

## MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on February 13, 2008, in Room 514-S of the Capitol.

All members were present except:

- Representative Mitch Holmes - absent
- Representative Joe McLeland - excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Reed Holwegner, Legislative Research Department
- Cody Gorges, Legislative Research Department
- Julian Efird, Legislative Research Department
- Leah Robinson, Legislative Research Department
- Jim Wilson, Revisor of Statutes
- Nobuko Folmsbee, Revisor of Statutes
- Nikki Feuerborn, Chief of Staff
- Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

- Roderick Bremby, Secretary, Department of Health & Environment
- Aaron Dunkel, Deputy Secretary, Department of Health & Environment

Others attending:

See attached list.

- Attachment 1 Draft copy of **House Substitute for SB 359**
- Attachment 2 Budget Committee Report on Department of Health and Environment-Health
- Attachment 3 Budget Committee Report on Department of Health and Environment-Environment
- Attachment 4 Effect of Federal Economic Stimulus Legislation on the State General Fund (SGF)
- Attachment 5 Letter from Dr. Ed Dismuke, Wichita State University

### Introduction of Legislation

Representative Colyer appeared before the Committee to request the introduction of (1) a House resolution concerning state budget guidelines and controlling principles for the House of Representatives during the 2008 regular session and (2) legislation relating to updating ending balances and allowing the Legislature to score budget bills as the session progresses.

Representative Kelsey moved to introduce the resolution and legislation as requested. The motion was seconded by Representative Tafanelli. Motion carried.

Representative Bethell moved to introduce legislation to exclude the Program of All Inclusive Care for the Elderly (PACE) program from regulations of the Department of Health and Environment-Health. The motion was seconded by Representative George. Motion carried.

Representative Gatewood moved to introduce legislation concerning rural broadband initiative. The motion was seconded by Representative Tafanelli. Motion carried.

Representative George moved to introduce legislation to remove the recommended pay plan proposals and funding from the Governor's recommended budgets for FY 2009 and FY 2010. The motion was seconded by Representative Tafanelli. Motion carried on a 10-8 vote. Representatives Feuerborn, Lane, Ballard, Burroughs, Henry, Williams, Carlin and Gatewood requested to be recorded as voting "no".

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 13, 2008, in Room 514-S of the Capitol.

### Proposal to Improve Air Passenger Service for North-Central Kansas

#### Action on proposal to improve air passenger service for north-central Kansas.

Jim Wilson, Office of Revisor of Statutes, explained that the draft of the proposal would be incorporated into **SB 359** as **House Substitute for SB 359** (Attachment 1). Mr. Wilson stated that the legislation would establish a special revenue fund within the Department of Transportation called the North Central Kansas Air Passenger Service Support Fund. The legislation would allow for payments to be made from the North Central Kansas Air Passenger Service Support Fund from moneys transferred into the fund by the City of Manhattan and funds from the State Highway Fund. The bill would address funding for FY 2009 and FY 2010. Payments to participating airlines would only be made when flights are filled to less than 70 per cent of capacity or as determined under a formula finalized and agreed upon by the City of Manhattan and any air carrier. The legislation also prescribes limitations on the amount of funds to be expended for each fiscal year.

Responding to a question from the Committee, Mr. Wilson indicated that a negotiated contract between the air service carrier and the Manhattan airport, which is owned and operated by the City of Manhattan, will establish how the funds will be disbursed. No funds will be transferred from the State Highway Fund until the City of Manhattan has paid \$250,000 under such contract. Mr. Wilson noted that the legislation authorizes state payments for FY 2009 and FY 2010 only.

Representative Carlin moved that **SB 359** be amended by substituting the existing provisions of the bill with the draft **House Substitute for SB 359** which is before the Committee on Appropriations. The motion was seconded by Representative Tafanelli. Motion carried.

Representative Carlin moved that **SB 359**, as amended as **House Substitute for SB 359**, be reported favorably, allowing for technical corrections, with the recommendation that the substitute bill be passed. The motion was seconded by Representative Tafanelli. Motion carried.

### Department of Health and Environment - Health

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations 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 2). The motion was seconded by Representative George. Motion carried.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Health and Environment-Health for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 2). The motion was seconded by Representative Kelsey.

Representative Pottorff made a substitute motion to amend the Budget Committee report on the Department of Health and Environment-Health for FY 2009 by adding language to request a review of funding for breast and cervical cancer at Omnibus. The motion was seconded by Representative Ballard. Motion carried.

During discussion, the Committee had questions concerning lodging and food service inspections by the Department of Health & Environment. Roderick Bremby, Secretary, and Aaron Dunkel, Deputy Secretary, Department of Health & Environment, indicated that prior to the hiring of 4 lodging inspectors as authorized by the 2007 Legislature, inspections of lodging facilities were done by food service inspectors only when a complaint was received by the Department. Secretary Bremby stated that there has been increased complaints from the public concerning lodging establishments. During inspections by the Department of Health and Environment, it has been determined that many of these establishments are serving food without a food service license.

