

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on March 7, 2007, in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Michael Corrigan, Assistant Revisor, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efir, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Gary Musselman, Executive Director, Kansas State High School Activities Association
Reginald Robinson, President & CEO, Kansas Board of Regents
Ted Hayes, Executive Director, Kansas Sports Hall of Fame

Others attending:

See attached list.

Bill Introductions

Senator Morris moved, with a second by Senator Teichman, to introduce a bill concerning authorizing certain interlocal agreements which allow the sharing of revenue based on growth in assessed valuation of real and personal property (7rs1290). Motion carried on a voice vote.

Senator McGinn moved, with a second by Senator Schodorf, to introduce a conceptual bill concerning property taxation relating to tax exemptions or ad valorem taxes. Motion carried on a voice vote.

Copies of the Kansas Legislative Research Department Budget Analysis report for FY 2007 and FY 2008 were available to the committee.

Subcommittee reports on:

Kansas Department of Transportation (Attachment 1)

Subcommittee Chair Dwayne Umbarger reported that the subcommittee on the Kansas Department of Transportation concurs with the Governor's recommendation in FY 2007 and concurs with the Governor's FY 2008 recommendation with adjustment.

Senator Teichman moved, with a second by Senator Kelly, to adopt the subcommittee budget report on the Kansas Department of Transportation in FY 2007 and FY 2008. Motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on March 7, 2007, in Room 123-S of the Capitol.

Kansas Department of Labor (Attachment 2)

Subcommittee Chair David Wysong reported that the subcommittee on the Kansas Department of Labor concurs with the Governor's recommendation in FY 2007 and concurs with the Governor's FY 2008 recommendation with adjustment.

Senator Wysong moved, with a second by Senator Teichman, to adopt the subcommittee budget report on the Kansas Department of Labor in FY 2007 and FY 2008. Motion carried on a voice vote.

Governmental Ethics Commission (Attachment 3)

Subcommittee Chair Carolyn McGinn reported that the subcommittee on the Governmental Ethics Commission concurs with the Governor's recommendation in FY 2007, concurs with the Governor's recommendation in FY 2008 with adjustment and concurs with the Governor's recommendation in FY 2009 with adjustment.

Senator Kelly moved, with a second by Senator Emler, to adopt the subcommittee budget report on the Governmental Ethics Commission in FY 2007, FY 2008 and FY 2009. Motion carried on a voice vote.

Chairman Umbarger opened the public hearing on:

SB 361--Funding for Kansas sports hall of fame, \$.50 ticket on high school athletic tournament events; funding for deferred maintenance for universities and community colleges, \$2 ticket on all university athletic events and \$1 ticket on community colleges

Staff briefed the committee on the bill.

Senator Umbarger explained that he appreciates all of the options that have been presented to address the deferred maintenance issues regarding the universities and community colleges. He mentioned that he has asked for **SB 361** as another option to consider. (No written testimony was submitted.)

The Chairman welcomed Gary Musselman, Executive Director, Kansas State High School Activities Association (KSHSAA), who testified in opposition to **SB 361** (Attachment 4). Mr. Musselman highlighted several points in his written testimony. Among those points, he questioned if it was sound public policy to legislatively mandate a privately incorporated and voluntary non-profit association of secondary schools, become a funding mechanism for another, unrelated and separate non-profit organization. He noted that the administrative ramifications and expense of **SB 361** would be significant for KSHSAA.

Chairman Umbarger welcomed Reginald "Reggie" Robinson, President and CEO, Kansas Board of Regents, who spoke in opposition to **SB 361** (Attachment 5). President Robinson explained that, although the Board of Regents appreciates the serious work done to address the deferred maintenance issue, **SB 361** would not be one of the funding solutions that should be pursued to address the serious issue of maintenance of facilities and capital infrastructure of universities and colleges.

The Chairman welcomed Ted Hayes, Executive Director, The State of Kansas Sports Hall of Fame, who testified as a neutral conferee on **SB 361** (Attachment 6). Mr. Hayes testified in support of legislation which would provide permanent funding assistance to operate the Kansas Sports Hall of Fame. Mr. Hayes explained that the Hall of Fame request for state funding include two vital points:

- funding must be ongoing, permanent.
- funding must be a minimum of \$500,000 per year in order to allow donated funds being raised to be used for promotions, youth outreach, traveling display, and programming.

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 361**.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on March 7, 2007, in Room 123-S of the Capitol.

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

SB 79--Kansas sports hall of fame funding, \$500,000 from the state gaming revenues fund

Senator Schodorf moved, with a second by Senator Betts, to recommend Senate Substitute for SB 79 favorable for passage. Committee discussion followed.

Senator McGinn moved a substitute motion, with a second by Senator Kelly, to amend Senate Substitute for SB 79 to add a reporting mechanism that an annual report detailing expenditures of money transferred from the State Gaming Revenues Fund and additional moneys received from other sources for operating expenditures be sent to the Chairpersons of House Appropriations and Senate Ways and Means Committees. Motion carried on a voice vote.

Senator Morris moved, with a second by Senator Steineger, to amend Senate Substitute for SB 79 to add a three-year sunset on the bill. Motion carried on a voice vote.

Senator Kelly moved, with a second by Senator Steineger, to amend Senate Substitute for SB 79 to add that a subsidy start at \$500,000 the first year, \$400,000 the second year and \$300,000 the third year. Motion failed on a voice vote.

Senator Schodorf moved, with a second by Senator Teichman, to recommend Senate Substitute for SB 79 favorable for passage as amended. Motion carried on a roll call vote.

The Chairman opened the public hearing on:

SB 329--Assessed valuation of certain property located in Cherokee county; gaming facilities

Staff briefed the committee on the bill.

