

Approved: April 26, 2006  
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:35 A.M. on March 8, 2006, in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jill Wolters, Revisor of Statutes Office  
Michael Corrigan, Revisor of Statutes Office  
Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Michelle Alishahi, Kansas Legislative Research Department  
Reagan Cussimano, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
Julian Eford, Kansas Legislative Research Department  
Judy Bromich, Chief of Staff  
Mary Shaw, Committee Secretary

Conferees appearing before the committee: none

Others attending:

See attached list.

Senator Schodorf moved, with a second by Senator Wysong, to approve the minutes of the meetings of January 25, January 26, January 30 and January 31, 2006. Motion carried on a voice vote.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2006 and FY 2007 were made available to the Committee.

**Subcommittee budget reports on:**

**Kansas Commission on Veterans Affairs (Attachment 1)**

Subcommittee Chairman Mark Taddiken reported that the budget subcommittee on the Kansas Commission on Veterans Affairs concurs with the Governor's recommendations in FY 2006 with adjustments and FY 2007 with adjustment and recommendations.

Senator Taddiken moved, with a second by Senator Kelly, to adopt the budget subcommittee report on the Kansas Commission on Veterans Affairs in FY 2006 and FY 2007. Motion carried on a voice vote.

**Kansas Department of Transportation (Attachment 2)**

Subcommittee Chairman Dwayne Umbarger reported that the budget subcommittee on the Kansas Department of Transportation concurs with the Governor's recommendations in FY 2006 and FY 2007 with observations.

Senator Barone moved, with a second by Senator Emler, to amend the budget subcommittee report on the Kansas Department of Transportation to add an item that the Committee encourages the agency to study the possibility of developing a program to put signs on Kansas roads relating to lane passage and that the Committee encourages the Kansas Highway Patrol to aggressively enforce K.S.A. 8-1514. Motion carried on a voice vote.

Senator Teichman moved, with a second by Senator Schodorf, to adopt the budget subcommittee report on the Kansas Department of Transportation in FY 2006 and FY 2007 as amended. Motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:35 A.M. on March 8, 2006, in Room 123-S of the Capitol.

Chairman Umbarger turned the Committee's attention to discussion of:

**HB 2786--Kansas use law; conflict resolution from 2005 session**

The Revisor distributed a balloon amendment relating to **HB 2786** regarding that the Board of Education of every school district may delegate to the superintendent of schools the power to execute contracts on behalf of the district for the purchase of goods and services if the value of such goods is less than \$20,000 which was the amendment requested by Diane Gjerstad representing Unified School District 259, Wichita.

Senator Barone moved, with a second by Senator Teichman, to amend **HB 2786** and adopt the balloon amendment (Attachment 3). Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Wysong, to recommend **HB 2786** favorable for passage as amended. Motion carried on a roll call vote.

The meeting adjourned at 11:30 a.m. The next meeting was scheduled for March 9, 2006.

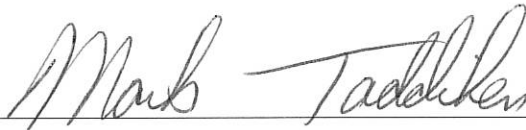
SENATE WAYS AND MEANS  
GUEST LIST

Date March 8, 2006

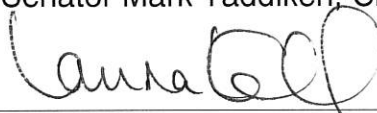
NAME	REPRESENTING
Deb Miller	KDOT
Ethan Erickson	USDOT

