

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 2, 2007, in Room 514-S of the Capitol.

All members were present except:

- Representative Joe McLeland - excused
- Representative Kevin Yoder - excused
- Representative Ty Masterson - excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Becky Krahl, Legislative Research Department
- Amy Deckard, Legislative Research Department
- Audrey Dunkel, Legislative Research Department
- Aaron Klaassen, Legislative Research Department
- Heather O'Hara, Legislative Research Department
- Jim Wilson, Revisor of Statutes
- Nikki Feuerborn, Chief of Staff
- Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

- Representative Mike O'Neal
- Danny Stoecklein, Kansas State Fair
- John Deardoff, Manager, City of Hutchinson
- Representative Don Hill

Others attending:

See attached list.

- Attachment 1 Information Memo from Division of Budget
- Attachment 2 Budget Committee Report on Department of Revenue and Board of Tax Appeals
- Attachment 3 Budget Committee Report on Kansas Commission on Veterans Affairs
- Attachment 4 Testimony on **HB 2383** by John Deardoff
- Attachment 5 Written testimony on **HB 2539** by John Dougherty, on behalf of Emporia State University
- Attachment 6 Written testimony on **HB 2539** by Sue Peterson, on behalf of Kansas State University

A memo from the Division of the Budget correcting errors in the FY 2008 Governor's Budget Report was distributed to the Committee (Attachment 1).

Representative Tafanelli moved to introduce legislation which would disallow competition between governmental entities and local businesses. The motion was seconded by Representative Bethell. Motion carried.

Representative Pottorff, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Revenue for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 2). The motion was seconded by Representative Lane. Motion carried.

Representative Gatewood made a substitute motion to delete Item No. 1 from the Budget Committee recommendation on the Department of Revenue for FY 2007. The motion was seconded by Representative Lane. Motion failed on a 6-9 vote.

Representative Pottorff, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 2, 2007, in Room 514-S of the Capitol.

Revenue for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Lane. Motion carried.

Representative Gatewood made a substitute motion to delete Item No. 3 from the Budget Committee recommendation for the Department of Revenue for FY 2008. The motion was seconded by Representative Lane. Motion failed.

Representative Lane, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Board of Tax Appeals for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 2). The motion was seconded by Representative Pottorff. Motion carried.

Representative Lane, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Board of Tax Appeals for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Pottorff. Motion carried.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Commission on Veterans' Affairs for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 3). The motion was seconded by Representative Kelsey. Motion carried.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Commission on Veterans' Affairs for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 3). The motion was seconded by Representative Ballard. Motion carried.

### **Hearing on HB 2383 - State fair, authorizing real property conveyance to city of Hutchinson.**

Becky Krahl, Legislative Research Department, explained that **HB 2383** would transfer 1.148 acres of land from the Kansas State Fair to the city of Hutchinson. The land is currently leased to the city. The city is planning to build a reverse osmosis water treatment plant on the tract of land. There is no fiscal impact from the legislation.

Chair Schwartz recognized Representative Mike O'Neal, who appeared in support of **HB 2383**. Representative O'Neal introduced Danny Stoecklein, Kansas State Fair, who supports **HB 2383**. Mr. Stoecklein stated that the State Fair has leased land to the City and in turn, the City has performed a number of tasks for the State Fair. Mr. Stoecklein noted that conveying ownership of the land would have no financial impact on the State Fair or on the activities of the State Fair.

The Chair recognized John Deardoff, City of Hutchinson, who appeared in support of **HB 2383** (Attachment 4). Mr. Deardoff noted that the city will provide road improvements and other services for the Kansas State Fair. Responding to Committee questions, Mr. Deardoff stated that the water treatment plant will treat approximately 60 percent of the water used by the city of Hutchinson. The treated water will go through a blending process with other water from non-contaminated wells. The contaminated material from the process will be pumped to deep disposal wells.

**The hearing on HB 2383 was closed.**

### **Hearing on HB 2539 - State Board of Regents, conveyance of certain real estate of Emporia state university and Kansas state university, disposition of proceeds.**

Audrey Dunkel, Legislative Research Department, explained that **HB 2539** would allow the conveyance of property from Emporia State University and from Kansas State University. Emporia State University is requesting the right to sell the Anderson Library, a building that was donated to the University and no longer used for educational purposes. Kansas State University is seeking the

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 2, 2007, in Room 514-S of the Capitol.

right to transfer ownership of a tract of land from the University to the Foundation. The land is currently used for grazing purposes for sheep and other land is available for this purpose. There is no fiscal impact to either university.

Chair Schwartz recognized Representative Don Hill, who appeared in support of **HB 2539**. Representative Hill noted that Anderson Hall had undergone extensive renovation before being donated to Emporia State University and is currently listed on the National Register of Historical Buildings.

Written testimony from John Dougherty, on behalf of Emporia State University, was distributed to the Committee (Attachment 5).

Written testimony from Sue Peterson, on behalf of Kansas State University, was distributed to the Committee (Attachment 6).

**The hearing on HB 2539 was closed.**

The meeting was adjourned at 9:50 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 5, 2007.

  
Sharon Schwartz, Chair



February 27, 2007

The Honorable Sharon Schwartz, Chairperson  
House Committee on Appropriations  
Room 514-S, Statehouse

and

The Honorable Dwayne Umbarger, Chairperson  
Senate Committee on Ways and Means  
Room 120-S, Statehouse

Dear Representative Schwartz:

The items contained in this memo correct errors made in posting the detailed budgets or in publishing *The FY 2008 Governor's Budget Report* that was submitted to you in January 2007.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>597,105</u>	<u>(2,000,000)</u>
All Funds	\$ 597,105	\$ (2,000,000)
FTE Positions	6.00	5.00
Non-FTE Unclassified Permanent	<u>(6.00)</u>	<u>(5.00)</u>
Total Positions	--	--

### Kansas Lottery

#### 1. Position Correction

When the Kansas Lottery submitted its budget in the fall of 2006, it intended to convert all 6.00 of its non-FTE unclassified permanent positions to regular FTE positions. Instead of a staff consisting of 81.00 FTE and 6.00 non-FTE positions, all 87.00 would be regular FTE positions. However, the conversion was inadvertently omitted from the budget, and the error was not caught until after the Governor's budget was released. This correction will report positions for the Lottery the way the agency originally intended.

**HOUSE APPROPRIATIONS**

	<u>FY 2007</u>	<u>FY 2008</u>
FTE Positions	6.00	6.00
Non-FTE Unclassified Permanent	<u>(6.00)</u>	<u>(6.00)</u>
Total Positions	--	--

### Board of Veterinary Examiners

#### 2. KSIP Adjustment

Budget instructions require that agencies budget for all available monies in their Kansas Savings Incentive Program (KSIP) accounts in the current fiscal year. The Board of Veterinary Examiners did not include KSIP funds when it submitted its budget in the fall of 2006. Therefore, \$13,224 was added to the budget to account for these expenditures. However, the correct amount should have been \$10,329. This correction to *The FY 2008 Governor's Budget Report* will reduce \$2,895 from the amount originally included in the budget for FY 2007.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(2,895)</u>	<u>--</u>
All Funds	\$ (2,895)	\$ --

### Department of Education

#### 3. School Finance Consensus Capital Improvement State Aid

On November 9, 2006, staff from the Department of Education, Division of the Budget, and Legislative Research Department met to review more recent enrollment data, property tax revenues, and local option budget usage in order to update school finance costs. At that meeting, numerous adjustments to the Department's budget were made, and one of those items was an agreement that expenditures for Capital Improvement State Aid would be higher than previously thought in both FY 2007 and FY 2008. This item was previously treated as a demand transfer, but in recent years has been a revenue transfer from the State General Fund.

