

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on March 7, 2006 in Room 514-S of the Capitol.

All members were present except:

- Representative Bob Bethell- excused
- Representative Shari Weber- excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Becky Krahl, Legislative Research Department
- Matt Spurgin, Legislative Research Department
- Amy Deckard, Legislative Research Department
- Audrey Dunkel, Legislative Research Department
- Julian Efird, 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:

- Tom Hayes, President, Cargill
- Lyndon Wells, Executive Vice President, INTRUST Bank
- Richard Taylor, Business Manager of Plumbers and Pipefitters Local 441
- John Waltner, Mayor of Hesston and Chairman of the Regional Economic Area Partnership

Others attending:

See attached list.

- Attachment 1 Budget Committee reports on State Corporation Commission and Citizen Utility Ratepayer Board
- Attachment 2 Budget Committee report on Department of Corrections
- Attachment 3 Budget Committee reports on El Dorado Correctional Facility, Ellsworth Correctional Facility, Hutchinson Correctional Facility, Lansing Correctional Facility, Larned Correctional Mental Health Facility, Norton Correctional Facility, Topeka Correctional Facility and Winfield Correctional Facility
- Attachment 4 Information on Economic Development Initiatives Fund (EDIF) and Lottery Sales and Transfers

Testimony on **SB 475** was received from:

- Attachment 5 Tom Hayes, President, Cargill
- Attachment 6 Lyndon Wells, Executive Vice President, INTRUST Bank
- Attachment 7 Richard Taylor, Business Manager of Plumbers and Pipefitters Local 441
- Attachment 8 John Waltner, Mayor of Hesston and Chairman of the Regional Economic Area Partnership
- Attachment 9 Allen Bell, Economic Development Director, City of Wichita
- Attachment 10 Ben Sciortino, Chairman, Sedgwick County Commissioners
- Attachment 11 Duane Ross, High Plains Journal, Dodge City
- Attachment 12 Steve Harper, Network Management Group Inc. (NMGI), Hutchinson

Representative Schwartz moved to introduce a resolution pertaining to a vision for the state of Kansas to be less dependent on fossil fuels by 2025. The motion was seconded by Representative Powell. Motion carried.

Representative Tafanelli moved to introduce legislation to establish a grant program for handling

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 7, 2006 in Room 514-S of the Capitol.

of veterans' service claims and moving from a joint employment agreement process to a grant program. The motion was seconded by Representative Henry. Motion carried.

Representative Tapanelli moved to introduce legislation to establish the state disaster relief fund. The motion was seconded by Representative Henry. Motion carried.

Representative Pottorff moved to approve the Committee meeting minutes as written of February 13, February 14, February 15, February 16, February 17, February 20, February 21 and February 22. The motion was seconded by Representative McCreary. Motion carried.

Action on Sub for HB 2594 - Former Kansas legislators experience history project grant awards authorized, appropriations for such project.

Representative Schwartz moved to reconsider the action of the Committee on **HB 2594**. The motion was seconded by Representative Hutchins. Motion carried.

Representative Schwartz moved to amend **HB 2594** into **Substitute for HB 2594**, strike the language in Section 3 pertaining to appropriations and insert language "subject to appropriations". The motion was seconded by Representative Pottorff. Motion carried.

Representative Pottorff moved to recommend **HB 2594** favorable for passage as amended and to report the bill as **Substitute for HB 2594**. The motion was seconded by Representative Yoder. Motion carried.

Representative Williams, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the State Corporation Commission for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 1). The motion was seconded by Representative Schwartz. Motion carried.

Representative Williams, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the State Corporation Commission for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 1). The motion was seconded by Representative Schwartz. Motion carried.

Representative Powell, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Citizen Utility Ratepayer Board for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 1). The motion was seconded by Representative Schwartz. Motion carried.

Representative Powell, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Citizen Utility Ratepayer Board for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 1). The motion was seconded by Representative Schwartz. Motion carried.

Representative Light, Chair of the Public Safety Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Corrections for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative Tapanelli. Motion carried.

The Budget Committee noted that it appears that Wyandotte County has little interest in establishing a day reporting center.

Representative Light, Chair of the Public Safety Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Corrections for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 7, 2006 in Room 514-S of the Capitol.

(Attachment 2). The motion was seconded by Representative Sharp. Motion carried.

Representative Powell moved to amend the Budget Committee report on the Department of Corrections for FY 2007 relating to Item No. 8 by adding "Larned Correctional Facility" as one of the facilities considered for expansion. The motion was seconded by Representative Schwartz. Motion failed.

Roger Werholtz, Secretary, Department of Corrections, stated that the Department has a number of options for expansion including Larned Correctional Facility. Mr. Werholtz indicated that the reason El Dorado and Ellsworth Correctional Facilities were recommended to the Budget Committee was because the Department does not know the effect of legislature or the number of beds that will be needed plus these two facilities would have the lowest cost in doing expansion.

The Committee noted that they felt it is important to provide education and rehabilitation for inmates with possible parole rather than build additional prison bed space.

Representative Light, Chair of the Public Safety Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the El Dorado Correctional Facility, Ellsworth Correctional Facility, Hutchinson Correctional Facility, Lansing Correctional Facility, Larned Correctional Mental Health Facility, Norton Correctional Facility, Topeka Correctional Facility and Winfield Correctional Facility for FY 2006 and FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2006 and FY 2007 (Attachment 3). The motion was seconded by Representative Sharp.

Representative Sharp moved to amend the Ellsworth Correctional Facility and Lansing Correctional Facility budgets for FY 2006 by adding \$51,000 State General Fund (SGF) for Ellsworth Correctional Facility and \$161,000 SGF for Lansing Correctional Facility as a supplemental to fund for 1.25 percent pay increase. The motion was seconded by Representative Lane. Motion failed.

Representative Sharp moved to amend the Ellsworth Correctional Facility and Lansing Correctional Facility budgets for FY 2007 by reviewing the funding for the 1.25 percent pay increase at Omnibus. The motion was seconded by Representative Light. Motion carried.

Representative Light moved to adopt the Budget Committee report on the Correctional Facilities for FY 2007 as amended. The motion was seconded by Representative Sharp. Motion carried.

Hearing on SB 475 - Creating the state affordable airfare fund; moneys from the economic development initiatives fund; implementing a program to provide more flight options, more competition and affordable airfares.

Audrey Dunkel, Kansas Legislative Research Department, explained that **SB 475** would create the State Affordable Airfare Fund to be administered by the Department of Commerce. The fund would be funded from transfers of \$5 million each year from the Economic Development Initiatives Fund (EDIF). If funds were not available in EDIF, then the balance would come from the State General Fund (SGF). An overview of the Economic Development Initiatives Fund (EDIF) and a chart showing Lottery Sales and Transfers were distributed to the Committee (Attachment 4).

Chairman Neufeld recognized Tom Hayes, President of Cargill Meat Solutions, who presented testimony in support of **SB 475** (Attachment 5). Mr. Hayes noted that Wichita has the largest airport in the state. Mr. Hayes indicated that affordable airfares are important to Cargill and the agricultural industry as well as other industries.

The Chair recognized Lyndon Wells, Executive Vice President, INTRUST Bank, who presented testimony in support of **SB 475** (Attachment 6). Mr. Wells indicated that many of the bank's customers are dependent on affordable airfare. Also representing the Wichita Chamber of Commerce, Mr. Wells indicated that they have heard from businesses in Wichita and around the state who are dependent on having access to affordable airfare, noting it is important for the economy of the state. Mr. Wells felt that affordable airfare is critical to the economic development in Wichita and the state.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 7, 2006 in Room 514-S of the Capitol.

Chairman Neufeld recognized Richard Taylor, Business Manager of Plumbers and Pipefitters Local 441, who presented testimony in support of **SB 475** ([Attachment 7](#)). Mr. Taylor noted that jobs and trades in the state are dependent on having access to affordable air service.

Chairman Neufeld recognized John Waltner, Mayor of Hesston and Chairman of the Regional Economic Area Partnership, who presented testimony in support of **SB 475** ([Attachment 8](#)). Mr. Waltner included a map with his testimony showing the portion of Kansas from which passengers have accessed the Wichita airport.

Andy Schlapp, Sedgwick County, stated that passengers traveling out of Wichita has grown from 1 million to 1.5 million and anticipates, with the passage of **SB 475**, this usage will grow to 2.5 million.

Written testimony in support of **SB 475** was received from:

- Allen Bell, Economic Development Director, City of Wichita ([Attachment 9](#))
- Ben Sciortino, Chairman, Sedgwick County Commissioners ([Attachment 10](#))
- Duane Ross, High Plains Journal, Dodge City ([Attachment 11](#))
- Steve Harper, Network Management Group Inc. (NMGI), Hutchinson ([Attachment 12](#))

The hearing on SB 475 was closed.

The meeting was adjourned at 11:00 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 8, 2006.



Melvin Neufeld, Chairman

HOUSE APPROPRIATIONS COMMITTEE

March 7, 2006

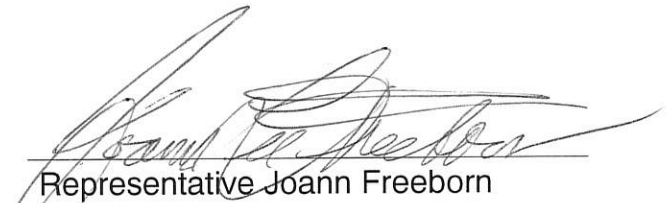
9:00 a.m.

NAME	REPRESENTING
Bernie Koch	Wichita Chamber
Tom Bruno	REAP
Wally Kearns	KSBOC
Beth Kunnha	CURB
Shonda Titworth	CURB
LYNDON WELLS	WICHITA CHAMBER
John Westner	REAP
Willis Heck	REAP
RICHARD TAYLOR	BUILDING TRADES
Jack - Matt Scott Polje	KCC
B. Duffy	KCC
Ron Secher	Ken Law Firm
Dodie Wellshoar	Patrick Hurley & Co
JEREMY BARCLAY	KDOC
DENNIS WILLIAMS	KDOC
CHUCK SIMMONS	KDOC
Roger Werhottz	KDOC
David Sprung	Curb
ERIC Sexton	WSU

FY 2006 and FY 2007

**State Corporation Commission
Citizen Utility Ratepayer Board**


Representative Sharon Schwartz, Chair


Representative Joann Freeborn


Representative Vaughn Flora



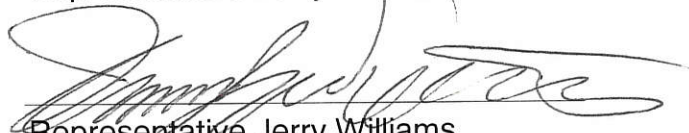
Representative Carl Holmes



Representative Larry Powell



Representative Tom Sloan



Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 3-7-2006
ATTACHMENT 1

Senate Subcommittee Report

Agency: State Corporation Commission **Bill No.** SB 570

Bill Sec. 29

Analyst: Deckard

Analysis Pg. No. Vol. 1, p. 498

Budget Page No. 111

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Special Revenue Funds:			
State Operations	\$ 19,530,134	\$ 19,347,599	\$ 0
Aid to Local Units	58,010	58,010	0
Other Assistance	100,000	100,000	0
TOTAL	\$ 19,688,144	\$ 19,505,609	\$ 0
FTE Positions	214.0	214.0	0.0
Non FTE Uncl. Perm. Pos.	6.5	6.5	0.0
TOTAL	220.5	220.5	0.0

Agency Estimate

The **agency's** estimate for FY 2006 is \$19,688,144, an increase of \$203,698 or 1.0 percent above the approved amount. The majority of the increase is in the amount estimated to be expended on costs associated with plugging abandoned oil and gas wells. Anticipated changes in federal funds for the Underground Injection Control program, the energy program and other items have necessitated changes in the budgeted amount.

Governor's Recommendation

The **Governor** recommends FY 2006 expenditures of \$19,505,609, an increase of \$21,163 or 0.1 percent above the approved amount. The recommendation is a decrease of \$182,535 or 0.9 percent below the agency's revised estimate. The entire amount of the difference between the agency's estimate and the Governor's recommendation is the agency's request for an additional \$182,535 from the Abandoned Oil and Gas Well Plugging fund which the Governor did not recommend.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$182,535 from fee funds for well-plugging activities.

House Budget Committee Report

Agency: State Corporation Commission **Bill No.** HB 2958 **Bill Sec.** 29

Analyst: Deckard **Analysis Pg. No.** Vol. 1, p. 498 **Budget Page No.** 111

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 19,530,134	\$ 19,347,599	\$ 182,535
Aid to Local Units	58,010	58,010	0
Other Assistance	100,000	100,000	0
TOTAL	<u>\$19,688,144</u>	<u>\$19,505,609</u>	<u>\$182,535</u>
FTE Positions	214.0	214.0	0.0
Non FTE Uncl. Perm. Pos.	6.5	6.5	0.0
TOTAL	<u>220.5</u>	<u>220.5</u>	<u>0.0</u>

Agency Estimate

The agency's estimate for FY 2006 is \$19,688,144, an increase of \$203,698 or 1.0 percent above the approved amount. The majority of the increase is in the amount estimated to be expended on costs associated with plugging abandoned oil and gas wells. Anticipated changes in federal funds for the Underground Injection Control program, the energy program and other items have necessitated changes in the budgeted amount.

Governor's Recommendation

The Governor recommends FY 2006 expenditures of \$19,505,609, an increase of \$21,163 or 0.1 percent above the approved amount. The recommendation is a decrease of \$182,535 or 0.9 percent below the agency's revised estimate. The entire amount of the difference between the agency's estimate and the Governor's recommendation is the agency's request for an additional \$182,535 from the Abandoned Oil and Gas Well Plugging fund which the Governor did not recommend.

House Budget Committee Recommendation

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

1. Add \$182,535 from the Abandoned Oil and Gas Well Plugging Fund to fund the plugging of approximately 40 additional wells in FY 2006. The Budget Committee notes that this program protects the public interest and health for all Kansans by protecting the fresh water supply. The Budget Committee also notes that the mild winter has allowed for continual well plugging activities which will allow the agency to utilize the additional resources to continue to plug abandoned wells.
2. The Budget Committee notes the January 9, 2006 report to the Legislature from the Kansas Corporation Commission (KCC) which indicated there are still 7,528 abandoned wells which need to be plugged and 65 remediation sites in Kansas. The estimated cost to plug a well is between \$3,500 - \$4,200 for FY 2006. The KCC reported that it plugged 664 wells in FY 2005 and estimated plugging 550 wells in FY 2006 under the Governor's recommendation.
3. The Budget Committee notes the existence of the proviso contained in HB 2958, Section 29, which allows expenditures for compensation, subsistence, and mileage to be paid from the Public Service Regulation Fund for the Kansas Electric Transmission Authority (KETA) in FY 2006.
4. The Budget Committee notes testimony from the agency which indicated that the Federal Energy Policy Act of 2005 will have implications on the agency. Testimony indicated that the law repeals the Public Utilities Holding Company Act of 1935 (PUHCA) and amends the Public Utilities Regulatory Policies Act (PURPA). This action will require the agency to consider several issues including net-metering, time-based rates and metering, and other demand response programs. The Federal bill authorizes, but does not appropriate funds for providing items such as energy efficient appliance rebates, energy efficiency to new public buildings, etc. The Federal bill also includes a provision to provide funding to states to plug wells, but this provision was not appropriated.

Additionally, the agency indicated the Federal Department of Energy has informed them that the Federal State Energy Program funding for Kansas will be reduced by \$113,000.

Senate Subcommittee Report

Agency: State Corporation Commission

Bill No. SB 573

Bill Sec. 17

Analyst: Deckard

Analysis Pg. No. Vol. I-498

Budget Page No. 111

<u>Expenditure Summary</u>	<u>Agency Request FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>Senate Subcommittee Adjustments</u>
Special Revenue Funds:			
State Operations	\$ 19,457,336	\$ 19,221,124	\$ 0
Aid to Local Units	58,010	58,010	0
Other Assistance	0	150,000	0
TOTAL	<u>\$ 19,515,346</u>	<u>\$ 19,429,134</u>	<u>\$ 0</u>
FTE Positions	214.0	214.0	0.0
Non FTE Uncl. Perm. Pos.	6.5	6.5	0.0
TOTAL	<u>220.5</u>	<u>220.5</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2007 operating expenditure limitation of \$19,515,346, a decrease of \$172,798 or 0.9 percent below the FY 2006 revised estimate. The decrease from the FY 2006 estimate includes: a decrease of \$283,679 or 2.2 percent in salaries and wages due to the fact that there were 27 payroll periods in FY 2006 and only 26 payroll periods in FY 2007 and the Governor's Fellow Intern which is not scheduled to reoccur in FY 2007; an increase of \$156,324 or 2.5 percent in contractual services mostly attributable to an increase in rent and professional services; an increase of \$5,319 or 1.2 percent in commodities attributable to increase in gasoline and office supplies; and an increase of \$49,238 or 24.2 percent in capital outlay attributable to the \$152,000 enhancement package to replace ten of the agency's vehicles, partially offset by the fact that the agency is scheduled to replace eight vehicles in FY 2006. The request includes the statutory transfers from the State Water Plan Fund and the State General Fund of \$400,000 each into the Abandoned Oil and Gas Well Fund.

Governor's Recommendation

The **Governor** recommends FY 2007 expenditures of \$19,429,134, a decrease of \$76,475 or 0.4 percent below the FY 2006 recommendation. The FY 2007 recommendation is a decrease of \$86,212 or 0.4 percent below the agency's request. The Governor's recommendation does not include the \$400,000 transfer from the State General Fund to the Abandoned Oil and Gas Well Plugging Fund, but does include an additional transfer of \$400,000 from the Conservation Fee Fund to the Abandoned Oil and Gas Well Plugging Fund. Additionally, the salaries and wages shrinkage rate for the Administration, Utilities, and Conservation Program was increased from 2.5 percent to 6.0 percent, for a decrease of \$404,601 in additional shrinkage. The Governor added \$150,000 from the Public Service Regulation Fund to continue funding for the Kansas Energy Council (KEC). The Governor's recommendation includes a reduction of \$50,000 in contractual services and the addition of \$264,889 for a 2.5 percent cost of living adjustment for state employees' salaries and wages.

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cluded in the Governor's recommendation is the partial funding of the agency's enhancement request, \$105,500 to replace seven of the ten requested vehicles.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: State Corporation Commission **Bill No.** HB 2968

Bill Sec. 17

Analyst: Deckard

Analysis Pg. No. Vol. I-498

Budget Page No. 111

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 19,457,336	\$ 19,221,124	\$ 0
Aid to Local Units	58,010	58,010	0
Other Assistance	0	150,000	0
TOTAL	\$ 19,515,346	\$ 19,429,134	\$ 0
FTE Positions	214.0	214.0	0.0
Non FTE Uncl. Perm. Pos.	6.5	6.5	0.0
TOTAL	220.5	220.5	0.0

Agency Request

The agency requests an FY 2007 operating expenditure limitation of \$19,515,346, a decrease of \$172,798 or 0.9 percent below the FY 2006 revised estimate. The decrease from the FY 2006 estimate includes: a decrease of \$283,679 or 2.2 percent in salaries and wages due to the fact that there were 27 payroll periods in FY 2006 and only 26 payroll periods in FY 2007 and the Governor's Fellow Intern which is not scheduled to reoccur in FY 2007; an increase of \$156,324 or 2.5 percent in contractual services mostly attributable to an increase in rent and professional services; an increase of \$5,319 or 1.2 percent in commodities attributable to increase in gasoline and office supplies; and an increase of \$49,238 or 24.2 percent in capital outlay attributable to the \$152,000 enhancement package to replace ten of the agency's vehicles, partially offset by the fact that the agency is scheduled to replace eight vehicles in FY 2006. The request includes the statutory transfers from the State Water Plan Fund and the State General Fund of \$400,000 each into the Abandoned Oil and Gas Well Fund.

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Governor's Recommendation

The Governor recommends FY 2007 expenditures of \$19,429,134, a decrease of \$76,475 or 0.4 percent below the FY 2006 recommendation. The FY 2007 recommendation is a decrease of \$86,212 or 0.4 percent below the agency's request. The Governor's recommendation does not include the \$400,000 transfer from the State General Fund to the Abandoned Oil and Gas Well Plugging Fund, but does include an additional transfer of \$400,000 from the Conservation Fee Fund to the Abandoned Oil and Gas Well Plugging Fund. Additionally, the salaries and wages shrinkage rate for the Administration, Utilities, and Conservation Program was increased from 2.5 percent to 6.0 percent, for a decrease of \$404,601 in additional shrinkage. The Governor added \$150,000 from the Public Service Regulation Fund to continue funding for the Kansas Energy Council (KEC). The Governor's recommendation includes a reduction of \$50,000 in contractual services and the addition of \$264,889 for a 2.5 percent cost of living adjustment for state employees' salaries and wages. Included in the Governor's recommendation is the partial funding of the agency's enhancement request, \$105,500 to replace seven of the ten requested vehicles.

House Budget Committee Recommendation

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

- 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 \$19,484,446, none of which is from the State General Fund. The approved budget was reduced by a net total of \$310,358 to establish a baseline budget for FY 2007. The reductions included \$210,958 in salary adjustments and \$99,400 in one-time 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	\$ 0	\$ 19,429,134
Baseline Budget	0	19,174,088
Dollar Difference	<u>\$ 0</u>	<u>\$ 255,046</u>
<i>Percent Difference</i>	<i>0.0%</i>	<i>1.3%</i>

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

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	SGF	All Funds
Base Salary Adjustment	\$ 0	\$ 264,889
New Vehicle Purchases	0	105,500
Increase KEC funding	0	50,000
Additional Shrinkage	0	(404,601)
Reduction in Contractual Services	0	(50,000)
Additional Well Plugging	0	85,234
Other Salary Adjustments	0	56,061
Energy Program Increases	0	6,367
Federal and Fee Fund Changes	0	21,163
Other Net Adjustments	0	120,433
TOTAL	\$ 0	\$ 255,046

3. **Vehicle Purchase.** Delete \$105,500 from fee funds to remove funding recommended by the Governor to replace seven high mileage vehicles. The Budget Committee recommends the agency's purchase of vehicles be reviewed at Omnibus.

4. The Budget Committee notes the agency's request to replace ten high mileage vehicles in FY 2007. The Governor's recommendation included funding to replace seven of the requested ten vehicles. The Budget Committee notes that the majority of vehicles used by this agency are taken off road, therefore the need for reliability is increased. The Budget Committee requests that the addition of \$46,500 from fee funds for the replacement of three additional vehicles be considered during Omnibus.

5. The Budget Committee notes the 48.3 percent increase in the Monumental Building Surcharge per square foot assessed by the Department of Administration on all agencies located within Shawnee County. The Budget Committee notes that for this agency, the amount attributable to this increase is \$19,813 from fee funds.

6. The Budget Committee notes its concern that the State General Fund statutory transfer for the abandoned oil and gas well plugging fund has not occurred in the recent past.

The following table shows the past and current recommendations regarding the statutory transfers of the State Water Plan (\$400,000), State General Fund (\$400,000), and the Conservation Fee Fund (\$400,000).

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>Gov. Rec. FY 2007</u>
State Water Plan	\$ 0	\$ 0	\$ 667,000	\$ 400,000	\$ 400,000
State General Fund	400,000	0	0	0	0
Conservation Fee Fund	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000

The Budget Committee notes that the funding for this program was designed to be from four distinct funding sources: State Water Plan, State General Fund, Conservation Fee Fund, and federal mineral royalties. Due to not making transfers from the State General Fund since FY 2003, additional Conservation Fee Fund moneys have been transferred to this program:

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	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>Gov. Rec. FY 2007</u>
Additional Transfers	\$ 0	\$ 430,000	\$ 295,000	\$ 310,000	\$ 400,000

The Budget Committee notes its concern that these additional transfers may result in an increase in fees. The Budget Committee requests that the Division of the Budget and the Governor recommend the \$400,000 statutory transfer from both the State Water Plan and the State General Fund in the FY 2008 budget.

7. The Budget Committee recommends striking language in HB 2968, Section 73, page 194 lines 6-8. The proviso contains language regarding the Abandoned Oil and Gas Well Plugging Fund transfers. The new language being struck increases the transfer from the Conservation Fee Fund by \$400,000 in FY 2007.
8. The Budget Committee notes its concern with the Governor's recommendation to increase the agency's salaries and wages shrinkage rate from 2.5 percent in FY 2006 to 6.0 percent in FY 2007. The Budget Committee notes that the agency does not receive any State General Fund moneys, therefore there are no State General Fund savings. The increase does not appear to be equitable, especially since there are considerable issues with energy costs, particularly with rates being paid by consumers for natural gas and oil.

The Budget Committee notes that the agency indicated it continues to see a significant increase in industry activity due to record prices. In FY 2005, 3,074 intents to drill were received. For the month of January, 2006, 408 intents were received, which is an increase of 111 percent above January, 2005. There are currently 89 active drill rigs in Kansas, which is an increase of 48 percent over last year's number of 60 active rigs.

