

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on March 8, 2005, in Room 514-S of the Capitol.

All members were present except:
Representative Landwehr- excused

Committee staff present:
Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy VanHouse, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Amy Deckard, Legislative Research Department
Susan Kannarr, Legislative Research Department
Robert Waller, 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:
Deb Miller, Secretary, Department of Transportation
Duane Goossen, Division of the Budget
Mary Lou Davis, Executive Director of the Board of Cosmetology

Others attending:
See attached list.

- Attachment 1 Budget Committee Report on Kansas Department of Transportation
- Attachment 2 Funding for the Comprehensive Transportation Plan (CTP), provided by the Revenue, Judicial, Transportation and Retirement Budget Committee
- Attachment 3 Presentation by Duane Goossen, Division of the Budget
- Attachment 4 Budget Committee Report on Department of Commerce, Kansas Technology Enterprise Corporation, Kansas, Inc.
- Attachment 5 Budget Committee Report on Commission on Veterans' Affairs
- Attachment 6 Budget Committee Report on Board of Barbering, Board of Cosmetology, Board of Mortuary Arts
- Attachment 7 Budget Committee Report on Kansas Board of Accountancy
-

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

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

The Budget Committee provided additional information on the funding for the Comprehensive Transportation Plan (CTP) (Attachment 2).

Responding to a question from the Committee concerning the use of turnpike credits, Deb Miller, Secretary of the Department of Transportation, stated that turnpike toll credits are a part of the 1991 Federal Authorization Act. These credits were provided to the states by the federal government based on the size of the state's turnpike capital improvement program. The turnpike toll credits do not provide additional funding to the state; however, can be used toward the 20 percent match to secure additional federal dollars.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 8, 2005, in Room 514-S of the Capitol.

Chair Neufeld recognized Duane Goossen, Director of the Budget, who presented information on the vehicle policy and vehicle expense in the Governor's FY 2006 Budget Recommendation (Attachment 3). Responding to questions from the Committee, Mr. Goossen provided the following information:

- With reference to the maintenance costs for agency owned vehicles, Mr. Goossen stated that all vehicle maintenance costs are the responsibility of each agency and can be tracked by expense account coding.
- Anticipates the continuance of the current policy until moratorium is lifted.
- Will research the vehicle request from DISC to ensure that these are replacement vehicles only.
- Vehicles used by Homeland Security for regional directors are owned and maintained by the federal government.
- During the first 12 months of the Enterprise Rent-A-Car program, average vehicle cost is 22 cents per mile.
- Will review the purchase of gasoline for state vehicles at tribally-owned facilities which do not pay state taxes.
- No specific regulations for state employee concerning smoking, use of smoke-less tobacco and obeying traffic laws.
- The Budget Director's office will plan to explore a major leasing policy for the total fleet to determine the feasibility of such a policy.
- Provisions of the vehicle policy are continuing to be developed.

Chair Neufeld thanked Mr. Goossen for his presentation.

Representative Schwab, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Department of Commerce for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 4). 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 Department of Commerce for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 4). 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 Kansas Technology Enterprise Corporation (KTEC) for FY 2005 and FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2005 and FY 2006 (Attachment 4). The motion was seconded by Representative Pottorff. Motion carried.

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

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Kansas, Inc. 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 Commission on Veterans' Affairs. for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 5). 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 Commission on Veterans' Affairs. for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 and include an additional item to acknowledge the efforts of the Budget Director's office in assisting the Commission on Veterans' Affairs with more efficient budget decisions (Attachment 5). The motion was seconded by Representative Lane. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 8, 2005, in Room 514-S of the Capitol.

Representative Schwab, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Board of Barbering 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 6). 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 Board of Cosmetology 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.

The Budget Committee noted that the \$130,000 computer upgrade was originally requested in the FY 2006 budget; however, the request was moved to FY 2005 in the Governor's budget recommendation. In response to a Committee member's question concerning the computer upgrade, Mary Lou Davis, Executive Director of the Board of Cosmetology, stated that the Board licenses approximately 4,000 facilities annually. The proposed expenditure will upgrade the computer system enabling the Board to do online renewals and will eliminate a current \$25,000 per year maintenance fee.

Representative Lane, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Board of Cosmetology for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 6). The motion was seconded by Representative Pottorff.

Representative Schwab moved for a substitute motion to amend the Budget Committee report on the Board of Cosmetology for FY 2006 by adding a request for an interim study on the merger of the Board of Barbering and the Board of Cosmetology. The motion was seconded by Representative Lane. Motion carried.

Representative Lane moved to adopt the Budget Committee report on the Board of Cosmetology for 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 Board of Cosmetology for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 6). The motion was seconded by Representative Schwab. Motion carried.

Representative Pottorff, member of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Board of Mortuary Arts 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 6). The motion was seconded by Representative Lane. Motion carried.

The Budget Committee stated that the 3.0 FTE noted on the second page of the Board of Mortuary Arts for FY 2007 should read zero.

Representative Gatewood, member of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Kansas Board of Accountancy for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 7). The motion was seconded by Representative McCreary. Motion carried.

Representative Gatewood, member of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Kansas Board of Accountancy for FY 2006 and FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2006 and FY 2007 (Attachment 7). The motion was seconded by Representative McCreary. Motion carried.


HB 2335 was referred to the Education Budget Committee.

Representative Bethell moved to approve the Committee minutes, as written, for February 23, March 2, March 3 and March 4. The motion was seconded by Representative Feuerborn. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 8, 2005, in Room 514-S of the Capitol.

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 9, 2005.



Melvin Neufeld, Chair

HOUSE APPROPRIATIONS COMMITTEE

March 8, 2005

9:00 A.M.

NAME	REPRESENTING
Vidilgon Helsel	Budget
Ethan Erickson	Budget
Deb Miller	KDOT
Marci Ferrell	KDOT
Debbi Dyer	Kansas Inc
Kevin Can	KTC
Marta Sebehart	Commerce
Mack Smith	KS ST Bd of Mortuary Arts
Trish Hannenstiel	Commerce
Tracy Shaffer	Commerce
Susan Loren	Board of Accountancy
R. J. V. --	BD OF BARBERING
Mary Lou Davis	Ks. Bd of Cosmetology
Stephanie Buchanan	DDB
Duane Goossen	Dept. of Ad.
Garin Young	DFA
Tom Bruno	Bruno & Associates
Art Mays	HEIN Law Firm
Mike Hewitt	KGC
JOAN Dougherty	ESU.

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

FY 2005
FY 2006

Kansas Department of Transportation

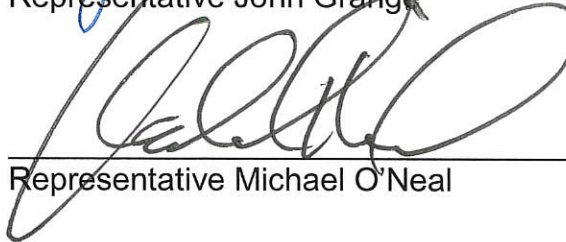


Representative Bill McCreary, Chairperson

Representative Eric Carter



Representative John Grange




Representative Michael O'Neal



Representative Tom Thull



Representative Doug Gatewood



Representative Shari Weber

HOUSE APPROPRIATIONS

DATE 3-08-2005
ATTACHMENT 1

Senate Subcommittee Report

Agency: Kansas Department of Transportation

Bill No. 272

Bill Sec. 44

Analyst: Waller

Analysis Pg. No. Vol. 2 - 755

Budget Page No. 405

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2005</u>	<u>Gov. Rec. FY 2005</u>	<u>Senate Subcommittee Adjustments</u>
Agency Operations	\$ 242,178,295	\$ 241,681,617	\$ 0
Debt Service	111,869,795	111,869,795	0
Aid to Local Units	163,717,138	163,717,138	0
Other Assistance	10,466,685	10,466,685	0
Other Operations	668,115,870	664,593,147	0
Subtotal - Reportable	<u>\$ 1,196,347,783</u>	<u>\$ 1,192,328,382</u>	<u>\$ 0</u>
Nonreportable Expenses	386,161,679	386,161,679	0
Total - Operations	<u><u>\$ 1,582,509,462</u></u>	<u><u>\$ 1,578,490,061</u></u>	<u><u>\$ 0</u></u>

Financing Summary

State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	812,803,198	808,633,797	0
All Other Funds	383,544,585	383,694,585	0
Subtotal - Reportable	<u>\$ 1,196,347,783</u>	<u>\$ 1,192,328,382</u>	<u>\$ 0</u>
Nonreportable Funds	386,161,679	386,161,679	0
Total - All Funds	<u><u>\$ 1,582,509,462</u></u>	<u><u>\$ 1,578,490,061</u></u>	<u><u>\$ 0</u></u>

FTE Positions	3,251.5	3,251.5	0.0
Unclassified Temp. Positions	15.0	15.0	0.0
TOTAL	<u><u>3,266.5</u></u>	<u><u>3,266.5</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The **agency's** revised FY 2005 reportable budget reflects an increase of \$313,877,492 or 35.6 percent above the approved amount. The agency estimate contains no State General Fund expenditures which is consistent with its approved budget.

- For agency operations, the following changes in the revised budget are noted:
 - Salaries and wages decrease by \$48,371;
 - Other operating expenses decrease by \$3,233,990 due mostly to a reduction in commodity and capital outlay expenditures;

- Within the Substantial Maintenance program, \$210,348,000 is estimated to be expended. This is an increase of \$102,744,000 above the \$107,604,000 approved amount due to increases in pavement resurfacing, bridge and culvert painting and repair, and contract maintenance projects.
- In the Construction, Program Design Right of Way contract expenses increase from \$22,828,691 to \$30,250,950 (32.5 percent), and Local Construction estimates are expected to increase by \$55,046,698 above the current year figure of \$143,143,165.
- Local Aid is increases by \$4,099,616 above the approved amount (\$169,684,207).
- State Projects are estimated to increase by \$136,638,000 above the approved amount of \$65,537,000 due to an increase in system enhancements, rail grade separation, and priority bridge expenditures (the increase does not take into account the non-reportable amount of \$347,000,000 in bonds approved by the 2004 Legislature, but not included in the reportable amount.)
- Debt Service payments are estimated to decrease from \$112,396,439 to \$111,869,795 (0.5 percent).
- Building expenditures increase from \$4,635,671 to \$10,002,057 due to the utilization of carry over balances to finance expenditures.

The **Governor's recommendation** is an expenditure reduction of \$4,019,401 from the agency's FY 2005 estimate. However, the Governor transfers \$4,194,134 to the State General Fund by making the following adjustments:

- Reduces \$174,733 from the agency's operating expenditure account (which was not budgeted in its revised request);
- Reduces \$107,794 in savings from contractual services provided to the agency by the Division of Information Services;
- Reduces \$388,884 in capital outlay for information technology equipment; and
- Reduces \$3,522,723 from the Buildings Program.

The **Governor's recommendation** also establishes the Federal Fund to account for all federal funds received by the agency that are not utilized for construction purposes.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation.

House Budget Committee Report

Agency: Kansas Department of Transportation Bill No. 2480

Bill Sec. 44

Analyst: Waller

Analysis Pg. No. Vol. 2 - 755

Budget Page No. 405

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2005</u>	<u>Gov. Rec. FY 2005</u>	<u>House Budget Committee Adjustments</u>
Agency Operations	\$ 242,178,295	\$ 241,681,617	\$ 0
Debt Service	111,869,795	111,869,795	0
Aid to Local Units	163,717,138	163,717,138	0
Other Assistance	10,466,685	10,466,685	0
Other Operations	668,115,870	664,593,147	0
Subtotal - Reportable	\$ 1,196,347,783	\$ 1,192,328,382	\$ 0
Nonreportable Expenses	386,161,679	386,161,679	0
Total - Operations	<u>\$ 1,582,509,462</u>	<u>\$ 1,578,490,061</u>	<u>\$ 0</u>

Financing Summary

State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	812,803,198	808,633,797	0
All Other Funds	383,544,585	383,694,585	0
Subtotal - Reportable	\$ 1,196,347,783	\$ 1,192,328,382	\$ 0
Nonreportable Funds	386,161,679	386,161,679	0
Total - All Funds	<u>\$ 1,582,509,462</u>	<u>\$ 1,578,490,061</u>	<u>\$ 0</u>

FTE Positions	3,251.5	3,251.5	0.0
Unclassified Temp. Positions	15.0	15.0	0.0
TOTAL	<u>3,266.5</u>	<u>3,266.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** revised FY 2005 reportable budget reflects an increase of \$313,877,492 or 35.6 percent above the approved amount. The agency estimate contains no State General Fund expenditures which is consistent with its approved budget.

- For agency operations, the following changes in the revised budget are noted:
 - Salaries and wages decrease by \$48,371;

1-4

- Other operating expenses decrease by \$3,233,990 due mostly to a reduction in commodity and capital outlay expenditures;
- Within the Substantial Maintenance program, \$210,348,000 is estimated to be expended. This is an increase of \$102,744,000 above the \$107,604,000 approved amount due to increases in pavement resurfacing, bridge and culvert painting and repair, and contract maintenance projects.
- In the Construction, Program Design Right of Way contract expenses increase from \$22,828,691 to \$30,250,950 (32.5 percent), and Local Construction estimates are expected to increase by \$55,046,698 above the current year figure of \$143,143,165.
- Local Aid is increases by \$4,099,616 above the approved amount (\$169,684,207).
- State Projects are estimated to increase by \$136,638,000 above the approved amount of \$65,537,000 due to an increase in system enhancements, rail grade separation, and priority bridge expenditures (the increase does not take into account the non-reportable amount of \$347,000,000 in bonds approved by the 2004 Legislature, but not included in the reportable amount.)
- Debt Service payments are estimated to decrease from \$112,396,439 to \$111,869,795 (0.5 percent).
- Building expenditures increase from \$4,635,671 to \$10,002,057 due to the utilization of carry over balances to finance expenditures.

The **Governor's recommendation** is an expenditure reduction of \$4,019,401 from the agency's FY 2005 estimate. However, the Governor transfers \$4,194,134 to the State General Fund by making the following adjustments:

- Reduces \$174,733 from the agency's operating expenditure account (which was not budgeted in its revised request);
- Reduces \$107,794 in savings from contractual services provided to the agency by the Division of Information Services;
- Reduces \$388,884 in capital outlay for information technology equipment; and
- Reduces \$3,522,723 from the Buildings Program.

