

Approved: March 22, 2005  
Date

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on February 14, 2005 in Room 123-S of the Capitol.

All members were present except:  
Senator Chris Steineger- excused

Committee staff present:  
Jill Wolters, Senior Assistant, Revisor of Statutes  
Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
Michelle Alishahi, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Debra Hollon, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Carolyn Rampey, Kansas Legislative Research Department  
Matt Spurgin, Kansas Legislative Research Department  
Judy Bromich, Administrative Analyst  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:  
None

Others attending:  
See attached list.

Senator Teichman moved, with a second by Senator Barone, to approve the minutes for the meetings of January 27, January 31, 2005 and February 3, 2005. Motion carried on a voice vote.

Chairman Umbarger referred the following bills to the KPERS Issues Subcommittee:

**SB 236--KPERS, postretirement benefit adjustment of 3% for retirants who retired prior to July 1, 2004**

**SB 237--Retirant dividend payment to certain KPERS retirants**

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2005 and FY 2006 were available to the committee.

**Subcommittee budget reports on:**

### **SENATE SUBCOMMITTEE ON HIGHER EDUCATION (Attachment 1) Postsecondary Education Systemwide**

Subcommittee Chairman Stephen Morris reported that the subcommittee on Postsecondary Education Systemwide concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

### **Kansas Board of Regents**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the Kansas Board of Regents concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with notations and adjustments.

## CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on February 14, 2005 in Room 123-S of the Capitol.

Senator Teichman presented a Minority Report to the subcommittee budget report regarding the Kansas Board of Regents for FY 2005 and FY 2006.

Senator Teichman moved, with a second by Senator Barone, to amend the Subcommittee budget report for the Kansas Board of Regents in FY 2006 to increase the \$2 million to \$3.2 million to off-set the out-district tuition to include Washburn University. Motion carried on a voice vote.

### **University of Kansas**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the University of Kansas concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

### **University of Kansas Medical Center**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the University of Kansas Medical Center concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

### **Kansas State University**

Subcommittee Chairman Stephen Morris reported that the subcommittee on Kansas State University concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

### **Kansas State University Veterinary Medical Center**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the Kansas State University Veterinary Medical Center concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

### **Kansas State University Extension Systems and Agriculture Research Program**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the Kansas State University Extension Systems and Agriculture Research Program concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

### **Wichita State University**

Subcommittee Chairman Stephen Morris reported that the subcommittee on Wichita State University concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

### **Emporia State University**

Subcommittee Chairman Stephen Morris reported that the subcommittee on Emporia State University concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

### **Fort Hays State University**

Subcommittee Chairman Stephen Morris reported that the subcommittee on Fort Hays State University concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

## CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on February 14, 2005 in Room 123-S of the Capitol.

### **Pittsburg State University**

Subcommittee Chairman Stephen Morris reported that the subcommittee on Pittsburg State University concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with adjustments and notations.

Senator Morris moved, with a second by Senator Barone, to adopt the subcommittee budget report on the Senate Subcommittee on Higher Education in FY 2005 and FY 2006 as amended. Motion carried on a voice vote.

### **SENATE WAYS AND MEANS SUBCOMMITTEE ON LEGISLATIVE AND ELECTED OFFICIALS (Attachment 2)**

#### **Governor's Department**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the Governor's Department concurs with the Governor's recommendation in FY 2005 with observation and concurs with the Governor's FY 2006 recommendations with adjustments and observations.

#### **Lieutenant Governor's Department**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the Lieutenant Governor concurs with the Governor's recommendation in FY 2005 with observation and concurs with the Governor's FY 2006 recommendations with adjustments and observations.

#### **Secretary of State**

Subcommittee Chairman Stephen Morris reported that the subcommittee on Secretary of State concurs with the Governor's recommendation in FY 2005 with observations and concurs with the Governor's FY 2006 recommendations with adjustments and observations.

#### **State Insurance Department**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the State Insurance Department concurs with the Governor's recommendation in FY 2005 with an adjustment and concurs with the Governor's FY 2006 recommendations with adjustments.

#### **Healthcare Stabilization Fund Board of Governors**

Subcommittee Chairman Stephen Morris reported that the subcommittee on Healthcare Stabilization Fund Board of Governors concurs with the Governor's recommendation in FY 2005 and concurs with the Governor's FY 2006 recommendations with adjustments.

#### **State Treasurer**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the State Treasurer with the Governor's recommendation in FY 2005 and concurs with the Governor's FY 2006 recommendations with adjustments and observations.

#### **Attorney General**

Subcommittee Chairman Stephen Morris reported that the subcommittee on the Attorney General concurs with the Governor's recommendation in FY 2005 with observation (Attachment 3). Subcommittee Chairman Stephen Morris reported that the subcommittee on the Attorney General concurs with the Governor's recommendation in FY 2005 with notation and concurs with the Governor's FY 2006 recommendations with exceptions and observations (Attachment 4).

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on February 14, 2005 in Room 123-S of the Capitol.

Senator Betts presented a Minority Report to the subcommittee budget report on the Attorney General for FY 2006.

Senator Barone requested information from the Attorney General's office regarding the status of the Colorado Water Litigation and Senator Wysong requested a history of the water litigation.

Senator Emler moved, with a second by Senator Taddiken, to adopt the subcommittee budget report on Legislative and Elected Officials in FY 2005 and FY 2006. Motion carried on a voice vote.

The meeting adjourned at 11:45 a.m. The next meeting is scheduled for February 15, 2005.



**SENATE WAYS AND MEANS  
GUEST LIST**

Date February 14, 2005

NAME	REPRESENTING
Doug Smith	Washburn University
Karen Hansen	AG
KEVIN GRAMM	AG
Judy Miller	UJIC
Jenni Rose	KACCT
Shirley Graham	KACCT
Jeff Wagaman	Treasurers
Beggy Nanna	Treasurer
Marv Burris	KBOR
Carolyn Muddendaf	Ks St Ns Area
Mary Carol Pordt	PSU
Sue Peterson	K-STATE
Mike Huttles	KOC
Joe Hicrup	K-state
Kristin Nulik	K-state
Crystal Pounds	FHSU
Kiley Eisenhour	FHSU
Mitchell Hall	FHSU
Debra Prideaux	FHSU
Dodie Wellshoan Johnson	Patrick Hueley & Co. (KAPP)
David & Monica	Washburn University
BOB HAYES	HCSF
Sony Zook	HCSF

SENATE WAYS AND MEANS  
GUEST LIST

Date 2-14-05


NAME	REPRESENTING
Terry Wells	KFD
Sabrina Wells	Insurance Department
Kos Mey	Helen Low Kim

# Senate Subcommittee on Higher Education

Postsecondary Education Systemwide  
Kansas Board of Regents  
University of Kansas  
University of Kansas Medical Center  
Kansas State University  
KSU - Veterinary Medical Center  
KSU - Extension Systems and Agriculture Research Program  
Wichita State University  
Emporia State University  
Fort Hays State University  
Pittsburg State University

  
\_\_\_\_\_  
Senator Stephen Morris, Chairperson

  
\_\_\_\_\_  
Senator Jim Barone

  
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Senator Jay Scott Emler

  
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Senator Jean Schodorf

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Senator Ruth Teichman

## Senate Subcommittee Report

**Agency:** Postsecondary Education  
Systemwide

**Bill No. ----**

**Bill Sec. ----**

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 109

**Budget Page No. - -**

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 706,453,078	\$ 705,894,376	\$ 0
Other Funds	1,123,016,290	1,122,936,326	0
TOTAL	<u>\$ 1,829,469,368</u>	<u>\$ 1,828,830,702</u>	<u>\$ 0</u>
FTE Positions	16,121.4	16,121.4	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>16,121.4</u>	<u>16,121.4</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The current year estimate of operating expenditures for the postsecondary education system is \$1.8 billion which is an increase of \$102.5 million (5.9 percent) from the approved budget. Of this amount, \$706.5 million is from the State General Fund which is an increase of \$990,804 (0.1 percent) from the approved budget. The SGF increase is due mainly to reappropriations from FY 2004 as well as a supplemental request of \$390,750 for the interest portion of debt service for the National Institute of Aviation Research equipment bond issue.

