

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on February 21, 2006 in Room 514-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Matt Spurgin, Legislative Research Department
Susan Kannarr, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Assistant
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Representative Jene Vickrey
Gary Daniels, Secretary, Department of Social and Rehabilitation Services (SRS)
Charles Johnson, city of Osawatomie
Lois Young, city of Osawatomie
Sandra Allison, city of Osawatomie

Others attending:

See attached list.

- Attachment 1 Information regarding private prisons provided by Representative Knox
- Attachment 2 Testimony on **HB 2954** by Gary Daniels, Secretary, Department of Social and Rehabilitation Services (SRS)
- Attachment 3 Testimony on **HB 2954** by Charles Johnson, city of Osawatomie
- Attachment 4 Testimony on **HB 2954** by Lois Young, city of Osawatomie
- Attachment 5 Testimony on **HB 2954** by Sandy Allison, city of Osawatomie
- Attachment 6 Budget Committee Reports on Legislative Coordinating Council, Legislative Division of Post Audit, Revisor of Statutes, Legislative Research Department, Legislature
- Attachment 7 Budget Committee Reports on Postsecondary Education Systemwide, Board of Regents, University of Kansas, KU Medical Center
- Attachment 8 Information provided by Fort Hays State University Department of Nursing

Information provided by Representative Forrest Knox was distributed to the Committee in response to Committee questions during the February 20, 2006, hearing on **HB 2688** regarding private prisons (Attachment 1).

Hearing on **HB 2954** - Surplus real estate at Osawatomie state hospital to city of Osawatomie for economic development purposes.

Susan Kannarr, Legislative Research Department, provided an overview of **HB 2954**.

Chairman Neufeld recognized Representative Jene Vickrey, who presented testimony in support of **HB 2954**. Representative Vickrey explained that the land in question is owned by the State of Kansas and occupied by the Osawatomie State Hospital, composed of approximately 1,000 acres. The Hospital is no longer using a considerable section of this land. The city of Osawatomie has requested that a tract of approximately 386 acres of the surplus land be transferred to the city for economic growth.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 21, 2006 in Room 514-S of the Capitol.

The Chair recognized Gary Daniels, Secretary of the Department of Social and Rehabilitation Services (SRS), who provided testimony in opposition to **HB 2954** (Attachment 2). Secretary Daniels stated that SRS is not opposed to the transfer but has not participated in any discussions concerning the conveyance of approximately 338 acres of land from the state to the city of Osawatomie and felt the agency has not had time to gather specifics on the property outlined in the legislation. Secretary Daniels noted that sections of the unused property are leased to a private citizen for crop and grazing use with the lease expiring on March 31, 2008.

Chairman Neufeld recognized Charles Johnson, city of Osawatomie, who presented testimony in support of **HB 2954** (Attachment 3).

Chairman Neufeld recognized Lois Young, city of Osawatomie, who presented testimony in support of **HB 2954** (Attachment 4). Included with Ms. Young's testimony was a copy of the plan developed by the city of Osawatomie (copy available from Legislative Research Department), copy of the book titled "*Boom Town USA*" written by Jack Schultz and the history of the Osawatomie State Hospital.. Ms. Young stated that economic growth is important to the area and development of the land would provide jobs as well as putting the land back on the tax rolls.

The Chairman recognized Sandra Allison, city of Osawatomie, who presented testimony in support of **HB 2954** (Attachment 5). Ms. Allison reiterated the need for economic growth in the area.

Concerns voiced by the Committee included:

- Appraised value of the land.
- The need for a survey and legal description of the land involved.
- Adequate infrastructure and funding in place to handle any new construction as well as the Osawatomie State Hospital without requesting additional funding from the State.

The Committee noted that the language in **HB 2954** addresses 338 acres of the land and the city of Osawatomie is requesting 386 acres. The Committee indicated that it may be necessary to amend the bill to include the legal description of the land involved.

Chairman Neufeld closed the hearing on **HB 2954**.

Representative McLeland, member of the Legislative Branch Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Legislative Coordinating Council for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 6). The motion was seconded by Representative Landwehr. Motion carried.

Representative McLeland, member of the Legislative Branch Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Legislative Coordinating Council for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 6). The motion was seconded by Representative Landwehr. Motion carried.

Representative McLeland, member of the Legislative Branch Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Division of Legislative Post Audit for FY 2006 and FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2006 and FY 2007 (Attachment 6). The motion was seconded by Representative Landwehr. Motion carried.

Representative McLeland, member of the Legislative Branch Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Office of Revisor of Statutes for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 6). The motion was seconded by Representative Landwehr. Motion carried.

Representative McLeland, member of the Legislative Branch Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Office of Revisor of

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 21, 2006 in Room 514-S of the Capitol.

Statutes for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 6). The motion was seconded by Representative Landwehr.

Representative Landwehr moved to amend the Budget Committee report to change any language in Item No. 3 referring to the Research Department to the Office of Revisor of Statutes. The motion was seconded by Representative McLeland. Motion carried.

Representative McLeland moved to adopt the Budget Committee report on the Office of Revisor of Statutes for FY 2007 as amended. The motion was seconded by Representative Landwehr. Motion carried.

Representative McLeland, member of the Legislative Branch Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Legislative Research Department for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 6). The motion was seconded by Representative Landwehr. Motion carried.

Representative McLeland, member of the Legislative Branch Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Legislative Research Department for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 6). The motion was seconded by Representative Landwehr. Motion carried.

Representative McLeland, member of the Legislative Branch Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Legislature for FY 2006 and FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2006 and FY 2007 (Attachment 6). The motion was seconded by Representative Powell. Motion carried.

Representative Hutchins, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Postsecondary Education Systemwide for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 7). The motion was seconded by Representative Huy. Motion carried.

The Budget Committee noted that several members did not sign the report because of objections to some budgets but not all budgets. It was noted that "Totals" on page 1 of the Postsecondary Education Systemwide report for FY 2006 were incorrect.

Representative Hutchins, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Postsecondary Education Systemwide for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 7). The motion was seconded by Representative Huy.

Representative Pottorff moved to amend the Budget Committee report on the Postsecondary Education Systemwide for FY 2007 by adding funding of \$3 million for technical colleges. The motion was seconded by Representative Sharp. Motion carried.

The Budget Committee provided additional information on Item No. 6 pertaining to a Masters-level nursing program at Fort Hays State University (Attachment 8).

Representative Feuerborn moved to amend the Budget Committee report on the Postsecondary Education Systemwide for FY 2007 by striking the \$150,000 from the State General Fund (SGF) directed to Fort Hays State University and inserting language redirecting the \$150,000 plus an additional \$200,000 from the State General Fund (SGF) to the Board of Regents to be used in the Masters Scholarship Program for Nursing to hire additional faculty for the nursing program. The motion was seconded by Representative Gatewood. Motion failed.

Representative Powell moved to amend the Budget Committee report on the Postsecondary

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 21, 2006 in Room 514-S of the Capitol.

Education Systemwide for FY 2007 by inserting language to move \$200,000 from the Nurses Service Scholarship Fund to the Board of Regents for the purpose of increasing . The motion was seconded by Representative Feuerborn. Motion carried.

Representative Hutchins moved to adopt the Budget Committee report on the Postsecondary Education Systemwide for FY 2007 as amended. The motion was seconded by Representative McLeland. Motion carried.

Representative Hutchins, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the State Board of Regents for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 7). The motion was seconded by Representative Huy. Motion carried.

Representative Hutchins, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the State Board of Regents for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 7). The motion was seconded by Representative McLeland. Motion carried.

Representative Hutchins, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the University of Kansas for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 7). The motion was seconded by Representative Huy. Motion carried.

Representative Hutchins, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the University of Kansas for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 7). The motion was seconded by Representative Huy. Motion carried.

Representative Hutchins, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the University of Kansas Medical Center for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 7). The motion was seconded by Representative Huy. Motion carried.

Representative Hutchins, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the University of Kansas Medical Center for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 7). The motion was seconded by Representative McLeland. Motion carried.

Representative Schwartz moved to amend the Budget Committee report on the University of Kansas Medical Center for FY 2007 by deleting the \$5 million for the Cancer Center with additional language indicating that the Committee supports the funding of a cancer center; however, would request a review at Omnibus. The motion was seconded by Representative Landwehr. Motion failed on a 10-11 vote.

The meeting was adjourned at 11:05 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 22, 2006.



Melvin Neufeld, Chairman

Per conversation with Ray Allen... 20 Feb 06 pm

In light of profit motives of private prisons...

Where can cuts be made?

What motive is there for good programming ...low recidivism, etc.?

Because security is such an overriding concern politically, public prisons are very cautious of change, ultra conservative institutions in this respect. The state has a built in reward system for being ultra conservative.

What does this cost?

It may cost 30% extra.

The state has no incentive to take a risk. There is nothing to drive innovation in the public system.

Public monitoring and oversight of private institutions is necessary or the profit motive will override other considerations.

Oversight maintains a secure, constitutionally sound system, with legal ethical health care, with the same wages, same rules, same procedures as public facilities.

In private facilities every warden, every executive comes from the public sector. They know the system, the bureaucracy. In the private sector they don't have to be nearly as bureaucratic.

With such a restrictive, detailed and rigid system bids by companies must be padded.

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ATTACHMENT 1

Savings in the Texas bidding system...