The **Governor's recommendation** also establishes the Federal Fund to account for all federal funds received by the agency that are not utilized for construction purposes.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Kansas Department of Transportation

Bill No. 270

Bill Sec. 87

Analyst: Waller

Analysis Pg. No. Vol. 2 - 755

Budget Page No. 405

<u>Expenditure Summary</u>	<u>Agency Request FY 2006</u>	<u>Gov. Rec. FY 2006</u>	<u>Senate Subcommittee Adjustments*</u>
Agency Operations	\$ 250,456,416	\$ 251,955,775	\$ (8,739,289)
Debt Service	129,423,305	129,423,305	0
Aid to Local Units	177,242,035	177,242,035	0
Other Assistance	7,585,156	7,585,156	0
Other Operations	812,420,845	806,448,300	0
Subtotal - Reportable	<u>\$ 1,377,127,757</u>	<u>\$ 1,372,654,571</u>	<u>\$ (8,739,289)</u>
Nonreportable Expenses	68,403,273	68,415,934	(12,661)
Total - Operations	<u><u>\$ 1,445,531,030</u></u>	<u><u>\$ 1,441,070,505</u></u>	<u><u>\$ (8,751,950)</u></u>
 <u>Financing Summary</u>			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	937,903,761	930,945,575	(8,739,289)
All Other Funds	439,223,996	441,708,996	0
Subtotal - Reportable	<u>\$ 1,377,127,757</u>	<u>\$ 1,372,654,571</u>	<u>\$ (8,739,289)</u>
Nonreportable Funds	68,403,273	68,415,934	(12,661)
Total - All Funds	<u><u>\$ 1,445,531,030</u></u>	<u><u>\$ 1,441,070,505</u></u>	<u><u>\$ (8,751,950)</u></u>
 FTE Positions	 3,239.5	 3,237.5	 0.0
Unclassified Temp. Positions	15.0	15.0	0.0
TOTAL	<u><u>3,254.5</u></u>	<u><u>3,252.5</u></u>	<u><u>0.0</u></u>

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

Agency Request/Governor's Recommendation

The **agency's** FY 2006 reportable budget request totals \$1,377,127,757 and reflects an increase of \$180,779,974 (15.1 percent) above the current year. Included within the agency's request are increases of \$8,278,121 (3.4 percent) in agency operating expenditures, \$17,553,510 (15.7 percent) in debt service expenditures, \$13,524,897 (15.7 percent) in aid to local units, and \$144,304,975 in other operations, which are partially offset by a decrease of \$2,881,529 (27.5 percent) in other assistance.

1-6

Under the request, State Highway Funds expenditures decrease by \$132,651,063 from the current year due to a decrease in non-reportable expenditures related to bond issuances.

- For state operations, the following requested FY 2006 items are noted when compared with the current fiscal year:
 - an increase in salaries and wages expenditures by 2.2 percent from \$144,986,215 to \$148,148,505;
 - a reduction of 12.0 FTE positions (which are vacant) is requested;
 - an increase in other operating expenditures from \$97,192,080 to \$102,307,911 (5.3 percent); and
 - an increase in debt service interest payments of \$9,258,510 from the FY 2005 amount of \$82,668,305.
- For other operations, the following items in the budget request are noted as changing from the current fiscal year:
 - an increase in state construction projects from \$202,175,000 to \$446,485,000 (\$244,310,000 or 120.8 percent). However, the increase is offset by \$347,000,000 in non-reportable bonds issued in FY 2005. If non-reportable amounts are included, state construction expenditures decrease by \$102,690,000 from FY 2005 to FY 2006.
 - an increase in regular maintenance from \$121,858,490 to \$136,454,289 (12.0 percent) due to an increase in contractual services (repair and services) and commodities (maintenance construction material and motor vehicle part) expenditures. Connecting link expenditures (\$3,360,000) remain the same as in the current year.
 - Additionally, the 2004 Legislature added 4.0 FTE positions, and transferred \$345,184 from the State Highway Fund to the newly established Radio Communications Revolving Fund to finance the provisions of HB 2756 (the KDOT communications bill) in FY 2005. However, the state portion (\$205,253) has been taken off the budget in FY 2006. The agency estimates \$7,400,500 in federal funds to finance the purchase of radio communication equipment. That amount is accounted for "on budget".
 - an increase of \$13,971,568 (9.4 percent) in Special City/County Highway aid payments above the current year. The amount includes \$10,063,664 in Motor Carrier Property tax revenue dedicated to local units of government.
 - a decrease in Substantial Maintenance from \$210,348,000 to \$184,998,000 (\$25,350,000 or 12.1 percent) due to reductions in pavement resurfacing, bridge and culvert painting and repair, and highway lighting.

- a decrease of 4.2 percent below the current year estimate of \$54,104,674 within the Management program (\$400,000 in claims expenses remain the same).
- a decrease in Local Construction expenses of \$63,202,859 (31.9 percent) below the FY 2005 amount of \$198,189,863 because of a reduction in federal and state aid projects.
- an increase in Building projects from \$10,002,057 to \$12,240,341 (22.4 percent).
- a decrease in Categorical Aid expenditures of \$3,328,200 (14.8 percent) below the current year estimate of \$22,471,727. Additionally, non-reportable expenditures deposited into the Transportation Revolving Program Fund increased by \$29,570,000 from the current year amount of \$33,374,000.

The Governor recommends \$1,372,654,571, which is \$4,473,186 (0.3 percent) below the agency's request. From the current fiscal year, the recommendation reflects an increase of \$180,326,189 or 15.1 percent in reportable expenditures. The Governor increases non-reportable expenditures by \$12,661 above the agency's request of \$68,403,273 due to additional salary and wage expenditures from the communications funds.

- For agency operations, the Governor recommends the following adjustments to the agency's request:
 - an increase of \$7,300,142 in salary expenditures, partially offset by a decrease in other operating expenditures in the amount of \$5,800,783
 - an agency operations expenditure limitation of \$251,955,775, an increase of \$1,499,359 or 0.6 percent above the agency's request.
 - a reduction of an additional 2.0 FTE positions, which are transferred to the State Corporation Commission (KCC)
- For other operations, the Governor recommends the following adjustments to the agency's request:
 - Reduces \$8,686,607 from the Building Program
- The Governor recommends the transfer of \$33,664,900 from the State Highway Fund in FY 2006 to the State General Fund to finance operating expenditures in the Kansas Highway Patrol.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, with the following adjustments and observations:

1-8

1. **Pay Plan Adjustment.** Delete \$3,340,020 from special revenue funds (reportable and non-reportable) 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 \$5,411,930 from special revenue funds (reportable and non-reportable) to remove funding recommended by the Governor for the 27th payroll period (44,949,421), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$462,509) for later Committee consideration.
3. The Senate Subcommittee notes that there are various proposals related to the funding needs of elementary and secondary (K-12) education. The Subcommittee understands the need for funding to support education in Kansas. However, the Subcommittee would caution against the use of State Highway Fund monies to assist in resolving the issue of education funding. The 2004 Legislature made several provisions to ensure the financial integrity of the Comprehensive Transportation Program (CTP), and any reductions in funding providing to KDOT would directly affect projects to be completed by the agency. The Subcommittee provides the following table to illustrate the impact of removing the increase in the sales and compensating use tax (the quarter cent sales tax) from the CTP:

(figures in millions)	1/4 cent Sales Tax (current estimate)*	Sales Tax Current Law**	Possible Reduction in funding to CTP
FY 2006	\$ 95.891	\$ 95.891	\$ 0.0
FY 2007	99.247	150.856	51.609
FY 2008	102.720	267.074	164.354
FY 2009	106.315	276.422	170.107
FY 2010	110.036	286.097	176.061
	<u>\$ 515.209</u>	<u>\$ 1,076.340</u>	<u>\$ 562.131</u>

* Original 1/4 cent tax assumes a 3.5 percent growth beginning in FY 2007

** Increases quarter cent sales tax (FY 2007 increases to 0.38, FY 2008 to FY 2011 increases to 0.65)

4. The Senate Subcommittee strongly encourages the Kansas Department of Transportation to continue its efforts in establishing a statewide interoperable radio communication system. The Subcommittee directs the agency to continue its efforts in communicating with the Kansas Congressional delegation in earmarking federal funding to finance the purchase of equipment for the System. Additionally, the Subcommittee notes that the agency is currently developing rules and regulations related to the operation of the system, establishing rental fees for

local units of government to acquire the necessary equipment to connect to the system, and developing charges that would be placed upon private companies desiring to utilize tower space. Therefore, the Subcommittee requests the agency appear before Omnibus to provide an update on its efforts relating to the statewide communications system.

5. During the 2004 Legislative session, a proviso was added which allowed subarea shops waivers from existing purchasing contracts in those cases when vendors prescribed in the existing contracts are not located within the five-digit zip code of the shop. The Subcommittee recommends adding the proviso in FY 2006, and encourages the Senate Subcommittee on the Kansas Highway Patrol to add the same language. The Subcommittee believes this would provide both agencies with some relief relating to the purchase of equipment and the available proximity of such equipment.
6. The Senate Subcommittee commends the Secretary of Transportation and her staff for their efforts in streamlining the operations of the Department. Additionally, the Subcommittee appreciates the Secretary's efforts in providing sound financial decisions in managing the Comprehensive Transportation Program (CTP), and ensuring that projects outlined in the so-called "red map" are completed.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation.

House Budget Committee Report

Agency: Kansas Department of Transportation **Bill No.** 2482

Bill Sec. 87

Analyst: Waller

Analysis Pg. No. Vol. 2 - 755

Budget Page No. 405

<u>Expenditure Summary</u>	<u>Agency Request FY 2006</u>	<u>Gov. Rec. FY 2006</u>	<u>House Budget Committee Adjustments</u>
Agency Operations	\$ 250,456,416	\$ 251,955,775	\$ (2,769,000)
Debt Service	129,423,305	129,423,305	0
Aid to Local Units	177,242,035	177,242,035	0
Other Assistance	7,585,156	7,585,156	0
Other Operations	<u>812,420,845</u>	<u>806,448,300</u>	<u>0</u>
Subtotal - Reportable	\$ 1,377,127,757	\$ 1,372,654,571	\$ (2,769,000)
Nonreportable Expenses	<u>68,403,273</u>	<u>68,415,934</u>	<u>0</u>
Total - Operations	<u><u>\$ 1,445,531,030</u></u>	<u><u>\$ 1,441,070,505</u></u>	<u><u>\$ (2,769,000)</u></u>
 <u>Financing Summary</u>			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	937,903,761	930,945,575	(2,769,000)
All Other Funds	<u>439,223,996</u>	<u>441,708,996</u>	<u>0</u>
Subtotal - Reportable	\$ 1,377,127,757	\$ 1,372,654,571	\$ (2,769,000)
Nonreportable Funds	<u>68,403,273</u>	<u>68,415,934</u>	<u>0</u>
Total - All Funds	<u><u>\$ 1,445,531,030</u></u>	<u><u>\$ 1,441,070,505</u></u>	<u><u>\$ (2,769,000)</u></u>
 FTE Positions	 3,239.5	 3,237.5	 0.0
Unclassified Temp. Positions	<u>15.0</u>	<u>15.0</u>	<u>0.0</u>
TOTAL	<u><u>3,254.5</u></u>	<u><u>3,252.5</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The **agency's** FY 2006 reportable budget request totals \$1,377,127,757 and reflects an increase of \$180,779,974 (15.1 percent) above the current year. Included within the agency's request are increases of \$8,278,121 (3.4 percent) in agency operating expenditures, \$17,553,510 (15.7 percent) in debt service expenditures, \$13,524,897 (15.7 percent) in aid to local units, and \$144,304,975 in other operations, which are partially offset by a decrease of \$2,881,529 (27.5 percent) in other assistance.

Under the request, State Highway Funds expenditures decrease by \$132,651,063 from the current year due to a decrease in non-reportable expenditures related to bond issuances.

1-11

- For state operations, the following requested FY 2006 items are noted when compared with the current fiscal year:
 - an increase in salaries and wages expenditures by 2.2 percent from \$144,986,215 to \$148,148,505;
 - a reduction of 12.0 FTE positions (which are vacant) is requested;
 - an increase in other operating expenditures from \$97,192,080 to \$102,307,911 (5.3 percent); and
 - an increase in debt service interest payments of \$9,258,510 from the FY 2005 amount of \$82,668,305.

- For other operations, the following items in the budget request are noted as changing from the current fiscal year:
 - an increase in state construction projects from \$202,175,000 to \$446,485,000 (\$244,310,000 or 120.8 percent). However, the increase is offset by \$347,000,000 in non-reportable bonds issued in FY 2005. If non-reportable amounts are included, state construction expenditures decrease by \$102,690,000 from FY 2005 to FY 2006.
 - an increase in regular maintenance from \$121,858,490 to \$136,454,289 (12.0 percent) due to an increase in contractual services (repair and services) and commodities (maintenance construction material and motor vehicle part) expenditures. Connecting link expenditures (\$3,360,000) remain the same as in the current year.
 - Additionally, the 2004 Legislature added 4.0 FTE positions, and transferred \$345,184 from the State Highway Fund to the newly established Radio Communications Revolving Fund to finance the provisions of HB 2756 (the KDOT communications bill) in FY 2005. However, the state portion (\$205,253) has been taken off the budget in FY 2006. The agency estimates \$7,400,500 in federal funds to finance the purchase of radio communication equipment. That amount is accounted for "on budget".
 - an increase of \$13,971,568 (9.4 percent) in Special City/County Highway aid payments above the current year. The amount includes \$10,063,664 in Motor Carrier Property tax revenue dedicated to local units of government.
 - a decrease in Substantial Maintenance from \$210,348,000 to \$184,998,000 (\$25,350,000 or 12.1 percent) due to reductions in pavement resurfacing, bridge and culvert painting and repair, and highway lighting.
 - a decrease of 4.2 percent below the current year estimate of \$54,104,674 within the Management program (\$400,000 in claims expenses remain the same).
 - a decrease in Local Construction expenses of \$63,202,859 (31.9 percent) below the FY 2005 amount of \$198,189,863 because of a reduction in federal and state aid projects.

- an increase in Building projects from \$10,002,057 to \$12,240,341 (22.4 percent).
- a decrease in Categorical Aid expenditures of \$3,328,200 (14.8 percent) below the current year estimate of \$22,471,727. Additionally, non-reportable expenditures deposited into the Transportation Revolving Program Fund increased by \$29,570,000 from the current year amount of \$33,374,000.

The Governor recommends \$1,372,654,571, which is \$4,473,186 (0.3 percent) below the agency's request. From the current fiscal year, the recommendation reflects an increase of \$180,326,189 or 15.1 percent in reportable expenditures. The Governor increases non-reportable expenditures by \$12,661 above the agency's request of \$68,403,273 due to additional salary and wage expenditures from the communications funds.