**FY 2006 and FY 2007**  
**SENATE SUBCOMMITTEE REPORTS**

Kansas Commission on Veterans Affairs



Senator Mark Taddiken, Chair



Senator Laura Kelly

Senate Ways and Means  
03-08-06  
Attachment 1

# House Budget Committee Report

**Agency:** Commission on Veterans' Affairs **Bill No.** HB 2958

**Bill Sec.** 39

**Analyst:** Deckard

**Analysis Pg. No.** Vol. II - 1463

**Budget Page No.** 425

Expenditure Summary	Agency Estimate FY 06	Gov. Rec. FY 06	House Budget Committee Adjustments
Operating Expenditures			
State General Fund	\$ 8,387,027	\$ 7,911,184	\$ 0
Other Funds	9,891,409	9,910,716	0
Subtotal – Operating	\$ 18,278,436	\$ 17,821,900	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	0
Other Funds	1,304,857	1,304,857	0
Subtotal – Capital Improvements	\$ 1,304,857	\$ 1,304,857	\$ 0
TOTAL	\$ 19,583,293	\$ 19,126,757	\$ 0
FTE Positions			
	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	557.8	557.8	0.0

## Agency Estimate

The agency estimates \$18,278,436, including \$8,387,027 from the State General Fund, for FY 2006 operating expenditures. The estimate is an increase of \$394,309 or 2.2 percent above the approved amount. The estimate includes \$875,843 from the State General Fund in supplemental requests and a reduction in the amount of funds estimated in per diem reimbursements from the federal Veterans Administration.

## Governor's Recommendation

The Governor recommends \$17,821,900, including \$7,911,184 from the State General Fund, for FY 2006 operating expenditures. The recommendation does include the addition of \$400,106 from the State General Fund to account for the decrease in anticipated federal funding, but does not include the addition of the agency's supplemental requests.

## House Budget Committee Recommendation

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

### House Committee Recommendation

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

### Senate Subcommittee Report

**Agency:** Commission on Veterans' Affairs **Bill No.** SB 570

**Bill Sec.**39

**Analyst:** Deckard

**Analysis Pg. No.** Vol. II - 1463

**Budget Page No.** 425

<u>Expenditure Summary</u>	<u>Agency Estimate FY 06</u>	<u>Gov. Rec. FY 06</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures			
State General Fund	\$ 8,387,027	\$ 7,911,184	\$ 0
Other Funds	<u>9,891,409</u>	<u>9,910,716</u>	<u>0</u>
Subtotal – Operating	<u>\$ 18,278,436</u>	<u>\$ 17,821,900</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>1,304,857</u>	<u>1,304,857</u>	<u>0</u>
Subtotal – Capital Improvements	<u>\$ 1,304,857</u>	<u>\$ 1,304,857</u>	<u>\$ 0</u>
 TOTAL	 \$ 19,583,293	 \$ 19,126,757	 \$ 0
FTE Positions			
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>557.8</u>	<u>557.8</u>	<u>0.0</u>

### Agency Estimate

The agency estimates \$18,278,436, including \$8,387,027 from the State General Fund, for FY 2006 operating expenditures. The estimate is an increase of \$394,309 or 2.2 percent above the approved amount. The estimate includes \$875,843 from the State General Fund in supplemental requests and a reduction in the amount of funds estimated in per diem reimbursements from the federal Veterans Administration.

### Governor's Recommendation

The Governor recommends \$17,821,900, including \$7,911,184 from the State General Fund, for FY 2006 operating expenditures. The recommendation does include the addition of \$400,106 from the State General Fund to account for the decrease in anticipated federal funding, but does not include the addition of the agency's supplemental requests.

## **Senate Subcommittee Recommendation**

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

1. Review at Omnibus the need for additional supplemental funding for operating expenditures at the Kansas Veterans' Home based upon revised need demonstrated by the agency.

## House Budget Committee Report

**Agency:** Commission on Veterans' Affairs

**Bill No.** HB 2968

**Bill Sec.** 28

**Analyst:** Deckard

**Analysis Pg. No.** Vol. II-1463

**Budget Page No.** 425

<u>Expenditure Summary</u>	<u>Agency Request FY 07</u>	<u>Gov. Rec. FY 07</u>	<u>House Budget Committee Adjustments</u>
<b>Operating Expenditures</b>			
State General Fund	\$ 8,760,046	\$ 7,674,816	\$ (32,800)
Other Funds	9,994,679	10,118,071	0
Subtotal – Operating	\$ 18,754,725	\$ 17,792,887	\$ (32,800)
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	8,377,998	8,377,998	0
Subtotal – Capital Improvements	\$ 8,377,998	\$ 8,377,998	0
<b>TOTAL</b>	<b>\$ 27,132,723</b>	<b>\$ 26,170,885</b>	<b>\$ (32,800)</b>
<b>FTE Positions</b>			
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>557.8</b>	<b>557.8</b>	<b>0.0</b>