#1. In the Texas system a post bid conference is used, where good communication is practiced - discussion, explanation, clear understanding of what is expected is arrived at.

Then a revised bid is submitted.

#2. Changed from bidding each institution to bidding many...economy of scale - volume discounts.

Programs -

Public safety of great importance.

Staff lives and works within the area of the prison. Thus you have the same normal concern of the community for safety issues.

If the private prison does a better job.

They get more market share, earnings drive it.

The legislature will see to that.

If they do an excellent job at programming vs the state.

They will get more contracts.

They will operate more beds, more prisons.

The state makes the rules and establishes the framework that the private contractor must operate within.

Kansas Department of

Social and Rehabilitation Services

Gary Daniels, Secretary

February 21, 2006

House Appropriations Committee

Gary Daniels, Secretary
785.296.3773

For additional information contact:
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HOUSE APPROPRIATIONS

DATE 2-21-2006
ATTACHMENT 2

Kansas Department of Social and Rehabilitation Services
Gary Daniels, Secretary

House Appropriations Committee
February 21, 2006

House Bill 2954

Chairman Neufeld and members of the committee, I am Gary Daniels, Secretary of the Kansas Department of Social and Rehabilitation Services (SRS). I appreciate the opportunity to share testimony on HB 2954, which concerns the conveyance of property currently held by the state of Kansas as part of the Osawatomie State Hospital.

The bill requires the conveyance of approximately 338 acres of land to the City of Osawatomie for purposes of economic development. SRS has identified the land in the bill as surplus property. In the past, the agency has been involved in conversations that may affect the usage of property held by state hospitals.

In this instance, the agency's leadership has not had direct communication with the city of Osawatomie or its representatives regarding acquiring this property for economic development purposes. While SRS is not opposed to entering into a partnership where this land transfer could occur, the agency learned of the bill on Friday and has not had sufficient time to gather information regarding the specifics of the property outlined in the bill nor the intended use of the property other than what is outlined in the bill. In the past, SRS has deeded small amounts of property to cities and other entities believing it is important to support the economic development pursuits of the cities in which its property resides. Two processes exist for us to accomplish the action contained within this bill. The first process would involve a discussion with local authorities, the state agency and the Kansas Department of Administration. After building consensus through those discussions, the parties could return to the Legislature for approval of the proposed plan. A second process would allow the Legislature to pass legislation instructing the state agency to dispose of state property in a prescribed manner. SRS stands ready to participate in either option.

In addition, portions of the property are currently under lease to a private citizen for crop and grazing land. Those leases expire March 31, 2008. Any agreement reached between the city of Osawatomie and the state of Kansas would need to deal appropriately with this current use of the property.

Thank you for this opportunity to address the committee. I will stand for any questions.

2-2

(Introductory comment, Charles Johnson)

Chairman NEUFELD, Vice-Chairman LANDWEHR, distinguished Representatives and members of the Appropriation Committee.

In OSAWATOMIE we are known as the NORTHLAND COMMITTEE, a reference to OSAWATOMIE'S NORTHERN GROWTH AREA. Adjacent to this region and within OSAWATOMIE'S CITY LIMITS is the OSAWATOMIE STATE HOSPITAL and connecting STATE SURPLUS LAND.

I am Charles Johnson. To my right is Lois Young. Sandy Allison is on my left.

The three of us are just small-town folks who are very grateful that you're letting us stand before you to talk about something we have become passionate about.

Even though we've prepared several statements, we are hoping to address whatever questions may arise at anytime during our comments.

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ATTACHMENT 3

My name is Lois Young. I am here as a representative of the Eastern Kansas Economic Initiative of Osawatomie, Kansas.

Osawatomie, Kansas is a community of 5000 in Miami County in Eastern Kansas. It is a town rich in Kansas history. The Missouri Pacific Railroad, now the Union Pacific has been in Osawatomie for over 130 years. John Brown fought the battle of Osawatomie in August of 1856. His son Frederick was among the slain and all but 4 homes in Osawatomie were burned. Our town is bordered on the North by the Marias des Cygne River. Directly North of the river is the Osawatomie State Hospital, which was Kansas's first State Mental Hospital. The first step toward the erection of the asylum for the insane of Kansas was passage of an act on March 2, 1863 appointing 3 commissioners to determine the location. The 160 acres was donated¹ by the township of Osawatomie. The site selection was approved and the 1st building was built. Ultimately the hospital acquired more adjoining land, building barns and a dairy. The hospital no longer farms this ground nor produces its own food. It is truly surplus land. It has been classified as surplus state land in the Performance Audit Report of December 2000.

Good paying jobs are scarce on our area and a large portion of our community commute 35 to 60 miles northward daily to the Kansas City area for work. Osawatomie is a small town, but we have a big vision for our future and we have a passion for helping to create a greater Osawatomie and in turn, more revenues for the State of Kansas. We need to be able to expand northward over the Marias des Cygne River. We are unable to grow Northward without access and use of the State's surplus land. The State of Kansas owns the land on both sides of the 169 highway on the immediate North side of the river. This land is our gateway to economic growth for

¹ Transcribed from volume II of *Kansas: a cyclopedia of state history, embracing events, institutions, industries, counties, cities, towns, prominent persons, etc. ...* / with a supplementary volume devoted to selected personal history and reminiscence. Standard Pub. Co. Chicago : 1912. 3 v. in 4. : front., ill., ports.; 28 cm. Vols. I-II edited by Frank W. Blackmar. Transcribed July 2002 by Carolyn Ward.
http://skyways.lib.ks.us/genweb/archives/1912/o/osawatomie_state_hospital.html (see adjoining article)

HOUSE APPROPRIATIONS

DATE 2-21-2006
ATTACHMENT 4

Osawatomie, Miami County and the State of Kansas. This surplus state land is within Osawatomie's city limits and we want to develop it for growth and new jobs.

The 386 acres we are interested in could produce hundred of jobs for the citizens of Osawatomie. The Eastern Kansas Economic Initiative is ready to aggressively market this land. We are bringing our proposal before you because we have a plan that will increase revenues for Kansas and for Osawatomie.

Kansas and Osawatomie have many goals in common. Kansas and Osawatomie are looking for ways to expand their common tax base and bring in more revenues.

Kansas wants to provide a better quality of life for its families.

Osawatomie wants the same for its families.

Kansas has surplus land within the Osawatomie city limits and it is currently undeveloped.

Osawatomie has a plan to place that land back on the tax rolls, which will be good for all of Kansas, including all of the residents of Miami County and Osawatomie, Kansas.

Boomtown USA

Along with our brochure, we've included a book for each of you entitled "Boomtown USA" by Jack Schultz

What inspired our vision to become a reality were the needs of the people of Osawatomie, the availability of State Surplus Land and the success of many towns like Osawatomie described in this book. For instance, on page 2 Schultz tells the story of Branson, Missouri and their amazing growth over the last 30 years as the live music capital of the world. Their population of 6000 attracts more than 7 million visitors annually. On page 72, the story of Garden City, Kansas and their resiliency and leadership to come back after a fire on Christmas day, 2000 that destroyed 1 of their 2 meat packing plants and left 2300 people with jobs. And on page 115, the story

of Guymon, OK, population 10,471, all cowboys, decided to capitalize on that with Guymon Pioneer Days Rodeo in May each year. That PRA rodeo brings in 1.5 million dollars each year; 60% of the spectators and contestants being nonresidents.

Small towns make up the heart of Kansas. The decision to live in a small town is no longer an either-or choice. It's not "Either I live in a small community and enjoy the quality of life there, but lose in terms of my employment, or I find a great job, but lose in terms of where I really want to live". It will be a long time before Osawatomie grows beyond being a small community, but we have a plan that can give us the ability to— live in a small town and create better paying jobs.

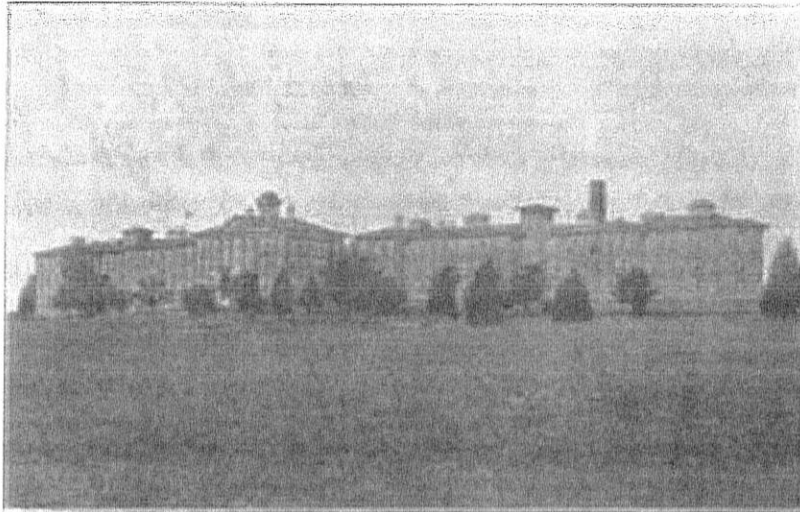
Lois Young
Eastern Kansas Economic Initiative
Osawatomie, Kansas 66064
913-710-8681

Osawatomie State Hospital.—The first territorial legislature in 1855 passed an act providing for the appointment of guardians for persons of unsound mind, and in 1859 the provisions of the law were extended to include habitual drunkards. Guardians of such persons were required to assume the management of any estate owned by the ward, and to report to the proper judicial authorities at stated times. The first step toward the erection of an asylum for the insane of Kansas was the passage of the act of March 2, 1863, naming William Chestnut of Miami county, I. Hiner of Anderson county, and James Hanway of Franklin county as commissioners "to determine the location of the State Insane Asylum of the State of Kansas." The commissioners were somewhat restricted in the selection of a site, the act confining them to "some point within the township of Osawatomie township, in the county of Miami." It was further provided that a tract of land, not less than 160 acres, should constitute the site of the proposed institution, and that title to this land should be secured by donation. No appropriation was made for the erection of buildings until after the location was selected and approved.