- For agency operations, the Governor recommends the following adjustments to the agency's request:
 - an increase of \$7,300,142 in salary expenditures, partially offset by a decrease in other operating expenditures in the amount of \$5,800,783
 - an agency operations expenditure limitation of \$251,955,775, an increase of \$1,499,359 or 0.6 percent above the agency's request.
 - a reduction of an additional 2.0 FTE positions, which are transferred to the State Corporation Commission (KCC)
- For other operations, the Governor recommends the following adjustments to the agency's request:
 - Reduces \$8,686,607 from the Building Program
- The Governor recommends the transfer of \$33,664,900 from the State Highway Fund in FY 2006 to the State General Fund to finance operating expenditures in the Kansas Highway Patrol.

House Budget Committee Recommendation

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

1. The House Budget Committee deletes \$2,769,000 (from the State Highway Fund) and the purchase of 137 vehicles for review at Omnibus.
2. The Budget Committee notes that in order to provide stable funding for the Comprehensive Transportation Program (CTP), and to ensure that all projects outlined on the so-called "red map" approved by the 1999 Legislature were completed, a series of funding adjustments were passed by the 2004 Legislature (2004 SB 384). These provisions were passed to respond to the reductions of

the statutory demand transfer, and the need to provide the necessary amount of funding to complete the program. Those provisions were as follows:

- Eliminated the statutory demand transfer;
- Increased the quarter cent sales tax to slightly less than two-thirds of a cent by FY 2011. (FY 2007 increase to 0.38; FY 2008 to FY 2011 increase to 0.65);
- Authorized the issuance of \$150 million in bonds to be repaid by the State General Fund and directed that the proceeds be deposited into the State Highway Fund. Bonds are required to be approved by the State Finance Council subject to review and recommendation by both the House and Senate standing Transportation Committees;
- Assumed \$50 million in additional federal aid beginning in FY 2005; and
- Authorized the issuance of \$60 million in bonds which “can” be issued due to a shortfall in federal funds, subject to review and recommendation by the Legislative Budget Committee.

The House Budget Committee provides the above information to express concern with any potential proposal related to the funding needs of elementary and secondary (K-12) education which might attempt to utilize State Highway Fund monies. The Budget Committee understands the need for funding to support education in Kansas. However, the Committee would caution against the use of these monies to assist in resolving the issue of education funding. During testimony, the agency stated that even with the inclusion of the additional funding sources, the program will incur an ending balance deficit of \$22 million. The Budget Committee notes that there are many factors which contribute to that deficit, such as transfers from the State Highway Fund to the State General Fund to fund operating expenditures of the Kansas Highway Patrol over the last three years. The Budget Committee does not recommend a change to that particular transfer, but draws attention to the ending balance necessary to complete the plan and the negative impact any further adjustment would impose. Additionally, the House Budget Committee notes that beginning in FY 2007, \$94.6 million “loaned” to the State General Fund from the State Highway Fund is scheduled to be repaid over a four year period. Although the Budget Committee knows of no specific proposal offered to delay or eliminate that obligation, preventing the repayment of those monies would have a negative effect on the completion of the plan and those projects outlined on the “red map.” The Budget Committee concurs with the Governor’s recommendations, and desires to bring greater attention to the burdens already imposed upon the plan.

Lastly, the House Budget Committee provides the following table to illustrate the impact of removing the increase in the sales and compensating use tax (the quarter cent sales tax) from the CTP:

(figures in millions)	Original 1/4 cent Sales Tax (current estimate)*	Sales Tax Current Law**	Possible Reduction in funding to CTP
FY 2006	\$ 95.891	\$ 95.891	\$ 0.000
FY 2007	99.247	150.856	51.609
FY 2008	102.720	267.074	164.354
FY 2009	106.315	276.422	170.107
FY 2010	110.036	286.097	176.061
	<u>\$ 515.209</u>	<u>\$ 1,076.340</u>	<u>\$ 562.131</u>

* 1/4 cent tax assumes a 3.5 percent growth beginning in FY 2007

** Increases quarter cent sales tax (FY 2007 increases to 0.38, FY 2008 to FY 2011 increases to 0.65)

3. The House Budget Committee commends the Secretary of Transportation and her staff for their efforts in streamlining the operations of the Department. The Budget Committee appreciates the Secretary's efforts in providing sound financial decisions in managing the Comprehensive Transportation Program (CTP), and the adjustments made by the agency to ensure that projects outlined in the so-called "red map" are completed.

1-15

Summary of Operating Budget FY 2005

<u>Expenditure Summary</u>	<u>Agency Request FY 2006</u>	<u>Governor Recommend FY 2006</u>	<u>Governor's Adjustments to Agency Request</u>
Management	\$ 51,852,414	\$ 52,969,826	\$ 1,117,412
Construction	812,700,356	805,718,555	(6,981,801)
Local Support	187,762,698	187,928,234	165,536
Maintenance	<u>324,812,289</u>	<u>326,037,956</u>	<u>1,225,667</u>
TOTAL- Reportable	<u>\$ 1,377,127,757</u>	<u>\$ 1,372,654,571</u>	<u>\$ (4,473,186)</u>
Management	\$ 453,065	\$ 453,065	\$ 0
Construction	3,176,495	3,176,495	0
Local Support	63,583,000	63,583,000	0
Maintenance	<u>1,190,713</u>	<u>1,203,374</u>	<u>12,661</u>
TOTAL- Non-Reportable	<u>\$ 68,403,273</u>	<u>\$ 68,415,934</u>	<u>\$ 12,661</u>
GRAND TOTAL	<u>\$ 1,445,531,030</u>	<u>\$ 1,441,070,505</u>	<u>\$ (4,460,525)</u>
By Major Object of Expenditure:			
Salaries and Wages	\$ 148,148,505	\$ 155,448,647	\$ 7,300,142
Contractual Services	41,747,309	41,458,458	(288,851)
Commodities	23,679,668	20,965,606	(2,714,062)
Capital Outlay	<u>36,880,934</u>	<u>34,083,064</u>	<u>(2,797,870)</u>
Subtotal - Operations	\$ 250,456,416	\$ 251,955,775	\$ 1,499,359
Aid to Local Units	177,242,035	177,242,035	0
Other Assistance	7,585,156	7,585,156	0
Debt Service	129,423,305	129,423,305	0
Other Operations	<u>812,420,845</u>	<u>806,448,300</u>	<u>(5,972,545)</u>
TOTAL	<u>\$ 1,377,127,757</u>	<u>\$ 1,372,654,571</u>	<u>\$ (4,473,186)</u>
Non-reportable	\$ 68,403,273	\$ 68,415,934	\$ 12,661
GRAND TOTAL	\$ 1,445,531,030	\$ 1,441,070,505	\$ (4,460,525)
Financing:			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	937,903,761	930,945,575	(6,958,186)
Other Funds	<u>439,223,996</u>	<u>441,708,996</u>	<u>2,485,000</u>
TOTAL- Reportable	<u>\$ 1,377,127,757</u>	<u>\$ 1,372,654,571</u>	<u>\$ (4,473,186)</u>
State Highway Fund	\$ 5,079,020	\$ 5,079,020	\$ 0
Other Funds	<u>63,324,253</u>	<u>63,336,914</u>	<u>12,661</u>
TOTAL- Non-Reportable	<u>\$ 68,403,273</u>	<u>\$ 68,415,934</u>	<u>\$ 12,661</u>
GRAND TOTAL	\$ 1,445,531,030	\$ 1,441,070,505	\$ (4,460,525)

1-16

21-1

**CTP FY 2000-2009 Revenue Summary
(In Thousands)***

Kansas Department of Transportation

	Approved 1999	Approved 2004 Legislature	Agency's Revised Sept. 2004	\$ Change from Approved	% Change from Approved	Agency's Revised Nov. 2004	Gov. Rec FY 2006	\$ Change from Approved	% Change from Approved
Cash Beginning Balance	\$ 475,189	\$ 559,875	\$ 559,875	\$ 84,686	17.8%	\$ 559,875	\$ 559,875	\$ 84,686	17.8%
Motor Fuels Taxes	3,930,400	4,235,530	4,219,815	289,415	7.4	4,107,915	4,107,915	177,515	4.5
SGF Sales Tax Transfer	1,830,010	208,237	208,237	(1,621,773)	(88.6)	208,237	208,237	(1,621,773)	(88.6)
Quarter Cent	1,071,513	1,345,849	1,345,712	274,199	25.6	1,333,256	1,333,256	261,743	24.4
Registration Fees	1,387,995	1,541,627	1,556,529	168,534	12.1	1,562,185	1,562,185	174,190	12.6
Interest	251,900	337,022	269,719	17,819	7.1	295,297	295,011	43,111	17.1
Other Sources	44,613	62,239	82,176	37,563	84.2	81,826	81,826	37,213	83.4
Transfers In	156,762	273,698	268,065	(8,973)	(5.7)	268,065	268,065	(119,814)	(76.4)
Subtotal - State	\$ 9,148,382	8,564,077	\$ 8,510,128	(\$638,254)	(7.0)%	\$ 8,416,656	\$ 8,416,370	\$ (732,012)	(8.0)%
Federal and Local Construction Reimbursement	3,012,953	3,690,752	3,608,661	595,708	19.8%	3,690,102	3,690,102	677,149	22.5%
Bonds	980,075	1,280,274	1,288,111	308,036	31.4	1,289,011	1,289,011	308,936	31.5
Net TRF Loan Transactions	0	5,085	5,085	5,085	0.0	0	0	0	0.0
TOTAL REVENUES	\$ 13,141,410	\$ 13,540,188	\$ 13,411,985	\$ 270,575	2.1%	\$ 13,395,769	\$ 13,395,483	\$ 254,073	1.9%

* **Source:** KDOT estimates for FY 2005: 2003 Legislative Approved, September and November of 2003, and the Governor's FY 2005 CTP Cash Flow recommendation (which includes the changed in statutory transfer amounts and \$465 million of State General Fund receipts).

Expenditures: The CTP budget includes expenditures for maintenance, including regular and substantial maintenance; construction and reconstruction, including major modifications and priority bridges; system enhancement projects; and a highway demonstration project to evaluate guarantees by a contractor. The CTP budget also provides for enhanced assistance to local units of government and other entities, including increased aid from the Special City and County Highway Fund, increased state payments for city connecting links, new state assistance for communities with railroad crossings not on the state highway system, a railroad loan program with new state funding, state financing for general aviation airports, and additional state aid for public transit. Revisions in the proposed 10-year expenditures are noted in the following table.

The 2002 Legislature passed HB 3011, which provided additional financing for the Comprehensive Transportation Plan with the following enhancement provisions:

- Motor Fuels taxes increased an additional two cents per gallon with two cents effective June 1, 2002, and an additional cent on July 1, 2003 in accordance with the original CTP legislation. Motor fuels tax rates when all increases were fully phased in on June 1, 2004, would be as follows: gasoline, increased from 21 to 24 cents per gallon; the special fuels tax would be increased from 23 to 26 cents per gallon; and the LP-gas tax would be increased from 20 to 23 cents per gallon.
- Motor vehicle registration taxes were increased for passenger automobiles and motorcycles by \$5; and for various trucks by amounts ranging from \$2 to \$10, effective July 1, 2002.
- Additionally, the 2002 Legislature reduced major modification and priority bridge set-aside projects (not yet identified) by \$40,000,000 from the State Highway Fund. The projects are identified on a one to three year planning horizon. Cuts were approximately one year of economic development, geometric improvement, railroad crossing surfacing, ITS, corridor management, priority bridge redeck, priority bridge, culvert-bridge, and state and local railroad grade separation funding funding for projects not yet identified.

The 2004 Legislature passed the following financial enhancements to the Comprehensive Transportation program: Eliminates the demand transfer for the remainder of the program; Increased the quarter cent sales tax to slightly less than two-thirds of a cent (FY 07-0.38, FY 08 to FY 11-0.65); authorized the issuance of \$150 million in bonds backed and financed by the State General Fund and the proceeds deposited into the State Highway Fund (bonds are issued by the State Finance Council subject to review and recommendation by both the House and Senate standing Transportation Committee); assumed \$50 in additional federal aid beginning in FY 2005; and \$60 million in bonds that "can" be issued due to a shortfall in federal funds and subject to review and recommendation by the Legislative Budget Committee.

01-1

**CTP FY 2000-2009 Expenditure Summary
(In Thousands)***

Kansas Department of Transportation

	Approved 1999	Approved 2004 Legislature	Agency's Revised Sept. 2004	\$ Change from Approved	% Change from Approved	Agency's Revised Nov. 2004	Gov. Rec FY 2006	\$ Change from Approved	% Change from Approved
Routine Maintenance	\$ 1,226,149	\$ 1,184,434	\$ 1,190,266	\$ (35,883)	(2.9)%	\$ 1,196,733	\$ 1,193,758	\$ (32,391)	(2.6)%
Substantial Maintenance	2,061,731	1,816,817	1,816,817	(244,914)	(11.9)	1,816,817	1,816,817	(244,914)	(11.9)
Major Modification and Priority Bridges	3,321,458	3,863,246	3,828,350	506,892	15.3	3,845,294	3,848,819	527,361	15.9
System Enhancements	979,993	971,036	971,036	(8,957)	(0.9)	971,036	971,036	(8,957)	(0.9)
General Aviation	30,000	29,712	29,543	(457)	(1.5)	29,543	29,543	(457)	(1.5)
Public Transit	103,823	110,638	116,122	12,299	11.8	119,557	119,557	15,734	15.2
Rail Assistance	44,410	37,326	37,326	(7,084)	(16.0)	37,512	37,512	(6,898)	(15.5)
Special City-County Highway Fund	1,599,821	1,579,849	1,575,687	(24,134)	(1.5)	1,537,367	1,537,367	(62,454)	(3.9)
Local Aid	1,041,867	971,589	971,589	(70,278)	(6.7)	959,486	959,486	(82,381)	(7.9)
KLINK Payments	33,600	32,288	31,427	(2,173)	(6.5)	31,427	31,427	(2,173)	(6.5)
Management and Other	729,604	727,861	705,983	(23,621)	(3.2)	740,682	743,585	13,981	1.9
Transfers Out	486,312	777,304	771,575	285,263	58.7	771,575	776,119	289,807	59.6
Debt Service (Existing and New)	1,198,034	1,152,628	1,184,454	112,083	9.4	1,148,454	1,148,454	145,515	12.1
TOTAL Expenditures	\$ 12,856,802	\$ 13,254,728	\$ 13,230,175	\$ 499,036	3.9%	\$13,205,483	\$13,213,480	\$ 551,773	4.3%
Ending Balance	281,607	223,220	217,809	(63,798)	(22.7)	190,284	182,002	(99,605)	(35.4)
<i>Minimum Ending Balance</i>	<i>220,237</i>	<i>201,152</i>	<i>199,912</i>	<i>(20,325)</i>	<i>(9.2)</i>	<i>203,923</i>	<i>203,923</i>	<i>(16,314)</i>	<i>(7.4)</i>
Available Ending Fund Balance	\$ 61,370	\$ 22,068	\$ 17,897	\$ (43,473)	(70.8)%	\$ (13,639)	\$ (21,921)	\$ (83,291)	(135.7)%

* Source: KDOT estimates for FY 2005: 2003 Legislative Approved, September and November of 2003, and the Governor's FY 2005 CTP Cash Flow recommendation.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Rm. 545N-Statehouse, 300 SW 10th Ave.