A copy of a letter addressed to Senator Dwayne Umbarger from Theresa Kiernan, Revisor of Statutes Office, was distributed to the committee regarding the language of **SB 329** (Attachment 7).

Senator Umbarger explained that he is a proponent of **SB 329** and that it reflects the intent of the **2006 SB 481** and it puts in those stipulations. Committee questions and discussion followed.

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 329**.

Senator Teichman moved, with a second by Senator Schodorf, to recommend SB 329 favorable for passage. Motion carried on a roll call vote.

The meeting adjourned at 12:10 p.m. The next meeting is scheduled for March 8, 2007.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date March 7, 2007

Name	Representing
TED HAYES	KS SPORTS HALL OF FAME
Jim Mazy	" " " " "
Julia Thomas	DOB
Keith Kocher	KS Lottery
Peggie Robinson	KS Bd of Regents
Carol Williams	Gov Ethics
Robert Brown	SPS
Mary E Hepburn	SPS
Rhonda Mabel	SPS
Bill Schief	KDOL
Gerald Schneider	KDOL
Richard Crum	KDOR
Marci Ferrill	KDOT
Deb Miller	KDOT
Ethan Erickson	KDOT
Spring Marshall	Ks. State High School Activities Assn
Eric Selson	SPS
ERIC SELSON	WSU
Bob Hanson	Wichita Sports Com & K.S.H.O.F
Charles Kerls	Legislative intern
Philip Hurley	PH HURLEY & Co.
Nick Reeder	Haches Brader
SUE PETERSON	K STATE

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST


Date 3/7/07

Name	Representing
Lindsey Douglas	Hein Law Firm
Richard Somerville	Kennedy Assoc
DK Prideaux	DK Prideaux/FHSA
Juni Rose	KACCT
Sheila Kubin	KACCT
MARK BORANYAK	CAPITOL STRATEGIC
Rhonda Spel	SRS
Mary E. Weisner	SRS
John Meyer	SRS

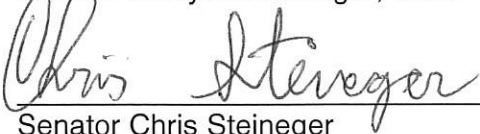
FY 2007 and FY 2008

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Transportation



Senator Dwayne Umbarger, Chair



Senator Chris Steiner



Senator Ruth Teichman

Senate Ways and Means
3-7-07
Attachment 1

House Budget Committee Report

Agency: Kansas Department of Transportation **Bill No.** HB 2541

Bill Sec. 57

Analyst: VanHouse

Analysis Pg. No. Vol. II - 745

Budget Page No. 397

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
State Highway Fund	366,540,653	366,540,653	0
Other Funds	260,059,501	260,059,501	0
Subtotal - Operating	\$ 626,600,154	\$ 626,600,154	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
State Highway Fund	951,396,388	951,396,388	0
Other Funds	53,020,000	53,020,000	0
Subtotal - Capital Improvements	\$ 1,004,416,388	\$ 1,004,416,388	\$ 0
 TOTAL - Reportable	 \$ 1,631,016,542	 \$ 1,631,016,542	 \$ 0
 Nonreportable Expenditures	 134,818,318	 134,818,318	 0
 TOTAL - Reportable and Nonreportable	 \$ 1,765,834,860	 \$ 1,765,834,860	 \$ 0
 FTE Positions	 3,220.5	 3,220.5	 0.0
Non FTE Uncl. Perm. Pos.	37.3	37.3	0.0
TOTAL	3,257.8	3,257.8	0.0

Agency Estimate

For FY 2007, the Kansas Department of Transportation estimates reportable expenditures of \$1.6 billion and nonreportable expenditures of \$134.8 million for total expenditures of almost \$1.8 billion. The estimate includes 3220.5 FTE positions and 37.3 non-FTE positions.

Governor's Recommendation

The Governor concurs with the agency's FY 2007 estimate.

House Budget Committee Recommendation

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

1. The Budget Committee notes that the 2006 Legislature suspended the transfer from the State Highway Fund to the State General Fund in FY 2007 that would have funded the operations of the Kansas Highway Patrol. The Governor recommends reinstating a transfer of \$29,955,733 from the State Highway Fund to the State General Fund, which is the original FY 2007 transfer amount recommended by the Governor to the 2006 Legislature minus the \$5.0 million State Affordable Airfare Fund transfer. The 2006 Legislature authorized an annual transfer of \$5.0 million from FY 2007 to FY 2011 from the State Highway Fund to the Department of Commerce for the State Affordable Airfare Fund.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation with the following adjustment.

1. Delete item 1 referencing the State Highway Fund transfer to the State General Fund.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas Department of Transportation **Bill No.** SB 358

Bill Sec. 57

Analyst: VanHouse

Analysis Pg. No. Vol. II - 745

Budget Page No. 397

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	366,540,653	366,540,653	0
Other Funds	260,059,501	260,059,501	0
Subtotal - Operating	<u>\$ 626,600,154</u>	<u>\$ 626,600,154</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	951,396,388	951,396,388	0
Other Funds	53,020,000	53,020,000	0
Subtotal - Capital Improvements	<u>\$ 1,004,416,388</u>	<u>\$ 1,004,416,388</u>	<u>\$ 0</u>
 TOTAL - Reportable	 <u>\$ 1,631,016,542</u>	 <u>\$ 1,631,016,542</u>	 <u>\$ 0</u>
 Nonreportable Expenditures	 <u>\$ 134,818,318</u>	 <u>\$ 134,818,318</u>	 <u>\$ 0</u>
 TOTAL - Reportable and Nonreportable	 <u>\$ 1,765,834,860</u>	 <u>\$ 1,765,834,860</u>	 <u>\$ 0</u>
 FTE Positions	3,220.5	3,220.5	0.0
Non FTE Uncl. Perm. Pos.	37.3	37.3	0.0
TOTAL	<u>3,257.8</u>	<u>3,257.8</u>	<u>0.0</u>

Agency Estimate

For FY 2007, the Kansas Department of Transportation estimates reportable expenditures of \$1.6 billion and nonreportable expenditures of \$134.8 million for total expenditures of almost \$1.8 billion. The estimate includes 3,220.5 FTE positions and 37.3 non-FTE positions.