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 13, 2008, in Room 514-S of the Capitol.

Representative Lane moved to amend the Budget Committee report on the Department of Health & Environment-Health by striking Items No. 1 and No. 2 from the Budget Committee Report for FY 2009. The motion was seconded by Representative Feuerborn. Motion failed on a 9-11 vote. Representatives Feuerborn, Lane, Ballard, Burroughs, Henry, Williams, Carlin, Sawyer and Gatewood requested to be recorded as voting "yes".

Representative Tapanelli moved to remove all of the Governor's recommendations for employee compensation increases and longevity pay from the Department of Health & Environment-Health budget for FY 2009 with the intent that the Committee would vote later on a motion for all pay issues to be handled globally through separate legislation. The motion was seconded by Representative Wolf. Motion carried.

Representative Bethell renewed the motion for adoption of the Budget Committee Report on the Department of Health & Environment-Health for FY 2009 as amended. The motion was seconded by Representative Wolf. Motion carried.

### **Employee Salaries Increases, Longevity Pay & Move to Market Funding**

Representative Tapanelli moved to remove all of the Governor's FY 2009 budget recommendations for employee compensation increases, longevity pay and funding for "moving to market" pay adjustments from previously adopted Committee recommendations on the Department of Corrections' budgets and from all subsequent Budget Committee reports on agency budgets and that consideration be given to all aspects of state employee pay recommendations in separate legislation. The motion was seconded by Representative Bethell. Motion carried on a 11-9 vote.

Representatives Feuerborn, Lane, Ballard, Burroughs, Henry, Williams, Carlin, Sawyer and Gatewood requested to be recorded as voting "no".

The Committee stated that they are very supportive of funding for state employee pay compensation and will address all aspects in one upcoming piece of legislation.

### **Department of Health & Environment-Environment**

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

Representative Gatewood, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Health and Environment-Environment for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 3). The motion was seconded by Representative Powell.

The Budget Committee noted that a minority report from Representative Vaughn Flora, member of the Agriculture & Natural Resources Budget Committee, is attached to the Budget Committee Report.

Representative Watkins moved a substitute motion to amend the Budget Committee Report for the Department of Health & Environment-Environment for FY 2009 by deleting Item Nos. 1 and 2. The motion was seconded by Representative Powell. Motion carried.

Representative Gatewood renewed the motion to adopt the Budget Committee Report on the Department of Health & Environment-Environment for FY 2009 as amended. The motion was seconded by Representative Powell. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 13, 2008, in Room 514-S of the Capitol.

**State General Fund Receipts, Expenditures and Balances**

Alan Conroy, Legislative Research Department, provided information to the Committee on the effect of the Federal Economic Stimulus Legislation on the State General Fund (SGF) (Attachment 4). It is estimated that the loss of state revenue may be \$87 million.

**Support Information**

A response from Dr. Edward Dismuke, Dean and Professor, Wichita State University, to a question with regard to testimony on February 11, 2008, was distributed to the Committee (Attachment 5).

The meeting was adjourned at 10:35 a.m. The next meeting of the Committee will be held on February 14, 2008.

  
Sharon Schwartz, Chair

# House Appropriations Committee

February 13, 2008

9:00 A.M.

NAME	REPRESENTING
Ron Seiber	Ken Law Firm
Dina Carter	Moulton
John Mitchell	KDHE
Dora Bowman	CCECDs
Vicki (Carter)	<del>Budget</del>
Michael Hooper	Kearney & Assoc.
Ed Yank	KDOT
Ethan Erickson	KDOT
Kathelyn Utgen	KRHA

DRAFT Substitute for SENATE BILL NO. 359

For Consideration by Committee on Appropriations

1 AN ACT making and concerning appropriations for the fiscal years ending June 30, 2009, and June 30,  
2 2010, for the department of transportation; authorizing certain transfers, capital improvement  
3 projects and fees, imposing certain restrictions and limitations, and directing or authorizing  
4 certain receipts, disbursements and acts incidental to the foregoing.  
5

6 *Be it enacted by the Legislature of the State of Kansas:*  
7

8 Section 1. (a) For the fiscal years ending June 30, 2009, and June 30, 2010, appropriations are  
9 hereby made, restrictions and limitations are hereby imposed, and transfers, capital improvement  
10 projects, fees, receipts, disbursements and acts incidental to the foregoing are hereby directed or  
11 authorized as provided in this act.

12 (b) The agencies named in this act are hereby authorized to initiate and complete the capital  
13 improvement projects specified and authorized by this act or for which appropriations are made by this  
14 act, subject to the restrictions and limitations imposed by this act.

15 (c) This act shall not be subject to the provisions of subsection (a) of K.S.A. 75-6702 and  
16 amendments thereto.

17 (d) The appropriations made by this act shall not be subject to the provisions of K.S.A. 46-155  
18 and amendments thereto.