On Oct. 17, 1863, the commissioners reported as follows: "We, the undersigned appointed commissioners to locate the state insane asylum, met at Osawatomie, Kan., on the 7th day of October, A. D., 1863, and selected the southeast quarter of section 2, township 18, range 22, for the reason that this was the only eligible site where a proper title could be obtained with the means at command of the township, and other material advantages for the establishment of such an institution."

The tract of land selected by the commissioners is situated about a mile north of the city of Osawatomie, on the opposite side of the Marais des Cygnes river. It was donated by the people of Osawatomie township and some years later an additional 160 acres were purchased by the state, giving the hospital a full half section of land. The work of the commissioners was approved, and on Feb. 14, 1865, an act was passed providing for the appointment of three trustees by the governor, only one of whom could be a resident of Miami county. The first building was erected in 1860. It was a small two-story frame structure and cost about \$500. Toward the latter part of the year the institution was opened for the reception of patients, with Dr. C. O. Gause as superintendent and Mrs. Gause as matron. At last Kansas had an insane asylum. Two years later the two wards—one for men and the other for women—each accommodating 12 patients, were filled, and the state was compelled to erect additional buildings for the accommodation of more patients. From that time the growth of the institution has been steady, until in 1910 the property held by it was valued at \$1,000,000. The farm has been increased to 720 acres; a main building includes the administration offices, the chapel, which seats 600 people, dormitories for a large number of the employees, and quarters for about 450 patients; the Knapp and Adair buildings, similar in design and equipment, each accommodate 300 chronic cases, the former being set apart for men and the latter for women; and there are shops, boiler house, electric light and power plant, ice house, bakery, laundry, barns, green houses, a reservoir for a water supply, etc. In 1901 a new infirmary was erected at a cost of \$50,000, and since then the institution has been supplied with a tuberculosis pavilion. The original building of 1866 has been removed to the rear of the east wing of

the main building, where it is used as a residence for the head farmer and is known as "The Lodge." There is also an amusement hall.



OSAWATOMIE STATE HOSPITAL.

OSAWATOMIE STATE HOSPITAL.

On March 8, 1880, fire broke out in the attic of the executive building and before the flames could be extinguished the entire interior of the building was in ruins. It was soon repaired, however, and the loss served as a stimulus to the state to provide better fire protection. The superintendents of the hospital have been C. O. Gause, C. P. Lee, A. H. Knapp, A. P. Tenney, L. F. Wentworth, T. C. Biddle, Thomas Kirk, Jr., and L. L. Uhls. Of these Dr. Knapp served about half the half time covered by the history of the institution.¹

1. http://skyways.lib.ks.us/genweb/archives/1912/o/osawatomie_state_hospital.html

(Closing comment, Sandy Allison)

A front page headline in USA TODAY reads;

STATES EYE LAND SEIZURE LIMITS.

The accompanying article says that more than 30 states are considering placing limits on the power of local governments ~ local municipalities ~ to condemn private property and transfer it to real estate developers.

Though the EASTERN KANSAS ECONOMIC INITIATIVE involves real estate, not a single home or parcel of privately owned land is being condemned by BILL NUMBER 2954.

Rather, BILL 2954 creates a launching pad for stimulating critically needed ECONOMIC DEVELOPMENT in Eastern Kansas by using surplus land that has been unproductive for the local community, for the County, and for the State itself.

What we've dubbed as THE EASTERN KANSAS ECONOMIC INITIATIVE builds upon a new emerging concept of creating special mini-enterprise zones. A zone may consist of anywhere from a few hundred to a thousand or more acres. In this case we're talking about enterprise zones running along the State's new highway 169 corridor. This is addressed on pages 3 through 5 in the brochure.

Each mini-zone will become a highly attractive invitation for upscale commercial enterprises around the Nation and internationally to join what we will contend ~ without reservation or apology ~ to be the country's next significant region of economic boom.

Our belief is that brochure before you spells out a truly worthy cause that in everyway serves the people of Kansas. It is a WN-WIN package for all. Not only does it target bringing new jobs and additional needed revenues into Kansas, it is a visionary concept that is squarely focused on future generations of our children graduating from our State's high schools and universities.

Education and careers for our children go hand in hand. The link between the two is inseparable. Our children are the most important resource we have. We need to keep our children in Kansas, and employed.

Thus the ECONOMIC INITIATIVE described in our presentation brochure truly builds upon our State's pioneering spirit, and firmly supports the State's own aggressive educational initiative.

Thank you.

HOUSE APPROPRIATIONS

DATE 2-21-2006
ATTACHMENT 5

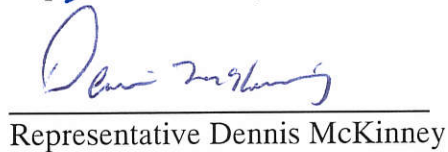
LEGISLATIVE BUDGET COMMITTEE
FY 2006 - FY 2007

Legislative Coordinating Council
Legislative Division of Post Audit
Revisor of Statutes
Legislative Research Department
Legislature

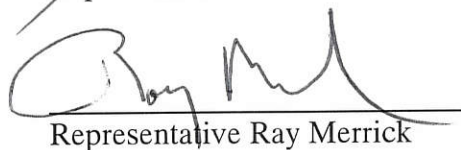

Representative Melvin Neufeld, Chair


Representative Doug Mays

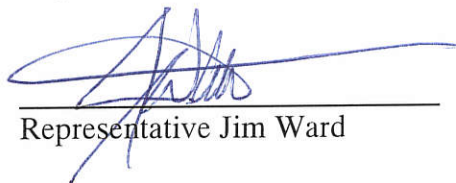

Representative Clay Aurand


Representative Dennis McKinney


Representative Joe McLeland


Representative Ray Merrick


Representative Eber Phelps


Representative Jim Ward

HOUSE APPROPRIATIONS

DATE 2-21-2006
ATTACHMENT 6

House Budget Committee Report

Agency: Legislative Coordinating Council **Bill No. --**

Bill Sec. --

Analyst: Scott

Analysis Pg. No. Vol. I - 408 **Budget Page No.** 299

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 805,213	\$ 805,213	\$ (60,000)
Other Funds	0	0	0
TOTAL	\$ 805,213	\$ 805,213	\$ (60,000)
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Estimate

For FY 2006, the agency is requesting \$805,213 (all State General Fund) in the current year estimate. This is a \$55,181 or 7.4 percent increase above the FY 2006 approved amount. The change reflects adjustments for the newly created 2010 Commission and the At-Risk Education Council.

Governor's Recommendation

The Governor concurs with the agency's current year estimate.

House Budget Committee Recommendation

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

1. The Budget Committee deletes \$60,000 from the State General fund for the 2010 Commission and the At-Risk Education Council. The Budget Committee believes the funding is more appropriate in the Legislative budget, with the rest of the funding for councils and commissions, than in the Legislative Coordinating Council budget.

House Budget Committee Report

Agency: Legislative Coordinating Council **Bill No. --**

Bill Sec. --

Analyst: Scott

Analysis Pg. No. Vol. I - 408

Budget Page No. 299

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 790,412	\$ 807,027	\$ (60,000)
Other Funds	0	0	0
TOTAL	\$ 790,412	\$ 807,027	\$ (60,000)
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Request

FY 2007 - Budget Year. The agency's requested FY 2007 budget of \$790,412 is a decrease of \$14,801 or 1.8 percent below the FY 2006 estimate. The decrease, mainly in salary and wages, is due to the removal of the 27th payroll period that was added in FY 2006.

Governor's Recommendation

The Governor concurs with the agency request and adds \$16,615, all from the State General Fund, for a 2.5 percent base salary increase.

House Budget Committee Recommendation

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

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$750,032,211 from the State General Fund. The approved budget was reduced by a net total of \$12,042 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$12,042 in salary adjustments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.**

The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 807,027	\$ 807,027
Baseline Budget	737,990	737,990
Dollar Difference	<u>\$ 69,037</u>	<u>\$ 69,037</u>

Percent Difference

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	SGF	All Funds
Base Salary Adjustment	\$ 16,615	\$ 16,615
At-Risk Education Council & 2010 Commission	60,000	60,000
Net Other	(7,578)	(7,578)
TOTAL	<u>\$ 69,037</u>	<u>\$ 69,037</u>

- The Budget Committee deletes \$60,000 from the State General fund for the 2010 Commission and the At-Risk Education Council. The Budget Committee believes the funding is more appropriate in the Legislative budget, with the rest of the funding for councils and commissions, than in the Legislative Coordinating Council budget.