Governor's Recommendation

The Governor concurs with the agency's FY 2007 estimate.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Department of Transportation **Bill No.** HB 2542

Bill Sec. 89

Analyst: VanHouse

Analysis Pg. No. Vol. II - 745

Budget Page No. 397

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	346,331,487	343,999,030	(8,236,059)
Other Funds	254,640,247	254,640,247	0
Subtotal - Operating	<u>\$ 600,971,734</u>	<u>\$ 598,639,277</u>	<u>\$ (8,236,059)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	582,876,738	580,516,984	0
Other Funds	50,330,000	50,330,000	0
Subtotal - Capital Improvements	<u>\$ 633,206,738</u>	<u>\$ 630,846,984</u>	<u>\$ 0</u>
 TOTAL - Reportable	 <u>\$ 1,234,178,472</u>	 <u>\$ 1,229,486,261</u>	 <u>\$ (8,236,059)</u>
 Nonreportable Expenditures	 <u>\$ 130,424,980</u>	 <u>\$ 130,426,533</u>	 <u>\$ 0</u>
 TOTAL - Reportable and Nonreportable	 <u><u>\$ 1,364,603,452</u></u>	 <u><u>\$ 1,359,912,794</u></u>	 <u><u>\$ (8,236,059)</u></u>
 FTE Positions	3,201.5	3,201.5	0.0
Non FTE Uncl. Perm. Pos.	37.3	37.3	0.0
TOTAL	<u><u>3,238.8</u></u>	<u><u>3,238.8</u></u>	<u><u>0.0</u></u>

Agency Request

For FY 2008, the Kansas Department of Transportation requests reportable expenditures of \$1.2 billion and nonreportable expenditures of \$130.4 million, for total expenditures of almost \$1.4 billion. The request includes 3,201.5 FTE positions and 37.3 Non-FTE positions.

Governor's Recommendation

For FY 2008, the Governor recommends reportable expenditures of \$1.2 billion and nonreportable expenditures of \$130.4 million, for total expenditures of almost \$1.4 billion. The recommendation for reportable expenditures is a decrease of \$4.7 million, or 0.4 percent, below the agency FY 2008 request. The nonreportable expenditures recommendation is an increase of \$1,553 above the agency's FY 2008 request. The Governor concurs with the agency's request of 3201.5 FTE positions and 37.3 Non-FTE positions.

House Budget Committee Recommendation

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

1. Delete \$5,536,059 from the State Highway 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 \$2,700,000 from the State Highway Fund to remove recommended funding to replace 130 vehicles for consideration at Omnibus.
3. The Budget Committee notes that the 2006 Legislature authorized an annual transfer of \$5.0 million from FY 2007 to FY 2011 from the State Highway Fund to the Department of Commerce for the State Affordable Airfare Fund and suspended the transfer from the State Highway Fund to the State General Fund in FY 2007 to support the operations of the Kansas Highway Patrol. For FY 2008, the Governor recommends reducing the transfer from the State Highway Fund to the State General Fund by \$5.0 million to finance the State Affordable Airfare Fund transfer for FY 2008.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas Department of Transportation **Bill No.** SB 357

Bill Sec. 89

Analyst: VanHouse

Analysis Pg. No. Vol. II - 745

Budget Page No. 397

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	346,331,487	343,999,030	(5,536,059)
Other Funds	254,640,247	254,640,247	0
Subtotal - Operating	<u>\$ 600,971,734</u>	<u>\$ 598,639,277</u>	<u>\$ (5,536,059)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	582,876,738	580,516,984	0
Other Funds	50,330,000	50,330,000	0
Subtotal - Capital Improvements	<u>\$ 633,206,738</u>	<u>\$ 630,846,984</u>	<u>\$ 0</u>
 TOTAL - Reportable	 <u>\$ 1,234,178,472</u>	 <u>\$ 1,229,486,261</u>	 <u>\$ (5,536,059)</u>
 Nonreportable Expenditures	 <u>\$ 13,424,980</u>	 <u>\$ 130,426,533</u>	 <u>\$ 0</u>
 TOTAL - Reportable and Nonreportable	 <u>\$ 1,364,603,452</u>	 <u>\$ 1,359,912,794</u>	 <u>\$ (5,536,059)</u>
 FTE Positions	 3,201.5	 3,201.5	 0.0
Non FTE Uncl. Perm. Pos.	37.3	37.3	0.0
TOTAL	<u>3,238.8</u>	<u>3,238.8</u>	<u>0.0</u>

Agency Request

For FY 2008, the Kansas Department of Transportation requests reportable expenditures of \$1.2 billion and nonreportable expenditures of \$130.4 million, for total expenditures of almost \$1.4 billion. The request includes 3,201.5 FTE positions and 37.3 Non-FTE positions.