Topeka, Kansas 66612-1504

(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.state.ks.us

http://www.kslegislature.org/klrd

March 7, 2005

To: House Appropriations
From: Robert Waller, Senior Fiscal Analyst
Re: Funding for the Comprehensive Transportation Plan (CTP)

The following tables detail the amount of funding the Kansas Department of Transportation was to receive in financing to fund related expenditures for the Comprehensive Transportation Plan.

- Table A details the amount of financing originally estimated to be received from the sales and compensating use tax (the 1/4 cent sales tax), the amount originally estimated to be received from the demand transfer, and the amount the agency actually received to finance expenditures relating to the Comprehensive Transportation Plan (CTP).

Table A			
(figures in millions)	Original 1/4 cent Sales Tax ^(a) (as approved by the 1999 Legislature)	Original SGF (Demand) Transfer Amount (as approved by the 1999 Legislature)	Actual Amount of SGF (Demand) Transfer Received
FY 2000	\$ 89,247	\$ 89,350	\$ 62,240
FY 2001	92,817	90,824	51,709
FY 2002	96,530	147,557	94,288 ^(b)
FY 2003	100,391	177,690	-
FY 2004	104,407	188,898	-
FY 2005	108,583	209,661	-
FY 2006	112,926	218,048	-
FY 2007	117,443	226,769	-
FY 2008	122,141	235,840	
FY 2009	127,027	245,274	
FY 2010	132,108	255,085	
	\$ 1,203,620	\$ 2,084,996	\$ 208,237

^{a)} Original 1/4 cent sales tax assumes a growth in sales tax collections.

^{b)} Transfer was "loaned" back to the SGF.

HOUSE APPROPRIATIONS

DATE 3-08-2005
 ATTACHMENT 2

- Table B compares the amount estimated by the Consensus Estimating Group in NOVEMBER 2004 to be received from the sales and compensating use tax (the 1/4 cent sales tax), and the increase in the 1/4 cent sales tax (0.38 in FY 2007 and 0.65 from FY 2008 to FY 2011) as passed by the 2004 Legislature (2004 SB 384).

(figures in millions)	1/4 cent Sales Tax (Current Estimate) ^(a)	Sales Tax Current Law ^(b)	Difference in Current Estimate and Current Law ^(c)
FY 2006	\$ 95,891	\$ 95,891	\$ 0
FY 2007	99,247	150,856	51,609
FY 2008	102,720	267,074	164,354
FY 2009	106,315	276,422	170,107
FY 2010	110,036	286,097	176,061
	<u>\$ 514,210</u>	<u>\$ 1,076,340</u>	<u>\$ 562,131</u>

a) Original 1/4 cent sales tax assumes a 3.5 percent growth beginning in FY 2007.

b) Includes increases in quarter cent sales tax (FY 2007 increases to \$0.38, FY 2008 to FY 2011 increases to \$0.65)

c) Possible reduction in funding to CTP.

TO: House Appropriations Committee
FROM: Duane Goossen
DATE: March 8, 2005
SUBJECT: Vehicle Policy and Vehicle Expense in the FY 2006 Budget

Mr. Chairman and Members of the Committee:

Three key things have occurred which guide the state vehicle policy in the FY 2006 budget:

1. Moratorium on the Purchase of New Vehicles (November 2003 – November 2005)

- Moratorium covered passenger cars and light trucks.
- Law enforcement vehicles were exempt.
- Very limited hardship exemptions.

2. Fleet Evaluation

- A statewide fleet database was developed listing all tagged vehicles and trailers. That database will be updated by April 1.
- The total fleet was reviewed to determine if the size could be reduced. In all, over 700 vehicles were sold, reducing the state's fleet of cars and light trucks by over 10 percent and netting the State General Fund \$1.6 million.

3. Central Motor Pool Dispatch Eliminated

- The dispatch pool of 185 vehicles was eliminated.
- Responsibility for 1,434 permanently assigned vehicles was transferred to agencies.
- Disbanding the dispatch pool allowed \$5.1 million of unencumbered motor pool balances to be transferred to the State General Fund.
- Contract with Enterprise Rent-A-Car to provide short-term vehicle rental options for state agencies.

FY 2006 Policy

- Emerge slowly and carefully from the moratorium.
- Approve replacement cars only. No net increase in the fleet.
- Any car to be replaced must have reached 100,000 miles and any pick-up 140,000 miles.
- Not all high mileage cars will be replaced.
- The total cost of replacements should not exceed the average amount spent on vehicles in the period before the moratorium—FY 2000 to FY 2002

HOUSE APPROPRIATIONS

DATE 3-08-2005
ATTACHMENT 3

FY 2006 Vehicle Recommendations

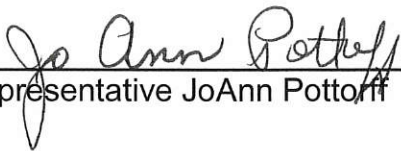
Agency	Number Requested	Amount Requested	Total Fleet Size (cars & trucks)	Number to Buy	Amount Recommended	
					SGF	All Funds
Passenger Cars						
Adjutant General	1	20,600	30	1	0	20,600
Aging	11	92,313	68	0	0	0
Agriculture	9	268,454	129	9	121,727	268,454
KBI	21	388,500	105	18	205,783	333,000
Banking	2	32,000	11	2	0	32,000
KCC	9	132,000	56	7	0	99,400
Cosmetology	3	36,000	4	3	0	36,000
Credit Unions	1	12,600	8	1	0	12,600
Fire Marshal	4	58,000	33	4	0	58,000
Health & Environment	20	250,000	260	15	0	187,500
KDOT	41	582,570	1,116	27	0	369,000
BIDS	5	91,000	21	0	0	0
KNI	7	140,000	88	0	0	0
Larned State Hosp.	4	64,000	64	0	0	0
Gaming	3	60,000		3	0	60,000
Lottery	19	234,000	41	15	0	231,300
Osawatomie	3	48,000	57	0	0	0
Corrections	4	60,000	663	2	0	30,000
Pharmacy	1	20,000	4	0	0	0
Real Estate Com.	3	31,200	3	3	0	31,200
Revenue	29	438,800	86	12	65,400	130,800
SRS	59	816,450	270	30	191,866	408,225
Education	<u>6</u>	<u>79,800</u>	17	<u>6</u>	<u>0</u>	<u>79,800</u>
Total Passenger Cars	265	3,956,287		158	584,776	2,387,879
Pickups and Vans						
Animal Health	13	175,500	14	6	81,000	81,000
Administration	6	106,800	75	3	0	53,400
KDOT	221	4,794,129	1,116	110	0	2,400,000
Health & Environment	22	417,280	260	16	0	303,476
School for Blind	1	25,000	17	0	0	0
School for Deaf	2	38,500	15	1	19,250	19,250
Veterans	8	117,400	52	2	41,000	41,000
Wildlife and Parks	<u>48</u>	<u>957,000</u>	828	<u>38</u>	<u>0</u>	<u>799,500</u>
Total Pickups and Vans	321	6,631,609		176	141,250	3,697,626
TOTAL	586	10,587,896		334	726,026	6,085,505

General Government and Commerce Budget Committee

Report on:

Department of Commerce
Kansas Technology Enterprise Corporation
Kansas, Inc.

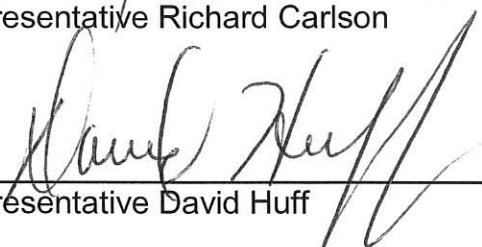
FY 2005 and FY 2006




Representative JoAnn Pottorff



Representative Richard Carlson




Representative David Huff



Representative Annie Kuehler



Representative Harold Lane



Representative Clark Shultz



Representative Scott Schwab

HOUSE APPROPRIATIONS

DATE 3-08-2005
ATTACHMENT 4

Senate Subcommittee Report

Agency: Department of Commerce

Bill No. 2702

Bill Sec. 21

Analyst: Kannarr

Analysis Pg. No. Vol. II, 1391 **Budget Page No.** 89

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2005</u>	<u>Governor's Recommendation FY 2005</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 266,554	\$ 261,838	\$ 0
Other Funds	<u>92,933,984</u>	<u>92,458,075</u>	<u>0</u>
Subtotal - Operating	\$ 93,200,538	\$ 92,719,913	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>152,660</u>	<u>152,660</u>	<u>0</u>
Subtotal - Cap. Impr.	\$ 152,660	\$ 152,660	\$ 0
TOTAL	<u><u>\$ 93,353,198</u></u>	<u><u>\$ 92,872,573</u></u>	<u><u>\$ 0</u></u>
FTE Positions	389.1	389.1	0.0
Non FTE Perm. Uncl. Pos.	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>
Total	<u><u>405.1</u></u>	<u><u>405.1</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The **agency** estimates FY 2005 operating expenditures of \$93,200,538 and 389.1 FTE positions, a decrease of \$3,968,315 or 4.1 percent from the amount approved by the 2004 Legislature. The decrease in expenditures is largely a result of a re-budgeting process for programs transferred into the agency. The estimate includes EDIF operating grant expenditures of \$15,725,465, an increase of \$18,005 from the amount approved by the 2004 Legislature and SGF expenditures of \$266,554, the same as the approved amount. Current year expenditures reflect additional responsibilities placed upon the agency as a result of:

- ERO 31 which merged the Employment and Training Division of the Department of Human Resources (now the Department of Labor) with the Department of Commerce effective July 1, 2004. The merger resulted in a transfer of \$39,212,786, including \$237,350 from the SGF, and 280.6 FTE positions.
- Passage of the Kansas Economic Growth Act and other legislation. Additional responsibilities include the administration of the Center for Entrepreneurship, the Community Entrepreneurship Fund, Rural Business Development Tax Credits,

Community Entrepreneurship Fund, Rural Business Development Tax Credits, the Agritourism Promotion Act, the Downtown Redevelopment Act, an Athletic Commission and STAR Bond revisions.

The **Governor** recommends current year operating expenditures of \$92,719,913, including \$15,594,817 from the Economic Development Initiatives Fund (EDIF) and \$261,838 from the State General Fund. The recommendation is a decrease of \$480,625 from the agency estimate and a decrease of \$4,448,940 from the approved budget. The recommendation includes the application of a 2.5 percent shrinkage rate for the entire agency which accounts for the entire decrease of \$480,625 from the agency estimate.

Senate Subcommittee Recommendation

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund decrease of \$4,716 or 1.7 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature.

Senate Committee Recommendation

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

1. Add the following language regarding the FY 2005 budget:

The agency's current year budget reflects a number of additional responsibilities placed upon the agency as a result of action taken by the 2004 Legislature. These include:

- ERO 31 which merged the Employment and Training Division of the Department of Human Resources (now the Department of Labor) with the Department of Commerce effective July 1, 2004. This transfer nearly doubled the agency budget, almost quadrupled the staff, and gave Commerce the responsibility for 27 area workforce centers. As a result the agency has begun a major restructuring of programs to integrate the new responsibilities and redesign the state's workforce development system.
- Passage of Legislation, including the Kansas Economic Growth Act, which added the administration of the Center for Entrepreneurship, the Community Entrepreneurship Fund, Rural Business Development Tax Credits, the Agritourism Promotion Act, the Downtown Redevelopment Act, an Athletic Commission and STAR Bond revisions.

The agency also developed and rolled-out a new State Brand and Image campaign. The 2004 Legislature appropriated \$700,000 from the EDIF for the development process in FY 2005 which the agency raised to \$1.7 million by reallocating funds internally. The \$700,000 remains in the agency's base budget for FY 2006.

House Budget Committee Report

Agency: Department of Commerce

Bill No. 2480

Bill Sec. 21

Analyst: Kannarr

Analysis Pg. No. Vol. II, pg. 1391 Budget Page No. 89

Expenditure Summary	Agency Estimate FY 2005	Governor's Recommendation FY 2005	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 266,554	\$ 261,838	\$ 0
Other Funds	<u>92,933,984</u>	<u>92,458,075</u>	<u>0</u>
Subtotal - Operating	\$ 93,200,538	\$ 92,719,913	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>152,660</u>	<u>152,660</u>	<u>0</u>
Subtotal - Cap. Impr.	\$ 152,660	\$ 152,660	\$ 0
TOTAL	<u>\$ 93,353,198</u>	<u>\$ 92,872,573</u>	<u>\$ 0</u>
FTE Positions	389.1	389.1	0.0
Non FTE Perm. Uncl. Pos.	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>
Total	<u>405.1</u>	<u>405.1</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency** estimates FY 2005 operating expenditures of \$93,200,538 and 389.1 FTE positions, a decrease of \$3,968,315 or 4.1 percent from the amount approved by the 2004 Legislature. The decrease in expenditures is largely a result of a re-budgeting process for programs transferred into the agency. The estimate includes EDIF operating grant expenditures of \$15,725,465 , an increase of \$18,005 from the amount approved by the 2004 Legislature and SGF expenditures of \$266,554, the same as the approved amount. Current year expenditures reflect additional responsibilities placed upon the agency as a result of:

- ERO 31 which merged the Employment and Training Division of the Department of Human Resources (now the Department of Labor) with the Department of Commerce effective July 1, 2004. The merger resulted in a transfer of \$39,212,786, including \$237,350 from the SGF, and 280.6 FTE positions.
- Passage of the Kansas Economic Growth Act and other legislation. Additional responsibilities include the administration of the Center for Entrepreneurship, the Community Entrepreneurship Fund, Rural Business Development Tax Credits, the Agritourism Promotion Act, the Downtown Redevelopment Act, an Athletic Commission and STAR Bond revisions.

