

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 5, 2007, in Room 514-S of the Capitol.

All members were present except:

- Representative Pat George - excused
- Representative Tom Sawyer - excused
- Representative Jason Watkins - excused

Committee staff present:

- Becky Krahl, Legislative Research Department
- Aaron Klaassen, Legislative Research Department
- Amy Deckard, Legislative Research Department
- Audrey Dunkel, Legislative Research Department
- Amy VanHouse, Legislative Research Department
- Jim Wilson, Revisor of Statutes
- Nikki Feuerborn, Chief of Staff
- Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

- Aaron Dunkel, Department of Health and Environment

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Department of Commerce, Kansas, Inc., Kansas Technology Enterprise Corporation (KTEC)
- Attachment 2 Budget Committee Report on Department of Labor
- Attachment 3 Budget Committee Report on Department of Health and Environment - Health and Department of Health and Environment - Environment
- Attachment 4 Amendment to Budget Committee report on Department of Health and Environment - Environment
- Attachment 5 Clarification of Tract of Land in Miami County

Representative Carlin moved to introduce legislation concerning city sidewalk repair. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Gatewood, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Technology Enterprise Corporation (KTEC) for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 1). The motion was seconded by Representative Powell. Motion carried.

Representative Gatewood, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Technology Enterprise Corporation (KTEC) for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Powell. Motion carried.

Representative Powell, Chair of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Commerce for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

Representative Powell, Chair of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Commerce for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 5, 2007 in Room 514-S of the Capitol.

Gatewood.

Responding to a question from the Committee, the Budget Committee stated that funding in the amount of \$900,000 in Item No. 5 for the Rural Opportunity Program was deleted from the Governor's budget recommendation because it is a new program. The Budget Committee felt existing programs should be funded first and would like to request more information before funding new program.

Representative Burroughs made a substitute motion to reinstate the funding in Item No. 5 for the Rural Opportunity Program and review at Omnibus. The motion was seconded by Representative Lane. Motion carried.

Amy Deckard, Legislative Research Department, explained that the Rural Opportunity Program is a new pilot program to provide funds for communities who were not eligible to participate in a federally funded program. The State program would allow these communities to participate under a state-only-funded program and would have no impact on the federally funded program. There would be no reduction of federal funds.

Representative Carlin moved to delete Item No. 3 and return to the Governor's recommendation with funding from the Economic Development Initiatives Fund (EDIF). The motion was seconded by Representative Feuerborn. Motion failed.

Some members of the Committee felt the funds in Item No. 3 could be better spent in other areas of the state rather than on a lobbyist. In addition, they felt that the State is adequately represented in Washington by the Kansas delegation.

Representative Powell renewed the motion to adopt the Budget Committee recommendation on the Department of Commerce for FY 2008 as amended. The motion was seconded by Representative Beamer. Motion carried.

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

Representative Carlin, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for Kansas, Inc. for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Powell. Motion carried.

Representative Yoder, Chair of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Labor. 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 Lane made a substitute motion to delete Item No. 1 from the Budget Committee report on the Department of Labor for FY 2007. The motion was seconded by Representative Carlin. Motion failed on a 8-9 vote.

Representative Yoder, Chair of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Labor. 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.

Representative Burroughs made a substitute motion on the Budget Committee report for the Department of Labor for FY 2008 to return the funding in Item No. 2 to the Governor's recommendation and review at Omnibus. The motion was seconded by Representative Lane. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 5, 2007 in Room 514-S of the Capitol.

Representative Yoder renewed the motion to adopt the Budget Committee report on the Department of Labor for FY 2008 as amended. The motion was seconded by Representative Lane. Motion carried.

Representative Ballard, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Health and Environment - Health for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 3). The motion was seconded by Representative Bethell. Motion carried.

The Chair recognized Aaron Dunkel, Department of Health and Environment, who responded to a question from the Committee concerning increased rental cost. Mr. Dunkel stated that the increase in rent at the Curtis State Office Building is a result of a change in the formula, not an expansion of space.

- The Committee requested additional information on the rent increase caused by changes to rent formula.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Health and Environment - Health for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 3). The motion was seconded by Representative Bethell.

Representative McLeland made a substitute motion to amend the Budget Committee report on the Department of Health and Environment - Health for FY 2008 to fully fund the \$500,000 for the Pregnancy Maintenance Initiative in Item No. 15. The motion was seconded by Representative Powell. Motion carried.

Representative Ballard moved to amend the Budget Committee report on the Department of Health and Environment - Health for FY 2008 by adding language to Item No. 11 for a review at Omnibus. The motion was seconded by Representative Bethell. Motion carried.

Representative Ballard renewed the motion to adopt the Budget Committee report on the Department of Health and Environment - Health for FY 2008 as amended. The motion was seconded by Representative Bethell. Motion carried.

Representative Powell, Chair of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Health and Environment - Environment for FY 2007 and moved for the adoption of the Budget Committee report for FY 2007 (Attachment 3). The motion was seconded by Representative Beamer. Motion carried.

Representative Powell, Chair of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Health and Environment - Environment for FY 2008 and moved for the adoption of the Budget Committee report for FY 2008 (Attachment 3). The motion was seconded by Representative Gatewood.

Representative Powell made a substitute motion to amend the Budget Committee report on the Department of Health and Environment - Environment for FY 2008 by adding language stating "Add \$120,361 from the State Water Plan Fund to conduct field trials in Cherokee County on soil treatments studied by Kansas State University designed to reduce soil erosion and maintain vegetation in areas impacted by mining" (Attachment 4). The motion was seconded by Representative Gatewood. Motion carried.

Representative Powell renewed the motion to adopt the Budget Committee report on the Department of Health and Environment - Environment for FY 2008. The motion was seconded by Representative Gatewood. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 5, 2007 in Room 514-S of the Capitol.

Discussion and Action on:

HB 2383 - State fair, authorizing real property conveyance to city of Hutchinson and HB 2539 - State Board of Regents, conveyance of certain real estate of Emporia state university and Kansas state university, disposition of proceeds.

Amy Deekard, Legislative Research Department, explained that **HB 2383** would transfer 1.148 acres from the State Fair to the city of Hutchinson. The land is currently leased to the city and the city is planning to build a Reverse Osmosis (RO) Water Treatment Plant at the location.

Representative Tafanelli moved to recommend **HB 2383** favorably for passage. The motion was seconded by Representative Bethell. Motion carried.

Audrey Dunkel, Legislative Research Department, explained that **HB 2539** allows Emporia State University of sell the Anderson Library. In addition, the bill allows Kansas State University to transfer a tract of land to their Foundation.

Representative Carlin moved to recommend **HB 2539** favorably for passage. The motion was withdrawn.

Representative Tafanelli moved to reconsider action on **HB 2383**. The motion was seconded by Representative Lane. Motion carried.

Representative Feuerborn moved to amend **HB 2539** by adding the language from **HB 2383**. The motion was seconded by Representative Tafanelli. Motion carried.

Representative Feuerborn moved to amend **HB 2539** by adding language to clarify the description of a tract of land in Miami County transferred from the Osawatomie State Hospital to the City of Osawatomie, as addressed by the 2006 Legislature in **SB 553** (Attachment 5). The motion was seconded by Representative Gatewood. Motion carried.

Representative Carlin moved to recommend **HB 2539** as amended favorable for passage. The motion was seconded by Representative Bethell. Motion carried.

The meeting was adjourned at 10:55 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 6, 2007.


Sharon Schwartz, Chair

FY 2007 and FY 2008

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

Department of Commerce
Kansas Inc.
Kansas Technology Enterprise Corporation



Representative Larry Powell, Chair



Representative Vaughn Flora



Representative John Grange, Vice-Chair



Representative Carl Holmes



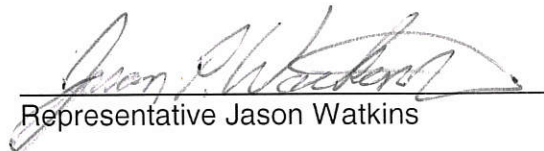
Representative Doug Gatewood
Ranking Minority Member



Representative Sharon Schwartz



Representative Clay Aurand



Representative Jason Watkins



Representative Sydney Carlin

HOUSE APPROPRIATIONS

DATE 3-05-2007
ATTACHMENT 1

Senate Subcommittee Report

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

Bill Sec. 26

Analyst: Deckard

Analysis Pg. No. Vol. II-1048

Budget Page No. 89

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 4,462,987	\$ 4,462,987	\$ 0
Other Funds	104,480,176	104,435,176	0
Subtotal - Operating	\$ 108,943,163	\$ 108,898,163	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	463,500	463,500	0
Subtotal - Capital Improvements	\$ 463,500	\$ 463,500	\$ 0
TOTAL	\$ 109,406,663	\$ 109,361,663	\$ 0
FTE Positions	423.1	423.1	0.0
Non FTE Uncl. Perm. Pos.	45.0	45.0	0.0
TOTAL	468.1	468.1	0.0

Agency Estimate

The agency estimates FY 2007 operating expenditures of \$108,943,163, including \$4,462,987 from the State General Fund. The estimate is an all funds decrease of \$2,054,052, or 1.9 percent, below the amount approved by the 2006 Legislature. The decrease is mainly attributable to decreases in Investments in Major Projects and Comprehensive Training (IMPACT) expenditures and decreases in federal funding. These decreases are partially offset by a supplemental request of \$45,000 for trade assistance.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$108,898,163, including \$4,462,987 from the State General Fund. The recommendation is a decrease of \$2,099,052, or 1.9 percent, below the amount approved by the 2006 Legislature and a decrease of \$45,000, or less than 0.1 percent, below the agency's estimate. The decrease is due to the Governor not recommending the agency supplemental request.

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Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Department of Commerce **Bill No.** HB 2541 **Bill Sec.** 26

Analyst: Deckard **Analysis Pg. No.** Vol. II-1048 **Budget Page No.** 89

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 4,462,987	\$ 4,462,987	\$ 0
Other Funds	104,480,176	104,435,176	0
Subtotal - Operating	<u>\$ 108,943,163</u>	<u>\$ 108,898,163</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	463,500	463,500	0
Subtotal - Capital Improvements	<u>\$ 463,500</u>	<u>\$ 463,500</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 109,406,663</u></u>	 <u><u>\$ 109,361,663</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 423.1	 423.1	 0.0
Non FTE Uncl. Perm. Pos.	45.0	45.0	0.0
TOTAL	<u><u>468.1</u></u>	<u><u>468.1</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2007 operating expenditures of \$108,943,163, including \$4,462,987 from the State General Fund. The estimate is an all funds decrease of \$2,054,052, or 1.9 percent, below the amount approved by the 2006 Legislature. The decrease is mainly attributable to decreases in Investments in Major Projects and Comprehensive Training (IMPACT)

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expenditures and decreases in federal funding. These decreases are partially offset by a supplemental request of \$45,000 for trade assistance.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$108,898,163, including \$4,462,987 from the State General Fund. The recommendation is a decrease of \$2,099,052, or 1.9 percent, below the amount approved by the 2006 Legislature and a decrease of \$45,000, or less than 0.1 percent, below the agency's estimate. The decrease is due to the Governor not recommending the agency supplemental request.