The **Governor** concurs with the revised estimate with the following adjustments:

- a shift of \$60,000 from the State Scholarship Program to the Comprehensive Grant Program;
- a lapse of \$558,702 from the Board of Regents' reappropriated State General Fund balances; and
- adjustments to special revenue fund estimates.

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$432,102 or 0.1 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

**Senate Subcommittee Report**

**Agency:** Postsecondary Education Systemwide

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 109

**Budget Page No.** - -

<u>Expenditure Summary</u>	<u>Agency Req. FY 06</u>	<u>Gov. Rec. FY 06</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 849,789,401	\$ 748,814,900	\$ (10,979,518)
Other Funds	1,097,411,250	1,095,120,646	(92,264)
<b>TOTAL</b>	<u><u>\$ 1,947,200,651</u></u>	<u><u>\$ 1,843,935,546</u></u>	<u><u>\$ (11,071,782)</u></u>
FTE Positions	16,127.4	16,121.4	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>16,127.4</u></u>	<u><u>16,121.4</u></u>	<u><u>0.0</u></u>

**Agency Request/Governor's Recommendation**

The FY 2006 operating request for the postsecondary education system is 1.9 billion which is an increase of \$117.7 million (6.4 percent) from the FY 2005 revised estimate. The request includes \$849.8 million from the State General Fund which is an increase of \$143.3 million (20.3 percent) from the FY 2005 revised estimate. The request includes:

- \$79.4 million SGF for full funding of the Higher Education Coordination Act;
- \$40.6 million SGF for an increase in the state university operating grants;
- \$17.4 million SGF for the 27<sup>th</sup> pay period;
- \$5.0 million SGF for full funding of the postsecondary aid formula for technical colleges;
- \$1.8 million SGF for increases in various student financial assistance programs;
- \$336,953 SGF and 6.0 FTE positions for additional staff and associated operating expenditures for the Board office;
- \$307,710 SGF for an increase in the state match for federal Adult Basic Education funding;
- \$242,000 SGF for an increase in the Regents Distinguished Professor stipends;
- \$227,169 SGF for operating expenditures of the Cheyenne Bottoms Education and Visitor Center;
- \$183,258 SGF for a salary increase for staff of the Board office;
- \$110,000 SGF to restore funding for the Regents Honors Academy;

- \$7,500 SGF for an increase in dues for the Midwest Higher Education Compact; and
- \$258,500 SGF for the interest portion of debt service for the National Institute for Aviation Research equipment bond issue.

The **Governor** recommends FY 2006 operating expenditures of \$1.8 billion which is an increase of \$15.1 million (0.8 percent) from the current year recommendation. The recommendation includes \$748.8 million from the State General Fund which is an increase of \$42.9 million (6.1 percent) from the FY 2005 recommendation. The recommendation includes:

- \$8.9 million for the second year of a three-year plan to fund the Higher Education Coordination Act at the original estimate;
- \$18.0 million SGF for an increase in the state university operating grant;
- \$13.1 million SGF for the 27<sup>th</sup> pay period;
- \$1.0 million SGF for an increase in the Comprehensive Grant Program;
- \$370,000 SGF for additional state funding for the Medical Loan Program;
- \$1.0 million SGF for an increase in the postsecondary aid formula for technical colleges; and
- \$43,950 (\$8,660 SGF) for the Governor's recommended pay plan for the Board office; and
- shifts from the Economic Development Initiatives Fund to the State General Fund of:
  - \$300,000 in the budget of KSU ESARP; and
  - \$2,000,000 for the Aviation Research Initiative in the budget of Wichita State University.

### Senate Subcommittee Recommendations

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

1. Add \$50,098 (\$49,284 SGF) to make a technical adjustment to more accurately reflect the Governor's recommended 2.5 percent base salary increase, KPERS Death and Disability rate increase, and 27<sup>th</sup> pay period for the Board office.
2. **Pay Plan Adjustment.** Delete \$94,048, including \$57,944 from the State General Fund, to remove pay plan funding recommended for the Board of Regents by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
3. **Other Salary and Wage Adjustments - Board of Regents.** Delete \$155,255, including \$98,281 from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$143,009), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$12,246) for later Committee consideration.



4. **Other Salary and Wage Adjustments - Universities.** Delete \$13.0 million from the State General Fund to remove funding recommended by the Governor for the 27<sup>th</sup> payroll period for later Committee consideration.

**Staff Note:** The Governor's recommendation did not include \$14.1 million in increased special revenue fund expenditures in the individual university budgets for the 27<sup>th</sup> payroll period. As a result, no adjustments are reflected in the university budgets.

5. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$43.4 million or 6.1 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is an increase of \$30.2 million, or 4.3 percent above the approved amount.

## Senate Subcommittee Report

**Agency:** Kansas Board of Regents

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 134

**Budget Page No.** 333

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 141,016,303	\$ 140,457,601	\$ 0
Other Funds	44,429,126	44,228,326	0
TOTAL	<u>\$ 185,445,429</u>	<u>\$ 184,685,927</u>	<u>\$ 0</u>
FTE Positions	56.5	56.5	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>56.5</u>	<u>56.5</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$185.4 million which is a net reduction of \$1.1 million (0.6 percent) from the approved budget. Of this amount, \$141.0 million is from the State General Fund which is a decrease of \$7.8 million (5.3 percent) from the approved budget. The reduction is due mainly to transfers to the individual institutions.

The **Governor's** recommends current year operating expenditures of \$184.7 million which is a decrease of \$1.8 million (1.0 percent) from the approved budget. Of this amount, \$140.5 million is from the State General Fund and is a decrease of \$8.4 million (5.6 percent) from the approved amount. The Governor concurs with the agency's estimate with the following adjustments:

- a shift of \$60,000 from the State Scholarship Program to the Comprehensive Grant Program;
- a lapse of \$558,702 from the agency's reappropriated State General Fund balances; and
- adjustments to special revenue fund estimates.

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund decrease of \$8.4 million or 5.6 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding the transfers to the universities, the recommendation is a State General Fund increase of \$650,189 above the approved budget.

**Senate Subcommittee Report**

**Agency:** Kansas Board of Regents

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 134

**Budget Page No.** 333

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 284,527,323	\$ 180,882,822	\$ (10,979,518)
Other Funds	<u>42,628,920</u>	<u>42,638,316</u>	<u>(92,264)</u>
TOTAL	<u>\$ 327,156,243</u>	<u>\$ 223,521,138</u>	<u>\$ (11,071,782)</u>
FTE Positions	62.5	56.5	0.0
Non-FTE Unclass. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>62.5</u>	<u>56.5</u>	<u>0.0</u>

**Agency Request/Governor's Recommendation**

The **agency** requests FY 2006 operating expenditures of \$327.2 million which is an increase of \$141.7 million (76.4 percent) from the FY 2005 revised estimate. The request includes \$284.5 million from the State General Fund which is an increase of \$143.5 million (101.8percent) from the FY 2005 revised estimate. The request includes:

- \$79.4 million SGF for full funding of the Higher Education Coordination Act;
- \$40.6 million SGF for an increase in the state university operating grants;
- \$17.4 million SGF for the 27<sup>th</sup> pay period;
- \$5.0 million SGF for full funding of the postsecondary aid formula for technical colleges;
- \$1.8 million SGF for increases in various student financial assistance programs;
- \$336,953 SGF and 6.0 FTE positions for additional staff and associated operating expenditures for the Board office;
- \$307,710 SGF for an increase in the state match for federal Adult Basic Education funding;
- \$242,000 SGF for an increase in the Regents Distinguished Professor stipends;
- \$227,169 SGF for operating expenditures of the Cheyenne Bottoms Education and Visitor Center;
- \$183,258 SGF for a salary increase for staff of the Board office;
- \$110,000 SGF to restore funding for the Regents Honors Academy; and

- \$7,500 SGF for an increase in dues for the Midwest Higher Education Compact.