Governor's Recommendation

For FY 2008, the Governor recommends reportable expenditures of \$1.2 billion and nonreportable expenditures of \$130.4 million, for total expenditures of almost \$1.4 billion. The recommendation for reportable expenditures is a decrease of \$4.7 million, or 0.4 percent, below the agency FY 2008 request. The nonreportable expenditures recommendation is an increase of \$1,553

above the agency's FY 2008 request. The Governor concurs with the agency's request of 3,201.5 FTE positions and 37.3 Non-FTE positions.

Senate Subcommittee Recommendation

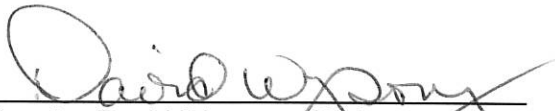
The Subcommittee concurs with the Governor's recommendation with the following adjustment.

1. Delete \$5,536,059 from the State Highway 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.

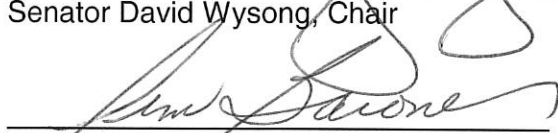
FY 2007 and FY 2008

SENATE WAYS AND MEANS SUBCOMMITTEE

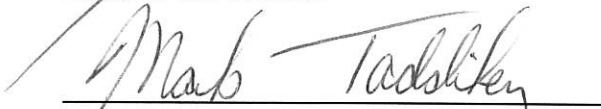
Department of Labor



Senator David Wysong, Chair



Senator Jim Barone



Senator Mark Taddiken

Senate Ways and Means
3-7-07
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.

House Committee Recommendation

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

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

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
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 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 adjustments:

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, and consider at Omnibus.
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.

House Committee Recommendation

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

1. **Consider Investigators/Auditors Positions at Omnibus.** Consider at Omnibus \$107,438, all from the State General Fund, for the two investigators/auditors positions recommended by the Governor in FY 2008.
-
-

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

<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	\$ 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><u>\$ 316,484,141</u></u>	<u><u>\$ 317,513,291</u></u>	<u><u>\$ (1,025,188)</u></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><u>626.1</u></u>	<u><u>626.1</u></u>	<u><u>0.0</u></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

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

SENATE WAYS AND MEANS SUBCOMMITTEE

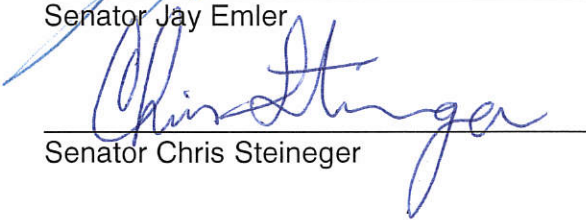
Governmental Ethics Commission



Senator Carolyn McGinn, Chair



Senator Jay Emler



Senator Chris Steineger

House Budget Committee Report

Agency: Governmental Ethics Commission **Bill No.** HB - -

Bill Sec. - -

Analyst: Spurgin

Analysis Pg. No. Vol. III -1618

Budget Page No. 475

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 526,740	\$ 526,740	\$ 0
Other Funds	144,325	144,325	0
Subtotal - Operating	\$ 671,065	\$ 671,065	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 671,065	\$ 671,065	\$ 0
FTE Positions	9.0	9.0	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	9.5	9.5	0.0

Agency Estimate

The agency's estimate for FY 2007 is \$671,065, an increase of \$27,559, or 4.3 percent, above the approved amount. The increase is all State General Fund, for an increase in State General Fund expenditures of 5.5 percent. \$471 of the increase in State General Fund expenditures reflects the amount required to fully fund the pay plan approved by the 2006 Legislature. The remainder of the increase is attributable to the reappropriation of State General Funds which were not utilized in FY 2006 and carried over into FY 2007. The agency carried forward \$48,122 from FY 2006. The remaining \$21,034 is budgeted to be carried forward to FY 2008.

Governor's Recommendation

The Governor concurs with the agency's estimate for current year expenditures, but recommends that \$21,034 from reappropriated FY 2006 funds be lapsed back to the State General Fund in FY 2007.

House Budget Committee Recommendation

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

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Governmental Ethics Commission **Bill No.** SB - -

Bill Sec. - -

Analyst: Spurgin

Analysis Pg. No. Vol. III - 1618

Budget Page No. 475

<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	\$ 526,740	\$ 526,740	\$ 0
Other Funds	<u>144,325</u>	<u>144,325</u>	<u>0</u>
Subtotal - Operating	<u>\$ 671,065</u>	<u>\$ 671,065</u>	<u>\$ 0</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>\$ 671,065</u>	 <u>\$ 671,065</u>	 <u>\$ 0</u>
FTE Positions			
	9.0	9.0	0.0
Non FTE Uncl. Perm. Pos.			
	<u>0.5</u>	<u>0.5</u>	<u>0.0</u>
TOTAL	<u>9.5</u>	<u>9.5</u>	<u>0.0</u>

Agency Estimate

The agency's estimate for FY 2007 is \$671,065, an increase of \$27,559, or 4.3 percent, above the approved amount. The increase is all State General Fund, for an increase in State General Fund expenditures of 5.5 percent. \$471 of the increase in State General Fund expenditures reflects the amount required to fully fund the pay plan approved by the 2006 Legislature. The remainder of the increase is attributable to the reappropriation of State General Funds which were not utilized in FY 2006 and carried over into FY 2007. The agency carried forward \$48,122 from FY 2006. The remaining \$21,034 is budgeted to be carried forward to FY 2008.