### Agency Request

The agency requests \$18,754,725, including \$8,760,046 from the State General Fund, for FY 2007 operating expenditures. The request is an increase of \$476,289 or 2.6 percent above the FY 2006 revised estimate. The request includes enhancement packages totaling \$1,477,084 all from the State General Fund. Without the enhancement packages, the request would be a decrease of \$1,001,795 or 5.5 percent below the FY 2006 revised estimate. The request includes funding for 26 payroll periods in FY 2007, while the FY 2006 estimate contains funding for 27 payroll periods.

### Governor's Recommendation

The Governor recommends \$17,792,887, including \$7,674,816 from the State General Fund, for FY 2007 operating expenditures. The recommendation is a decrease of \$29,013 or 0.2 percent below the FY 2006 recommendation and a decrease of \$961,838 or 5.1 percent below the agency's request. The Governor recommends a portion totaling \$192,402 of the agency's enhancement requests including: \$71,310 to fund additional veterans service representatives; \$11,500 for training for veterans service representatives; \$72,792 in operating expenditures for the Fort Riley cemetery; \$32,800 for the purchase of two minivans for the Kansas Soldiers Home; and \$4,000 for the Persian Gulf War Veterans Health Initiative Board. Additionally the recommendation includes the addition of \$278,868, including \$155,476 from the State General Fund, for the 2.5 percent base salary adjustment for state employees, and the addition of \$13,976 from the State General Fund for the trade reclassification.



## House Budget Committee Recommendation

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

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27<sup>th</sup> 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 \$18,279,607, including \$7,511,078 from the State General Fund. The approved budget was reduced by a net total of \$8,165,463, including \$370,271 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$233,185 in salary adjustments and \$41,000 in one-time adjustments.

- 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	\$ 7,674,816	\$ 26,170,885
Baseline Budget	<u>7,304,545</u>	<u>18,005,422</u>
Dollar Difference	<u>\$ 370,271</u>	<u>\$ 8,165,436</u>
<i>Percent Difference</i>	<i>4.8%</i>	<i>31.2%</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	\$ 155,817	\$ 279,209
Enhancements	222,402	222,402
Increase in Capital Improvements	0	7,982,518
Trade Retention Incentive	13,976	13,976
Reduction in Operational Expenditures	0	(10,667)
Other Net Adjustments	(21,924)	(321,975)
TOTAL	<u>\$ 370,271</u>	<u>\$ 8,165,763</u>

- Vehicle Purchase.** Delete \$32,800 from the State General Fund, to remove funding recommended by the Governor to replace two high mileage vehicles. The Budget Committee recommends the agency's purchase of vehicles be reviewed at Omnibus.

### House Committee Recommendation

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

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### Senate Subcommittee Report

**Agency:** Commission on Veterans' Affairs **Bill No.** SB 573

**Bill Sec.** 28

**Analyst:** Deckard

**Analysis Pg. No.** Vol. II-1463

**Budget Page No.** 425

Expenditure Summary	Agency Request FY 07	Gov. Rec. FY 07	Senate Subcommittee Adjustments
Operating Expenditures			
State General Fund	\$ 8,760,046	\$ 7,674,816	\$ 153,000
Other Funds	9,994,679	10,118,071	0
Subtotal – Operating	<u>\$ 18,754,725</u>	<u>\$ 17,792,887</u>	<u>\$ 153,000</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	0
Other Funds	8,377,998	8,377,998	0
Subtotal – Capital Improvements	<u>\$ 8,377,998</u>	<u>\$ 8,377,998</u>	<u>\$ 0</u>
 TOTAL	 \$ 27,132,723	 \$ 26,170,885	 \$ 153,000
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>557.8</u>	<u>557.8</u>	<u>0.0</u>

### Agency Request

The agency requests \$18,754,725, including \$8,760,046 from the State General Fund, for FY 2007 operating expenditures. The request is an increase of \$476,289 or 2.6 percent above the FY 2006 revised estimate. The request includes enhancement packages totaling \$1,477,084 all from the State General Fund. Without the enhancement packages, the request would be a decrease of \$1,001,795 or 5.5 percent below the FY 2006 revised estimate. The request includes funding for 26 payroll periods in FY 2007, while the FY 2006 estimate contains funding for 27 payroll periods.