House Budget Committee Recommendation

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

Senate Subcommittee Report

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

Bill Sec. 46

Analyst: Deckard

Analysis Pg. No. Vol. II-1048

Budget Page No. 89

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 460,515	\$ 616,671	\$ (5,906)
Other Funds	103,003,958	107,806,590	(3,737,077)
Subtotal - Operating	\$ 103,464,473	\$ 108,423,261	\$ (3,742,983)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	250,000	250,000	0
Subtotal - Capital Improvements	\$ 250,000	\$ 250,000	\$ 0
TOTAL	\$ 103,714,473	\$ 108,673,261	\$ (3,742,983)
FTE Positions			
	423.1	423.1	0.0
Non FTE Uncl. Perm. Pos.			
	45.0	45.0	0.0
TOTAL	468.1	468.1	0.0

Agency Request

The agency requests \$103,464,473, including \$460,515 from the State General Fund, for FY 2008 operating expenditures. The request is a decrease of \$5,478,690, or 5.0 percent, below the FY 2007 estimate. The request includes two enhancement packages, totaling \$1,162,500 from all funding sources. Without the enhancement packages, the request would be a decrease of \$6,641,190, or 6.1 percent, below the FY 2007 revised estimate. The reduction is mainly attributable to the \$4.0 million in energy program grants in FY 2007 that are not requested in FY 2008, reduction in revenue sources including federal funds, and contracts for services which were completed in FY 2007.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$108,423,261, including \$616,671 from the State General Fund. The recommendation is a decrease of \$474,902, or 0.4 percent, below the FY 2007 recommendation. The FY 2008 recommendation is an increase of \$4,958,788, or 4.8 percent, above the agency's request. The Governor's FY 2008 recommendation includes the addition of \$783,788, including \$6,156 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

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merit pool for unclassified employees, and the longevity enhancement. The recommendation includes a portion of the agency's enhancement request, totaling \$87,500 for the purchase of seven vehicles. Additionally, the Governor's recommendation includes the addition of \$150,000 from the State General Fund for the Strong Military Bases Program, the addition of \$3,000,000 from the Economic Development Initiatives Fund for On TRACK Program, and the addition of \$2,100,000 from the Economic Development Initiatives Fund for the Rural Opportunity Program.

Also included in the Governor's recommendation is that the Eaton Corporation receive a portion of the income tax withholding it pays for its employees at its Hutchinson hydraulics manufacturing plant. Additionally, the Governor recommends the creation of new film production tax incentives, not to exceed \$2.0 million in FY 2008. There is no funding associated with these recommendations for the Department of Commerce.

Senate Subcommittee Recommendation

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

1. Delete \$742,983, including \$5,906 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 \$3.0 million from the Economic Development Initiatives Fund (EDIF) that the Governor recommended for the newly created On TRACK program, which includes state sponsored sign-on bonus, promotion of the state image by partnering with employees, and employer based child care demonstration projects. The Subcommittee recommends that the agency pursue the program concept in the Senate Commerce Committee where it can be developed and detailed more fully.

Senate Committee Recommendation

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

1. Delete \$87,500, all from special revenue funds, to remove recommended funding for seven vehicles for consideration at Omnibus.

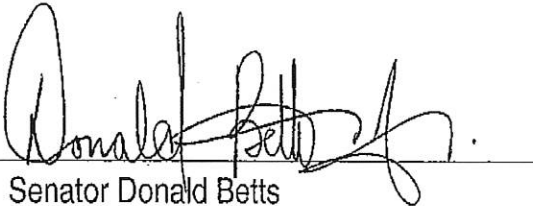
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Minority Report

I concur with the Senate Subcommittee recommendation for the Department of Commerce in FY 2008 with the following adjustment:

1. Review the addition of \$3.0 million from the Economic Development Initiatives Fund for the On TRACK program during Omnibus. The On TRACK program is an innovative program which is attempting to address pressing issues within the business community of the state. The On TRACK program includes state sponsored sign-on bonuses, teacher shortage initiative, partnering with Kansas employers to promote the state image, employer based child care demonstration projects, and certification of workforce credentials.

It is my opinion that the program would provide a valuable service to Kansans and the funding should be reviewed at Omnibus.



Senator Donald Betts

House Budget Committee Report

Agency: Department of Commerce **Bill No.** HB 2542

Bill Sec. 46

Analyst: Deckard

Analysis Pg. No. Vol. II-1048

Budget Page No. 89

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 460,515	\$ 616,671	\$ (155,906)
Other Funds	<u>103,003,958</u>	<u>107,806,590</u>	<u>(3,124,577)</u>
Subtotal - Operating	<u>\$ 103,464,473</u>	<u>\$ 108,423,261</u>	<u>\$ (3,280,483)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 103,714,473</u>	 <u>\$ 108,673,261</u>	 <u>\$ (3,280,483)</u>
 FTE Positions	 423.1	 423.1	 0.0
Non FTE Uncl. Perm. Pos.	<u>45.0</u>	<u>45.0</u>	<u>0.0</u>
TOTAL	<u>468.1</u>	<u>468.1</u>	<u>0.0</u>

Agency Request

The agency requests \$103,464,473, including \$460,515 from the State General Fund, for FY 2008 operating expenditures. The request is a decrease of \$5,478,690, or 5.0 percent, below the FY 2007 estimate. The request includes two enhancement packages, totaling \$1,162,500 from all funding sources. Without the enhancement packages, the request would be a decrease of \$6,641,190, or 6.1 percent, below the FY 2007 revised estimate. The reduction is mainly attributable to the \$4.0 million in energy program grants in FY 2007 that are not requested in FY 2008, reduction in revenue sources including federal funds, and contracts for services which were completed in FY 2007.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$108,423,261, including \$616,671 from the State General Fund. The recommendation is a decrease of \$474,902, or 0.4 percent, below the FY 2007 recommendation. The FY 2008 recommendation is an increase of \$4,958,788, or 4.8 percent, above the agency's request. The Governor's FY 2008 recommendation

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includes the addition of \$783,788, including \$6,156 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. The recommendation includes a portion of the agency's enhancement request, totaling \$87,500 for the purchase of seven vehicles. Additionally, the Governor's recommendation includes the addition of \$150,000 from the State General Fund for the Strong Military Bases Program, the addition of \$3,000,000 from the Economic Development Initiatives Fund for On TRACK Program, and the addition of \$2,100,000 from the Economic Development Initiatives Fund for the Rural Opportunity Program.

Also included in the Governor's recommendation is that the Eaton Corporation receive a portion of the income tax withholding it pays for its employees at its Hutchinson hydraulics manufacturing plant. Additionally, the Governor recommends the creation of new film production tax incentives, not to exceed \$2.0 million in FY 2008. There is no funding associated with these recommendations for the Department of Commerce.

House Budget Committee Recommendation

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

1. Delete \$742,983, including \$5,906 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 \$87,500, all from special revenue funds, to remove recommended funding to replace seven vehicles for consideration at Omnibus.
3. Delete \$150,000 from the State General Fund, and add \$100,000 from the Economic Development Initiatives Fund (EDIF) in FY 2008 for the Strong Military Bases. The Budget Committee reduces the amount recommended for this program by \$50,000 and shifts funding for the remaining amount from the State General Fund to EDIF.
4. Delete \$1.5 million from EDIF for the On TRACK program. The On TRACK program includes state sponsored sign-on bonuses, promotion of the state image by partnering with employers, and employer based child care demonstration projects. The Budget Committee discussed and noted the need for child care across the state and supports the demonstration projects proposed to be located in Wichita and Junction City. Additionally, the Budget Committee recommends inclusion of language that would limit the amount to be spent on sign-on bonuses to \$500,000 in FY 2008 and directs the agency to report back on the progress of the program, including the return on investment for the state, to the 2007 Legislature.
5. Delete \$900,000 from EDIF for the Rural Opportunity Program. The Budget Committee recommends deleting funding for the following initiatives included in the program:

- \$300,000 for the creation and staffing of the Office for Rural Opportunity which would be located in rural areas to assist communities and regions to strategic planning resources and programs and act as a liaison with other state and federal agencies;
- \$100,000 for capacity building and strategic planning grants; and
- \$500,000 for a pilot state funded Kansas Small Town Environment Program (KAN-STEP) program. The current KAN-STEP program, which addresses water, sewer, and public building needs, is only federally funded, this expansion would create a state funded program whose eligibility requirements could be adjusted.

The Budget Committee concurs with the Governor's recommendation for the following enhancements included in the Program:

- \$200,000 for the Main Street Program which is a program for downtown redevelopment and historic preservation; and
- \$1.0 million for the Kansas Small Business Development Centers which work with small businesses, start-up and entrepreneurs to help them compete and grow.

Additionally, the Budget Committee notes its support of the other programs and encourages the agency to find funding to continue these programs.

Senate Subcommittee Report

Agency: Kansas Inc.

Bill No. SB 358

Bill Sec. - -

Analyst: Deckard

Analysis Pg. No. Vol. II-1082

Budget Page No. 249

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 25,000	\$ 25,000	\$ 0
Other Funds	700,475	700,475	0
Subtotal - Operating	<u>\$ 725,475</u>	<u>\$ 725,475</u>	<u>\$ 0</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><u>\$ 725,475</u></u>	<u><u>\$ 725,475</u></u>	<u><u>\$ 0</u></u>
FTE Positions	4.5	4.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>5.5</u></u>	<u><u>5.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency's estimate for FY 2007 operating expenditures is \$725,475, a reduction of \$5,675, or 0.8 percent, below the amount approved by the 2006 Legislature. The adjustment was due to a revised fee fund revenue estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$725,475, a decrease of \$5,675, or 0.8 percent, below 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.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

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House Budget Committee Report

Agency: Kansas Inc.

Bill No. HB 2541

Bill Sec. --

Analyst: Deckard

Analysis Pg. No. Vol. II-1082

Budget Page No. 249

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 25,000	\$ 25,000	\$ 0
Other Funds	700,475	700,475	0
Subtotal - Operating	<u>\$ 725,475</u>	<u>\$ 725,475</u>	<u>\$ 0</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><u>\$ 725,475</u></u>	<u><u>\$ 725,475</u></u>	<u><u>\$ 0</u></u>
FTE Positions	4.5	4.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>5.5</u></u>	<u><u>5.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency's estimate for FY 2007 operating expenditures is \$725,475, a reduction of \$5,675, or 0.8 percent, below the amount approved by the 2006 Legislature. The adjustment was due to a revised fee fund revenue estimate.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$725,475, a decrease of \$5,675, or 0.8 percent, below 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: Kansas Inc.