Governor's Recommendation

The Governor concurs with the agency's estimate for current year expenditures, but recommends that \$21,034 from reappropriated FY 2006 funds be lapsed back to the State General Fund in FY 2007.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Governmental Ethics Commission **Bill No.** HB 2542

Bill Sec. 21

Analyst: Spurgin

Analysis Pg. No. Vol. III - 1618

Budget Page No. 475

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 522,415	\$ 539,975	\$ (17,560)
Other Funds	119,135	119,135	0
Subtotal - Operating	\$ 641,550	\$ 659,110	\$ (17,560)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 641,550	\$ 659,110	\$ (17,560)
FTE Positions	9.0	9.0	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	9.5	9.5	0.0

Agency Request

The **agency** requests FY 2008 operating expenditures of \$641,550, a decrease of \$29,515, or 4.4 percent, below the FY 2007 revised estimate. The request includes \$522,415 from the State General Fund, a decrease of \$4,325, or 0.8 percent, below from the FY 2007 revised request. The request includes \$21,034 of State General Fund money carried forward from the previous year.

Governor's Recommendation

The **Governor** recommends FY 2008 operating expenditures of \$659,110, a decrease of \$11,955, or 1.8 percent, below the current year recommendation. Of this amount, \$539,975 is recommended from the State General Fund, which represents an increase of \$13,235, or 2.5 percent, above the current year State General Fund recommendation. The recommendation includes the Governor's pay plan adjustments.

House Budget Committee Recommendation

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

1. Delete \$17,560, all 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.

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Governmental Ethics Commission **Bill No.** SB 357 **Bill Sec.** 21

Analyst: Spurgin **Analysis Pg. No.** Vol. III - 1618 **Budget Page No.** 475

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 522,415	\$ 539,975	\$ (17,560)
Other Funds	119,135	119,135	0
Subtotal - Operating	<u>\$ 641,550</u>	<u>\$ 659,110</u>	<u>\$ (17,560)</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>\$ 641,550</u>	 <u>\$ 659,110</u>	 <u>\$ (17,560)</u>
 FTE Positions	 9.0	 9.0	 0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	<u>9.5</u>	<u>9.5</u>	<u>0.0</u>

Agency Request

The agency requests FY 2008 operating expenditures of \$641,550, a decrease of \$29,515, or 4.4 percent, below the FY 2007 revised estimate. The request includes \$522,415 from the State

General Fund, a decrease of \$4,325, or 0.8 percent, below from the FY 2007 revised request. The request includes \$21,034 of State General Fund money carried forward from the previous year.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$659,110, a decrease of \$11,955, or 1.8 percent, below the current year recommendation. Of this amount, \$539,975 is recommended from the State General Fund, which represents an increase of \$13,235, or 2.5 percent, above the current year State General Fund recommendation. The recommendation includes the Governor's pay plan adjustments.

Senate Subcommittee Recommendation

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

1. Delete \$17,560, all 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.

House Budget Committee Report

Agency: Governmental Ethics Commission **Bill No.** HB 2542

Bill Sec. 21

Analyst: Spurgin

Analysis Pg. No. Vol. III -1618

Budget Page No. 475

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 511,910	\$ 529,357	\$ (17,447)
Other Funds	158,223	159,733	(510)
Subtotal - Operating	\$ 670,133	\$ 689,090	\$ (17,957)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 670,133	 \$ 689,090	 \$ (17,957)
 FTE Positions	 9.0	 9.0	 0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	9.5	9.5	0.0

Agency Request

The **agency** requests a FY 2009 operating expenditure limitation of \$670,133, an increase of \$28,583, or 4.5 percent, above the FY 2008 request. The request includes \$511,910 from the State General Fund, a decrease of \$10,505, or 2.0 percent, below above the FY 2008 request. Excluding the FY 2008 reappropriated funds, this represents a 2.1 percent increase above FY 2008 State General Fund expenditures.

Governor's Recommendation

The **Governor** recommends FY 2009 operating expenditures of \$688,090, an increase of \$28,980, or 4.4 percent, above the FY 2008 recommendation. The recommendation includes \$529,357 in State General Fund expenditures, a decrease of \$10,618, or 2.0 percent, below the FY 2008 recommendation. The recommendation includes the continuation of the Governor's pay plan adjustment from FY 2008.

House Budget Committee Recommendation

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

1. Delete \$17,957, including \$17,447 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. This is a continuation of the FY 2008 recommendation. Funding for pay plan adjustments and longevity payments will be considered later.

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Governmental Ethics Commission **Bill No.** SB 357 **Bill Sec.** 21

Analyst: Spurgin **Analysis Pg. No.** Vol. III -1618 **Budget Page No.** 475

<u>Expenditure Summary</u>	<u>Agency Request FY 09</u>	<u>Governor's Recommendation FY 09</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 511,910	\$ 529,357	\$ (17,447)
Other Funds	158,223	159,733	(510)
Subtotal - Operating	<u>\$ 670,133</u>	<u>\$ 689,090</u>	<u>\$ (17,957)</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>\$ 670,133</u></u>	<u><u>\$ 689,090</u></u>	<u><u>\$ (17,957)</u></u>
FTE Positions	9.0	9.0	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	<u><u>9.5</u></u>	<u><u>9.5</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2009 operating expenditure limitation of \$670,133, an increase of \$28,583, or 4.5 percent, above the FY 2008 request. The request includes \$511,910 from the State General Fund, a decrease of \$10,505, or 2.0 percent, below above the FY 2008 request.

Excluding the FY 2008 reappropriated funds, this represents a 2.1 percent increase above FY 2008 State General Fund expenditures.

Governor's Recommendation

The **Governor** recommends FY 2009 operating expenditures of \$688,090, an increase of \$28,980, or 4.4 percent, above the FY 2008 recommendation. The recommendation includes \$529,357 in State General Fund expenditures, a decrease of \$10,618, or 2.0 percent, below the FY 2008 recommendation. The recommendation includes the continuation of the Governor's pay plan adjustment from FY 2008.