The adjustment for FY 2007 was \$600,000 and \$500,000 for FY 2008. The FY 2007 adjustment was inadvertently left out of the Governor's recommended budget. In FY 2007, \$600,000 in expenditures should be added to the Department's budget from all funding sources, and the State General Fund revenues should be adjusted in April to account for the transfer of funds as well.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>600,000</u>	<u>--</u>
All Funds	\$ 600,000	--

### Board of Regents

#### 4. KAN-ED Funding

It was the Governor's intention to include \$8.0 million from the Kansas Universal Service Fund and \$2.0 million from the State General Fund for operation of the KAN-ED broadband network for FY 2008. Instead, \$10.0 million from the Kansas Universal Service Fund and \$2.0 million from the State General Fund were included in the budget. This correction to *The FY 2008 Governor's Budget Report* will remove the overstated \$2.0 million from the Universal Service Fund in the Board of Regents' budget in order to reflect the Governor's recommendation correctly.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(2,000,000)</u>
All Funds	\$ --	\$ (2,000,000)

### Department of Agriculture

#### 5. Position Correction

The Governor recommends a budget enhancement for the Department of Agriculture to open an office in southeast Kansas to address water issues related to the Ozark Plateau Aquifer System and the Spring River. This enhancement includes a new Environmental Scientist II position, which was reported as an FTE position. However, the position should be a non-FTE unclassified permanent position. This correction to *The FY 2008 Governor's Budget Report* will accurately reflect the Governor's recommendation for the agency's workforce for FY 2008 in connection with the proposed new program.

	<u>FY 2007</u>	<u>FY 2008</u>
FTE Positions	--	(1.00)
Non-FTE Unclassified Permanent	<u>--</u>	<u>1.00</u>
Total Positions	--	--

Sincerely,



Duane A. Goossen  
Director of the Budget

FY 2007 and FY 2008

HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

Department of Revenue  
Board of Tax Appeals



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Representative Kevin Yoder, Chair



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Representative Rocky Fund



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Representative Kasha Kelley, Vice-Chair

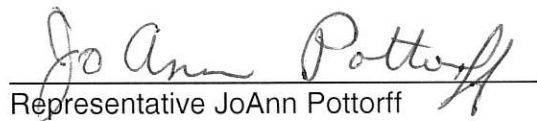
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Representative Annie Kuether



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Representative Harold Lane,  
Ranking Minority Member



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Representative JoAnn Pottorff



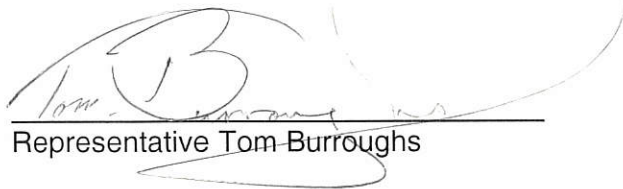
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Representative Virginia Beamer



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Representative Charles Roth



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Representative Tom Burroughs

HOUSE APPROPRIATIONS

DATE 3-02-2007  
ATTACHMENT 2



## Senate Subcommittee Report

**Agency:** Department of Revenue **Bill No.** SB 358

**Bill Sec.** 23

**Analyst:** Deckard

**Analysis Pg. No.** Vol.11 - 1016

**Budget Page No.** 335

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 20,467,235	\$ 20,479,458	\$ 0
Other Funds	73,191,163	73,033,163	0
Subtotal - Operating	\$ 93,658,398	\$ 93,512,621	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 93,658,398</b>	<b>\$ 93,512,621</b>	<b>\$ 0</b>
FTE Positions	1,146.0	1,146.0	0.0
Non FTE Uncl. Perm. Pos.	15.5	15.5	0.0
<b>TOTAL</b>	<b>1,161.5</b>	<b>1,161.5</b>	<b>0.0</b>

### Agency Estimate

The Department estimates FY 2007 operating expenditures of \$93,658,398, including \$20,467,235 from the State General Fund. The estimate is an all funds increase of \$2,806,908, or 3.1 percent, above the amount approved by the 2006 Legislature. This increase includes an increase of \$104,385, or 0.5 percent, above the amount approved for State General Fund expenditures. The increase in State General Fund expenditures include: \$47,892 from the State General Fund for a supplemental request for the Kansas Advisory Council on Intergovernmental Relations; \$40,251 from the State General Fund to annualize the pay plan approved by the 2006 Legislature; and \$14,742 in KSIP expenditures. The increases in all other funds are due to: \$266,280 increase in aid to local units due to revised revenue estimates; \$270,802 in rent increases; \$910,420 for the performance and registration information system management; \$544,914 in increased legal expenditures; the remaining differences are due to increased operational costs.

### Governor's Recommendation

The Governor recommends \$93,512,621, including \$20,479,458 from the State General Fund, for FY 2007 operating expenditures. The recommendation is an all funds increase of \$2,661,131, or 2.9 percent, above the approved amount. The recommendation is an all funds decrease of \$145,777, or 0.2 percent, below the amount estimated by the agency. The

recommendation includes the addition of \$47,892 from the State General Fund for the supplemental request for funding for the Kansas Advisory Council on Intergovernmental Relations; reduces the expenditures from the Special County Mineral Production Fund by \$158,000; and a reduction of \$28,028 in increased operating expenditures.

### **Senate Subcommittee Recommendation**

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

1. The Subcommittee notes that the results of the increased presence in the field for tax operations are encouraging. As of December 31, 2006 the field staff have collected \$29.4 million, which is an increase of \$3.9 million, or 15.07 percent over the same time period last year.
2. The Subcommittee notes that the Department indicated that over 60 percent of the total tax collections in FY 2006 were received electronically. The Department indicated that this accounted for 56 percent of the number of returns. The Department's target for electronic returns is 65 percent. The Department indicated that there are ongoing efforts being made to encourage individuals, corporations, and tax professionals, specifically the Certified Public Accountants, to file electronically. These efforts include one last year of planned public service announcements.
3. The Subcommittee notes that the Department indicated the feasibility study regarding the upgrade of the Vehicle Information Processing System (VIPS) should be completed in June 2007. The Subcommittee commends the Department for receiving a grant from the Information Network of Kansas (INK) to complete the feasibility study.
4. The Subcommittee notes the existence of the federal Real ID Act, and the potential challenges that the Department faces regarding the implementation of this, especially the potential costs of implementation.
5. The Subcommittee notes the Department's efforts to increase the compliance rate to meet the federal level for underage tobacco and liquor sales. The Subcommittee notes that the level the Department's required to meet by the federal government will increase every year. The Subcommittee notes the Department's success and requests that the Department remain diligent in terms of enforcement.
6. The Subcommittee notes that the Department was required to implement the provision of 2006 SB 432 regarding individual income tax checkoffs. The 2006 Legislature appropriated \$160,000 from the State General Fund in FY 2007. The Department indicated that these funds were used to hire contract programmers for the maintenance of the tax systems while Department of Revenue employees were reassigned to design and implement the checkoffs. The Department indicated that checkoffs were implemented with the start of the filing season in January 2007. The Department indicated that as of December 31, 2006 expenditures to contractors totaled \$111,381.