19 Sec. 2.

20 DEPARTMENT OF TRANSPORTATION

21 (a) There is appropriated for the above agency from the following special revenue fund or funds  
22 for the fiscal year or years specified, all moneys now or hereafter lawfully credited to and available in  
23 such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the  
24 following:

25 North central Kansas air passenger service support fund

HOUSE APPROPRIATIONS

DATE 2-13-2008

ATTACHMENT 1

1 For the fiscal year ending June 30, 2009 ..... No limit

2  
3 *Provided*, That all expenditures from the north central Kansas air passenger service support fund during  
4 fiscal year 2009 shall be made to participate in air passenger service support agreements with Manhattan,  
5 Kansas, and airlines providing air passenger service at Manhattan regional airport, related to any period  
6 during fiscal year 2009 when flights are filled to less than 70% of capacity or as determined under a  
7 formula finalized and agreed upon by the city of Manhattan , KS, in such support agreements: *Provided*  
8 *however*, That no expenditures shall be made from the north central Kansas air passenger service support  
9 fund unless the city of Manhattan, KS, has made payments to such airlines for such purpose of \$250,000  
10 or more for fiscal year 2009: *Provided further*, That expenditures from the north central Kansas air  
11 passenger service support fund to such airlines for such purpose for fiscal year 2009 shall not exceed  
12 \$1,000,000.  
13

14 For the fiscal year ending June 30, 2010 ..... No limit

15  
16 *Provided*, That all expenditures from the north central Kansas air passenger service support fund during  
17 fiscal year 2010 shall be made to participate in air passenger service support agreements with Manhattan,  
18 Kansas, and airlines providing air passenger service at Manhattan regional airport, related to any period  
19 during fiscal year 2010 when flights are filled to less than 70% of capacity or as determined under a  
20 formula finalized and agreed upon by the city of Manhattan , KS, in such support agreements: *Provided*  
21 *however*, That no expenditures shall be made from the north central Kansas air passenger service support  
22 fund unless the city of Manhattan, KS, has made payments to such airlines for such purpose of \$250,000  
23 or more for fiscal year 2009: *Provided further*, That expenditures from the north central Kansas air  
24 passenger service support fund to such airlines for such purpose for fiscal year 2009 shall not exceed  
25 \$1,000,000.  
26

27 (b) During the fiscal year ending June 30, 2009, the secretary of transportation shall certify to  
28 the director of accounts and reports pursuant to this subsection whenever an amount is required to be  
29 transferred from the state highway fund to the north central Kansas air passenger service support fund  
30 to fund one or more payments to airlines pursuant to the participation by the department of transportation  
31 in air passenger service support agreements with Manhattan, Kansas, and the airlines providing air  
32 passenger service at Manhattan regional airport, related to any period during fiscal year 2009 when  
33 flights were filled to less than 70% of capacity or as determined under a formula finalized and agreed  
34 upon by the city of Manhattan , KS, in such support agreements and the city of Manhattan, KS, has made  
35 payments to such airlines for such purpose of \$250,000 or more for fiscal year 2009. Each such  
36 certification shall specify the amount to be transferred from the state highway fund to the north central

1 Kansas air passenger service support fund for such purpose. Upon receipt of each such certification, the  
2 director of accounts and reports shall transfer the amount certified from the state highway fund to the  
3 north central Kansas air passenger service support fund: *Provided*, That the aggregate of such transfers  
4 from the state highway fund to the north central Kansas air passenger service support fund during fiscal  
5 year 2009 shall not exceed \$1,000,000. The secretary of transportation shall transmit a copy of each such  
6 certification to the director of the budget and the director of legislative research.

7 (c) During the fiscal year ending June 30, 2010, the secretary of transportation shall certify to  
8 the director of accounts and reports pursuant to this subsection whenever an amount is required to be  
9 transferred from the state highway fund to the north central Kansas air passenger service support fund  
10 to fund one or more payments to airlines pursuant to the participation by the department of transportation  
11 in air passenger service support agreements with Manhattan, Kansas, and the airlines providing air  
12 passenger service at Manhattan regional airport, related to any period during fiscal year 2010 when  
13 flights were filled to less than 70% of capacity or as determined under a formula finalized and agreed  
14 upon by the city of Manhattan , KS, in such support agreements and the city of Manhattan, KS, has made  
15 payments to such airlines for such purpose of \$250,000 or more for fiscal year 2010. Each such  
16 certification shall specify the amount to be transferred from the state highway fund to the north central  
17 Kansas air passenger service support fund for such purpose. Upon receipt of each such certification, the  
18 director of accounts and reports shall transfer the amount certified from the state highway fund to the  
19 north central Kansas air passenger service support fund: *Provided*, That the aggregate of such transfers  
20 from the state highway fund to the north central Kansas air passenger service support fund during fiscal  
21 year 2010 shall not exceed \$1,000,000. The secretary of transportation shall transmit a copy of each such  
22 certification to the director of the budget and the director of legislative research.