4-4

The **Governor** recommends current year operating expenditures of \$92,719,913, including \$15,594,817 from the Economic Development Initiatives Fund (EDIF) and \$261,838 from the State General Fund. The recommendation is a decrease of \$480,625 from the agency estimate and a decrease of \$4,448,940 from the approved budget. The recommendation includes the application of a 2.5 percent shrinkage rate for the entire agency which accounts for the entire decrease of \$480,625 from the agency estimate.

House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund decrease of \$4,716 or 1.7 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature.

Senate Subcommittee Report

Agency: Department of Commerce

Bill No. 270

Bill Sec. 46

Analyst: Kannarr

Analysis Pg. No. Vol. II, 1391 **Budget Page No.** 89

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2006</u>	<u>Governor's Recommendation FY 2006</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 266,554	\$ 231,885	\$ (10,875)
Other Funds	<u>93,145,250</u>	<u>93,138,849</u>	<u>(1,139,605)</u>
Subtotal - Operating	\$ 93,411,804	\$ 93,370,734	\$ (1,150,480)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	<u>521,500</u>	<u>521,500</u>	<u>0</u>
Subtotal - Cap. Impr.	\$ 521,500	\$ 521,500	0
TOTAL	<u><u>\$ 93,933,304</u></u>	<u><u>\$ 93,892,234</u></u>	<u><u>\$ (1,150,480)</u></u>
FTE Positions	390.1	389.1	0.0
Non FTE Perm. Uncl. Pos.	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>
Total	<u><u>406.1</u></u>	<u><u>405.1</u></u>	<u><u>0.0</u></u>

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

Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$93,411,804 and 390.1 FTE positions. The request is an increase of \$211,266 or 0.2 percent from the revised FY 2005 estimate. The request includes EDIF operating grant expenditures of \$16,384,915, an increase of \$659,450 from the revised estimate and SGF expenditures of \$266,554, the same amount as FY 2005. The agency requests an enhancement package of \$662,729 and 1.0 FTE position funded from the EDIF. Absent the enhancement package, the agency's FY 2006 request of \$92,749,075 is a decrease of \$451,463 or 0.5 percent from the revised FY 2005 estimate.

The **Governor** recommends FY 2006 expenditures of \$93,370,734, including \$15,904,548 from the EDIF and \$231,885 from the SGF. The recommendation is an all funds decrease of \$41,070, an EDIF decrease of \$480,367, and an SGF decrease of \$34,669 from the agency request. The Governor does not recommend the agency's enhancement package of \$662,729 EDIF in the Trade Development Division. The Governor reduces the transfer from the EDIF to the Kansas Economic Opportunity Initiatives Fund (KEIOF) from \$3,225,000 to \$3,000,000 and eliminates the \$300,000 transfer from the Kansas Existing Industry Expansion Fund. These adjustments only affect agency revenues and are not reflected in expenditures. The recommendation also includes other adjustments totaling \$40,808 to other operating expenditures

4-6

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$440,211, including \$4,151 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 \$710,269, including \$6,724 from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$652,098), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$58,171) 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 \$34,669 or 13.0 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is a decrease of \$45,544, or 17.1 percent below the approved amount.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation.

House Budget Committee Report

Agency: Department of Commerce

Bill No. 2482

Bill Sec. 46

Analyst: Kannarr

Analysis Pg. No. Vol. II, pg. 1391

Budget Page No. 89

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 266,554	\$ 231,885	\$ 0
Other Funds	93,145,250	93,138,849	0
Subtotal - Operating	\$ 93,411,804	\$ 93,370,734	\$ 0
Capital Improvements:			
State General Fund	\$ 0		\$ 0
Other Funds	521,500	521,500	0
Subtotal - Cap. Impr.	\$ 521,500	\$ 521,500	\$ 0
TOTAL	\$ 93,933,304	\$ 93,892,234	\$ 0
FTE Positions			
FTE Positions	390.1	389.1	0.0
Non FTE Perm. Uncl. Pos.	16.0	16.0	0.0
Total	406.1	405.1	0.0

Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$93,411,804 and 390.1 FTE positions. The request is an increase of \$211,266 or 0.2 percent from the revised FY 2005 estimate. The request includes EDIF operating grant expenditures of \$16,384,915, an increase of \$659,450 from the revised estimate and SGF expenditures of \$266,554, the same amount as FY 2005. The agency requests an enhancement package of \$662,729 and 1.0 FTE position funded from the EDIF. Absent the enhancement package, the agency's FY 2006 request of \$92,749,075 is a decrease of \$451,463 or 0.5 percent from the revised FY 2005 estimate.

The **Governor** recommends FY 2006 expenditures of \$93,370,734, including \$15,904,548 from the EDIF and \$231,885 from the SGF. The recommendation is an all funds decrease of \$41,070, an EDIF decrease of \$480,367, and an SGF decrease of \$34,669 from the agency request. The Governor does not recommend the agency's enhancement package of \$662,729 EDIF in the Trade Development Division. The Governor reduces the transfer from the EDIF to the Kansas Economic Opportunity Initiatives Fund (KEIOF) from \$3,225,000 to \$3,000,000 and eliminates the \$300,000 transfer from the Kansas Existing Industry Expansion Fund. These adjustments only affect agency revenues and are not reflected in expenditures. The recommendation also includes other adjustments totaling \$40,808 to other operating expenditures.

4-8

House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$231,885, a decrease of \$34,669 or 13.0 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$4,151), the 27th payroll period (\$6,149), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$575), the recommendation is a decrease of \$45,544, or 17.1 percent below the approved amount.
2. The Budget Committee notes the new State Brand and Image campaign and supports the continuation of the existing effort.

Senate Subcommittee Report

Agency: Kansas Technology
Enterprise Corporation

Bill No. --

Bill Sec. --

Analyst: Kannarr

Analysis Pg. No. Vol. 2, pg. 1411

Budget Page No. 295

Expenditure Summary	Agency Estimate FY 2005	Governor's Recommendation FY 2005	Senate Subcommittee Adjustments
Operating Expenditures:			
Economic Development Initiatives Fund (EDIF)	\$ 11,951,927	\$ 11,823,383	\$ 0
Other Funds	3,147,307	3,139,102	0
TOTAL	\$ 15,099,234	\$ 14,962,485	\$ 0
FTE Positions	28.8	28.8	0.0
Non FTE Perm. Uncl. Pos.	2.0	2.0	0.0
Total	30.8	30.8	0.0

Agency Estimate/Governor's Recommendation

The **agency's** revised estimate for FY 2005 is \$15,099,234 including \$11,951,927 from the EDIF. The revised estimate is an increase of \$452,518 or 3.1 percent above the amount approved by the 2004 Legislature. The estimate includes a reappropriation from the EDIF of \$461,710.

The **Governor** recommends current year expenditures of \$14,962,485, including \$11,823,383 from the EDIF. The recommendation is an all funds increase of \$315,769, or 2.2 percent, and an EDIF increase of \$333,166, or 2.9 percent, above the approved budget. The recommendation is an all funds decrease of \$136,749, or 0.9 percent, and an EDIF decrease of \$128,544, or 1.1 percent, below the agency's revised estimate.

Senate Subcommittee Recommendation

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

1. **Shrinkage Adjustment.** The Subcommittee notes that the Governor's recommendation includes a reduction of \$136,7149, including \$128,544 from the Economic Development Initiatives Fund to reflect a 7.0 percent shrinkage rate on the agency. Neither the FY 2005 approved budget nor the agency's revised estimate included shrinkage. The result is that the agency is now expected to

arrived at a 7.0 percent shrinkage rate in the short time that remains in the current fiscal year which will cause significant operational problems for the agency.

The Subcommittee was informed that in order to accommodate the recommendation, KTEC will have to forgo the hiring of a critical position intended to expedite the commercialization of life science research and support the fledgling bioscience initiative. The agency reports that it has been in discussion with this particularly qualified individual for some time and was expecting to announce the hiring in March. Because the shrinkage rate will carry forward into FY 2006, the agency is unsure when or if it will be able to hire this individual. The Subcommittee received information that the individual being considered lives in Kansas and has very particular qualifications for the position including 15 years of high-level scientific and commercialization experience in pharmaceuticals and bioscience. The individual has widely recognized expertise in expediting and facilitating commercialization in the biosciences with an understanding of all aspects of the business in addition to scientific knowledge and is well connected to local, national and international resources. Further, the agency indicated that this individual's capabilities are exactly what it would seek if we had to go out and search the industry for someone who could fill the specified role.

The Subcommittee does not support the unanticipated inclusion of shrinkage funding and recommends a review at Omnibus to determine if it is possible to restore some or all of the shrinkage reduction and allow the agency to move forward with the hiring of this position.

Senate Committee Recommendation

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

1. Add \$125,000 from the EDIF to offset the shrinkage reduction recommended by the Governor and discussed in Item 1 of the Subcommittee recommendation.
2. Add the following language regarding the FY 2005 budget:

KTEC receives approximately 79 percent of its funding from the EDIF with the remainder being federal funds to support the Mid-America Manufacturing Technology Center. Beginning in FY 2005 and continuing into FY 2006, the agency –

- Played an integral role in the development and implementation of the Kansas Bioscience Authority.
 - Implemented the Angel Investment Tax Credit program passed by the 2004 Legislature.
-
-

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation

Bill No. 2480

Bill Sec. 22

Analyst: Kannarr

Analysis Pg. No. Vol. II, pg. 1411

Budget Page No. 295

<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:			
Economic Development Initiatives Fund (EDIF)	\$ 11,951,927	\$ 11,823,383	\$ 0
Other Funds	<u>3,147,307</u>	<u>3,139,102</u>	<u>0</u>
TOTAL	<u>\$ 15,099,234</u>	<u>\$ 14,962,485</u>	<u>\$ 0</u>
FTE Positions	28.8	28.8	0.0
Non FTE Perm. Uncl. Pos.	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>
Total	<u>30.8</u>	<u>30.8</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** revised estimate for FY 2005 is \$15,099,234 including \$11,951,927 from the EDIF. The revised estimate is an increase of \$452,518 or 3.1 percent above the amount approved by the 2004 Legislature. The estimate includes a reappropriation from the EDIF of \$461,710.

The **Governor** recommends current year expenditures of \$14,962,485, including \$11,823,383 from the EDIF. The recommendation is an all funds increase of \$315,769, or 2.2 percent, and an EDIF increase of \$333,166, or 2.9 percent, above the approved budget. The recommendation is an all funds decrease of \$136,749, or 0.9 percent, and an EDIF decrease of \$128,544, or 1.1 percent, below the agency's revised estimate.

House Budget Committee Recommendation

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

4-12

Senate Subcommittee Report

Agency: Kansas Technology
Enterprise Corporation

Bill No. 270

Bill Sec. 48

Analyst: Kannarr

Analysis Pg. No. Vol. 2, pg. 1411

Budget Page No. 295

Expenditure Summary	Agency Request FY 2006	Governor's Recommendation FY 2006	Senate Subcommittee Adjustments
Operating Expenditures:			
Economic Development Initiatives Fund (EDIF)	\$ 12,445,588	\$ 11,911,056	\$ (111,858)
Other Funds	<u>3,081,456</u>	<u>3,080,777</u>	<u>(3,408)</u>
TOTAL	<u><u>\$ 15,527,044</u></u>	<u><u>\$ 14,991,833</u></u>	<u><u>\$ (115,266)</u></u>
FTE Positions	28.8	28.8	0.0
Non FTE Perm. Uncl. Pos.	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>
Total	<u><u>30.8</u></u>	<u><u>30.8</u></u>	<u><u>0.0</u></u>

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

Agency Estimate/Governor's Recommendation

The **agency** requests \$15,527,044 for operating expenditures in FY 2006, including \$12,445,588 from the EDIF. The request is an all funds increase of \$427,810 or 2.8 percent above the revised FY 2005 estimate and an EDIF increase of \$493,661 or 4.1 percent. The request includes an enhancement package of \$950,000 from the EDIF.

The **Governor** recommends FY 2006 expenditures of \$14,991,833, including \$11,911,056 from the EDIF. The recommendation is an all funds decrease of \$535,211, or 3.4 percent, and an EDIF decrease of \$534,532, or 4.3 percent, below the agency request. The recommendation includes \$435,755 from the EDIF to support commercialization efforts and \$115,266, including \$111,858 from the EDIF for salary plan adjustments.

Senate Subcommittee Recommendation

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

- 1. Pay Plan Adjustment.** Delete \$44,064 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.

4-13

- 2. **Other Salary and Wage Adjustments.** Delete \$71,202 to remove funding recommended by the Governor for the 27th payroll period (\$65,267), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$5,935) for later Committee consideration.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation.

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation

Bill No. 2482

Bill Sec. 48

Analyst: Kannarr

Analysis Pg. No. Vol. II, pg. 1411

Budget Page No. 295

<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:			
Economic Development Initiatives Fund (EDIF)	\$ 12,445,588	\$ 11,911,056	\$ 0
Other Funds	<u>3,081,456</u>	<u>3,080,777</u>	<u>0</u>
TOTAL	<u>\$ 15,527,044</u>	<u>\$ 14,991,833</u>	<u>\$ 0</u>
FTE Positions	28.8	28.8	0.0
Non FTE Perm. Uncl. Pos.	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>
Total	<u>30.8</u>	<u>30.8</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency** requests \$15,527,044 for operating expenditures in FY 2006, including \$12,445,588 from the EDIF. The request is an all funds increase of \$427,810 or 2.8 percent above the revised FY 2005 estimate and an EDIF increase of \$493,661 or 4.1 percent. The request includes an enhancement package of \$950,000 from the EDIF.

The **Governor** recommends FY 2006 expenditures of \$14,991,833, including \$11,911,056 from the EDIF. The recommendation is an all funds decrease of \$535,211, or 3.4 percent, and an EDIF decrease of \$534,532, or 4.3 percent, below the agency request. The

4-14

recommendation includes \$435,755 from the EDIF to support commercialization efforts and \$115,266, including \$111,858 from the EDIF for salary plan adjustments.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Kansas, Inc.