Senate Subcommittee Recommendation

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

1. Delete \$17,957, including \$17,447 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. This is a continuation of the FY 2008 recommendation. Funding for pay plan adjustments and longevity payments will be considered later.

Senate Ways and Means Committee

Testimony on Senate Bill #361

Gary Musselman, Executive Director of the Kansas State High School Activities Association

Wednesday, March 7, 2007

1. Thank you Chairman Umbarger and the members of the Committee for allowing me the opportunity to testify in opposition to Senate Bill #361.
2. **The KSHSAA is a private, non-profit 501c-3, incorporated association of public and private, member schools. Unlike colleges and universities identified in this bill, it does not receive direct funding or appropriations from the state.** 361 senior high schools pay annual dues of \$400 and 419 middle/junior high schools pay \$125. Dues have not increased in 19 years and account for 6 – 7 % of annual KSHSAA operational revenue.
3. The primary source (*approximately 80 %*) of Association operating revenue is the sale of tickets to post season athletic events. Eleven KSHSAA activities involve no ticket sales (tennis, golf, debate, scholars bowl, speech, piano, vocal, orchestral and instrumental music, Kansas Association for Youth and student council), and their expenses are borne by revenue producing activities. **Fan attendance at KSHSAA post season events is very price sensitive.** Consequently our board reviews pricing annually but seldom raises ticket prices, and does so reluctantly. (*On average about every 5 – 8 years.*)
4. It is important to note **the KSHSAA has no financial involvement in regular season athletic contests or other school activities during the regular season schedule of the school year.** Concession sales during regular and post season activities do not involve the KSHSAA financially.
5. Presently, sales tax generated by all of these activities, including the ticket sales of all KSHSAA post season events, flows to the State's General Fund. **School activities are shouldering their fair share of the tax burden in the state without adding a supplemental tax on KSHSAA events to fund a separate and distinctly different hall of fame.**
6. **This bill's impact on the KSHSAA will affect 11 boys and 11 girl's sports. A total of 336 post season games, matches, or days of competition will be taxed by the 50 cent surcharge.** An estimated 168,000 students and adult fans of high school sports will be taxed under this proposal.
7. **Other private associations governing sports in our state aren't impacted by this bill.** A parallel to a KSHSAA state tournament surcharge would be to impose a surcharge on all games played at the NJCAA national tournaments played in Hutchinson and Salina. Those are post season contests of a non-profit association of member schools as well. Should the NAIA, as a private association based in Kansas, be asked to impose a post season ticket surcharge on all of it's' post season athletic contests?
8. **Is it sound public policy to legislatively mandate a privately incorporated and voluntary non-profit association of secondary schools, become a funding mechanism for another, unrelated and separate**

Senate Ways and Means
3-7-07
Attachment 4

non-profit organization? If so, should other associations and sport governing bodies to which Kansas educational institutions belong be surcharged as well? Why only the KSHSAA and not the NCAA, NAIA and NJCAA? What about other sport organizations which operate events in the state such as sports car clubs, NASCAR, rodeo, boxing, hockey etc? **This bill makes the KSHSAA the ONLY funding mechanism for the Kansas Sports Hall of Fame other than its' admission ticket sales.**

9. **Unlike Kansas colleges, the KSHSAA does not self administer or host any of its events.** We rely exclusively on school and community facilities and volunteers. This bill gives the Association no flexibility.
10. **The administrative ramifications and expenses of this proposal are significant for the KSHSAA.** Our inventory of state tickets would have to be replaced to reflect the price change. Handling coinage and ticket lines for 168,000 paid admissions is not inconsequential. Increasing our ticket price to the next even dollar for convenience is not something we have interest in doing. Changing all ticket inventory report forms and event financial accounting forms for 336 competitions in 11 girls and boys sports will require a significant amount of staff time. One can easily anticipate the additional administrative headaches and negative public reaction this proposal will generate for host site volunteers.
11. **The percentage this additional ticket tax or surcharge represents to the cost of KSHSAA tickets is significant and regressive.** State tickets for students cost \$4 & \$5. A 50 cent surcharge equates to a 12% and 10 % added tax. Since school activity tickets are not recognized at state events, the exemption this bill creates for college student activity tickets will not be available to children in grades K - 12. Adult state tickets are \$5, \$6 & \$7. The surcharge represents a 10%, 8.3% & 7.1% added tax to KSHSAA adult state tickets. The percentage a \$1 or \$2 surcharge on a college ticket is probably less, particularly at the Division I institutions with much higher ticket prices.
12. Currently, sales tax on all KSHSAA tickets is paid at the point of sale to all state and local taxing jurisdictions. **Who will be required to pay the sales tax on the added ticket tax? What, if any accounting is required of the Kansas Sports Hall of Fame for funds generated by a ticket tax on KSHSAA ticket sales and revenues?**
13. **Why should the member schools of the KSHSAA financially support another hall of fame when they self fund and operate their own,** which reflects both the athletic and non-athletic mission of their organization?
14. In recent years, the KSHSAA has supported the KSHOF in a variety of ways by providing in kind advertising and promotion in state event programs and has opened its archives to allow KSHOF to develop a records database.
15. The sales tax revenues in the State's General Fund flowing from high school athletics and activities conducted throughout the entire school year, amount to hundreds of thousands of dollars which could be earmarked for use by the KSHOF if it cannot generate attendance to pay for its' own operation.
16. **The imposition of a high school sports ticket tax is not in the best interest of the greatest number of Kansas citizens and school children.** To tax 168,000 Kansans each year for the operation of a museum they may or may not have interest in, is not in the public's interest. The added administrative burden and costs to the Kansas State High School Activities Association will be problematic and harmful to it's' relationship with the people of Kansas. **On that basis, the KSHSAA respectfully asks that you not advance Senate Bill #361.**



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

Senate Committee on Ways and Means
March 7, 2007

Testimony in Opposition to SB 361

Reginald L. Robinson,
President & CEO

Chairman Umbarger and Members of the Committee, thank you for the opportunity to appear before you today on behalf of the Kansas Board of Regents regarding SB 361. While we appreciate the serious work that has been done to address the issue, I am here to explain why SB 361 is not one of the funding solutions that should be pursued to address the very serious issue of maintenance of facilities and capital infrastructure of our universities and colleges.