7. The Subcommittee notes that the 2006 Legislature appropriated \$150,000 from the Division of Vehicles Operating Fund to implement identification card provisions of 2006 SB 506 regarding registered offenders and 2006 SB 418, the Family and Personal Protection Act. The Department noted that the actual cost paid to the vendor for the new card types was \$169,567.
8. The Kansas Advisory Council on Intergovernmental Relations was created by the 2002 Legislature in KSA 12-4001- 4008. The Council is to engage in continuous study of the services provided by the various types and levels of government within the state among other items. The Council is composed of 15 members, of which 11 are appointed by the Governor and 4 are legislative appointments. The members of the Council serve without compensation but may be reimbursed for expenses. The current chair of the Council is the Secretary of Revenue. The Subcommittee concurs with the Governor's recommendation to provide funding of \$47,892 from the State General Fund for this Council and the salary of a part time associated staff member in FY 2007.

### **Senate Committee Recommendation**

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

1. Delete \$47,892 from the State General Fund in FY 2007 for the Kansas Advisory Council on Intergovernmental Relations for review at Omnibus.
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### House Budget Committee Report

**Agency:** Department of Revenue **Bill No.** HB 2541

**Bill Sec.** 23

**Analyst:** Deckard

**Analysis Pg. No.** Vol. II-1016

**Budget Page No.** 335

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 20,467,235	\$ 20,479,458	\$ (47,892)
Other Funds	73,191,163	73,033,163	0
Subtotal - Operating	<u>\$ 93,658,398</u>	<u>\$ 93,512,621</u>	<u>\$ (47,892)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 93,658,398</u></u>	<u><u>\$ 93,512,621</u></u>	<u><u>\$ (47,892)</u></u>
FTE Positions	1,146.0	1,146.0	0.0
Non FTE Uncl. Perm. Pos.	15.5	15.5	0.0
<b>TOTAL</b>	<u><u>1,161.5</u></u>	<u><u>1,161.5</u></u>	<u><u>0.0</u></u>

#### Agency Estimate

The Department estimates FY 2007 operating expenditures of \$93,658,398, including \$20,467,235 from the State General Fund. The estimate is an all funds increase of \$2,806,908, or 3.1 percent, above the amount approved by the 2006 Legislature. This increase includes an increase of \$104,385, or 0.5 percent, above the amount approved for State General Fund expenditures. The increase in State General Fund expenditures include: \$47,892 from the State General Fund for a supplemental request for the Kansas Advisory Council on Intergovernmental Relations; \$40,251 from the State General Fund to annualize the pay plan approved by the 2006 Legislature; and \$14,742 in KSIP expenditures. The increases in all other funds are due to: \$266,280 increase in aid to local units due to revised revenue estimates; \$270,802 in rent increases; \$910,420 for the performance and registration information system management; \$544,914 in increased legal expenditures; the remaining differences are due to increased operational costs.

#### Governor's Recommendation

The Governor recommends \$93,512,621, including \$20,479,458 from the State General Fund, for FY 2007 operating expenditures. The recommendation is an all funds increase of \$2,661,131, or 2.9 percent, above the approved amount. The recommendation is an all funds

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decrease of \$145,777, or 0.2 percent, below the amount estimated by the agency. The recommendation includes the addition of \$47,892 from the State General Fund for the supplemental request for funding for the Kansas Advisory Council on Intergovernmental Relations; reduces the expenditures from the Special County Mineral Production Fund by \$158,000; and a reduction of \$28,028 in increased operating expenditures.

### **House Budget Committee Recommendation**

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

1. Delete \$47,892 from the State General Fund in FY 2007 for the Kansas Advisory Council on Intergovernmental Relations for review at Omnibus.

## Senate Subcommittee Report

**Agency:** Department of Revenue **Bill No.** SB 357

**Bill Sec.** 43

**Analyst:** Deckard

**Analysis Pg. No.** Vol. 11 - 1016

**Budget Page No.** 335

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 20,572,118	\$ 21,117,317	\$ (583,651)
Other Funds	73,912,993	75,536,507	(1,292,223)
Subtotal - Operating	<u>\$ 94,485,111</u>	<u>\$ 96,653,824</u>	<u>\$ (1,875,874)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 94,485,111</u></u>	<u><u>\$ 96,653,824</u></u>	<u><u>\$ (1,875,874)</u></u>
FTE Positions	1,146.0	1,146.0	0.0
Non FTE Uncl. Perm. Pos.	15.5	15.5	0.0
<b>TOTAL</b>	<u><u>1,161.5</u></u>	<u><u>1,161.5</u></u>	<u><u>0.0</u></u>

### Agency Request

The Department requests FY 2008 operating expenditures of \$94,485,111, including \$20,572,118 from the State General Fund. This request is an increase of \$826,713, or 0.9 percent, above the FY 2007 revised estimate. The request includes a State General Fund increase of \$104,883, or 0.5 percent, above the FY 2007 estimate. The request includes two enhancement packages totaling \$548,508, including \$173,267 from the State General Fund. Without the enhancement packages, the request would be an increase of \$278,205, or 0.3 percent, above the FY 2007 estimate.

### Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$96,653,824, including \$21,117,317 from the State General Fund. This is an increase of \$3,141,203, or 3.4 percent, above the FY 2007 recommendation. The FY 2008 recommendation is an increase of \$2,168,713, or 2.3 percent, above the amount requested by the agency. The Governor recommends a portion of the enhancement requests submitted by the agency. The Governor recommends \$48,187 for the Kansas Advisory Council on Intergovernmental Relations and \$250,160, including \$86,634 from the State General Fund, for the purchase of twenty vehicles. The Governor's FY 2008 recommendation includes the addition of \$1,875,874, including \$583,651 from the State General Fund for the 1.5

percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Additionally, the Governor recommends an increase of \$543,000 in expenditures from the Special County Mineral Production Fund.

### **Senate Subcommittee Recommendation**

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

1. Delete \$1,875,874, including \$583,651 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. The Subcommittee notes the near depletion of the agency's fee funds. The fee fund balances will be minimal at the end of FY 2008 and have the potential to create a funding issue for this agency. The Subcommittee notes that in the last six fiscal years, over \$12.0 million from the VIPS/CAMA and Electronic Databases Fee funds have been expended for agency operating expenditures.
3. The Subcommittee notes that vehicle replacement continues to be an issue, and the Subcommittee notes its concern at the cost of continual use of rental vehicles. The Subcommittee notes the vehicle cost analysis provided by the agency during the 2006 Session regarding the comparison of owning a vehicle, renting a vehicle and paying mileage. The Subcommittee notes the value of the information and that the agency indicated there were benefits of the Enterprise contract for occasional, limited travel. Additionally, the backlog of vehicles needing to be replaced has resulted in increased maintenance costs. The Subcommittee wishes to review the overall issue of vehicle replacement during Omnibus.

