

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 11, 2008, in Room 514-S of the Capitol.

All members were present except:

Representative Barbara Ballard - 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
 Audrey Dunkel, Legislative Research Department
 Kimbra Caywood McCarthy, Legislative Research Department
 Leah Robinson, Legislative Research Department
 Aaron Klaassen, 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:

Ray Dalton, Department of Social and Rehabilitation Services (SRS)
 Don Jordan, Secretary, Department of Social and Rehabilitation Services
 Dale Dennis, Deputy Commissioner, Department of Education

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Parsons State Hospital and Training Center, Kansas Neurological Institute, Rainbow Mental Health Facility, Osawatomie State Hospital and Larned State Hospital
- Attachment 2 Budget Committee Report on Department of Education
- Attachment 3 Budget Committee Report on Postsecondary Education Systemwide including University of Kansas, Kansas State University, Kansas State University - Veterinary Medicine, Kansas State University - ESARP, Wichita State University, Board of Regents, University of Kansas Medical Center, Emporia State University, Fort Hays State University and Pittsburg State University
- Attachment 4 Minority Report on Postsecondary Education Systemwide for FY 2009
- Attachment 5 Testimony by Alan Cobb, Americans for Prosperity
- Attachment 6 Testimony on HR 6017 by Representative Colyer

Parsons State Hospital and Training Center

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Parsons State Hospital and Training Center for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Bethell. Motion carried.

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Parsons State Hospital and Training Center for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 1). The motion was seconded by Representative Bethell. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 11, 2008 in Room 514-S of the Capitol.

Kansas Neurological Institute

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas Neurological Institute for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Bethell. Motion carried.

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas Neurological Institute for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 1). The motion was seconded by Representative Bethell. Motion carried.

- Because the Governor's budget recommendation on vehicles for the Department of Social and Rehabilitation Services and the state hospitals, allocated all of the funding to the Department of Social and Rehabilitation Services (SRS) budget, the Committee requested that the Budget Committee obtain a report from the SRS prior to Omnibus on their allocation of vehicles for SRS and the state hospitals.

Rainbow Mental Health Facility

Representative Kelsey, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Rainbow Mental Health Facility for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Bethell. Motion carried.

Representative Kelsey, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Rainbow Mental Health Facility for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 1). The motion was seconded by Representative Bethell. Motion carried.

The Budget Committee reminded the Committee that the federal government did a survey several years ago which indicated inadequate staffing at Rainbow Mental Health Facility and Osawatome State Hospital. In order to maintain certification from the federal government, the staffing was increased. However, the same problem is recurring and is a priority for the Budget Committee to be further addressed at Omnibus.

With regard to increased patient admissions at the State facilities, the Budget Committee noted that there has been a significant decrease in the number of available private beds. Private hospitals have decreased because they were not profitable.

Osawatome State Hospital

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Osawatome State Hospital for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Bethell. Motion carried.

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Osawatome State Hospital for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 1). The motion was seconded by Representative Bethell. Motion carried.

Responding to a question from the Committee with regard to Item No. 6, Ray Dalton, Department of Social and Rehabilitation Services, stated that the Hospital and Home Initiative Work Group was formed to review mental health services in Kansas after a recommendation from a legislative interim committee in 2006. Mr. Dalton reported that the core group has been meeting for

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 11, 2008 in Room 514-S of the Capitol.

approximately 8 months and has formed 3 sub-groups to review various issues. Reports from these groups are anticipated in April 2008.

Larned State Hospital

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Larned State Hospital for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Henry.

Responding to a question from the Committee concerning Item No. 2-a, Don Jordan, Secretary, SRS, indicated that the revenues in the Larned State Hospital Fee Fund come from Medicare payments, private insurance and individual patient fees for their care. At this time, there are not sufficient fees to cover expenses. Secretary Jordan stated that the request for funds from the State General Fund (SGF) would not be deposited into the fee fund but would be deposited into the regular fund with other SGF funds.

Representative Bethell made a substitute motion to include language in the Budget Committee report on the Larned State Hospital for FY 2008 to request a study of the Sexual Predator Treatment Program (SPTP) to determine a long-range plan on how to treat and house these individuals rather than expansion of the current program. The motion was seconded by Representative Kelsey. Motion carried.

Representative Bethell moved to adopt the Budget Committee report on the Larned State Hospital for FY 2008 as amended. The motion was seconded by Representative Henry. Motion carried.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Larned State Hospital for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 1). The motion was seconded by Representative Kelsey. Motion carried.