First, before addressing the specifics of SB 361, I would like to publicly thank Chairman Schodorf and the Senate's Higher Education Task Force for the many hours the Task Force committed to this issue. Literally, the Task Force left no rock unturned as the members worked through a myriad of possible funding sources to help resolve this problem. The Board applauds their efforts to put forth a recommended plan for consideration and will welcome the opportunity to discuss the specifics of the Senate Task Force plan at a future meeting. I would also like to thank you, Mr. Chairman, for your continuing focus on this problem and your energetic quest for a solution.

A Legislatively Mandated Ticket Surcharge Would Generate Little Revenue

SB 361 would require each public university and community college to administer a surcharge on tickets sold for all intercollegiate athletic events. For each athletic event, a state university and Washburn University would collect an additional \$2 from every admission ticket sold, and a community college would collect an additional \$1 per ticket. The estimated additional funds collected by universities (\$3.0 million from 1.5 million paid tickets) would be deposited into a deferred maintenance fund for each university – ranging from \$570,000 at KU to less than \$13,000 at FHSU. The additional funds collected from 19 community colleges (\$78,000) would be deposited into a community college deferred maintenance fund, which would be administered by the KBOR.

As the Senate Task Force on Higher Education concluded the deferred and ongoing maintenance problem is a "daunting one." Although the Board sincerely appreciates the intent behind this proposed legislation, we're concerned that a surcharge such as this may work against a comprehensive solution. Because it is highly visible, and probably controversial, a surcharge may create a public impression that the deferred maintenance issue has been addressed. At the same time, the estimated \$3.1 million in revenue from a surcharge on intercollegiate athletic

Senate Ways and Means
3-7-07
Attachment 5

events would fail to make a discernible dent in the nearly \$1.0 billion of documented deferred maintenance problems of the state universities and community colleges that currently exist.

A Ticket Surcharge May Be Required for the Maintenance of Athletic Facilities

The Kansas Board of Regents, as the governing board for the state universities, and the Boards of Trustees, as the governing boards for our community colleges and Washburn University, have the authority to apply a surcharge to tickets and target the revenue to facility maintenance needs without legislative authorization. Raising ticket prices may be one strategy that universities, colleges, and athletic corporations will be forced to pursue in order to cover the maintenance on athletic facilities. At the Legislature's request, the Board has "pared down" the list of state-owned buildings to exclude, among others, athletic facilities. Although there has been a long-standing state commitment to provide the resources necessary to address maintenance deficiencies in athletic facilities, the decision was made to focus efforts to secure state funding for building deficiencies that are more likely to generate consensus support among policy makers.

Again, Mr. Chairman, the Board of Regents appreciates the efforts of the Governor and Legislature to come forward with solutions as we work toward a resolution on this vital issue. Thank you for the opportunity to comment. I'll be pleased to answer any questions you may have.



TO: Senate Committee on Ways and Means

RE: SB 361

Testimony of Ted Hayes, Executive Director – The State of Kansas Sports Hall of Fame

Mr. Chairman and Members of the Committee:

Thank you Chairman Umbarger and members of the Committee for allowing me to testify in support of legislation which would provide permanent funding assistance to operate the Kansas Sports Hall of Fame.

I am here to ask for your support of the Hall of Fame for the following reasons:

The KSHOF has a worthwhile and outstanding mission of benefit to all Kansans ... To honor, to educate, to inspire. This was the mission written into statute by the Kansas Legislature in 1969 and it continues to be a worthy and outstanding mission today.

What separates the KSHOF from other museums?

Inspirational Role Models. The inspirations presented by members of the KSHOF can be life-changing for many young people – tangible evidence that they, too can dream, and if they do like the role models we will present to them, they may be able to realize their dreams and to utilize the qualities they learn along the way into adulthood and into their own families, jobs and communities in the future.

The KSHOF delivers a potentially life-changing message and experience for young people - delivered by Kansas role models whose testimonies and stories of how they personally overcame racial and gender prejudices and injuries, broken homes, drug abuse and countless other hardships to achieve great things in sports and off the fields of play helped them to become heroes in sports and pillars in our communities - inspirational messages which young people can take home and put into practice immediately.

Kansas is fortunate to have so many quality, positive role models, to use for our youth of what it takes to become a champion and the values they learned and developed in their quest to achieve greatness: Leadership, sportsmanship, teamwork, dedication, discipline, commitment and so forth.

What is the Hall of Fame's vision?

Our vision is to reach the entire youth population in the state of Kansas with our messages: "Heroes in Sports, Leaders in Life" and "Be a leader – on the field and off". We aspire to take the KSHOF stories of the role models represented in the Hall of Fame out to the youth in the state through outreach programs such as our "Leaders on and off the Field" program which will be kicked off in Wichita this month.

Our vision is to develop classroom materials including video, internet classroom hookups, curriculum and a speakers bureau to bring the message to them – in their homes and at their schools.