House Budget Committee Report

Agency: Legislative Post Audit **Bill No. --** **Bill Sec. --**

Analyst: Scott **Analysis Pg. No.** Vol. I - 426 **Budget Page No.** 301

<u>Expenditure Summary</u>	<u>Agency Estimate FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 2,572,681	\$ 2,572,681	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 2,572,681</u></u>	<u><u>\$ 2,572,681</u></u>	<u><u>\$ 0</u></u>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>26.0</u></u>	<u><u>26.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

For FY 2006, the agency is requesting \$2,572,681 (all State General Fund) in the current year estimate. This is an increase of \$32,535 or 1.3 percent above the FY 2006 approved amount. This increase reflects fully funding all positions and allows for additional contract audit work to accomplish the school finance cost study analysis.

Governor's Recommendation

The Governor concurs with the agency's current year estimate.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Legislative Post Audit **Bill No. --**

Bill Sec. --

Analyst: Scott

Analysis Pg. No. Vol. I - 426

Budget Page No. 301

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,505,636	\$ 2,550,899	\$ 0
Other Funds	0	0	0
TOTAL	\$ 2,505,636	\$ 2,550,899	\$ 0
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Request

FY 2007 - Budget Year. The agency's requested FY 2007 budget of \$2,505,636 is a decrease of \$67,045 or 2.6 percent below the FY 2006 estimate. The majority of this decrease was due to one time expenditures in contractual services and capital outlay for the school finance cost study analysis in FY 2006 and a reduction for a one-time increase added in FY 2006 for the 27th payroll period.

Governor's Recommendation

The Governor concurs with the agency request and adds \$45,263 to fund a 2.5 percent base salary increase.

House Budget Committee Recommendation

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

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of

Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$2,540,14,211 from the State General Fund. The approved budget was reduced by a net total of \$114,023 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$26,098 in salary adjustments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.**

The table below reflects the difference between the Governor's recommendation and the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 2,550,899	\$ 2,550,899
Baseline Budget	2,426,123	2,426,123
Dollar Difference	<u>\$ 124,776</u>	<u>\$ 124,776</u>

Percent Difference

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Adjustment	\$ 45,263	\$ 45,263
Contractual Services	80,255	80,255
Net Other	(742)	(742)
TOTAL	<u>\$ 124,776</u>	<u>\$ 124,776</u>

House Budget Committee Report

Agency: Revisor of Statutes

Bill No. --

Bill Sec. --

Analyst: Scott

Analysis Pg. No. Vol.I - 432

Budget Page No. 351

<u>Expenditure Summary</u>	<u>Agency Estimate FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 2,714,917	\$ 2,714,917	\$ 0
Other Funds	0	0	0
TOTAL	<u>\$ 2,714,917</u>	<u>\$ 2,714,917</u>	<u>\$ 0</u>
FTE Positions	27.5	27.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>27.5</u>	<u>27.5</u>	<u>0.0</u>

Agency Estimate

For FY 2006 the agency is requesting \$2,714,917 (all State General Fund) in the current year estimate. This is an increase of \$20,032 or 0.7 percent over the FY 2006 approved amount. This increase, in salaries and wages, reflects the addition of an additional assistant revisor position and is fully funded from an unlimited reappropriation.

Governor's Recommendation

The Governor concurs with the agency's current year estimate.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Revisor of Statutes **Bill No. --**

Bill Sec. --

Analyst: Scott

Analysis Pg. No. Vol. I - 432

Budget Page No. 351

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,739,872	\$ 2,789,917	\$ 57,625
Other Funds	0	0	0
TOTAL	\$ 2,739,872	\$ 2,789,917	\$ 57,625
 FTE Positions	 27.5	 27.5	 0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	28.5	28.5	0.0

Agency Request

FY 2007 - Budget Year. The agency's requested FY 2007 budget of \$2,739,872 is an increase of \$24,955 or 0.9 percent above the FY 2006 estimate. Most of this increase is attributable to the addition of one FTE, an assistant revisor position which is partially offset by the removal of the 27th payroll period that was added in FY 2006.

Governor's Recommendation

The Governor concurs with the agency request and adds \$50,045, all from the State General Fund, for the 2.5 percent base salary adjustment which is partially offset by the removal of the 27th payroll period that was added in FY 2006.

House Budget Committee Recommendation

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

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of

Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$2,694,885,211 from the State General Fund. The approved budget was reduced by a net total of \$36,728 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$36,728 in salary adjustments.

2. Comparison of FY 2007 Baseline Budget to Governor's Recommendation.

The table below reflects the difference between the Governor's recommendation and the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 2,789,917	\$ 2,789,917
Baseline Budget	<u>2,658,157</u>	<u>2,658,157</u>
Dollar Difference	<u>\$ 131,760</u>	<u>\$ 131,760</u>

Percent Difference

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Increase	\$ 50,045	\$ 50,045
Other Salary Adjustments-Including 1 FTE	101,469	101,469
Net Other	<u>(19,754)</u>	<u>(19,754)</u>
TOTAL	<u>\$ 131,760</u>	<u>\$ 131,760</u>

3. Add \$57,625 from the State General Fund for financing a new graduate student internship program - the Legislative Fellow Program. The funding would provide for two fellowships. The purpose of the Fellow Program would be to attract and provide entry level experience in a 12 month fellowship to promising graduate students with an interest in a staff career in the legislative process and public policy development. The Fellows would be students fulfilling internship or practicum requirements in a masters program in public administration, business administration, political science, or other related field of study or law. The Fellows could also be recent graduates of a graduate or law school. The Fellows would be non-partisan, objective positions that would follow all of the guidelines and standards of the central non-partisan staff of the Legislative Branch. The Fellows would work under the direct supervision of a Senior Research Department Analyst. The funding would support \$2,000 in stipends per month and health insurance for two fellows for the 12-month fellowship.

House Budget Committee Report

Agency: Legislative Research Department **Bill No. --**

Bill Sec. --

Analyst: Scott

Analysis Pg. No. Vol. I - 414 **Budget Page No.** 303

<u>Expenditure Summary</u>	<u>Agency Estimate FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 3,078,799	\$ 3,078,799	\$ 0
Other Funds	80,991	80,991	0
TOTAL	<u>\$ 3,159,790</u>	<u>\$ 3,159,790</u>	<u>\$ 0</u>
FTE Positions	38.0	38.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>38.0</u>	<u>38.0</u>	<u>0.0</u>

Agency Estimate

For FY 2006, the agency is requesting in the current year estimate \$3,159,790, of which \$3,078,799 is from the State General Fund. This is an all funds increase of \$38,377 or 1.2 percent above the FY 2006 approved amount. This request fully funds all positions.

Governor's Recommendation

The Governor concurs with the agency's current year estimate.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Legislative Research Department **Bill No. --**

Bill Sec. --

Analyst: Scott

Analysis Pg. No. Vol. I - 414

Budget Page No. 303

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 3,005,155	\$ 3,070,797	\$ 57,625
Other Funds	62,831	62,831	0
TOTAL	\$ 3,067,986	\$ 3,133,628	\$ 57,625
FTE Positions	38.0	38.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	38.0	38.0	0.0

Agency Request

FY 2007 - Budget Year. The agency's requested FY 2007 budget of \$3,067,986 is a decrease of \$91,804 or 2.9 percent below the FY 2006 estimate. The decrease, mainly in salary and wages, is due to the removal of the 27th payroll period that was added in FY 2006.

Governor's Recommendation

The Governor concurs with the agency request and adds funding of \$65,642 for the 2.5 percent base salary adjustment.

House Budget Committee Recommendation

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

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

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For this agency, the FY 2006 approved budget totaled \$3,121,413 including \$3,039,683 from the State General Fund. The approved budget was reduced by a net total of \$52,015 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$52,015 in salary adjustments.

2. Comparison of FY 2007 Baseline Budget to Governor's Recommendation.

The table below reflects the difference between the Governor's recommendation and the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 3,070,797	\$ 3,133,628
Baseline Budget	<u>2,988,927</u>	<u>3,069,398</u>
Difference	<u>\$ 81,870</u>	<u>\$ 64,230</u>

Percent Difference

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Increase	\$ 65,642	\$ 65,642
Net Other	<u>16,228</u>	<u>(1,412)</u>
Total Adjustments	<u>\$ 81,870</u>	<u>\$ 64,230</u>

3. Add \$57,625 from the State General Fund for financing a new graduate student internship program - the Legislative Fellow Program. The funding would provide for two fellowships. The purpose of the Fellow Program would be to attract and provide entry level experience in a 12 month fellowship to promising graduate students with an interest in a staff career in the legislative process and public policy development. The Fellows would be students fulfilling internship or practicum requirements in a masters program in public administration, business administration, political science, or other related field of study or law. The Fellows could also be recent graduates of a graduate or law school. The Fellows would be non-partisan, objective positions that would follow all of the guidelines and standards of the central non-partisan staff of the Legislative Branch. The Fellows would work under the direct supervision of a Senior Research Department Analyst. The funding would support \$2,000 in stipends per month and health insurance for two fellows for the 12-month fellowship.