Bill No. SB 357

Bill Sec. 47

Analyst: Deckard

Analysis Pg. No. Vol. II-1082

Budget Page No. 249

<u>Expenditure Summary</u>	<u>Agency Request FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	708,101	622,789	85,312
Subtotal - Operating	<u>\$ 708,101</u>	<u>\$ 622,789</u>	<u>\$ 85,312</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><u>\$ 708,101</u></u>	<u><u>\$ 622,789</u></u>	<u><u>\$ 85,312</u></u>
FTE Positions	4.5	4.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>5.5</u></u>	<u><u>5.5</u></u>	<u><u>0.0</u></u>

Agency Request

The agency requests \$708,101 for FY 2008 operating expenditures, a decrease of \$17,374, or 2.4 percent, below the FY 2007 estimate. The request includes two enhancement packages totaling \$120,000 from all funding sources. Without the enhancement packages, the agency's request would be a reduction of \$137,374, or 18.9 percent, below the FY 2007 estimate.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$622,789, none of which is from the State General Fund. The recommendation is a decrease of \$102,686, or 14.2 percent, below the amount recommended for FY 2007. The recommendation is a decrease of \$85,312, or 12.0 percent, below the amount requested by the agency. The reduction is due to Governor not recommending the agency's enhancement request for \$100,000 for an evaluation of the Kansas Technology Enterprise Corporation. The Governor did recommend \$20,000 from the Economic Development Initiatives Fund to increase the president's salary. The Governor's FY 2008 recommendation includes the addition of \$14,688, 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

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

1. Delete \$14,688, all from special revenue funds, 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. Add \$100,000 from the Economic Development Initiatives Fund (EDIF) for an evaluation of the Kansas Technology Enterprise Corporation in FY 2008. The Subcommittee notes that this evaluation is a statutory requirement for the agency. The Subcommittee recommends that if sufficient funds are not available in the EDIF, the funds shall come from the Kansas Technology Enterprise Corporation EDIF appropriation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Kansas Inc. **Bill No.** HB 2542 **Bill Sec.** 47
Analyst: Deckard **Analysis Pg. No.** Vol. II-1082 **Budget Page No.** 249

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	708,101	622,789	(14,688)
Subtotal - Operating	<u>\$ 708,101</u>	<u>\$ 622,789</u>	<u>\$ (14,688)</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><u>\$ 708,101</u></u>	<u><u>\$ 622,789</u></u>	<u><u>\$ (14,688)</u></u>
FTE Positions	4.5	4.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>5.5</u></u>	<u><u>5.5</u></u>	<u><u>0.0</u></u>

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Agency Request

The agency requests \$708,101 for FY 2008 operating expenditures, a decrease of \$17,374, or 2.4 percent, below the FY 2007 estimate. The request includes two enhancement packages totaling \$120,000 from all funding sources. Without the enhancement packages, the agency's request would be a reduction of \$137,374, or 18.9 percent, below the FY 2007 estimate.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$622,789, none of which is from the State General Fund. The recommendation is a decrease of \$102,686, or 14.2 percent, below the amount recommended for FY 2007. The recommendation is a decrease of \$85,312, or 12.0 percent, below the amount requested by the agency. The reduction is due to Governor not recommending the agency's enhancement request for \$100,000 for an evaluation of the Kansas Technology Enterprise Corporation. The Governor did recommend \$20,000 from the Economic Development Initiatives Fund to increase the president's salary. The Governor's FY 2008 recommendation includes the addition of \$14,688, 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.

House Budget Committee Recommendation

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

1. Delete \$14,688, all from special revenue funds, 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.

Senate Subcommittee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** SB 358

Bill Sec. - -

Analyst: Deckard

Analysis Pg. No. Vol. II-1070

Budget Page No. 269

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 275,000	\$ 275,000	\$ 0
Other Funds	13,997,750	13,836,637	161,113
Subtotal - Operating	<u>\$ 14,272,750</u>	<u>\$ 14,111,637</u>	<u>\$ 161,113</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><u>\$ 14,272,750</u></u>	<u><u>\$ 14,111,637</u></u>	<u><u>\$ 161,113</u></u>
FTE Positions	28.8	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>28.8</u></u>	<u><u>16.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2007 operating expenditures at \$14,272,750, including \$275,000 from the State General Fund. The estimate is an increase of \$140,275, or 1.0 percent, above the amount approved by the 2006 Legislature. The estimate includes the reappropriation of \$161,113 from the Economic Development Initiatives Fund. This is partially offset by a \$20,838 reduction in agency fee fund expenditures for FY 2007 due to revised revenue estimates.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$14,111,637, including \$275,000 from the State General Fund. The recommendation is an all funds decrease of \$20,838 and 12.8 FTE positions from the amount approved by the 2006 Legislature. The recommendation is a reduction of \$161,113, or 1.1 percent, below the amount requested by the agency. The decrease is due to the Governor's recommendation to lapse the Economic Development Initiatives Fund reappropriation of \$161,113 in FY 2007. Additionally, the Governor recommends a reduction of 12.8 FTE positions in the MAMTC division. During the restructure of MAMTC during FY 2006, 12.8 positions in the MAMTC division were converted from unclassified state employees to contract

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employees. The Governor concurs with the agency's revised revenue estimates, which are a decrease of \$20,838.

Senate Subcommittee Recommendation

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

1. Add \$161,113 from the Economic Development Initiatives Fund (EDIF) in FY 2007. The Governor recommended lapsing \$161,113 from EDIF, however, the agency indicated that the funds were already committed to existing programs.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** HB 2541 **Bill Sec.** --

Analyst: Deckard **Analysis Pg. No.** Vol. II-1070 **Budget Page No.** 269

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 275,000	\$ 275,000	\$ 0
Other Funds	13,997,750	13,836,637	161,113
Subtotal - Operating	<u>\$ 14,272,750</u>	<u>\$ 14,111,637</u>	<u>\$ 161,113</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><u>\$ 14,272,750</u></u>	<u><u>\$ 14,111,637</u></u>	<u><u>\$ 161,113</u></u>
FTE Positions	28.8	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>28.8</u></u>	<u><u>16.0</u></u>	<u><u>0.0</u></u>

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Agency Estimate

The agency estimates FY 2007 operating expenditures at \$14,272,750, including \$275,000 from the State General Fund. The estimate is an increase of \$140,275, or 1.0 percent, above the amount approved by the 2006 Legislature. The estimate includes the reappropriation of \$161,113 from the Economic Development Initiatives Fund. This is partially offset by a \$20,838 reduction in agency fee fund expenditures for FY 2007 due to revised revenue estimates.

Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$14,111,637, including \$275,000 from the State General Fund. The recommendation is an all funds decrease of \$20,838 and 12.8 FTE positions from the amount approved by the 2006 Legislature. The recommendation is a reduction of \$161,113, or 1.1 percent, below the amount requested by the agency. The decrease is due to the Governor's recommendation to lapse the Economic Development Initiatives Fund reappropriation of \$161,113 in FY 2007. Additionally, the Governor recommends a reduction of 12.8 FTE positions in the MAMTC division. During the restructure of MAMTC during FY 2006, 12.8 positions in the MAMTC division were converted from unclassified state employees to contract employees. The Governor concurs with the agency's revised revenue estimates, which are a decrease of \$20,838.

House Budget Committee Recommendation

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

1. Add \$161,113 from the Economic Development Initiatives Fund (EDIF) in FY 2007. The Governor recommended lapsing \$161,113 from EDIF, however, the agency indicated that the funds were already committed to existing programs.

Senate Subcommittee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** SB 357

Bill Sec. 48

Analyst: Deckard

Analysis Pg. No. Vol. II-1070

Budget Page No. 269

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	14,491,637	13,676,238	472,798
Subtotal - Operating	\$ 14,491,637	\$ 13,676,238	\$ 472,798
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 14,491,637	\$ 13,676,238	\$ 472,798
FTE Positions	28.8	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	28.8	16.0	0.0

Agency Request

The agency requests FY 2008 operating expenditures of \$14,491,637, an increase of \$218,887, or 1.5 percent, above the FY 2007 estimate. The request includes three enhancement packages totaling \$750,000. Without the enhancement packages, the request would be a decrease of \$531,113, or 3.7 percent, below the FY 2007 revised estimate. The FY 2007 estimate includes a one-time expenditure of \$275,000 from the State General Fund in the area of commercialization for the Pipeline Mentoring Program and the Entrepreneurs-in-Residence Program. Additionally, the FY 2008 request includes decreases in EPSCoR/Star funds including \$161,113 from the Economic Development Initiatives Fund and \$95,000 from special revenue funds. The agency has requested enhancement packages to supplement this funding, including \$525,000 from the Economic Development Initiatives Fund for the Pipeline Mentoring Program and Entrepreneurs-in-Residence Program and \$125,000 from the Economic Development Initiatives Fund for EPSCoR/Star Fund.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$13,676,238, a decrease of \$435,399, or 3.1 percent, below the FY 2007 recommendation. The recommendation is a reduction of \$815,399, or 5.6 percent, below the agency's request. The recommendation does not include any

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of the agency's enhancement requests which total \$750,000. Additionally, the Governor's recommendation includes a \$104,000 reduction in salaries and wages, for a salaries and wages shrinkage rate of 9.0 percent. The Governor's FY 2008 recommendation includes the addition of \$38,601, 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. The Governor recommends a reduction of 12.8 FTE positions in the MAMTC division. During the restructure of MAMTC during FY 2006, 12.8 positions in the MAMTC division were converted from unclassified state employees to contract employees. The Governor recommended that these positions be reduced in FY 2007 and continues that recommendation.

Senate Subcommittee Recommendation

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

1. Delete \$38,601, all from special revenue funds, 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. Add \$511,399 from the Economic Development Initiatives Fund (EDIF) for the Pipeline Program which identifies entrepreneurial Kansans and provides them with training, resources and mentors to enhance their success as technology entrepreneurs.
3. Consider the addition of \$150,000 from the EDIF for the Entrepreneur-in-Residence program at Omnibus. The Entrepreneur-in-Residence program attempts to stimulate results in strategic industries through contracts with individuals.
4. Consider the addition of \$125,000 from the EDIF for EPSCoR (Experimental Program to Stimulate Competitive Research) at Omnibus. The Subcommittee notes that this program is aimed at improving the competitiveness of academic research in states that have not traditionally fared well in attracting federal research funds. The Subcommittee also notes that the agency indicated it would anticipate receiving an additional \$1.5 million in federal funds if it receives the \$125,000 from EDIF to use as matching funds.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** HB 2542

Bill Sec. 48

Analyst: Deckard

Analysis Pg. No. Vol. II-1070

Budget Page No. 269

<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	\$ 0	\$ 0	\$ 0
Other Funds	14,491,637	13,676,238	645,798
Subtotal - Operating	<u>\$ 14,491,637</u>	<u>\$ 13,676,238</u>	<u>\$ 645,798</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>\$ 14,491,637</u>	 <u>\$ 13,676,238</u>	 <u>\$ 645,798</u>
 FTE Positions	 28.8	 16.0	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>28.8</u>	<u>16.0</u>	<u>0.0</u>

Agency Request

The agency requests FY 2008 operating expenditures of \$14,491,637, an increase of \$218,887, or 1.5 percent, above the FY 2007 estimate. The request includes three enhancement packages totaling \$750,000. Without the enhancement packages, the request would be a decrease of \$531,113, or 3.7 percent, below the FY 2007 revised estimate. The FY 2007 estimate includes a one-time expenditure of \$275,000 from the State General Fund in the area of commercialization for the Pipeline Mentoring Program and the Entrepreneurs-in-Residence Program. Additionally, the FY 2008 request includes decreases in EPSCoR/Star funds including \$161,113 from the Economic Development Initiatives Fund and \$95,000 from special revenue funds. The agency has requested enhancement packages to supplement this funding, including \$525,000 from the Economic Development Initiatives Fund for the Pipeline Mentoring Program and Entrepreneurs-in-Residence Program and \$125,000 from the Economic Development Initiatives Fund for EPSCoR/Star Fund.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$13,676,238, a decrease of \$435,399, or 3.1 percent, below the FY 2007 recommendation. The recommendation is a reduction

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of \$815,399, or 5.6 percent, below the agency's request. The recommendation does not include any of the agency's enhancement requests which total \$750,000. Additionally, the Governor's recommendation includes a \$104,000 reduction in salaries and wages, for a salaries and wages shrinkage rate of 9.0 percent. The Governor's FY 2008 recommendation includes the addition of \$38,601, 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. The Governor recommends a reduction of 12.8 FTE positions in the MAMTC division. During the restructure of MAMTC during FY 2006, 12.8 positions in the MAMTC division were converted from unclassified state employees to contract employees. The Governor recommended that these positions be reduced in FY 2007 and continues that recommendation.