23 Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas  
24 register.



FY 2008 and FY 2009

**SOCIAL SERVICES BUDGET COMMITTEE**

**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 2-13-2008  
ATTACHMENT 2

## House Budget Committee Report

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

**Analyst:** Robinson      **Analysis Pg. No.** Vol. --      **Budget Page No.** 173

Expenditure Summary	Agency Estimate FY 2008	Governor's Recommendation FY 2008	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,204,925	\$ 33,862,634	\$ 0
Other Funds	127,033,235	127,131,872	0
<b>TOTAL</b>	<b><u>\$ 161,238,160</u></b>	<b><u>\$ 160,994,506</u></b>	<b><u>\$ 0</u></b>
FTE Positions	416.9	414.9	0.0
Non FTE Uncl. Perm. Pos.	168.4	168.4	0.0
<b>TOTAL</b>	<b><u>585.3</u></b>	<b><u>583.3</u></b>	<b><u>0.0</u></b>

### Agency Estimate

The **agency** estimates FY 2008 expenditures of \$161.2 million, including \$34.2 million from the State General Fund for the Division of Health. This amount is an increase of \$7.6 million, or 4.9 percent, above the approved amount. Of the amount, \$4.2 million is attributable to State General Fund reappropriated amounts. The remainder is the result of fee fund and federal fund adjustments, and three supplemental requests totaling \$342,291, all from the State General Fund, for the Y-FIRE program, expanded newborn screening, and lead hazard prevention.

### Governor's Recommendation

The **Governor** recommends FY 2008 expenditures of \$161.0 million, including \$33.9 million from the State General Fund, for the Division of Health. The recommendation includes supplemental funding of \$98,637, all from special revenue funds, for the Y-FIRE program. The funding for the Y-FIRE program comes from a transfer from the Fire Marshal Fee Fund of the State Fire Marshal's Office. The Governor does not recommend the other supplemental requests made by the agency.

### House Budget Committee Recommendation

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

## House Budget Committee Report

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

**Analyst:** Robinson      **Analysis Pg. No.** Vol. --      **Budget Page No.** 173

Expenditure Summary	Agency Request FY 2009	Governor's Recommendation FY 2009	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 43,859,145	\$ 29,496,965	\$ (97,031)
Other Funds	127,074,039	128,448,772	(342,721)
<b>TOTAL</b>	<b>\$ 170,933,184</b>	<b>\$ 157,945,737</b>	<b>\$ (439,752)</b>
FTE Positions	299.3	296.3	0.0
Non FTE Uncl. Perm. Pos.	138.6	138.6	0.0
<b>TOTAL</b>	<b>437.9</b>	<b>434.9</b>	<b>0.0</b>

\*Of the Budget Committee's recommended reduction, the entire amount is related to pay plan adjustments.

### Agency Request

The **agency** estimates FY 2009 expenditures of \$170.9 million, including \$43.9 million from the State General Fund, for the Division of Health. This amount is an increase of \$9.7 million, or 6.0 percent, above the revised current year estimate. The request includes enhancements totaling \$14.5 million, all from the State General Fund, and 3.0 FTE new positions. Absent the requested enhancements, the request would be a reduction of \$4.8 million below the revised current year request.

### Governor's Recommendation

The **Governor** recommends FY 2009 expenditures of \$157.9 million, including \$29.5 million from the State General Fund, for the Division of Health. The recommendation is a decrease of \$3.0 million, or 1.9 percent, below the FY 2008 recommendation from all funding sources and a State General Fund decrease of \$4.4 million, or 12.9 percent, below the revised the current year estimate. The Governor's recommendation includes enhancement funding of \$637,146, including \$91,000 from the State General Fund. The Governor recommends \$216,000, including \$91,000 from the State General Fund, to replace 15 vehicles. Also recommended is \$321,654, all from the Children's Initiatives Fund, for expanded newborn screening, and the transfer of \$99,492 from the Fire Marshal Fee Fund of the State Fire Marshal's Office to the agency for the Y-FIRE program. In addition, the Governor recommends \$663,504, including \$135,565 from the State General Fund, for a 2.5 percent base salary increase and \$227,818, including \$52,170 from the State General Fund, for an increase for those employees whose salaries are under market value.