The Budget Committee is concerned that almost 25 percent of the current analysts within the Research Department are retirement eligible and that number will increase to nearly 40 percent of the analysts within five years. The Legislative Fellow Program, modeled in part after the Governor's Fellow Program, would help address the need to attract qualified employees to fill positions due to retirements.

House Budget Committee Report

Agency: Legislature

Bill No. --

Bill Sec. --

Analyst: Scott

Analysis Pg. No. Vol I - 420

Budget Page No. 305

<u>Expenditure Summary</u>	<u>Agency Estimate FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 14,931,242	\$ 14,931,242	\$ 60,000
Other Funds	84,500	84,500	0
TOTAL	<u>\$ 15,015,742</u>	<u>\$ 15,015,742</u>	<u>\$ 60,000</u>
FTE Positions	34.0	34.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>34.0</u>	<u>34.0</u>	<u>0.0</u>

Agency Estimate

For FY 2006 the agency is requesting in the current year estimate \$15,015,742, of which \$14,931,242 is from the State General Fund. This is an all funds decrease of \$778,902 or 4.9 percent below the FY 2006 approved amount. The State General Fund decrease is \$604,588 or 3.9 percent below the FY 2006 approved amount.

Governor's Recommendation

The Governor concurs with the agency's current year estimate.

House Budget Committee Recommendation

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

1. The Budget Committee adds \$60,000 from the State General fund for the 2010 Commission and the At-Risk Education Council. The Budget Committee believes the funding is more appropriate in the Legislative budget, with the rest of the funding for councils and commissions, than in the Legislative Coordinating Council budget.

House Budget Committee Report

Agency: Legislature **Bill No. --** **Bill Sec. --**

Analyst: Scott **Analysis Pg. No.** Vol. I - 420 **Budget Page No.** 305

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 15,326,174	\$ 15,510,849	\$ 60,000
Other Funds	120,503	120,503	0
TOTAL	<u>\$ 15,446,677</u>	<u>\$ 15,631,352</u>	<u>\$ 60,000</u>
FTE Positions	35.0	35.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>35.0</u>	<u>35.0</u>	<u>0.0</u>

Agency Request

FY 2007 - Budget Year. The agency's requested FY 2007 budget of \$15,446,377 is an increase of \$430,935 or 2.9 percent above the FY 2006 estimate. Most of this increase is attributable to Legislative Branch computer strategic plan initiative which is partially offset by the removal of the 27th payroll period that was added in FY 2006.

Governor's Recommendation

The Governor concurs with the agency request and adds \$184,675, all from the State General Fund, for the 2.5 percent base salary adjustment which is partially offset by the removal of the 27th payroll period that was added in FY 2006.

House Budget Committee Recommendation

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

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

6-15

For this agency, the FY 2006 approved budget totaled \$15,794,644 including \$15,535,830 from the State General Fund. The approved budget was increased by a net total of \$35,528 from the State General Fund to establish a baseline budget for FY 2007. The increase included \$35,528 in salary adjustments.

2. Comparison of FY 2007 Baseline Budget to Governor's Recommendation.

The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 15,510,849	\$ 15,631,352
Baseline Budget	15,511,358	15,830,172
Dollar Difference	<u>\$ (60,509)</u>	<u>\$ (198,820)</u>

Percent Difference

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

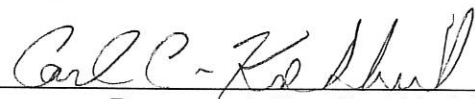
	SGF	All Funds
Base Salary Adjustment	\$ 184,675	\$ 184,675
Capital Outlay	(252,015)	(252,015)
Increase in Contractual Services	111,146	111,146
Recalculated Salaries	(197,114)	(197,114)
Net Other	92,799	(45,512)
TOTAL	<u>(60,509)</u>	<u>(198,820)</u>

3. The Budget Committee adds \$60,000 from the State General fund for the 2010 Commission and the At-Risk Education Council. The Budget Committee believes the funding is more appropriate in the Legislative budget, with the rest of the funding for councils and commissions, than in the Legislative Coordinating Council budget.

EDUCATION BUDGET COMMITTEE REPORT
Postsecondary Education System

Board of Regents
University of Kansas
KU 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


Representative Becky Hutchins, Chair


Representative Carl Krehbiel

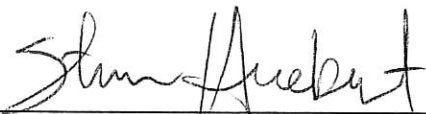
Representative Bill Feuerborn


Representative Joe McLeLand


Representative Lana Gordon

Representative Tom Sawyer

Representative Bob Grant


Representative Steve Huebert


Representative Bonnie Huy

HOUSE APPROPRIATIONS

DATE 2-21-2006
ATTACHMENT 7

House Budget Committee Report

Agency: Postsecondary Education Systemwide

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Various

Budget Page No. Various

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 747,250,191	\$ 747,250,191	\$ 0
Other Funds	1,177,253,656	1,177,253,656	0
TOTAL	\$ 1,924,503,847	\$ 1,924,503,847	\$ 0
Capital Improvements:			
State General Fund	\$ 2,044,313	\$ 2,044,313	\$ 0
Other Funds	66,146,039	66,146,039	0
TOTAL	\$ 68,190,352	\$ 68,190,352	\$ 0
TOTAL	\$ 19,926,994,199	\$ 19,926,994,199	\$ 0
FTE Positions	16,364.2	16,364.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16,364.2	16,364.2	0.0

Agency Estimate

The **current year estimate** for operating expenditures for the postsecondary education system is \$1.9 billion which is an increase of \$83.0 million (4.5 percent) above the approved budget. The FY 2006 State General Fund expenditures are estimated to be \$747.3 million which is an increase of \$1.5 million (0.2 percent) from the approved budget. Funds transferred from the Board of Regents to the individual institutions included \$11.6 million for the university operating grant increase; \$3.3 million for the faculty salary enhancement; and \$13.0 million for the 27th payroll period. The differences between the approved budget and the revised estimate are:

State General Fund

- unlimited reappropriations totaling \$1.5 million which are available for expenditure without further legislative action; and
- partially offset by a shift of \$30,867 from operating expenditures to debt service - principal.

General Fees Fund

The current year estimate for expenditures from the General Fees Funds of the state universities (tuition) is \$398.3 million which is an increase of \$53.5 million (15.5 percent) above the approved level due in part to:

- higher than anticipated carryforward balances from FY 2005 of \$16.8 million; and
- higher than anticipated revenue of \$39.9 million.

All Other Funds

- carry forward balances of:
 - \$292,307 from the Economic Development Initiatives Fund; and
 - \$3.7 million from the KAN-ED Fund; and
- \$27.1 million in revised estimates for expenditures from special revenue funds.

Governor's Recommendation

The Governor concurs with the agency's estimate.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Postsecondary Education Systemwide **Bill No.** **Bill Sec.**

Analyst: Hollon **Analysis Pg. No.** Various **Budget Page No.** Various

<u>Expenditure Summary</u>	<u>Agency Request FY 2007</u>	<u>Governor's Recommendation FY 2007</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 783,604,659	\$ 769,675,167	\$ 615,350
Other Funds	1,165,065,517	1,177,798,895	300,000
TOTAL	<u>\$ 1,948,670,176</u>	<u>\$ 1,947,474,062</u>	<u>\$ 915,350</u>
Capital Improvements:			
State General Fund	\$ 22,064,347	\$ 2,193,330	0
Other Funds	55,739,389	55,739,389	0
TOTAL	<u>\$ 77,803,736</u>	<u>\$ 57,932,719</u>	<u>\$ 0</u>
TOTAL	<u>\$ 2,026,473,912</u>	<u>\$ 2,055,406,781</u>	<u>\$ 915,350</u>
FTE Positions	16,371.2	16,365.2	(1.0)
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>16,371.2</u>	<u>16,365.2</u>	<u>(1.0)</u>

Agency Request

The **FY 2007 operating request** for the postsecondary education system is \$1.9 billion which is an increase of \$24.2 million (1.3 percent) above the current year estimate. State General Fund expenditures for FY 2007 are requested at \$783.6 million which is an increase of \$36.4 million (4.9 percent) above the current year estimate. The request includes enhancement packages totaling \$43.8 million detailed below. Absent these enhancements, the request is \$1.9 billion which is a decrease of \$19.7 million (1.0 percent) below the current year estimate.

The request includes:

- \$33.0 million from the State General Fund to provide for an operating grant increase for the state universities;
- \$3.2 million from the State General Fund to offset lost out-district tuition revenue for the community colleges and Washburn University;
- \$2.0 million from the State General Fund to shift partial funding of the KAN-ED program from the Kansas Universal Service Fund to the State General Fund;
- \$1.8 million from the State General Fund to increase funding for the postsecondary aid formula for technical colleges and schools;
- \$1.0 million from the State General Fund to increase funding for the Comprehensive Grant Program to provide financial assistance to financially needy students;
- \$200,000 from the State General Fund to meet federal requirements for the state

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- match of the Adult Basic Education Program;
- \$195,382 from the State General Fund and 3.0 FTE positions for the Board Office;
- \$92,000 from the State General Fund to finance statutorily-required reimbursements to the universities for various tuition waiver programs;
- \$75,000 from the State General Fund to purchase information processing equipment for the postsecondary database;
- \$22,500 from the State General Fund for increases in other operating expenses such as rent, travel, memberships, and computer purchases;
- \$7,500 from the State General Fund for an increase in the annual dues to the Midwest Higher Education Compact;
- \$2.0 million from the State General Fund for the fourth and final year of the Aviation Research Initiative at Wichita State University; and
- \$250,000 from the State General Fund and 4.0 FTE positions for Fort Hays State University for the operation of the Kansas Wetlands Educational Center.