Bill No. --

Bill Sec. --

Analyst: Kannarr

Analysis Pg. No. Vol. II, 1423

Budget Page No. 255

Expenditure Summary	Agency Estimate FY 2005	Governor's Recommendation FY 2005	Senate Subcom- mittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Economic Development Initiatives Fund (EDIF)	315,906	315,906	0
Other Funds	231,316	231,316	0
TOTAL - Operating	\$ 547,222	\$ 547,222	\$ 0
FTE Positions	4.0	4.0	0.0
Non FTE Perm. Uncl. Pos.	1.0	1.0	0.0
Total	5.0	5.0	0.0

Agency Estimate/Governor's Recommendation

The **agency** estimates FY 2005 operating expenditures of \$547,222 , an increase of \$5,787 or 1.1 percent above the amount approved by the 2004 Legislature. The estimate includes EDIF expenditures of \$315,906 which is equal to the approved amount.

The **Governor** concurs with the agency's revised 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 recommendation with the following additions:

1. Add the following language regarding the FY 2005 budget:

Kansas, Inc. receives approximately 67 percent of its funding from the EDIF with the remainder being private and other funds the agency is required to raise to support its research agenda. Over the last year the agency has performed the following functions:

4-16

- Raised \$100,000 in FY 2005 to match \$100,000 EDIF appropriated by the 2004 Legislature to support and expanded research agenda
- Began groundwork for the Indicators of the Kansas Economy (IKE) project
- Performed research and made recommendations on the potential for creating a permanent film industry in Kansas in response to a request from the House Economic Development Committee in the 2004 Session.
- Took on new evaluation duties for the Bioscience Authority and the Center for Entrepreneurship.

House Budget Committee Report

Agency: Kansas, Inc.

Bill No. --

Bill Sec. --

Analyst: Kannarr

Analysis Pg. No. Vol. II, pg. 1423 **Budget Page No.** 256

Expenditure Summary	Agency Estimate FY 2005	Governor's Recommendation FY 2005	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Economic Development Initiatives Fund (EDIF)	315,906	315,906	0
Other Funds	231,316	231,316	0
TOTAL - Operating	\$ 547,222	\$ 547,222	\$ 0
FTE Positions	4.0	4.0	0.0
Non FTE Perm. Uncl. Pos.	1.0	1.0	0.0
Total	5.0	5.0	0.0

Agency Estimate/Governor's Recommendation

The **agency** estimates FY 2005 operating expenditures of \$547,222 , an increase of \$5,787 or 1.1 percent above the amount approved by the 2004 Legislature. The estimate includes EDIF expenditures of \$315,906 which is equal to the approved amount.

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

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Kansas, Inc.

Bill No. --

Bill Sec. --

Analyst: Kannarr

Analysis Pg. No. Vol. II, 1423

Budget Page No. 255

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 50,000	\$ 0	0
Economic Development Initiatives Fund (EDIF)	354,432	382,615	(14,086)
Other Funds	229,923	190,834	(10,911)
TOTAL - Operating	\$ 634,355	\$ 573,449	\$ (24,997)
FTE Positions	4.5	4.5	0.0
Non FTE Perm. Uncl. Pos.	1.0	1.0	0.0
Total	5.5	5.5	0.0

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

Agency Estimate/Governor's Recommendation

The **agency** requests operating expenditures of \$634,355 for FY 2006, an increase of \$87,133 or 15.9 percent above the revised FY 2005 estimate. The request includes EDIF expenditures of \$354,432, an increase of \$38,526 or 12.2 percent from the revised estimate. The agency requests an enhancement package of \$87,847 and 0.5 FTE including \$50,000 from the State General Fund and \$37,847 from the EDIF. The EDIF amount represents nearly all of the EDIF increase above FY 2005.

The **Governor** recommends operating expenditures of \$573,449, including \$382,615 from the EDIF. The recommendation is an all funds decrease of \$60,906, or 9.6 percent, and an EDIF increase of \$28,183, or 8.0 percent, above the agency request. The recommendation includes \$9,847 EDIF and 0.5 FTE positions for a portion of the agency enhancement request; \$24,997 all funds and \$14,086 EDIF for the recommended salary plan; and a shift from agency private funds to the EDIF to support research projects.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$9,579, 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.

4-18

2. **Other Salary and Wage Adjustments.** Delete \$15,418 to remove funding recommended by the Governor for the 27th payroll period (\$14,191), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$1,227) for later Committee consideration.
3. **Indicators of the Kansas Economy.** In addition to developing a proactive research agenda that identifies critical issues that will impact Kansas's economic future, Kansas, Inc. initiated the Indicators of the Kansas Economy (IKE) project that provides a set of variables to capture the current status and likely future direction of the state economy. Research on IKE, which began in July, is nearing completion and expected to be released March 1, 2005.
4. **Private Funding.** The Subcommittee congratulates Kansas, Inc.'s initiative on finding \$100,000 in funds from outside sources to match the \$100,000 appropriated by the 2004 Legislature to support an expanded research agenda. The Subcommittee believes it is important to find ways for private/public financing.

Senate Committee Recommendation

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

1. Add the following language to the Subcommittee Report regarding 2005 SB 260 which would abolish Kansas, Inc.:

It is the conclusion of this Subcommittee, after hearing testimony that this agency is in the process of "turning the corner". It is felt that the agency has not been given the full opportunity to perform because of legislative, statutory and fiscal restraints to complete its annual goals and mission.

The Subcommittee recommends that the full Senate look at the whole picture to see if the agency has really been "dealt a full deck" as it were and to understand its renewed commitment and vision, before it makes the decision to cease the operations of Kansas, Inc. A January 2001 Legislative Post Audit concluded that:

"Although Kansas, Inc. has produced a number of economic studies and has updated the State's economic development strategic plan several times since 1986, it hasn't been the key coordinating agency for economic development that was originally envisioned. Likely reasons include, the lack of statutory authority to direct the other agencies, a small staff and budget that limits the amount of evaluation work it can do, and a potential for conflict between its roles as evaluator and coordinator."

The Subcommittee recommends the Legislature examine the resources available and compare those resources with the duties assigned to or expected from the agency to determine whether the issues cited in the audit have changed. The Subcommittee feels this agency warrants a second consideration.

House Budget Committee Report

Agency: Kansas, Inc.

Bill No. 2482

Bill Sec. 47

Analyst: Kannarr

Analysis Pg. No. Vol. II, pg. 1423 Budget Page No. 255

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 50,000	\$ 0	0
Economic Development Initiatives Fund (EDIF)	354,432	382,615	0
Other Funds	229,923	190,834	0
TOTAL - Operating	\$ 634,355	\$ 573,449	\$ 0
FTE Positions	4.5	4.5	0.0
Non FTE Perm. Uncl. Pos.	1.0	1.0	0.0
Total	5.5	5.5	0.0

Agency Request/Governor's Recommendation

The **agency** requests operating expenditures of \$634,355 for FY 2006, an increase of \$87,133 or 15.9 percent above the revised FY 2005 estimate. The request includes EDIF expenditures of \$354,432, an increase of \$38,526 or 12.2 percent from the revised estimate. The agency requests an enhancement package of \$87,847 and 0.5 FTE including \$50,000 from the State General Fund and \$37,847 from the EDIF. The EDIF amount represents nearly all of the EDIF increase above FY 2005.

The **Governor** recommends operating expenditures of \$573,449, including \$382,615 from the EDIF. The recommendation is an all funds decrease of \$60,906, or 9.6 percent, and an EDIF increase of \$28,183, or 8.0 percent, above the agency request. The recommendation includes \$9,847 EDIF and 0.5 FTE positions for a portion of the agency enhancement request; \$24,997 all funds and \$14,086 EDIF for the recommended salary plan; and a shift from agency private funds to the EDIF to support research projects.

House Budget Committee Recommendation

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

1. The Budget Committee notes that the current Kansas, Inc. president has resigned effective March 31, 2005. The Board of Directors is currently conducting a search for the replacement. Kansas, Inc. statutes require a national search be conducted.

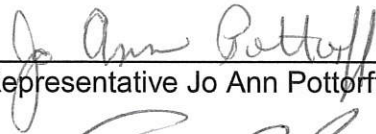
4-20

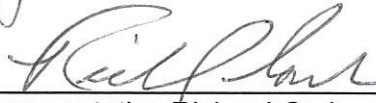
2. The Budget Committee notes that SB 260 is currently being discussed in the Senate. S.B. 260 would abolish Kansas, Inc. and distribute its duties to the Legislative Division of Post Audit, the Department of Commerce and the Department of Revenue.

House General Government and Commerce Budget Committee

FY 2005 and FY 2006

Commission on Veterans' Affairs


Representative Jo Ann Pottoff, Chairperson


Representative Richard Carlson


Representative David Huff


Representative Annie Kuether


Representative Harold Lane


Representative Scott Schwab


Representative Clark Shultz

HOUSE APPROPRIATIONS

DATE 3-08-2005

ATTACHMENT 5

Senate Subcommittee Report

Agency: Commission on Veterans' Affairs **Bill No.** SB 272

Bill Sec. 24

Analyst: VanHouse

Analysis Pg. No. Vol. II - 821

Budget Page No. 433

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures			
State General Fund	\$ 6,333,334	\$ 6,007,067	\$ 0
Other Funds	9,960,541	9,906,171	0
Subtotal – Operating	\$ 16,293,875	\$ 15,913,238	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	7,164,619	7,151,831	0
Subtotal – Capital Improvements	\$ 7,164,619	\$ 7,151,831	\$ 0
TOTAL	\$ 23,458,494	\$ 23,065,069	\$ 0
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	558.3	558.3	0.0

Agency Estimate/Governor's Recommendation

The Commission on Veterans' Affairs estimates operating expenditures of \$16,293,875 for FY 2005, including \$6,333,334 from the State General Fund. The estimate is an increase of \$252,852, or 1.6 percent, from the amount approved by the 2004 Legislature. The estimate includes supplemental requests totaling \$745,640, including \$620,670 from the State General Fund. The capital improvements estimate totals \$7,758,196.

The Governor recommends operating expenditures of \$15,913,238 for FY 2005, including \$6,007,067 from the State General Fund. The recommendation is an increase of \$273,822, or 4.8 percent, from the amount approved by the 2004 Legislature. The recommendation includes supplemental funding totaling \$293,822 from the State General Fund.

Senate Subcommittee Recommendation

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

- Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$273,822 or 4.8 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

2. The Subcommittee notes that the agency requested funding for the Persian Gulf War Health Initiative Board in FY 2005 and FY 2006, and that the Governor included funding for the board in FY 2005. This board is directed by statute to develop and administer surveys, make recommendations to the Legislature, report results to federal agencies, conduct studies, and make public service announcements on health problems. The agency reports that the board has not met for three years due to lack of funding. The one year of funding would allow the board to meet to determine if further work needs to be completed by the board or if it has completed its mission. Upon that determination, the Legislature should act to remove their statutory requirements or provide funding for continuation of the board.

Senate Committee Recommendation

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

1. The Committee notes that the recommendation includes supplemental funding of \$81,437 for the Veterans Services Program, \$7,385 for the Persian Gulf War Health Initiative Program, and \$205,000 for the Kansas Soldiers' Home.

Senate Recommendation

The Senate has not yet considered this budget.

House Budget Committee Report

Agency: Commission on Veterans' Affairs **Bill No.** HB 2480

Bill Sec. 24

Analyst: VanHouse

Analysis Pg. No. Vol. II - 821 **Budget Page No.** 433

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05	House Budget Committee Adjustments
Operating Expenditures			
State General Fund	\$ 6,333,334	\$ 6,007,067	\$ 0
Other Funds	9,960,541	9,906,171	0
Subtotal – Operating	\$ 16,293,875	\$ 15,913,238	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	0
Other Funds	7,164,619	7,151,831	0
Subtotal – Capital Improvements	\$ 7,164,619	\$ 7,151,831	\$ 0
TOTAL	\$ 23,458,494	\$ 23,065,069	\$0
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	558.3	558.3	0.0

Agency Estimate/Governor's Recommendation

The Commission on Veterans' Affairs estimates operating expenditures of \$16,293,875 for FY 2005, including \$6,333,334 from the State General Fund. The estimate is an increase of \$252,852, or 1.6 percent, from the amount approved by the 2004 Legislature. The estimate includes supplemental requests totaling \$745,640, including \$620,670 from the State General Fund. The capital improvements estimate totals \$7,758,196.

The Governor recommends operating expenditures of \$15,913,238 for FY 2005, including \$6,007,067 from the State General Fund. The recommendation is an increase of \$273,822, or 4.8 percent, from the amount approved by the 2004 Legislature. The recommendation includes supplemental funding totaling \$293,822 from the State General Fund.

House Budget Committee Recommendation

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

- 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 \$273,822 or 4.8 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

5-4

Senate Subcommittee Report

Agency: Commission on Veterans' Affairs **Bill No.** SB 270

Bill Sec. 50

Analyst: VanHouse

Analysis Pg. No. Vol. II - 821

Budget Page No. 433

Expenditure Summary	Agency Request FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments*
Operating Expenditures			
State General Fund	\$ 7,048,172	\$ 7,409,535	\$ (494,101)
Other Funds	10,497,939	10,334,774	(283,755)
Subtotal – Operating	\$ 17,546,111	\$ 17,744,309	\$ (777,856)
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	4,383,570	395,480	0
Subtotal – Capital Improvements	\$ 4,383,570	\$ 395,480	\$ 0
TOTAL	\$ 21,929,681	\$ 18,139,789	\$ (777,856)
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	558.3	558.3	0.0

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

Agency Request/Governor's Recommendation

The Commission on Veterans' Affairs requests operating expenditures of \$17,546,111 for FY 2006, including \$7,048,172 from the State General Fund. The request is an increase of \$1,252,236, or 7.7 percent, from the FY 2005 estimate. The request includes enhancement packages totaling \$1,502,159, including \$1,272,239 from the State General Fund. The capital improvements request totals \$4,383,570.

The Governor recommends operating expenditures of \$17,744,309 for FY 2006, including \$7,409,535 from the State General Fund. The recommendation is an increase of \$1,831,071, or 11.5 percent, from the FY 2005 recommendation. The recommendation includes enhancement packages totaling \$765,501 from the State General Fund. The capital improvements recommendation totals \$395,480.