## House Budget Committee Recommendation

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

1. **State Employee Pay Increases.** Delete \$265,402, including \$54,226 from the State General Fund, to reduce the 2.5 percent base salary adjustment recommended by the Governor to 1.5 percent.
2. **Longevity Pay for Classified Employees.** Delete \$174,350, including \$42,805 from the State General Fund, to eliminate longevity pay for classified employees. The movement to a market pay compensation system, along with base salary adjustments, will shift the emphasis on state employee compensation to performance and away from a system based on length of service.
3. **Y-FIRE Program.** The Budget Committee notes that the Governor's recommendation includes a transfer of \$99,492 from the Fire Marshal Fee Fund of the State Fire Marshal's Office to the Department of Health and Environment for the Y-FIRE (Youth Fire Safety, Intervention, Resources and Education) program. The program and 1.0 FTE position were transferred from the State Fire Marshal's Office to the agency by the 2007 Legislature but no funding was included in the agency's budget for the program. The Budget Committee was informed that this transfer is anticipated to be an ongoing transfer to fund the program and believes that this is appropriate funding source.
4. **Enhancement Requests.** The Budget Committee notes four enhancements which were requested by the agency and not recommended by the Governor. The Budget Committee recommends further review of these requests during Omnibus, when the Legislature will have updated State General Fund revenue estimates. The four enhancements are:
  - a. **Part C Infant Toddler (Tiny-K) Services.** The agency requested \$1.0 million, all from the State General Fund, for the Tiny-K program. This program serves children ages birth to two years of age with disabilities and their families. Similar services are provided to children ages three to five through the State Department of Education. Based on the current count of children receiving services, the agency indicates that a funding increase of \$2.1 million (from the State General Fund or the Children's Initiatives Fund) would be required to mirror the formula used for children ages three to five. The agency's request was for half that amount. Infant toddler services are funded in FY 2008 at \$8.6 million, including \$4.7 million from the State General Fund and the Children's Initiatives Fund, and are recommended at the same level in FY 2009.
  - b. **Regional Dental Hubs.** The agency requested \$210,000, all from the State General Fund, for growth and development of regional dental hubs. Development of the regional dental hubs began in FY 2007 to increase oral health capacity in the safety net clinics. The requested funding would be used for completion and development of the dental hub sites identified in the first round of dental hub funding.
  - c. **Primary Safety Net Clinics.** The agency requested \$154,350, all from the State General fund, for increased funding for primary safety net clinics. The funding was requested to assist the clinics with the rising costs of providing services in underserved communities. In addition, the Budget Committee heard testimony from the Kansas Association for the Medically Underserved

2-4

(KAMU). The organization has proposed a plan, estimated to cost between \$6.1 and \$8.6 million, to: accommodate a 10 to 20 percent increase in patient visits for uninsured persons; provide additional outreach efforts for enrolling eligible individuals in Medicaid and HealthWave; allow for increased recruitment of physicians and dentists; provide a capital financing grant program; and provide support for technical training and training activities.

- d. ***Coordinated School Health Program.*** The agency requested \$1.8 million, all from the State General Fund, for a statewide, comprehensive coordinated school health program. In 2003, Kansas received a five year grant from the Centers for Disease Control and Prevention to focus efforts on increased physical activity, nutrition, decreased tobacco use, and obesity prevention and reduction. The program, a joint effort between the agency and the State Department of Education, impacts 224 schools, and over 80,000 students in 39 counties. An application for a new five year grant was made, but not received, by the agency.

FY 2008 and FY 2009

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

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

HOUSE APPROPRIATIONS

DATE 2-13-2008  
ATTACHMENT 3

## House Budget Committee Report

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

**Analyst:** Robinson **Analysis Pg. No.** Vol. -- **Budget Page No.** 173

Expenditure Summary	Agency Estimate FY 2008	Governor's Recommendation FY 2008	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,871,927	\$ 11,719,652	\$ 0
Other Funds	59,208,850	59,208,850	0
<b>TOTAL</b>	<b><u>\$ 71,080,777</u></b>	<b><u>\$ 70,928,502</u></b>	<b><u>\$ 0</u></b>
FTE Positions	398.6	398.6	0.0
Non FTE Uncl. Perm. Pos.	62.0	62.0	0.0
<b>TOTAL</b>	<b><u>460.6</u></b>	<b><u>460.6</u></b>	<b><u>0.0</u></b>

### Agency Estimate

The **agency** estimates FY 2008 expenditures of \$71.1 million, including \$11.9 million from the State General Fund for the Division of Environment. This amount is a decrease of \$730,575, or 1.0 percent, below the approved amount. Of the amount, \$88,757 is attributable to State General Fund reappropriated amounts, and \$136,234 is attributable to State Water Plan Fund reappropriated amounts. The remainder is the result of fee fund and federal fund adjustments, and a supplemental request totaling \$152,275, all from the State General Fund, for lead hazard prevention.

### Governor's Recommendation

The **Governor** recommends FY 2008 expenditures of \$70.9 million, including \$11.7 million from the State General Fund, for the Division of Environment. The recommendation is a reduction of \$152,275 from the agency's estimate and does not include the supplemental funding requested by the agency.