### Governor's Recommendation

The Governor recommends \$17,792,887, including \$7,674,816 from the State General Fund, for FY 2007 operating expenditures. The recommendation is a decrease of \$29,013 or 0.2 percent below the FY 2006 recommendation and a decrease of \$961,838 or 5.1 percent below the agency's

request. The Governor recommends a portion totaling \$192,402 of the agency's enhancement requests including: \$71,310 to fund additional veterans service representatives; \$11,500 for training for veterans service representatives; \$72,792 in operating expenditures for the Fort Riley cemetery; \$32,800 for the purchase of two minivans for the Kansas Soldiers Home; and \$4,000 for the Persian Gulf War Veterans Health Initiative Board. Additionally the recommendation includes the addition of \$278,868, including \$155,476 from the State General Fund, for the 2.5 percent base salary adjustment for state employees, and the addition of \$13,976 from the State General Fund for the trade reclassification.

### **Senate Subcommittee Recommendation**

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

1. Add \$48,478 from the State General Fund for the cost of reclassification of veterans' service representatives. The reclassification would affect 27.0 FTE positions in FY 2007. The agency indicated that 25.0 Veteran Service Representative I positions (Range 20) would be reclassified to Human Service Specialist (Range 21) and 2.0 Veteran Service Representative II positions (Range 22) would be reclassified as Program Consultant I (Range 24).

Additionally, review at Omnibus the addition of \$104,522 from the State General Fund for additional reclassification expenditures in FY 2007 if positions are reclassified based upon specific new duties.

2. Review at Omnibus the need for additional funding for the potential salaries and wages shortfall at the Kansas Veterans' Home and the utilities costs at the Kansas Soldiers' Home.
3. Request an update on the Persian Gulf War Initiative Board from the agency prior to Omnibus. Additionally, direct the agency to provide a formal report from the Persian Gulf War Initiative Board regarding current activities and future direction to the Senate Subcommittee during the 2007 Legislative Session.

FY 2006 and FY 2007

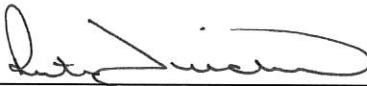
SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas Department of Transportation



Senator Dwayne Umbarger, Chair

  
Senator Chris Steineger



Senator Ruth Teichman

Senate Ways and Means  
03-08-06  
Attachment 2

# House Budget Committee Report

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

**Bill Sec.** 60

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. I-743

**Budget Page No.** 397

Summary of Operating Budget	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
<b>Expenditures:</b>			
Agency Operations	\$ 253,927,307	\$ 253,618,244	\$ 0
Debt Service	123,242,151	123,242,151	
Aid to Local Units	173,905,536	173,905,536	
Other Assistance	9,196,545	9,196,545	0
Other Operations	945,867,030	945,867,030	0
Subtotal-Reportable	\$ 1,506,138,569	\$ 1,505,829,506	\$ 0
Nonreportable	128,944,768	128,944,768	0
<b>TOTAL</b>	<b>\$ 1,635,083,337</b>	<b>\$ 1,634,774,274</b>	<b>\$ 0</b>
<b>Financing:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	1,192,130,657	1,191,821,594	0
All Other Funds	314,007,912	314,007,912	0
Subtotal-Reportable	\$ 1,506,138,569	\$ 1,505,829,506	\$ 0
Nonreportable	128,944,768	128,944,768	0
<b>TOTAL</b>	<b>\$ 1,635,083,337</b>	<b>\$ 1,634,774,274</b>	<b>\$ 0</b>
FTE Positions	3,237.5	3,237.5	0.0
Non-FTE Unclass. Perm. Pos.	29.0	29.0	0.0
<b>TOTAL</b>	<b>3,266.5</b>	<b>3,266.5</b>	<b>0.0</b>