The **Governor** recommends FY 2006 operating expenditures of \$223.5 million which is an increase of \$38.8 million (21.0 percent) from the current year recommendation. The recommendation includes \$180.9 million from the State General Fund which is an increase of \$40.4 million (28.8 percent) from the FY 2005 recommendation. The recommendation includes:

- \$8.9 million for the second year of a three-year plan to fund the Higher Education Coordination Act at the original estimate;
- \$18.0 million SGF for an increase in the state university operating grant;
- \$13.1 million SGF for the 27<sup>th</sup> pay period;
- \$1.0 million SGF for an increase in the Comprehensive Grant Program;
- \$1.0 million SGF for an increase in the postsecondary aid formula for technical colleges; and
- \$43,950 (\$8,660 SGF) for the Governor's recommended pay plan for the Board office.

### **Senate Subcommittee Recommendations**

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

1. Add \$50,098 (\$49,284 SGF) to make a technical adjustment to more accurately reflect the Governor's recommended 2.5 percent base salary increase, KPERS Death and Disability rate increase, and 27<sup>th</sup> pay period for the Board office.
2. **Pay Plan Adjustment.** Delete \$94,048, including \$57,944 from the State General Fund, to remove pay plan funding recommended for the Board of Regents by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
3. **Other Salary and Wage Adjustments - Board of Regents.** Delete \$155,255, including \$98,281 from the State General Fund, to remove funding recommended by the Governor for the 27<sup>th</sup> payroll period (\$143,009), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$12,246) for later Committee consideration.
4. **Other Salary and Wage Adjustments - Universities.** Delete \$13.0 million from the State General Fund to remove funding recommended by the Governor for the 27<sup>th</sup> payroll period for later Committee consideration.

**Staff Note:** The Governor's recommendation did not include \$14.1 million in increased special revenue fund expenditures in the individual university budgets for the 27<sup>th</sup> payroll period. As a result, no deletions are reflected in the university budgets.

5. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$32.0 million or 21.5 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 \$18.9 million, or 12.7 percent above the approved amount.

6. The Subcommittee notes that the universities are funded through a block grant mechanism rather than individual appropriation line items. Over the past several years, the Governor and the Legislature have either utilized or ignored the block grant in order to achieve maximum State General Fund savings. As a result, the universities endured reductions to their budgets as any other state agency, but did not receive additional funding for increased expenses such as health care costs which other agencies did receive. The Subcommittee believes that the funding for the universities should be treated as a true block grant. For that reason, the Subcommittee makes no reduction in the Governor's recommended block grant increase of \$18.0 million to remove the 2.5 percent salary increase or the KPERS death and disability rate increase as the universities would not be required to spend the block grant in this manner.
7. Add \$2,000,000 SGF to partially offset the \$3.1 million in lost revenue from out-district tuition at the community colleges and Washburn University. One of the provisions of the Higher Education Coordination Act was that the out-district tuition was to be phased out over four years. Only the first two years of the "buy down" were implemented.

FY 2006 is year two of the Governor's three-year plan to fund the Act at the original estimates. Legislation has been passed the last several sessions to delay the third year of the buy down due to a lack of overall funding for higher education. Given the Governor's FY 2005 and FY 2006 recommendation, the Subcommittee believes that the out-district tuition rate should be lowered to \$6 per credit hour this year. In addition, should the Governor continue funding of the Higher Education Coordination Act for FY 2007, the Subcommittee believes that out-district tuition should be eliminated entirely.

It is the Subcommittee's intent that this funding be disbursed proportionally based upon the amount of revenue that each institution receives from out-district tuition rather than being added to the funding formula. The formula is based on overall enrollment and, as a result, additional funds would not necessarily go to those institutions most affected by a reduction in out-district tuition revenue.

8. Add \$100,000 SGF for adult basic education. The Subcommittee notes that 7.1 percent of adult Kansans have a 9<sup>th</sup> to 12<sup>th</sup> grade education, but no diploma. In addition, 3.4 percent speak a language other than English at home. There is a three-to-one federal match for any state funding for this program, but there have been no increases in state funding in several years. The Subcommittee believes that the additional funding will eliminate at least a portion of the waiting lists for this important educational program.
9. Although the Subcommittee takes no action at this time, it notes a need for additional funding for the technical colleges and schools and recommends an interim study of the issue. Per the statutory formula, the state is to fund 85 percent of local costs of operations with the institution paying for the other 15 percent. This formula has not been fully funded in recent years. In addition, the Higher Education Coordination Act did not address a new funding mechanism for these institutions as it did for the community colleges and Washburn University. Compounding the situation, the technical colleges and schools have little or no other sources of revenue outside of state funding and student tuition. The Subcommittee commends Sedgwick County for its intent to utilize savings from reduced out-district tuition payments as a funding source for the Wichita Area Technical College.
10. The Subcommittee would like to commend the Board of Regents and the Legislature for their progress in the implementation of the block grant funding mechanism for the universities and would encourage similar cooperation on a review of the governance and oversight of the chief executive officers of the universities. This review should be conducted in an effort to insure consistency throughout the university system in the areas of commonly accepted business practices and appropriate management

principles, recognizing the fiduciary responsibility of all concerned to the citizens of Kansas. The Subcommittee recommends that this study be conducted during the 2005 interim by the Legislative Budget Committee and that it include a presentation of the findings of the Northwest Education Research Center (NORED) higher education financing study.

11. The Subcommittee commends the community colleges for the following achievements:

- An ever increasing demand for local campus and off campus offerings is being met. Courses and programs are being made available to assure the local and statewide needs are being met for traditional, non traditional and training/re-training students. As the economy revives, enrollments continue to be stable or increasing on community college campuses.
- With the implementation of Kansas 1<sup>st</sup> workforce development initiative, entrepreneurship is a strong focus for Kansas and community colleges continue to serve as points of entry for these new and developing businesses.
- The annual Phi Theta Kappa luncheon honored the top academic students from each Kansas Community College. Each student was recognized and his or her plans for the future announced.

12. The Subcommittee commends Washburn University for the following achievements:

- Full-time enrollment is at a record high. Two-thirds of Washburn's students are enrolled full time and 90 percent of its students are Kansans;
- The university has received a top ten ranking among all midwestern public master's level universities in U.S. News and World Report in each of the last four years; and
- Higher than anticipated sales tax revenue is being used to renovate Stoffer Science Hall to increase the number of qualified students to support the state's bioscience initiatives.

13. The Subcommittee commends the technical colleges for their pursuit of North Central Association accreditation. One intent behind the enactment of the Higher Education Coordination Act and the passage of additional legislation in 2003 which moved the technical colleges under independent governing boards was to provide for a seamless postsecondary system in Kansas. The accreditation process is a huge step toward that goal.