### **Senate Committee Recommendation**

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

1. Delete \$48,187 from the State General Fund in FY 2008 for the Kansas Advisory Council on Intergovernmental Relations for review at Omnibus.
  2. Review at Omnibus all expenditures made in all agencies for the implementation of 2006 SB 418, the Family and Personal Protection Act.
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### House Budget Committee Report

Agency: Department of Revenue Bill No. HB 2542

Bill Sec. 43

Analyst: Deckard

Analysis Pg. No. Vol. II-1016

Budget Page No. 335

<u>Expenditure Summary</u>	<u>Agency Request FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 20,572,118	\$ 21,117,317	\$ (718,472)
Other Funds	73,912,993	75,536,507	(1,455,749)
Subtotal - Operating	<u>\$ 94,485,111</u>	<u>\$ 96,653,824</u>	<u>\$ (2,174,221)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 94,485,111</u>	 <u>\$ 96,653,824</u>	 <u>\$ (2,174,221)</u>
 FTE Positions	 1,146.0	 1,146.0	 0.0
Non FTE Uncl. Perm. Pos.	15.5	15.5	0.0
TOTAL	<u>1,161.5</u>	<u>1,161.5</u>	<u>0.0</u>

#### Agency Request

The Department requests FY 2008 operating expenditures of \$94,485,111, including \$20,572,118 from the State General Fund. This request is an increase of \$826,713, or 0.9 percent, above the FY 2007 revised estimate. The request includes a State General Fund increase of \$104,883, or 0.5 percent, above the FY 2007 estimate. The request includes two enhancement packages totaling \$548,508, including \$173,267 from the State General Fund. Without the enhancement packages, the request would be an increase of \$278,205, or 0.3 percent, above the FY 2007 estimate.

#### Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$96,653,824, including \$21,117,317 from the State General Fund. This is an increase of \$3,141,203, or 3.4 percent, above the FY 2007 recommendation. The FY 2008 recommendation is an increase of \$2,168,713, or 2.3 percent, above the amount requested by the agency. The Governor recommends a portion of the enhancement requests submitted by the agency. The Governor recommends \$48,187 for the Kansas Advisory Council on Intergovernmental Relations and \$250,160, including \$86,634 from the

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State General Fund, for the purchase of twenty vehicles. The Governor's FY 2008 recommendation includes the addition of \$1,875,874, including \$583,651 from the State General Fund for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Additionally, the Governor recommends an increase of \$543,000 in expenditures from the Special County Mineral Production Fund.

### **House Budget Committee Recommendation**

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

1. Delete \$1,875,874, including \$583,651 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$250,160, including \$86,634 from the State General Fund, to remove recommended funding to replace 20 vehicles for consideration at Omnibus.
3. Delete \$48,187 from the State General Fund in FY 2007 for the Kansas Advisory Council on Intergovernmental Relations for review at Omnibus.
4. The Budget Committee notes that 2006 SB 388 established the Biodiesel Fuel Producer Incentive. This incentive, in conjunction with the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive, established in KSA 79-34-156, account for \$7.0 million of incentives. The Budget Committee recommends that the funding for these incentives be reviewed closely at Omnibus. The Committee expressed particular concern regarding the transfer from the Economic Development Initiatives Fund to the Biodiesel Fuel Producer Incentive Fund in the amount of \$3.5 million in FY 2008.

## Senate Subcommittee Report

**Agency:** Board of Tax Appeals      **Bill No.** SB 358

**Bill Sec.** 22

**Analyst:** Deckard      **Analysis Pg. No.** Vol. II-730

**Budget Page No.** 393

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 1,482,559	\$ 1,482,559	\$ 0
Other Funds	426,139	426,139	0
Subtotal - Operating	\$ 1,908,698	\$ 1,908,698	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 1,908,698</b>	<b>\$ 1,908,698</b>	<b>\$ 0</b>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>26.0</b>	<b>26.0</b>	<b>0.0</b>

### Agency Estimate

The agency's estimate for FY 2007 operating expenditures is \$1,908,698, including \$1,482,559 from the State General Fund. This estimate is an all funds increase of \$738, or less than 0.1 percent, above the amount approved by the 2006 Legislature. The increase is due to a State General Fund reappropriation of \$738 from FY 2006. The agency is also requesting an additional \$1,800 in State General Fund moneys offset by a corresponding decrease in fee funds.

### Governor's Recommendation

The Governor recommends \$1,908,698 for FY 2007 operating expenditures, including \$1,482,559 from the State General Fund. This is an increase of \$738, or less than 0.1 percent, above the amount approved by the 2006 Legislature. The recommendation is the same as the agency's estimate.

### Senate Subcommittee Recommendation

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

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1. The Subcommittee commends the agency for receiving a grant from the Information Network of Kansas (INK) to implement a new case tracking system to more efficiently manage cases.
2. The Subcommittee commends the agency for decreasing its backlog of cases during FY 2006, and encourages the agency to continue its efforts.
3. The Subcommittee notes that the agency has indicated it will be requesting a Governor's Budget Amendment for \$16,880 from the State General Fund in FY 2007 as a result of Sedgwick County's decision to eliminate its hearing officer panel. The agency is also requesting funding for this issue in FY 2008.

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

### House Budget Committee Report

**Agency:** Board of Tax Appeals      **Bill No.** HB 2541      **Bill Sec.** 22

**Analyst:** Deckard      **Analysis Pg. No.** Vol. II-730      **Budget Page No.** 393

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 1,482,559	\$ 1,482,559	\$ 0
Other Funds	426,139	426,139	0
Subtotal - Operating	<u>\$ 1,908,698</u>	<u>\$ 1,908,698</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 1,908,698</u></u>	<u><u>\$ 1,908,698</u></u>	<u><u>\$ 0</u></u>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>26.0</u></u>	<u><u>26.0</u></u>	<u><u>0.0</u></u>

2-12

## **Agency Estimate**

The agency's estimate for FY 2007 operating expenditures is \$1,908,698, including \$1,482,559 from the State General Fund. This estimate is an all funds increase of \$738, or less than 0.1 percent, above the amount approved by the 2006 Legislature. The increase is due to a State General Fund reappropriation of \$738 from FY 2006. The agency is also requesting an additional \$1,800 in State General Fund moneys offset by a corresponding decrease in fee funds.

## **Governor's Recommendation**

The Governor recommends \$1,908,698 for FY 2007 operating expenditures, including \$1,482,559 from the State General Fund. This is an increase of \$738, or less than 0.1 percent, above the amount approved by the 2006 Legislature. The recommendation is the same as the agency's estimate.