## Agency Estimate

The **agency** estimates FY 2006 reportable operating expenditures of \$1.5 billion, an increase of \$135.3 million or 9.9 percent above the approved amount. The difference between the approved amount and the agency's revised estimate for the current year is the result of:

- An increase of \$3.8 million for agency operations, including:
  - An additional \$1,775,237 for Kansas Savings Incentive Program expenditures; and
  - An additional \$2,035,394 from the State Highway Fund for a **supplemental request** to increase the agency's fuel budget for the Regular Maintenance program;
- A decrease of \$6.2 million for debt service;

- A decrease of \$1.7 million in state and federal aid; and
- An increase of \$139.4 million for other operations, including an additional \$125.8 million for the State Projects subprogram. The increase in this subprogram reflects a number of projects that were not let in time to be counted as FY 2005 expenditures. Instead, they will be released in FY 2006.

### **Governor's Recommendation**

The **Governor** recommends FY 2006 reportable operating expenditures of \$1.5 billion, an increase of \$135.0 million or 9.8 percent above the approved amount. The recommendation is \$309,063 less than the agency's revised current year estimate and includes a decrease of \$309,063 from the State Highway Fund for salaries and wages which reflects the Governor's recommendation to reduce the amount of family health insurance the agency budgeted for vacant positions in FY 2006.

In addition, the Governor recommends the agency's supplemental request.

### **House Budget Committee Recommendation**

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

### **House Committee Recommendation**

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

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### Senate Subcommittee Report

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

**Bill Sec.** 60

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. I-743

**Budget Page No.** 397

Summary of Operating Budget	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
<b>Expenditures:</b>			
Agency Operations	\$ 253,927,307	\$ 253,618,244	\$ 0
Debt Service	123,242,151	123,242,151	
Aid to Local Units	173,905,536	173,905,536	
Other Assistance	9,196,545	9,196,545	0
Other Operations	945,867,030	945,867,030	0
Subtotal-Reportable	\$ 1,506,138,569	\$ 1,505,829,506	\$ 0
Nonreportable	128,944,768	128,944,768	0
<b>TOTAL</b>	<b>\$ 1,635,083,337</b>	<b>\$ 1,634,774,274</b>	<b>\$ 0</b>
<b>Financing:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	1,192,130,657	1,191,821,594	0
All Other Funds	314,007,912	314,007,912	0
Subtotal-Reportable	\$ 1,506,138,569	\$ 1,505,829,506	\$ 0
Nonreportable	128,944,768	128,944,768	0
<b>TOTAL</b>	<b>\$ 1,635,083,337</b>	<b>\$ 1,634,774,274</b>	<b>\$ 0</b>
FTE Positions	3,237.5	3,237.5	0.0
Non-FTE Unclass. Perm. Pos.	29.0	29.0	0.0
<b>TOTAL</b>	<b>3,266.5</b>	<b>3,266.5</b>	<b>0.0</b>

### Agency Estimate

The **agency** estimates FY 2006 reportable operating expenditures of \$1.5 billion, an increase of \$135.3 million or 9.9 percent above the approved amount. The difference between the approved amount and the agency's revised estimate for the current year is the result of:

- An increase of \$3.8 million for agency operations, including:
  - An additional \$1,775,237 for Kansas Savings Incentive Program expenditures; and
  - An additional \$2,035,394 from the State Highway Fund for a **supplemental request** to increase the agency's fuel budget for the Regular Maintenance program;
- A decrease of \$6.2 million for debt service;
- A decrease of \$1.7 million in state and federal aid; and

- An increase of \$139.4 million for other operations, including an additional \$125.8 million for the State Projects subprogram. The increase in this subprogram reflects a number of projects that were not let in time to be counted as FY 2005 expenditures. Instead, they will be released in FY 2006.