- With regard to the Sexual Predator Treatment Program (SPTP), the Committee requested additional information on updated statistics with regard to the population since 2005 and the amount of funding spent by the State of Kansas on treatment programs as compared to other states.

Responding to a question from the Committee with regard to the SPTP, Ray Dalton indicated that constitutionally the State is required to provide treatment for sexual offenders. Mr. Dalton noted that providers within the State are linked to providers in other states in determining programs that are beneficial.

Department of Education

Representative McLeland, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Education for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Masterson. Motion carried.

Representative McLeland, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Education for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 2). The motion was seconded by Representative Masterson

Representative Feuerborn made a substitute motion to amend the Budget Committee report on the Department of Education for FY 2009 by adding language to request a review at Omnibus of the Parents As Teachers program waiting list, a program costing \$2.6 million to the State. The motion was seconded by Representative McLeland. Motion carried.

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 11, 2008 in Room 514-S of the Capitol.

Responding to a question from the Committee, Dale Dennis, Deputy Commissioner, Department of Education, stated that the Optometric Vision Study was authorized by the Legislature in a recent session to help correct vision problems and reduce the number of students in Special Education. Mr. Dennis indicated that an optometrist receives approximately half salary when assisting in this program.

Representative Bethell made a motion to remove the language in Item No. 7 pertaining to deletion of the \$100,000 from the Children's Initiatives Fund for the Optometric Vision Study and insert language to request a review at Omnibus of the Optometric Vision Study. The motion was seconded by Representative Tafanelli. Motion failed on an 8-10 vote.

Responding to a question from the Committee, Leah Robinson, Legislative Research Department, noted that the agency budget was submitted to the Governor using the April consensus estimates. When the Governor prepared the budget for the agency, the November consensus estimates were used which were higher than the April estimate resulting in an increased budget request.

Representative Schwartz made a motion to introduce legislation to outline the After School Program. The motion was seconded by Representative Bethell. Motion carried.

Representative McLeland made a motion to adopt the Budget Committee report on the Department of Education for FY 2009 as amended. The motion was seconded by Representative Masterson. Motion carried.

**Postsecondary Education Systemwide
including University of Kansas, Kansas State University, Kansas State University -
Veterinary Medicine, Kansas State University - ESARP, Wichita State University, Board of
Regents, University of Kansas Medical Center, Emporia State University, Fort Hays State
University and Pittsburg State University**

Representative McLeland, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Postsecondary Education Systemwide for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 3). The motion was seconded by Representative Sawyer. Motion carried.

Representative McLeland, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Postsecondary Education Systemwide for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 3). The motion was seconded by Representative Masterson.

Representative Sawyer presented the minority report on the Postsecondary Education Systemwide for FY 2009 (Attachment 4).

Representative Bethell made a substitute motion to add language requesting a review of Items No. 2 and 4 at Omnibus. The motion was seconded by Representative Sawyer. Motion carried.

Representative Burroughs made a motion to delete the funding in Items No. 11 and 12 and request a review at Omnibus. The motion was seconded by Representative Bethell. Motion withdrawn with approval from the second.

The meeting was recessed at 11:10 a.m. and reconvened at 12:00 p.m.

Representative Burroughs made a motion to delete Item No. 4 of the Budget Committee report on the Postsecondary Education Systemwide for FY 2009. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Feuerborn made a motion to strike language in Item No. 11 with regard to the additional \$1 million funding from Economic Development Initiative Fund (EDIF) and insert

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 11, 2008 in Room 514-S of the Capitol.

language to fund the \$1 million from the State General Fund (SGF) resulting in a total appropriation of \$5 million from the SGF. The motion was seconded by Representative Lane. Motion failed on a 7-11 vote.

Representative Pottorff made a motion to add language to the Budget Committee report on the Postsecondary Education Systemwide for FY 2009 to request a review of Item No. 3 at Omnibus. The motion was seconded by Representative Carlin. Motion carried.

Representative Beamer made a motion to add language to Item No. 5 to request the Budget Committee obtain additional information from the agency on the KAN-ED program and review the deletion of \$2 million from the program budget at Omnibus. The motion was seconded by Representative Feuerborn. Motion carried on a 13-5 vote.

The Committee expressed a concern on how state funding is being used by the KAN-ED program.