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

5-5

or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$661,621.**

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$294,898, including \$189,290 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 \$482,958, including \$304,811 from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$444,576), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$38,382) 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 \$1,676,290 or 29.2 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is an increase of \$1,182,189, or 20.6 percent above the approved amount.
4. The Subcommittee notes that the Veterans' Service Representative offices in Lawrence, Independence, and Winfield are currently closed. The Lawrence and Winfield offices serve the largest two populations of veterans in the state. The Subcommittee concurs with the Governor's recommendation to include enhancement funding sufficient to fill the three vacant Veterans' Service Representative positions at these three locations.
5. The Subcommittee notes that funding for the Governor's recommended salary and wage adjustments (2.5 percent pay increase, 27th payroll period, and KPERs death and disability) includes approximately \$123,000 from fee funds and federal funds at the Kansas Veterans' Home. The agency also reported that shortfalls of about \$78,000 with the Aramark food contract and \$83,000 for pharmaceuticals may also be experienced at the Kansas Veterans' Home. The agency reported that revenue from fees and the federal government are relatively constant, and these two revenue sources are not anticipated to generate enough additional revenue to meet these additional expenditures. The Subcommittee notes that if the Governor's salary plan is approved, a supplemental appropriation of about \$284,000 may be necessary next year for these three items.
6. The agency reported that the estimated cost per day per patient is \$129.41 for nursing care and \$56.07 for assisted living at the Kansas Soldiers' Home and \$134.35 for nursing care and \$78.07 for assisted living at the Kansas Veterans' Home. Reimbursement rates from the federal Veterans Administration are \$59.36 per resident per day for nursing care and \$27.44 for assisted living. The agency also reports that approximately 25 percent of expenditures at the Homes is from the State General Fund, with approximately 37 percent from federal per diem and

38 percent from fees. Resident fees are determined based on the resident's ability to pay.

- The Subcommittee notes that funding for the Fort Riley cemetery was deleted by the Governor for FY 2006. The state does not yet hold deed to the land for the cemetery; however, plans are on schedule for the state to receive the property.

Senate Committee Recommendation

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

- The Committee recommends review of item five during Omnibus.

Senate Recommendation

The Senate has not yet considered this budget.

House Budget Committee Report

Agency: Commission on Veterans' Affairs **Bill No.** HB 2482

Bill Sec. 50

Analyst: VanHouse

Analysis Pg. No. Vol. II - 821

Budget Page No. 433

<u>Expenditure Summary</u>	<u>Agency Request FY 06</u>	<u>Gov. Rec. FY 06</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures			
State General Fund	\$ 7,048,172	\$ 7,409,535	\$ (41,000)
Other Funds	10,497,939	10,334,774	0
Subtotal – Operating	\$ 17,546,111	\$ 17,744,309	\$ (41,000)
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	4,383,570	395,480	0
Subtotal – Capital Improvements	\$ 4,383,570	\$ 395,480	\$ 0
TOTAL	\$ 21,929,681	\$ 18,139,789	\$ (41,000)
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	558.3	558.3	0.0

5-7

Agency Request/Governor's Recommendation

The Commission on Veterans' Affairs requests operating expenditures of \$17,546,111 for FY 2006, including \$7,048,172 from the State General Fund. The request is an increase of \$1,252,236, or 7.7 percent, from the FY 2005 estimate. The request includes enhancement packages totaling \$1,502,159, including \$1,272,239 from the State General Fund. The capital improvements request totals \$4,383,570.

The Governor recommends operating expenditures of \$17,744,309 for FY 2006, including \$7,409,535 from the State General Fund. The recommendation is an increase of \$1,831,071, or 11.5 percent, from the FY 2005 recommendation. The recommendation includes enhancement packages totaling \$765,501 from the State General Fund. The capital improvements recommendation totals \$395,480.

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 \$661,621.**

House Budget Committee Recommendation

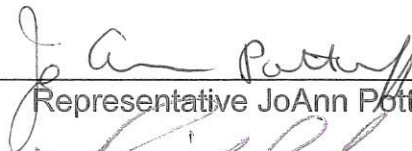
The Budget Committee concurs with the Governor's recommendation with the following comments.

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$7,409,535, an increase of \$1,676,290 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$294,898), the 27th payroll period (\$444,576), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$38,382), the recommendation is an increase of \$1,182,189, or 20.6 percent above the approved amount.
2. The Budget Committee recommends deleting \$41,000 from the State General Fund for vehicle purchases at the Kansas Soldiers' Home. The Budget Committee recommends that this item be reviewed during Omnibus.
3. The Budget Committee concurs with Governor's Budget Amendment No. 1, item 5, which is a technical correction of 0.2 FTE positions.

House General Government and Commerce
Budget Committee

FY 2005 • FY 2006 • FY 2007

Board of Barbering
Board of Cosmetology
Board of Mortuary Arts




Representative JoAnn Pottorf, Chair



Representative Richard Carlson



Representative David Huff



Representative Annie Kuether



Representative Harold Lane



Representative Scott Schwab

Representative Clark Shultz

HOUSE APPROPRIATIONS

DATE 3-08-2005
ATTACHMENT 6

Senate Subcommittee Report

Agency: Board of Barbering **Bill No. --** **Bill Sec. --**

Analyst: Cussimano **Analysis Pg. No.** Vol. III, 1525 **Budget Page No.** 475

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Board of Barbering Fee Fund	\$ 131,275	\$ 131,275	\$ 0
FTE Positions	1.5	1.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	2.0	2.0	0.0

Agency Estimate/Governor's Recommendation

The agency estimates operating expenditures of \$131,275 for FY 2005, the same amount approved by the 2004 Legislature.

The Governor concurs.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Board of Barbering **Bill No. - -** **Bill Sec. - -**

Analyst: Cussimano **Analysis Pg. No.** Vol. III -1525 **Budget Page No.** 475

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Board of Barbering Fee Fund	\$ 131,275	\$ 131,275	\$ 0
FTE Positions	1.5	1.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	2.0	2.0	0.0

Agency Estimate/Governor's Recommendation

The **agency** estimates operating expenditures of \$131,275 for FY 2005, the same amount approved by the 2004 Legislature.

The Governor concurs.

House Budget Committee Recommendation

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

Senate Subcommittee Report

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

Bill Sec. 5

Analyst: Cussimano

Analysis Pg. No. Vol. III, 1525

Budget Page No. 475

<u>Expenditure Summary</u>	<u>Agency Request FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>Senate Subcommittee Adjustments*</u>
Board of Barbering Fee Fund	\$ 131,638	\$ 136,808	\$ (5,170)
FTE Positions	1.5	1.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>

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

Agency Request/Governor's Recommendation

The **Board of Barbering** requests \$131,638 for FY 2006 operating expenditures. This is an increase of \$363 or 0.3 percent below the revised FY 2005 estimate.

The Governor recommends operating expenditures of \$136,808, an increase of \$5,533 or 4.2 percent above the FY 2005 recommendation. The recommendation is an increase of \$5,170 or 3.9 percent above the agency FY 2006 request.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$1,978, 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 \$3,192, none from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$2,932), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$260) for later Committee consideration.

House Budget Committee Report

Agency: Board of Barbering

Bill No. HB 2482

Bill Sec. 5

Analyst: Cussimano

Analysis Pg. No. Vol.III-1525

Budget Page No. 475

<u>Expenditure Summary</u>	<u>Agency Estimate FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Committee Adjustments</u>
Board of Barbering Fee Fund	\$ 131,638	\$ 136,808	\$ 0
FTE Positions	1.5	1.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency** requests \$131,638 for FY 2006 operating expenditures, an increase of \$363 or 0.3 percent above the revised FY 2005 estimate.

The **Governor** recommends operating expenditures of \$136,808, an increase of \$5,533 or 4.2 percent above the FY 2005 recommendation. The recommendation is an increase of \$5,170 or 3.9 percent above the agency FY 2006 request.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Board of Barbering

Bill No. SB 270

Bill Sec. 5

Analyst: Cussimanio

Analysis Pg. No. Vol. III, 1525

Budget Page No. 475

<u>Expenditure Summary</u>	<u>Agency Request FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>Senate Subcommittee Adjustments*</u>
Board of Barbering Fee Fund	\$ 132,525	\$ 134,698	\$ (2,173)
FTE Positions	1.5	1.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	2.0	2.0	0.0

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

Agency Request/Governor's Recommendation

The **Board of Barbering** requests \$132,525 for FY 2007 operating expenditures. This is an increase of \$887 or 0.7 percent below the revised FY 2006 request.

The Governor recommends operating expenditures of \$134,698, a decrease of \$2,110 or 1.5 percent below the Governor's FY 2006 recommendation. The recommendation is an increase of \$2,173 or 1.6 percent above the agency's FY 2007 request.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$1,913, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (the continuation of the 2.5 percent base salary adjustment for all state employees recommended in FY 2006) for consideration in a separate bill.
2. **Other Salary and Wage Adjustment.** Delete \$260, none of which is from the State General Fund, to remove funding recommended by the Governor for the Kansas Public Employees Retirement System (KPERs) death and disability increase for later Committee consideration.

House Budget Committee Report

Agency: Board of Barbering **Bill No.** HB 2482

Bill Sec. 5

Analyst: Cussimano **Analysis Pg. No.** Vol.III-1525

Budget Page No. 475

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Board of Barbering Fee Fund	\$ 132,525	\$ 134,698	\$ 0
FTE Positions	1.5	1.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency** requests \$132,525 for FY 2007 operating expenditures, an increase of \$887 or 0.7 percent above the revised FY 2006 request.

The **Governor** recommends operating expenditures of \$134,698, a decrease of \$2,110 or 1.5 percent below the FY 2006 recommendation. The recommendation is an increase of \$3,060 or 2.3 percent above the agency FY 2006 request.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Board of Cosmetology

Bill No. SB 272

Bill Sec. 8

Analyst: Cussimano

Analysis Pg. No. Vol. III, 1546

Budget Page No. 479

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments</u>
Board of Cosmetology Fee Fund	\$ 705,863	\$ 794,025	\$ 0
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>12.0</u>	<u>12.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The Kansas Board of Cosmetology estimates operating expenditures of \$705,863 for FY 2005. This is a decrease of \$17,011 or 2.4 percent from the amount approved by the 2004 Legislature.

The Governor recommends operating expenditures of \$794,025, an increase of \$71,151 or 9.8 percent from the amount approved by the 2004 Legislature. Included in the recommendation is an enhancement of \$130,000 for the purchase of a database program that was transferred from FY 2006.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Board of Cosmetology

Bill No. HB 2482

Bill Sec. 8

Analyst: Cussimano

Analysis Pg. No. Vol. III, 1546

Budget Page No. 479

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Board of Cosmetology Fee Fund	\$ 705,863	\$ 794,025	\$ (130,000)
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Estimate/Governor's Recommendation

The **agency** estimates operating expenditures of \$705,863 for FY 2005, a decrease of \$17,011 or 2.4 percent below the amount approved by the 2004 Legislature.

The **Governor** recommends operating expenditures of \$794,025, an increase of \$71,151 or 9.8 percent above the amount approved by the 2004 Legislature. The recommendation is an increase of \$88,162 or 1.2 percent above the agency FY 2005 estimate. Included in the recommendation is an enhancement of \$130,000 for the purchase of a computer licensing program. The recommendation includes reductions in operating expenditures and salaries and wages of \$41,838.

House Budget Committee Recommendation

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

1. Delete \$130,000 for the purchase of a computer licensing program for further review at *Omnibus*.

Senate Subcommittee Report

Agency: Board of Cosmetology

Bill No. SB 270

Bill Sec. 8

Analyst: Cussimanio

Analysis Pg. No.

Budget Page No. 479

Expenditure Summary	Agency FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments*
Board of Cosmetology Fee Fund	\$ 902,132	\$ 757,432	\$ (26,295)
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

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

Agency Request/Governor's Recommendation

The agency requests \$902,132 for FY 2006 operating expenditures. This is an increase of \$196,269 or 27.8 percent from the revised FY 2005 estimate. The request includes an enhancement package totaling \$166,000 for the purchase of three vehicles and a computer licensing program. The enhancement package is funded by KSIP funds and the agency's fee fund.

The Governor recommends operating expenditures of \$757,432, a decrease of \$36,593 or 4.6 percent from the revised FY 2005 estimate. The Governor recommends the enhancement package for the purchase of three vehicles (\$36,000) but recommends that the computer software purchase be transferred to FY 2005.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$10,085, 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 \$16,210, none of which is from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$14,940), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$1,270) for later Committee consideration.

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

House Budget Committee Report

Agency: Board of Cosmetology **Bill No.** HB 2482 **Bill Sec.** 8

Analyst: Cussimano **Analysis Pg. No.** Vol. III - 1546 **Budget Page No.** 479

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Board of Cosmetology Fee Fund	\$ 902,132	\$ 757,432	\$ (36,000)
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Estimate/Governor's Recommendation

The **agency** requests \$902,132 for FY 2006 operating expenditures, an increase of \$196,269 or 27.8 percent above the revised FY 2005 estimate. The agency requests enhancements totaling \$166,000 for the purchase of a new computer licensing program and the purchase of three vehicles. The agency requested \$50,000 from KSIP funds with \$80,000 from the Cosmetology Fee Fund to support the cost of the licensing program. The purchase of vehicles also would be funded by the Cosmetology Fee Fund.

The **Governor** recommends operating expenditures of \$757,432, a decrease of \$36,593 or 4.6 percent below the revised FY 2005 estimate. The recommendation is a decrease of \$144,700 or 16.0 percent below the agency revised FY 2006 request. The Governor recommends the enhancement package for the purchase of three vehicles but recommends that the computer software purchase be made in FY 2005.

House Budget Committee Recommendation

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

1. Delete \$36,000 for the purchase of three vehicles for further review at *Omnibus*.

Senate Subcommittee Report

Agency: Board of Cosmetology

Bill No. SB 272

Bill Sec. 8

Analyst: Cussimano

Analysis Pg. No. Vol. III, 1546

Budget Page No. 479

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments*
Board of Cosmetology	\$ 730,884	\$ 688,848	\$ 0
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

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

Agency Request/Governor's Recommendation

The Kansas Board of Cosmetology requests \$730,884 for FY 2007 operating expenditures, a decrease of \$171,248 or 19.0 percent from the FY 2006 request. The agency requests enhancements of \$12,000 for the purchase of a vehicle.

The Governor recommends operating expenditures of \$688,848 for FY 2007, a decrease \$68,584 or 9.1 percent from the FY 2006 recommendation.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$9,689, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (the continuation of the 2.5 percent base salary adjustment for all state employees recommended in FY 2006) for consideration in a separate bill.
2. **Other Salary and Wage Adjustment.** Delete \$1,270, none of which is from the State General Fund, to remove funding recommended by the Governor for the Kansas Public Employees Retirement System (KPERs) death and disability increase for later Committee consideration.
3. The Subcommittee notes that the majority of fee boards that own vehicles, including the Kansas Board of Cosmetology, have included an enhancement request to purchase vehicles as replacements for high mileage currently owned vehicles. The Subcommittee recommends the agency do a cost analysis of a long-term lease versus the purchase of vehicles. The cost analysis should

include associated costs, specifically insurance and maintenance costs. The Subcommittee notes that the current state contract with Enterprise limits the agency to a four week contract and notes that the state contract expires on October 30, 2006. Additionally, the Subcommittee recommends the agency do a needs analysis to determine an internal rotation cycle that would allow for the most efficient use of all vehicles within the agency's fleet.