## **House Budget Committee Recommendation**

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

## Senate Subcommittee Report

**Agency:** Board of Tax Appeals      **Bill No.** SB 357

**Bill Sec.** 42

**Analyst:** Deckard      **Analysis Pg. No.** Vol. II-730

**Budget Page No.** 393

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 1,732,431	\$ 1,664,296	\$ (149,421)
Other Funds	390,000	500,535	(37,535)
Subtotal - Operating	\$ 2,122,431	\$ 2,164,831	\$ (186,956)
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 2,122,431	 \$ 2,164,831	 \$ (186,956)
 FTE Positions	 27.0	 26.0	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	27.0	26.0	0.0

### Agency Request

The agency is requesting \$2,122,431 for FY 2008 operating expenditures, including \$1,732,431 from the State General Fund. This request is an increase of \$213,733, or 11.2 percent, above the FY 2007 revised estimate. This amount includes three enhancement packages, totaling \$125,000 from all funding sources. Without the enhancement packages the FY 2008 request is \$1,997,431, an increase of \$88,733, or 4.6 percent, above the FY 2007 revised estimate.

### Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$2,164,831, including \$1,664,296 from the State General Fund. The recommendation is an all funds increase of \$256,133, or 13.4 percent, above the amount recommended for FY 2007. The FY 2008 recommendation is an all funds increase of \$42,400, or 2.0 percent, above the amount requested by the agency. The recommendation includes a portion of the agency's enhancement requests, including \$40,000 from the BOTA Filing Fees Fund for information technology replacement plan and \$71,265, including \$35,000 from the State General Fund, to hire an attorney. The Governor's FY 2008 recommendation includes the addition of \$56,135, including \$54,865 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.

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## Senate Subcommittee Recommendation

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

1. Delete \$56,135, including \$54,865 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$71,265, including \$35,000 from the State General Fund, to hire an additional attorney. The Subcommittee recommends that the issue be reviewed at Omnibus, and that the agency be allowed to fund this position from existing resources if necessary.
3. Delete \$59,556 from the State General Fund in FY 2008 for expenditures that were added by the Governor to the agency's base. The expenditures include the following:
  - \$44,775 for increased compensation for small claims hearing officers;
  - \$4,864 for legal research tools;
  - \$3,778 for capital outlay expenditures, including ergonomically correct chairs; and
  - \$3,139 in other expenditures.

The Subcommittee recommends that these expenditures be reviewed at Omnibus.

4. The Subcommittee notes that the Governor included \$40,000 from the Filing Fee Fund for information technology replacement. The Subcommittee concurs with the recommendation, but wishes to review the issue at Omnibus.
5. The Subcommittee notes that the agency has indicated it will be requesting a Governor's Budget Amendment for \$33,760 from the State General Fund in FY 2008 as a result of Sedgwick County's decision to eliminate its hearing officer panel. The agency indicated that it is also requesting funding for this issue in FY 2007.

## Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

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### House Budget Committee Report

**Agency:** Board of Tax Appeals      **Bill No.** HB 2542

**Bill Sec.** 42

**Analyst:** Deckard      **Analysis Pg. No.** Vol. II-730

**Budget Page No.** 393

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 1,732,431	\$ 1,664,296	\$ (110,282)
Other Funds	390,000	500,535	(1,270)
Subtotal - Operating	<u>\$ 2,122,431</u>	<u>\$ 2,164,831</u>	<u>\$ (111,552)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 2,122,431</u></u>	<u><u>\$ 2,164,831</u></u>	<u><u>\$ (111,552)</u></u>
FTE Positions	27.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>27.0</u></u>	<u><u>26.0</u></u>	<u><u>0.0</u></u>

#### Agency Request

The agency is requesting \$2,122,431 for FY 2008 operating expenditures, including \$1,732,431 from the State General Fund. This request is an increase of \$213,733, or 11.2 percent, above the FY 2007 revised estimate. This amount includes three enhancement packages, totaling \$125,000 from all funding sources. Without the enhancement packages the FY 2008 request is \$1,997,431, an increase of \$88,733, or 4.6 percent, above the FY 2007 revised estimate.

#### Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$2,164,831, including \$1,664,296 from the State General Fund. The recommendation is an all funds increase of \$256,133, or 13.4 percent, above the amount recommended for FY 2007. The FY 2008 recommendation is an all funds increase of \$42,400, or 2.0 percent, above the amount requested by the agency. The recommendation includes a portion of the agency's enhancement requests, including \$40,000 from the BOTA Filing Fees Fund for information technology replacement plan and \$71,265, including \$35,000 from the State General Fund, to hire an attorney. The Governor's FY 2008 recommendation includes the addition of \$56,135, including \$54,865 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.

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## House Budget Committee Recommendation

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

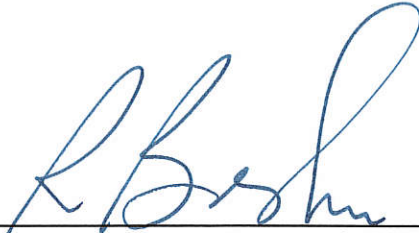
1. Delete \$56,135, including \$54,865 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$55,417 from the State General Fund for increases in FY 2008 above the FY 2007 recommendation and review the expenditures at Omnibus. The items included in the recommendation include the following:
  - \$47,775 for increases in small claims hearing officer hearing compensation;
  - \$4,864 for legal research tools; and
  - \$3,778 for capital outlay expenditures, including ergonomically correct chairs.



FY 2007 and FY 2008

HOUSE SOCIAL SERVICES BUDGET COMMITTEE

Kansas Commission on Veterans' Affairs



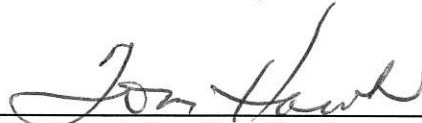
Representative Bob Bethell, Chair



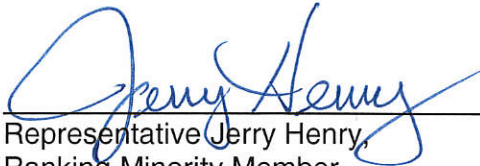
Representative Pat George



Representative Peggy Mast, Vice-Chair



Representative Tom Hawk



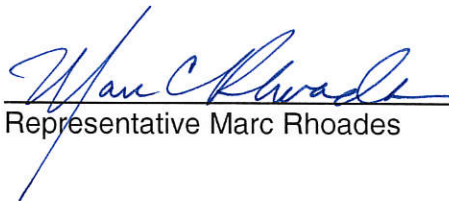
Representative Jerry Henry,  
Ranking Minority Member



Representative Dick Kelsey



Representative Barbara Ballard



Representative Marc Rhoades



Representative David Crum

HOUSE APPROPRIATIONS

DATE 3-02-2007  
ATTACHMENT 3

## Senate Subcommittee Report

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

**Analyst:** O'Hara      **Analysis Pg. No.** Vol. I - 408      **Budget Page No.** 425

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>Senate Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 8,794,809	\$ 8,282,898	\$ 0
Other Funds	9,862,073	9,862,073	0
Subtotal - Operating	<u>\$ 18,656,882</u>	<u>\$ 18,144,971</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	4,422,700	4,644,700	0
Subtotal - Capital Improvements	<u>\$ 4,422,700</u>	<u>\$ 4,644,700</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 23,079,582</u></u>	<u><u>\$ 22,789,671</u></u>	<u><u>\$ 0</u></u>
FTE Positions	557.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>557.8</u></u>	<u><u>557.8</u></u>	<u><u>0.0</u></u>

### Agency Estimate

The agency estimates \$18,656,882, including \$8,794,809 from the State General Fund, for FY 2007 operating expenditures. The estimate is an all funds decrease of \$274,801, or 1.5 percent, above the approved amount. The estimate includes \$511,911 from the State General Fund in supplemental requests. The agency is currently making the transition into operating the Veterans Claim Assistance Program (VCAP), which will fund veterans services organizations (VSOs) to provide services to Kansas veterans. This transition has led to a reduction in staff numbers as well as expenditures for the Veteran Services program within the agency. The increase due to the supplemental request is partially offset by reductions in expenditures due to federal and other funds revenue decreases.