## Postsecondary Education Minority Report

The Higher Education Coordination Act (1999 SB 345) established a formula for state funding of community colleges and Washburn University. The funding was to be based upon the amount of State General Fund appropriations to the regional universities and the enrollment of the community colleges and Washburn University. The level of state support was to have increased over a four-year period, but only the first two years were fully funded.

Out-district tuition is paid by counties to the institutions at a per credit hour rate for residents of those counties who are students at the institutions. As the level of state support through the funding formula increased, the out-district tuition rate was to have decreased. Again, only the first two years of the decrease were implemented.

The statutory formula provides a disincentive for community colleges to increase enrollment as only a limited amount of funding is available to all of the colleges. A college could increase its enrollment, but actually receive a reduced level of funding because other colleges had higher increases. The formula should be revisited with the aim of providing a more equitable method of the distribution of funding.

The fact that the state has not fully funded the formula puts the community colleges and Washburn University into an even worse situation. For FY 2001, these institutions were to receive funding at a rate of 50 percent of State General Fund funding for lower division students at the regional universities. This ratio was to have increased over the course of four years to 65 percent. At the Governor's FY 2006 recommended funding level, the ratio is approximately 49 percent.

Out-district tuition is a vital source of income for these institutions. The decision not to delay the third year of the buy-down will have an economic impact on the colleges and quite possibly the residents of the counties in which they are located. Even with the funding added by the Subcommittee, there will be a reduction in funding for these institutions. An increase in local property taxes may be the only option these institutions have to maintain their program levels.



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Senator Ruth Teichman

## Senate Subcommittee Report

**Agency:** University of Kansas

**Bill No. ----**

**Bill Sec. ----**

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 160

**Budget Page No.** 429

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 135,996,035	\$ 135,996,035	\$ 0
Other Funds	321,009,686	321,009,686	0
TOTAL	<u>\$ 457,005,721</u>	<u>\$ 457,005,721</u>	<u>\$ 0</u>
FTE Positions	4,640.0	4,640.0	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>4,640.0</u>	<u>4,640.0</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency's** current year estimate is \$457.0 million which is an increase of \$199,761 from the approved budget. The agency estimates State General Fund expenditures of \$136.0 million which is an increase of \$1.3 million (1.0 percent) from the approved budget and due mainly to transfers from the Board of Regents.

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

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$1.3 million or 1.0 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding transfers from the Board of Regents, the recommendation is a State General Fund decrease of \$650,148 or 0.5 percent below the approved budget.

## Senate Subcommittee Report

**Agency:** University of Kansas **Bill No. ----** **Bill Sec. ----**  
**Analyst:** Hollon **Analysis Pg. No.** Vol. I, p. 160 **Budget Page No.** 429

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 136,000,750	\$ 136,000,750	\$ 0
Other Funds	316,266,627	316,266,627	0
TOTAL	<u>\$ 452,267,377</u>	<u>\$ 452,267,377</u>	<u>\$ 0</u>
FTE Positions	4,640.0	4,640.0	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>4,640.0</u>	<u>4,640.0</u>	<u>0.0</u>

### Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$452.3 million which is a decrease of \$4.7 million (1.0 percent) from the current year estimate. The agency requests State General Fund expenditures of \$136.0 million which is an increase of \$4,715 from the current year.

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

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$1.4 million or 1.0 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The Governor's recommended pay plan and salary and wage adjustments are not factored into this amount as they addressed in the budget of the Board of Regents.
2. The Senate Subcommittee commends the University of Kansas for the following achievements:
  - KU was selected to participate in the 2002-2003 Documenting Effective Educational Practice or Project DEEP. The project involved case studies of 20 colleges and universities that had both higher-than-predicted scores on five benchmarks of effective educational practice and higher-than-expected graduation rates.
  - KU was ranked 29<sup>th</sup> out of 162 public national universities in the 2005 U.S. News and World Report annual ranking.

- Sponsored research project expenditures have nearly doubled since 1995. In 2004, KU received the largest grant in the state's history when it was awarded \$18.0 million from the National Institutes of Health.

**Senate Subcommittee Report**

**Agency:** KU Medical Center

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 177

**Budget Page No.** 431

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 104,052,003	\$ 104,052,003	\$ 0
Other Funds	130,313,244	130,313,244	0
TOTAL	<u>\$ 234,365,247</u>	<u>\$ 234,365,247</u>	<u>\$ 0</u>
FTE Positions	2,444.6	2,444.6	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>2,444.6</u>	<u>2,444.6</u>	<u>0.0</u>

**Agency Estimate/Governor's Recommendation**

The **agency's** current year estimate of operating expenditures is \$234.4 million which is a decrease of \$8.9 million (3.7 percent) from the approved budget. The agency estimates FY 2005 State General Fund expenditures of \$104.1 million which is an increase of \$1.5 million (1.4 percent) from the approved budget and is due mainly to transfers from the Board of Regents.

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

**Senate Subcommittee Recommendations**

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$1.5 million or 1.4 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding transfers from the Board of Regents, the recommendation is a State General Fund increase of \$7,495 above the approved budget.

## Senate Subcommittee Report

**Agency:** KU Medical Center      **Bill No. ----**      **Bill Sec. ----**  
**Analyst:** Hollon      **Analysis Pg. No.** Vol. I, p. 177      **Budget Page No.** 431

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 104,044,508	\$ 104,414,508	\$ 0
Other Funds	128,806,456	128,806,456	0
<b>TOTAL</b>	<b><u>\$ 232,850,964</u></b>	<b><u>\$ 233,220,964</u></b>	<b><u>\$ 0</u></b>
FTE Positions	2,444.6	2,444.6	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>2,444.6</u></b>	<b><u>2,444.6</u></b>	<b><u>0.0</u></b>

### Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$232.9 million which is a decrease of \$1.5 million (0.6 percent) from the current year estimate. The agency requests State General Fund expenditures of \$104.0 million which is a decrease of \$7,495 from the current year.

The **Governor** concurs with the agency's request except that the recommendation includes an additional \$370,000 SGF for the Medical Loan Program. The request for this funding was included as a part of the budget submission for the Board of Regents.

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$1.8 million or 1.8 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The Governor's recommended pay plan and salary and wages adjustments are not factored into this amount as they are addressed in the budget of the Board of Regents.
2. The Senate Subcommittee strongly endorses the KU Medical Center in its pursuit of the National Cancer Institute's designation as a comprehensive cancer center. Currently, there are only 39 comprehensive cancer centers designated by the National Cancer Institute. In addition to significantly higher levels of federal support, the designation would provide cancer patients throughout Kansas with access to cutting edge clinical trials. The design of the comprehensive cancer center includes a strong focus on research to discover new drugs and more effective ways of delivering drugs within the human body. Researchers at the KU School of Pharmacy are world leaders in drug development. When combined with the Medical Center's capacity to take the results of the research and translate them into treatments and cures, a "drug pipeline" can be established which would allow the benefits of research to flow from the lab bench to the patient's bedside.



**Senate Subcommittee Report**

**Agency:** Kansas State University

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 193

**Budget Page No.** 289

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 104,471,508	\$ 104,471,508	\$ 0
Other Funds	317,567,334	317,567,334	0
TOTAL	<u>\$ 422,038,842</u>	<u>\$ 422,038,842</u>	<u>\$ 0</u>
FTE Positions	3,203.0	3,203.0	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3,203.0</u>	<u>3,203.0</u>	<u>0.0</u>

**Agency Estimate/Governor's Recommendation**

The **agency's** current year estimate is \$422.0 million which is an increase of \$59.0 million (16.3 percent) from the approved budget. The agency estimates State General Fund expenditures of \$104.5 million which is an increase of \$1.5 million (1.4 percent) from the approved budget and is due mainly to transfers from the Board of Regents.