House Budget Committee Recommendation

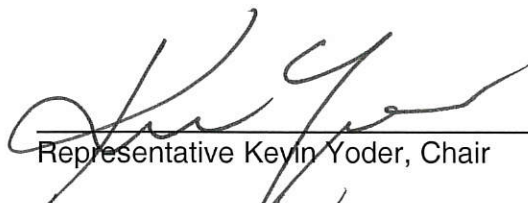
The House Budget Committee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$38,601, all from special revenue funds, 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. Add \$69,000 from the Economic Development Initiatives Fund to increase the base salary for employees to allow the agency to discontinue the bonus program without impacting employees salary expectations.
3. Add \$104,000 from the Economic Development Initiatives Fund that the Governor recommended removing for salaries and wages shrinkage for the agency. The agency has historically not had any shrinkage applied.
4. Add \$511,399 from the Economic Development Initiatives Fund for the Pipeline Program. Of this amount, \$236,399 would restore the program to historical levels and the remaining \$275,000 would fund the agency's enhancement package to increase funding for this program, which identifies entrepreneurial Kansans and provides them with training, resources, and mentors to enhance their success as technology entrepreneurs.

FY 2007 and FY 2008

HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

Department of Labor



Representative Kevin Yoder, Chair


Representative Rocky Fund


Representative Kasha Kelley, Vice-Chair

Representative Annie Kuether


Representative Harold Lane,
Ranking Minority Member


Representative JoAnn Pottorff


Representative Virginia Beamer


Representative Charles Roth

Representative Tom Burroughs

HOUSE APPROPRIATIONS

DATE 3-05-2007
ATTACHMENT 2

House Budget Committee Report

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

Bill Sec. 28

Analyst: O'Hara

Analysis Pg. No. Vol. I - 226

Budget Page No. 271

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 404,764	\$ 518,202	\$ (113,438)
Other Funds	310,275,474	288,775,474	0
Subtotal - Operating	\$ 310,680,238	\$ 289,293,676	\$ (113,438)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	904,814	904,814	0
Subtotal - Capital Improvements	\$ 904,814	\$ 904,814	\$ 0
TOTAL	\$ 311,585,052	\$ 290,198,490	\$ (113,438)
FTE Positions	596.8	596.8	0.0
Non FTE Uncl. Perm. Pos.	27.3	27.3	0.0
TOTAL	624.1	624.1	0.0

Agency Estimate

The agency estimates current year operating expenditures of \$310,680,238, a decrease of \$58,789,982, or 15.9 percent, below the approved amount. The agency estimates FY 2007 State General Fund expenditures of \$404,764, an increase of \$37,342, or 10.2 percent, above the approved amount. The differences between the approved amount and the agency's revised estimate for the current year are \$10,053 of FY 2006 reappropriated funds from the State General Fund, \$26,848 from the State General Fund for Kansas Savings Incentive Program (KSIP) expenditures, and \$440 of the increase in State General Fund expenditures reflects the amount required to fully fund the pay plan approved by the 2006 Legislative. The agency originally requested a supplement for \$21,500,000 from special revenue funds (federal Reed Act moneys) for the second phase of the unemployment insurance modernization project; however, the agency requested to withdraw the supplemental request, because the agency was in the process of receiving bids for the project. Currently, the agency is considering offers and may approach the Legislature with new information during Omnibus.

Governor's Recommendation

The Governor recommends current year operating expenditures of \$289,293,676, a decrease of \$80,176,544, or 21.7 percent, below the approved budget. The recommendation is also a decrease of \$21,386,562, or 6.9 percent, below the agency's current year estimate. The Governor does not recommend the \$21,500,000 supplemental request for funding of the unemployment insurance modernization project at this time; however, the Governor recommends supplemental funding of \$440 from the State General Fund to fully fund the pay plan approved by the 2006

Legislature and \$113,438 from the State General Fund for reclassification of two investigators/auditors for the Unemployment Insurance Program. The agency originally requested four investigators/auditors for the Unemployment Insurance Program in FY 2008 for the investigation of the misclassification of workers laws and collection of unemployment insurance taxes. With the passage of House Bill 2772 by the 2006 Legislature, the agency has reported cases of misclassification requiring greater resources to investigate the complaints. The Governor recommends accelerating two investigators/auditors positions to FY 2007. The two positions will be reclassified from existing positions and thus, no new FTE positions are recommended.

House Budget Committee Recommendation

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

1. **Investigators/Auditors Positions.** Delete \$113,438, all from the State General Fund, recommended by the Governor in FY 2007 for two investigators/auditors positions in the Unemployment Insurance Program for the investigation of the misclassification of workers laws and collection of unemployment insurance taxes.

Senate Subcommittee Report

Agency: Department of Labor **Bill No.** SB 358 **Bill Sec.** 28

Analyst: O'Hara **Analysis Pg. No.** Vol. I-226 **Budget Page No.** 271

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 404,764	\$ 518,202	\$ 0
Other Funds	<u>310,275,474</u>	<u>288,775,474</u>	<u>0</u>
Subtotal - Operating	\$ 310,680,238	\$ 289,293,676	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>904,814</u>	<u>904,814</u>	<u>0</u>
Subtotal - Capital Improvements	\$ 904,814	\$ 904,814	\$ 0
TOTAL	<u><u>\$ 311,585,052</u></u>	<u><u>\$ 290,198,490</u></u>	<u><u>\$ 0</u></u>
FTE Positions	596.8	596.8	0.0
Non FTE Uncl. Perm. Pos.	<u>27.3</u>	<u>27.3</u>	<u>0.0</u>
TOTAL	<u><u>624.1</u></u>	<u><u>624.1</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates current year operating expenditures of \$310,680,238, a decrease of \$58,789,982, or 15.9 percent, below the approved amount. The agency estimates FY 2007 State General Fund expenditures of \$404,764, an increase of \$37,342, or 10.2 percent, above the approved amount. The differences between the approved amount and the agency's revised estimate for the current year includes \$10,053 of FY 2006 reappropriated funds from the State General Fund, \$26,848 from the State General Fund for Kansas Savings Incentive Program (KSIP) expenditures, \$440 from the State General Fund to fully fund the pay plan approved by the 2006 Legislature, and a decrease in unemployment insurance benefit payments, which are all partially offset by the agency's supplemental requests in the amount of \$21,500,440.

Governor's Recommendation

The Governor recommends current year operating expenditures of \$289,293,676, a decrease of \$80,176,544, or 21.7 percent, below the approved budget. The recommendation is also a decrease of \$21,386,562, or 6.9 percent, below the agency's current year estimate. The Governor recommends \$113,878 from the State General Fund for supplemental requests to fund the pay plan approved by the 2006 Legislature and reclassification of additional investigators/auditors for the Unemployment Insurance Program.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Department of Labor **Bill No.** HB 2542

Bill Sec. 49

Analyst: O'Hara

Analysis Pg. No. Vol. I - 226

Budget Page No. 271

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 596,690	\$ 671,498	\$ (301,684)
Other Funds	315,607,121	316,561,463	(1,083,342)
Subtotal - Operating	\$ 316,203,811	\$ 317,232,961	\$ (1,385,026)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	280,330	280,330	0
Subtotal - Capital Improvements	\$ 280,330	\$ 280,330	\$ 0
 TOTAL	 \$ 316,484,141	 \$ 317,513,291	 \$ (1,385,026)
 FTE Positions	 598.8	 598.8	 (2.0)
Non FTE Uncl. Perm. Pos.	27.3	27.3	0.0
TOTAL	626.1	626.1	(2.0)

Agency Request

The agency requests budget year operating expenditures of \$316,203,811, an increase of \$5,523,573, or 1.8 percent, above the revised current year estimate. The FY 2008 request for State General Fund expenditures is \$596,690, an increase of \$191,926, or 47.4 percent, above the FY 2007 estimate. The request for FY 2008 includes enhancements of \$226,876 from the State General Fund for additional investigators/auditors positions for the Unemployment Insurance Program, \$175,000 from the State General Fund and 2.0 FTE to expand the Public Employees' Relations Board (PERB) with the addition of two administrative employees in an effort to increase accessibility to PERB information in an efficient and timely manner, and \$129,000 from special revenue funds to replace ten agency vehicles.

Governor's Recommendation

The Governor recommends budget year operating expenditures of \$317,232,961, an increase of \$27,939,285, or 9.7 percent, above the current year recommendation. The recommendation is an increase of \$1,029,150, or 0.3 percent, above the agency's budget year request. The recommendation includes the addition of \$1,025,188, including \$19,246 from the State General Fund, for the Governor's pay plan. The recommendation also includes \$359,838, including \$282,438 from the State General Fund and 2.0 FTE positions, for supplemental requests. The Governor recommends \$107,438 from the State General Fund to continue the two investigators/auditors positions recommended for FY 2007, \$77,400 from special revenue funds for the replacement of six vehicles in the agency's Industrial Safety and Health Program, and \$175,000

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from the State General Fund and 2.0 FTE positions for the Public Employees' Relations Board (PERB).