### **Governor's Recommendation**

The **Governor** recommends FY 2006 reportable operating expenditures of \$1.5 billion, an increase of \$135.0 million or 9.8 percent above the approved amount. The recommendation is \$309,063 less than the agency's revised current year estimate and includes a decrease of \$309,063 from the State Highway Fund for salaries and wages which reflects the Governor's recommendation to reduce the amount of family health insurance the agency budgeted for vacant positions in FY 2006.

In addition, the Governor recommends the agency's supplemental request.

### **Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendation.



# House Budget Committee Report

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

**Bill Sec.** 66

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. I-743

**Budget Page No.** 397

Summary of Operating Budget	Agency Request FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
<b>Expenditures:</b>			
Agency Operations	\$ 263,295,411	\$ 264,212,960	\$ (2,700,000)
Debt Service	127,306,230	127,306,230	0
Aid to Local Units	173,246,571	173,246,571	0
Other Assistance	18,176,156	18,176,156	0
Other Operations	654,716,929	645,086,982	0
Subtotal-Reportable	\$ 1,236,741,297	\$ 1,228,028,899	\$ (2,700,000)
Nonreportable	133,099,261	133,099,261	0
TOTAL	\$ 1,369,840,558	\$ 1,361,128,160	\$ (2,700,000)
<b>Financing:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	933,947,632	925,235,234	(2,700,000)
All Other Funds	302,793,665	302,793,665	0
Subtotal-Reportable	\$ 1,236,741,297	\$ 1,228,028,899	\$ (2,700,000)
Nonreportable	133,099,261	133,099,261	0
TOTAL	\$ 1,369,840,558	\$ 1,361,128,160	\$ (2,700,000)
FTE Positions	3,237.5	3,237.5	0.0
Non-FTE Unclass. Perm. Pos.	29.0	29.0	0.0
TOTAL	3,266.5	3,266.5	0.0

## Agency Request

The **agency** requests budget year reportable operating expenditures of \$1.2 billion, a decrease of \$269.4 million or 17.9 percent below the FY 2006 revised estimate. The request includes an enhancement totaling \$4,271,637 from the State Highway Fund (SHF) to replace 270 vehicles. **Without the enhancement**, the agency's request is a decrease of \$273.7 million or 18.2 percent below the current year revised estimate. The decrease mainly reflects a reduction in the State Projects subprogram which is \$253.8 million or 44.3 percent below the FY 2006 current year revised estimate. The FY 2006 revised estimate included a number of construction projects that were not let in time to be counted as FY 2005 expenditures. The FY 2007 request for State Projects reflects a return to a normal level of activity.

## Governor's Recommendation

The **Governor** recommends FY 2007 operating expenditures of \$1.2 billion, a decrease of \$277.8 million or 18.4 percent below the FY 2006 recommendation. The recommendation is \$8.7 million or 0.7 percent less than the agency's FY 2007 request and includes:

- An additional \$3,134,342 from SHF for a 2.5 percent base salary increase for classified employees and a 2.5 percent merit pool for unclassified employees;
- A decrease of \$307,608 from SHF that reflects a reduction in the amount of family health insurance the agency budgeted for vacant positions in FY 2007;
- A reduction of \$368,366 from SHF that reflects an increase in the shrinkage rate from 4.5 percent to 4.75 percent;
- An additional \$30,818 from SHF for retention bonuses for trade employees;
- An additional \$2,700,000 from SHF to purchase 131 vehicles; and
- A reduction of \$9,629,947 from SHF in the amount the agency budgeted for expenditures in the Building Projects subprogram.

**Staff Note:** The Governor's FY 2007 recommendation for the Department of Administration includes \$4,992,724 from the State General Fund to pay the first debt service payment interest payment on the \$210.0 million in State General Fund bonds that the State Finance Council approved for the CTP. Although these funds are included in the Department of Administration budget, they are also a part of the Transportation function of government.