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

**Senate Subcommittee Recommendations**

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$1.5 million or 1.4 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding transfers from the Board of Regents, the recommendation is a State General Fund decrease of \$7,107 percent below the approved budget.

**Senate Subcommittee Report**

**Agency:** Kansas State University      **Bill No. ----**      **Bill Sec. ----**

**Analyst:** Hollon      **Analysis Pg. No.** Vol. I, p. 193      **Budget Page No.** 289

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 104,478,615	\$ 104,478,615	\$ 0
Other Funds	310,555,962	310,555,962	0
TOTAL	\$ 415,034,577	\$ 415,034,577	\$ 0
FTE Positions	3,203.0	3,203.0	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	3,203.0	3,203.0	0.0

**Agency Request/Governor's Recommendation**

The **agency** requests FY 2006 operating expenditures of \$415.0 million which is a decrease of \$7.0 million (1.7 percent) from the current year estimate. The agency requests State General Fund expenditures of \$104.5 million which is an increase of \$7,107 from the current year estimate.

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

**Senate Subcommittee Recommendations**

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$1.5 million or 1.4 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The Governor's recommended pay plan and salary and wages adjustments are not factored into this amount as they are addressed in the budget of the Board of Regents.
2. The Senate Subcommittee commends Kansas State University on the following achievements:
  - The Division of Biology has a National Aeronautics and Space Administration research centers for the commercialization of space and gravitational biology, the Konza Prairie National Research Area, and the Center for Basic Cancer Research. The latter is the only basic cancer research center outside of a medical school in the United States.

- The Princeton Review's "Top 25 Most Connected Campuses" ranks KSU number 1. The University of Colorado, at number 16, was the only other Big 12 school in the top 25.
- KSU received a five-squirrel rating (the highest possible) from the website [www.gottshall.com](http://www.gottshall.com). This site features "The Campus Squirrel Listings" which says that the quality of an institution of higher learning can often be determined by the size, health, and behavior of the squirrel population on campus.

**Senate Subcommittee Report**

**Agency:** KSU Veterinary Medical Center

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 209

**Budget Page No.** 293

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 9,989,497	\$ 9,989,497	\$ 0
Other Funds	24,230,220	24,230,220	0
TOTAL	<u>\$ 34,219,717</u>	<u>\$ 34,219,717</u>	<u>\$ 0</u>
FTE Positions	286.6	286.6	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>286.6</u>	<u>286.6</u>	<u>0.0</u>

**Agency Estimate/Governor's Recommendation**

The **agency's** current year estimate is \$34.2 million which is an increase of \$7.1 million (26.2 percent) from the approved budget. The agency estimates State General Fund expenditures of \$10.0 million which is an increase of \$165,795 (1.7 percent) from the approved budget and is due mainly to transfers from the Board of Regents.

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

**Senate Subcommittee Recommendations**

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$165,795 or 1.7 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding transfers from the Board of Regents, the recommendation is a State General Fund increase of \$569 above the approved budget.

## Senate Subcommittee Report

**Agency:** KSU Veterinary Medical Center      **Bill No. ----**      **Bill Sec. ----**  
**Analyst:** Hollon      **Analysis Pg. No.** Vol. I, p. 209      **Budget Page No.** 293

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 9,988,928	\$ 9,988,928	\$ 0
Other Funds	18,540,273	18,540,273	0
TOTAL	<u>\$ 28,529,201</u>	<u>\$ 28,529,201</u>	<u>\$ 0</u>
FTE Positions	286.6	286.6	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>286.0</u>	<u>286.0</u>	<u>0.0</u>

### Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$28.5 million which is a decrease of \$5.7 million (16.6 percent) from the current year estimate. The agency requests State General Fund expenditures of \$10.0 million which is a decrease of \$569 from the current year estimate.

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

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$165,226 or 1.7 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The Governor's recommended pay plan and salary and wages adjustments are not factored into this amount as they are addressed in the budget of the Board of Regents.
2. The Senate Subcommittee commends the KSU Veterinary Medical Center on the following achievements:
  - Former KSU provost Dr. James Coffman was awarded the Iverson Bell Recognition Award by the Association of American Veterinary Medical Colleges in acknowledgment of his long-standing efforts to promote ethnic and racial diversity in the veterinary medical profession.

- Dr. James Carpenter received the Emil Dolensek award from the American Association of Zoo Veterinarians in recognition of his exceptional contributions to the conservation, care, and understanding of zoo and free-ranging wildlife.
- The first non-cemented total hip replacement in Kansas was performed at KSU in April, 2004. The patient who received the implant is McKinzie, a 10-year old Border Collie mix who suffers from arthritis.



## Senate Subcommittee Report

**Agency:** KSU Extension Systems and  
Agriculture Research Programs

**Bill No. ----**

**Bill Sec. ----**

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 222

**Budget Page No.** 291

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 48,661,933	\$ 48,661,933	\$ 0
Other Funds	72,185,033	72,185,033	0
TOTAL	<u>\$ 120,846,966</u>	<u>\$ 120,846,966</u>	<u>\$ 0</u>
FTE Positions	1,390.7	1,390.7	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>1,390.7</u>	<u>1,390.7</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of \$120.8 million is an increase of \$21.6 million (21.7 percent) from the approved budget. The agency estimates State General Fund expenditures of \$48.7 million which is an increase of \$748,075 (1.6 percent) from the approved budget and is due mainly to transfers from the Board of Regents.

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

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$748,075 or 1.6 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding transfers from the Board of Regents, the recommendation is a State General Fund increase of \$1,365 above the approved budget.

## Senate Subcommittee Report

**Agency:** KSU Extension Systems and Agriculture Research Programs      **Bill No. ----**

**Bill Sec. ----**

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 222

**Budget Page No.** 291

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 48,660,568	\$ 48,960,568	\$ 0
Other Funds	72,226,026	71,926,026	0
TOTAL	<u>\$ 120,886,594</u>	<u>\$ 120,886,594</u>	<u>\$ 0</u>
FTE Positions	1,390.7	1,390.7	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>1,390.7</u>	<u>1,390.7</u>	<u>0.0</u>

### Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$120.9 million which is an increase of \$39,628 from the current year estimate. The agency requests State General Fund expenditures of \$48.7 million which is a decrease of \$1,365 from the current year estimate.

The **Governor** concurs with the agency's request except that the recommendation shifts funding of \$300,000 from the Economic Development Initiatives Fund to the State General Fund.

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$1.0 million or 2.2 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The Governor's recommended pay plan and salary and wages adjustments are not factored into this amount as they are addressed in the budget of the Board of Regents.
2. The Senate Subcommittee commends KSU ESARP on the following achievements:
  - Professor of entomology Kun Yan Zhu was selected to receive the National Research Council's Summer Faculty Fellowship. Recipients conduct a focused research project in a federal laboratory during the summer months.
  - The Earth Awareness Researchers for Tomorrow's Habitat (EARTH) provides the curriculum, supplies, and teacher training for a hands-on environmental protection experience for students. The program is used by teachers in six counties reaching approximately 2,900 students in 6<sup>th</sup> through 12<sup>th</sup> grades.