House Budget Committee Recommendation

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

1. **Pay Plan Adjustment.** Delete \$1,025,188, including \$19,246 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 the pay plan adjustment and the longevity payment increase will be considered at a later time.
 2. **Investigators/Auditors Positions.** Delete \$107,438, all from the State General Fund, for the continuation in FY 2008 of the two investigators/auditors positions recommended by the Governor in FY 2007 in the Unemployment Insurance Program for the investigation of the misclassification of workers laws and collection of unemployment insurance taxes.
 3. **Vehicles.** Delete \$77,400, all from special revenue funds, recommended by the Governor for the replacement of six agency vehicles in the agency's Industrial Safety and Health Program in FY 2008.
 4. **Expansion of PERB.** Delete \$175,000, all from the State General Fund, and 2.0 FTE positions recommended by the Governor for the expansion of the Public Employees' Relations Board (PERB) in FY 2008 with the addition of two administrative employees and additional funding for operating expenditures.
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Senate Subcommittee Report

Agency: Department of Labor Bill No. SB 357

Bill Sec. 49

Analyst: O'Hara

Analysis Pg. No. Vol. I-226

Budget Page No. 271

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 596,690	\$ 671,498	\$ (19,246)
Other Funds	<u>315,607,121</u>	<u>316,561,463</u>	<u>(1,005,942)</u>
Subtotal - Operating	\$ 316,203,811	\$ 317,232,961	\$ (1,025,188)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>280,330</u>	<u>280,330</u>	<u>0</u>
Subtotal - Capital Improvements	\$ 280,330	\$ 280,330	\$ 0
 TOTAL	 <u>\$ 316,484,141</u>	 <u>\$ 317,513,291</u>	 <u>\$ (1,025,188)</u>
 FTE Positions	 598.8	 598.8	 0.0
Non FTE Uncl. Perm. Pos.	<u>27.3</u>	<u>27.3</u>	<u>0.0</u>
TOTAL	<u>626.1</u>	<u>626.1</u>	<u>0.0</u>

Agency Request

The agency requests budget year operating expenditures of \$316,203,811, an increase of \$5,523,573, or 1.8 percent, above the revised current year estimate. The FY 2008 request for State General Fund expenditures is \$596,690, an increase of \$191,926, or 47.4 percent, above the FY 2007 estimate. The FY 2008 request includes enhancements of \$401,876 from the State General Fund for additional investigators/auditors for the Unemployment Insurance Program and two additional administrative employees for the Public Employees' Relations Board (PERB). The request also includes an enhancement of \$129,000 from special revenue funds for the replacement of ten agency vehicles. The agency is projecting an increase of \$27,970,025, or 11.2 percent, in unemployment insurance benefit payments for FY 2008. This increase is partially offset by a supplemental request of \$21,500,000 from federal Reed Act funds that was not granted in FY 2007.

Governor's Recommendation

The Governor recommends budget year operating expenditures of \$317,232,961, an increase of \$27,939,285, or 9.7 percent, above the current year recommendation. The recommendation is an increase of \$1,029,150, or 0.3 percent, above the agency's budget year request. The increase includes the addition of \$1,025,188, including \$19,246 from the State General Fund, for a 1.5 percent base salary adjustment and a 2.5 percent step movement for classified

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employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The recommendation also includes requested enhancements to replace vehicles, continue funding for the investigators/auditors positions granted in FY 2007, and personnel for PERB.

Senate Subcommittee Recommendation

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

1. **Pay Plan.** Delete \$1,025,188, including \$19,246 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 the pay plan adjustment and the longevity payment increase will be considered at a later time.

FY 2007 and FY 2008

HOUSE SOCIAL SERVICES BUDGET COMMITTEE

Kansas Department of Health and Environment - Health



Representative Bob Bethell, Chair



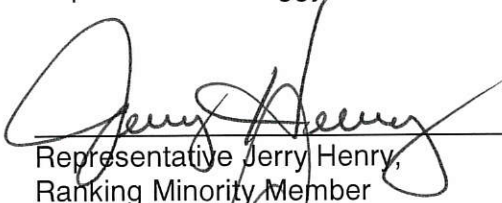
Representative Pat George



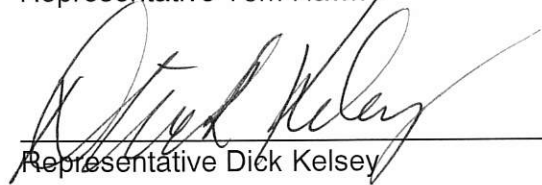
Representative Peggy Mast, Vice-Chair



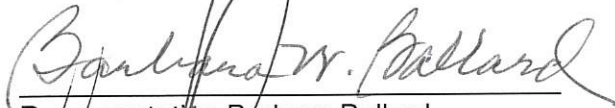
Representative Tom Hawk



Representative Jerry Henry,
Ranking Minority Member



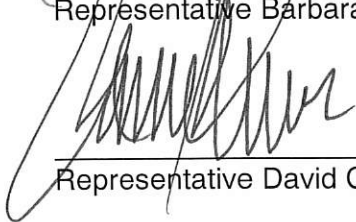
Representative Dick Kelsey



Representative Barbara Ballard



Representative Marc Rhoades



Representative David Crum

HOUSE APPROPRIATIONS

DATE 3-05-2007

ATTACHMENT 3

FY 2007 and FY 2008

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

Kansas Department of Health and Environment - Environment



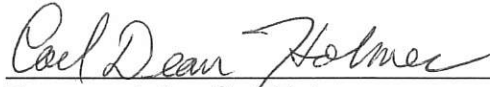
Representative Larry Powell, Chair



Representative Vaughn Flora



Representative John Grange, Vice-Chair



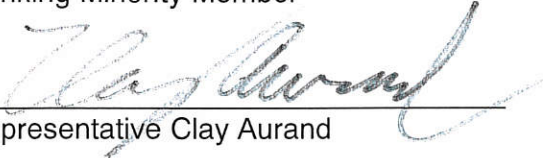
Representative Carl Holmes



Representative Doug Gatewood
Ranking Minority Member



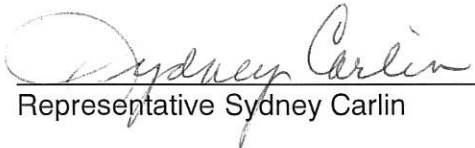
Representative Sharon Schwartz



Representative Clay Aurand



Representative Jason Watkins



Representative Sydney Carlin

Senate Subcommittee Report

Agency: Kansas Department of Health and Environment **Bill No.** SB 358 **Bill Sec.** 30

Analyst: VanHouse **Analysis Pg. No.** Vol. I-165 **Budget Page No.** 175

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 34,200,957	\$ 38,720,017	\$ 0
Other Funds	185,168,849	185,168,851	0
Subtotal - Operating	<u>\$ 219,369,806</u>	<u>\$ 223,888,868</u>	<u>\$ 0</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>\$ 219,369,806</u>	 <u>\$ 223,888,868</u>	 <u>\$ 0</u>
 FTE Positions	 879.0	 879.0	 0.0
Non FTE Uncl. Perm. Pos.	202.6	202.6	0.0
TOTAL	<u>1,081.6</u>	<u>1,081.6</u>	<u>0.0</u>

Agency Estimate

For FY 2007, the **Kansas Department of Health and Environment** estimates operating expenditures of \$219,369,806. The estimate is an increase of \$11,607,606, or 5.6 percent, above the amount approved by the 2006 Legislature. The estimate includes:

- **State General Fund** expenditures of \$34,200,957, which are an increase of \$82,950, or 0.2 percent, above the approved amount.
- **Children's Initiatives Fund** expenditures of \$2,658,000, which are equal to the approved amount.
- **State Water Plan Fund** expenditures of \$4,016,437, which are an increase of \$169,236, or 4.4 percent, above the approved amount.

Governor's Recommendation

For FY 2007, the **Governor** recommends expenditures of \$223,888,868. The recommendation is an increase of \$16,126,668, or 7.8 percent, above the amount approved by the 2006 Legislature. The recommendation includes:

- **State General Fund** expenditures of \$38,720,017, which are an increase of \$4,602,010, or 13.5 percent, above the approved amount.
- **Children's Initiatives Fund** expenditures of \$2,658,000, which are equal to the approved amount.
- **State Water Plan Fund** expenditures of \$4,016,436, which are an increase of \$169,235, or 4.4 percent, above the approved amount.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation.

Senate Recommendation

The Senate has not yet considered this budget.

House Budget Committee Report

Agency: Kansas Department of Health and Environment **Bill No.** HB 2541 **Bill Sec.** 30

Analyst: VanHouse **Analysis Pg. No.** Vol.I-165 **Budget Page No.** 175

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 34,200,957	\$ 38,720,017	\$ 0
Other Funds	185,168,849	185,168,851	0
Subtotal - Operating	<u>\$ 219,369,806</u>	<u>\$ 223,888,868</u>	<u>\$ 0</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><u>\$ 219,369,806</u></u>	 <u><u>\$ 223,888,868</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 879.0	 879.0	 0.0
Non FTE Uncl. Perm. Pos.	202.6	202.6	0.0
TOTAL	<u><u>1,081.6</u></u>	<u><u>1,081.6</u></u>	<u><u>0.0</u></u>

Agency Estimate

For FY 2007, the Kansas Department of Health and Environment estimates operating expenditures of \$219,369,806. The estimate is an increase of \$11,607,606, or 5.6 percent, above the amount approved by the 2006 Legislature. The estimate includes:

- State General Fund expenditures of \$34,200,957, which is an increase of \$82,950, or 0.2 percent, above the approved amount.
- Children's Initiatives Fund expenditures of \$2,658,000, which is consistent with the approved amount.
- State Water Plan Fund expenditures of \$4,016,437, which is an increase of \$169,236, or 4.4 percent, above the approved amount.

Governor's Recommendation

For FY 2007, the Governor recommends expenditures of \$223,888,868. The recommendation is an increase of \$16,126,668, or 7.8 percent, above the amount approved by the 2006 Legislature. The recommendation includes:

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- State General Fund expenditures of \$38,720,017, which is an increase of \$4,602,010, or 13.5 percent, above the approved amount.
- Children's Initiatives Fund expenditures of \$2,658,000, which is consistent with the approved amount.
- State Water Plan Fund expenditures of \$4,016,436, which is an increase of \$169,235, or 4.4 percent, above the approved amount.

House Budget Committee Report

Agency: Department of Health and Environment - Health **Bill No.** HB 2541 **Bill Sec.** 30

Analyst: VanHouse **Analysis Pg. No.** Vol. I-165 **Budget Page No.** 179

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 24,348,623	\$ 28,867,685	\$ 0
Other Funds	126,502,585	126,502,588	0
Subtotal - Operating	<u>\$ 150,851,208</u>	<u>\$ 155,370,273</u>	<u>\$ 0</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><u>\$ 150,851,208</u></u>	 <u><u>\$ 155,370,273</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 416.7	 416.7	 0.0
Non FTE Uncl. Perm. Pos.	<u>144.6</u>	<u>144.6</u>	<u>0.0</u>
TOTAL	<u><u>561.3</u></u>	<u><u>561.3</u></u>	<u><u>0.0</u></u>

Agency Estimate

For FY 2007, the agency estimates expenditures of \$150,851,208 for the Division of Health. The estimate is an increase of \$9,381,723, or 6.6 percent, above the amount approved by the 2006 Legislature. The State General Fund increase includes a reappropriation of \$9,904 and \$11,165 to fully fund the pay plan approved by the 2006 Legislature. The all other funds increase is primarily attributed to increases in federal funding.

Governor's Recommendation

For FY 2007, the Governor recommends expenditures of \$155,370,273, which is an increase of \$13,900,788, or 9.8 percent, above the amount approved by the 2006 Legislature. The Governor recommends expenditures of \$28,867,685 from the State General Fund. For FY 2007, the Governor recommends the addition of \$4,234,615 from the State General Fund for flu pandemic treatment products. The state currently has access to 406,000 doses of flu pandemic treatment products. Also recommended is the addition of \$600,000 from the State General Fund for increased rent expenses. The Governor recommends the reduction of \$315,550 from the State General Fund for unspent funds appropriated for umbilical cord banks.