Representative Masterson made a motion to delete the entire \$10 million budget for KAN-ED and review the KAN-ED program at Omnibus. The motion was seconded by Representative Watkins. Motion carried.

Representative McLeland made a motion to adopt the Budget Committee report on the Postsecondary Education Systemwide for FY 2009 as amended. The motion was seconded by Representative Sawyer. Motion carried.

The Budget Committee stated that all items included in the individual state university budgets were addressed in the Postsecondary Education Systemwide budget report. Because this was not understood by the full Committee, the following action was taken.

Representative Bethell made a motion to reconsider the action of the Committee on the Budget Committee report on Postsecondary Education Systemwide for FY 2009. The motion was seconded by Representative Wolf. Motion carried.

Representative Bethell made a substitute motion to request the Budget Committee to review the Professional Science Masters Program at Fort Hays State University and make a recommendation on funding and how it should be funded at Omnibus. The motion was seconded by Representative Pottorff. Motion carried.

Representative Bethell made a motion to fund the students who are being educated at the Kansas Academic of Math and Science program (KAMS) at Fort Hays State University at the average annual cost of a K-12 student with funding from the Department of Education budget. The motion was seconded by Representative Feuerborn. Motion carried.

The Committee noted that state funding for a K-12 student is currently \$10,500.

Representative Powell made a motion to remove \$309,430 funding from the Fort Hays State University budget directed at a wildlife center at Cheyenne Bottoms. The motion was seconded by Representative McLeland. Motion failed on a 7-9 vote.

The Budget Committee noted that although the building is not complete at this time, it is proposed to be operational by the fall of 2008.

Representative McLeland made a motion to adopt the Budget Committee report on the Postsecondary Education Systemwide for FY 2009 as amended. The motion was seconded by Representative Bethell. Motion carried.

Americans for Prosperity - Kansas

Alan Cobb, State Director for Americans for Prosperity, and Steven Anderson, appeared before the

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 11, 2008 in Room 514-S of the Capitol.

Committee to present testimony on research performed by the entity to address the tax burden in Kansas (Attachment 5). The full report titled "Commonsense Budget Proposal, Fiscal Year 2009" was distributed to the Committee at their individual offices. (A copy of the full report on "Commonsense Budget Proposal" is available from the Americans for Prosperity-Kansas office in Topeka.)

The Committee suggested that it would be beneficial to the Legislature to have information on a review of a single state agency by looking at each line item in their budget to determine where there could be savings of state funds throughout the agency.

- The Committee requested detail information on proposed long-term savings with elimination of the economic development credits.
- The Committee requested additional information on AFP's proposed reduction in the budget for Osawatimie State Hospital over the Governor's recommended budget. In addition, were other funds, besides SGF, considered in AFP's research.
- The Committee requested additional information on possible reductions in public safety budgets.

Hearing on HB 6017

Hearing on HR 6017 - Resolution prescribing state budget guidelines and controlling principles for the House of Representatives for FY2009 and for ensuing fiscal years.

Representative Jeff Colyer appeared before the Committee in support of **HR 6017**. Representative Colyer stated that the resolution prescribes state budget guidelines and controlling principles for the House of Representatives during the 2008 regular session in the consideration and passage of appropriation bills for the state budget for fiscal year 2009 and for ensuing fiscal years (Attachment 6). Representative Colyer stated that the resolution directs the Appropriations Committee to keep total FY 2009 State General Fund (SGF) to less than \$6.417 billion or 5 percent over the revised 2008 budget.

There were no other proponents or opponents to appear on **HR 6017**.

The hearing on HR 6017 was closed.

The meeting was adjourned at 1:30 p.m. The next meeting of the Committee will be held at 9:00 a.m. on March 12, 2008.