9. Add \$30,000 from the Public Service Regulation Fund in FY 2007 and a proviso allowing the agency to expend moneys for the Kansas Electric Transmission Authority (KETA) activities. The proviso would read: "In addition to other purposes for which expenditures may be made by the Kansas corporation commission from the public service regulation fund for fiscal year 2007 for the Kansas corporation commission as authorized by this or other appropriation act of the 2006 regular session of the legislature, expenditures not to exceed \$30,000 may be made for expenses incurred by the Kansas electric transmission authority."

In addition, review at Omnibus the addition of \$40,000 from other sources, including the State General Fund, for other expenditures associated with KETA.

Senate Subcommittee Report

Agency: Citizens Utility Ratepayer Board

Bill No. SB 570

Bill Sec. 30

Analyst: Deckard

Analysis Pg. No. Vol 1, p. 515

Budget Page No. 87

<u>Expenditure Summary</u>	<u>Agency Estimate FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>Senate Subcommittee Adjustments</u>
Special Revenue Funds:			
State Operations	\$ 746,794	\$ 746,794	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
TOTAL	<u>6.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Estimate

The **agency's** estimate for FY 2006 expenditures is \$746,794, an increase of \$16,853 or 2.3 percent above the approved amount. The increase is attributable to the unexpended balance in professional services in the Utility Regulatory Fee Fund that carried forward from FY 2005. The agency is allowed to "carry forward" any unused balances in the Utility Regulatory Fee Fund for consulting fees from the previous year.

Governor's Recommendation

The **Governor** recommends \$746,794 for FY 2006 operating expenditures, the same as the agency's estimate. The Governor also concurs with converting 3.0 FTE positions into unclassified Non-FTE positions, as was submitted in the agency's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Governor's recommendation.

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House Budget Committee Report

Agency: Citizens Utility Ratepayer Board **Bill No.** HB 2958

Bill Sec. 30

Analyst: Deckard

Analysis Pg. No. Vol 1, p. 515 **Budget Page No.** 87

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 746,794	\$ 746,794	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
TOTAL	6.0	3.0	0.0

Agency Estimate

The agency's estimate for FY 2006 expenditures is \$746,794, an increase of \$16,853 or 2.3 percent above the approved amount. The increase is attributable to the unexpended balance in professional services in the Utility Regulatory Fee Fund that carried forward from FY 2005. The agency is allowed to "carry forward" any unused balances in the Utility Regulatory Fee Fund for consulting fees from the previous year.

Governor's Recommendation

The Governor recommends \$746,794 for FY 2006 operating expenditures, the same as the agency's estimate. The Governor also concurs with converting 3.0 FTE positions into unclassified Non-FTE positions, as was submitted in the agency's estimate.

House Budget Committee Recommendation

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

1. The Budget Committee notes that the technical position which was added by the 2005 Legislature for FY 2006 is still not filled. The agency indicated that it intends to have the position filled in the near future.
2. The Budget Committee notes the agency is currently involved in two major cases, and is anticipating becoming involved in three or four more major cases in the upcoming fiscal year.

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3. The Budget Committee notes the transfer out of \$5,126 in FY 2006 and \$1,700 in FY 2005 from the Utility Regulatory Fee Fund to the State General Fund. The Budget Committee notes its concern at the removal of assessed moneys being transferred to the State General Fund for expenditures with no relationship to utility customers.

Senate Subcommittee Report

Agency: Citizens Utility Ratepayer Board

Bill No. SB 573

Bill Sec. 18

Analyst: Deckard

Analysis Pg. No. Vol. 1, p. 515

Budget Page No. 87

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Special Revenue Funds:			
State Operations	\$ 730,060	\$ 739,283	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
TOTAL	<u>6.0</u>	<u>6.0</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2007 expenditure limitation of \$730,060, a decrease of \$16,734 or 2.2 percent below the FY 2006 revised estimate. The decrease is mostly due to the \$16,853 carried forward into FY 2006 for consulting fees that is unavailable in FY 2007.

Governor's Recommendation

The **Governor** recommends \$739,283 for FY 2007 operating expenditures, a decrease of \$7,511 or 1.0 percent below the FY 2006 recommendation. The FY 2007 recommendation is an increase of \$9,223 or 1.3 percent above the agency's request. The recommendation includes \$9,223 for a 2.5 percent cost of living adjustment for state employees' salaries and wages.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Citizens Utility Ratepayer Board **Bill No.** HB 2968

Bill Sec. 18

Analyst: Deckard

Analysis Pg. No. Vol. 1, p. 515 **Budget Page No.** 87

<u>Expenditure Summary</u>	<u>Agency Request FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Special Revenue Funds:			
State Operations	\$ 730,060	\$ 739,283	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
TOTAL	6.0	6.0	0.0

Agency Request

The agency requests an FY 2007 expenditure limitation of \$730,060, a decrease of \$16,734 or 2.2 percent below the FY 2006 revised estimate. The decrease is mostly due to the \$16,853 carried forward into FY 2006 for consulting fees that is unavailable in FY 2007.

Governor's Recommendation

The Governor recommends \$739,283 for FY 2007 operating expenditures, a decrease of \$7,511 or 1.0 percent below the FY 2006 recommendation. The FY 2007 recommendation is an increase of \$9,223 or 1.3 percent above the agency's request. The recommendation includes \$9,223 for a 2.5 percent cost of living adjustment for state employees' salaries and wages.

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.

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For this agency, the FY 2006 approved budget totaled \$729,941, none of which is from the State General Fund. The approved budget was reduced by a net total of \$16,462 to establish a baseline budget for FY 2007. The reductions included \$7,120 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	\$ 0	\$ 739,283
Baseline Budget	<u>0</u>	<u>722,821</u>
Dollar Difference	<u>\$ 0</u>	<u>\$ 16,462</u>
<i>Percent Difference</i>	<i>0.0%</i>	<i>2.2%</i>

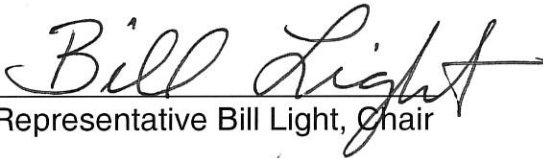
The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Adjustment	\$ 0	\$ 9,223
Other Net Adjustments	<u>0</u>	<u>7,239</u>
TOTAL	<u>\$ 0</u>	<u>\$ 16,462</u>

Public Safety Budget Committee

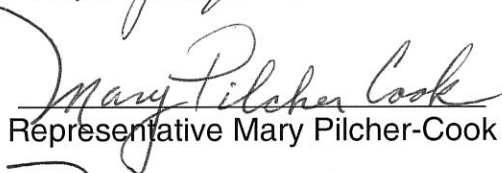
FY 2006 - FY 2007
Subcommittee Reports

Department of Corrections

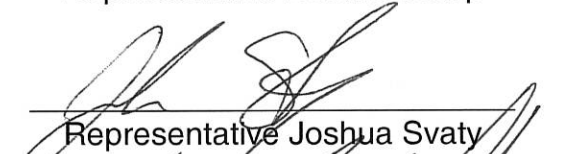

Representative Bill Light, Chair



Representative Mitch Holmes


Representative Melvin Neufeld


Representative Mary Pilcher-Cook


Representative Bonnie Sharp


Representative Joshua Svaty


Representative Lee Tafanelli

HOUSE APPROPRIATIONS

DATE 3-07-2006
ATTACHMENT 2

Senate Subcommittee Report

Agency: Kansas Department of Corrections **Bill No.** SB 570

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-3

Budget Page No. 123

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 95,756,888	\$ 95,268,313	\$ 0
Other Funds	18,118,933	18,118,933	0
Subtotal - Operating	\$ 113,875,821	\$ 113,387,246	\$ 0
Capital Improvements:			
State General Fund	\$ 3,345,000	\$ 3,345,000	\$ 0
Other Funds	5,311,296	5,311,296	0
Subtotal - Capital Improvements	\$ 8,656,296	\$ 8,656,296	\$ 0
TOTAL	\$ 122,532,117	\$ 122,043,542	\$ 0
FTE Positions	296.7	296.7	0.0
Non FTE Uncl. Perm. Pos.	32.0	32.0	0.0
TOTAL	328.7	328.7	0.0

Agency Estimate

The Department of Corrections estimates FY 2006 operating expenditures of \$113,875,821, an increase of \$459,085 (0.4 percent) above the approved amount. The revised estimate includes State General Fund expenditures of \$95,756,888, a decrease of \$1,206,259 (1.2 percent) below the approved amount. The revised estimate includes all other funds expenditures of \$18,118,933, an increase of \$1,665,344 (10.1 percent) above the approved amount. The estimate provides funding for 296.7 FTE positions, a decrease of 5.5 FTE positions from the approved amount.

Governor's Recommendation

The Governor recommends FY 2006 operating expenditures of \$113,387,246, a decrease of \$29,490 (0.0 percent) below the approved amount. The recommendation includes State General Fund expenditures of \$95,268,313, a decrease of \$1,694,834 (1.7 percent) below the approved amount. The Governor removes \$488,575 from the State General Fund to reduce the number of contract beds from 83 to 50 beds.

Senate Subcommittee Recommendation

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

1. The Senate Subcommittee recommends the \$100,000 from the State General Fund approved by the 2005 Legislature for a Wyandotte County Day Reporting Center be shifted as a supplemental appropriation for the continuation and support of the Kansas Criminal Justice Recodification, Rehabilitation and Restoration Project (3 R's) for FY 2006. The Department of Corrections has indicated that the opening of a Wyandotte County Day Reporting Center in FY 2006 is unlikely to occur. The Subcommittee therefore recommends that the \$100,000 appropriated for FY 2006 to the Department of Corrections for a Day Reporting Center in Wyandotte County be reappropriated to the 3 R's project so the Committee may continue its process.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Kansas Department of Corrections **Bill No.** HB 2958

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-3

Budget Page No. 123

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 95,756,888	\$ 95,268,313	\$ 0
Other Funds	18,118,933	18,118,933	0
Subtotal - Operating	\$ 113,875,821	\$ 113,387,246	\$ 0
Capital Improvements:			
State General Fund	\$ 3,345,000	\$ 3,345,000	\$ 0
Other Funds	5,311,296	5,311,296	0
Subtotal - Capital Improvements	\$ 8,656,296	\$ 8,656,296	\$ 0
TOTAL	\$ 122,532,117	\$ 122,043,542	\$ 0
FTE Positions	296.7	296.7	0.0
Non FTE Uncl. Perm. Pos.	32.0	32.0	0.0
TOTAL	328.7	328.7	0.0

Agency Estimate

The Department of Corrections estimates FY 2006 operating expenditures of \$113,875,821, an increase of \$459,085 (0.4 percent) above the approved amount. The revised estimate includes State General Fund expenditures of \$95,756,888, a decrease of \$1,206,259 (1.2 percent) below the approved amount. The revised estimate includes all other funds expenditures of \$18,118,933, an increase of \$1,665,344 (10.1 percent) above the approved amount. The estimate provides funding for 296.7 FTE positions, a decrease of 5.5 FTE positions from the approved amount.

Governor's Recommendation

The Governor recommends FY 2006 operating expenditures of \$113,387,246, a decrease of \$29,490 (0.0 percent) below the approved amount. The recommendation includes State General Fund expenditures of \$95,268,313, a decrease of \$1,694,834 (1.7 percent) below the approved amount. The Governor's recommendation removes \$488,575 from the State General Fund to reduce the number of contract beds from 83 to 50 beds.

House Budget Committee Recommendation

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

1. The House Budget Committee recommends that \$100,000 from the State General Fund approved by the 2005 Legislature for a Wyandotte County Day Reporting Center be shifted as a supplemental appropriation for the continuation and support of the Kansas Criminal Justice Recodification, Rehabilitation, and Restoration Project (3 R's) for FY 2006. The Department of Corrections has indicated that the opening of a Wyandotte County Day Reporting Center in FY 2006 is unlikely to occur.
2. The House Budget Committee recommends language in the appropriations bill to extend the Kansas Criminal Justice 3 R's Project to July 1, 2007 in the event that 2006 HB 2555 is not enacted by the 2006 Legislature. The language would read as follows:

In addition to the other purposes for which expenditures may be made by the department of corrections from moneys appropriated from the state general fund or any special revenue fund during the fiscal year ending June 30, 2007 for the department of corrections as authorized by this or other appropriation act of the 2006 regular session of the Legislature, if 2006 House Bill 2555 or any other bill which extends the Kansas criminal recodification, rehabilitation and restoration project beyond July 1, 2006, is not enacted into law during the 2006 regular session of the Legislature, expenditures shall be by the secretary of corrections to extend the Kansas criminal justice recodification, rehabilitation and restoration project in accordance with K.S.A. 2005 Supp. 22-5101 until June 30, 2007.

2004 Sub. for SB 45 established the Criminal Justice Recodification, Rehabilitation, and Restoration (3 R's) Project. The 3 R's Project has as its statutory charge the responsibility to: recodify the Kansas Criminal Code; identify ways to rehabilitate offenders and work with offenders on community-based supervision, including programs to reduce prison population and recidivism, programs which modify criminogenic behavior, enhance education, and provide job training and substance abuse treatment, programs for mental health, drug abuse and alcohol abuse, to provide

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collaboration and cooperation between governmental agencies, and services to such ends; and identify ways to restore the offender into society as a productive member. To accomplish its goals, adequate time is needed for thorough deliberation and thought and for formulation of recommendations supported by documented need and cost analysis. The 3R's committee also needs the opportunity to take the issues to the public and receive public reaction and input, as well as the input of those associated with or impacted by the criminal justice system. In order to meet its statutory charge, the budget committee believes the 3 R's Project should be extended to July 1, 2007.

Senate Subcommittee Report

Agency: Kansas Department of Corrections **Bill No.** SB 573

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-3

Budget Page No. 123

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 106,159,626	\$ 104,021,512	0
Other Funds	15,195,058	15,258,276	0
Subtotal - Operating	\$ 121,354,684	\$ 119,279,785	0
Capital Improvements:			
State General Fund	\$ 3,980,000	\$ 2,290,303	0
Other Funds	5,465,867	5,465,867	0
Subtotal - Capital Improvements	\$ 9,445,867	\$ 7,756,170	0
TOTAL	\$ 130,800,551	\$ 127,035,955	\$ 0
FTE Positions	296.7	308.7	0.0
Non FTE Uncl. Perm. Pos.	25.0	25.0	0.0
TOTAL	321.7	333.7	0.0

Agency Request

The Department of Corrections requests FY 2007 operating expenditures of \$121,354,684, an increase of \$7,478,863 (6.6 percent) above the revised FY 2006 estimate. The request includes State General Fund expenditures of \$106,159,626, an increase of \$10,402,738 (10.9 percent) above the FY 2006 revised estimate. The request includes operating enhancements of \$6,577,595, all from the State General Fund. Without the enhancement packages, the request is \$114,777,089, an all funds increase of \$901,268 (0.8 percent) above the FY 2006 revised estimate and State General expenditures of \$99,582,031, an increase of \$3,825,143 (4.0 percent) above the FY 2006 revised estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$119,279,785, an increase of \$5,892,539 (5.2 percent) above the FY 2006 recommendation and a decrease of \$2,074,899 (1.7 percent) below the Department's request. The recommendation includes State General Fund expenditures of \$104,021,512, an increase of \$8,753,109 (9.2 percent) above the FY 2006 recommendation and a decrease of \$2,138,114 (2.0 percent) below the Department's request. The

recommendation includes \$472,500 from the State General Fund and 1.0 FTE position for partial funding of the enhancement requests. The recommendation includes: a reduction of \$774,753 from the State General Fund to reduce the number of contract beds from 96 to 50 in FY 2007; increases for a Corrections Officer Compensation Package of \$3,174,263 from the State General Fund; \$73,254 from the State General Fund and 2.0 FTE positions for sex offender database administrators; \$1,131,228 from the State General Fund and 9.0 FTE positions for a sex offender Global Positioning System (GPS) Project; \$426,204, including \$362,989 from the State General Fund, for a 2.5 percent base salary increase; and \$80,000 from the Supervision Fees Fund to purchase five vehicles for parole services. The FY 2007 recommendation includes the normal 26 payroll periods, instead of the 27 payroll periods in the FY 2006 budget.

Senate Subcommittee Recommendation

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

1. The Senate Subcommittee notes that the Governor's recommendation of \$1,131,228 from the State General Fund for a new sex offender Global Positioning System (GPS) monitoring system will place approximately 225 second time offenders currently under the Department of Corrections supervision under 24-hour electronic surveillance. The Subcommittee notes that SB 334 which addresses the same issue will include first time sex offenders convicted of specific crimes.
2. The Senate Subcommittee wishes to note the increase from the FY 2006 Governor's State General Fund revised recommendation for the Department of Corrections (DOC) and the eight correctional facilities (excluding the one time adjustment for the 27th pay period in FY 2006) and the FY 2007 Governor's State General Fund recommendation.

<u>Gov. Rec.</u>	<u>State General Fund DOC and Facilities</u>
FY 2007	\$ 240,554,206
FY 2006	232,013,110
27 th pay period	(4,205,719)
Adjusted FY 2006	<u>227,807,391</u>
Increase	\$ 12,746,815

FY 2007 Gov. Rec. Adjustments to the FY 2006 State General Fund recommendation:

Annualization of FY 2006 phased in 2.5 percent base salary increase	\$ 1,367,577
KPERS employer contribution rate increase	478,154
KPERS death and disability	191,262
Longevity	11,798
FY 2007 2.5 base salary adjustment	2,804,856
Corrections Officer compensation package	3,174,263
GPS sex offender monitoring system	1,131,228
KCJIS - Total Offender Activity Documentation System	472,500
Sex Offender database administrators	73,254
Health care contract increase	1,863,562
Food service contract increase	364,588
Replacement of exhausted VOI/TIS fund	1,508,989
KPERS Correction Officer rate adjustment	281,378
Retention incentive for trade positions	126,656
Replacement of lower per diem rates for federal prisoners at Topeka CF	95,729
Bed space contract	113,822
Facility State General Fund shifts to General Fees Fund	(143,000)
Debt service interest reduction	(175,454)
Rate decrease for unemployment compensation	(433,000)
Miscellaneous adjustments including OOE reductions and shrinkage rate increases	(561,347)
TOTAL	<u>\$12,746,815</u>

3. The Senate Subcommittee wishes to note the differences in the cost per day for inmates in surrounding states:

Inmate Per Diem Costs

	<u>Average daily cost</u> per inmate - FY 2005		<u>Annual cost</u> per inmate - FY 2005		<u>Inmate</u> <u>Population</u>
Arkansas	\$ 50.55		\$ 18,451		12,211
Colorado*	71.91		26,247		19,478
Iowa	64.02***		23,367		8,754**
Missouri	39.13****		14,282		30,666
Nebraska	80.15		29,255		4,210
Oklahoma***	49.23		17,793		23,990
South Dakota***	45.06		16,447		3,439
Kansas-FY 2005	54.38		19,849		9,149
Kansas-FY 2006	60.12		21,944		9,047
Kansas-FY 2007	\$ 60.20		\$ 21,972		9,115

* FY 2004

** as of January 25, 2006

*** FY 2006

**** Does not include employee fringe benefits which would increase per diem rate to \$45-\$48 according to Missouri Department of Corrections.

Senate Committee Recommendation

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

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- The Senate Committee adds \$103,000 from the State General Fund for the Adult Residential Centers in Johnson and Sedgwick Counties.

House Budget Committee Report

Agency: Kansas Department of Corrections **Bill No.** HB 2968

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-3

Budget Page No. 123

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 106,159,626	\$ 104,021,512	\$ (3,174,296)
Other Funds	15,195,058	15,258,276	(80,000)
Subtotal - Operating	<u>\$ 121,354,684</u>	<u>\$ 119,279,785</u>	<u>\$ (3,254,296)</u>
Capital Improvements:			
State General Fund	\$ 3,980,000	\$ 2,290,303	0
Other Funds	5,465,867	5,465,867	0
Subtotal - Capital Improvements	<u>\$ 9,445,867</u>	<u>\$ 7,756,170</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 130,800,551</u></u>	<u><u>\$ 127,035,955</u></u>	<u><u>\$ (3,254,296)</u></u>
FTE Positions	296.7	308.7	0.0
Non FTE Uncl. Perm. Pos.	25.0	25.0	0.0
TOTAL	<u><u>321.7</u></u>	<u><u>333.7</u></u>	<u><u>0.0</u></u>

Agency Request

The Department of Corrections requests FY 2007 operating expenditures of \$121,354,684, an increase of \$7,478,863 (6.6 percent) above the revised FY 2006 estimate. The request includes State General Fund expenditures of \$106,159,626, an increase of \$10,402,738 (10.9 percent) above the FY 2006 revised estimate. The request includes operating enhancements of \$6,577,595, all from the State General Fund. Without the enhancement packages, the request is \$114,777,089, an all funds increase of \$901,268 (0.8 percent) above the FY 2006 revised estimate and State General expenditures of \$99,582,031, an increase of \$3,825,143 (4.0 percent) above the FY 2006 revised estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$119,279,785, an increase of \$5,892,539 (5.2 percent) above the FY 2006 recommendation and a decrease of \$2,074,899 (1.7 percent) below the Department's request. The recommendation includes State General Fund expenditures of \$104,021,512, an increase of \$8,753,109 (9.2 percent) above the FY 2006 recommendation and a decrease of \$2,138,114 (2.0 percent) below the Department's request. The recommendation includes \$472,500 from the State General Fund and 1.0 FTE position for partial funding of the enhancement requests. The recommendation includes: a reduction of \$774,753 from the State General Fund to reduce the number of contract beds from 96 to 50 in FY 2007; increases for a Corrections Officer Compensation Package of \$3,174,263 from the State General Fund; \$73,254 from the State General Fund and 2.0 FTE positions for sex offender database administrators; \$1,131,228 from the State General Fund and 9.0 FTE positions for a sex offender Global Positioning System (GPS) Project; \$426,204, including \$362,989 from the State General Fund, for a 2.5 percent base salary increase; and \$80,000 from the Supervision Fees Fund to purchase five vehicles for parole services. The FY 2007 recommendation includes the normal 26 payroll periods, instead of the 27 payroll periods in the FY 2006 budget.

House Budget Committee Recommendation

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

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 \$122,197,603, including \$100,308,147 from the State General Fund. The approved budget was reduced by a net total of \$1,481,807, including \$1,412,667 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$261,807 in salary adjustments, and \$1,220,000 in one-time adjustments for debt service payments and vehicles purchases.

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	\$ 106,311,815	\$ 127,035,955
Baseline Budget	98,895,480	120,715,796
Dollar Difference	<u>\$ 7,416,335</u>	<u>\$ 6,320,159</u>

Percent Difference

7.0%

5.0%

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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	\$ 362,989	\$ 426,204
Correction Officers Compensation Package	3,174,263	3,174,263
KCJIS Enhancement (TOADS)	472,500	472,500
Sex Offender Database Administrators	73,254	73,254
GPS Sex Offender Project	1,131,228	1,131,228
New Vehicle Purchases	0	80,000
Replacement of VIO/TIS Funds	1,508,989	1,508,989
Reduce Number of Contract Beds	(774,753)	(774,753)
Other Net Adjustments	1,467,865	228,474
TOTAL	<u>\$ 7,416,335</u>	<u>\$ 6,320,159</u>

3. Delete \$3,174,296 from the State General Fund and review at Omnibus the Governor's recommendation for additional corrections officers compensation based on combining the Corrections Officer IA, IB, and II position classes into a single Corrections Officer class on pay grade 20 on the classified pay matrix.
4. The Budget Committee supports the Governor's recommendation of \$1,131,228 from the State General Fund and 9.0 FTE positions for a new sex offender Global Positioning System monitoring project. The project will place approximately 225 sex offenders, who are supervised by the Department of Corrections and whose victims are children, under 24-hour electronic surveillance.
5. The Budget Committee supports the Governor's recommendation of \$73,254 from the State General Fund to finance 2.0 new FTE sex offender database administrators. This will update the state's sex offender database at the Kansas Bureau of Investigation with the most recent information from the Department of Corrections' offender supervision database.
6. The Budget Committee supports the Governor's recommendation of \$472,500 from the State General Fund and 1.0 FTE position for the replacement of the Kansas Criminal Justice Information System's (KCJIS) Total Offender Activity Documentation System (TOADS) which supports the supervision activities of offenders on parole and post-release supervision.
7. Delete \$80,000 from the Supervision Fees Fund for the purchase of six vehicles for parole and post-release supervision and review the purchase at Omnibus.
8. The Budget Committee recommends authorizing up to \$20.5 million in bonding authority to allow the Department of Corrections to begin the process of expanding capacity at either El Dorado Correctional Facility or Ellsworth Correctional Facility. Bond payment would be from the State General Fund with the first payment to be scheduled in FY 2008. The Budget Committee recommends the Joint Committee on State Building Construction review of the expansion proposal to insure that the plan meets the needs of the Department of Corrections' maximum, medium and minimum security inmate population. The Budget Committee wishes to note that in FY 2008 the Department of Corrections will complete debt services payments of \$1,620,000 from the State General Fund for the Ellsworth Correctional Facility. While the Budget Committee recognizes this would increase overall indebtedness of the State, an alternative would be a direct appropriation from the State General Fund which may be considered in the full committee.