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House Budget Committee Recommendation

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

1. **Rent Expenditures.** The Budget Committee notes that the Governor included additional funding of \$200,000 for increased rent expenditures. Changes made by the Division of Facilities Management to the rent formula caused a substantial increase in the agency's rent.

House Budget Committee Report

Agency: Department of Health and Environment - Environment **Bill No. --** **Bill Sec.--**

Analyst: VanHouse **Analysis Pg. No.** Vol.-165 **Budget Page No.** 181

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 9,852,334	\$ 9,852,332	\$ 0
Other Funds	58,666,264	58,666,263	0
Subtotal - Operating	<u>\$ 68,518,598</u>	<u>\$ 68,518,595</u>	<u>\$ 0</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><u>\$ 68,518,598</u></u>	<u><u>\$ 68,518,595</u></u>	<u><u>\$ 0</u></u>
FTE Positions	462.3	462.3	0.0
Non FTE Uncl. Perm. Pos.	58.0	58.0	0.0
TOTAL	<u><u>520.3</u></u>	<u><u>520.3</u></u>	<u><u>0.0</u></u>

Agency Estimate

For FY 2007, the agency estimates expenditures of \$68,518,598 for the Division of Environment. The estimate is an increase of \$2,225,883, or 3.4 percent, above the amount approved by the 2006 Legislature. The State General Fund increase includes a reappropriation of \$9,972 and \$18,768 to fully fund the pay plan approved by the 2006 Legislature. The all other funds increase is primarily attributed to adjusted fee fund expenditures. The agency reports that this is primarily for additional expenditures in the Solid Waste Fee Fund to provide local aid grants.

Governor's Recommendation

For FY 2007, the Governor recommends expenditures of \$68,518,595. The Governor concurs with the agency's estimate for Division of Environment expenditures, with technical adjustments.

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House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Kansas Department of Health and Environment **Bill No.** SB 357 **Bill Sec.** 51 and 52

Analyst: VanHouse

Analysis Pg. No. Vol. I-165

Budget Page No. 175

<u>Expenditure Summary</u>	<u>Agency Request FY 2008</u>	<u>Governor's Recommendation FY 2008</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 44,078,615	\$ 39,051,032	\$ (1,307,337)
Other Funds	<u>178,352,287</u>	<u>177,989,552</u>	<u>(1,874,596)</u>
Subtotal - Operating	<u>\$ 222,430,902</u>	<u>\$ 217,040,584</u>	<u>\$ (3,181,933)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 222,430,902</u>	 <u>\$ 217,040,584</u>	 <u>\$ (3,181,933)</u>
 FTE Positions	 895.0	 885.0	 (4.0)
Non FTE Uncl. Perm. Pos.	<u>202.6</u>	<u>202.6</u>	<u>0.0</u>
TOTAL	<u>1,097.6</u>	<u>1,087.6</u>	<u>(4.0)</u>

Agency Request

For FY 2008, the Kansas Department of Health and Environment recommends operating expenditures of \$222,430,902. The request is an increase of \$3,061,096, or 1.4 percent, above the FY 2007 revised estimate. The request includes:

- **State General Fund** expenditures of \$44,078,615, which are an increase of \$9,877,658, or 28.9 percent, above the FY 2007 estimate. Absent enhancements, the request is \$34,249,858, which is an increase of \$448,901, or 0.1 percent, above the FY 2007 estimate.
- **Children's Initiatives Fund** expenditures of \$2,658,000, which are equal to the FY 2007 estimate.
- **State Water Plan Fund** expenditures of \$1,389,952, which is a decrease of \$2,626,486, or 65.4 percent, below the FY 2007 estimate. The agency requests an enhancement of \$2,481,568 to shift funding from the State Water Plan Fund to the State General Fund.
- **Enhancements** totaling \$9,584,520, including \$9,828,757 from the State General Fund. Enhancements include a funding shift of \$2,481,568 from the State Water Plan Fund to the State General Fund.

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Governor's Recommendation

For FY 2008, the Governor recommends expenditures of \$217,040,584. The recommendation is a decrease of \$6,848,284, or 3.1 percent, below the FY 2007 recommendation. The recommendation includes:

- **State General Fund** expenditures of \$39,051,032, which are an increase of \$331,015, or 0.9 percent, above the FY 2007 recommendation. The recommendation includes enhancements totaling \$5,281,417 from the State General Fund.
- **Children's Initiatives Fund** expenditures of \$2,658,000, which are equal to the FY 2007 recommendation.
- **State Water Plan Fund** expenditures of \$1,401,749, which is a decrease of \$2,614,687, or 65.1 percent, below the FY 2007 recommendation. The Governor recommends shifting expenditures of \$2,481,568 from the State Water Plan Fund to the State General Fund in FY 2008.
- **Enhancements** totaling \$3,088,724, including \$5,281,417 from the State General Fund. Enhancements including a funding shift of \$2,481,568 from the State Water Plan Fund to the State General Fund.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation, with the following adjustments and comments.

1. **Pay Plan.** Delete \$2,110,478, including \$524,757 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. **Vehicles.** Delete \$491,455, including \$202,580 from the State General Fund, to remove recommended funding to replace 35 vehicles for consideration at Omnibus.
3. **Newborn Screening.** Add \$560,000 from the State General Fund for expanded newborn screening. The Subcommittee notes that 2007 HB 2224 would expand the newborn screening from the current four tests, to 28 rare, but treatable, inborn metabolic conditions. This funding would cover testing costs for individuals not covered by Medicaid. The Subcommittee recommends that funding for the program for Medicaid recipients be considered in the budget of the Kansas Health Policy Authority.
4. **Cerebral Palsy Posture Seating.** Add \$110,000 from the State General Fund within the Services for Children with Special Health Care Needs program for the Cerebral Palsy Posture Seating program. Posture seating for children with severe disabilities facilitates mobility for the child and parents, provides optimal positioning for daily activities, and prevents secondary medical conditions such as pressure sores, scoliosis, and pneumonia. A conferee reported that medical treatment for pressure sores, which is covered by Medicaid, costs about \$15,000

to \$60,000. A posture seating system has an average cost of \$4,000 with a five year life span. It was reported that a funding shortfall exists in this program, primarily due to the inability of Medicaid to reimburse for evaluations and follow-up fittings for clients.

5. **Healthy Kansans 2010.** Delete \$1,000,000 from the State General Fund and 2.0 FTE positions for the Healthy Kansans 2010 Initiative and consider at Omnibus.
6. **Kansas Mentors Program.** Delete \$250,000 from the State General Fund and 2.0 FTE positions for the Kansas Mentors Program and consider at Omnibus.
7. **Infant-Toddler Services.** The Subcommittee notes that the agency requested \$250,000 from the State General Fund to cover program expenses related to Infant-Toddler Services (Tiny-K). The Subcommittee feels that this is an important program and recommends Omnibus consideration of this item.

The Subcommittee also notes that the Infant-Toddler Services networks have a goal of reaching funding levels equivalent to one-half of the Base State Aid Per Pupil amount. Once a child reaches his or her third birthday, the child may receive services from the local school district. The school district receives funding of one-half of the Base State Aid Per Pupil for this service. The Infant-Toddler Services networks provide similar services to the birth to three population. A funding increase of \$1.7 million would be necessary to provide one-half of the Base State Aid Per Pupil funding to the networks.

8. **State Water Plan Fund.** The Subcommittee concurs with the Governor to shift \$2,481,568 from the State Water Plan Fund to the State General Fund for the Contamination Remediation Program and the Local Environmental Protection Program. However, this Subcommittee feels that this issue has significant policy implications and recommends the full Senate Ways and Means Committee review of the issue of State Water Plan Fund program expenditures at a later date.
9. **Treece Buyout.** The Subcommittee concurs with the Governor for \$680,000 from the State General Fund for the buyout of the Treece Superfund site, and recommends that reappropriation language be included with this appropriation. This funding is recommended for environmental clean-up activities in the City of Treece in Southeast Kansas. The federal Environmental Protection Agency's (EPA) Superfund Program provides 90.0 percent of the funding necessary to clean up uncontrolled or abandoned hazardous waste sites, with a 10.0 percent state match. Treece qualifies as a Superfund site due to millions of tons of residue, or chat, remaining from mining activities. The chat contains lead, zinc, and cadmium contamination. The project is referred to as the "Treece Buyout" since the action taken by the state will constitute a buyout of the town. A similar plan by the State of Oklahoma involves the buyout of the neighboring town of Picher, Oklahoma.
10. **Community Based Primary Health Care Clinics.** The Subcommittee applauds the efforts of the community based primary health care clinics to provide health care in underserved areas. The Subcommittee recommends consideration at Omnibus of \$2,500,000 requested by the clinics to grow medical capacity, create dental hubs, and support a health care provider recruitment program.

11. **Domestic Violence and Sexual Assault Outreach and Shelter Services.** The Subcommittee recommends Omnibus consideration of \$2,000,000 for domestic violence and sexual assault outreach and shelter services. These funds are requested to help serve rural or underserved areas where services are virtually non-existent.
12. **Meningitis Vaccine.** The Subcommittee urges the agency to adopt the Centers for Disease Control and Prevention (CDC) recommendation that adolescents receive the meningitis vaccine upon entering grade six, or between the age of 11 and 12.
13. **Tobacco Use.** The Subcommittee notes the agency's work to decrease tobacco use in Kansas. The agency reports a 2.0 percent decrease in the adult smoking rate, with an all-time low adult smoking rate of 17.8 percent. Kansas improved to sixth from eleventh in the national smoking rates. By comparison, in 1990 Kansas ranked 27th with over 30 percent of the population using tobacco.
14. **Immunization Rates.** The Subcommittee commends the agency for increasing childhood immunization rates. Kansas moved from 43rd to 12th nationally, with four years of steady improvement. The agency has implemented the Governor's 2004 Blue Ribbon Panel recommendations including advancing immunization schedules, linking immunizations to Women Infants and Children (WIC) services, and providing parental incentives. In addition, the agency anticipates additional improvements with the statewide immunization registry, expansion of current efforts, and the Immunize Kansas Kids Projects.
15. **Public Health Preparedness.** The Subcommittee commends the agency for the work accomplished on preparedness for pandemic flu, bioterrorism, and natural disasters. Kansas met 9 out of 10 preparedness criteria and ranked second in the nation in the Trust for America's Health annual report on public health preparedness. Since then, the agency has successfully completed the tenth preparedness criteria.
16. **Foreign Animal Disease.** The Subcommittee notes that Kansas is among the top animal agriculture states in the country, and faces the potential for responding to a foreign animal disease (FAD) outbreak. The agency has worked to identify 450 pre-selected burial sites for disposal of animals in a FAD incident. The agency anticipates adding 70 to 80 sites this calendar year. Kansas is recognized as a leader in this planning effort.
17. **Total Maximum Daily Loads (TMDLs).** The Subcommittee commends the agency for completing of the first round of Total Maximum Daily Loads (TMDLs) during 2006. TMDLs are quantitative objectives and strategies needed to achieve the water quality standards adequate to fully support the designated uses of streams, lakes, and wetlands. The agency has worked across all 12 river basins in the state to develop the TMDLs. This work was required under a court decree, and an agreement has been reached among all parties to close the decree.
18. **Clean Air Improvements.** The Subcommittee applauds the efforts of the agency to improve air quality in the state. The agency reported that air pollution has declined over three percent for the third consecutive year. The agency continues work to control interstate transport of air pollutants, reduction of mercury from power plants, and the implementation of regional haze plans.