KANSAS SPORTS HALL OF FAME

John Q. Hammons Plaza

238 N. Mead • Wichita, Kansas 67202

TEL 316-262-2038 • FAX 316-263-2539 • www.kshof.org

Senate Ways and means
3-7-07
Attachment 6

Our vision is to host and sponsor workshops for parents and coaches and others involved in shaping kids lives throughout the state with positive, powerful messages presented by KSHOF inductees.

Our vision is to develop a statewide mobile exhibit which can be taken throughout the state at places like the State Fair, K-State/KU football game, state high school track meet and at County Fairs and high school and college events – year around, bringing many of the videos and artifacts – along with the messages – to as many fans and student athletes as we can reach.

Our vision is to maintain an exciting, vibrant state-of-the art sports museum of sports history for fans of all ages to visit, to enjoy, to learn and to be inspired. We want to include electronic interactive displays and fun, physical participation interactives which will entertain, educate and inspire our young people.

Our vision is for all children to feel they can be part of something – and not to the athletes, but maybe as a member of the band or cheerleader, drill team or pep club. Maybe they can be a part as announcers, referees, trainers, scorekeepers, equipment managers, statisticians or even mascots! The KSHOF includes hundreds of examples of people in our society who participated in sports in this way also!

Our vision is to have wholesome, inspirational, family movies on Sunday afternoons at the Hall of Fame. Movies like *Running Brave*, *Brian's Song*, *Glory Road*, *Hoosiers*, and scores more!

Our vision is to partner with other organizations and museums in outreach programs for youth. Organizations such as Boys and Girls Clubs, Big Brothers – Big Sisters, Scouts, and others.

Funding for the Hall of Fame

The Hall of Fame request for state funding includes two vital points:

1. Funding must be ongoing, permanent.
2. Funding must be a minimum of \$500,000 per year in order to allow donated funds being raised to be used for promotions, youth outreach, traveling display, and programming.

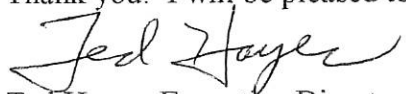
The HOF has proven that it can raise funds. For forty-five years, we have raised money which has at the very least, allowed the organization to survive without permanent state funding.

In the last four years alone, the HOF has raised over \$2-million. We will continue to raise funds for the KSHOF – our fund-raising efforts will not cease but rather will be greatly enhanced.

What we are asking of the Legislature, is assistance in paying for the basic operation of the Hall of Fame which will free up the hundreds of thousands of dollars we raise each year to be used to fund our vision programs – instead of having to use those dollars to pay for basic operations.

With the legislature helping us, the KSHOF can become the vibrant, exciting statewide source of pride and inspiration it has the potential to become. If the legislature will provide the basic funding support we need, we will make the KSHOF the attraction and source of inspiration it was intended to be and which all of the state of Kansas deserves. The KSHOF has a worthwhile and outstanding mission of benefit to all Kansans ... To honor, to educate, to inspire. Please help support the Kansas Sports Hall of Fame.

Thank you. I will be pleased to answer any questions.


Ted Hayes, Executive Director

KANSAS SPORTS HALL OF FAME

2007 OPERATIONS BUDGET

<u>INCOME</u>	<u>BUDGET</u>
Admissions/Gift Shop/Rentals	100,000
Golf Tournament	25,000
Induction Ceremony	40,000
Interest	0
Miscellaneous – HOF Games – Pitt State	3,000
Sales Tax	2,000
State Funds	<u>500,000</u>
TOTAL OPERATING INCOME	670,000

<u>EXPENSE</u>	<u>BUDGET</u>
Accounting	12,500
Advertising	100,000
Bank Charges/CC Sales	3,000
Building Lease Payments	150,000
Dues & Subscriptions	2,000
Facility Rental Expense	1,000
Fund Raising Expense/Lobbyist	10,000
Furniture, Computers, Tools, Equipment	5,000
Gift Shop	5,000
Golf Tournament	14,000
Induction Ceremony	35,000
Insurance	19,500
Miscellaneous	1,200
Office Expense	8,500
Postage/Shipping	2,400
Public Relations	2,400
Repairs & Maintenance	8,000
Retirement	5,000
Supplies	6,000
Taxes – Real Estate	5,500
Taxes - Sales	2,000
Telephone	6,000
Travel/Meetings	12,000
Utilities	24,000
Wages/Payroll Tax	<u>180,000</u>
TOTAL OPERATING EXPENSE	620,000

2007 CAPITAL BUDGET

<u>INCOME</u>	
Donations/Memberships	245,000

<u>EXPENDITURES</u>	
Displays, Outreach Programs, Promotions	240,000

TO: Senator Umbarger
FROM: Theresa Kiernan
RE: Senate Bill No. 329

A question has arisen as to whether it is necessary to enact 2007 Senate Bill No. 329. During the 2006 legislative session, two sections that are nearly identical to the provisions of Senate Bill No. 329 are repealed by the bill. The 2007 legislation was introduced to ensure that the policy to split the assessed valuation of certain gaming facilities located in Cherokee county would continue. The bills enacted last year referred to facilities authorized under the Kansas expanded lottery act (of 2006) which was not enacted last year. While a bill with the same name has been introduced this year, there is some question whether the reference in the bills passed last year would be construed to mean the Kansas expanded lottery act (of 2007). In Senate Bill No. 329, I wrote the language so that the policy to split the assessed valuation of those gaming facilities would occur if any act expanding gambling and authorizing gaming facilities in Cherokee county is enacted, regardless of the name of the act or when it is enacted.

Senate Ways and Means
3-7-07
Attachment 7