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Department of Corrections

Corrections Officer Compensation Package

\$3,174,296 from the State General Fund

- Combines pay grades 17, 18 and 19 into pay grade 20
- Includes approximately 1,441 correctional officers
- to reduce a high rate of turnover (runs 16 to 30 percent)
- alleviate difficulties in filling vacant positions
- reduce costly overtime and fatigue for existing employees
- officers leave for higher wages and benefits
- facilities operating below staffing levels - puts staff and inmates at risk
- staff burn out - increase of sick leave - cannot leave post - overtime, change vacations

GPS Sex Offender monitoring system

\$1,31,228 from the State General Fund

- will place approximately 225 sex offenders under 24-hour surveillance, 2nd offense, children victims
- Includes:
 - \$473,115 to fund 9.0 FTE positions
 - \$100,000 for contractual services (GPS monitoring contract)
 - \$551,114 for information processing equipment

Kansas Criminal Justice Information System (KCJIS) - Total Offender Activity Documentation System

- \$472,500 from the State General Fund and 1.0 FTE position
- supports DOC's supervision activities of offenders
- primarily used by DOC parole services and local community corrections - case management; LSI-R; parole revocation packets
- current system cannot support higher levels of productivity
- plan filed with Chief Information Technology Officer
- copy given to JCIT

Sex Offender Database Administrators

\$73,254 from the State General Fund

- 2.0 new FTE positions - sex offender database administrators
- update the state's sex offender database at the KBI with the most recent info from DOC
- same funding and FTE positions added to the KBI budget

KANSAS

KANSAS DEPARTMENT OF CORRECTIONS
ROGER WERHOLTZ, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

March 1, 2006

Honorable Ernest L. Johnson
District Judge, Wyandotte County Courthouse
710 N. 7th Street, Division 5
Kansas City, Kansas 66101

Dear Judge Johnson:

Pursuant to provisions of K.S.A. 21-4725, I am hereby informing the Kansas Sentencing Commission that the number of KDOC inmates as of February 28, 2006 represented 97.3% of the overall capacity of the Kansas correctional system. On that date, there were 9,100 inmates compared to a total capacity of 9,357—including 9,159 beds in KDOC facilities and 198 placements available to the department in facilities operated by other agencies. Considering KDOC facilities only, the 9,058 inmates housed in them on February 28, 2006 represented 98.9% of the capacity of those facilities.

Of the total inmate population on February 28th, 8,441 inmates were male and 659 were female. The female population on that date included 20 federal inmates housed at Topeka Correctional Facility (TCF) pursuant to a contract agreement between the department and the federal Bureau of Prisons. Total correctional system capacity for housing males is 8,624; for females, the capacity is 733. The February 28th inmate population represented 97.9% of capacity for males and 89.9% for females.

The statistical breakdown for the classification status of males and females is as follows:

INMATE CUSTODY	MALE			FEMALE		
	Capacity	Population	%	Capacity	Population	%
Maximum/ Special Management	2247	1622	72.2%	54	95	175.9%
Medium High	2782	1136	40.8%	250	59	23.6%
Medium Low	1019	2554	250.6%	412	97	23.5%
Minimum	2576	3129	121.5%	17	408	2400.0%
Total	8624	8441	97.9%	733	659	89.9%

2-13

Roger Werholtz

From: Biggs, Patricia [patriciab@sentencing.ks.gov]
Sent: Wednesday, March 01, 2006 4:31 PM
To: Roger Werholtz
Cc: Chang, Kunlun; Harmon, Brenda; Gibson, Natalie
Subject: Impacts of Bills - thus far ...

Roger: You asked about what other bills had larger (relatively) impacts. Here's a list:

Bill	Brief Description	Beds: FY 2007	Beds: FY 2016
SB 334 – as amended by Sen Judiciary	Sex offender	68-74	969-1013
SB 406	Registered Offender Auto ID	20	54
SB 473	Rape: Bifurcated process	0	17-33
SB 474	Habitual Sex Offender	0	105
SB 556	Sexual Conduct – intent humiliate	4-11	21-60
HB 2231 McCreary Amendment	Retro 123	Decrease 161	Decrease 3
HB 2576 amend by HCOW	Sex Offender	22-26	156-231
HB 2699	Inherently Dangerous	7	23-31
HB 2754	"Miki's Law"	28 (+ those from out-of-state who do not comply)	55 (+ those from out-of-state who do not comply)
HB 2820	Licensure & Rx integrity	1-3	10-30
HB 2828	Drugs by daycare/park/under 18	13-31	79-175
HB 2881	Domestic Battery	7	8
HB 2891	Perm. Dement Predators	1-3	4-13

--Patti

Patricia Biggs, Executive Director
 Kansas Sentencing Commission
 700 SW Jackson St. Suite # 501
 Topeka KS 66603
 785-296-0923 (voice) 785-296-0927 (fax)
patriciab@sentencing.ks.gov

2-14

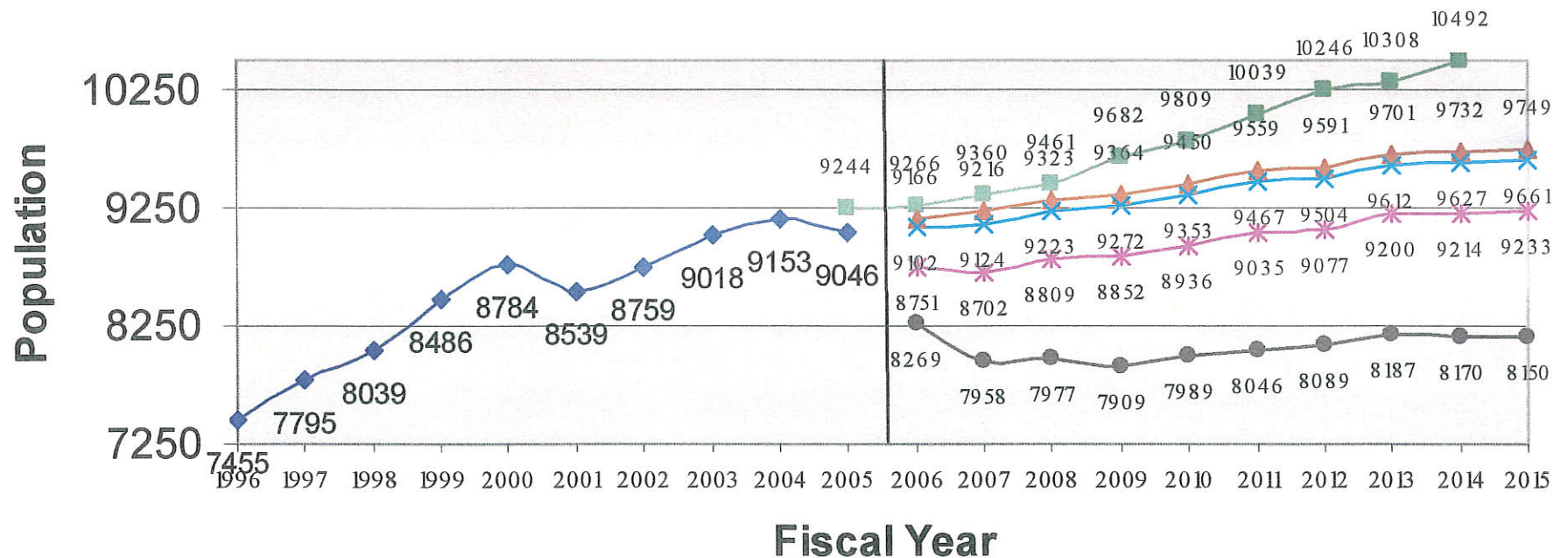
2-15

Department of Corrections Bond Payments

<u>Bond Issue</u>	<u>FY 2007 Principal Payment</u>	<u>FY 2007 Interest Payment</u>	<u>FY 2007 Total Payment</u>	<u>Remaining Amount</u>	<u>Final Payment</u>
Ellsworth Correctional Facility, A-2 Bonds	\$1,505,000	\$ 117,000	\$1,622,000	\$ 1,620,000	FY 2008
Revenue Refunding Bond Issues, A-1 Bonds	1,690,000	577,000	2,267,000	12,493,000	FY 2012
El Dorado Correctional Facility RDU Project, H Bonds	650,000	682,000	1,332,000	19,728,000	FY 2020
Labette Correctional Conservation Camp, A-2 Bonds	<u>135,000</u>	<u>24,000</u>	<u>159,000</u>	<u>471,000</u>	FY 2010
TOTAL	\$3,980,000	\$1,400,000	\$5,380,000	\$34,312,000	

2-16

FY 2005 & 2006 Actual and Projected Total Prison Population



◆ Actuals ■ FY05 proj ▲ FY06 proj × Scen1 * Scen2 ● Scen3

Housing Expansions Options

6-2-17

	Estimated Construction Cost	Estimated Const. Cost Per Bed	Estimated Operating Cost	Estimated Cost Per Inmate/Yr	Estimated Cost Per Inmate/Day	Estimated One Time Start up Co
<u>General Population – Maximum Security</u>						
EDCF – 2 Housing Units 256 Max Beds	\$19,708,900 ¹	\$76,988	\$6,683,000	\$26,105	\$71.52	\$850,000
<u>General Population – Medium Security</u>						
EDCF -2 Housing Units 512 Med. Beds	19,708,900 ¹	38,494	8,476,000	16,555	45.36	933,000
EDCF-1 Housing Unit 256 Med Beds	11,640,000 ¹	45,469	4,537,000	17,723	48.56	520,000
EDCF-Yates Center Unit 500 Med Beds	50,944,700	101,889 ²	10,419,000	20,838	57.09	2,560,000
NCF-Stockton Unit 500 Med Beds	52,838,900	105,678 ²	10,543,000	21,086	57.77	2,560,000
<u>General Population – Minimum Security</u>						
EDCF- Housing Unit 100 Bed	3,313,600	33,136	1,449,000	14,490	39.70	327,000
ECF- Housing Unit 100 Bed	3,657,400	36,574	1,592,000	15,920	43.62	319,000
NCF-Stockton Expansion 72 Beds	3,968,000	55,111	819,000	11,375	31.16	338,000
EDCF-Toronto Expansion 75 Beds	2,770,000	36,933	1,003,000	13,373	36.64	333,000
<u>Special Needs – Mental Health</u>						
LCMHF-Housing Unit 256 Med Beds	15,288,000	59,719	3,661,000 ³	14,301	39.18	513,000
<u>Special Needs – Medical</u>						
HCF-East Unit 258 Med Beds	6,204,600	24,049	3,166,000	12,271	33.62	410,000
ECF-Century Building 178 Med & 112 Min Beds	6,217,300	21,439	4,092,000	14,110	38.66	719,000
TCF-Housing Unit 200 Med and 40 Work Release Beds	13,660,800	56,920	4,962,000	20,675	56.64	564,000
<u>Central Training Academy</u>						
Osawatomie State Hospital-Rush Building	2,183,000	N/A	\$1,034,000	N/A	N/A	\$405,000

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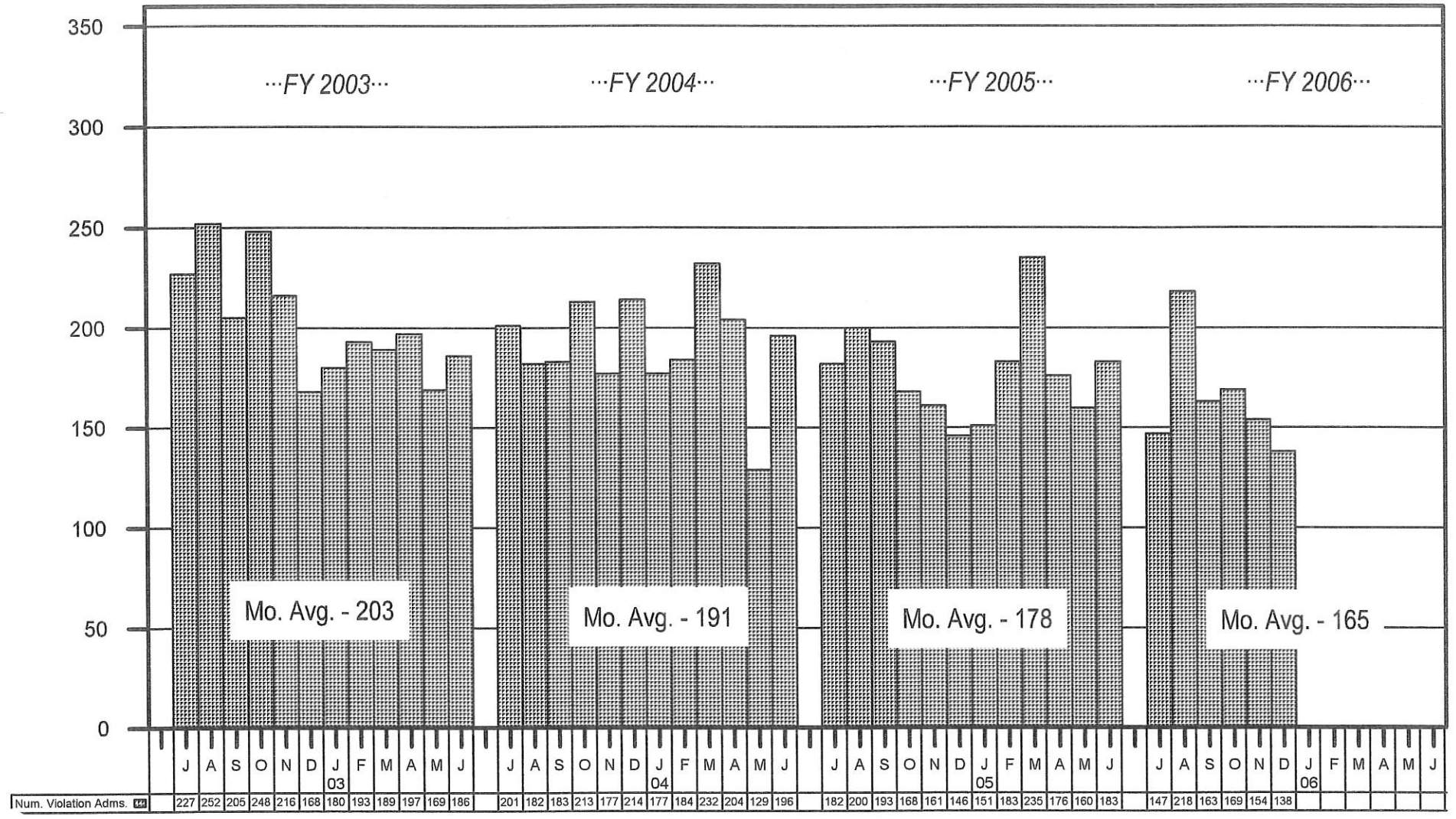
¹ This cost also includes a 23 bed Infirmary expansion at the facility.

² Land survey not completed, estimated cost may vary once land survey and subsoil investigation is completed. Project estimated with no work being performed by inmate crews.

³ These figures do not include any costs for Larned State Hospital to provide food service, laundry and some utility services.

2-18

Number of Return Admissions for Condition Violations by Month: FY 2003 - FY 2006 to Date*



*Total number of admissions for violation of the conditions of release (no new sentence).

2-19

FY 2005 & 2006 Actual and Projected Total Prison Population

Projected beds needed by 2015: 402

Projected budget to achieve 50% reduction in parole revocations:

Most likely construction options:
(based on cost and operational needs)

256 medium male beds EDCF

100 minimum male beds ECF

(yields 50-60 medium beds)

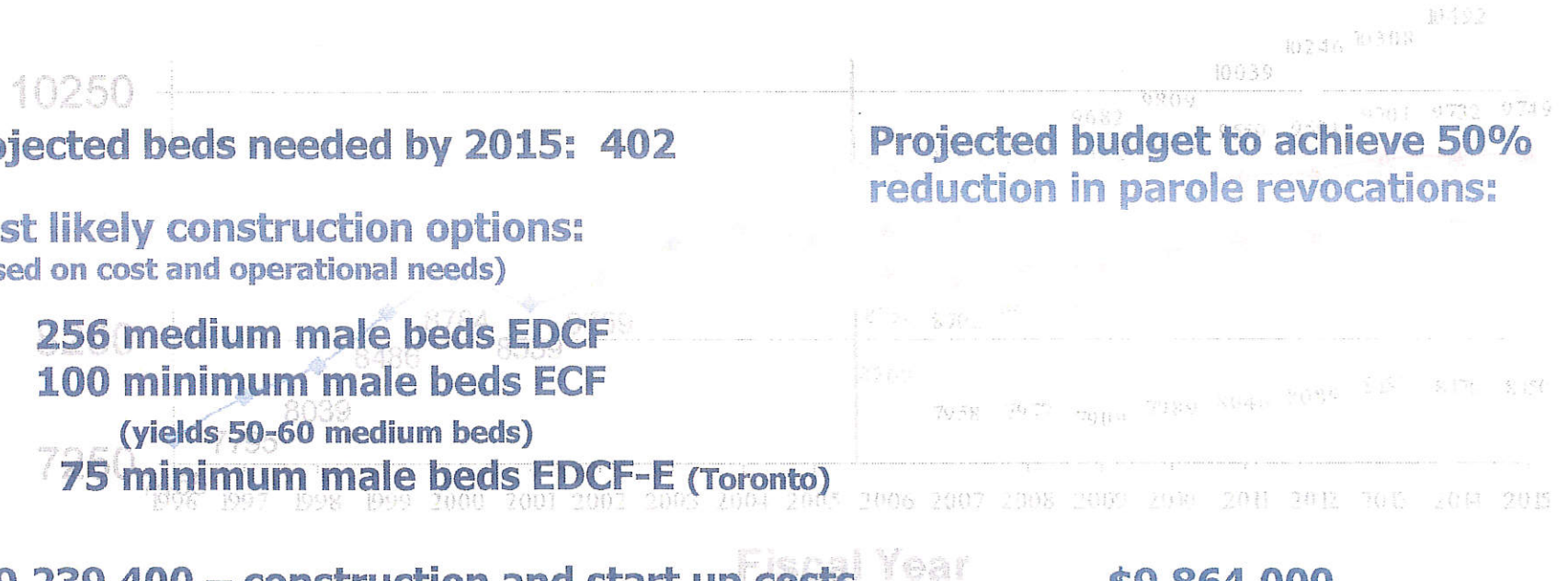
75 minimum male beds EDCF-E (Toronto)

\$19,239,400 – construction and start up costs

\$9,864,000

\$ 7,132,000 – annual operating costs

◆ Actuals FY05 proj ▲ FY06 proj ✦ Scen1 * Scen2 Scen3



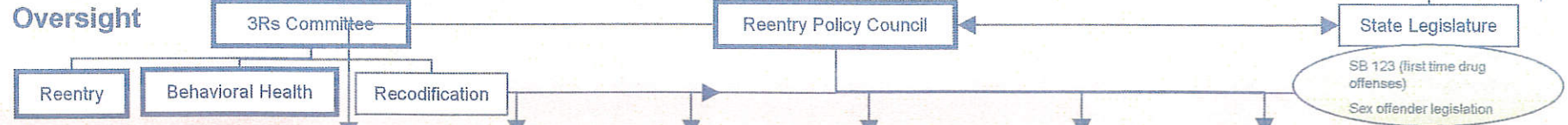
2-20

Kansas Reentry and Justice Reinvestment

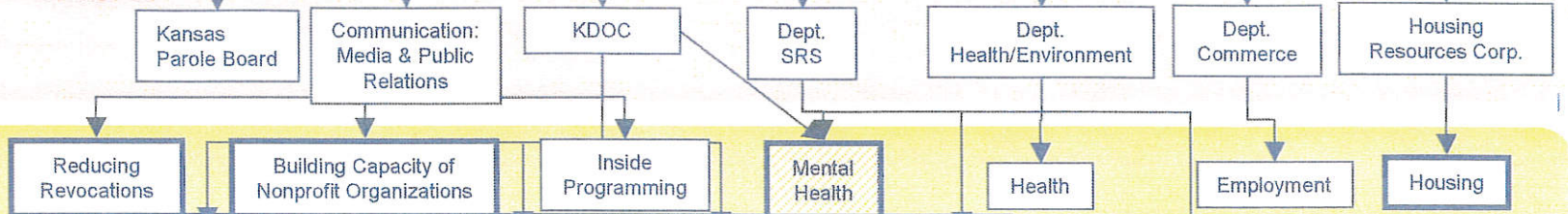
Funding



Oversight

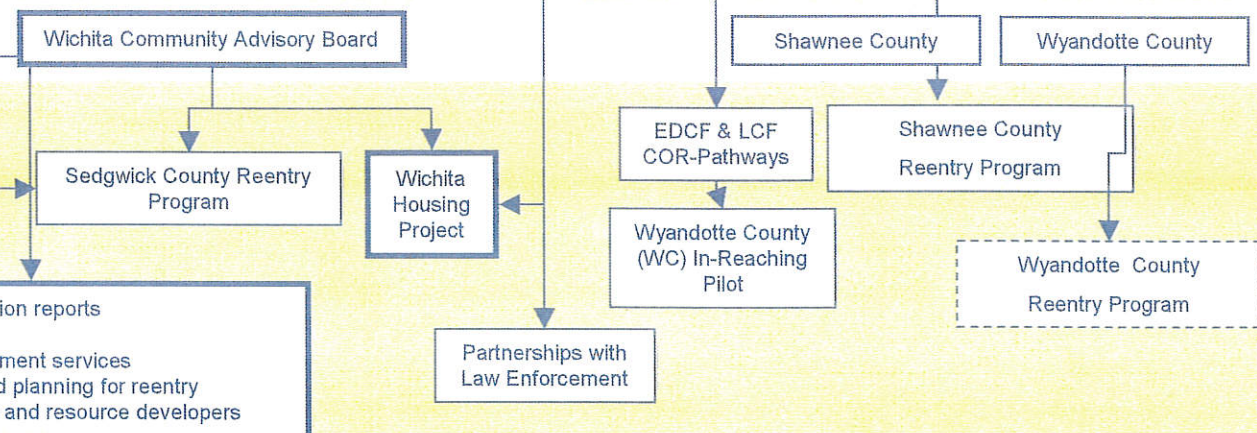


Statewide Activities



Local Oversight

Place-Based Activities

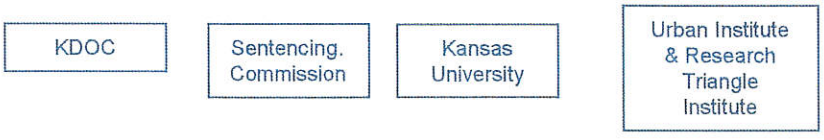


1. Monthly revocation reports
2. Staff training
3. Expanding treatment services
4. Assessment and planning for reentry
5. Hearing officers and resource developers

Partnerships with Law Enforcement

Evaluation

- *Thorough/ongoing risk assessment
- *Increase capacity for information/data-sharing
- *Increase capacity for entering/extracting relevant data
- *Best practices/research-based




- ### National Partners
- CSG
 - CEPP
 - NIC
 - Corr Educ

Public Safety Budget Committee

FY 2006 - FY 2007
Subcommittee Reports

El Dorado Correctional Facility
Ellsworth Correctional Facility
Hutchinson Correctional Facility
Lansing Correctional Facility
Larned Correctional Mental Health Facility
Norton Correctional Facility
Topeka Correctional Facility
Winfield Correctional Facility

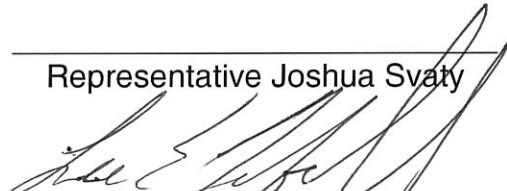

Representative Bill Light, Chair


Representative Mitch Holmes


Representative Melvin Neufeld


Representative Mary Pilcher-Cook


Representative Bonnie Sharp


Representative Joshua Svaty


Representative Lee Tafanelli

HOUSE APPROPRIATIONS

DATE 3-07-2006
ATTACHMENT 3

Senate Subcommittee Report

Agency: El Dorado Correctional Facility **Bill No.** SB 570

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-36

Budget Page No. 157

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 21,919,832	\$ 21,919,832	\$ 0
Other Funds	132,718	132,718	0
Subtotal - Operating	\$ 22,052,550	\$ 22,052,550	\$ 0
Capital Improvements:			
State General Fund	\$ 171,431	\$ 171,431	0
Other Funds	11,953	11,953	0
Subtotal - Capital Improvements	\$ 183,384	\$ 183,384	\$ 0
TOTAL	\$ 22,235,934	\$ 22,235,934	\$ 0
FTE Positions	465.0	465.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	467.0	467.0	0.0

Agency Estimate

El Dorado Correctional Facility estimates FY2006 operating expenditures of \$22,052,550, an increase of \$107,296 (0.5 percent) above the approved amount. The estimate includes funding for 465.0 FTE positions with a salaries and wages shrinkage rate of 5.5 percent. The estimate includes State General Fund expenditures of \$21,919,832, an increase of \$96,996 (0.4 percent) above the approved amount. The estimate includes a transfer from the central office for \$96,996 to fund the 1.25 percent base salary and wage increase approved by the 2005 Legislature for the first half of FY 2006. The average daily inmate population is estimated at 1,358, an increase of six inmates (0.4 percent) above the FY 2005 actuals.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

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House Budget Committee Report

Agency: El Dorado Correctional Facility **Bill No.** HB 2958

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-36

Budget Page No. 157

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 21,919,832	\$ 21,919,832	\$ 0
Other Funds	132,718	132,718	0
Subtotal - Operating	\$ 22,052,550	\$ 22,052,550	\$ 0
Capital Improvements:			
State General Fund	\$ 171,431	\$ 171,431	0
Other Funds	11,953	11,953	0
Subtotal - Capital Improvements	\$ 183,384	\$ 183,384	\$ 0
TOTAL	\$ 22,235,934	\$ 22,235,934	\$ 0
FTE Positions	465.0	465.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	467.0	467.0	0.0

Agency Estimate

El Dorado Correctional Facility estimates FY2006 operating expenditures of \$22,052,550, an increase of \$107,296 (0.5 percent) above the approved amount. The estimate includes funding for 465.0 FTE positions with a salaries and wages shrinkage rate of 5.5 percent. The estimate includes State General Fund expenditures of \$21,919,832, an increase of \$96,996 (0.4 percent) above the approved amount. The estimate includes a transfer from the central office for \$96,996 to fund the 1.25 percent base salary and wage increase approved by the 2005 Legislature for the first half of FY 2006. The average daily inmate population is estimated at 1,358, an increase of six inmates (0.4 percent) above the FY 2005 actuals.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: El Dorado Correctional Facility **Bill No.** SB 573

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-36

Budget Page No. 157

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 22,113,284	\$ 21,874,758	\$ 0
Other Funds	128,003	128,003	0
Subtotal - Operating	\$ 22,241,287	\$ 22,002,761	\$ 0
Capital Improvements:			
State General Fund	\$ 171,431	\$ 171,431	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 171,431	\$ 171,431	\$ 0
TOTAL	\$ 22,412,718	\$ 22,174,192	\$ 0
FTE Positions	465.0	465.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	467.0	467.0	0.0

Agency Request

El Dorado Correctional Facility requests FY 2007 operating expenditures of \$22,241,287, an increase of \$188,737 (0.9 percent) above the FY 2006 revised estimate. The request includes funding for 465.0 FTE positions and a salaries and wages shrinkage rate of 6.0 percent. The request includes State General Fund expenditures of \$22,113,284, an increase of \$193,452 (0.9 percent) above the FY 2006 revised estimate. Also included in the request are enhancements totaling \$674,970 from the State General Fund. The estimated average daily inmate population is 1,365, an increase of seven inmates (0.5 percent) above the FY 2006 revised estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$22,002,761, a decrease of \$49,789 (0.2 percent) below the FY 2006 recommendation and a decrease of \$238,526 (1.1 percent) below the facility's request. State General Fund expenditures of \$21,874,758, are a decrease of \$45,074 (0.2 percent) below the FY 2006 recommendation and a decrease of \$238,526 (1.1 percent) below the facility's request. The recommendation does not include the enhancement requests. The State General Fund recommendation includes \$42,700 for a KPERS Correction Officers rate cap adjustment; \$22,397 for the Governor's retention incentive for trade positions; \$390,981 for a 2.5 percent base salary and wage increase; and a reduction of \$19,634 to increase the salaries and wages shrinkage rate from 6.0 percent to 6.1 percent.