## Senate Subcommittee Report

**Agency:** Wichita State University

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 235 **Budget Page No.** 447

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 65,889,335	\$ 65,889,335	\$ 0
Other Funds	102,484,120	102,604,955	0
TOTAL	<u>\$ 168,373,455</u>	<u>\$ 168,494,290</u>	<u>\$ 0</u>
FTE Positions	1,757.0	1,757.0	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>1,757.0</u>	<u>1,757.0</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$168.4 million which is an increase of \$7.7 million (4.8 percent) from the approved budget. The agency estimates State General Fund expenditures of \$65.9 million which is an increase of \$1.4 million (2.1 percent) from the approved budget. The increase is due to transfers from the Board of Regents and a supplemental request of \$390,750 SGF for the interest portion of debt service for the National Institute of Aviation Research equipment bond issue.

The **Governor** concurs with the agency's revised estimate except that the recommendation includes the authority to expend \$120,835 from the reappropriated balances of the Economic Development Initiatives Fund.

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$1.4 million or 2.1 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding transfers from the Board of Regents, the recommendation is a State General Fund increase of \$387,249 or 0.6 percent above the approved budget.

## Senate Subcommittee Report

**Agency:** Wichita State University

**Bill No. ----**

**Bill Sec. ----**

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 235 **Budget Page No.** 447

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 65,760,586	\$ 67,760,586	\$ 0
Other Funds	99,897,993	97,897,993	0
TOTAL	<u>\$ 165,658,579</u>	<u>\$ 165,658,579</u>	<u>\$ 0</u>
FTE Positions	1,757.0	1,757.0	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>1,757.0</u>	<u>1,757.0</u>	<u>0.0</u>

### Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$165.7 which is a decrease of \$2.7 million (1.6 percent) from the current year estimate. The agency requests State General Fund expenditures of \$65.8 million which is a decrease of \$128,749 (0.2 percent) from the current year. The request includes an enhancement of \$258,500 SGF for the interest portion of the debt service on the National Institute for Aviation Research equipment bond issue.

The **Governor** concurs with the agency's request except that the recommendation shifts funding of \$2,000,000 for the Aviation Research Initiative from the Economic Development Initiatives Fund to the State General Fund.

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$3.2 million or 5.0 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The Governor's recommended pay plan and salary and wages adjustments are not factored into this amount as they are addressed in the budget of the Board of Regents.
2. The Senate Subcommittee commends Wichita State University for the following achievements:
  - The Center for Entrepreneurship has been ranked among the top schools in the nation by both SUCCESS and Entrepreneur magazines. During the past year, WSU has partnered with the Department of Commerce and the Kansas Small Business Development Center to initiate the Kansas Center for Entrepreneurship; and

- The National Institute for Aviation Research (NIAR) is the largest stand-alone university aviation research and development laboratory in the country. NIAR holds three center of excellence designations from the Federal Aviation Administration (General Aviation Research, Airworthiness Assurance, and Composites and Advanced Materials) as well as a National Aeronautics and Space Administration Center of Excellence for Advanced Materials.

## Senate Subcommittee Report

**Agency:** Emporia State University

**Bill No. ----**

**Bill Sec. ----**

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 250

**Budget Page No.** 163

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 31,004,569	\$ 31,004,569	\$ 0
Other Funds	36,638,647	36,638,647	0
TOTAL	<u>\$ 67,643,216</u>	<u>\$ 67,643,216</u>	<u>\$ 0</u>
FTE Positions	792.6	792.6	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>792.6</u>	<u>792.6</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency's** current year estimate is \$67.6 million which is an increase of \$5.9 million (9.6 percent) from the approved budget. The agency estimates State General Fund expenditures of \$31.0 million which is an increase of \$875,656 (2.9 percent) from the approved budget and is due mainly to transfers from the Board of Regents.

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

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$875,656 or 2.9 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding transfers from the Board of Regents, the recommendation is a State General Fund decrease of \$1,883 below the approved budget.

## Senate Subcommittee Report

**Agency:** Emporia State University

**Bill No. ----**

**Bill Sec. ----**

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 250

**Budget Page No.** 163

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 31,006,452	\$ 31,006,452	\$ 0
Other Funds	34,862,840	34,862,840	0
TOTAL	<u>\$ 65,869,292</u>	<u>\$ 65,869,292</u>	<u>\$ 0</u>
FTE Positions	792.6	792.6	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>792.6</u>	<u>792.6</u>	<u>0.0</u>

### Agency Request/Governor's Recommendation

The **agency** requests FY 2006 operating expenditures of \$65.9 million which is a decrease of \$1.8 million (2.6 percent) from the current year estimate. The agency requests State General Fund expenditures of \$31.0 million which is an increase of \$1,883 from the current year.

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

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$877,539 or 2.9 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The Governor's recommended pay plan and salary and wages adjustments are not factored into this amount as they are addressed in the budget of the Board of Regents.
2. The Senate Subcommittee commends Emporia State University on the following achievements:
  - Approximately 30 percent of ESU's students are graduate students. This is the highest ration in the Regents system.



- A \$1.25 million gift received by ESU this fall was the largest single donation for scholarships in NCAA Division II history.
- ESU continues to stimulate interest in math and science careers among middle school and high school students with outreach programs such as Sonia Kovalevsky Mathematics Day, Master It, and Expanding Your Horizons.

## Senate Subcommittee Report

**Agency:** Fort Hays State University

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 265

**Budget Page No.** 169

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 31,917,627	\$ 31,917,627	\$ 0
Other Funds	37,083,104	37,083,104	0
TOTAL	<u>\$ 69,000,731</u>	<u>\$ 69,000,731</u>	<u>\$ 0</u>
FTE Positions	719.6	719.6	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>719.6</u>	<u>719.6</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The **agency's** current year estimate is \$69.0 million which is an increase of \$7.3 million (11.9 percent) from the approved budget. The agency estimates State General Fund expenditures of \$31.9 million which is an increase of \$678,897 (2.2 percent) from the approved budget and is due mainly to transfers from the Board of Regents.

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

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$678,897 or 2.2 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding transfers from the Board of Regents, the recommendation is a State General Fund increase of \$38,363 or 0.1 percent above the approved budget.

**Senate Subcommittee Report**

**Agency:** Fort Hays State University

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 265

**Budget Page No.** 169

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 31,879,264	\$ 31,879,264	\$ 0
Other Funds	36,538,150	36,538,150	0
TOTAL	\$ 68,417,414	\$ 68,417,414	\$ 0
FTE Positions	719.6	719.6	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	719.6	719.6	0.0

**Agency Request/Governor's Recommendation**

The **agency** requests FY 2006 operating expenditures of \$68.4 million which is a decrease of \$583,317 (0.8 percent) from the current year estimate. The agency requests State General Fund expenditures of \$31.9 million which is a decrease of \$38,363 (0.1 percent) from the current year.

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

**Senate Subcommittee Recommendations**

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$640,534 or 2.1 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The Governor's recommended pay plan and salary and wages adjustments are not factored into this amount as they are addressed in the budget of the Board of Regents.
2. The Senate Subcommittee commends Fort Hays State University for the following achievements:
  - The 20<sup>th</sup>-day headcount enrollment has skyrocketed in recent years: 5,626 in fall 2001; 6,392 in fall 2002; 7,373 in fall 2003; and 8,500 in fall 2004.
  - With a primary service area comprising 66 counties and over 52,000 square miles in northern and western Kansas, FHSU has used to latest technologies to develop and deliver distance education. A total of 259 Virtual College classes and 11 online degree programs are available.

- FHSU is participating in the American Democracy Project with the goal of developing informed graduates committed to becoming citizens fully engaged in American democracy. Over the last 18 months, 1,011 students participated in service learning projects, 32 faculty members integrated service learning projects into the curriculum, and 41 courses included service learning projects.