Senate Committee Recommendation

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

1. Do not shift expenditures of \$2,481,568 from the State Water Plan Fund to the State General Fund as referenced in item number 8 and consider at Omnibus.

Senate Recommendation

The Senate has not yet considered this budget.

House Budget Committee Report

Agency: Kansas Department of Health and Environment **Bill No.** HB 2542 **Bill Sec.** 51 and 52

Analyst: VanHouse

Analysis Pg. No. Vol. I-165

Budget Page No. 175

<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	\$ 44,078,615	\$ 39,051,032	\$ 471,942
Other Funds	<u>178,352,287</u>	<u>177,989,552</u>	<u>(4,356,164)</u>
Subtotal - Operating	<u>\$ 222,430,902</u>	<u>\$ 217,040,584</u>	<u>\$ (3,884,222)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 222,430,902</u></u>	<u><u>\$ 217,040,584</u></u>	<u><u>\$ (3,884,222)</u></u>
FTE Positions	895.0	885.0	(6.0)
Non FTE Uncl. Perm. Pos.	<u>202.6</u>	<u>202.6</u>	<u>0.0</u>
TOTAL	<u><u>1,097.6</u></u>	<u><u>1,087.6</u></u>	<u><u>(6.0)</u></u>

Agency Request

For FY 2008, the Kansas Department of Health and Environment recommends operating expenditures of \$222,430,902. The request is an increase of \$3,061,096, or 1.4 percent, above the FY 2007 revised estimate. The request includes:

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- **State General Fund** expenditures of \$44,078,615, which are an increase of \$9,877,658, or 28.9 percent, above the FY 2007 estimate. Absent enhancements, the request is \$34,249,858, which is an increase of \$448,901, or 0.1 percent, above the FY 2007 estimate.
- **Children's Initiatives Fund** expenditures of \$2,658,000, which are equal to the FY 2007 estimate.
- **State Water Plan Fund** expenditures of \$1,389,952, which is a decrease of \$2,626,486, or 65.4 percent, below the FY 2007 estimate. The agency requests an enhancement of \$2,481,568 to shift funding from the State Water Plan Fund to the State General Fund.
- **Enhancements** totaling \$9,584,520, including \$9,828,757 from the State General Fund. Enhancements include a funding shift of \$2,481,568 from the State Water Plan Fund to the State General Fund.

Governor's Recommendation

For FY 2008, the Governor recommends expenditures of \$217,040,584. The recommendation is a decrease of \$6,848,284, or 3.1 percent, below the FY 2007 recommendation. The recommendation includes:

- **State General Fund** expenditures of \$39,051,032, which are an increase of \$331,015, or 0.9 percent, above the FY 2007 recommendation. The recommendation includes enhancements totaling \$5,281,417 from the State General Fund.
- **Children's Initiatives Fund** expenditures of \$2,658,000, which are equal to the FY 2007 recommendation.
- **State Water Plan Fund** expenditures of \$1,401,749, which is a decrease of \$2,614,687, or 65.1 percent, below the FY 2007 recommendation. The Governor recommends shifting expenditures of \$2,481,568 from the State Water Plan Fund to the State General Fund in FY 2008.
- **Enhancements** totaling \$3,088,724, including \$5,281,417 from the State General Fund. Enhancements including a funding shift of \$2,481,568 from the State Water Plan Fund to the State General Fund.

House Budget Committee Report

Agency: Department of Health and Environment - Health **Bill No.** HB 2542 **Bill Sec.** 51

Analyst: VanHouse **Analysis Pg. No.** Vol. I-165 **Budget Page No.** 179

<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	\$ 29,696,776	\$ 25,785,231	\$ (1,692,064)
Other Funds	123,008,767	123,496,502	(842,127)
Subtotal - Operating	<u>\$ 152,705,543</u>	<u>\$ 149,281,733</u>	<u>\$ (2,534,191)</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><u>\$ 152,705,543</u></u>	<u><u>\$ 149,281,733</u></u>	<u><u>\$ (2,534,191)</u></u>
FTE Positions	426.7	422.7	(6.0)
Non FTE Uncl. Perm. Pos.	144.7	144.6	0.0
TOTAL	<u><u>571.4</u></u>	<u><u>567.3</u></u>	<u><u>(6.0)</u></u>

Agency Request

For FY 2008, the agency requests expenditures of \$152,705,543 for the Health Function, which is an increase of \$1,854,335 or 1.2 percent above the FY 2007 revised request. The request includes State General Fund expenditures of \$29,696,776, which is an increase of \$5,348,153 or 22.0 percent above the FY 2007 revised request. The Children's Initiatives Fund request of \$2,658,000 is the same as the FY 2007 revised request. The request includes enhancements of \$9,584,520, including \$5,333,589 from the State General Fund.

Governor's Recommendation

For FY 2008, the Governor recommends expenditures of \$149,281,733 for the Health Function, which is a decrease of \$6,088,540, or 3.9 percent, below the FY 2007 recommendation. The recommendation includes State General Fund expenditures of \$25,785,231, which is a decrease of \$3,082,454, or 10.7 percent, below the FY 2007 recommendation. The Children's Initiatives Fund recommendation of \$2,658,000, is the same as the FY 2007 recommendation. The Governor recommends enhancements totaling \$2,110,724, all from the State General Fund and 6.0 FTE positions. The Governor also recommends reductions totaling \$1,105,000 from the State General Fund.

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House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustments and comments.

1. **Pay Plan.** Delete \$1,058,447, including \$216,320 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. **Vehicles.** Delete \$193,455 from the State General Fund to remove recommended funding to replace 15 vehicles for consideration at Omnibus.
3. **Domestic Violence.** Add \$525,000 from the State General Fund including \$225,000 for domestic violence prevention training grants and \$300,000 for rape crisis centers. The Governor recommends that this funding be transferred from the Kansas Department of Health and Environment to the Governor's Office in FY 2008. The Budget Committee recommends retaining this funding within the KDHE budget.

In addition, the Budget Committee recommends Omnibus consideration of \$2,000,000 from the State General Fund, including \$1,300,000 for domestic violence outreach and shelter services and \$700,000 for sexual assault outreach services.

The Committee received information indicating that the number of women accessing services drops drastically the farther away the program is located from the individual. For victims located four counties away from a program, only 8.92 percent receive domestic violence services. A federally funded outreach project by Emporia based SOS Inc. enabled an advocate to be located in five rural counties surrounding Emporia which has substantially increased the number of victims accessing services. The Committee would like to see this proven outreach project extended to other underserved areas of the state.

4. **Cerebral Palsy Posture Seating.** Add \$110,000 from the State General Fund in the Services for Children with Special Health Care Needs program for the Cerebral Palsy Posture Seating program. This funding was approved by the 2006 Legislature, and the Budget Committee recommends that this funding be included in the agency's base budget. Posture seating for children with severe disabilities facilitates mobility for the child and parents, provides optimal positioning for daily activities, and prevents secondary medical conditions such as pressure sores, scoliosis, and pneumonia. A conferee reported that medical treatment for pressure sores, which is covered by Medicaid, costs about \$15,000 to \$60,000. A posture seating system has an average cost of \$4,000 with a five year life span. It was reported that a funding shortfall exists in this program, primarily due to the inability of Medicaid to reimburse for evaluations and follow-up fittings for clients.
5. **Kansas Mentors Program.** Delete \$250,000 from the State General Fund and 2.0 FTE positions for the Kansas Mentors Program and consider at Omnibus. The Budget Committee encourages community involvement with this program, including both financial contributions and volunteering.
6. **Expanded Immunization Program Funding.** Delete \$584,000 from the State General Fund and 1.0 FTE position for expanded immunization program funding

and consider at Omnibus. The agency reports that the funding would be awarded to local health departments to expand childhood immunization rates. Specific items funded would be two items recommended by the 2004 Governor's Blue Ribbon Task Force on Immunization including: expansion of the Women, Infants, and Children (WIC) and KDHE partnership and continued development and deployment of an electronic immunization registry.

7. **Healthy Kansans 2010.** Delete \$1,000,000 from the State General Fund and 2.0 FTE positions for Healthy Kansans 2010 and consider at Omnibus. This funding would be used to provide technical assistance to local health departments and regions focusing on health disparities; funding to support internal contact management, liaison, and monitoring functions through the Secretary's Office of Minority Health; the presence of a Community Health Worker through a grant to the Hunter Health Clinic in Wichita; and funding awarded on a competitive basis to local health department regional coalitions and tribal nations based on efforts to meet the goals of Healthy Kansans 2010. The Hunter Health Clinic is the only Federally Designated Service Center for homeless and Native American populations in Kansas.
8. **Community Based Primary Care Position.** Delete \$83,289 from the State General Fund and 1.0 FTE position to oversee the Community Based Primary Care Grant Program and consider at Omnibus. In the last ten years, this program has gained responsibilities without additional staff.
9. **Community Based Primary Care Clinics.** The Budget Committee recommends Omnibus consideration of \$2,500,000 from the State General Fund for Community Based Primary Care Clinics requested to grow medical capacity, create dental hubs, and support a health care provider recruitment program. The Committee notes that this is an important issue and that the clinics provide an effective way to care for the population they serve.

The Budget Committee notes that of the requested funding, a portion of it would be used to continue the creation of regional dental hubs across the state. The number of access points for safety net dental care in the state has increased from four to 14, and the number of dentists working in safety net clinics has increased from five to 21. The Flint Hills Community Health Center reported that with their existing capacity, their patient schedule for dental care is booked several months in advance.

10. **Infant-Toddler Services.** The Budget Committee recommends Omnibus consideration of \$250,000 from the State General Fund to cover program expenses related to Infant-Toddler Services (Tiny-K). The 36 local Tiny-K networks serve children under the age of three with developmental disabilities or delays.

The Budget Committee also notes that an evaluation of the lead agency for the Infant-Toddler Services is currently under way. Discussion includes the possibility of transferring the program to the Department of Social and Rehabilitation Services or the Department of Education, or to keep the program with the Department of Health and Environment. The final decision will be made by the Governor; however, the Coordinating Council on Early Childhood Developmental Services was asked to study the issue and make a recommendation. The Council anticipates having a recommendation in the spring.

