/Governor's Recommendation

The agency requests a \$290,483 loan from the State General Fund in order to maintain a \$200,000 cash balance in the State Racing Fund. The agency requests Racing Operations expenditures increase from \$3,121,805 in FY 2005 to \$3,174,359 in FY 2006 for agency operating costs. In addition, the agency requests enhancement funding of \$2,487,849 from the Tribal Gaming Fund and 40.0 FTE positions in conjunction with a proposed new tribal casino in the Kansas City area for which a tribal compact has been negotiated.

The Governor recommends no enhancement funding of \$2.5 million or new FTE positions in Gaming Operations and no State General Fund loan is recommended for Racing Operations. The Governor's recommendations include reductions of \$140,948 in base salaries and \$75,000 in other operating expenditures requested by the agency in FY 2006 for Racing Operations. The Governor's recommendations provide an increase of \$100,651 for Gaming Operations over the current fiscal year recommendation, and an adjustment of \$66,372 for Racing Operations for salary plan adjustments, the 27th payroll period, and increase contributions for death and disability insurance.

The agency estimates there will be no State Gaming Revenues Fund transfers in FY 2006, and proposes to maintain a cash balance of \$200,000 in the State Racing Fund at the end of the fiscal year. The Governor recommends no State Gaming Revenues Fund transfers in FY 2006 and reduces the ending balance of the State Racing Fund to \$4,238 in order to finance increased expenditures.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$80,352, including none 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.

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2. **Other Salary and Wage Adjustments.** Delete \$129,220, including none from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$119,022), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$10,198) for later Committee consideration.

3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation does not include any expenditures from the State General Fund and that none were approved in FY 2005 by the 2004 Legislature.

4. **Provide New Funding.** The Subcommittee's FY 2005 recommendation adds \$75,000 in carryover to FY 2006 by not making the Governor's recommended transfer to the State Gaming Revenues Fund. For FY 2006 cashflow purposes, since the ending balance does not reach the \$200,000 amount, the Subcommittee recommends that \$200,000 of the \$450,000 State General Fund loan to the State Gaming Agency shall be transferred to the State Racing Fund, provided that the transfer shall be made after the first \$200,000 in reimbursements from the tribes is deposited in the Tribal Gaming Fund as certified by the Executive Director of the State Gaming Agency. The Subcommittee feels that this action will maintain an adequate balance in the State Racing Fund to offset any potential decreases in the estimated FY 2005 and FY 2006 revenues, and to allow sufficient operating balances through the fiscal years to maintain the appropriate regulatory role that is required by statutes authorizing the Kansas Racing Commission. The use of the State General Fund financing will allow the Commission to fulfill its duties of maintaining the integrity of the parimutuel industry.

State Racing Fund Resource Estimate	Actual FY 2004	Gov. Rec. FY 2005	Subcommittee Adjustment FY 2005	Gov. Rec. FY 2006	Subcommittee Adjustment FY 2006
Beginning Balance	\$ 456,071	\$ 404,274	\$ 404,274	\$ 207,557	\$ 282,557
Net Receipts	2,901,893	2,635,373	2,635,373	2,651,345	2,851,345
Total Funds Available	\$ 3,357,964	\$ 3,039,647	\$ 3,039,647	\$ 2,858,902	\$ 3,133,902
Less: Expenditures	2,675,530	2,757,090	2,757,090	2,854,664	2,854,664
Less: Transfers	278,160	75,000	0	0	0
Ending Balance	<u>\$ 404,274</u>	<u>\$ 207,557</u>	<u>\$ 282,557</u>	<u>\$ 4,238</u>	<u>\$ 279,238</u>

5. **Tribal Gaming Compact.** The Subcommittee notes that the Governor has not submitted a proposed compact to the 2005 Legislature and therefore, the Subcommittee will review during Omnibus any actions that might be needed in responding to such a submission. The Subcommittee notes that the State Gaming Agency proposes staffing and funding to carry out its required duties under a new compact, but that the Governor does not recommend the budget enhancements at this time. The Subcommittee understands that it will take at least 12 months to construct the casino after the Legislature and other entities approve the compact and proposal to take land into trust for the tribes. The hiring of oversight personnel must be undertaken in advance of the opening in order to

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allow sufficient time for recruiting and training approximately 40 new staff in the State Gaming Agency.

- 6. **Review at Omnibus.** The Subcommittee recommends reviewing the State Racing and Gaming Commission's budget during the Omnibus period in order to monitor developments in the Racing Operations and Gaming Operations areas of the agency.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendations.

House Budget Committee Report

Agency: Kansas Racing and Gaming Commission **Bill No.** 2482 **Bill Sec.** 45

Analyst: Efird **Analysis Pg. No.** Vol. II – 1346 **Budget Page No.** 329

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	8,652,756	6,143,531	0
TOTAL	\$ 8,652,756	\$ 6,143,531	\$ 0
 FTE Positions	 107.0	 67.0	 0.0

Agency Request/Governor's Recommendation

The agency requests a \$290,483 loan from the State General Fund in order to maintain a \$200,000 cash balance in the State Racing Fund. The agency requests Racing Operations expenditures increase from \$3,121,805 in FY 2005 to \$3,174,359 in FY 2006 for agency operating costs. In addition, the agency requests enhancement funding of \$2,487,849 from the Tribal Gaming Fund and 40.0 FTE positions in conjunction with a proposed new tribal casino in the Kansas City area for which a tribal compact has been negotiated.

The Governor recommends no enhancement funding of \$2.5 million or new FTE positions in Gaming Operations and no State General Fund loan is recommended for Racing Operations. The Governor's recommendations include reductions of \$140,948 in base salaries and \$75,000 in other operating expenditures requested by the agency in FY 2006 for Racing Operations. The Governor's recommendations provide an increase of \$100,651 for Gaming Operations over the current fiscal year recommendation, and an adjustment of \$66,372 for Racing Operations for salary plan adjustments, the 27th payroll period, and increase contributions for death and disability insurance.

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The agency estimates there will be no State Gaming Revenues Fund transfers in FY 2006, and proposes to maintain a cash balance of \$200,000 in the State Racing Fund at the end of the fiscal year. The Governor recommends no State Gaming Revenues Fund transfers in FY 2006 and reduces the ending balance of the State Racing Fund to \$4,238 in order to finance increased expenditures.

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 2006 recommendation does not include any expenditures from the State General Fund and that none were approved in FY 2005 by the 2004 Legislature.
2. **Note Motor Vehicle Purchases.** The Budget Committee points out that the Governor recommends expenditures of \$60,000 for three automobiles in the State Gaming Agency, with financing from the Tribal Gaming Fund and not from the State General Fund. These automobiles will be used for law enforcement purposes in carrying out the duties of this agency under the tribal compacts.