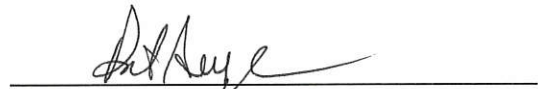

Sharon Schwartz, Chair

FY 2008 and FY 2009

SOCIAL SERVICES BUDGET COMMITTEE

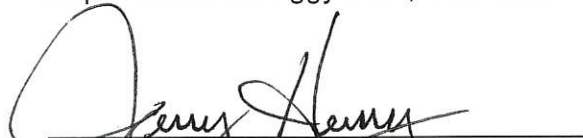
**Larned State Hospital
Osawatomie State Hospital
Rainbow Mental Health Facility
Parsons State Hospital and Training Center
Kansas Neurological Institute**


Representative Bob Bethell, Chair



Representative Pat George


Representative Peggy Mast, Vice-Chair



Representative Tom Hawk


Representative Jerry Henry,
Ranking Minority Member


Representative Dick Kelsey


Representative Barbara Ballard


Representative Marc Rhoades


Representative David Crum

HOUSE APPROPRIATIONS

DATE 3-11-2008
ATTACHMENT 1

House Budget Committee Report

Agency: Parsons State Hospital and Training Center **Bill No.** HB - - **Bill Sec.** - -

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 303 **Budget Page No.** 315

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 10,142,481	\$ 10,142,481	\$ 0
Other Funds	14,923,223	14,923,223	0
Subtotal - Operating	<u>\$ 25,065,704</u>	<u>\$ 25,065,704</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	113,619	113,619	0
Subtotal - Capital Improvements	<u>\$ 113,619</u>	<u>\$ 113,619</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 25,179,323</u></u>	 <u><u>\$ 25,179,323</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 497.2	 497.2	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>497.2</u></u>	<u><u>497.2</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2008 operating expenditures of \$25.1 million, including \$10.1 million from the State General Fund. The estimate is an all funds increase of \$145, less than 0.1 percent, and a State General Fund increase of \$60,864, or 0.6 percent, above the amount approved by the 2007 Legislature. The estimate would fund the currently approved 497.2 FTE positions, and includes a budgeted shrinkage rate of 2.8 percent. The requested budget is estimated to allow the agency to operate at an average daily census of 198 patients for FY 2008. There are no supplemental requests included in the agency's budget.

Governor's Recommendation

The Governor concurs with the agency's estimate.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Parsons State Hospital and Training Center **Bill No.** HB 2946 **Bill Sec.** 33

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 303 **Budget Page No.** 315

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 9,949,715	\$ 10,407,220	\$ (978,951)
Other Funds	14,923,176	14,923,176	0
Subtotal - Operating	<u>\$ 24,872,891</u>	<u>\$ 25,330,396</u>	<u>\$ (978,951)</u>
Capital Improvements:			
State General Fund	\$ 4	\$ 0	\$ 0
Other Funds	113,666	113,666	0
Subtotal - Capital Improvements	<u>\$ 113,670</u>	<u>\$ 113,666</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 24,986,561</u></u>	<u><u>\$ 25,444,062</u></u>	<u><u>\$ (978,951)</u></u>
FTE Positions	497.2	497.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>497.2</u></u>	<u><u>497.2</u></u>	<u><u>0.0</u></u>

* All of the Budget Committee's recommended reductions are related to pay plan adjustments.

Agency Request

The agency requests FY 2009 operating expenditures of \$24.9 million, including \$9.9 million from the State General Fund. The request is an all funds decrease of \$192,813, or 0.8 percent, and a State General Fund decrease of \$192,766, or 1.9 percent, below the FY 2008 revised estimate. The request includes a budgeted shrinkage rate of 3.0 percent. An enhancement of \$273,000, all from the State General Fund, is requested for the purchase of fourteen replacement vehicles. The requested budget is estimated to allow the agency to operate at an average daily census of 198 patients for FY 2009.

Governor's Recommendation

The Governor recommends operating expenditures of \$25.3 million, including \$10.4 million from the State General Fund. The recommendation is an all funds increase of \$264,692, or 1.1 percent, above the FY 2008 recommendation, and \$457,505, or 1.8 percent, above the agency's FY 2009 request. The Governor does not recommend the agency's enhancement request. The Governor recommends the addition of the following:

- \$730,501, all from the State General Fund, for a 2.5 percent base salary adjustment for all employees and salary increases for below market pay for select employees.