3-4

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: El Dorado Correctional Facility **Bill No.** HB 2968

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-36

Budget Page No. 157

<u>Expenditure Summary</u>	<u>Agency Request FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 22,113,284	\$ 21,874,758	\$ 0
Other Funds	128,003	128,003	0
Subtotal - Operating	<u>\$ 22,241,287</u>	<u>\$ 22,002,761</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 171,431	\$ 171,431	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 171,431</u>	<u>\$ 171,431</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 22,412,718</u></u>	<u><u>\$ 22,174,192</u></u>	<u><u>\$ 0</u></u>
FTE Positions	465.0	465.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	<u><u>467.0</u></u>	<u><u>467.0</u></u>	<u><u>0.0</u></u>

Agency Request

El Dorado Correctional Facility requests FY 2007 operating expenditures of \$22,241,287, an increase of \$188,737 (0.9 percent) above the FY 2006 revised estimate. The request includes funding for 465.0 FTE positions and a salaries and wages shrinkage rate of 6.0 percent. The request includes State General Fund expenditures of \$22,113,284, an increase of \$193,452 (0.9 percent) above the FY 2006 revised estimate. Also included in the request are enhancements totaling \$674,970 from the State General Fund. The estimated average daily inmate population is 1,365, an increase of seven inmates (0.5 percent) above the FY 2006 revised estimate.

3-5

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$22,002,761, a decrease of \$49,789 (0.2 percent) below the FY 2006 recommendation and a decrease of \$238,526 (1.1 percent) below the facility's request. State General Fund expenditures of \$21,874,758, are a decrease of \$45,074 (0.2 percent) below the FY 2006 recommendation and a decrease of \$238,526 (1.1 percent) below the facility's request. The recommendation does not include the enhancement requests. The State General Fund recommendation includes \$42,700 for a KPERS Correction Officers rate cap adjustment; \$22,397 for the Governor's retention incentive for trade positions; \$390,981 for a 2.5 percent base salary and wage increase; and a reduction of \$19,634 to increase the salaries and wages shrinkage rate from 6.0 percent to 6.1 percent.

House Budget Committee Recommendation

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

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 \$22,116,685, including \$21,994,267 from the State General Fund. The approved budget was reduced by a net total of \$301,202 including \$302,167 from the State General Fund to establish a baseline budget for FY 2007. The reductions include \$301,202 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	\$ 22,046,189	\$ 22,174,192
Baseline Budget	21,692,100	21,815,483
Dollar Difference	<u>\$ 354,089</u>	<u>\$ 358,709</u>
<i>Percent Difference</i>	1.6%	1.6%

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

3-6

	<u>SGF</u>	<u>All Funds</u>
Base Salary Adjustment	\$ 390,981	\$ 390,981
KPERS Corrections Officer Rate Cap	42,700	42,700
Increase Shrinkage Rate	(19,634)	(19,634)
Trade Position Increase	15,327	15,327
Other Net Adjustments	(75,285)	(70,665)
TOTAL	<u>\$ 354,089</u>	<u>\$ 358,709</u>

Senate Subcommittee Report

Agency: Ellsworth Correctional Facility **Bill No.** SB 570

Bill Sec. 50

Analyst: Krahl **Analysis Pg. No.** Vol. 1-55

Budget Page No. 159

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,213,196	\$ 11,162,196	\$ 0
Other Funds	54,658	54,658	0
Subtotal - Operating	\$ 11,267,854	\$ 11,216,854	\$ 0
Capital Improvements:			
State General Fund	\$ 74,353	\$ 74,353	0
Other Funds	49,947	49,947	0
Subtotal - Capital Improvements	\$ 124,300	\$ 124,300	\$ 0
TOTAL	\$ 11,392,154	\$ 11,341,154	\$ 0
FTE Positions	223.0	223.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	224.0	224.0	0.0

Agency Estimate

Ellsworth Correctional Facility estimates FY 2006 operating expenditures of \$11,267,854, a decrease of \$6,129 (0.1 percent) below the approved amount. The estimate includes State General Fund expenditures of \$11,213,214, a decrease of \$22,765 (0.2 percent) below the approved amount. The revised estimate includes \$51,000 from the State General Fund for a supplemental request to fund the 1.25 percent salary and wages increase approved for the first 13 pay periods of FY 2006. The estimate includes funding for 223.0 FTE positions and a salaries and wages shrinkage rate of 5.6 percent. The revised average daily inmate population is estimated to be 825 inmates for FY 2006.

Governor's Recommendation

The Governor recommends FY 2006 operating expenditures of \$11,216,854, a decrease of \$57,129 (0.5 percent) below the approved amount. The recommendation includes State General Fund expenditures of \$11,162,196, a decrease of \$73,783 (0.7 percent) below the approved amount. The Governor did not recommend the supplemental request. The Governor concurs with 223.0 FTE positions, the 5.6 percent salaries and wages shrinkage rate, and the average daily population of 825 inmates.

Senate Subcommittee Recommendation

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

1. The Senate Subcommittee wishes to review at Omnibus the facility's supplemental request of \$51,000 from the State General Fund to fund the 1.25 percent base salary increase approved for the first 13 pay periods of FY 2006.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Ellsworth Correctional Facility **Bill No.** HB 2958 **Bill Sec.** 50

Analyst: Krahl **Analysis Pg. No.** Vol. 1-55 **Budget Page No.** 159

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,213,196	\$ 11,162,196	\$ 0
Other Funds	54,658	54,658	0
Subtotal - Operating	\$ 11,267,854	\$ 11,216,854	\$ 0
Capital Improvements:			
State General Fund	\$ 74,353	\$ 74,353	0
Other Funds	49,947	49,947	0
Subtotal - Capital Improvements	\$ 124,300	\$ 124,300	0
TOTAL	\$ 11,392,154	\$ 11,341,154	\$ 0
FTE Positions	223.0	223.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	224.0	224.0	0.0

Agency Estimate

Ellsworth Correctional Facility estimates FY 2006 operating expenditures of \$11,267,854, a decrease of \$6,129 (0.1 percent) below the approved amount. The estimate includes State General Fund expenditures of \$11,213,196, a decrease of \$22,783 (0.2 percent) below the approved amount. The revised estimate includes \$51,000 from the State General Fund for a supplemental request to fund the 1.25 percent salary and wages increase approved for the first 13 pay periods of FY 2006. The estimate includes funding for 223.0 FTE positions and a salaries and wages shrinkage rate of 5.6 percent. The revised average daily inmate population is estimated to be 825 inmates for FY 2006.

3-9

Governor's Recommendation

The Governor recommends FY 2006 operating expenditures of \$11,216,854, a decrease of \$57,129 (0.5 percent) below the approved amount. The recommendation includes State General Fund expenditures of \$11,162,196, a decrease of \$73,783 (0.7 percent) below the approved amount. The Governor did not recommend the supplemental request. The Governor concurs with 223.0 FTE positions, the 5.6 percent salaries and wages shrinkage rate, and the average daily population of 825 inmates.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Ellsworth Correctional Facility **Bill No.** SB 573 **Bill Sec.** 50

Analyst: Krahl **Analysis Pg. No.** Vol. 1-55 **Budget Page No.** 159

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,340,022	\$ 11,194,156	\$ 0
Other Funds	39,328	40,165	0
Subtotal - Operating	\$ 11,379,350	\$ 11,234,321	\$ 0
Capital Improvements:			
State General Fund	\$ 77,097	\$ 77,097	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 77,097	\$ 77,097	\$ 0
TOTAL	\$ 11,456,447	\$ 11,311,418	\$ 0
FTE Positions	223.0	223.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	224.0	224.0	0.0

Agency Request

Ellsworth Correctional Facility requests FY 2007 operating expenditures of \$11,379,350, an increase of \$111,496 (1.0 percent) above the FY 2006 estimate. The request include State General Fund expenditures of \$11,340,022, an increase of \$126,826 (1.1 percent) above the FY 2006 estimate. The request includes an enhancement package of \$366,707 from the State General Fund to reduce the salaries and wages shrinkage rate from 5.6 percent to 5.0 percent; replace computer equipment, the telephone system and motor vehicles; and the KPERS employee contribution rate for Correction Officers. Without the enhancement package, the facility's request is \$11,012,643, a decrease of \$255,229 (2.3 percent) from the FY 2006 estimate. The revised average daily inmate population is estimated to be 825 inmates in FY 2007.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$11,234,321, an increase of \$17,467 (0.2 percent) above the FY 2006 recommendation and a decrease of \$145,029 (1.3 percent) below the facility's request. The recommendation includes State General Fund expenditures of \$11,194,156, an increase of \$31,960 (0.3 percent) above the FY 2006 recommendation and a decrease of \$145,866 (1.3 percent) below the facility's request. The recommendation does not include the enhancement requests, but does include \$21,732 from the State General Fund for partial funding of the KPERS Correction Officers rate cap adjustment and \$199,946 from the State General

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and for a 2.5 percent salary pay increase. The Governor concurs with the 5.6 percent salaries and wages shrinkage rate and the average daily population of 825 inmates.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Ellsworth Correctional Facility **Bill No.** HB 2968 **Bill Sec.** 50

Analyst: Krahl **Analysis Pg. No.** Vol. 1-55 **Budget Page No.** 159

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,340,022	\$ 11,194,156	\$ 0
Other Funds	39,328	40,165	0
Subtotal - Operating	<u>\$ 11,379,350</u>	<u>\$ 11,234,321</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 77,097	\$ 77,097	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 77,097</u>	<u>\$ 77,097</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 11,456,447</u></u>	<u><u>\$ 11,311,418</u></u>	<u><u>\$ 0</u></u>
FTE Positions	223.0	223.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>224.0</u></u>	<u><u>224.0</u></u>	<u><u>0.0</u></u>

Agency Request

Ellsworth Correctional Facility requests FY 2007 operating expenditures of \$11,379,350, an increase of \$111,496 (1.0 percent) above the FY 2006 estimate. The request includes State General Fund expenditures of \$11,340,022, an increase of \$126,826 (1.1 percent) above the FY 2006 estimate. The request includes an enhancement package of \$366,707 from the State General Fund to reduce the salaries and wages shrinkage rate from 5.6 percent to 5.0 percent; replace computer equipment, the telephone system and motor vehicles; and the KPERS employee contribution rate for Correction Officers. Without the enhancement package, the facility's request is \$11,012,643, a

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decrease of \$255,229 (2.3 percent) from the FY 2006 estimate. The revised average daily inmate population is estimated to be 825 inmates in FY 2007.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$11,234,321, an increase of \$17,467 (0.2 percent) above the FY 2006 recommendation and a decrease of \$145,029 (1.3 percent) below the facility's request. The recommendation includes State General Fund expenditures of \$11,194,156, an increase of \$31,960 (0.3 percent) above the FY 2006 recommendation and a decrease of \$145,866 (1.3 percent) below the facility's request. The recommendation does not include the enhancement requests, but does include \$21,732 from the State General Fund for partial funding of the KPERS Correction Officers rate cap adjustment and \$199,946 from the State General Fund for a 2.5 percent salary pay increase. The Governor concurs with the 5.6 percent salaries and wages shrinkage rate and the average daily population of 825 inmates.

House Budget Committee Recommendation

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

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 \$11,273,983, including \$11,235,979 from the State General Fund. The approved budget was reduced by a net total of \$157,103 including \$157,022 from the State General Fund to establish a baseline budget for FY 2007. The reductions include \$157,103 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	\$ 11,271,253	\$ 11,311,418
Baseline Budget	11,078,957	11,116,880
Dollar Difference	<u>\$ 192,296</u>	<u>\$ 194,538</u>
<i>Percent Difference</i>	1.7%	1.7%

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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	\$ 199,109	\$ 199,109
KPERS Corrections Officer Rate Cap	21,732	21,732
Other Net Adjustments	<u>(28,545)</u>	<u>(26,303)</u>
TOTAL	<u>\$ 192,296</u>	<u>\$ 194,538</u>

Senate Subcommittee Report

Agency: Hutchinson Correctional Facility **Bill No.** SB 570

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-71

Budget Page No. 205

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 25,852,865	\$ 25,852,865	\$ 0
Other Funds	370,607	370,607	0
Subtotal - Operating	\$ 26,223,472	\$ 26,223,472	\$ 0
Capital Improvements:			
State General Fund	\$ 237,777	\$ 237,777	\$ 0
Other Funds	143,826	143,826	0
Subtotal - Capital Improvements	\$ 381,603	\$ 381,603	\$ 0
TOTAL	\$ 26,605,075	\$ 26,605,075	\$ 0
FTE Positions	515.0	515.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	517.0	517.0	0.0

Agency Estimate

Hutchinson Correctional Facility estimates FY 2006 operating expenditures of \$26,223,472, an increase of \$215,451 (0.8 percent) above the approved amount. The estimate includes State General Fund expenditures of \$25,852,865, an increase of \$122,714 (0.5 percent) above the approved amount. The revised estimate includes a \$119,000 transfer from the central office and KSIP expenditures of \$3,714 for technology equipment. The salaries and wages shrinkage rate is 6.0 percent for FY 2006. The average daily inmate population is estimated at 1,830 inmates, which is six inmates (0.3 percent) above the FY 2005 actuals.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

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House Budget Committee Report

Agency: Hutchinson Correctional Facility **Bill No.** HB 2958

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-71

Budget Page No. 205

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 25,852,865	\$ 25,852,865	\$ 0
Other Funds	370,607	370,607	0
Subtotal - Operating	<u>\$ 26,223,472</u>	<u>\$ 26,223,472</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 237,777	\$ 237,777	0
Other Funds	143,826	143,826	0
Subtotal - Capital Improvements	<u>\$ 381,603</u>	<u>\$ 381,603</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 26,605,075</u></u>	<u><u>\$ 26,605,075</u></u>	<u><u>\$ 0</u></u>
FTE Positions	515.0	515.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	<u><u>517.0</u></u>	<u><u>517.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

Hutchinson Correctional Facility estimates FY 2006 operating expenditures of \$26,223,472, an increase of \$215,451 (0.8 percent) above the approved amount. The estimate includes State General Fund expenditures of \$25,852,865, an increase of \$122,714 (0.5 percent) above the approved amount. The revised estimate includes a \$119,000 transfer from the central office and KSIP expenditures of \$3,714 for technology equipment. The salaries and wages shrinkage rate is 6.0 percent for FY 2006. The average daily inmate population is estimated at 1,830 inmates, which is six inmates (0.3 percent) above the FY 2005 actuals.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Hutchinson Correctional Facility **Bill No.** SB 573

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-71

Budget Page No. 205

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 25,907,421	\$ 25,743,966	\$ 0
Other Funds	<u>367,492</u>	<u>422,407</u>	<u>0</u>
Subtotal - Operating	\$ 26,274,913	\$ 26,166,373	\$ 0
Capital Improvements:			
State General Fund	\$ 248,112	\$ 248,112	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Capital Improvements	\$ 248,112	\$ 248,112	\$ 0
 TOTAL	 <u>\$ 26,523,025</u>	 <u>\$ 26,414,485</u>	 <u>\$ 0</u>
 FTE Positions	 515.0	 515.0	 0.0
Non FTE Uncl. Perm. Pos.	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>
TOTAL	<u>517.0</u>	<u>517.0</u>	<u>0.0</u>

Agency Request

Hutchinson Correctional Facility requests FY 2007 operating expenditures of \$26,274,913, an increase of \$51,441 (0.2 percent) above the FY 2006 estimate. The request includes State General Fund expenditures of \$25,907,421, an increase of \$54,556 (0.2 percent) above the FY 2006 estimate. The 2007 request includes enhancements from the State General Fund of: \$85,758 to reduce the salaries and wages shrinkage rate from 6.0 percent to 5.5 percent; \$66,913 to upgrade the water utility system and for increased water rates; \$29,700 to purchase two vehicles; \$137,301 for computer equipment; and \$298,578 for the KPERS employer contribution rate increase for Correction Officers. Without the enhancement requests, the facility's request would be \$25,656,663, a decrease of \$566,809 (2.2 percent) below the FY 2006 estimate. The FY 2007 request will provide funding for 515.0 FTE positions and an average daily inmate population estimated to be 1,830 inmates, the same as FY 2006.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$26,166,373, a decrease of \$57,099 (0.2 percent) below the FY 2006 recommendation and a decrease of \$108,540 (0.4 percent) below the facility's request. State General Fund expenditures of \$25,743,966, are a decrease of \$108,899 (0.4 percent) below the FY 2006 recommendation and a decrease of \$163,455 (0.6 percent) below the facility's request. The recommendation does not include the enhancement requests, but does include \$53,522 for a KPERS Correction Officers rate cap

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vestment. The recommendation also includes an increase in the salaries and wages shrinkage rate from 5.9 percent to 6.0 percent; \$26,525 for the Governor's retention incentive for trade positions and \$488,523, including \$483,608 from the State General Fund, for a 2.5 percent base salary pay increase. The Governor concurs with the estimated average daily population of 1,830 inmates.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Hutchinson Correctional Facility **Bill No.** HB 2968

Bill Sec. 50

Analyst: Krahl

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Budget Page No. 205

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 25,907,421	\$ 25,743,966	\$ 0
Other Funds	367,492	422,407	0
Subtotal - Operating	\$ 26,274,913	\$ 26,166,373	\$ 0
Capital Improvements:			
State General Fund	\$ 248,112	\$ 248,112	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 248,112	\$ 248,112	\$ 0
TOTAL	<u>\$ 26,523,025</u>	<u>\$ 26,414,485</u>	<u>\$ 0</u>
FTE Positions	515.0	515.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	<u>517.0</u>	<u>517.0</u>	<u>0.0</u>

Agency Request

Hutchinson Correctional Facility requests FY 2007 operating expenditures of \$26,274,913, an increase of \$51,441 (0.2 percent) above the FY 2006 estimate. The request includes State

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General Fund expenditures of \$25,907,421, an increase of \$54,556 (0.2 percent) above the FY 2006 estimate. The 2007 request includes enhancements from the State General Fund of: \$85,758 to reduce the salaries and wages shrinkage rate from 6.0 percent to 5.5 percent; \$66,913 to upgrade the water utility system and for increased water rates; \$29,700 to purchase two vehicles; \$137,301 for computer equipment; and \$298,578 for the KPERS employer contribution rate increase for Correction Officers. Without the enhancement requests, the facility's request would be \$25,656,663, a decrease of \$566,809 (2.2 percent) below the FY 2006 estimate. The FY 2007 request will provide funding for 515.0 FTE positions and an average daily inmate population estimated to be 1,830 inmates, the same as FY 2006.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$26,166,373, a decrease of \$57,099 (0.2 percent) below the FY 2006 recommendation and a decrease of \$108,540 (0.4 percent) below the facility's request. State General Fund expenditures of \$25,743,966, are a decrease of \$108,899 (0.4 percent) below the FY 2006 recommendation and a decrease of \$163,455 (0.6 percent) below the facility's request. The recommendation does not include the enhancement requests, but does include \$53,522 for a KPERS Correction Officers rate cap adjustment. The recommendation also includes an increase in the salaries and wages shrinkage rate from 5.9 percent to 6.0 percent; \$26,525 for the Governor's retention incentive for trade positions and \$488,523, including \$483,608 from the State General Fund, for a 2.5 percent base salary pay increase. The Governor concurs with the estimated average daily population of 1,830 inmates.

House Budget Committee Recommendation

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

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 \$26,245,798, including \$25,967,928 from the State General Fund. The approved budget was reduced by a net total of \$358,109 including \$357,923 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$357,923 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.

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	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 25,992,078	\$ 26,414,485
Baseline Budget	25,610,005	25,887,689
Dollar Difference	<u>\$ 382,073</u>	<u>\$ 526,796</u>
<i>Percent Difference</i>	<i>1.5%</i>	<i>2.0%</i>

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	\$ 457,083	\$ 461,998
KPERS Corrections Officer Rate Cap	53,522	53,522
Increase Shrinkage Rate	(32,335)	(32,335)
Shift SGF Expenditures to Fees Fund	(50,000)	0
Trade Position Increase	26,525	26,525
Other Net Adjustments	(72,722)	17,086
TOTAL	<u>\$ 382,073</u>	<u>\$ 526,796</u>

Senate Subcommittee Report

Agency: Lansing Correctional Facility **Bill No.** SB 570

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-88

Budget Page No. 291

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,100,610	\$ 33,789,610	\$ 0
Other Funds	185,000	185,000	0
Subtotal - Operating	\$ 34,285,610	\$ 33,974,610	\$ 0
Capital Improvements:			
State General Fund	\$ 317,347	\$ 317,347	0
Other Funds	490,710	490,710	0
Subtotal - Capital Improvements	\$ 808,057	\$ 808,057	\$ 0
TOTAL	\$ 35,093,667	\$ 34,782,667	\$ 0
FTE Positions	696.0	696.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	698.0	698.0	0.0

Agency Estimate

Lansing Correctional Facility estimates FY 2006 operating expenditures of \$34,285,610, an increase of \$187,387 (0.5 percent) above the approved amount. The estimate includes State General Fund expenditures of \$34,100,610, an increase of \$162,387 above the approved amount. Salaries and wages include a 7.0 percent shrinkage rate. The revised estimate includes a supplemental request of \$161,000 from the State General Fund for increased utility costs. The revised estimate also includes KSIP expenditures of \$1,387. The revised average daily inmate population is estimated at 2,470 inmates for FY 2006, an increase of four inmates (0.2 percent) above FY 2005.

Governor's Recommendation

The Governor recommends FY 2006 operating expenditures of \$33,974,610, a decrease of \$123,613 (0.4 percent) below the approved amount. The recommendation includes State General Fund expenditures of \$33,789,610, a decrease of \$148,613 (0.4 percent) below the approved amount. The recommendation does not include the supplemental request but does include a reduction from the State General Fund for capital outlay of \$150,000. The Governor concurs with the salaries and wages shrinkage rate, the KSIP expenditures and the average daily population of 2,470 inmates.