Governor's Recommendation

The **Governor** recommends an FY 2007 operating budget of \$1.9 billion which is an increase of \$23.0 million (1.2 percent) above the current year recommendation. The Governor recommends State General Fund expenditures of \$769.7 million which is an increase of \$22.4 million (3.0 percent) from the current year. The recommendation includes:

- an increase in the state university operating grants totaling \$20.0 million from the State General Fund:
 - the State General Fund portion of a 2.5 percent base salary increase for classified employees and a 2.5 percent merit pool for unclassified employees at the state universities would equate to \$11.8 million;
 - the State General Fund of a pay grade adjustment for certain building trade positions at the state universities as part of a state-wide initiative would equate to \$245,389 (including the base salary increases noted above);
 - assuming that the state universities expend the funds in the above manner, the balance of the operating grant increase would be \$7.9 million. The State General Fund portion of the KPERS employer contribution rate increase and the death and disability rate for university employees are not specifically addressed in the Governor's recommendation.

Staff Note: Under the operating grant concept, the universities are not obligated to expend these funds in this manner. Increases in other funding sources for these items are included in the budgets of the individual institutions. In addition, the pay grade adjustment for trade positions would not apply to employees of the University of Kansas given that the university is staffed entirely by unclassified positions.

- an increase of \$1.3 million from the State General Fund for student financial aid including: \$1.0 million for the Comprehensive Grant program, \$200,000 for the Nursing Service Scholarship Program, and \$90,000 for statutory tuition waivers.
- an increase in Postsecondary Aid for Vocational Education of \$1.0 million from the State General Fund;
- an increase in Adult Basic Education of \$200,000 from the State General Fund;
- \$95,926 (\$60,460 from the State General Fund) for a 2.5 percent base salary adjustment for classified employees and a 2.5 percent merit pool for unclassified employees in the Board office;

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- an increase of \$31,089 from the State General Fund to make other pay plan adjustments in the Board office;
- an increase of \$75,000 from the State General Fund for information technology equipment related to the postsecondary database;
- the addition of \$46,478 from the State General Fund and 1.0 FTE position for an Administrative Assistant position in the Academic Affairs area; and
- the elimination of funding totaling \$82,500 from the State General Fund for the annual dues for the Midwest Higher Education Compact;
- continuation of funding of \$2.0 million from the State General Fund in the budget of Wichita State University for the Aviation Research Initiative; and
- a shift from the Economic Development Initiatives Fund to the State General Fund of \$300,000 in the budget of KSU ESARP.

House Budget Committee Recommendation

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

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For the postsecondary education system, the FY 2006 approved budget totaled \$1.9 billion, including \$747.8 million from the State General Fund. The approved budget was increased by a net total of \$7.1 million, partially offset by a reduction of \$2.4 million from the State General Fund, to establish a baseline budget for FY 2007. Detailed information is in the individual agency budget committee reports.

2. Add \$3.2 million from the State General Fund to offset lost out-district tuition revenue for the community colleges and Washburn University. Unless the Legislature takes action, the rate paid by other counties to the institutions will be eliminated as of July 1. The additional funding should 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.
3. Shift \$240,000 from the university operating grant increase from the State General Fund to the postsecondary aid formula for technical schools and colleges. This amount reflects the State General Fund portion of the trade position retention incentive for the state universities. The Budget Committee notes that, under the block grant concept, the state universities are not required to spend those particular funds in that specific manner and that the non-State

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General Fund portion of the incentive has been recommended in the budgets of the individual universities. It is the belief of the Budget Committee that individuals in trade positions must be trained before they can be retained and that the additional funding would be very beneficial to the technical colleges.

4. Delete \$46,478 from the State General Fund and 1.0 FTE Administrative Assistant position recommended for the Academic Affairs area in the Board office for consideration at Omnibus. The Budget Committee notes that, given the other needs in higher education and other state agencies, adding staff should not be a priority for state funds.
5. Delete a total of \$2.4 million from the State General Fund from the budgets of the state universities for consideration at Omnibus. The Budget Committee expresses its concern that the state universities may not be conforming to the requirement of Joint Committee on Information Technology review of projects over \$250,000 in terms of the agencies' purchase of personal computers. The amount reduced from this agency's budget reflects the amount budgeted from the State General Fund for personal computer purchases for FY 2007. The Budget Committee further recommends that the state universities submit their project plans for the purchase of personal computers and upgrades for wiring infrastructure to the Chief Information Technology Officer prior to that time.
6. Add \$150,000 from the State General Fund to increase funding for the Masters-level nursing program at Fort Hays State University. The Budget Committee notes a report by the Board of Regents which indicates that the shortage of nurses in the state is due not to low enrollments, but to a lack of nursing faculty and physical space in addition to other factors. The Budget Committee recommends that this amount be matched dollar for dollar by the university and that the additional funds be used to hire faculty and increase facilities for the program.
7. Shift \$300,000 from the State General Fund to the Economic Development Initiatives Fund at KSU Extension Systems and Agriculture Research Programs. The Budget Committee notes that this amount has been funded through the EDIF for the past two years and believes that to be the appropriate funding source.
8. Consider at Omnibus the addition of funding to fully fund the statutory formula for technical colleges. The state's portion of funding is to be 85 percent of local operating costs, but that level of funding has not been achieved in many years. In addition, the Higher Education Coordination Act (1999 SB 345) did not address funding for the technical colleges as it did the other sectors of higher education. As a result, increases of funding for technical education have fallen behind those of the rest of higher education.
9. Request introduction of legislation which would establish a three-year pilot program in which two state universities would be exempted from the purchasing limits set by the Division of Purchases within the Department of Administration. Under current law, state agencies must utilize the Division of Purchases if the amount of the purchase is over \$25,000. Given that the state universities regularly make purchases above that amount, the Budget Committee believes that an exemption would allow the universities to operate more efficiently and would provide more flexibility. The participating universities would be selected by the Board of Regents and would be required to report the results of the program to the Legislature and the Governor.

House Budget Committee Report

Agency: Board of Regents

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. II - 898

Budget Page No. 327

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2006</u>	<u>Governor's Recommendation FY 2006</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 151,230,324	\$ 151,230,324	\$ 0
Other Funds	39,833,934	39,833,934	0
TOTAL	\$ 191,064,258	\$ 191,064,258	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	10,880,000	10,880,000	0
TOTAL	\$ 10,880,000	\$ 10,880,000	\$ 0
TOTAL	\$ 201,944,258	\$ 201,944,258	\$ 0
FTE Positions	57.5	57.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	57.5	57.5	0.0

Agency Estimate

The **agency's** estimate for FY 2006 operating expenditures of \$191.1 million is a net decrease of \$30.0 million (13.6 percent) below the approved budget. The estimate includes State General Fund expenditures of \$151.2 million which is a decrease of \$26.9 million (15.1 percent) below the approved budget. Differences between the approved amount and the agency's revised estimate include:

State General Fund

- an unlimited reappropriation of FY 2005 State General Fund savings of \$1.0 million which is available for expenditure without any further legislative action; and
- transfers from this agency to the individual institutions of:
 - \$11.6 million for the state university operating grant;
 - \$3.3 million for the faculty salary enhancement; and
 - \$13.0 for the 27th payroll period.

All Other Funds

- unlimited reappropriations of:
 - \$249 from the Economic Development Initiatives Fund; and
 - \$3.7 million from the KAN-ED Fund; and

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- a reduction of \$3.3 million in the estimate of the debt service-interest payment for the Research Corporation bonds.

Governor's Recommendation

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

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Board of Regents **Bill No.** **Bill Sec.**
Analyst: Hollon **Analysis Pg. No.** Vol. II - 898 **Budget Page No.** 327

<u>Expenditure Summary</u>	<u>Agency Request FY 2007</u>	<u>Governor's Recommendation FY 2007</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 200,587,920	\$ 181,608,428	\$ 3,153,522
Other Funds	40,167,453	40,202,919	0
TOTAL	<u>\$ 240,755,373</u>	<u>\$ 221,811,347</u>	<u>\$ 3,153,522</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	32,450,000	32,450,000	0
TOTAL	<u>\$ 32,450,000</u>	<u>\$ 32,450,000</u>	<u>\$ 0</u>
TOTAL	<u>\$ 273,205,373</u>	<u>\$ 254,261,347</u>	<u>\$ 3,153,522</u>
FTE Positions	60.5	58.5	(1.0)
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>60.5</u>	<u>58.5</u>	<u>(1.0)</u>

Agency Request

The **agency** requests an FY 2007 operating budget of \$240.8 million which is an increase of \$49.7 million (26.0 percent) above the FY 2006 revised estimate. The request includes \$200.6 million from the State General Fund which is an increase of \$49.4 million (32.6 percent) above the FY 2006 revised estimate.