### House Budget Committee Recommendation

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

## House Budget Committee Report

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

**Analyst:** Robinson **Analysis Pg. No.** Vol. -- **Budget Page No.** 173

Expenditure Summary	Agency Request FY 2009	Governor's Recommendation FY 2009	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 13,794,721	\$ 9,674,232	\$ (168,123)
Other Funds	59,924,034	62,195,319	(340,625)
<b>TOTAL</b>	<b><u>\$ 73,718,755</u></b>	<b><u>\$ 71,869,551</u></b>	<b><u>\$ (508,748)</u></b>
FTE Positions	400.6	398.6	0.0
Non FTE Uncl. Perm. Pos.	59.0	59.0	0.0
<b>TOTAL</b>	<b><u>459.6</u></b>	<b><u>457.6</u></b>	<b><u>0.0</u></b>

\*Of the Budget Committee's recommended reductions, \$508,748, including \$152,379 from the State General Fund, is related to pay plan adjustments.

### Agency Request

The **agency** estimates FY 2009 expenditures of \$73.7 million, including \$13.8 million from the State General Fund, for the Division of Environment. This amount is an increase of \$2.6 million, or 3.7 percent, above the revised current year estimate. The request includes enhancements totaling \$3.5 million, including \$3.0 million from the State General Fund, and 3.0 FTE new positions. Absent the requested enhancements, the request would be a reduction of \$1.5 million below the revised current year request.

### Governor's Recommendation

The **Governor** recommends FY 2009 expenditures of \$71.9 million, including \$9.7 million from the State General Fund, for the Division of Environment. The recommendation is an increase of \$941,109, or 1.3 percent, above the FY 2008 recommendation from all funding sources and a State General Fund decrease of \$2.0 million, or 17.5 percent, below the revised the current year estimate. The Governor's recommendation includes enhancement funding of \$755,934, including \$15,744 from the State General Fund. The Governor recommends \$211,200, including \$15,744 from the State General Fund, to replace 13 vehicles. Also recommended is \$544,734, all from the Children's Initiatives Fund, for expanded newborn screening. In addition, the Governor recommends \$663,009, including \$178,366 from the State General Fund, for a 2.5 percent base salary increase and \$186,822, including \$50,870 from the State General Fund, for an increase for those employees whose salaries are under market value.

### House Budget Committee Recommendation

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



1. **State Employee Pay Increases.** Delete \$265,204, including \$71,346 from the State General Fund, to reduce the 2.5 percent base salary adjustment recommended by the Governor to 1.5 percent.
2. **Longevity Pay for Classified Employees.** Delete \$243,544, including \$81,033 from the State General Fund, to eliminate longevity pay for classified employees. The movement to a market pay compensation system, along with base salary adjustments, will shift the emphasis on state employee compensation to performance and away from a system based on length of service.
3. **Vehicles.** Delete \$15,744 from the State General Fund, and authorize expenditures of the same amount from special revenue funds, related to vehicle purchases. The Governor recommends a total of \$211,200, including \$15,744 from the State General Fund for the purchase of 13 vehicles. Although this recommendation deletes the amount recommended from the State General Fund, the Budget Committee recommends that the agency be allowed to purchase all of the vehicles, should sufficient special revenue funds be available.
4. **Provisos.** The Budget Committee recommends the introduction of legislation to include four provisos, traditionally included in the appropriations bill, in law. The agency identified 17 separate provisos in its most recent appropriations bill. The Budget Committee recommends that four of these provisos, concerning expenditures from the Health and Environment Training Fee Fund - Environment, the Driving Under the Influence Equipment Fee Fund, the Nuclear Safety Emergency Preparedness Special Revenue Fund, and the Health and Environment Publication Fee Fund, would be more appropriately reflected in substantive law. In addition, the Budget Committee recommends that the agency continue to review existing provisos and make recommendations to the Budget Committee during the 2009 Session for other provisos which could be included in substantive law.

The four provisos included in the Budget Committee recommendations are listed below:

(a). *Provided*, That expenditures may be made from the health and environment training fee fund—environment for acquisition and distribution of division of environment program literature and films and for participation in or conducting training seminars for training employees of the division of environment of the department of health and environment, for training recipients of state aid from the division of environment of the department of health and environment and for training representatives of industries affected by rules and regulations of the department of health and environment relating to the division of environment: *Provided further*, That the secretary of health and environment is hereby authorized to fix, charge and collect fees in order to recover costs incurred for such acquisition and distribution of literature and films and for the operation of such seminars: *And provided further*, That such fees may be fixed in order to recover all or part of such costs: *And provided further*, That all moneys received from such fees shall be deposited in the state treasury in accordance with the provisions of K.S.A. 75-4215 and amendments thereto and shall be credited to the health and environment training fee fund—environment: *And provided further*, That, in addition to the other purposes for which expenditures may be made by the department of health and environment for the division of environment from moneys appropriated from the health and environment training fee fund—environment for fiscal year 2008, expenditures may be made by the department of health and environment from the health and environment training fee fund—environment for fiscal year 2008 for agency operations for the division of environment.

3-4

(b). *Provided*, That expenditures from the driving under the influence equipment fund may be made only for the purpose of purchasing blood or breath alcohol concentration testing equipment, and other related expenditures.