## House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following adjustments and 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 27<sup>th</sup> 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 \$1,370,815,472 all funds. The approved budget was reduced by a net total of \$7,687,575 all funds to establish a baseline budget for FY 2007. The reductions included \$2,561,050 in salary adjustments, \$3,009,450 in one-time adjustments, and \$2,117,075 for debt service payments.

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

	SGF	All Funds
Governor's Recommendation	\$ 0	\$ 1,228,028,899
Baseline Budget	0	1,363,127,896
Dollar Difference	<u>\$ 0</u>	<u>\$ (135,098,997)</u>

*Percent Difference* 0.0% (11.0)%

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

	SGF	All Funds
Base Salary Adjustment	\$ 0	\$ 3,134,342
Health Insurance Adjustment	0	(307,608)
Shrinkage Adjustment	0	(368,366)
Retention Bonuses for Trade Employees	0	30,818
Vehicle Purchases	0	2,700,000
Building Projects	0	1,623,046
Construction and Maintenance Adjustments	0	(160,051,304)
State and Federal Aid Adjustment	0	6,595,536
Other Net Adjustments	0	11,544,539
TOTAL	<u>\$ 0</u>	<u>\$ (135,098,997)</u>

3. **Vehicle Purchases.** Delete \$2.7 million from the State Highway Fund to remove funding recommended by the Governor to replace 131 vehicles in FY 2007 and review at Omnibus.
  
4. **State Highway Fund Transfer.** The Budget Committee notes that the Governor's FY 2007 recommendation includes a State Highway Fund transfer of \$2.7 million to the Department of Wildlife and Parks Access Road Fund, an increase of \$1.0 million above the FY 2006 approved amount. The Budget Committee concurs with the recommendation of the Agriculture and Natural Resources Budget Committee to replace the additional \$1.0 million transfer in FY 2007 with \$1.0 million from the State General Fund.
  
5. **FTE Positions.** The Budget Committee notes that upon completion of the Comprehensive Transportation Program (CTP), the agency intends to eliminate 138.0 FTE positions that were granted to the Kansas Department of Transportation when the CTP was authorized by the 1999 Legislature.

### House Committee Recommendation

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

## Senate Subcommittee Report

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

**Bill Sec.** 66

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. I-743

**Budget Page No.** 397

Summary of Operating Budget	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
<b>Expenditures:</b>			
Agency Operations	\$ 263,295,411	\$ 264,212,960	\$ 0
Debt Service Interest	127,306,230	127,306,230	0
Aid to Local Units	173,246,571	173,246,571	0
Other Assistance	18,176,156	18,176,156	0
Other Operations	654,716,929	645,086,982	0
Subtotal-Reportable	\$ 1,236,741,297	\$ 1,228,028,899	\$ 0
Nonreportable	133,099,261	133,099,261	0
TOTAL	\$ 1,369,840,558	\$ 1,361,128,160	\$ 0
<b>Financing:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	933,947,632	925,235,234	0
All Other Funds	302,793,665	302,793,665	0
Subtotal-Reportable	\$ 1,236,741,297	\$ 1,228,028,899	\$ 0
Nonreportable	133,099,261	133,099,261	0
TOTAL	\$ 1,369,840,558	\$ 1,361,128,160	\$ 0
FTE Positions	3,237.5	3,237.5	0.0
Non-FTE Unclass. Perm. Pos.	29.0	29.0	0.0
TOTAL	3,266.5	3,266.5	0.0

### Agency Request

The **agency** requests budget year reportable operating expenditures of \$1.2 billion, a decrease of \$269.4 million or 17.9 percent below the FY 2006 revised estimate. The request includes an enhancement totaling \$4,271,637 from the State Highway Fund (SHF) to replace 270 vehicles. **Without the enhancement**, the agency's request is a decrease of \$273.7 million or 18.2 percent below the current year revised estimate. The decrease mainly reflects a reduction in the State Projects subprogram which is \$253.8 million or 44.3 percent below the FY 2006 current year revised estimate. The FY 2006 revised estimate included a number of construction projects that were not let in time to be counted as FY 2005 expenditures. The FY 2007 request for State Projects reflects a return to a normal level of activity.