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Senate Subcommittee Recommendation

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

1. The Senate Subcommittee wishes to review at Omnibus the facility's supplemental request of \$161,000 from the State General Fund for increased utility costs.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Lansing Correctional Facility **Bill No.** HB 2958

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-88

Budget Page No. 291

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,100,610	\$ 33,789,610	0
Other Funds	185,000	185,000	0
Subtotal - Operating	\$ 34,285,610	\$ 33,974,610	0
Capital Improvements:			
State General Fund	\$ 317,347	\$ 317,347	0
Other Funds	490,710	490,710	0
Subtotal - Capital Improvements	\$ 808,057	\$ 808,057	0
TOTAL	<u>\$ 35,093,667</u>	<u>\$ 34,782,667</u>	<u>0</u>
FTE Positions	696.0	696.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	<u>698.0</u>	<u>698.0</u>	<u>0.0</u>

Agency Estimate

Lansing Correctional Facility estimates FY 2006 operating expenditures of \$34,285,610, an increase of \$187,387 (0.5 percent) above the approved amount. The estimate includes State General Fund expenditures of \$34,100,610, an increase of \$162,387 above the approved amount. Salaries and wages include a 7.0 percent shrinkage rate. The revised estimate includes a supplemental request of \$161,000 from the State General Fund for increased utility costs. The revised estimate also includes KSIP expenditures of \$1,387. The revised average daily inmate

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population is estimated at 2,470 inmates for FY 2006, an increase of four inmates (0.2 percent) above FY 2005.

Governor's Recommendation

The Governor recommends FY 2006 operating expenditures of \$33,974,610, a decrease of \$123,613 (0.4 percent) below the approved amount. The recommendation includes State General Fund expenditures of \$33,789,610, a decrease of \$148,613 (0.4 percent) below the approved amount. The recommendation does not include the supplemental request but does include a reduction from the State General Fund for capital outlay of \$150,000. The Governor concurs with the salaries and wages shrinkage rate, the KSIP expenditures and the average daily population of 2,470 inmates.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Lansing Correctional Facility **Bill No.** SB 573

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-88

Budget Page No. 291

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,302,123	\$ 33,669,762	\$ 0
Other Funds	185,000	266,754	0
Subtotal - Operating	\$ 34,487,123	\$ 33,936,516	\$ 0
Capital Improvements:			
State General Fund	\$ 6,326,205	\$ 328,842	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 6,326,205	\$ 328,842	\$ 0
TOTAL	\$ 40,813,328	\$ 34,265,358	\$ 0
FTE Positions	696.0	696.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	698.0	698.0	0.0

Agency Request

Lansing Correctional Facility requests FY 2007 operating expenditures of \$34,487,123, an increase of \$201,513 (0.6 percent) above the FY 2006 estimate. This funds 696.0 FTE positions with a salaries and wages shrinkage rate of 6.0 percent. The request includes State General Fund expenditures of \$34,302,123, an increase of \$201,513 (0.6 percent) above the FY 2006 estimate. The request also includes an operating enhancement package totaling \$955,463 from the State General Fund. The operating enhancements include: \$103,219 to replace computer equipment; \$99,869 for various equipment; \$81,000 to upgrade the emergency alarm system; \$257,404 for four inmate transportation vehicles; and \$413,971 for the KPERS employer contribution rate increase for security officers. Without the enhancement requests, the facility's request for FY 2007 would be \$33,531,660, a decrease of \$753,950 (2.2 percent) below the FY 2006 estimate. The facility is also requesting a capital improvement enhancement of \$5,997,363 from the State General Fund to replace the maximum security clinic and infirmary and to expand the medium security visiting space. The estimated average inmate daily population for FY 2007 is 2,470 inmates, the same as FY 2006.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$33,936,516, a decrease of \$38,094 (0.1 percent) below the FY 2006 recommendation and a decrease of \$550,607 (1.6 percent) below the facility's request. The recommendation includes State General Fund expenditures of \$33,669,762, a decrease of \$119,848 (0.4 percent) below the FY 2006 recommendation and a decrease of \$632,361 (1.8 percent) below the facility's request. The recommendation does not

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include the enhancement requests, but does include \$73,857 from the State General Fund for the KPERs Correction Officers rate cap adjustment. The recommendation also includes an increase in the salaries and wages shrinkage rate of 6.0 percent to 7.0 percent for a reduction of \$310,125 from the State General Fund. The Governor also recommends \$33,056 from the State General Fund for a retention incentive for trade positions; \$608,338, including \$606,584 from the State General Fund for a 2.5 percent base salary increase; and shift of State General Fund expenditures of \$80,000 to the General Fees Fund. The increases are offset by a reduction caused by the overtime increase in FY 2006 for the 27th payroll period.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Lansing Correctional Facility **Bill No.** HB 2968

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-88

Budget Page No. 291

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,302,123	\$ 33,669,762	\$ 0
Other Funds	185,000	266,754	0
Subtotal - Operating	<u>\$ 34,487,123</u>	<u>\$ 33,936,516</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 6,326,205	\$ 328,842	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 6,326,205</u>	<u>\$ 328,842</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 40,813,328</u></u>	<u><u>\$ 34,265,358</u></u>	<u><u>\$ 0</u></u>
FTE Positions	696.0	696.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	<u><u>698.0</u></u>	<u><u>698.0</u></u>	<u><u>0.0</u></u>

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Agency Request

Lansing Correctional Facility requests FY 2007 operating expenditures of \$34,487,123, an increase of \$201,513 (0.6 percent) above the FY 2006 estimate. This funds 696.0 FTE positions with a salaries and wages shrinkage rate of 6.0 percent. The request includes State General Fund expenditures of \$34,302,123, an increase of \$201,513 (0.6 percent) above the FY 2006 estimate. The request also includes an operating enhancement package totaling \$955,463 from the State General Fund. The operating enhancements include: \$103,219 to replace computer equipment; \$99,869 for various equipment; \$81,000 to upgrade the emergency alarm system; \$257,404 for four inmate transportation vehicles; and \$413,971 for the KPERS employer contribution rate increase for security officers. Without the enhancement requests, the facility's request for FY 2007 would be \$33,531,660, a decrease of \$753,950 (2.2 percent) below the FY 2006 estimate. The facility is also requesting a capital improvement enhancement of \$5,997,363 from the State General Fund to replace the maximum security clinic and infirmary and to expand the medium security visiting space. The estimated average inmate daily population for FY 2007 is 2,470 inmates, the same as FY 2006.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$33,936,516, a decrease of \$38,094 (0.1 percent) below the FY 2006 recommendation and a decrease of \$550,607 (1.6 percent) below the facility's request. The recommendation includes State General Fund expenditures of \$33,669,762, a decrease of \$119,848 (0.4 percent) below the FY 2006 recommendation and a decrease of \$632,361 (1.8 percent) below the facility's request. The recommendation does not include the enhancement requests, but does include \$73,857 from the State General Fund for the KPERS Correction Officers rate cap adjustment. The recommendation also includes an increase in the salaries and wages shrinkage rate from 6.0 percent to 7.0 percent for a reduction of \$310,125 from the State General Fund. The Governor also recommends \$33,056 from the State General Fund for a retention incentive for trade positions; \$608,338, including \$606,584 from the State General Fund for a 2.5 percent base salary increase; and shift of State General Fund expenditures of \$80,000 to the General Fees Fund. The increases are offset by a reduction caused by the overtime increase in FY 2006 for the 27th payroll period.

House Budget Committee Recommendation

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

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 \$34,415,570, including \$34,255,570 from the State General Fund. The approved budget was reduced

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by a net total of \$490,616 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$490,616 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	\$ 33,998,604	\$ 34,265,358
Baseline Budget	33,764,954	33,924,954
Dollar Difference	<u>\$ 233,650</u>	<u>\$ 340,404</u>
<i>Percent Difference</i>	<i>0.7%</i>	<i>1.0%</i>

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	\$ 606,584	\$ 608,338
KPERS Corrections Officer Rate Cap	73,587	73,587
Shift SGF Expenditures to Fee Fund	(80,000)	0
Increase Shrinkage Rate	(310,125)	(310,125)
Trade Position Increase	33,056	33,056
Other Net Adjustments	(89,452)	(64,452)
TOTAL	<u>\$ 233,650</u>	<u>\$ 340,404</u>

Senate Subcommittee Report

Agency: Larned Correctional Mental Health Facility

Bill No. SB 570

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-107

Budget Page No. 293

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,723,907	\$ 8,723,907	0
Other Funds	4,650	4,650	0
Subtotal - Operating	\$ 8,728,557	\$ 8,728,557	0
Capital Improvements:			
State General Fund	\$ 14,236	\$ 14,236	0
Other Funds	641	641	0
Subtotal - Capital Improvements	\$ 14,877	\$ 14,877	0
TOTAL	\$ 8,743,434	\$ 8,743,434	0
FTE Positions	186.0	186.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	186.0	186.0	0.0

Agency Estimate

Larned Correctional Mental Health Facility estimates FY 2006 operating expenditures of \$8,728,557, an increase of \$29,030 (0.3 percent) above the approved amount. The request includes State General Fund expenditures of \$8,723,907, an increase of \$28,880 (0.3 percent) above the approved amount. The salaries and wages shrinkage rate is 5.7 percent and the average daily inmate population is estimated at 350 inmates for FY 2006, an increase of six inmates above the FY 2005 actuals.

Governor's Recommendation

The Governor concurs with the facility's revised request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Larned Correctional Mental Health Facility **Bill No.** HB 2958 **Bill Sec.** 50

Analyst: Krahl **Analysis Pg. No.** Vol. 1, 107 **Budget Page No.** 293

<u>Expenditure Summary</u>	<u>Agency Estimate FY 06</u>	<u>Governor's Recommendation FY 06</u>	<u>House Budget Commit- tee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 8,723,907	\$ 8,723,907	\$ 0
Other Funds	4,650	4,650	0
Subtotal - Operating	<u>\$ 8,728,557</u>	<u>\$ 8,728,557</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 14,236	\$ 14,236	\$ 0
Other Funds	641	641	0
Subtotal - Capital Improvements	<u>\$ 14,877</u>	<u>\$ 14,877</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 8,743,434</u></u>	<u><u>\$ 8,743,434</u></u>	<u><u>\$ 0</u></u>
FTE Positions	186.0	186.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>186.0</u></u>	<u><u>186.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

Larned Correctional Mental Health Facility estimates FY 2006 operating expenditures of \$8,728,557, an increase of \$29,030 (0.3 percent) above the approved amount. The request includes State General Fund expenditures of \$8,723,907, an increase of \$28,880 (0.3 percent) above the approved amount. The salaries and wages shrinkage rate is 5.7 percent and the average daily inmate population is estimated at 350 inmates for FY 2006, an increase of six inmates above the FY 2005 actuals.

Governor's Recommendation

The Governor concurs with the facility's revised request.

House Budget Committee Recommendation

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

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Senate Subcommittee Report

Agency: Larned Correctional Mental Health Facility

Bill No. SB 573

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-107

Budget Page No. 293

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,709,198	\$ 8,717,717	\$ 0
Other Funds	1,650	1,650	0
Subtotal - Operating	\$ 8,710,848	\$ 8,719,367	\$ 0
Capital Improvements:			
State General Fund	\$ 14,762	\$ 14,762	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 14,762	\$ 14,762	\$ 0
TOTAL	<u>\$ 8,725,610</u>	<u>\$ 8,734,129</u>	<u>\$ 0</u>
FTE Positions			
FTE Positions	186.0	186.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>186.0</u>	<u>186.0</u>	<u>0.0</u>

Agency Request

Larned Correctional Mental Health Facility requests FY 2007 operating expenditures of \$8,710,848, a decrease of \$17,709 (0.2 percent) below the FY 2006 estimate and funds 186.0 FTE positions. The request includes State General Fund expenditures of \$8,709,198, a decrease of \$14,709 (0.2 percent) below the FY 2006 estimate. The request includes enhancements of \$180,374 from the State General Fund for the replacement of computer equipment, funding for a correctional counselor position, and for the KPERs employer contribution rate increase for Correction Officers. Without the enhancement package, the facility's request is \$8,530,474, a decrease of \$198,083 (2.3 percent) below the FY 2006 estimate. The salaries and wages shrinkage rate is 5.7 percent and the average daily inmate population is estimated at 350 for FY 2007, the same as FY 2006.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$8,719,367, a decrease of \$9,190 (0.1 percent) below the FY 2006 recommendation and an increase of \$8,519 (0.1 percent) above the facility's request. The recommendation does not include the enhancement requests for the replacement of the computer equipment or funding for the correctional counselor position. The recommendation does include partial funding of the KPERs employer contribution rate increase for Correction Officers. Also included in the recommendation is \$165,251 from the State General Fund for a 2.5 percent base salary pay increase and \$5,761 from the State General Fund for the retention

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ntive for trade positions. The FY 2007 recommendation includes the normal 26 payroll periods, instead of the 27 payroll periods that are in the FY 2006 budget. The Governor concurs with the salaries and wages shrinkage rate of 5.7 percent and the estimated average daily population of 350 inmates.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Larned Correctional Mental Health Facility **Bill No.** HB 2968 **Bill Sec.** 50

Analyst: Krahl **Analysis Pg. No.** Vol. 1-107 **Budget Page No.** 293

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,709,198	\$ 8,717,717	0
Other Funds	1,650	1,650	0
Subtotal - Operating	\$ 8,710,848	\$ 8,719,367	0
Capital Improvements:			
State General Fund	\$ 14,762	\$ 14,762	0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 14,762	\$ 14,762	0
TOTAL	\$ 8,725,610	\$ 8,734,129	0
FTE Positions	186.0	186.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	186.0	186.0	0.0

Agency Request

Larned Correctional Mental Health Facility requests FY 2007 operating expenditures of \$8,710,848, a decrease of \$17,709 (0.2 percent) below the FY 2006 estimate and funds 186.0 FTE

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positions. The request includes State General Fund expenditures of \$8,709,198, a decrease of \$14,709 (0.2 percent) below the FY 2006 estimate. The request includes enhancements of \$180,374 from the State General Fund for the replacement of computer equipment, funding for a correctional counselor position, and for the KPERS employer contribution rate increase for Correction Officers. Without the enhancement package, the facility's request is \$8,530,474, a decrease of \$198,083 (2.3 percent) below the FY 2006 estimate. The salaries and wages shrinkage rate is 5.7 percent and the average daily inmate population is estimated at 350 for FY 2007, the same as FY 2006.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$8,719,367, a decrease of \$9,190 (0.1 percent) below the FY 2006 recommendation and an increase of \$8,519 (0.1 percent) above the facility's request. The recommendation does not include the enhancement requests for the replacement of the computer equipment or funding for the correctional counselor position. The recommendation does include partial funding of the KPERS employer contribution rate increase for Correction Officers. Also included in the recommendation is \$165,251 from the State General Fund for a 2.5 percent base salary pay increase and \$5,761 from the State General Fund for the retention incentive for trade positions. The FY 2007 recommendation includes the normal 26 payroll periods, instead of the 27 payroll periods that are in the FY 2006 budget. The Governor concurs with the salaries and wages shrinkage rate of 5.7 percent and the estimated average daily population of 350 inmates.

House Budget Committee Recommendation

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

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 \$8,699,527 including \$8,695,027 from the State General Fund. The approved budget was reduced by a net total of \$127,775 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$127,775 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	\$ 8,732,479	\$ 8,734,129
Baseline Budget	<u>8,567,252</u>	<u>8,571,752</u>
Dollar Difference	<u>\$ 165,227</u>	<u>\$ 162,377</u>
<i>Percent Difference</i>	<i>1.9%</i>	<i>1.9%</i>

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	\$ 165,251	\$ 165,251
KPERS Corrections Officer Rate Cap	17,881	17,881
Trade Position Increase	5,761	5,761
Other Net Adjustments	<u>(23,666)</u>	<u>(26,516)</u>
TOTAL	<u>\$ 165,227</u>	<u>\$ 162,377</u>

Senate Subcommittee Report

Agency: Norton Correctional Facility **Bill No.** SB 570

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-123

Budget Page No. 313

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,941,867	\$ 12,941,867	0
Other Funds	180,879	180,879	0
Subtotal - Operating	\$ 13,122,746	\$ 13,122,746	0
Capital Improvements:			
State General Fund	\$ 143,672	\$ 143,672	0
Other Funds	453,200	453,200	0
Subtotal - Capital Improvements	\$ 596,872	\$ 596,872	0
TOTAL	\$ 13,719,618	\$ 13,719,618	\$ 0
FTE Positions	265.0	265.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	267.0	267.0	0.0

Agency Estimate

Norton Correctional Facility estimates FY 2006 operating expenditures of \$13,122,746, an increase of \$64,646 (0.5 percent) above the approved amount. State General Fund expenditures of \$12,941,867, an increase of \$64,646 (0.5 percent) above the approved amount. The increase includes a transfer of \$61,000 from the central office to fund the 1.25 salary increase for the first half of FY 2006 and KSIP expenditures of \$3,646 for technology equipment. The FY 2006 estimate funds 232.0 FTE positions at Norton Correctional Facility and 33.0 FTE positions at Stockton Correctional Facility with a salaries and wages shrinkage rate of 6.0 percent. The average daily inmate population is estimated to be 790 for FY 2006, an increase of one inmate above the FY 2005 actuals.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

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House Budget Committee Report

Agency: Norton Correctional Facility **Bill No.** 2958

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-123

Budget Page No. 313

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,941,867	\$ 12,941,867	\$ 0
Other Funds	180,879	180,879	0
Subtotal - Operating	\$ 13,122,746	\$ 13,122,746	\$ 0
Capital Improvements:			
State General Fund	\$ 143,672	\$ 143,672	\$ 0
Other Funds	453,200	453,200	0
Subtotal - Capital Improvements	\$ 596,872	\$ 596,872	\$ 0
TOTAL	\$ 13,719,618	\$ 13,719,618	\$ 0
FTE Positions	265.0	265.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	267.0	267.0	0.0

Agency Estimate

Norton Correctional Facility estimates FY 2006 operating expenditures of \$13,122,746, an increase of \$64,646 (0.5 percent) above the approved amount. State General Fund expenditures total \$12,941,867, an increase of \$64,646 (0.5 percent) above the approved amount. The increase includes a transfer of \$61,000 from the central office to fund the 1.25 salary increase for the first half of FY 2006 and KSIP expenditures of \$3,646 for technology equipment. The FY 2006 estimate funds 232.0 FTE positions at Norton Correctional Facility and 33.0 FTE positions at Stockton Correctional Facility with a salaries and wages shrinkage rate of 6.0 percent. The average daily inmate population is estimated to be 790 for FY 2006, an increase of one inmate above the FY 2005 actuals.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Norton Correctional Facility **Bill No.** SB 573

Bill Sec. 50

Analyst: Krahl

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Budget Page No. 313

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,954,793	\$ 12,923,070	\$ 0
Other Funds	180,879	183,510	0
Subtotal - Operating	\$ 13,135,672	\$ 13,106,580	\$ 0
Capital Improvements:			
State General Fund	\$ 744,535	\$ 149,535	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 744,535	\$ 149,535	\$ 0
TOTAL	\$ 13,880,207	\$ 13,256,115	\$ 0
FTE Positions	265.0	265.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	267.0	267.0	0.0

Agency Request

Norton Correctional Facility requests FY 2007 operating expenditures of \$13,135,672, an increase of \$12,926 (0.1 percent) above the FY 2006 estimate. State General Fund expenditures of \$12,954,793 are an increase of \$12,926 (0.1 percent) above the FY 2006 estimate. The request includes four operating enhancement requests totaling \$297,438 from the State General Fund. The enhancement requests include: \$62,800 to replace computer equipment; \$59,578 to reduce the salaries and wages shrinkage rate from 6.1 percent to 5.5 percent; \$22,000 to replace an inmate transportation vehicle; and \$153,060 for the increase in the KPERS employer contribution rate for Correction Officers. Without the enhancement package, the facility's operating request is \$12,838,234, a decrease of \$284,512 (2.2 percent) below the FY 2006 estimate. Norton Correctional Facility also requests a capital improvement enhancement of \$595,000 from the State General Fund to construct a medium security dining area. The average daily inmate population for FY 2007 is estimated at 805 inmates which is an increase of 15 (1.9 percent) inmates above the FY 2006 estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$13,106,580, a decrease of \$16,166 (0.1 percent) below the FY 2006 recommendation and a decrease of \$29,092 (0.2 percent) below the facility's request. State General Fund expenditures of \$12,923,070, is a decrease of \$18,797, (0.1 percent) below the FY 2006 recommendation and a decrease of \$31,723 (0.2 percent) below the facility's request. The recommendation does not include the operating or capital

... improvements enhancement requests. The recommendation includes funding of \$27,240 from the State General Fund to partially fund the KPERS Corrections Officer rate cap; \$11,817 from the State General Fund for the retention incentive for trade positions; \$234,289, including \$231,658 from the State General Fund for a 2.5 percent base salary and wage pay increase; and, a reduction of \$5,000 from the State General Fund in capital outlay expenditures. The Governor recommends a 6.1 percent salaries and wages shrinkage rate and concurs with the average daily population of 805 inmates.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Norton Correctional Facility **Bill No.** HB 2968

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-123

Budget Page No. 313

<u>Expenditure Summary</u>	<u>Agency Request FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 12,954,793	\$ 12,923,070	\$ 0
Other Funds	180,879	183,510	0
Subtotal - Operating	<u>\$ 13,135,672</u>	<u>\$ 13,106,580</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 744,535	\$ 149,535	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 744,535</u>	<u>\$ 149,535</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 13,880,207</u></u>	<u><u>\$ 13,256,115</u></u>	<u><u>\$ 0</u></u>
FTE Positions	265.0	265.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	<u><u>267.0</u></u>	<u><u>267.0</u></u>	<u><u>0.0</u></u>

Agency Request

Norton Correctional Facility requests FY 2007 operating expenditures of \$13,135,672, an increase of \$12,926 (0.1 percent) above the FY 2006 estimate. State General Fund expenditures of \$12,954,793, is an increase of \$12,926 (0.1 percent) above the FY 2006 estimate. The request includes four operating enhancement requests totaling \$297,438 from the State General Fund. The enhancement requests include: \$62,800 to replace computer equipment; \$59,578 to reduce the salaries and wages shrinkage rate from 6.1 percent to 5.5 percent; \$22,000 to replace an inmate transportation vehicle; and \$153,060 for the increase in the KPERS employer contribution rate for Correction Officers. Without the enhancement package, the facility's operating request is \$12,838,234, a decrease of \$284,512 (2.2 percent) below the FY 2006 estimate. Norton Correctional Facility also requests a capital improvement enhancement of \$595,000 from the State General Fund to construct a medium security dining area. The average daily inmate population for FY 2007 is estimated at 805 inmates which is an increase of 15 (1.9 percent) inmates above the FY 2006 estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$13,106,580, a decrease of \$16,166 (0.1 percent) below the FY 2006 recommendation and a decrease of \$29,092 (0.2 percent) below the facility's request. State General Fund expenditures of \$12,923,070, are a decrease of \$18,797, (0.1 percent) below the FY 2006 recommendation and a decrease of \$31,723 (0.2 percent) below the facility's request. The recommendation does not include the operating or capital improvements enhancement requests. The recommendation includes funding of \$27,240 from the State General Fund to partially fund the KPERS Corrections Officer rate cap; \$11,817 from the State General Fund for the retention incentive for trade positions; \$234,289, including \$231,658 from the State General Fund for a 2.5 percent base salary and wage pay increase; and, a reduction of \$5,000 from the State General Fund in capital outlay expenditures. The Governor recommends a 6.1 percent salaries and wages shrinkage rate and concurs with the average daily population of 805 inmates.