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House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation with the following adjustments and comments:

1. **Pay Plan Adjustments.** Delete \$978,951, all from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$451,590, all from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$278,911, all from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$248,450, all from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. **Vehicles.** The Budget Committee notes the agency's enhancement request of \$273,000, all from the State General Fund, to replace fourteen high mileage vehicles in FY 2009. The Budget Committee notes that the Governor did not recommend the enhancement, but instead recommends allocating the funding for all state hospital replacement vehicles to the Department of Social and Rehabilitation Services (SRS). SRS will have the responsibility of dividing the replacement vehicles among itself and the five state hospitals. The Budget Committee recommends vehicle funding for SRS and the state hospitals be further reviewed at Omnibus.
3. **Agency Information.** The Budget Committee notes the following information about Parsons State Hospital and Training Center (PSH&TC):

PSH&TC is budgeted to serve 188 persons in FY 2009, with an Average Daily Census of 198 residents. Residents live in eleven residential units, each of which houses approximately 15-19 persons, except for the dual diagnosis unit which has an average census of 10 persons. Just over half of the residents are categorized in the severe to profound range of mental retardation. In addition to their mental retardation, 86 percent of PSH&TC residents present significant behavioral challenges or symptoms of emotional disturbance. Last fiscal year, 15 persons were placed from PSH&TC to community service settings and 16 persons were admitted.

PSH&TC also provides a research-based treatment program for persons with developmental disabilities who have a history of sexual offenses. Currently, the hospital works with 46 persons in assessment and treatment programs designed to reduce the probability of new offenses.

The hospital's Dual Diagnosis Treatment and Training Services (DDT&TS) provides treatment and consultation for persons with developmental disabilities

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and a severe mental illness. The DDT&TS has an active caseload of 71 persons in Kansas communities, in addition to 10 residents at the hospital. The DDT&TS provides on-site delivery of psychological services, as well as direct training to parents and staff of community service providers.

The Parsons Research Center and the Kansas University Center on Developmental Disabilities also are located on the PSH&TC campus. These programs have a 51-year history at PSH&TC and employ 54 faculty and staff with \$4.6 million in contracts and grant awards.

House Budget Committee Report

Agency: Kansas Neurological Institute **Bill No.** HB - -

Bill Sec. - -

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 283

Budget Page No. 251

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 13,497,979	\$ 13,497,979	\$ 0
Other Funds	14,936,381	14,936,381	0
Subtotal - Operating	<u>\$ 28,434,360</u>	<u>\$ 28,434,360</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	119,995	119,995	0
Subtotal - Capital Improvements	<u>\$ 119,995</u>	<u>\$ 119,995</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 28,554,355</u></u>	<u><u>\$ 28,554,355</u></u>	<u><u>\$ 0</u></u>
FTE Positions	570.2	570.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>570.2</u></u>	<u><u>570.2</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2008 operating expenditures of \$28.4 million, including \$13.5 million from the State General Fund. The estimate is an all funds increase of \$21,125, or 0.1 percent, and a State General Fund increase of \$55,534, or 0.4 percent, above the amount approved by the 2007 Legislature. The estimate would fund 570.2 FTE positions, a decrease of 5.0 FTE positions below the approved amount of 575.2 FTE positions. The decrease in the number of FTE positions is attributable to a transfer of 5.0 FTE positions to Osawatomie State Hospital at the beginning of FY 2008. The estimate includes a budgeted shrinkage rate of 4.5 percent. The requested budget is estimated to allow the agency to operate at an average daily census of 161 patients for FY 2008. There are no supplemental requests included in the agency's budget.

Governor's Recommendation

The Governor concurs with the agency's estimate.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Neurological Institute **Bill No.** HB 2946 **Bill Sec.** 33

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 283 **Budget Page No.** 251

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 10,747,738	\$ 11,115,403	\$ (985,725)
Other Funds	17,466,056	17,493,561	(48,555)
Subtotal - Operating	<u>\$ 28,213,794</u>	<u>\$ 28,608,964</u>	<u>\$ (1,034,280)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	125,320	125,320	0
Subtotal - Capital Improvements	<u>\$ 125,320</u>	<u>\$ 125,320</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 28,339,114</u></u>	<u><u>\$ 28,734,284</u></u>	<u><u>\$ (1,034,280)</u></u>
FTE Positions			
	570.2	570.2	0.0
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	<u><u>570.2</u></u>	<u><u>570.2</u></u>	<u><u>0.0</u></u>

* All of the Budget Committee's recommended reductions are related to pay plan adjustments.

Agency Request

The agency requests FY 2009 operating expenditures of \$28.2 million, including \$10.7 million from the State General Fund. The request is an all funds decrease of \$220,566, or 0.8 percent, and a State General Fund decrease of \$2.8 million, or 20.4 percent, below the FY 2008 revised estimate. The decrease in the State General Fund is primarily the result of increased Title XIX Medicaid funds that are available to the agency in FY 2009, reflecting a shift in funding. The request includes a budgeted shrinkage rate of 5.1 percent. An enhancement of \$339,660, all from the State General Fund, is requested for the purchase of nineteen replacement vehicles. The requested budget is estimated to allow the agency to operate at an average daily census of 161 patients for FY 2009.