(c). *Provided*, That all moneys received from the adjutant general from the nuclear safety management fee fund of the adjutant general shall be credited to the nuclear safety emergency preparedness special revenue fund of the department of health and environment—division of environment.

(d). *Provided*, That expenditures from the health and environment publication fee fund—environment shall be made only for the purpose of paying the expenses of publishing documents as required by K.S.A. 75-5662 and amendments thereto.

## Minority Report

I object to that portion of the Budget Committee's recommendation to reduce the 2.5 percent base salary adjustment recommended by the Governor to 1.5 percent, and to delete funding for longevity bonus payments. I recommend concurring with the Governor's recommendations on those items.

  
Representative Vaughn Flora

HOUSE APPROPRIATIONS  
DATE 2-13-2008  
ATTACHMENT 4

**Tax Reductions as Recommended by the Governor - Sales Tax Exemption  
November, 2007 Consensus Revenue Estimates for FY 2008 and FY 2009 as adjusted by the Governor; 4.0 Percent Growth in FY 2010  
Governor's Recommended Expenditures in FY 2008 (revised) and FY 2009  
Governor's Projected FY 2010 Expenditures as Adjusted for the Next Phase of the Recommended State Employee Market Pay Increase  
Federal Economic Stimulus Legislation - Estimated Loss of State Revenue of \$87.0 million**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES  
FY 2007 - FY 2010  
In Millions**

	Actual FY 2007	Governor's Revised FY 2008	Governor's Adjusted Recommendation FY 2009	Governor's Adjusted Projection FY 2010
Beginning Balance	\$ 733.6	\$ 935.0	\$ 536.3	\$ 223.9
Receipts (November 2007 Consensus) - 4.0 Percent Growth	5,809.0	5,717.3	6,170.1	6,239.8
<b>Receipt Adjustments and Sales Tax Exempt. - Research</b>	0.0	(3.9)	(0.9)	(6.2)
<b>Federal Economic Stimulus Legislation</b>	0.0	0.0	(87.0)	0.0
Adjusted Receipts	5,809.1	5,713.4	6,082.2	6,233.6
Total Available	\$ 6,542.7	\$ 6,648.4	\$ 6,618.5	\$ 6,457.5
K-12 Additional Funding - \$466.2 Million Over Three Years	194.5	149.0	122.7	-
<b>State Employee Market Pay Equalization</b>	-	-	8.5	17.0
Less All Other Expenditures	5,413.2	5,963.1	6,263.4	6,525.2
Total Expenditures	5,607.7	6,112.1	6,394.6	6,542.2
<b>Ending Balance</b>	<b>\$ 935.0</b>	<b>\$ 536.3</b>	<b>\$ 223.9</b>	<b>\$ (84.7)</b>
Ending Balance as a Percentage of Expenditures	16.7%	8.8%	3.5%	-1.3%
Receipts Above Expenditures	201.4	(398.7)	(312.4)	(308.6)

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- 1) FY 2007 expenditures are actual. FY 2008 (revised) and FY 2009 expenditures are as recommended by the Governor.
- 2) FY 2008 and FY 2009 receipts reflect the estimates of the Consensus Revenue Estimating Group as of November 5, 2007, as adjusted by the Governor. The adjustments in FY 2008 total a reduction of \$3.8 million and in FY 2009 a positive \$5.1 million. However, the Governor has also recommended a sales tax exemption for research and development which will reduce State General Fund receipts by \$6.0 million in FY 2009 and \$6.2 million in FY 2010. Federal economic stimulus legislation will reduce receipts in FY 2009 by an estimated \$87.0 million.
- 3) FY 2010 base receipts assume a 4.0 percent growth, less the expanded sales tax exemption for research and development.
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, partial restoration of the LAVTRF, and the Regents Deferred Maintenance Plan. In addition, the second year of the market pay adjustments for Executive Branch classified state employees.
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill.

Kansas Legislative Research Department  
February 12, 2008

Governor's FY 2009 SGF Profile - Adjusted for Federal Tax Change

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**Tax Reductions as Recommended by the Governor - Sales Tax Exemption  
November, 2007 Consensus Revenue Estimates for FY 2008 and FY 2009 as adjusted by the Governor; 4.0 Percent Growth in FY 2010  
Governor's Recommended Expenditures in FY 2008 (revised) and FY 2009 Plus Replacement of Expanded Gaming Funds  
Governor's Projected FY 2010 Expenditures as Adjusted for the Next Phase of the Recommended State Employee Market Pay Increase and  
Replacement of Expanded Gaming Funds  
Federal Economic Stimulus Legislation - Estimated Loss of State Revenue of \$87.0 million**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES**