### Governor's Recommendation

The Governor recommends \$18,144,971, including \$8,282,898 from the State General Fund for FY 2007 operating expenditures. The recommendation is \$511,911, or 2.7 percent, less than the agency's current year revised estimate and does not include the agency's supplemental requests.

**Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendation.

**Senate Committee Recommendation**

The Senate Committee concurs with the Subcommittee's recommendation.

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**House Budget Committee Report**

**Agency:** Commission on Veterans' Affairs      **Bill No.** HB 2541      **Bill Sec.** 29

**Analyst:** O'Hara      **Analysis Pg. No.** Vol. I-408      **Budget Page No.** 425

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 8,794,809	\$ 8,282,898	\$ 0
Other Funds	9,862,073	9,862,073	0
Subtotal - Operating	<u>\$ 18,656,882</u>	<u>\$ 18,144,971</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	4,422,700	4,644,610	0
Subtotal - Capital Improvements	<u>\$ 4,422,700</u>	<u>\$ 4,644,610</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 23,079,582</u></u>	<u><u>\$ 22,789,581</u></u>	<u><u>\$ 0</u></u>
<b>FTE Positions</b>	557.8	557.8	0.0
<b>Non FTE Uncl. Perm. Pos.</b>	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>557.8</u></u>	<u><u>557.8</u></u>	<u><u>0.0</u></u>

**Agency Estimate**

The agency estimates \$18,656,882, including \$8,794,809 from the State General Fund, for FY 2007 operating expenditures. The estimate is an all funds decrease of \$274,801, or 1.5 percent, above the approved amount. The estimate includes \$511,911 from the State General Fund in supplemental requests, but this amount is partially offset by decreases in salaries and wages associated with the implementation of the Veterans Claim Assistance Program (VCAP).

### **Governor's Recommendation**

The Governor recommends \$18,144,971, including \$8,282,898 from the State General Fund, for FY 2007 expenditures. The recommendation is \$511,911, or 2.7 percent, less than the agency's current year revised estimate and does not include the agency's supplemental requests.

### **House Budget Committee Recommendation**

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

## Senate Subcommittee Report

**Agency:** Commission on Veterans' Affairs      **Bill No.** SB 357

**Bill Sec.** 50

**Analyst:** O'Hara      **Analysis Pg. No.** Vol. I - 408

**Budget Page No.** 425

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 8,748,432	\$ 8,842,857	\$ (471,758)
Other Funds	10,340,803	10,383,249	(42,446)
Subtotal - Operating	<u>\$ 19,089,235</u>	<u>\$ 19,226,106</u>	<u>\$ (514,204)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	7,667,614	7,667,614	0
Subtotal - Capital Improvements	<u>\$ 7,667,614</u>	<u>\$ 7,667,614</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 26,756,849</u></u>	<u><u>\$ 26,893,720</u></u>	<u><u>\$ (514,204)</u></u>
FTE Positions	558.8	557.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>558.8</u></u>	<u><u>557.8</u></u>	<u><u>0.0</u></u>

### Agency Request

The agency requests \$19,089,235, including \$8,749,432 from the State General Fund, for FY 2008 operating expenditures. The request is an increase of \$432,353, or 2.3 percent, above the FY 2007 revised estimate. The request includes enhancement packages totaling \$377,333 from the State General Fund. Without the enhancement packages, the request would be an increase of \$55,020, or 0.3 percent, above the FY 2007 revised estimate. This increase is attributable to increases of \$202,777 in salaries and wages, \$111,722 in contractual services, \$4,073 in commodities, and \$113,781 in capital outlay.

### Governor's Recommendation

The Governor recommends \$19,226,106, including \$8,842,857 from the State General Fund, for FY 2008 operating expenditures. The recommendation is an increase of \$1,081,135, or 6.0 percent, above the Governor's FY 2008 recommendation. The recommendation is an increase of \$136,871, or 0.7 percent, above the agency's request for FY 2008 operating expenditures. The Governor recommends \$53,420, all from the State General Fund, of the agency's enhancement request for the purchase of two vehicles.

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- The increase is attributable to an increase of \$407,315 in the Administration program for contractual services that is partially offset by decreases in salaries and wages and contractual services in other programs. The increase in contractual services is for increased communication, rents, professional and contractual services, utilities, in-state travel and subsistence, and repairs and service.
- The Governor's FY 2008 recommendation includes the addition of \$460,784, including \$418,338 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.

### Senate Subcommittee Recommendation

1. **Pay Plan Adjustment.** Delete \$460,784, including \$418,338 from the State General Fund, recommended by the Governor for 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and the increase in the longevity payments will be considered at a later time.
2. **Federal Funds Concern.** The Senate Subcommittee notes with concern that \$42,446 of agency federal funds were used for salary adjustments and longevity bonuses in implementing the Governor's pay plan. The agency believes the federal funding cannot be used for this purpose. The agency requested that the \$42,446 from the federal funds be retained by the agency for other operating expenditures and that funding for the Governor's recommended pay plan adjustments be replaced with State General Fund moneys.
3. **Vehicles.** Delete \$53,420, all from the State General Fund, recommended by the Governor as part of the agency's enhancement request for the purchase of two vehicles.

### Senate Committee Recommendation

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

1. **Delete Funding.** Delete \$413,989, all from the State General Fund, recommended by the Governor in FY 2008 for operating expenditures, and review at Omnibus.

### House Budget Committee Report

**Agency:** Commission on Veterans' Affairs      **Bill No.** HB 2542      **Bill Sec.** 50

**Analyst:** O'Hara      **Analysis Pg. No.** Vol. I-408      **Budget Page No.** 425

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 8,748,432	\$ 8,842,857	\$ (885,747)
Other Funds	10,340,803	10,383,249	(42,446)
Subtotal - Operating	<u>\$ 19,089,235</u>	<u>\$ 19,226,106</u>	<u>\$ (928,193)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	7,667,614	7,667,614	0
Subtotal - Capital Improvements	<u>\$ 7,667,614</u>	<u>\$ 7,667,614</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 26,756,849</u>	 <u>\$ 26,893,720</u>	 <u>\$ (928,193)</u>
 FTE Positions	 558.8	 557.8	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>558.8</u>	<u>557.8</u>	<u>0.0</u>

#### Agency Request

The agency requests \$19,089,235 for FY 2008 operating expenditures and this amount is an increase of \$432,353, or 2.3 percent, above the FY 2007 revised estimate. The operating expenditures request includes enhancement requests totaling \$377,333 from the State General Fund. Without the enhancement requests, the operating expenditures request is an increase of \$55,020, or 0.3 percent, above the FY 2007 revised estimate. This increase is attributable to increases in salaries and wages, contractual services, commodities, and capital outlay.