- The request includes funding of \$8.9 million in the Current Services budget for the third year of a three-year plan to fund the Higher Education Coordination Act (1999 SB 345) based upon the original estimate. The prior two years, the agency requested an enhancement of full funding based upon the statutory formulae and the Governor recommended the revised funding mechanism. The FY 2007 portion is comprised of:
 - \$5,086,081 for community college operating grants;
 - \$455,060 for the Washburn University operating grant; and
 - \$3,333,426 for faculty salary enhancements at the state universities.
- The request includes enhancements totaling \$41.6 million and 3.0 FTE positions. Absent those enhancements, the agency's FY 2007 request would be an increase of \$8.1 million (4.3 percent) from the current year. The State General Fund increase would be \$7.7 million (5.2 percent) above the current year. The increase is due to the third year of the revised SB 345 funding noted above partially offset

by reappropriations of FY 2005 funds expended in FY 2006 and not available in FY 2007.

Governor's Recommendation

The **Governor** recommends an FY 2007 operating budget of \$221.8 million which is an increase of \$30.7 million (16.1 percent) above the current year recommendation. The recommendation includes \$181.6 million from the State General Fund which is an increase of \$30.4 million (20.1 percent) from the current year recommendation. The recommendation includes:

- Funding of \$8.9 million in the Current Services budget for the third year of a three-year plan to fund the Higher Education Coordination Act (1999 SB 345) based upon the original estimate. The prior two years, the agency requested an enhancement of full funding based upon the statutory formulae and the Governor recommended the revised funding mechanism. The FY 2007 portion is comprised of:
 - \$5,086,081 for community college operating grants;
 - \$455,060 for the Washburn University operating grant; and
 - \$3,333,426 for faculty salary enhancements at the state universities.
- an increase in the state university operating grants totaling \$20.0 million from the State General Fund:
 - the State General Fund portion of a 2.5 percent base salary increase for classified employees and a 2.5 percent merit pool for unclassified employees at the state universities would equate to \$11.8 million;
 - the State General Fund of a pay grade adjustment for certain building trade positions at the state universities as part of a state-wide initiative would equate to \$245,389 (including the base salary increases noted above);
 - assuming that the state universities expend the funds in the above manner, the balance of the operating grant increase would be \$7.9 million.

Staff Note: Under the operating grant concept, the universities are not obligated to expend these funds in this manner. Increases in other funding sources for these items are included in the budgets of the individual institutions. In addition, the pay grade adjustment for trade positions would not apply to employees of the University of Kansas given that the university is staffed entirely by unclassified positions.

- an increase of \$1.3 million from the State General Fund for student financial aid including: \$1.0 million for the Comprehensive Grant program, \$200,000 for the Nursing Service Scholarship Program, and \$90,000 for statutory tuition waivers.
- an increase in Postsecondary Aid for Vocational Education of \$1.0 million from the State General Fund;
- an increase in Adult Basic Education of \$200,000 from the State General Fund;
- \$95,926 (\$60,460 SGF) for a 2.5 percent base salary adjustment for classified employees and a 2.5 percent merit pool for unclassified employees in the Board office;
- an increase of \$31,089 from the State General Fund to make other pay plan adjustments in the Board office;

- an increase of \$75,000 from the State General Fund for information technology equipment related to the postsecondary database;
- the addition of \$46,478 from the State General Fund and 1.0 FTE position for an Administrative Assistant position in the Academic Affairs area; and
- the elimination of funding totaling \$82,500 from the State General Fund for the annual dues for the Midwest Higher Education Compact.

House Budget Committee Recommendation

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

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$221.1 million, including \$178.1 million from the State General Fund. The approved budget was reduced by a net total of \$24.1 million, including \$23.8 million from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$7.4 million in salary adjustments and \$15.0 million in one-time adjustments, partially offset by an increase of \$4.7 million for debt service payments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 181,608,428	\$ 254,261,347
Baseline Budget	157,848,554	230,118,171
Dollar Difference	<u>\$ 23,759,874</u>	<u>\$ 24,143,176</u>
<i>Percent Difference</i>	13.1%	9.5%

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The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	SGF	All Funds
Base Salary Adjustment - KBOR	\$ 9,443	\$ 9,443
University Op. Grant Increase	20,000,000	20,000,000
SB 345 Funding	8,874,567	8,874,567
Vocational Education Increase	1,000,000	1,000,000
Adult Basic Education Increase	200,000	200,000
Comprehensive Grant Increase	1,000,000	1,000,000
Nursing Scholarship Increase	200,000	200,000
Tuition Waiver Reimbursement	90,000	90,000
Postsecondary Database	75,000	75,000
Administrative Assistant	46,478	46,478
MHEC Dues Elimination	(82,500)	(82,500)
One-time FY 2006 KAN-ED Exp.	0	(1,212,310)
Federal Funds Adjustments	0	(361,836)
Other Net Adjustments	37,669	(4,883)
KAN-ED Funding Shift (not recommended by the Governor)	(2,000,000)	0
Pay Plan Annualization - Univ. (not addressed by the Governor)	(5,690,783)	(5,690,783)
TOTAL	<u>\$ 23,759,874</u>	<u>\$ 24,143,176</u>

3. Add \$3.2 million from the State General Fund to offset lost out-district tuition revenue for the community colleges and Washburn University. Unless the Legislature takes action, the rate paid by other counties to the institutions will be eliminated as of July 1. The additional funding should 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.
4. Shift \$240,000 from the university operating grant increase from the State General Fund to the postsecondary aid formula for technical schools and colleges. This amount reflects the State General Fund portion of the trade position retention incentive for the state universities. The Budget Committee notes that, under the block grant concept, the state universities are not required to spend those particular funds in that specific manner and that the non-State General Fund portion of the incentive has been recommended in the budgets of the individual universities. It is the belief of the Budget Committee that individuals in trade positions must be trained before they can be retained and that the additional funding would be very beneficial to the technical colleges.
5. Delete \$46,478 from the State General Fund and 1.0 FTE Administrative Assistant position recommended for the Academic Affairs area for consideration at Omnibus. The Budget Committee notes that, given the other needs in higher education and other state agencies, adding staff should not be a priority for state funds.
6. Consider at Omnibus the addition of funding to fully fund the statutory formula for technical colleges. The state's portion of funding is to be 85 percent of local

operating costs, but that level of funding has not been achieved in many years. In addition, the Higher Education Coordination Act (1999 SB345) did not address funding for the technical colleges as it did the other sectors of higher education. As a result, increases of funding for technical education have fallen behind those of the rest of higher education.

7. Request introduction of legislation which would establish a three-year pilot program in which two state universities would be exempted from the purchasing limits set by the Division of Purchases within the Department of Administration. Under current law, state agencies must utilize the Division of Purchases if the amount of the purchase is over \$25,000. Given that the state universities regularly make purchases above that amount, the Budget Committee believes that an exemption would allow the universities to operate more efficiently and would provide more flexibility. The participating universities would be selected by the Board of Regents and would be required to report the results of the program to the Legislature and the Governor.

House Budget Committee Report

Agency: University of Kansas **Bill No.** **Bill Sec.**
Analyst: Hollon **Analysis Pg. No.** Vol. II - 924 **Budget Page No.** 421

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 142,829,991	\$ 142,829,991	\$ 0
Other Funds	330,038,774	330,038,774	0
TOTAL	<u>\$ 472,868,765</u>	<u>\$ 472,868,765</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 676,300	\$ 676,300	\$ 0
Other Funds	22,000,231	22,000,231	0
TOTAL	<u>\$ 22,676,531</u>	<u>\$ 22,676,531</u>	<u>\$ 0</u>
TOTAL	<u>\$ 495,545,296</u>	<u>\$ 495,545,296</u>	<u>\$ 0</u>
FTE Positions	4,685.4	4,685.4	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>4,685.4</u>	<u>4,685.4</u>	<u>0.0</u>

Agency Estimate

The **agency's** current year operating budget estimate is \$472.9 million which is an increase of \$20.6 million (4.6 percent) above the approved budget. The agency estimates FY 2006 State General Fund expenditures of \$142.8 million which is an increase of \$6.8 million (5.0 percent) above the approved budget. The differences between the approved amount and the agency's revised estimate are:

State General Fund

- an unlimited reappropriation of \$244,377 which is available for expenditures without further legislative action; and
- \$6.6 million which was transferred from the Board of Regents to the University of Kansas for items approved by the 2005 Legislature:
 - \$2.4 million for the operating grant increase;
 - \$978,260 for the faculty salary enhancement; and
 - \$3.2 million for the 27th payroll period.

General Fees Fund

- an increase of \$23.6 million due to:
 - a higher than anticipated carryforward of FY 2005 balances of \$2.8 million;
 - unanticipated FY 2006 tuition revenue of \$21.7 million;

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- a shift of \$1.8 million from capital improvement expenditures to operating expenditures;
- a revised estimated carryforward into FY 2007 of \$1.8 million; and
- partially offset by a shift of \$4.6 million to non-reportable expenditures.