**Senate Subcommittee Report**

**Agency:** Pittsburg State University

**Bill No. ----**

**Bill Sec. ----**

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 280

**Budget Page No.** 327

Expenditure Summary	Agency Est. FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 33,454,268	\$ 33,454,268	\$ 0
Other Funds	37,075,776	37,075,776	0
TOTAL	<u>\$ 70,530,044</u>	<u>\$ 70,530,044</u>	<u>\$ 0</u>
FTE Positions	830.8	830.8	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>830.8</u>	<u>830.8</u>	<u>0.0</u>

**Agency Estimate/Governor's Recommendation**

The **agency's** current year estimate of \$70.5 million is an increase of \$4.0 million (6.0 percent) from the approved budget. The agency estimates State General Fund expenditures of \$33.5 million which is an increase of \$710,818 (2.2 percent) from the approved budget and is due mainly to transfers from the Board of Regents.

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

**Senate Subcommittee Recommendations**

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$710,818 or 2.2 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Excluding transfers from the Board of Regents, the recommendation is a State General Fund increase of \$6,010 above the approved budget.

**Senate Subcommittee Report**

**Agency:** Pittsburg State University

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** Vol. I, p. 280

**Budget Page No.** 327

Expenditure Summary	Agency Req. FY 06	Gov. Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 33,442,407	\$ 33,442,407	\$ 0
Other Funds	37,088,003	37,088,003	0
TOTAL	<u>\$ 70,530,410</u>	<u>\$ 70,530,410</u>	<u>\$ 0</u>
FTE Positions	830.8	830.8	0.0
Non-FTE Unclass. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>830.8</u>	<u>830.8</u>	<u>0.0</u>

**Agency Request/Governor's Recommendation**

The **agency** requests FY 2006 operating expenditures of \$70.5 million which is an increase of \$366 from the current year estimate. The agency requests State General Fund expenditures of \$33.4 million which is a decrease of \$11,861 from the current year.

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

**Senate Subcommittee Recommendations**

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$698,957 or 2.1 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The Governor's recommended pay plan and salary and wages adjustments are not factored into this amount as they are addressed in the budget of the Board of Regents.
2. The Armory/Classroom/Recreation Center project at PSU would provide needed space for both the university and the Kansas National Guard. The majority of the funding for this project would be from federal sources, but the funding does have a required state match. The Subcommittee on Higher Education suggests that the Subcommittee on Capital Improvements concur with the Joint Committee on State Building Construction to review this project at Omnibus for possible funding.
3. The Senate Subcommittee commends Pittsburg State University on the following achievements:
  - PSU has produced more CoSIDA Academic All-Americans than any other NCAA Division II institution;

- A Professor of Technology recently received a \$1.6 million research grant for the development of composites for naval ships.
- PSU was the site for the Kansas Mission of Mercy which provided approximately \$900,000 in free dental care to 2,200 patients from southeastern Kansas.



**SENATE WAYS AND MEANS SUBCOMMITTEE**  
**on**  
**Legislative and Elected Officials**

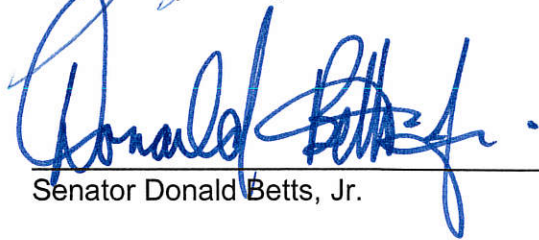
**FY 2005-FY 2006**  
**Subcommittee Report**

**Governor**  
**Lt. Governor**  
**Secretary of State**  
**Insurance Department**  
**Healthcare Stabilization Fund Board of Governors**  
**State Treasurer**



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Senator Jay Emler, Chairman



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Senator Donald Betts, Jr.

## Senate Subcommittee Report

**Agency:** Governor's Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No.**

**Budget Page No.171**

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

### Agency Estimate/Governor's Recommendation

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

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

### Senate Subcommittee Recommendation

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$182,714 or 8.7 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

## Senate Subcommittee Report

**Agency:** Governor's Department

**Bill No.**

**Bill Sec.**

**Analyst:** Robinson

**Analysis Pg. No.**

**Budget Page No.** 171

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

### Agency Request/Governor's Recommendation

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

The **Governor** recommends a total of \$15,290,475, a reduction of \$66,292 from the revised current year recommendation, and an increase of \$142,363 from the amount requested by the agency. The only adjustment to the agency's request is an increase in the recommendation for salaries and wages to reflect the Governor's recommended 2.5 percent salary increase, a 0.4 percent increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate, and the 27th payroll period which occurs in FY 2006.

### Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$207,661.**

## Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$54,822, including \$41,674 from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$87,541, including \$66,549 from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$81,224), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$6,317) for later Committee consideration.
3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$213,571 or 10.1 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is an increase of \$105,348, or 5.0 percent above the approved amount.
4. The Subcommittee notes that the FY 2006 Governor's recommendation for the Governor's Department represents an increase of \$13.6 million, or 826.6 percent, since FY 2002. The vast majority of the increase is attributable to the shift of federal crime victim and law enforcement grants from the budgets of the Attorney General and the Sentencing Commission which began in FY 2003. State General Fund expenditures for the same period increase by \$675,487, or 40.9 percent. Most of the State General Fund increase is the result of the shift of the Commissions on Hispanic and Latino Affairs, African-American Affairs, and Native American Affairs from the budget of the Department of Labor to the Governor's office.

## Senate Subcommittee Report

**Agency:** Lieutenant Governor

**Bill No. --**

**Bill Sec.--**

**Analyst:** Robinson

**Analysis Pg. No.**

**Budget Page No. 315**

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

### Agency Estimate/Governor's Recommendation

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

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

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

### Senate Subcommittee Recommendation

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

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$22,544 or 19.6 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

## Senate Subcommittee Report

**Agency:** Lieutenant Governor

**Bill No.**

**Bill Sec.**

**Analyst:** Robinson

**Analysis Pg. No.**

**Budget Page No. 315**

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

### Agency Request/Governor's Recommendation

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

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

### Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$15,692.**

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$3,190, all from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$5,108, all from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$4,726), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$382) for later Committee consideration.
3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$60,920 or 53.1 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is an increase of \$52,622, or 45.8 percent above the approved amount.
4. The Subcommittee notes that the Lieutenant Governor's budget has increased substantially from FY 2004 to FY 2006 (\$70,907, or 67.6 percent). Most of this increase is attributable to the fact that the Lieutenant Governor discontinued service as a cabinet secretary and is now taking the full statutory salary from this budget. Budgets in recent years had included only a small salary contingency amount for the Lieutenant Governor's position.



## Senate Subcommittee Report

**Agency:** Secretary of State

**Bill No.**

**Bill Sec.**

**Analyst:** Alishahi

**Analysis Pg. No.**

**Budget Page No. 359**

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

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

### Agency Estimate/Governor's Recommendation

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

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

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

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

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

### **Senate Subcommittee Recommendation**

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

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

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

## Senate Subcommittee Report

**Agency:** Secretary of State

**Bill No.**

**Bill Sec.**

**Analyst:** Alishahi

**Analysis Pg. No.**

**Budget Page No. 359**

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

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

### Agency Request/Governor's Recommendation

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

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

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

- The recommendation includes HAVA expenditures totaling \$15,299,586, none of which is from the State General Fund. The recommendation includes a reduction of \$462,848 in State General Fund expenditures from the agency's FY 2006 request. The Governor recommends the HAVA state match funds the agency budgeted for FY 2006 be transferred to the current year.

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

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$59,192 to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$95,188 to remove funding recommended by the Governor for the 27<sup>th</sup> payroll period (\$87,694), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$7,494) for later Committee consideration.
3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund decrease of \$434,152 or 100.0 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature.