#### Governor's Recommendation

The Governor recommends \$19,226,106, including \$8,842,857 from the State General Fund, for FY 2008 operating expenditures. The recommendation is an increase of \$1,081,135, or 6.0 percent, above the FY 2007 recommendation. The recommendation is an increase of \$136,871, or 0.7 percent, above the agency's request for FY 2008 operating expenditures. The Governor recommends \$53,420, all from the State General Fund, for the agency's enhancement request for the purchase of two vehicles.

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## House Budget Committee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$460,784, including \$418,338 from the State General Fund, recommended by the Governor for a 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and the increase in the longevity payments will be considered at a later time.
2. **Delete Operations Funding.** Delete \$413,989, all from the State General Fund, recommended by the Governor in FY 2008 for operating expenditures, and review at Omnibus.
3. **Vehicles.** Delete \$53,420, all from the State General Fund, recommended by the Governor as part of the agency's enhancement request for the purchase of two vehicles.
4. **Medicaid.** The House Budget Committee notes its encouragement of the agency's goal to pursue conversion of the Kansas Soldiers' Home and the Kansas Veterans' Home into Medicaid-capable facilities.
5. **Mental Health Issues.** The House Budget Committee notes its interest in the agency monitoring mental health legislation and working with the Kansas Soldiers' Home and the Kansas Veterans' Home to implement any changes made in the law with regard to mental health programs.
6. **Best Standards and Practices.** The House Budget Committee notes its interest in the agency pursuing involvement with state associations for implementation of best standards and practices in the healthcare field as it applies to the agency's programs. The Budget Committee is awaiting an answer during Omnibus from the agency with regard to its current involvement with state associations, state agencies, and federal agencies with regard to currently implemented best standards and practices in the healthcare field.
7. **Agency Mission.** The House Budget Committee notes its agreement with the agency's mission statement and encourages the agency to ensure the services provided to veterans remains a priority for the agency now and in the future.
8. **Veterans Services Organizations.** The House Budget Committee notes its approval of the work of the American Legion and Veterans of Foreign Wars organizations with regard to veterans services. The Budget Committee notes these organizations have served Kansas veterans with the heart of a serviceman and servicewoman and wishes to support the organizations' continued success.





P.O. Box 1567 / Hutchinson, KS 67504-1567  
620-694-2610  
City Manager

TESTIMONY ON HB 2383  
House Appropriations Committee  
March 2, 9:00am  
John Dearthoff, City Manager  
HUTCHINSON, KANSAS  
620-694-2610  
[johnd@hutchgov.com](mailto:johnd@hutchgov.com)

Madam Chair and members of the Committee, the City of Hutchinson is seeking support of House Bill 2383. This bill would deed approximately 1.148 acres (see attached) of Kansas State Fair land to the City of Hutchinson. The City is planning to build a municipal reverse osmosis water treatment plant on a contiguous tract of land with a portion of the plant occupying the 1.148 acre tract currently owned by the State of Kansas. This land is currently part of a larger parcel of land leased to and controlled by the City through a lease that originated in 1994. The lease term is 75 years with an option for an additional 25 years. With the investment the City is making in the water plant, the City desires to obtain ownership of the 1.148 acres which a portion of the plant would be constructed.

The City and the Kansas State Fair have entered into a mutual agreement in which the Fair will dedicate necessary waterline easements and subsequent to the approval of the state legislature convey ownership of the property subject to this bill, in return for the City improving certain access roads on the Fair property and providing potential temporary water right offsets for non-domestic groundwater well use on the Fair property.

The Reverse Osmosis (RO) Water Treatment Plant Project provides a regional solution to the widespread regional groundwater contamination problem in the City's southeast industrial area, resulting in an economically beneficial and environmentally sound approach to cleaning up the groundwater contamination. The City will fulfill its obligation with KDHE to clean up the groundwater contamination,



City Hall Fax 620-694-2673  
Central Purchasing Fax 620-694-1971  
Fire Fax 620-694-2875

Park Fax 620-694-2676  
Inspection Fax 620-694-2691  
Municipal Court Fax 620-694-2858

**HOUSE APPROPRIATIONS**

DATE 3-02-2007  
ATTACHMENT 4

and the City water users will be assured of a much higher and safe drinking water upon completion of the project. This project includes source area remediation treatment, many miles of buried pipelines, groundwater remediation extraction wells, deep disposal wells and the reverse osmosis (RO) water treatment plant. The project should be completed and fully operational by 2009.