All Other Funds

- a reduction of \$9.8 million in anticipated receipts to special revenue funds which were not realized.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2006 revised estimate.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: University of Kansas **Bill No.** **Bill Sec.**
Analyst: Hollon **Analysis Pg. No.** Vol. II - 924 **Budget Page No.** 421

<u>Expenditure Summary</u>	<u>Agency Request FY 2007</u>	<u>Governor's Recommendation FY 2007</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 139,337,291	\$ 139,337,291	\$ (799,337)
Other Funds	329,552,799	334,158,314	0
TOTAL	<u>\$ 468,890,090</u>	<u>\$ 473,495,605</u>	<u>\$ (799,337)</u>
Capital Improvements:			
State General Fund	\$ 9,509,183	\$ 709,183	\$ 0
Other Funds	8,143,539	8,143,539	0
TOTAL	<u>\$ 17,652,722</u>	<u>\$ 8,852,722</u>	<u>\$ 0</u>
TOTAL	<u>\$ 486,542,812</u>	<u>\$ 482,348,327</u>	<u>\$ (799,337)</u>
FTE Positions	4,685.4	4,685.4	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>4,685.4</u>	<u>4,685.4</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2007 operating budget of \$468.9 million which is a decrease of \$4.0 million (0.8 percent) below the current year estimate. The agency requests State General Fund expenditures of \$139.3 million which is a decrease of \$3.5 million (2.4 percent) below the current year. The decrease is due mainly to the one-time expenditure in FY 2006 for the 27th payroll period.

Governor's Recommendation

The **Governor** concurs with the agency's operating request and adds \$4.6 million from special revenue funds for the non-State General Fund portion of the pay plan. The Governor does not recommend the agency's capital improvement request of \$8.8 million from the State General Fund for utility tunnel improvements.

Staff Note: The Governor's recommended pay differential for trade occupations will not apply to this agency. All employees of the University of Kansas are unclassified employees.

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House Budget Committee Recommendation

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

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$477.6 million, including \$136.6 million from the State General Fund. The approved budget was increased by a net total of \$4.1 million, including \$3.8 million from the State General Fund to establish a baseline budget for FY 2007. The increases included \$1.1 million in salary adjustments and \$3.4 million in one-time adjustments, partially offset by a reduction of \$443,586 for debt service payments.

- Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 140,046,474	\$ 482,348,327
Baseline Budget	140,467,719	481,724,591
Dollar Difference	<u>\$ (421,245)</u>	<u>\$ 623,736</u>
<i>Percent Difference</i>	<i>(0.3)%</i>	<i>0.1%</i>

The following table reflects items of difference.

	SGF	All Funds
Base Salary Adjustment	\$ 0	\$ 4,605,515
Tuition Estimate	0	26,648,839
Federal Funds Adjustment	0	(16,124,837)
Capital Improvements Adjustment	0	(11,139,847)
Other Net Adjustments	206,574	(1,680,100)
KPERS Rate Increase (not recommended by the Governor)	(448,442)	(1,204,167)
KPERS D&D Rate Increase (not recommended by the Governor)	(179,377)	(481,667)
TOTAL	<u>\$ (421,245)</u>	<u>\$ 623,736</u>

- Delete \$799,337 from the State General Fund for consideration at Omnibus. The Budget Committee expresses its concern that the state universities may not be

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conforming to the requirement of Joint Committee on Information Technology review of projects over \$250,000 in terms of the agencies' purchase of personal computers. The amount reduced from this agency's budget reflects the amount budgeted from the State General Fund for personal computer purchases for FY 2007. The Budget Committee further recommends that the state universities submit their project plans for the purchase of personal computers and upgrades for wiring infrastructure to the Chief Information Technology Officer prior to that time.

House Budget Committee Report

Agency: University of Kansas
Medical Center

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Vol. II-941

Budget Page No. 424

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 109,675,976	\$ 109,675,976	\$ 0
Other Funds	140,764,467	140,764,467	0
TOTAL	\$ 250,440,443	\$ 250,440,443	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	2,980,225	2,980,225	0
TOTAL	\$ 2,980,225	\$ 2,980,225	\$ 0
TOTAL	\$ 253,420,668	\$ 253,420,668	\$ 0
FTE Positions	2,478.7	2,478.7	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	2,478.7	2,478.7	0.0

Agency Estimate

The **agency's** current year estimate of operating expenditures is \$250.4 million which is an increase of \$17.2 million (7.4 percent) above the approved budget. The agency estimates FY 2006 State General Fund expenditures of \$109.7 million which is an increase of \$5.3 million (5.0 percent) above the approved budget. The differences between the approved budget and the agency's revised estimate include:

State General Fund

- an unlimited reappropriation of FY 2005 State General Fund savings of \$14,410 which is available for expenditure without any further legislative action; and
- \$5.2 million which was transferred from the Board of Regents to the Medical Center for items approved by the 2005 Legislature:
 - \$2.4 million for the operating grant increase;
 - \$404,878 for the faculty salary enhancement; and
 - \$2.4 million for the 27th payroll period.

General Fees Fund

- an increase of \$3.6 million due to:
 - a higher than anticipated carryforward of FY 2005 balances of \$540,981; and
 - higher than anticipated FY 2006 tuition revenue of \$3.8 million.
- the increase is partially offset by an increase in nonreportable expenditures of \$221,197 and a revised estimate of carryforward into FY 2007 of \$483,958.

All Other Funds

- an unlimited reappropriation of FY 2005 Children's Initiatives Fund savings of \$5,007 which is available for expenditures without further legislative action; and
- \$8.4 million in unanticipated receipts to special revenue funds.

Governor's Recommendation

The Governor concurs with the agency's estimate.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: University of Kansas
Medical Center

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Vol. II-941

Budget Page No. 424

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 107,221,166	\$ 112,221,166	\$ (298,567)
Other Funds	139,569,490	141,785,624	0
TOTAL	<u>\$ 246,790,656</u>	<u>\$ 254,006,790</u>	<u>\$ (298,567)</u>
Capital Improvements:			
State General Fund	\$ 6,228,701	\$ 0	\$ 0
Other Funds	3,365,000	3,365,000	0
TOTAL	<u>\$ 9,593,701</u>	<u>\$ 3,365,000</u>	<u>\$ 0</u>
TOTAL	<u>\$ 256,384,357</u>	<u>\$ 257,371,790</u>	<u>\$ (298,567)</u>
FTE Positions	2,478.7	2,478.7	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>2,478.7</u>	<u>2,478.7</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2007 operating budget of \$246.8 million which is a decrease of \$3.6 million (1.5 percent) below the current year estimate. The agency requests State General Fund expenditures of \$107.2 million which is a decrease of \$2.5 million (2.2 percent) below the current year estimate. The decrease is due mainly to one-time expenditures in FY 2006 for the 27th payroll period.

Governor's Recommendation

The **Governor** concurs with the agency's operating budget request with two additions:

- \$5.0 million from the State General Fund to assist the university in its pursuit of designation as a National Cancer Center; and
- \$2.2 million from special revenue funds for the non-State General Fund portion of the pay plan.

The Governor does not recommend the agency's capital improvement request of \$6.2 million from the State General Fund to update the Applegate Energy Center.

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House Budget Committee Recommendation

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

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$241.8 million, including \$104.4 million from the State General Fund. The approved budget was increased by a net total of \$4.9 million, including \$3.3 million from the State General Fund to establish a baseline budget for FY 2007. The increases included \$948,702 in salary adjustments, \$2.8 million in one-time adjustments, and \$1.2 million for debt service payments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 112,221,166	\$ 257,371,790
Baseline Budget	107,720,748	246,715,978
Dollar Difference	<u>\$ 4,500,418</u>	<u>\$ 10,655,812</u>
<i>Percent Difference</i>	4.0%	4.1%

The following table reflects items of difference.

	SGF	All Funds
Base Salary Adjustment	\$ 0	\$ 2,216,134
Cancer Center	5,000,000	5,000,000
Tuition Estimate	0	3,916,778
Other Net Adjustments	5,526	481,683
KPERs Rate Increase (not recommended by the Gov.)	(360,791)	(684,845)
KPERs D&D Rate Increase (not recommended by the Governor)	(144,317)	(273,938)
TOTAL	<u>\$ 4,500,418</u>	<u>\$ 10,655,812</u>

3. Delete \$298,567 from the State General Fund for consideration at Omnibus. The Budget Committee expresses its concern that the state universities may not be

conforming to the requirement of Joint Committee on Information Technology review of projects over \$250,000 in terms of the agencies' purchase of personal computers. The amount reduced from this agency's budget reflects the amount budgeted from the State General Fund for personal computer purchases for FY 2007. The Budget Committee further recommends that the state universities submit their project plans for the purchase of personal computers and upgrades for wiring infrastructure to the Chief Information Technology Officer prior to that time.

FHSU Enrollment Growth Proposal
Department of Nursing

Attachment D

	Faculty needs	Salary (includes fringe and insurance)	Total yearly cost
Year 1	2 FTE 9 month faculty	66,325.00 each 132,650.00 total	
	1 FTE 12 month PhD faculty	88,182.00	220,832
Year 2	1 FTE 9 month faculty	66,325.00	287,157

This proposal will allow the FHSU Department of Nursing to begin admitting 10 more students per semester in the on-campus BSN program; increasing from 40 admissions per year to 60 admissions per year (a 50% increase). The addition of one FTE 12 month PhD prepared faculty will enable the Department of Nursing to increase the enrollment in the MSN program by 15%.

In addition to the faculty salary and fringe costs, additional OOE of \$2,000 per FTE (\$8,000) would be requested.

HOUSE APPROPRIATIONS

DATE 2-21-2006
ATTACHMENT 8