11. **Lodging Inspections.** The Budget Committee notes that the agency requested the creation of a Lodging Fee Fund, funding of \$246,616 from the newly created fund, and 4.0 FTE positions. The agency reported that during the past eight years, inspections in lodging establishments have declined by about 75.0 percent, with some lodging establishments having not received an inspection in eight or more years. The agency reports increased consumer complaints and a decline in the sanitation levels of Kansas lodging establishments.
12. **Newborn Screening.** The 2006 Legislature directed the agency to meet with an advisory group of concerned stakeholders to draft a plan for expansion of the state's mandatory newborn metabolic screening program. Represented parties included Medicaid, the Kansas Hospital Association, insurance trade groups, the Kansas Chapter of the American Academy of Pediatrics, and KDHE staff. The Budget Committee notes that this is an important issue which will be addressed when the Committee considers 2007 HB 2224 which is currently referred to the Social Services Budget Committee.
13. **Rent Expenditures.** The Budget Committee notes that the Governor included additional funding of \$200,000 for increased rent expenditures. Changes made by the Division of Facilities Management to the rent formula caused a substantial increase in the agency's rent.
14. **Pilot Comprehensive Workplace Wellness Program.** The Budget Committee recommends Omnibus consideration of \$75,000 from the State General Fund to implement a pilot comprehensive workplace wellness program for agency employees. The proposal is for a three-year program, with a total cost of \$300,000. The agency reports that the intent of the project is to implement a financially low-risk pilot aimed at demonstrating that investing in a comprehensive workplace wellness program will result in a net positive return-on-investment. The proposed pilot fits within the goals of the Governor's Healthy Kansas Initiative.
15. **Pregnancy Maintenance Initiative Funding.** The 2006 Legislature approved funding of \$500,000 from the State General Fund for the Pregnancy Maintenance Initiative. The Governor recommends a reduction of this funding in FY 2008 by \$200,000 which is equal to the amount of additional funding appropriated to the program by the 2006 Legislature. This program provides services for pregnant women, including medical care, housing assistance, adoption guidance, substance abuse treatment, and parenting education, which results in well babies. Funding of \$300,000 would remain for the program in FY 2008. The Budget Committee recommends Omnibus consideration of an additional \$200,000 from the State General Fund for the program.
16. **Umbilical Cord Bank Funding.** The Governor recommends a reduction of \$380,000 from the State General Fund for umbilical cord program development and training in FY 2008. This eliminates funding for the program. It was reported to the Budget Committee that this funding is not necessary at this time because Kansas does not currently have a public umbilical cord bank. The agency is working with the Kansas Bioscience Authority to possibly establish a bank of this kind in Kansas.

17. **State Dental Director.** The Budget Committee is pleased to note that the agency hired a State Dental Director in April 2006. Dr. Katherine Weno is a dentist and attorney. The agency is beginning to build an infrastructure to obtain an analyze state-specific oral health data and provide education and leadership on oral health issues. The agency is also working on a State Dental Plan.

House Budget Committee Report

Agency: Department of Health and Environment - Environment **Bill No.** HB 2542 **Bill Sec.** 52

Analyst: VanHouse

Analysis Pg. No. Vol. I-165

Budget Page No. 181

<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	\$ 14,381,839	\$ 13,265,801	\$ 2,164,006
Other Funds	<u>55,343,520</u>	<u>54,493,050</u>	<u>(3,514,037)</u>
Subtotal - Operating	<u>\$ 69,725,359</u>	<u>\$ 67,758,851</u>	<u>\$ (1,350,031)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 69,725,359</u>	 <u>\$ 67,758,851</u>	 <u>\$ (1,350,031)</u>
 FTE Positions	 468.3	 462.3	 0.0
Non FTE Uncl. Perm. Pos.	<u>58.0</u>	<u>58.0</u>	<u>0.0</u>
TOTAL	<u>526.3</u>	<u>520.3</u>	<u>0.0</u>

Agency Request

For FY 2008, the agency requests expenditures of \$69,725,359 for the Division of Environment and the Health and Environment Laboratories. The request is an increase of \$1,206,761, or 1.8 percent, above the FY 2007 revised estimate. The request includes State General Fund expenditures of \$14,381,839, which is an increase of \$4,529,505, or 46.0 percent, above the FY 2007 revised estimate. Also included is State Water Plan Fund expenditures of \$1,389,952, which is a decrease of \$2,626,485, or 65.4 percent, below the FY 2007 revised estimate. Enhancement packages total \$3,896,539, including \$4,495,168 from the State General Fund. Requested enhancements from the State General Fund include \$2,481,568 to shift expenditures from the State Water Plan Fund to the State General Fund.

Governor's Recommendation

For FY 2008, the Governor recommends expenditures of \$67,758,851 for the Division of Environment and the Health and Environment Laboratories. The recommendation is a decrease of \$759,744, or 1.1 percent, below the FY 2007 recommendation. The recommendation includes State General Fund expenditures of \$13,265,801, which is an increase of \$3,413,469, or 34.6 percent above the FY 2007 recommendation. Also included is State Water Plan Fund expenditures of \$1,401,749, which is a decrease of \$2,614,687, or 65.1 percent, below the FY 2007 recommendation. The State Water Plan Fund recommendation includes an enhancement of

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\$2,481,568 to shift funding for the Contamination Remediation and Local Environmental Protection programs from the State Water Plan Fund to the State General Fund. The Governor also recommends expenditures of \$298,000, including \$9,125 from the State General Fund, to replace five cars and 20 trucks and vans and \$680,000 from the State General Fund for the Treece Buyout. A reduction of \$100,000 from the State General Fund is recommended for the Use Attainability Analysis project.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustments and comments.

1. **Pay plan adjustments.** Delete \$1,052,031, including \$308,437 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. **Vehicle purchases.** Delete \$298,000, including \$9,125 from the State General Fund, to remove recommended funding to replace 25 vehicles for consideration at Omnibus.
3. **State Water Plan Fund.** Shift \$2,481,568 from the State General Fund to the State Water Plan Fund for the Contamination Remediation program and Local Environmental Protection Program. Both of these programs have been funded from the State Water Plan Fund since the early 1990s.
4. **Treece Buyout.** Add a proviso making contingent the appropriation of \$680,000 from the State General Fund for the Treece Buyout subject to the passage of 2007 HB 2168. This bill establishes a trust administer relocation assistance for communities within an Environmental Protection Agency superfund site.
5. **Federal Energy Policy Act of 2005.** The Budget Committee notes that the agency requested \$433,809 from fee funds and 4.0 FTE positions in order to comply with the Federal Energy Policy Act of 2005. This funding would specifically address the additional duties outlined in the federal act regarding underground storage tanks. The Budget Committee notes that 2007 SB 190 addresses this issue.

Add \$120,361 from the State Water Plan Fund to conduct field trials in Cherokee County on soil treatments studied by Kansas State University designed to reduce soil erosion and maintain vegetation in areas impacted by mining.

Results of a study by Kansas State University scientists was presented to the Budget Committee on different soil amendments used to control chat erosion in former mining areas in Southeast Kansas. The amendments included compost pellets created from feedlot waste products.

2007 PROPOSED SENATE BILL TRACTS

(CROSS HATCHED)

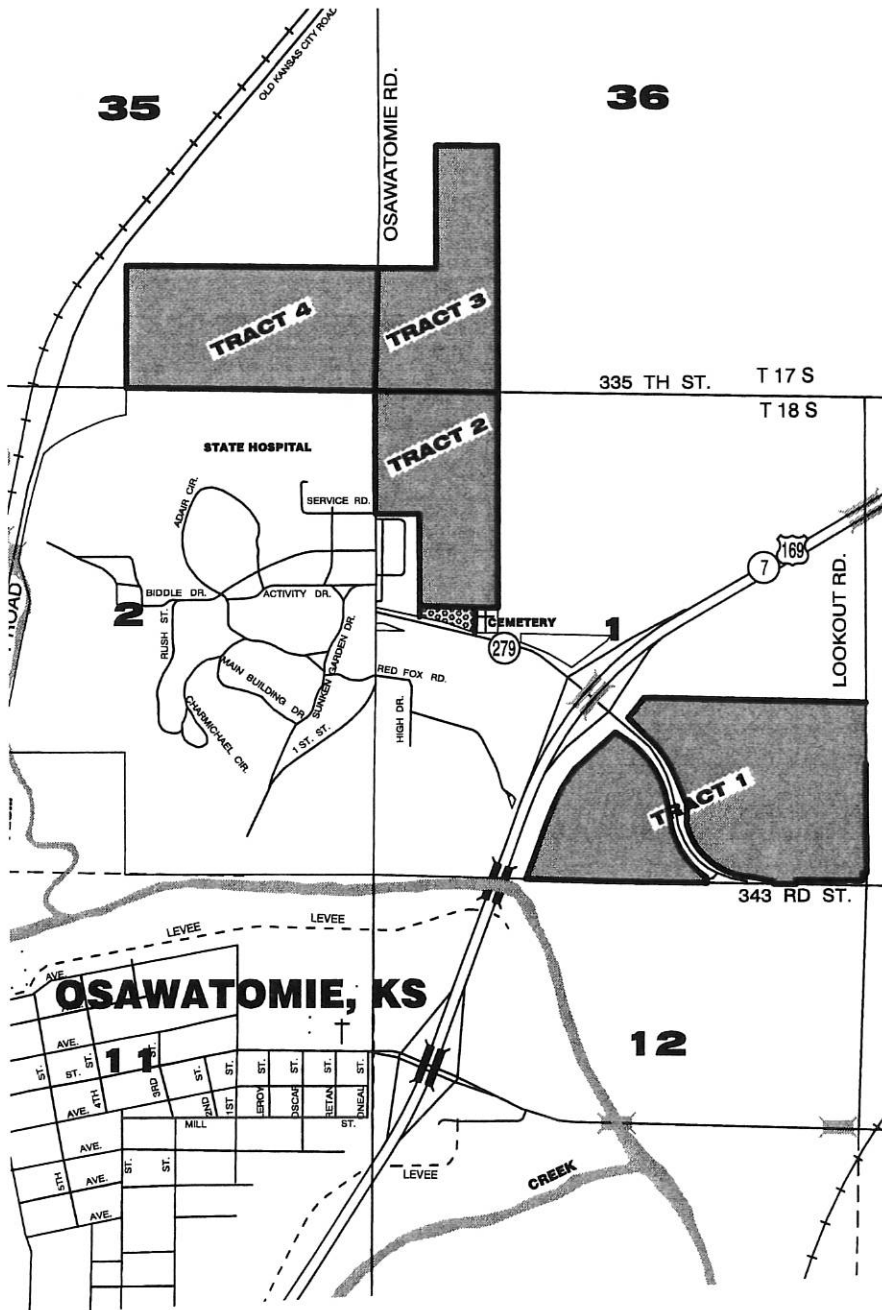
DIFFERENCES BETWEEN SENATE BILL NO. 553 AND 2007 PROPOSED BILL TRACT DESCRIPTIONS:

TRACT 1: No difference in content.

TRACT 2: Senate Bill No. 553 excludes road right-of-way and includes that part depicted as hatched circles in the drawing; 2007 Proposed Bill conveys adjacent road right-of-way to the Section Line and excludes the hatched circles area.

TRACT 3: Senate Bill No. 553 excludes road right-of-way; 2007 Proposed Bill conveys adjacent road right-of-way to the Section Line.

TRACT 4: Senate Bill No. 553 excludes road right-of-way; 2007 Proposed Bill conveys adjacent road right-of-way to the Section Line.



approx. 1 inch = 2000 ft.

	LAND TRANSFER KEY MAP OF OSAWATOMIE STATE HOSPITAL LAND to the CITY OF OSAWATOMIE MIAMI COUNTY, KANSAS
	<i>Professional Engineering Consultants, P.A.</i>
	Designed by MDC Drawn by MDC

HOUSE APPROPRIATIONS

DATE 3-05-2007
 ATTACHMENT 5