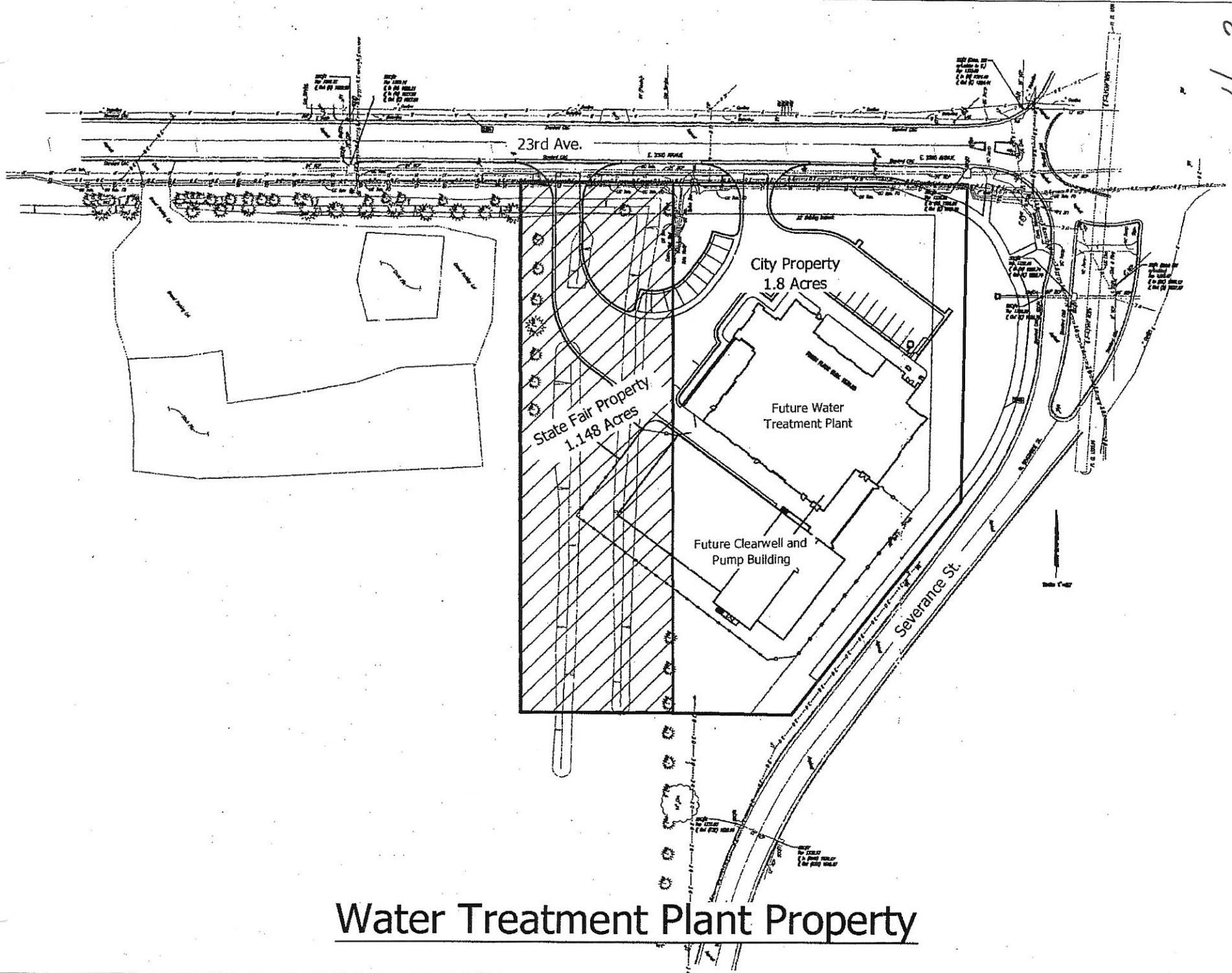
**Background:**

In the early 1980's, the 4<sup>th</sup> and Carey groundwater contamination was discovered when the Environmental Protection Agency (EPA) began testing public water supply wells. A City of Hutchinson well located at the intersection of 4<sup>th</sup> Avenue and Carey Street was found to be contaminated with volatile organic compounds (VOCs). VOCs are man made chemicals produced for use in industrial, commercial and agricultural activities. These VOCs are regulated by EPA and the Safe Drinking Water Act (SDWA) because of potential adverse health effects. The groundwater contamination findings conducted by EPA and the Kansas Department of Health and Environment (KDHE) led to the determination of the 4<sup>th</sup> and Carey Groundwater Contamination Site. The City and local industry leaders stepped forth to keep the site from being placed on EPA's National Priority List (Superfund). Eventually agreements were reached with those suspected of being responsible for the contamination, the City and KDHE. The City signed a consent agreement with KDHE in 1994 whereby we agreed to clean up the site. Separate agreements were reached with the responsible parties in which they agreed to pay for the cleanup. A tax increment finance (TIF) district was established in 1996 to provide some tax funding for actual groundwater cleanup and remediation work.

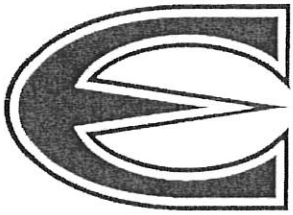
The original plan to remediate the groundwater contamination consisted of pumping water from the ground, air stripping out the VOCs and discharging the resulting remediated water to a receiving stream (Cow Creek). However, much of the remediated water is very high in chlorides and KDHE prohibits its disposal into waterways where it can affect downstream uses. When faced with the inability to discharge the treated water to a receiving stream, the City stepped back in search of a solution that could put the natural water resource to a beneficial use and provide a regional solution for not only the 4<sup>th</sup> and Carey pollution, but also the high chloride waters and other industrial contamination in the area. The most effective way to remove both the VOCs and chlorides from water is through a reverse osmosis (RO) treatment process.

In 2003 the City embarked upon the RO solution to the contamination. In late 2003, an agreement was reached whereby the City assumed financial responsibility for the cleanup of the site in exchange for a cash settlement of \$10,500,000 from the three companies responsible for the groundwater contamination. This groundwater remediation and water treatment plant project is estimated to cost in the range of \$33 to \$35 million. Funding for this project includes over \$12 million received from companies responsible for the groundwater contamination, over \$1 million from the TIF district tax proceeds, \$3.4 million from EPA grants, and \$16.65 million from KDHE low interest water and wastewater revolving loans.

4-3



Water Treatment Plant Property



# EMPORIA STATE UNIVERSITY

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## TESTIMONY REGARDING H.B. 2539

### Presented to House Appropriations Committee

Submitted by John Dougherty on behalf of Emporia State University  
March 2, 2007

Chairman Schwartz and members of the House Appropriations Committee

ESU appears in support of H.B. 2539

*Summary of Bill Provisions. H.B. 2539 authorizes the Board of Regents, on behalf of Emporia State University, to sell a building and the land on which it is situated. The building, known as Anderson Library, is located on the grounds of the previous College of Emporia campus, approximately one mile from the main ESU campus. The ESU request includes authority to sell the building and to deposit proceeds from the sale to a Restricted Use Fund.*

### Background:

Anderson Library Building was constructed by the College of Emporia in 1902. It was also subsequently used as a library by the Way College. When the Way College closed and its facilities were sold, Anderson Library was acquired by friends of ESU, who subsequently donated the building to the University in 1994. ESU has used the building to house its archives, thereby reducing demands upon its main library building. The University periodically receives inquiries from individuals interested in acquisition of this unique 10,181 square foot building, which is on the U.S. Register of Historic Sites. Although the building is unique and has incredible aesthetic appeal, its operation is costly and considerable rehabilitation work is necessary to restore the building to its original condition. The cost of its restoration would be reasonable if it were located on the main campus. However, its location, the relative rarity of funds for renovation, and the efficiency of centralizing University operations on a single campus, cause its sale to be considered. Additionally, the University's multi-year building plan calls for the William Allen White Library, located on the main campus of ESU to be renovated. At the time of William Allen White renovation, archives could be relocated to the main campus. Accordingly, the University requests authority to sell the Anderson Library building. It would be the University's intent to apply proceeds from its sale to the William Allen White renovation project. ESU would obtain independent appraisals of the property, prior to its sale.

HOUSE APPROPRIATIONS

DATE 3-02-2007  
ATTACHMENT 5



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Testimony on House Bill 2539  
Presented to House Appropriations Committee  
Submitted by Susan Peterson on behalf of Kansas State University  
March 2, 2007

Madame Chair and members of the House Appropriations Committee,

Thank-you for the opportunity to present this statement on behalf of Kansas State University in support of House Bill 2539. HB 2539 allows Kansas State University to sell a parcel of land or exchange for a parcel of land of equal value to the Kansas State University Foundation. The property is located on the northeast corner of the K-State campus and is currently used as the sheep grazing property for the College of Agriculture. The College of Agriculture has an alternative site they own where they can relocate the livestock. The University Foundation would like to construct a new Office Building for the Foundation Staff and Volunteers. The facility that currently houses the Foundation is no longer able to house the Foundation staff in one location. In addition to the Foundation Office Building additional buildings and facilities may be constructed on this parcel for University related projects.

The University will use the procedures prescribed by state law requiring three independent appraisals to determine the value of the property.

Thank you Madame Chair for your Favorable Consideration of this legislation.

HOUSE APPROPRIATIONS

DATE 3-02-2007  
ATTACHMENT 6