### Governor's Recommendation

The **Governor** recommends FY 2007 operating expenditures of \$1.2 billion, a decrease of \$277.8 million or 18.4 percent below the FY 2006 recommendation. The recommendation is \$8.7

million or 0.7 percent less than the agency's FY 2007 request and includes:

- An additional \$3,134,342 from SHF for a 2.5 percent base salary increase for classified employees and a 2.5 percent merit pool for unclassified employees;
- A decrease of \$307,608 from SHF that reflects a reduction in the amount of family health insurance the agency budgeted for vacant positions in FY 2007;
- A reduction of \$368,366 from SHF that reflects an increase in the shrinkage rate from 4.5 percent to 4.75 percent;
- An additional \$30,818 from SHF for retention bonuses for trade employees;
- An additional \$2,700,000 from SHF to purchase 131 vehicles; and
- A reduction of \$9,629,947 from SHF in the amount the agency budgeted for expenditures in the Building Projects subprogram.

**Staff Note:** The Governor's FY 2007 recommendation for the Department of Administration includes \$4,992,724 from the State General Fund to pay the first debt service payment interest payment on the \$210.0 million in State General Fund bonds that the State Finance Council approved for the CTP. Although these funds are included in the Department of Administration budget, they are also a part of the Transportation function of government.

## Senate Subcommittee Recommendation

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

1. **Increased Expenditures.** The Subcommittee notes that the Governor's recommendation for FY 2006 and FY 2007 reflect increases in fuel-related expenditures. The Subcommittee recognizes that the agency will face many challenges in FY 2008 and FY 2009 as it works to let the remaining projects in the Comprehensive Transportation Program (CTP). The Subcommittee recommends to the Legislature to be aware of and sympathetic to the agency's concerns about the rising costs of construction and maintenance operations for the last three years of the CTP.
2. **Kansas Safe Driving Campaign.** The Subcommittee notes that the task force for the "The Driving Force" Kansas Safe Driving Campaign will meet for the first time in April 2006. The agency indicated that this task force is charged with recommending ways to reduce the number of traffic fatalities in the state. The Subcommittee recommends the task force to compare driving requirements in Kansas with those of other countries that have lower mortality rates, such as England, Germany, and Japan. The Subcommittee looks forward to the recommendations of the task force; and requests that it report back to the Legislature with its findings, during the 2007 Session.
3. **Driver Education Courses.** The Subcommittee recommends the State Board of Education to review the curriculum of driver education courses in Kansas. The Subcommittee is particularly interested in having the Board of Education examine the quality of courses offered and the adequacy of funding for driver education.

# HOUSE BILL No. 2786

By Committee on Appropriations

1-31

Proposed amendment  
Requested by Diane Gjerstad  
March 8, 2006

9 AN ACT repealing K.S.A. 2005 Supp. 75-3317a, 75-3319a, 75-3320a and  
10 75-3322a; concerning state procurement, relating to state purchase of  
11 products by certain qualified vendors.

12  
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2005 Supp. 75-3317a, 75-3319a, 75-3320a and 75-  
15 3322a are hereby repealed.

16 Sec. 2. This act shall take effect and be in force from and after its  
17 publication in the Kansas register.

concerning purchases by public entities; amending KSA 72-8201 and repealing the existing section; also

72-8201 and K.S.A.

KSA 72-8201 is hereby amended to read as follows: 72-8201. Each unified school district shall be designated by the name and style of " unified school district No. \_\_\_\_\_ (the number designated by the state board of education), \_\_\_\_\_ county (naming the home county of the unified school district), state of Kansas," and by such name may sue and be sued, execute contracts and hold such real and personal property as it may acquire. Every unified school district shall possess the usual powers of a corporation for public purposes. The board of education of every unified school district may delegate to the superintendent of schools the power to execute contracts on behalf of the district for the purchase of goods and services if the value of such goods or services is less than \$10,000-\$20,000 or less.

Sec. 2.

[Renumber Sec. 2 as Sec. 3]

Senate Ways and Means  
03-08-06  
Attachment 3