House Budget Committee Recommendation

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

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 \$13,201,772, including \$13,020,893 from the State General Fund. The approved budget was reduced

by a net total of \$181,972 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$181,972 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 \$	13,072,605	\$ 13,256,115
Baseline Budget	<u>12,838,921</u>	<u>13,020,407</u>
Dollar Difference	<u>\$ 233,684</u>	<u>\$ 235,708</u>
<i>Percent Difference</i>	<i>1.8%</i>	<i>1.8%</i>

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	\$ 231,658	\$ 234,289
KPERS Corrections Officer Rate Cap	27,240	27,240
Capital Outlay Reduction	(5,000)	(5,000)
Trade Position Increase	11,817	11,817
Other Net Adjustments	<u>(32,031)</u>	<u>(32,638)</u>
TOTAL	<u>\$ 233,684</u>	<u>\$ 235,708</u>

Senate Subcommittee Report

Agency: Topeka Correctional Facility **Bill No.** SB 570

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-140

Budget Page No. 395

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,252,190	\$ 11,252,190	\$ 0
Other Funds	936,075	936,075	0
Subtotal - Operating	\$ 12,188,265	\$ 12,188,265	\$ 0
Capital Improvements:			
State General Fund	\$ 61,736	\$ 61,736	0
Other Funds	306,771	306,771	0
Subtotal - Capital Improvements	\$ 368,507	\$ 368,507	\$ 0
TOTAL	\$ 12,556,772	\$ 12,556,772	\$ 0
FTE Positions	248.0	248.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	252.0	252.0	0.0

Agency Estimate

Topeka Correctional Facility estimates operating expenditures of \$12,188,265, an increase of \$18,759 (0.2 percent) above the approved amount. This funds 238.0 FTE positions with a salaries and wages shrinkage rate of 6.1 percent with 18.0 FTE positions funded by the federal grant money received for the housing of federal inmates. The estimate includes State General Fund expenditures of \$11,252,190, an increase of \$218,177 (2.0 percent) above the approved amount. The increase is due to a transfer from the central office and KSIP expenditures. The average daily inmate population is 664 inmates for FY 2006, an increase of 25 inmates (3.9 percent) above FY 2005.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

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House Budget Committee Report

Agency: Topeka Correctional Facility **Bill No.** HB 2958

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-140

Budget Page No. 395

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,252,190	\$ 11,252,190	\$ 0
Other Funds	936,075	936,075	0
Subtotal - Operating	<u>\$ 12,188,265</u>	<u>\$ 12,188,265</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 61,736	\$ 61,736	0
Other Funds	306,771	306,771	0
Subtotal - Capital Improvements	<u>\$ 368,507</u>	<u>\$ 368,507</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 12,556,772</u></u>	<u><u>\$ 12,556,772</u></u>	<u><u>\$ 0</u></u>
FTE Positions	248.0	248.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	<u><u>252.0</u></u>	<u><u>252.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

Topeka Correctional Facility estimates operating expenditures of \$12,188,265, an increase of \$18,759 (0.2 percent) above the approved amount. This funds 238.0 FTE positions with a salaries and wages shrinkage rate of 6.1 percent with 18.0 FTE positions funded by the federal grant money received for the housing of federal inmates. The estimate includes State General Fund expenditures of \$11,252,190, an increase of \$218,177 (2.0 percent) above the approved amount. The increase is due to a transfer from the central office and KSIP expenditures. The average daily inmate population is 664 inmates for FY 2006, an increase of 25 inmates (3.9 percent) above FY 2005.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

House Budget Committee Recommendation

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

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Senate Subcommittee Report

Agency: Topeka Correctional Facility **Bill No.** SB 573

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-140

Budget Page No. 395

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,556,702	\$ 11,313,191	\$ 0
Other Funds	931,496	946,732	0
Subtotal - Operating	\$ 12,488,198	\$ 12,259,923	\$ 0
Capital Improvements:			
State General Fund	\$ 64,015	\$ 64,015	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 64,015	\$ 64,015	\$ 0
TOTAL	\$ 12,552,213	\$ 12,323,938	\$ 0
FTE Positions	248.0	248.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	252.0	252.0	0.0

Agency Request

Topeka Correctional Facility requests operating expenditures of \$12,488,198, an increase of \$299,933 (2.5 percent) above the FY 2006 estimate. The request includes State General Fund expenditures of \$11,556,702, an increase of \$304,512 (2.7 percent) above the FY 2006 estimate. This funds 248.0 FTE positions with a salaries and wages shrinkage rate of 6.0 percent. The request includes an enhancement package of \$477,711 from the State General Fund to replace computer equipment, fund 9.0 correctional officer FTE positions and fund the increased KPERs employer contribution rate for Correction Officers. Without the enhancement package, the facility's request is \$12,010,487, a decrease of \$177,778 (1.5 percent) below the FY 2006 estimate. The average daily inmate population is estimated to be 680 inmates for FY 2007, an increase of 16 inmates (2.4 percent) above the FY 2006 estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$12,259,923, an increase of \$71,658 (0.6 percent) above the FY 2006 recommendation and a decrease of \$228,275 (1.8 percent) below the facility's request. The recommendation includes State General Fund expenditures of \$11,313,191, an increase of \$61,001 (0.5 percent) above the FY 2006 recommendation and a decrease of \$243,511 (2.1 percent) below the facility's request. The recommendation does not include the enhancement requests, but does include \$24,179 from the State General Fund for the KPERs Corrections Officers rate cap adjustment. The recommendation also includes \$14,415 for

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Governor's retention incentive for trade positions and \$219,507, including \$203,271 from the State General Fund for a 2.5 percent base salary adjustment. The FY 2007 recommendation includes the normal 26 payroll periods, instead of the 27 payroll periods that are in the FY 2006 budget. The Governor recommends an increased shrinkage rate (from 6.4 percent to 6.5 percent) and concurs with the average daily population of 680 inmates.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Committee Report

Agency: Topeka Correctional Facility **Bill No.** HB 2968

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-140

Budget Page No. 395

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,556,702	\$ 11,313,191	\$ 0
Other Funds	931,496	946,732	0
Subtotal - Operating	\$ 12,488,198	\$ 12,259,923	\$ 0
Capital Improvements:			
State General Fund	\$ 64,015	\$ 64,015	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 64,015	\$ 64,015	\$ 0
TOTAL	\$ 12,552,213	\$ 12,323,938	\$ 0
FTE Positions	248.0	248.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	252.0	252.0	0.0

Agency Request

Topeka Correctional Facility requests operating expenditures of \$12,488,198, an increase of \$299,933 (2.5 percent) above the FY 2006 estimate. The request includes State General Fund expenditures of \$11,556,702, an increase of \$304,512 (2.7 percent) above the FY 2006 estimate. This funds 248.0 FTE positions with a salaries and wages shrinkage rate of 6.0 percent. The request

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includes an enhancement package of \$477,711 from the State General Fund to replace computer equipment, fund 9.0 correctional officer FTE positions and fund the increased KPERS employer contribution rate for Correction Officers. Without the enhancement package, the facility's request is \$12,010,487, a decrease of \$177,778 (1.5 percent) below the FY 2006 estimate. The average daily inmate population is estimated to be 680 inmates for FY 2007, an increase of 16 inmates (2.4 percent) above the FY 2006 estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$12,259,923, an increase of \$71,658 (0.6 percent) above the FY 2006 recommendation and a decrease of \$228,275 (1.8 percent) below the facility's request. The recommendation includes State General Fund expenditures of \$11,313,191, an increase of \$61,001 (0.5 percent) above the FY 2006 recommendation and a decrease of \$243,511 (2.1 percent) below the facility's request. The recommendation does not include the enhancement requests, but does include \$24,179 from the State General Fund for the KPERS Corrections Officers rate cap adjustment. The recommendation also includes \$14,415 for the Governor's retention incentive for trade positions and \$219,507, including \$203,271 from the State General Fund for a 2.5 percent base salary adjustment. The FY 2007 recommendation includes the normal 26 payroll periods, instead of the 27 payroll periods that are in the FY 2006 budget. The Governor recommends an increased shrinkage rate (from 6.4 percent to 6.5 percent) and concurs with the average daily population of 680 inmates.

House Budget Committee Recommendation

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

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 \$12,169,508 including \$11,034,013 from the State General Fund. The approved budget was reduced by a net total of \$172,736 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$172,736 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	\$ 11,377,206	\$ 12,323,938
Baseline Budget	<u>10,861,277</u>	<u>12,001,533</u>
Dollar Difference	<u>\$ 515,929</u>	<u>\$ 322,405</u>
<i>Percent Difference</i>	4.5%	2.6%

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	\$ 204,271	\$ 219,507
KPERS Corrections Officer Rate Cap	24,179	24,179
Increase Shrinkage Rate	(8,665)	(8,665)
Trade Position Increase	14,415	14,415
Per diem rate decrease for federal prisoners	95,729	0
Other Net Adjustments	<u>186,000</u>	<u>72,969</u>
TOTAL	<u>\$ 515,929</u>	<u>\$ 322,405</u>

Senate Subcommittee Report

Agency: Winfield Correctional Facility **Bill No.** SB 570

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-156

Budget Page No. 455

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,102,330	\$ 11,102,330	\$ 0
Other Funds	<u>227,707</u>	<u>227,707</u>	<u>0</u>
Subtotal - Operating	\$ 11,330,037	\$ 11,330,037	\$ 0
Capital Improvements:			
State General Fund	\$ 120,293	\$ 120,293	\$ 0
Other Funds	<u>368,401</u>	<u>368,401</u>	<u>0</u>
Subtotal - Capital Improvements	\$ 488,694	\$ 488,694	\$ 0
TOTAL	<u><u>\$ 11,818,731</u></u>	<u><u>\$ 11,818,731</u></u>	<u><u>\$ 0</u></u>
FTE Positions	201.0	201.0	0.0
Non FTE Uncl. Perm. Pos.	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>
TOTAL	<u><u>203.0</u></u>	<u><u>203.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

Winfield Correctional Facility estimates FY 2006 operating expenditures of \$11,330,037, an increase of \$624,077 (5.8 percent) above the approved amount. The estimate includes State General Fund expenditures of \$11,102,330, an increase of \$604,951 (5.8 percent) above the approved amount. The estimate includes a transfer from the central office totaling \$604,860 and \$91 in KSIP expenditures. The average daily population is estimated at 760 inmates, an increase of 12 inmates (1.6 percent) above the FY 2005 inmate population.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

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House Budget Committee Report

Agency: Winfield Correctional Facility **Bill No.** HB 2958

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-156

Budget Page No. 455

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,102,330	\$ 11,102,330	\$ 0
Other Funds	227,707	227,707	0
Subtotal - Operating	\$ 11,330,037	\$ 11,330,037	\$ 0
Capital Improvements:			
State General Fund	\$ 120,293	\$ 120,293	0
Other Funds	368,401	368,401	0
Subtotal - Capital Improvements	\$ 488,694	\$ 488,694	\$ 0
TOTAL	\$ 11,818,731	\$ 11,818,731	\$ 0
FTE Positions	201.0	201.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	203.0	203.0	0.0

Agency Estimate

Winfield Correctional Facility estimates FY 2006 operating expenditures of \$11,330,037, an increase of \$624,077 (5.8 percent) above the approved amount. The estimate includes State General Fund expenditures of \$11,102,330, an increase of \$604,951 (5.8 percent) above the approved amount. The estimate includes a transfer from the central office totaling \$604,860 and \$91 in KSIP expenditures. The average daily population is estimated at 760 inmates, an increase of 12 inmates (1.6 percent) above the FY 2005 inmate population.

Governor's Recommendation

The Governor concurs with the facility's revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Winfield Correctional Facility **Bill No.** SB 573

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-156

Budget Page No. 455

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,105,399	\$ 11,096,074	\$ 0
Other Funds	225,619	243,473	0
Subtotal - Operating	\$ 11,331,018	\$ 11,339,547	\$ 0
Capital Improvements:			
State General Fund	\$ 125,202	\$ 125,202	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 125,202	\$ 125,202	\$ 0
TOTAL	\$ 11,456,220	\$ 11,464,749	\$ 0
FTE Positions	201.0	201.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	203.0	203.0	0.0

Agency Request

Winfield Correctional Facility requests FY 2007 operating expenditures of \$11,331,018, an increase of \$981 (0.0 percent) above the FY 2006 estimate. The request includes State General Fund expenditures of \$11,105,399, an increase of \$3,069 (0.0 percent) above the FY 2006 estimate. The salaries and wages shrinkage rate is 2.6 percent. Included in the FY 2007 request are enhancements totaling \$669,856 from the State General Fund. Without the enhancement requests, the FY 2007 request is \$10,661,162, which is a decrease of \$668,875 (6.3 percent) below the FY 2006 estimate. The average daily inmate population is estimated at 790 inmates, is an increase of 30 inmates (3.9 percent) above the FY 2006 estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$11,339,547, an increase of \$9,510 (0.1 percent) above the FY 2006 recommendation and an increase of \$8,529 (0.1 percent) above the facility's request. The recommendation includes State General Fund expenditures of \$11,096,074, a decrease of \$6,256 (0.1 percent) below the FY 2006 recommendation and a decrease of \$9,325 (0.1 percent) below the facility's request. The recommendation does not include the enhancement requests but does include an operating shortfall adjustment of \$453,379 from the State General Fund. The recommendation also includes \$20,537 from the State General Fund for a KPERS Correction Officer rate cap adjustment, \$12,685 for the Governor's retention incentive for

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... positions and \$191,784, including \$186,930 from the State General Fund, for a 2.5 percent base salary adjustment. The Governor concurs with the 2.6 percent salaries and wages shrinkage rate and the average daily population of 790 inmates.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation.

House Budget Report

Agency: Winfield Correctional Facility **Bill No.** HB 2968

Bill Sec. 50

Analyst: Krahl

Analysis Pg. No. Vol. 1-156

Budget Page No. 455

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,105,399	\$ 11,096,074	\$ 0
Other Funds	225,619	243,473	0
Subtotal - Operating	\$ 11,331,018	\$ 11,339,547	\$ 0
Capital Improvements:			
State General Fund	\$ 125,202	\$ 125,202	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 125,202	\$ 125,202	\$ 0
TOTAL	<u>\$ 11,456,220</u>	<u>\$ 11,464,749</u>	<u>\$ 0</u>
FTE Positions	201.0	201.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	<u>203.0</u>	<u>203.0</u>	<u>0.0</u>

Agency Request

Winfield Correctional Facility requests FY 2007 operating expenditures of \$11,331,018, an increase of \$981 (0.0 percent) above the FY 2006 estimate. The request includes State General Fund expenditures of \$11,105,399, an increase of \$3,069 (0.0 percent) above the FY 2006 estimate. The salaries and wages shrinkage rate is 2.6 percent. Included in the FY 2007 request are

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enhancements totaling \$669,856 from the State General Fund. Without the enhancement requests, the FY 2007 request is \$10,661,162, which is a decrease of \$668,875 (6.3 percent) below the FY 2006 estimate. The average daily inmate population is estimated at 790 inmates, is an increase of 30 inmates (3.9 percent) above the FY 2006 estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$11,339,547, an increase of \$9,510 (0.1 percent) above the FY 2006 recommendation and an increase of \$8,529 (0.1 percent) above the facility's request. The recommendation includes State General Fund expenditures of \$11,096,074, a decrease of \$6,256 (0.1 percent) below the FY 2006 recommendation and a decrease of \$9,325 (0.1 percent) below the facility's request. The recommendation does not include the enhancement requests but does include an operating shortfall adjustment of \$453,379 from the State General Fund. The recommendation also includes \$20,537 from the State General Fund for a KPERS Correction Officer rate cap adjustment, \$12,685 for the Governor's retention incentive for trade positions and \$191,784, including \$186,930 from the State General Fund, for a 2.5 percent base salary adjustment. The Governor concurs with the 2.6 percent salaries and wages shrinkage rate and the average daily population of 790 inmates.

House Budget Committee Recommendation

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

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 \$10,826,523, including \$10,617,672 from the State General Fund. The approved budget was reduced by a net total of \$144,050 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$144,050 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	\$ 11,221,276	\$ 11,464,749
Baseline Budget	<u>10,473,622</u>	<u>10,683,086</u>
Dollar Difference	<u>\$ 747,654</u>	<u>\$ 781,663</u>
<i>Percent Difference</i>	<i>6.7%</i>	<i>6.8%</i>

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	\$ 186,930	\$ 191,784
KPERS Corrections Officer Rate Cap	20,537	20,537
Shift SGF Expenditures to Fee Fund	(13,000)	0
Operating Shortfall Adjustment	453,379	453,379
Trade Position Increase	12,685	12,685
Other Net Adjustments	<u>87,123</u>	<u>103,278</u>
TOTAL	<u>\$ 747,654</u>	<u>\$ 781,663</u>

Economic Development Initiatives Fund (EDIF) Overview

The statutes governing the EDIF provide that it shall be used to finance programs "... supporting and enhancing the existing economic foundation of the state and fostering growth . . . to the state's economic foundation." With the exception of a statutory \$2.0 million transfer from the EDIF to the State Water Plan Fund, the Legislature annually appropriates the EDIF for individual projects and programs deemed to support and enhance the state's economic foundation.

The EDIF is funded through the State Gaming Revenue Fund (SGRF). A portion of state revenue from both the Lottery and parimutuel wagering is transferred to the SGRF. That fund is used essentially as a holding fund from which further transfers are made on a monthly basis. No more than \$50.0 million may be credited to the SGRF in any fiscal year. Amounts in excess of \$50.0 million are credited to the State General Fund.

The initial transfers from the State Gaming Revenue Fund, which began in 1986, were as follows:

1. County Reappraisal Fund (until June 30, 1989) - 30.0%
2. Split between Juvenile Detention Facilities Fund and Correctional Institutions Building Fund (Actual amount to be determined by appropriations act) - 10.0%
3. Economic Development Initiatives Fund (to be increased to 90.0% as of July 1, 1989) - 60.0%

During the 1988 Session, the Legislature delayed the increase in the transfer to the EDIF until July 1, 1990.

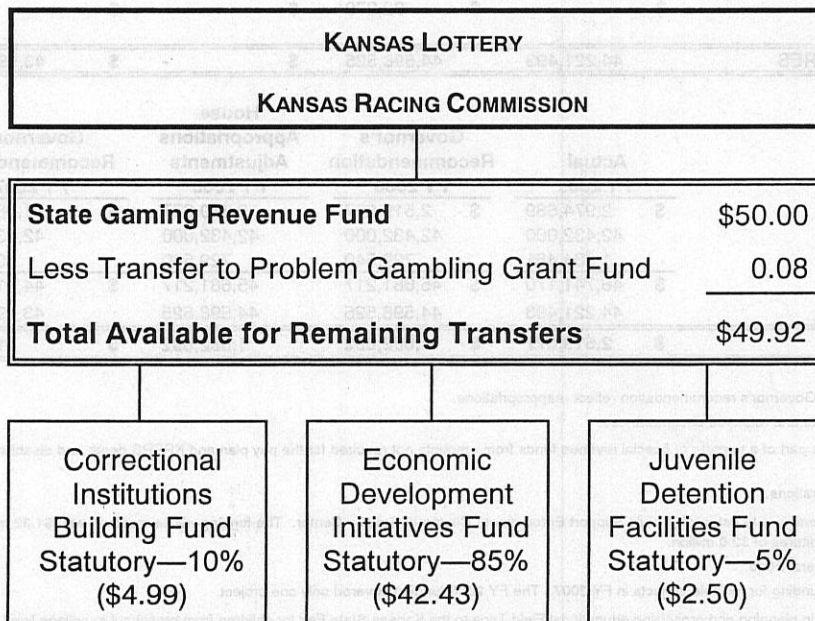
During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

1. Correctional Institutions Building Fund - 10.0%
2. Juvenile Detention Facilities Fund - 5.0%
3. Economic Development Initiatives Fund - 85.0%

During the 2000 Session, the Legislature changed the transfers to the following:

1. Economic Development Initiatives Fund—\$42,432,000;
2. Correctional Institutions Building Fund—\$4,992,000;
3. Juvenile Detention Facilities Fund—\$2,496,000; and
4. Problem Gambling Grant Fund—\$80,000.

**ECONOMIC DEVELOPMENT INITIATIVES FUND
Revenue Flow
(In Millions)**



**ECONOMIC DEVELOPMENT INITIATIVES FUND
FY 2005 - FY 2007**

As of March 7, 2006

Agency/Program	Actual FY 2005	Governor's * Recommendation FY 2006	House Appropriations Adjustments FY 2006	Governor's Recommendation FY 2007	House Appropriations Adjustments FY 2007
Department of Commerce					
Operating Grant	\$ 14,789,751	\$ 16,164,976	\$ -	\$ 15,701,164	\$ (22,500)
Older Kansans Employment Program	239,430	239,430	-	230,481	-
Kansas Economic Opportunity Initiative Fund	3,225,000	3,000,000	-	3,160,000	-
Kansas Existing Industry Expansion Program	300,000	-	-	-	-
Subtotal - Commerce	\$ 18,554,181	\$ 19,404,406	\$ -	\$ 19,091,645	\$ (22,500)
Kansas Technology Enterprise Corporation					
Operations	\$ 1,618,422	\$ 1,732,543	\$ -	\$ 1,698,695	\$ -
University & Strategic Research	5,677,796	5,449,891	-	5,345,205	-
Commercialization	1,379,494	2,116,334	-	1,790,249	-
Mid-America Manuf. Tech. Center (MAMTC)	1,474,359	1,528,152	-	1,547,788	-
Product Development	1,214,951	1,519,030	-	1,519,030	-
Subtotal - KTEC	\$ 11,365,022	\$ 12,345,950	\$ -	\$ 11,900,967	\$ -
Kansas, Inc.					
Operations	\$ 315,894	\$ 379,671	\$ -	\$ 382,085	\$ -
Kansas Racing and Gaming Commission					
Racing Operations	\$ -	\$ -	\$ -	\$ 200,000	\$ -
Social and Rehabilitation Services					
Child Support Enforcement Call Center	\$ -	\$ -	\$ -	\$ 340,000	\$ -
Board of Regents					
Tech. Innovation & Internship Prog. - AVTS	\$ 183,696	\$ 180,749	\$ -	\$ 180,500	\$ -
Post-secondary Aid - AVTS	6,957,162	6,957,162	-	6,957,162	-
Capital Outlay - AVTS	2,565,000	2,565,000	-	2,565,000	-
KSU - ESARP	300,000	300,000	-	-	300,000
Wichita State University - Aviation Research	1,828,778	292,058	-	-	-
Subtotal - Regents & Universities	\$ 11,834,636	\$ 10,294,969	\$ -	\$ 9,702,662	\$ 300,000
Kansas Arts Commission					
Local Arts Grants	\$ 35,000	\$ -	\$ -	\$ -	\$ -
Kansas Water Office					
Water Education for Teachers Project	\$ 10,000	\$ -	\$ -	\$ -	\$ -
State Conservation Commission					
Conservation Easement Matching Funds	\$ -	\$ 31,250	\$ -	\$ 311,500	\$ (311,500)
Multipurpose Small Lakes (Horsethief Reservoir)	-	50,000	-	-	-
Subtotal - State Conservation Commission	\$ -	\$ 81,250	\$ -	\$ 311,500	\$ (311,500)
State Fair					
Largest Classroom	\$ -	\$ -	\$ -	\$ 19,960	\$ (19,960)
Ticket Marketing	-	-	-	50,000	-
Premiums for competitive exhibitors	-	-	-	-	20,000
Subtotal - State Fair	\$ -	\$ -	\$ -	\$ 69,960	\$ 40
State Water Plan Fund Transfer					
	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Budget Efficiency and Savings Team Transfers					
	\$ 106,760	\$ -	\$ -	\$ -	\$ -
Pay Plan and KPERS Death and Disability Rate Increase Transfer					
	\$ -	\$ 92,279	\$ -	\$ -	\$ -
TOTAL TRANSFERS AND EXPENDITURES	44,221,493	44,598,525	\$ -	\$ 43,998,819	\$ (33,960)

	Actual FY 2005	Governor's Recommendation FY 2006	House Appropriations Adjustments FY 2006	Governor's Recommendation FY 2007	House Appropriations Adjustments FY 2007
EDIF Resource Estimate					
Beginning Balance	\$ 2,974,689	\$ 2,519,677	2,519,677	\$ 1,082,692	1,082,692
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000	42,432,000
Other Income**	1,334,481	729,540	729,540	500,000	500,000
Total Available	\$ 46,741,170	\$ 45,681,217	45,681,217	\$ 44,014,692	44,014,692
Less: Expenditures and Transfers	44,221,493	44,598,525	44,598,525	43,998,819	43,964,859
ENDING BALANCE	\$ 2,519,677	\$ 1,082,692	1,082,692	\$ 15,873	\$ 49,833

* Unless otherwise noted, increases in agency total in the Governor's recommendation reflect reappropriations.

** Other income includes interest, transfers, reimbursements and released encumbrances.

- This amount is transferred to the State General Fund as part of a transfer of special revenue funds from amounts not required for the pay plan and KPERS death and disability rates increase due to adjustments by the Legislature.
- The Governor recommends this funding for agency operations.
- The Governor recommends this item as a one-time expenditure to establish a child Support Enforcement Customer Service Center. The funding will be matched with \$1.32 million from the federal Child Support Enforcement Administration Fund, for total FY 2007 expenditures of \$2.0 million.
- These expenditures have been shifted to the State General Fund.
- The Governor's recommendation reflects a full year of funding for multiple projects in FY 2007. The FY 2006 funding covered only one project.
- The Governor recommends this item to assist teachers in planning and organizing educational Field Trips to the Kansas State Fair for children from preschool to college level, with the majority if the students being elementary school age.
- The Governor recommends this item to enhance outreach ticket marketing by providing upgrades to the agency's website, multi-cultural day at the State Fair featuring entertainment from various ethnic groups, as well as increased radio, television, and print advertising.
- Expenditures for this project are now completely funded from the State Water Plan Fund.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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<http://www.kslegislature.org/klrd>

February 15, 2006

LOTTERY SALES AND TRANSFERS

<u>Fiscal Year</u>		<u>Sales</u>	<u>Transfers To State*</u>	<u>Transfers To SGF</u>
2005	\$	206,982,907	\$ 65,409,441	\$ 15,409,441
2004		224,457,166	70,217,944	18,217,944
2003		202,942,874	62,500,000	12,500,000
2002		190,083,880	60,494,603	10,494,603
2001		184,727,159	56,535,258	6,535,258
2000		192,560,800	59,646,911	9,646,911
1999		198,920,985	59,333,464	9,333,464
1998		192,017,310	60,304,388	10,304,388
1997		185,356,681	56,658,134	6,658,134
1996		182,113,628	58,114,547	8,114,547

* Note: By statute, amounts greater than \$50.0 million transferred to the State Gaming Revenues Fund during a fiscal year are transferred to the State General Fund. An exception occurred in FY 2004 when the Legislature authorized a one-time \$2.0 million transfer from the Lottery Operating Fund directly to the Economic Development Initiatives Fund.