House Budget Committee Report

Agency: Board of Cosmetology **Bill No.** HB 2482 **Bill Sec.** 8
Analyst: Cussimanio **Analysis Pg. No.** Vol. III - 1546 **Budget Page No.** 479

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Board of Cosmetology Fee Fund	\$ 730,884	\$ 688,848	\$ 0
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Estimate/Governor's Recommendation

The **agency** requests \$730,884 for FY 2007 operating expenditures, a decrease of \$171,248 or 19.0 percent below the FY 2006 request. The decrease can be attributed to the exclusion of the cost of a new computer licensing program and three vehicles which were requested in FY 2006. The agency requests enhancements of \$12,000 for the purchase of a vehicle.

The **Governor** recommends operating expenditures of \$688,848 for FY 2007, a decrease \$68,584 or 9.1 percent below the FY 2006 recommendation. The recommendation is a decrease of \$42,036 or 5.8 percent below the agency's FY 2007 request. The Governor did not recommend the enhancement package.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Board of Mortuary Arts

Bill No. SB 270

Bill Sec. 11

Analyst: Cussimano

Analysis Pg. No.

Budget Page No. 491

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments</u>
Board of Mortuary Arts Fee Fund	\$ 247,191	\$ 247,191	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **Board of Mortuary Arts** estimates operating expenditures of \$247,971, an increase of \$10,000 or 4.2 percent above the amount approved by the 2004 Legislature. KSIP funds of \$10,000 are requested to update and replace computer hardware and software.

The Governor concurs.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

6-15

House Budget Committee Report

Agency: Board of Mortuary Arts

Bill No. 270

Bill Sec. 11

Analyst: Cussimano

Analysis Pg. No. Vol. III - 1618

Budget Page No. 491

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Board of Mortuary Arts	\$ 247,971	\$ 247,971	\$ 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** estimates operating expenditures of \$247,971 which is an increase of \$10,000 or 4.2 percent above the amount approved by the 2004 Legislature. KSIP funds of \$10,000 are requested to update and replace computer hardware and software.

The Governor concurs.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Board of Mortuary Arts

Bill No. SB 272

Bill Sec. 11

Analyst: Cussimano

Analysis Pg. No. Vol. III, 1618

Budget Page No. 491

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments*
Board of Mortuary Arts Fee Fund	\$ 240,445	\$ 250,154	\$ (9,709)
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 plan adjustments.

Agency Request/Governor's Recommendation

The **Board of Mortuary Arts** requests \$240,445 for FY 2006 operating expenditures, a decrease of \$7,526 or 3.0 percent below the revised FY 2005 estimate.

The Governor recommends FY 2006 operating expenditures of \$250,154, an increase of \$2,183 or 0.9 percent above the FY 2005 recommendation. The recommendation is an increase of \$9,709 or 4.0 percent above the agency revised FY 2005 request.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$3,713, 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 \$5,996, none of which is from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$3,713), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$492) for later Committee consideration.

6-17

House Budget Committee Report

Agency: Board of Mortuary Arts

Bill No. HB 2482

Bill Sec. 11

Analyst: Cussimano

Analysis Pg. No. Vol. III - 1618

Budget Page No. 491

<u>Expenditure Summary</u>	<u>Agency Estimate FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Committee Adjustments</u>
Board of Mortuary Arts	\$ 240,445	\$ 250,154	\$ 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** requests \$240,445 for FY 2006 operating expenditures, a decrease of \$7,526 or 3.0 percent below the revised FY 2005 estimate. As of January 1, 2006, a fee increase will be instituted due to a declining fee fund balance.

The **Governor** recommends FY 2006 operating expenditures of \$250,154, an increase of \$2,183 or 0.9 percent above the FY 2005 recommendation. The recommendation is an increase of \$9,709 or 4.0 percent above the agency revised FY 2005 request. Increases are due to a 2.5 percent base salary adjustment, the KPERS death and disability rate increase and the 27th paycheck.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Board of Mortuary Arts

Bill No. SB 272

Bill Sec. 11

Analyst: Cussimanio

Analysis Pg. No. Vol. III, 1618

Budget Page No. 491

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments*
Board of Mortuary Arts Fee Fund	\$ 255,852	\$ 249,326	\$ (4,051)
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 plan adjustments.

Agency Request/Governor's Recommendation

The **Board of Mortuary Arts** requests \$255,852 for FY 2007 operating expenditures, an increase of \$15,407 or 6.4 percent from the revised FY 2006 estimate. An enhancement package of \$10,577 is requested for the purchase of a vehicle.

The Governor recommends FY 2007 operating expenditures of \$249,326, a decrease of \$828 or 0.3 percent from the FY 2006 recommendation. The recommendation is a decrease of \$6,526 or 2.6 percent from the agency revised FY 2006 request. The Governor did not recommend the enhancement.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$3,559, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (the continuation of the 2.5 percent base salary adjustment for all state employees recommended in FY 2006) for consideration in a separate bill.
2. **Other Salary and Wage Adjustment.** Delete \$492, none of which is from the State General Fund, to remove funding recommended by the Governor for the Kansas Public Employees Retirement System (KPERs) death and disability increase for later Committee consideration.
3. The Subcommittee notes the agency's enhancement request to purchase one vehicle, which the Governor did not recommend. The Subcommittee recommends the agency do a cost analysis of a long-term lease versus the purchase

6-19

of vehicles prior to requesting vehicle purchases in the future. The cost analysis should include associated costs, specifically insurance and maintenance costs. The Subcommittee notes that the current state contract with Enterprise limits the agency to a four week contract and notes that the state contract expires on October 30, 2006. Additionally, the Subcommittee recommends the agency do a needs analysis to determine an internal rotation cycle that would allow for the most efficient use of all vehicles within the agency's fleet.

House Budget Committee Report

Agency: Board of Mortuary Arts **Bill No.** HB 2482 **Bill Sec.** 11

Analyst: Cussimanio **Analysis Pg. No.** Vol. III - 1618 **Budget Page No.** 491

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Board of Mortuary Arts Fee Fund	\$ 255,852	\$ 249,326	\$ 0
FTE Positions	3.0	3.0	3.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>

Agency Estimate/Governor's Recommendation

The **agency** requests \$255,852 for FY 2007 operating expenditures, an increase of \$15,407 or 6.4 percent above the revised FY 2006 estimate. An enhancement package of \$10,577 is requested for the purchase of a vehicle.

The Governor recommends FY 2007 operating expenditures of \$249,326, a decrease of \$828 or 0.3 percent below the FY 2006 recommendation. The recommendation is a decrease of \$6,526 or 2.6 percent below the agency revised FY 2006 request. The Governor did not recommend the enhancement.

House Budget Committee Recommendation

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

6-20

**HOUSE
REVENUE, JUDICIAL, TRANSPORTATION, & RETIREMENT
BUDGET COMMITTEE**

**FY 2005 • FY 2006 • FY 2007
Subcommittee Reports**

Kansas Board of Accountancy



Representative Bill McCreary, Chair



Representative Eric Carter



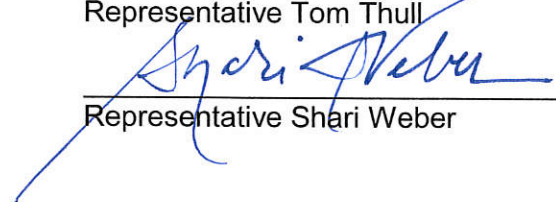
Representative Doug Gatewood



Representative John Grange



Representative Tom Thull



Representative Shari Weber

Representative Michael O'Neal

HOUSE APPROPRIATIONS

DATE 3-08-2005
ATTACHMENT 7

Senate Budget Committee Report

Agency: Board of Accountancy

Bill No. --

Bill Sec. --

Analyst: Cussimano

Analysis Pg. No. Vol. III, 1493

Budget Page No. 471

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
Board of Accountancy	\$ 263,057	\$ 264,809	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **Board of Accountancy** estimates \$263,057 for FY 2005 operating expenditures, an increase of \$11,363 or 4.5 percent above the amount approved by the 2004 Legislature. The estimate includes an enhancement package of \$3,000 for salaries and wages. The agency expended \$6,387 in KSIP funds for technology and equipment.

The Governor recommends \$264,809 for FY 2005, an increase of \$15,862 or 6.4 percent above the amount approved by the 2004 Legislature. The recommendation is an increase of \$1,752 or 0.7 percent above the agency's FY 2005 revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Board of Accountancy

Bill No. - -

Bill Sec. - -

Analyst: Cussimano

Analysis Pg. No. Vol. III - 1493

Budget Page No. 471

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Board of Accountancy	\$ 263,057	\$ 264,809	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The Board of Accountancy estimates \$263,057 for FY 2005 operating expenditures, an increase of \$20,767 or 8.6 percent. The revised estimate includes an increase in salary and wages of \$3,000 for Executive Director's pay increase. The agency expended \$6,387 in KSIP funds for technology and equipment.

The Governor recommends operating expenditures of \$264,809, an increase of \$15,862 or 6.4 percent above the amount approved by the 2004 Legislature.

House Budget Committee Recommendation

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

Senate Budget Committee Report

Agency: Board of Accountancy

Bill No. SB 270

Bill Sec. 3

Analyst: Cussimano

Analysis Pg. No. Vol. III, 1493

Budget Page No. 471

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments*
Board of Accountancy	\$ 270,998	\$ 280,241	\$ (5,788)
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

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

Agency Request/Governor Recommendation

The **Board of Accountancy** requests \$270,998 for FY 2006 operating expenditures, an increase of \$7,941 or 3.0 percent above the FY 2005 estimate. Included in the request is an enhancement package of \$3,000 for an increase in salaries and wages. Absent the enhancement package, the estimate is an increase of \$4,941 or 1.9 percent above the FY 2005 revised estimate.

The Governor recommends \$280,241 in FY 2006 operating expenditures, an increase of \$15,432 or 5.8 percent above the Governor's FY 2005 recommendation. The recommendation is an increase of \$9,243 or 3.4 percent above the agency's FY 2006 revised estimate.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$421, 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 \$5,367, none from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$4,930), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$437) for later Committee consideration.
3. The Subcommittee notes the agency requested the creation of a special litigation fund with a limit of up to \$300,000 and that the agency intends to transfer \$15,000 in to the fund in FY 2006. The Subcommittee recommends that this fund be strictly limited to litigation in those cases where the agency did not specifically budget for a case.

House Budget Committee Report

Agency: Board of Accountancy

Bill No. HB 2482

Bill Sec. 3

Analyst: Cussimano

Analysis Pg. No. Vol. III-1493

Budget Page No. 471

<u>Expenditure Summary</u>	<u>Agency Request FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Committee Adjustments</u>
Board of Accountancy	\$ 270,998	\$ 280,241	\$ 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 Recommendation

The **Board of Accountancy** requests \$270,998 for FY 2006 operating expenditures, an increase of \$7,941 or 3.0 percent above the FY 2005 estimate. Included in the request is an enhancement package of \$3,000 for an increase in salaries and wages. Absent the enhancement package, the estimate is an increase of \$4,941 or 1.9 percent above the FY 2005 revised estimate.

The Governor recommends \$280,241 in FY 2006 operating expenditures, an increase of \$15,432 or 5.8 percent above the Governor's FY 2005 recommendation. The recommendation is an increase of \$9,243 or 3.4 percent above the agency's FY 2006 revised estimate.

House Budget Committee Recommendation

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

1. The Budget Committee notes that it has taken nine years for the Executive Director to attain compensation that is comparable to others in her position.

7-5

Senate Budget Committee Report

Agency: Board of Accountancy

Bill No. SB 270

Bill Sec. 3

Analyst: Cussimano

Analysis Pg. No. Vol. III, 1493

Budget Page No. 471

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments*
Board of Accountancy	\$ 273,199	\$ 278,503	\$ (3,737)
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 plan increases.

Agency Request/Governor's Recommendation

The **Board of Accountancy** requests \$273,199 for FY 2007 operating expenditures. This is an increase of \$2,201 or 0.8 percent above the FY 2006 estimate. Included in the request is an enhancement package of \$3,000 for an increase in salaries and wages. Absent the enhancement package, the request is a decrease of \$799 or 0.3 percent below the FY 2006 revised estimate.

The Governor recommends FY 2007 operating expenditures of \$278,503, a decrease of \$1,738 or 0.6 percent below the FY 2006 recommendation. The recommendation is an increase of \$5,304 or 1.9 percent above the agency's FY 2007 revised estimate.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$3,300, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (the continuation of the 2.5 percent base salary adjustment for all state employees recommended in FY 2006) for consideration in a separate bill.
2. **Other Salary and Wage Adjustment.** Delete \$437, none of which is from the State General Fund, to remove funding recommended by the Governor for the Kansas Public Employees Retirement System (KPERs) death and disability increase for later Committee consideration.
3. The Subcommittee notes the agency requested the creation of a special litigation fund with a limit of up to \$300,000. The Subcommittee recommends that this fund be strictly limited to litigation in those cases where the agency did not specifically budget for a case.

House Budget Committee Report

Agency: Board of Accountancy

Bill No. HB 2482

Bill Sec. 3

Analyst: Cussimano

Analysis Pg. No. Vol. III-1493

Budget Page No. 471

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Adjustments
Board of Accountancy	\$ 273,199	\$ 278,503	\$ 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 **Board of Accountancy** requests \$273,199 for FY 2007 operating expenditures. This is an increase of \$2,201 or 0.8 percent above the FY 2006 estimate. Included in the request is an enhancement package of \$3,000 for an increase in salaries and wages. Absent the enhancement package, the request is a decrease of \$799 or 0.3 percent below the FY 2006 revised estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$278,503, a decrease of \$1,738 or 0.6 percent below the FY 2006 recommendation. The recommendation is an increase of \$5,304 or 1.9 percent above the agency's FY 2007 revised estimate.

House Budget Committee Recommendation

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

1. The Budget Committee notes that it has taken nine years for the Executive Director to attain compensation that is comparable to others in her position.