Governor's Recommendation

The Governor recommends operating expenditures of \$28.6 million, including \$11.1 million from the State General Fund. The recommendation is an all funds increase of \$174,604, or 0.6 percent, above the FY 2008 recommendation, and an all funds increase of \$395,170, or 1.4 percent, above the agency's FY 2009 request. The Governor does not recommend the agency's enhancement request. The Governor recommends the addition of the following:

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- \$734,830, including \$707,325 from the State General Fund, for a 2.5 percent base salary adjustment for all employees and salary increases for below market pay for select employees.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation with the following adjustments and comments:

1. **Pay Plan Adjustments.** Delete \$1,034,280, including \$985,725 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$500,900, including \$482,167 from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$233,930, including \$225,158 from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$299,450, including \$278,400 from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. **Vehicles.** The Budget Committee notes the agency's enhancement request of \$339,660, all from the State General Fund, to replace nineteen high mileage vehicles in FY 2009. The Budget Committee notes that the Governor did not recommend the enhancement, but instead recommends allocating the funding for all state hospital replacement vehicles to the Department of Social and Rehabilitation Services (SRS). SRS will have the responsibility of dividing the replacement vehicles among itself and the five state hospitals. The Budget Committee recommends vehicle funding for SRS and the state hospitals be further reviewed at Omnibus.
3. **Agency Information.** The Budget Committee notes the following information about Kansas Neurological Institute (KNI):

KNI is budgeted to serve 168 persons in FY 2009, with an average daily census of 161 residents. Most KNI residents require intensive physical and medical supports, where 98 percent of residents are categorized in the severe to profound range of mental retardation. Most are unable to walk or speak, and about two-thirds of residents have seizure disorders. Residents live in one of 24 homes in 5 lodges on the campus and are served through a person-centered approach designed to meet the individual needs and desires of the residents. In addition to caring for residents who live at the facility, KNI operates three other programs designed to assist persons with developmental disabilities.

KNI operates one of three seating clinics in Kansas, providing individually designed seating for persons using wheelchairs and providing assistive technology support to people with developmental disabilities living in the community. The seating clinic served 126 individuals from the community in FY 2007 and expects to serve 135 individuals in FY 2008. In addition, assistive technology assistance was provided to 196 people in FY 2007, and services will be provided to approximately 215 more people in FY 2008.

KNI also provides dental services to persons living in the community who are unable to access needed care. Since this service was initiated, 112 people have utilized these services, and in FY 2008, it is anticipated that 65 people will participate in these services.

Beginning in FY 2006, KNI began providing behavioral consultation and support to people with developmental disabilities receiving community-based services. Thus far in FY 2008, 12 people have used these services and it is anticipated that approximately 20 people will utilize these services before the end of the fiscal year.

House Budget Committee Report

Agency: Rainbow Mental Health Facility **Bill No.** HB - -

Bill Sec. - -

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 383

Budget Page No. 323

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 5,459,898	\$ 5,389,898	\$ 0
Other Funds	2,641,994	2,641,994	0
Subtotal - Operating	<u>\$ 8,101,892</u>	<u>\$ 8,031,892</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 8,101,892</u></u>	<u><u>\$ 8,031,892</u></u>	<u><u>\$ 0</u></u>
FTE Positions	122.2	122.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>122.2</u></u>	<u><u>122.2</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2008 operating expenditures of \$8.1 million, including \$5.5 million from the State General Fund. The estimate is an all funds decrease of \$174,084, or 2.1 percent, below the amount approved by the 2007 Legislature, and a State General Fund increase of \$925,916, or 20.4 percent, above the amount approved by the 2007 Legislature. The increase in the State General Fund is primarily the result of decreased Title XIX Medicaid funds that are not available to the agency in FY 2008. The estimate would fund the currently approved 122.2 FTE positions. The estimate includes a supplemental request of \$70,000, all from the State General Fund, to reduce the salaries and wages shrinkage rate from 5.8 percent to 4.0 percent.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$8.0 million, including \$5.4 million from the State General Fund. The recommendation is an all funds decrease of \$244,084, or 2.9 percent, below the amount approved by the 2007 Legislature, and a State General Fund increase of \$855,916, or 18.9 percent, above the amount approved by the 2007 Legislature. The Governor does not recommend the agency's supplemental request of \$70,000, all from the State General Fund, to reduce the salaries and wages shrinkage rate from 5.8 percent to 4.0 percent.