TESTIMONY SB 475
HOUSE APPROPRIATIONS COMMITTEE
MARCH 7, 2006

Good morning Chairman Neufeld and Committee members. I am Tom Hayes, President of Cargill Meat Solutions. Our corporate headquarters is in Wichita. One of our fresh beef processing facilities is in Dodge City, and including other facilities operated by our parent company, we have operations in 17 other Kansas communities.

Cargill Meat Solutions is an agricultural company with more than 32,000 employees around the globe. We have about 800 employees at our Wichita corporate headquarters, and more than 2,700 employees at our Dodge City facility. We're a division of Cargill Inc., one of the United States' largest privately owned companies and one that aggressively seeks growth opportunities.

Cargill began operations in Kansas in 1945. Today Cargill employs over 4,400 employees working in facilities in Atchison, Colby, Dodge City, Elkhart, Garden City, Hugoton, Hutchinson, Kansas City, Langdon, Leoti, McPherson, Moscow, Newton, Overland Park, Salina, Topeka, Wakeeney, Wellington and Wichita.

On any given day Cargill Meat Solutions has dozens of people traveling throughout the world to our customers or to our processing facilities. We believe in providing customer solutions and doing business in person. That means traveling throughout the U.S. from our Kansas homes to our global markets.

Our employees take hundreds of trips each year to visit customers and Cargill plants producing Excel, Sterling Silver and Angus Pride beef products, Tender Choice pork, HoneySuckle White turkey and numerous other brands.

We travel from Wichita's Mid-Continent Airport, whether going to Japan or to Denver. With the savings from affordable airfares, we've been able to invest that money back into the company – into our facilities like those in Wichita, Dodge City and throughout Kansas.

Over the years we have doubled the size of this company several times, and recently lower airfares have allowed us even more opportunity to invest and grow our company.

But the benefits go beyond our company and our facilities across the state. It also improves our employees' quality of life. That's important for companies recruiting and retaining employees to Kansas.

HOUSE APPROPRIATIONS



For Cargill Meat Solutions, this issue is straightforward. We can conduct business and grow our business in Kansas because of affordable airfares.

We believe the state's benefit is also straightforward. When more people fly out of Kansas' largest airport, the state earns income. When more businesses locate in Kansas and existing companies grow here because of affordable airfares, Kansas' tax base expands.

On behalf of our employees and our company, thank you for the opportunity to speak today in support of this important state initiative.

NTRUST Bank, NA
P.O. Box 1
Wichita, KS 67201-5001
Telephone 316 383-1111
www.intrustbank.com

Testimony in Support of HB 2814
House Appropriations Committee



March 7, 2006

From: Lyndon Wells, Executive Vice President, INTRUST Bank and Chairman, Wichita Metro Chamber of Commerce

Chairman Neufeld and members of the Committee, my name is Lyndon Wells and I am Executive Vice President of INTRUST Bank and Chairman of the Wichita Metro Chamber of Commerce. Thank you for allowing me the opportunity to present testimony in support of affordable air fares for Kansans.

I am privileged to represent businesses in Kansas who are strong advocates of maintaining affordable and convenient air service in our State. Daily, these businesses stake their livelihood and that of their employees on their ability to access and service their customers, clients and vendors around the globe.

As the Chairman of the Chamber, I have the privilege of representing more than 2,200 Wichita Metro Chamber of Commerce members. We have heard from businesses in Wichita and around the state and are pleased to share several of their stories with you today. From the start-up business in Salina to the high-tech company in Hutchinson, we heard the same plea – help us keep our Kansas' businesses competitive.

Strong businesses in Kansas provide multiple, long-lasting benefits. First, businesses provide jobs for Kansans. And when businesses can keep costs down (as with air service costs), they grow and expand, meaning additional jobs – high paying, high quality jobs for Kansans. Second, businesses help contribute to local and state economies. Strong businesses and employees provide tax support, support other businesses, buy goods and services and help keep Kansas communities vibrant.

A recent pilot program for lower air fares at our Kansas airport demonstrated that affordable air fares work – for all Kansans. More than two-thirds of our state uses Kansas' largest airport. Passenger travel has increased by 24%, while “leakage” of our passengers and their tax dollars to Missouri and Oklahoma airports has decreased. Kansas citizens and businesses have saved more than \$73 million each year.

In addition, the State of Kansas benefits with nearly \$8.7 million in revenues annually with more air travel at Wichita Mid-Continent Airport, through increases in sales tax, corporate tax, personal income tax and other State revenues.

In the same way that our highway system, turnpikes and bridges benefit the state, affordable air fares keep access open to the rest of the world for businesses and travelers. An investment in our air service infrastructure is an investment in the economic security and future of Kansas. If we do not stabilize or grow our competitive advantage with airports in Missouri and Oklahoma, Kansans will lose millions – both in passenger savings and the nearly \$9 million annually in state revenues.

We need a long-term solution to level the playing field when it comes to air transportation in Kansas. We cannot continue to lose people, businesses and dollars to our neighboring states. Thank you for your consideration of this important initiative to assuring affordable air fares for Kansans.

HOUSE APPROPRIATIONS

DATE 3-07-2006
ATTACHMENT 6



UNITED ASSOCIATION

of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of
the United States and Canada

Founded 1889

Letters should
be confined to
one subject

UA Local Union:

Subject:

PLUMBERS & PIPEFITTERS LOCAL UNION #441
1330 EAST FIRST STREET NORTH, SUITE 115
WICHITA, KANSAS 67214-4000
PHONE (316) 265-4291 FAX (316) 265-5731

William P. Hill
General President

Patrick R. Perno
General Secretary-Treasurer

Stephen F. Kelly
Assistant General President

**Testimony in support of SB 475
House Appropriations Committee**

Date: Tuesday, March 7, 2006
From: Richard Taylor, Business Manager of Plumbers and Pipefitters Local 441

Good morning. My name is Rich Taylor and on behalf of the 45,000 union building trade workers across Kansas, it is my pleasure to be here this morning. Thank you for the opportunity to provide my testimony and support of Senate Bill 475.

My official title is Business Manager for the Plumbers and Pipefitters Local 441, which includes 1,500 tradesmen in the state who perform work on boilers, chillers, high-volume air-conditioning and heating units, plumbing installations, refineries, utility facilities and many other projects – from industrial to commercial to residential. I also am proud to represent the tens of thousands of men and women across the state who are employed as electricians, carpenters, sheet metal workers, ironworkers, and the various other construction trades.

To us, the issue of affordable airfares is one of economic growth and opportunity. As you know, when the state experiences economic growth, it means jobs for our members. It is a bottom line issue.

We anticipate that in the future, if airfares can be kept reasonable, it will help with jobs. New businesses need to build or renovate buildings and that means jobs for our members. Any time you can keep air traffic affordable, it keeps business here and may entice others to locate here.

In south-central Kansas, where I live and work, we are excited about the future – with the downtown arena, the WaterWalk development, and other big projects that speak to the economic vitality of the area. We think we are at the tipping point for more growth and affordable airfares will only help us achieve that success.

And while south-central Kansas is on this edge of breaking through, I really believe that statewide we are on the brink of good things happening as well. When you consider that Wichita's Mid-Continent Airport is our state's largest and serves well over two-thirds of our state, then you can begin to see the economic impact affordable airfares has on our future economic growth.

With the previous programs that have kept airfares affordable, we have saved \$73 million each year for Kansans who travel through Mid-Continent Airport. With those savings, there are more opportunities for businesses to grow and for this to be an inviting environment for other businesses to come to Kansas.

And when there is growth in business, it means good things for our Union members. It means employment, ability to provide for their families, and increased tax base for the State.

Our number one priority is to keep our members working. Anything that hinders economic development, we're going to get behind. And that is why I am here this morning in support to SB 475.

Thank you again for this opportunity.



HOUSE APPROPRIATIONS

DATE 3-07-2006
ATTACHMENT 7



Regional Economic Area Partnership

strengthening the economy of south central Kansas through joint action of cities and counties

Testimony in Support of SB 475 to the House Appropriation Committee

Date: March 7, 2006

From: John Waltner, Mayor of Hesston and Chairman of the REAP
Legislative Committee

ANDOVER
Mayor Ben Lawrence

ARKANSAS CITY
Commissioner Janet English

AUGUSTA
Mayor Ross Rountree

BEL AIRE
Mayor Brian Withrow

BENTLEY
Mayor Sandra Wellman-Moon

BENTON
Mayor Mike Swalley

BUTLER COUNTY
Commissioner Will Carpenter

CHENEY
Mayor Scott Tatge

CLEARWATER
Council Member Casey Carlson

COLWICH
Mayor Terrence Spexarth

CONWAY SPRINGS
Mayor Jeffrey McCullough

DERBY
Mayor Dion Avello

EL DORADO
Mayor Brian Shepherd

HALSTEAD
Mayor Bill Ewert

HARVEY COUNTY
Commissioner Kenneth Meier

HAYSVILLE
Mayor Bruce Armstrong

HESSTON
Mayor John Waltner

HUTCHINSON
Council Member David Razo

MAIZE
Council Member Cathy Reed

MULVANE
Mayor James Ford

NEWTON
Mayor Willis Heck

PARK CITY
Mayor Dee Stuart

RENO COUNTY
Commissioner Frances Garcia

ROSE HILL
Mayor Mark Conway

SEDGWICK
Mayor D. Keith DeHaven

SEDGWICK COUNTY
Commissioner Tom Winters

SUMNER COUNTY
Commissioner Gene Bongiorno, Jr.

VALLEY CENTER
Council Member Bess Roberts

WELLINGTON
Mayor Stan Gilliland

WICHITA
Mayor Carlos Mayans

WINFIELD
Commissioner Mike Ledy

Good morning. My name is John Waltner. I am Mayor of Hesston and chair the Legislative Committee of the Regional Economic Area Partnership. Thank you for allowing me to submit testimony in support of House Bill 2814 on behalf of REAP.

REAP is a coalition of 32 cities and counties in south-central Kansas. Our mission is to help guide state and national actions that affect economic development in the region. We form a distinct regional economy that serves as the manufacturing backbone for the state of Kansas. More than one-third of manufacturing employment and almost one-half of income from manufacturing in Kansas comes from the REAP area.

We know for our region the importance of affordable air fares for our businesses, organizations and citizens in all our cities across the state. Two stories from Hesston alone illustrate this point.

In Hesston, we have a two-year private Mennonite school, Hesston College, which recruits most of its students from out of state. Many of the students come from as far away as Oregon and Florida. If the college cannot fly prospective students into Wichita Mid-Continent Airport, they fly them into Kansas City and drive three hours in a rental car from Missouri to reach the campus – adding expense and time to the process. As you can imagine, parents are unsure about sending their students to a campus where trips home are expensive and long. And college admissions counselors who must crisscross the country several times a year to visit prospective students are also keenly affected by the cost of air fares.

Low-cost airfares have reduced \$840 tickets to \$280 or \$320 tickets. This year, Hesston College has its largest freshman class in 16 years.

The second story is from our largest local employer – AGCO Corp., employing about 1,400 people. This company is a national and international leader in manufacturing agriculture machinery. AGCO has an extensive training program for dealers and service technicians from across the United States. They asked the City of Hesston for two things. The first was a good hotel and restaurant and the second was affordable airfares. We knew we could help address the first, but as a small community, we certainly could not address the second by ourselves.

HOUSE APPROPRIATIONS

DATE 3-07-2006
ATTACHMENT 8

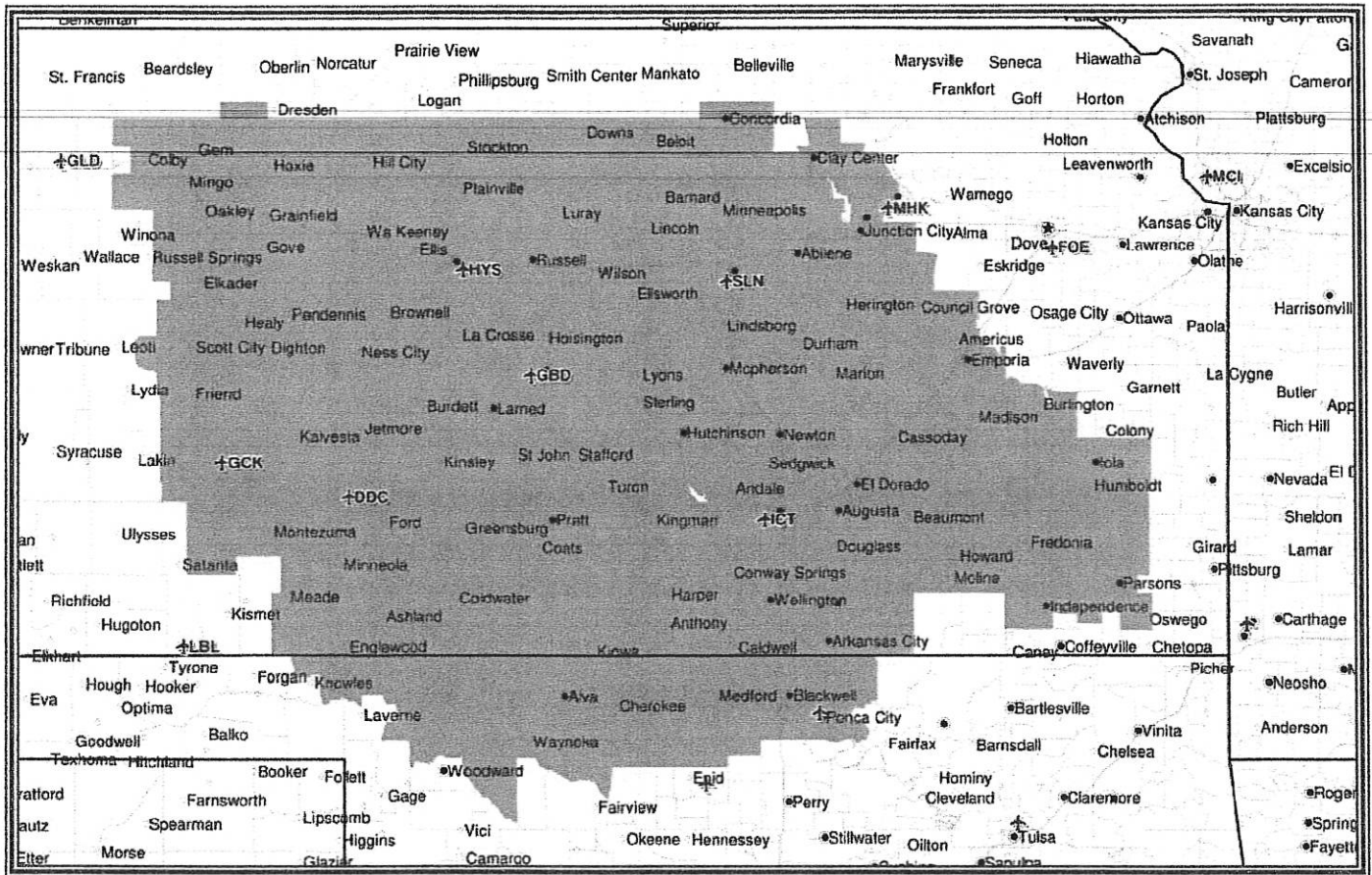
The company used to fly its people into Kansas City and rent buses to bring them to Hesston. Now, with affordable airfares, AGCO flies their people into Mid-Continent – saving time and expense. Of course this also means that the State of Kansas reaps the benefit of taxes on the rental cars, meals and flights – rather than Missouri or Oklahoma.

And, it means, that Hesston can keep a large local employer in the community because it can be more productive and efficient. We could not do that on our own. Nor can other communities throughout our state. These stories are representative of the hundreds of stories in the two-thirds of our state that utilize Kansas' largest airport.

Our county – Harvey – has saved nearly \$4.5 million over three years (2002-04). The savings across Kansas have been equally significant. A few examples illustrate that: Saline County has witnessed savings of more than \$14.8 million; Ford of more than \$5.4 million; McPherson more than \$7.2 million and Reno more than \$8.7 million.

People in our state have saved more than \$230 million which has gone back into our economy, our jobs, and our citizens' pockets to spend elsewhere, while also funding the state general fund. It's been a great investment for our companies and our citizens. REAP urges support for affordable airfares for Kansans and for keeping our state competitive in the air service game.

Passenger Catchment Area for Kansas' Airport



Kansas' airport is the air service portal for the majority of the state.

- It covers roughly 2/3 of the state and more than 1.3 million residents.
- 66% of passengers using Kansas' airport are from Sedgwick County.
34% of passengers using Kansas' airport are from the rest of the State.



Sedgwick County...
working for you



ELEVATOR SOLUTIONS INTERNATIONAL INC., WINFIELD:

“If the airfares were low, we probably would do more traveling.”

Name of business: Elevator Solutions International Inc.
Address: 7702 Fifth Ave.-Strother Field, Winfield, KS 67156
Telephone number: 620.442.2510
CFO: Jerre Williams
E-mail for contact: jerre.williams@elevsol.com

As Jerre Williams, CFO of Elevator Solutions International, says: “It’s hard to put an elevator in a suitcase.”

That is one reason why the company, which produces doors, interiors and other components for elevator-makers, often needs to have clients and vendors come to its plant at the Strother Field Industrial Park in Winfield.

Building sales and providing customer service, whether through clients coming in or Elevator Solutions employees flying out, is best done with the kind of one-on-one face time that telephone and e-mail just can’t provide.

But when it comes to travel costs, the company has to watch its money. “For us it’s a determining factor of whether we fly or drive,” she says. So, if three or four employees need to go to Chicago and airfares are high, they’ll drive. And that, of course, means more time away from the home office.

“If the airfares were low, we probably would do more traveling,” says Williams, who estimates that a half-dozen of the company’s 41 employees travel on a somewhat regular basis. Even more often, it’s customers who travel to see them.

Elevator Solutions has advantages that it can sell those customers on, including location and a quality Kansas work force. “We play off that - that we’re centrally located, that you can buy from us and that it will be the same amount of shipping to either coast,” Williams says. “They don’t realize all that Kansas has to offer.”

The company has been in the business a long time, under several names, and has weathered a bankruptcy filing several years ago. It’s a company that has survived in Cowley County, which has been hit hard by plant closings - Binney & Smith, Future Beef - in recent years.

Affordable airfares from Wichita are one way to keep the playing field level, Williams says, and something worthy of state help.

“We’re working really hard to bring industry here and bring young people back,” she says. “We’re working really hard to promote Kansas. And the best way to do that is to get people here - to see what we do - and to grow our business.”



*Sedgwick County...
working for you*



FAIRPOINT COMMUNICATIONS, DODGE CITY:

“When I look at other companies around the area...affordable airfare keeps their company an affordable and prosperous business. Higher airfares eventually translate into higher customer cost. Their customers pay more if airfares are higher.”

Name of business: FairPoint Communications in Dodge City, a publicly traded company based in Charlotte, N.C.
Address: 908 W. Frontview St., Dodge City, KS 67801
Telephone number: 620.227.4400
Vice President of Government Affairs: Pat Morse
E-mail for contact: pmorse@fairpoint.com

Responsible for handling accounting, regulatory issues and information technology for 28 small phone companies strung from Washington state to Maine, most of the 59 employees in the Dodge City office of FairPoint Communications have occasion to travel at least once a year.

Pat Morse, vice president for government affairs for the publicly traded North Carolina company, says he travels all the time, often to the Charlotte headquarters or to handle regulatory issues in Washington, D.C. As many as eight to 10 employees travel far and wide every two weeks or so. They visit regional offices and the largely rural telephone companies – FairPoint owns two in Kansas – that it has acquired while filling a niche the big phone companies don't want to.

“Our standard protocol is to look at Dodge City or Garden City first,” Morse says. “Then the backup is Wichita. We are very conscious of price and schedule.”

Even weighing in the drive time and other costs, about 75 percent of the time FairPoint employees end up flying out of Wichita, because of price and because it provides a better schedule of connections than they can get when flying out of Dodge or Garden City.

As much as 80 percent of the travel is mandatory. “We don't have the luxury of not traveling,” Morse says. “When I'm going to Washington to visit the FCC, or we have a network problem somewhere we have to go.”

Much of the remaining, discretionary travel involves visiting other FairPoint sites or training for employees. When airfares were higher out of Wichita several years ago, sometimes training opportunities lessened and we could not personally visit our other locations as often, Morse says.

“It's really primarily expense savings. It helps the bottom line,” he says of lower fares. “But there's an opportunity cost that's lost if you don't make a training trip. That does translate to a bottom-line decrease.”

Being a fairly large company, FairPoint is able to handle travel cost, Morse says. That's not the case for many other businesses in his area. “When I look at other companies around this area, they are small and they don't have the ability to spread their costs over a number of companies, he says. “Affordable airfare keeps their company an affordable and prosperous business. Higher airfares translate into higher customer cost. Their customers pay more if airfares are higher.”

“Affordable airfares are extremely critical in my mind for businesses to be competitive,” Morse says.



Sedgwick County...
working for you



GENERAL ELECTRIC ENGINE SERVICES: *“For us, if air fares went up dramatically in Wichita, that 75-25 split would dramatically change. We would definitely change due to the economics of the equation; we would go to other airports.”*

Name of business: General Electric Engine Services Aircraft Engine Maintenance Center
Address: Strother Field, Winfield, KS 67156
Telephone number: (620) 442-3600
Contact: Mike Metcalf
Finance Manager for General Electric Aircraft Engine’s North American Facilities
E-mail for contact: michael.metcalf@ae.ge.com

The General Electric Engine Services’ Aircraft Engine Maintenance Center employs about 900 people at Strother Field, located between Arkansas City and Winfield.

Workers at the facility overhaul and repair aircraft jet engines for most domestic airlines - Southwest, SkyWest, Continental, AirTran, Comair and numerous others - contract with GE to keep their engines and fleets running smoothly. The facility also does overhauls and other maintenance work on helicopter engines. GE is one of Cowley County’s largest employers.

About 20 GE employees travel on a regular basis – at least once a month but more in some cases – to destinations all over North America, says Mike Metcalf, finance manager for General Electric Aircraft Engine’s North American facilities. They’re flying out for training and meetings at headquarters, but most often it’s to visit customers.

It’s standard company policy to get the cheapest fare, regardless of airport (within reason) or airline, Metcalf says. That means employees fly from Wichita or Tulsa or in some cases, Oklahoma City even if the drive is longer to OKC. About 75 percent of the time, travelers will fly out of Wichita, given fare and other travel considerations, he says.

Whenever possible, GE tries to fly with airlines that give it business, but otherwise its lowest-fare policy doesn’t factor in any preference for state or city. If the fare is lowest out of an Oklahoma airport, then Oklahoma gets the economic benefits. If it’s lowest out of Mid-Continent Airport, then Wichita and Kansas benefit. And that means that affordable fares will keep bringing business to Wichita.

“For us, if airfares went up dramatically in Wichita, the 75-25 ratio would likely change the dynamics of what airport we would fly out of,” Metcalf says. “We would definitely change due to the economics of the equation; we would go to other airports.”



*Sedgwick County...
working for you*



GREATER WICHITA CONVENTION & VISITORS BUREAU:

“Affordable fares and competitive air service can make the difference in whether an organization chooses to bring members - and their spending money - to Kansas.”

Name of business: Greater Wichita Convention & Visitors Bureau
Address: 100 S. Main, Suite 100, Wichita, KS 67202
Telephone number: 316.265.2800
President and CEO: John Rolfe
E-mail for contact: jrolfe@visitwichita.com

Attracting conventions and visitors to Wichita is no small business.

- In 2004, the Women’s International Bowling Congress brought more than 55,000 bowlers to Wichita over three months. It pumped \$41 million into the Wichita economy and a total of \$100 million into the state.
- In 2007, the six-day National Forensic League tournament will bring 6,000-plus students, coaches and teachers to the Wichita area, with an impact of \$5 million to \$7 million.
- In 2008, 8,000 to 10,000 members of the National Square Dance Association –will gather for five days and have an estimated impact of \$3 to 5 million.
- And in 2011 more than 75,000 people will roll into town over six months for the United States Bowling Congress, with an estimated impact of \$100 million.

As president and CEO of the Greater Wichita Convention & Visitors Bureau, John Rolfe knows how critical airfares are to attracting and conducting this business.

“Affordable fares can make the difference in whether an organization chooses to bring members - and their spending money - to Kansas,” he says.

“Wichita is in the heart of the United States and is a prime city for national meetings because our location keeps organizations from flying from one coast to another,” Rolfe says. “However, if the prices are not affordable, it puts us out of the market to compete with other cities for these conventions.”

Lower airfares in the past few years helped Wichita trump other cities for some conventions. But not in all cases, according to Rolfe. “Meeting planners have cited air fare and air capacity as issues for not choosing Wichita,” he says.

On the operations side of his own organization, Rolfe also knows the impact affordable air fares have on his own bottom line. More than half the bureau’s 17-member staff travels monthly on business. Often they go to trade shows across the country in pursuit of their mission to bring conventions and visitors to Kansas’ largest city.