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

4. **Revenue from the Sale of Publications.** The Subcommittee recommends the introduction of legislation that would allow the agency to deposit the revenue collected from the sales and distribution of the *Session Laws of Kansas* and the *Kansas Administrative Regulations* and supplements to the Information Services Fee Fund, rather than the State General Fund.
  - The Subcommittee notes that the agency pays the costs associated with the publication and distribution of the *Session Laws of Kansas* and the *Kansas Administrative Regulations* and supplements from the Information Services Fee Fund, but the revenue from the sale of the publications goes to the State General Fund. While the agency does charge an administrative fee for the sale of the publications, the fee does not cover the publication and distribution expenses.
  - In addition, the Subcommittee notes that if the bill is not enacted by Omnibus, the Subcommittee wishes to review the inclusion of a proviso to allow the agency to retain the revenue in FY 2006.

## Senate Subcommittee Report

**Agency:** Insurance Department

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Alishahi

**Analysis Pg. No.**

**Budget Page No.** 209

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

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

### Agency Estimate/Governor's Recommendation

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

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

### Senate Subcommittee Recommendation

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

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

## Senate Subcommittee Report

**Agency:** Insurance Department

**Bill No. ----**

**Bill Sec. ----**

**Analyst:** Alishahi

**Analysis Pg. No.**

**Budget Page No. 209**

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

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

### Agency Request/Governor's Recommendation

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

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

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

### Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$174,733 to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$281,377 to remove funding recommended by the Governor for the 27th payroll period (\$258,827), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$22,550) for later Committee consideration.
3. **Settlement Funds.** The Subcommittee recommends a proviso that allows the agency to carry forward into FY 2006 any remaining amount of the settlement funds not expended in FY 2005 from the settlement fund, with a no-limit expenditure limitation. The agency has indicated the funds will be utilized to enhance current efforts in education and outreach to better inform insurance consumers about the upcoming federal Medicare Part D prescription drug plan. The funds will also be used for other general assistance to Kansas consumers in need, including providing consumer guides in braille for the visually impaired.



## Senate Subcommittee Report

**Agency:** Healthcare Stabilization Fund Board of Governors      **Bill No.**      **Bill Sec.**  
**Analyst:** Deckard      **Analysis Pg. No.**      **Budget Page No.** 187

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

### Agency Estimate/Governor's Recommendation

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

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

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Healthcare Stabilization Fund Board of Governors      **Bill No.**      **Bill Sec.**  
**Analyst:** Deckard      **Analysis Pg. No.**      **Budget Page No.** 187

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

### Agency Request/Governor's Recommendation

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

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

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

### Statutory Budget Submission

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

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

### **Senate Subcommittee Recommendation**

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

1. **Pay Plan Adjustment.** Delete \$19,838, none of which is from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$32,047, none of which is from the State General Fund, to remove funding recommended by the Governor for the 27<sup>th</sup> payroll period (\$29,389), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$2,658) for later Committee consideration.

## Senate Subcommittee Report

**Agency:** State Treasurer      **Bill No.**      **Bill Sec.**  
**Analyst:** Spurgin      **Analysis Pg. No.**      **Budget Page No. 415**

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

### Agency Estimate/Governor's Recommendation

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

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

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

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

## Senate Subcommittee Report

**Agency:** State Treasurer

**Bill No.**

**Bill Sec.**

**Analyst:** Spurgin

**Analysis Pg. No.**

**Budget Page No. 415**

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

### Agency Request/Governor's Recommendation

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

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

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

**SENATE WAYS AND MEANS SUBCOMMITTEE**  
**on**  
**Legislative and Elected Officials**

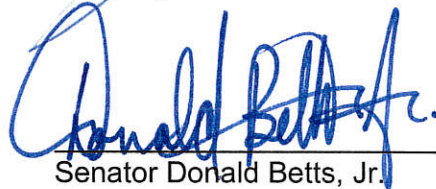
**FY 2005**  
**Subcommittee Report**

**Attorney General**



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Senator Jay Emler, Chairman



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Senator Donald Betts, Jr.

## Senate Subcommittee Report

**Agency:** Attorney General

**Bill No.**

**Bill Sec.**

**Analyst:** Rampey

**Analysis Pg. No.**

**Budget Page No. 65**

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

### Agency Estimate/Governor's Recommendation

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

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

### Senate Subcommittee Recommendations

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

1. **Change from FY 2005 Approved Budget.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase



of \$785,693 (20.6 percent) above the FY 2005 State General Fund amount approved by the 2004 Legislature. Of the increase, \$590,278 is funding budgeted for water litigation with Colorado and Nebraska. The remaining \$195,415 represents a 5.1 percent increase over the amount approved by the 2004 Legislature.

**SENATE WAYS AND MEANS SUBCOMMITTEE**  
**on**  
**Legislative and Elected Officials**

**FY 2006**  
**Subcommittee Report**

**Attorney General**



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Senator Jay Emler, Chairman

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Senator Donald Betts, Jr.

Senate Ways and Means  
2-14-05  
Attachment 4

## Senate Subcommittee Report

**Agency:** Attorney General

**Bill No.**

**Bill Sec.**

**Analyst:** Rampey

**Analysis Pg. No.**

**Budget Page No. 65**

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

### Agency Estimate/Governor's Recommendation

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

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

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

## Senate Subcommittee Recommendations

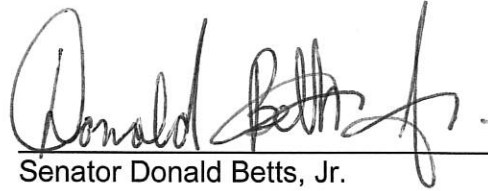
The Senate Subcommittee concurs with the recommendation of the Governor, with the following exceptions and observations:

1. **Pay Plan Adjustment.** Delete \$124,939, of which \$87,302 is from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$201,080, of which \$140,534 is from the State General Fund, to remove funding recommended by the Governor for the 27<sup>th</sup> payroll period (\$185,092) and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$15,998) for later Committee consideration.
3. **Change from Approved Budget.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$1,429,130 (37.5 percent) over the approved amount. The increase is primarily accounted for by \$1,190,000 recommended for water litigation in FY 2006. (The approved FY 2005 budget had no funding for water litigation, based on the assumption that water activities in FY 2005 would be funded from FY 2004 savings that would be reappropriated.) Excluding water litigation funding and the additional State General Fund amount recommended by the Governor for the salary plan adjustments, the Governor's FY 2006 recommendation is an increase of \$11,294 (0.3 percent) over the approved FY 2005 budget.
4. Add \$124,277 from the State General Fund for the first year of a four-year plan to fund the salaries of 14.5 FTE positions and 3.0 temporary unclassified positions in the Consumer Protection Division entirely from the State General Fund. Currently, the salaries are funded 50 percent from the State General Fund and 50 percent from the Court Cost Fund, which has as its source of revenue investigative fees and expenses recovered by the Consumer Protection Division.
5. Add \$186,965 from the State General Fund to complete the implementation of the White Collar Crime Unit in FY 2006. (Implementation of the unit will begin in FY 2005 with \$43,035 in reappropriated funding. The two-year cost of the program will be \$230,000.) The 2004 Legislature added funding for the unit but the appropriation was vetoed by the Governor. The Subcommittee notes that a representative of the Insurance Commissioner spoke in support of the addition, saying that a White Collar Crime Unit could assist the Insurance Department in its investigations of insurance fraud.

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

## Minority Report

In a year of tight budgetary constraints, I cannot support adding additional funding to the Attorney General's budget. My recommendation is to concur with the Governor's recommendations.



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Senator Donald Betts, Jr.