**FY 2007 - FY 2010**

In Millions

	Actual FY 2007	Governor's Revised FY 2008	Governor's Adjusted Recommendation FY 2009	Governor's Adjusted Projection FY 2010
Beginning Balance	\$ 733.6	\$ 935.0	\$ 536.3	\$ 159.2
Receipts (November 2007 Consensus) - 4.0 Percent Growth	5,809.0	5,717.3	6,170.1	6,239.8
<b>Receipt Adjustments and Sales Tax Exempt. - Research</b>	0.0	(3.9)	(0.9)	(6.2)
<b>Federal Economic Stimulus Legislation</b>	0.0	0.0	(87.0)	0.0
Adjusted Receipts	5,809.1	5,713.4	6,082.2	6,233.6
Total Available	\$ 6,542.7	\$ 6,648.4	\$ 6,618.5	\$ 6,392.8
K-12 Additional Funding - \$466.2 Million Over Three Years	194.5	149.0	122.7	-
<b>State Employee Market Pay Equalization</b>	-	-	8.5	17.0
<b>Replacement of Expanded Gaming Funds</b>	-	-	64.7	116.2
Less All Other Expenditures	5,413.2	5,963.1	6,263.4	6,525.2
Total Expenditures	5,607.7	6,112.1	6,459.3	6,658.4
<b>Ending Balance</b>	<b>\$ 935.0</b>	<b>\$ 536.3</b>	<b>\$ 159.2</b>	<b>\$ (265.6)</b>
Ending Balance as a Percentage of Expenditures	16.7%	8.8%	2.5%	-4.1%
Receipts Above Expenditures	201.4	(398.7)	(377.1)	(424.8)

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- 1) FY 2007 expenditures are actual. FY 2008 (revised) and FY 2009 expenditures are as recommended by the Governor, plus replacement of expanded gaming funds (\$64.7 million).
- 2) FY 2008 and FY 2009 receipts reflect the estimates of the Consensus Revenue Estimating Group as of November 5, 2007, as adjusted by the Governor. The adjustments in FY 2008 total a reduction of \$3.8 million and in FY 2009 a positive \$5.1 million. However, the Governor has also recommended a sales tax exemption for research and development which will reduce State General Fund receipts by \$6.0 million in FY 2009 and \$6.2 million in FY 2010. FY 2009 also adjusted for recent federal economic stimulus package that is estimated to reduce receipts by \$87.0 million in FY 2009.
- 3) FY 2010 base receipts assume a 4.0 percent growth, less the expanded sales tax exemption for research and development.
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, partial restoration of the LAVTRF, and the Regents Deferred Maintenance Plan. In addition, the second year of the market pay adjustments for Executive Branch classified state employees and replacement of expanded gaming funds (\$116.2 million).
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill.

Kansas Legislative Research Department  
February 12, 2008

Governor's FY 2009 SGF Profile - Adjusted and Replacement of Expanded Gaming and Federal Stimulus

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February 12, 2008

Representative Sharon Schwartz  
Chairperson  
Kansas House Committee on Appropriations  
State Capitol, Room 517-S  
300 SW 10<sup>th</sup> Avenue  
Topeka, KS 66612

Dear Representative Schwartz,

I enjoyed being present and answering questions before the House Committee on Appropriations on Monday, February 11, when Dr. Barbara Atkinson, Executive Vice Chancellor at KUMC, provided testimony to the Committee about the Wichita Center for Graduate Medical Education's (WCGME) request for funding.

Representative Jason Watkins from Wichita raised an important issue that I would like to clarify. He stated that he had been told that an important research program on the medical school campus in Wichita had been transferred to Kansas City, perhaps to the detriment of the Wichita campus as it tries to enhance its research efforts in order to achieve full residency accreditation.

Neither Dr. Atkinson nor I are aware of a Wichita program being transferred to Kansas City. The only program that might relate to this story would be our research program in reproductive biology, run by Brooks Keel, PhD, until 2002. Grant support for his research programs ended and a decision was made by me to end the basic laboratory research in our Daniel K. Roberts Laboratory Building. University funding remained in Wichita, while the laboratory equipment was shipped to Kansas City. The Roberts Building was renovated to house our strong research-oriented Department of Preventive Medicine and Public Health, our Office of Research and our Obstetrics and Gynecology Research Office.

Obstetrics and Gynecology has now switched their primary research focus from laboratory research to clinical research. They have become a model for other departments in terms of their clinical research productivity. The Office of Research is working hard to build clinical research in Wichita. The Department of Preventive Medicine and Public Health has hired a new research-oriented department chair and is already highly productive in research.

I hope this information clarifies our situation in Wichita. If there are other questions about research activities in Wichita, please let me know. Enclosed, please find a brief overview paper on Clinical and Health Services Research in Wichita.

Sincerely,



S. Edwards Dismuke, MD, MSPH  
Dean and Professor

SED/amk

Enclosure

cc: Barbara Atkinson, MD  
David Adkins, JD

**HOUSE APPROPRIATIONS**

DATE 2-13-2008  
ATTACHMENT 5