And on the occasion when his staff loses a convention to another city, Rolfe says the ripple effect can be felt at the city, the region and the state levels.

“This is an economic development issue - these are new dollars being imported into our state,” he says. “We need to do what we can to keep Wichita, and Kansas, competitive.”



*Sedgwick County...
working for you*



RAND GRAPHICS:

“We’ve got to be on a level playing field to compete.”

Name of business: Rand Graphics
Address: 500 South Florence, Wichita, KS 67209
Telephone number: 316-942-1218
President/CEO: Randy Vautravvers
E-mail for contact: randy@randgraphics.com

Rand Graphics prints brochures, catalogs, banners, signs, labels and countless other products for customers all over the country, sometimes overseas. A specialty is point-of-sale advertising products, the floor graphics and aisle tags at supermarkets and other stores that urge customers to answer the impulse to buy.

Clients can find printers most anywhere, President Randy Vautravvers says, but Rand can compete nationally because it has specialties and does quality work.

What Rand and its 200 employees can’t compete with is this business killer:

“Six or seven years ago when the air fares were ridiculous, a woman was coming in from Chicago,” Vautravvers says. “The fare was \$1,100. She was in a bad mood when she got here because of that. When she went back, she didn’t want to do business with us anymore.”

Deadlines are extremely tight in the printing business, with print shops squeezed to make up time lost earlier in the process. Rand’s customers – often companies’ advertising representatives – come in at the last minute to make sure that colors are right, that everything is just so. So clients can’t book flights very far ahead.

“We need to be able to get people into town for a reasonable rate, maybe a couple hundred instead of \$1,500,” Vautravvers says, and the local efforts to keep air fares affordable have done that. “They don’t have to be the cheapest. They just have to be competitive.”

Companies like Yum Brands, Anheuser Busch and Cadbury Schweppes Americas Beverages bring printing jobs to Rand, and the company’s had success bringing business in from the coasts. But the competition remains very tough, and Rand doesn’t need disadvantages.

Before air fares went down, some customers would fly into Tulsa, Kansas City or Oklahoma City, all served by low-cost carriers.

Now, when Vautravvers walks through the lot at Mid-Continent Airport, “we see cars from northern Oklahoma now at Mid-Continent. You’re turning the tables a little bit. We’ve got to be on a level playing field to compete.”

“It’s a positive step that the city has made. To go backwards now would not be a positive thing,” he says. “With Wichita being the largest city in the state, the state needs to step up and appreciate that.”

“The world is not local anymore, it’s not regional, it’s not national, it’s global.”



*Sedgwick County...
working for you*



SALES DATA INC.:

“You can’t buy me away from here except when it comes to air fares. That would definitely tip it.”

Name of business: Sales Data Inc. (SDI)
Address: PO Box 1688, Hutchinson, KS 67504
Telephone number: (620) 663-9193, ext. 154
President/CEO/Managing Partner: Bill Mason, Chairman and CEO
E-mail for contact: bill@gosdi.com

Bill Mason says businesses in Kansas are in a “serious situation” when it comes to affordable air fares.

So serious, in fact, that if air fares increase, he likely will move his home-grown company - which has an annual payroll of \$1.5 million and growing - out of the state.

Mason’s Hutchinson-based Sales Data Inc. (SDI) sells point of sale computerized systems for fast food restaurants across the country. Each week, he has as many as six people traveling throughout nationwide, installing and providing service to restaurants.

And within the next year to 18 months, the company - which employs 50 people now - is poised to double in size. That will mean 10 to 15 people traveling each week.

“We have a good viable business and it would be a shame for us to move,” he said. “Any city would give us incentives. This is a high-profile, high-tech, low-energy, low environmental impact business - this is what every state wants.”

Mason added that he would not want to move his business, which he has operated for 30 years, but losing money is not an option, and affordable air fares can make the difference. “You can’t buy me away from here except when it comes to air fares,” he said. “That would definitely tip it.”

Mason also points out that that affordable air fares is - like the saying goes - a two-way street. For his vendors flying into Wichita and doing business in Hutchinson, the concern is the same - air fares need to be competitive.

He gave the example of an upcoming meeting when 25 people from a customer’s location in Chicago would fly into Wichita and stay in Hutchinson for three days. This has an impact on Hutchinson and the local economy, he pointed out.

“This is a serious situation if we’re going to grow and be with the big guys,” he said. “As a state, we can choose to do what we’ve always done and maybe air fares aren’t important, or we can compete. We just need to decide what we want to be.”



*Sedgwick County...
working for you*



VERWATER ENVIRONMENTAL:

“We have to travel to survive - I have yet to sell a job where we didn’t travel. And it’s much easier to send your salesperson out every week when you’re paying \$250 versus \$500 or \$600.”

Name of business: VerWater Environmental
Address: 516 Graves Blvd., Salina, KS 67401
Contact: Todd Michaelis, Senior Operations Manager
E-mail for contact: toddm@verwater.biz

VerWater Environmental in Salina makes, sells and installs systems that remove waste and chemicals from the water at car and truck washes. The company says it can cut water use – and water costs – by 75 percent and with over 40,000 car washes across the country, it has a huge potential market.

VerWater and one other affiliated company employ 16 people, and more than half of them travel on regular basis, for sales, installations and service. It averages \$15,000 to \$17,000 a month in travel costs and though it uses the corporate aircraft of its parent company, Blue Beacon Truck Washes, employees often fly commercial, says Todd Michaelis, senior operations manager.

Employees come to Wichita 60 percent to 70 percent of the time they fly commercial. Affordable airfares make a huge difference to VerWater, a startup company trying to carve out a market.

“We have to travel to survive - I have yet to sell a job where we didn’t travel,” Michaelis says. “And it’s much easier to send your salesperson out every week when you’re paying \$250 versus \$500 or \$600.”

As important as hitting the road is, it’s just as important to VerWater to bring in customers to show off its products. Once they get the customer here, chances increase for a sale, for company growth and for the additional jobs that brings.

Unlike many competitors - startups housed in old warehouses and plants, VerWater has a nice facility, one inspiring potential customers’ confidence that it is competent and will be around for a while, Michaelis says. “We have one of the more impressive facilities,” he says. “We try to get people in here every chance we get.”

VerWater’s location in Salina, in the heart of America, also impresses customers.

“People who come here and visit us love the values, the people, the quality of work. That’s the impression people leave with,” Michaelis says.

Still, “you have to fight for every sale you get,” he says, and affordable airfares make that fight a fairer one for the company, its hometown and for Kansas.

“Three or four times a year you’re going to read about people leaving rural areas,” Michaelis says. “They’re going to Kansas City or Dallas a lot of times because that is where they can find jobs, or in case of businesses, that is where they find the employees. Affordable airfares allow us to stay here and keep our jobs and our people here. We need a level playing field to compete.”



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LEGISLATIVE TESTIMONY

TO: Chairman Neufeld and Members of the House Appropriations Committee

SUBJECT: Testimony in Support of Senate Bill 475

SUBMITTED BY: Allen Bell, Economic Development Director

DATE: March 7, 2006

Mr. Chairman and Members of the Committee:

My name is Allen Bell and I am Director of Economic Development for the City of Wichita. Thank you for the opportunity to testify, on behalf of the City of Wichita, in support of Senate Bill 475. The Wichita City Council has listed State support for affordable airfares as its number one legislative priority for 2006.

The City of Wichita has joined with several regional organizations to seek assistance from the State of Kansas in the efforts to secure affordable air service for all Kansans. The coalition of organizations includes Sedgwick County, the Wichita Metro Chamber of Commerce, the Greater Wichita Convention and Visitors Bureau, South Central Kansas Economic Development District (SCKEDD), the Regional Economic Area Partnership (REAP) and many other organizations. Members of the coalition have met with Governor Sebelius and her staff, as well as key members of the south central Kansas legislative delegation in formulating the initiative contained in SB 475.

Economic development professionals and site consultants know how much airfares impact business attraction, retention and jobs, because companies choose where they will locate and grow their business based primarily on the "cost of doing business." In the modern global economy, in which Kansas needs to be competitive, the cost of air service is an important cost of doing business. Indeed, one of the most critical elements of economic development and recruiting new companies to Kansas is based on the ease of travel to conduct business with customers. Because of this, affordable airfares has become an infrastructure issue - like highways and water supply; and, just like those resources, Kansas cannot afford to lose affordable air service. Major Kansas corporations, including Rent-A-Center, Pizza Hut and others have left Kansas, citing access to more affordable airfares as a principal reason.

Airfares also impact families who live in, work in and visit Kansas. Individuals and families choose where to live, work and visit based on availability of good jobs and quality of life issues, and the quality of commercial air service impacts both.

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Affordable airfares also play a significant role in encouraging tourist travel to Kansas and recruiting conventions to Kansas. Bringing others to our state means bringing dollars to our state for tourism and convention spending.

The quality of air service at Mid-Continent Airport is a critical issue for the State of Kansas because Mid-Continent is the main airport in Kansas with significant commercial air service. The attached map shows that the natural "catchment" area for Mid-Continent Airport, based on driving distance, covers two-thirds of the State and a majority of its residents. A recent study by WSU's Center for Business Research and Business Development shows that the State of Kansas would lose over \$10 million in annual tax dollars if Mid-Continent Airport were to lose its low-cost air service.

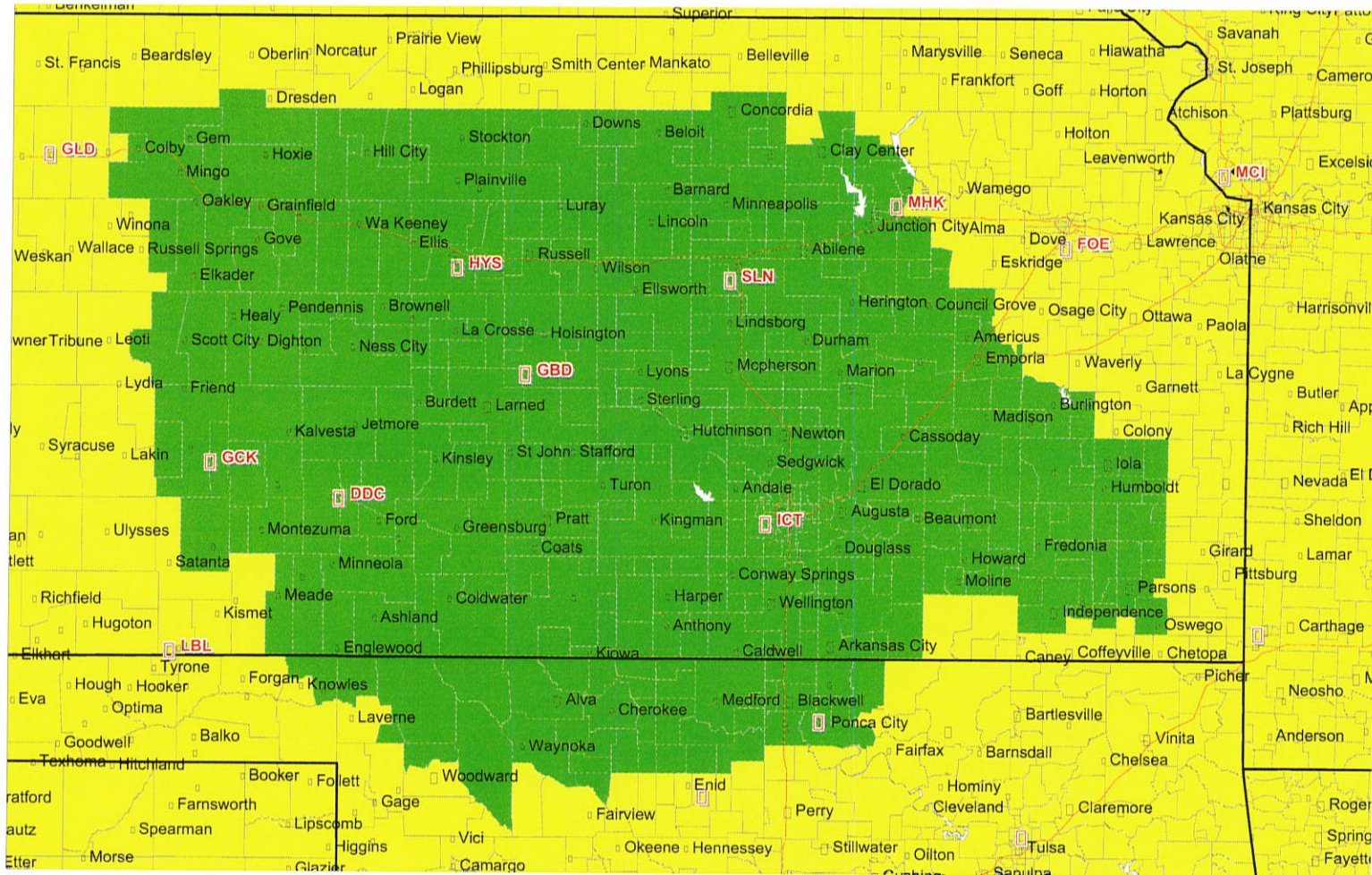
In order for Kansas businesses to compete globally, for families to enjoy the opportunity for affordable leisure travel, and to increase tourism we must have a long-term strategy that makes Kansas' Mid-Continent Airport competitive with Missouri and Oklahoma. Because of geography and population size, Mid-Continent Airport is not naturally competitive. This has created a potential "death spiral" – a cycle of less flights leading to higher airfares, to business loss, to job loss, to fewer passengers, to fewer flights, and so on.

In 2002, the Wichita community initiated a pilot program, consisting of a local public investment of \$9 million dollars and business investment of \$7.5 million dollars of air travel commitments, which has demonstrated the feasibility of affordable airfares at Mid-Continent Airport. That same public investment has saved the traveling public in Kansas over \$300 million dollars in lower airfares and has proven that effective actions can be taken to create affordable airfares.

It is now time for the State of Kansas to become financially involved in this crucial program to maintain and expand the scope of affordable airfares at Mid-Continent Airport. Please pass this bill out with a favorable recommendation for its approval by the full House.

Thank you for this opportunity to address the Committee. I will be happy to answer any questions, if I can.

ICT Catchment Area



Population of catchment area: app. 1,325,000



Ben Sciortino

Chairman

*Board of County Commissioners
Sedgwick County, Kansas*

House Appropriations Committee
Testimony on SB 475
March 7, 2006

Chairman Neufeld and Committee Members. I am Commissioner Ben Sciortino and on behalf of the Board of Sedgwick County Commissioners, I want to express our support of SB 475 for affordable air service in Kansas.

The issue of affordable air service isn't confined to city or county boundaries. It is not an issue that benefits only one interest group. Affordable air fares mean savings for Kansans – all Kansans. By assuring competitive air fares at our state's largest airport, we are providing real savings for businesses and families, and generating real dollars for our local and state economies.

Individually, we could each speak of how this is a critical issue for our individual communities, our businesses or our own personal leisure travel. But, affordable air fares also advances our State in the following ways:

- It heightens the growth opportunities of our State's largest airport and assures that more than 1.3 million Kansans can have access to affordable and convenient air service.
- It assures the continued economic development of our region and the overall growth of our State. More than 40% of the State's manufacturing taxes and 26% of the State's personal income taxes come from south central Kansas. And, the state benefits with nearly \$9 million annually because more travel occurs out of Kansas' airport.
- Affordable air fares help Kansas retain and recruit new businesses. This is about JOBS for Kansans. And, the trickle effect results in more businesses and more jobs.
- It helps convention and tourism travel to our state, which means dollars are brought into our state. Visitors spend money for hotels, rental cars, restaurants and retail – these businesses thrive and grow!
- And, it's about quality of life for Kansans. We all have times when we need to visit family in other states or want to visit other places – having convenient and affordable air fares makes traveling from Kansas easier. This is especially important for recruiting and retaining young professionals in our state.

We know affordable air fares work – it helps businesses grow, we have the benefit of more jobs, we have lower leisure travel costs, and revenues to local and state governments increase. If we choose *not* to create an environment for affordable air service, the consequences are dramatic and far-reaching. Businesses move away, jobs are lost, and revenues for local and state governments decline -- Kansans lose.

The bottom line – affordable air fares help keep Kansas strong and help our state and communities remain competitive. We encourage your support of SB 475 in helping provide affordable air fares for all Kansans. Thank you for your consideration.

COUNTY COURTHOUSE * SUITE 320 * 525 NORTH MAIN * WICHITA,
TELEPHONE (316) 660-9300 * FAX (316) 383-8275
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Catchment Area Savings with Affordable Air Fares

The chart below illustrates how much money each county has saved by having affordable air fares in Kansas. The total amount of savings has been measured for each county, based on percent of passengers multiplied by total savings.

County	Savings 2002	Savings 2003	Savings 2004
Allen	\$ 2,792,365	\$ 3,737,138	\$ 3,242,564
Barton	523,998	701,288	608,479
Butler	785,829	1,051,708	912,524
Cowley	1,515,721	2,028,553	1,760,093
Ellis	975,985	1,306,202	1,133,339
Finney	679,485	909,384	789,036
Ford	1,550,622	2,075,262	1,800,621
Geary	1,882,219	2,519,051	2,185,679
Harvey	1,280,466	1,713,701	1,486,909
Labette	176,807	236,628	205,313
Lyon	1,291,033	1,727,843	1,499,180
McPherson	2,077,863	2,780,890	2,412,866
Montgomery	279,420	373,960	324,470
Reno	2,505,782	3,353,592	2,909,777
Saline	4,231,757	5,663,536	4,914,022
Sedgwick	43,149,838	57,749,218	50,106,665
Thomas	67,218	89,961	78,055
Total Savings	\$ 65,766,408	\$ 88,017,915	\$ 76,369,592



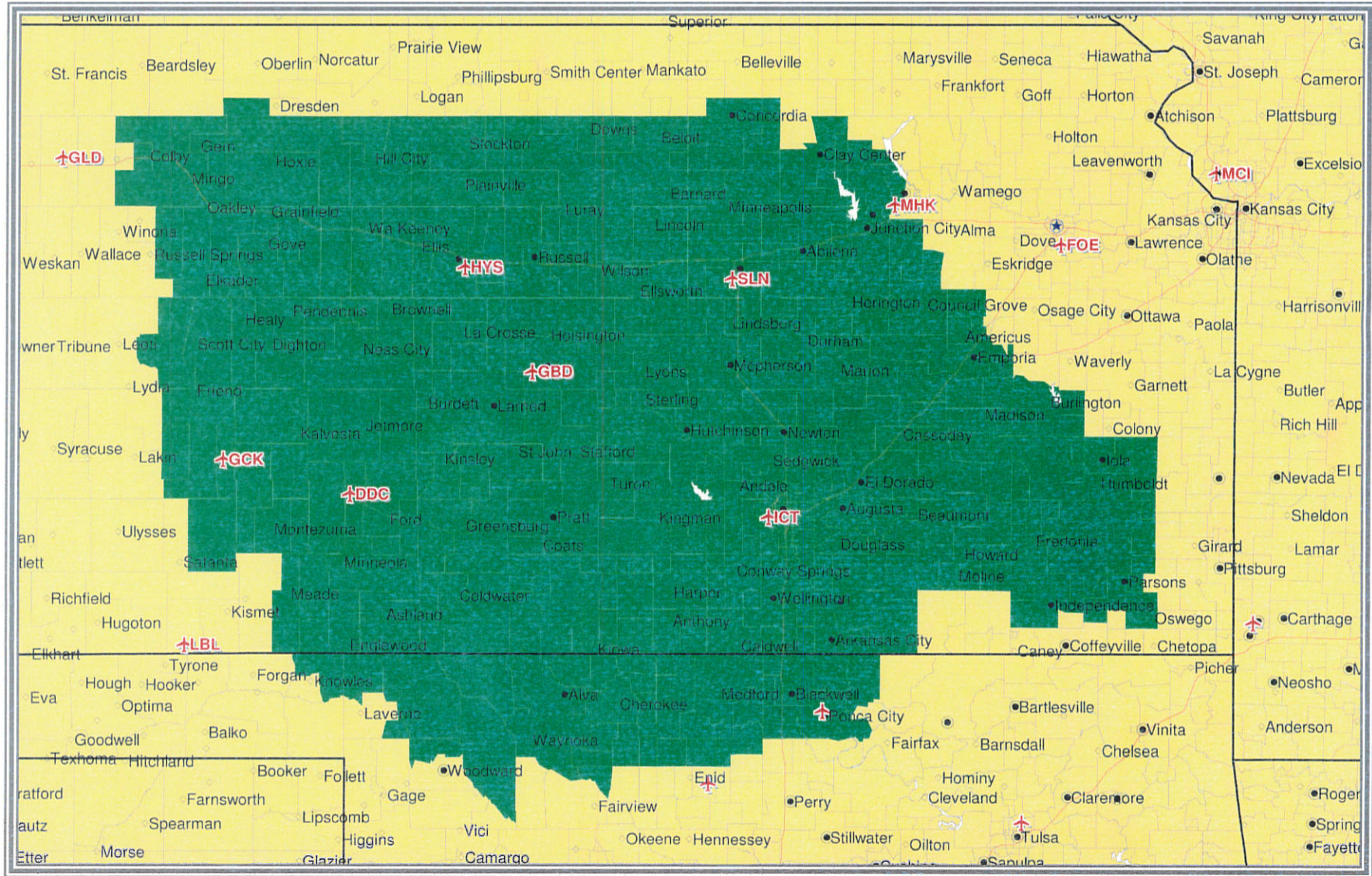
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Catchment Map

10-3



**Testimony in support of SB 475
House Appropriations Committee**

Date: Tuesday, March 7, 2006
From: Duane Ross, High Plains Journal, Dodge City

My name is Duane Ross and I am publisher of the High Plains Journal, a weekly agriculture publication that does 98 percent of our business outside Dodge City and approximately 75 percent outside Kansas. It is my pleasure to submit testimony in support of SB 475 on behalf of our company.

With so much of our business outside our state, our sales and editorial staff members travel a great deal as they work with advertisers and write stories for six regional editions, directories and other publications. We attend trade shows, producer meetings and other events of interest to farmers, ranchers and others with stakes in agriculture.

About 65 of our 90 employees are based in Dodge City, with the rest in communities across the country. As many as two dozen or so are on the road regularly, with some out every single week.

You can see that affordable airfares are an important factor in the cost of doing our business.

Our employees can and do fly out of Dodge City, but more than any other airport they drive to Wichita and fly from there. Wichita is reliable, has good connections and is – at this time – affordable.

Because smaller turboprop planes serve Dodge City, air service is more susceptible to disruptions, which is something we can't take a chance on when we have to be somewhere at a specific time. It is more likely that if I'm going on vacation, I'll fly out of Dodge, but if I have a business appointment, I'll probably fly out of Wichita.

The number of airlines flying out of Wichita, and their connections, are important and valuable. I hope we are able to keep that.

In terms of geographic options, Dodge City is 350 miles from Kansas City and Denver and somewhat closer to Amarillo, Texas and Oklahoma City. If ticket prices weren't affordable from Wichita – which is two and a half hours and 150 miles away – it might be worth the drive to fly from the out-of-state airports.

From our perspective, air service and affordability definitely impact business. I've seen its affect on other businesses as well – with some major corporate headquarters leaving Wichita and the state because of air service.

For these reasons, I believe it is critical to Wichita and Kansas that we are able to compete with other states, and one of the best ways to do that is to have good, dependable and affordable air service. I hope you can support this effort and in particular SB 475.

Thank you for the opportunity to present this testimony.

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**Testimony in support of SB 475
House Appropriations Committee**

Date: Tuesday, March 7, 2006
From: Steve Harper, Network Management Group Inc. (NMGI),
Hutchinson

My name is Steve Harper. I am President of Network Management Group Inc. in Hutchinson. I appreciate the opportunity to submit testimony in support of SB 475 on behalf of our company.

Network Management Group is a computer consulting, training and software company based in our hometown, Hutchinson. Our clients are accounting firms, medical practices, small businesses, school districts and colleges, and other types of businesses. We have about \$5 million in annual business and about half of that comes from outside Kansas.

Our business is to advise on the best computer solutions for our clients. We train IT professionals on the latest technology. We also have developed a product called DoubleCheck, an anti-virus and anti-spam program distributed by more than 100 resellers nationwide.

Between my business partner, Randy Johnston, and myself, we are on the road about 300 nights a year. In addition, about a third of our 18 employees travel extensively. We have to do business out of state to make a living and do the kinds of things we do.

Our motto is "we make technology work," but to do that we need to travel. Affordable airfares are critical to do our business and to grow our business. Without competitive air fare alternatives we can't compete with companies like ours in major markets who have cheaper travel options.

Our business takes us all over the country and we have gotten to know the airlines and their prices. When ticket prices are high, it affects how we do business. We cut back on travel or utilize "virtual" computer-based meetings, which I believe ultimately reduces sales.

In my opinion, if businesses want to grow jobs and fund an economic development engine, they have to be able to compete in the larger markets. It's not fair that you can fly from San Diego to Las Vegas for \$69, but that you can't fly anywhere from Wichita for \$69. The state of Kansas should exercise the power it has to create competitive rates. We encourage you to support affordable airfares in Kansas and to support SB 475.

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