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House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Rainbow Mental Health Facility **Bill No.** HB 2946

Bill Sec. 33

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 383

Budget Page No. 323

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 6,289,289	\$ 5,399,407	\$ (310,071)
Other Funds	2,586,974	2,586,974	0
Subtotal - Operating	<u>\$ 8,876,263</u>	<u>\$ 7,986,381</u>	<u>\$ (310,071)</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>\$ 8,876,263</u></u>	<u><u>\$ 7,986,381</u></u>	<u><u>\$ (310,071)</u></u>
FTE Positions			
FTE Positions	143.2	122.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>143.2</u></u>	<u><u>122.2</u></u>	<u><u>0.0</u></u>

* All of the Budget Committee's recommended reductions are related to pay plan adjustments.

Agency Request

The agency requests FY 2009 operating expenditures of \$8.9 million, including \$6.3 million from the State General Fund. The request is an all funds increase of \$774,371, or 9.6 percent, and a State General Fund increase of \$829,391, or 15.2 percent, above the FY 2008 revised estimate. The request includes a budgeted shrinkage rate of 1.3 percent. Five enhancements totaling \$1,157,453, all from the State General Fund, and 21.0 FTE positions, are requested for FY 2009.

Governor's Recommendation

The Governor recommends operating expenditures of \$8.0 million, including \$5.4 million from the State General Fund. The recommendation is an all funds decrease of \$45,511, or 0.6 percent, below the FY 2008 recommendation, and \$889,882, or 10.0 percent, below the agency's FY 2009 request. The Governor does not recommend the agency's five enhancement requests. The Governor recommends the addition of the following:

- \$267,571, all from the State General Fund, for a 2.5 percent base salary adjustment for all employees and salary increases for below market pay for select employees.

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House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation with the following adjustments and comments:

1. **Pay Plan Adjustments.** Delete \$310,071, all from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$129,383, all from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$138,188, all from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$42,500, all from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. **Staffing.** The Budget Committee notes the agency's enhancement request of \$724,753, all from the State General Fund, and 21.0 FTE positions, to add direct care and nursing staff in FY 2009. The agency indicates that each hospital unit has a core staffing requirement, or a minimum number of staff, needed to provide for patient care and safety. Illness, holidays, injuries, and other leave time has caused staffing to fall below minimum core staffing levels. The Budget Committee notes that more staff is needed in order to provide for patient care and safety due to increasing patient admissions. Finally, the Budget Committee notes that the Governor did not recommend funding for this enhancement and recommends that the item be further reviewed at Omnibus.
3. **Vehicles.** The Budget Committee notes the agency's enhancement request of \$17,700, all from the State General Fund, to replace one high mileage vehicle in FY 2009. The Budget Committee notes that the Governor did not recommend the enhancement, but instead recommends allocating the funding for all state hospital replacement vehicles to the Department of Social and Rehabilitation Services (SRS). SRS will have the responsibility of dividing the replacement vehicles among itself and the five state hospitals. The Budget Committee recommends vehicle funding for SRS and the state hospitals be further reviewed at Omnibus.
4. **Agency Information.** The Budget Committee notes the following information about Rainbow Mental Health Facility (RMHF):

RMHF provides psychiatric services to adults with a mental illness who have been screened and approved for inpatient state hospitalization by community mental health centers. In FY 2008, RMHF ceased treatment of adolescents and children. Up until June 2007, RMHF provided treatment to children and adolescents with serious emotional disturbances. Beginning July 2007, Kaw Valley Behavioral Healthcare, Inc. began serving the youth who would have otherwise been referred to RMHF. At that time, RMHF began admitting adults only.

The facility currently serves adult patients from 5 counties, and has a capacity of 50 beds. For FY 2009, RMHF has an anticipated Average Daily Census of 41 residents, and an Average Length of Stay of 22.5 days. The 50-bed program provides short-term mental health services. Patients are admitted to the program by commitment order, order of protective custody issued by a court, on voluntary status, or transfer from another state facility. All patients admitted to the hospital are screened in community mental health centers. An interdisciplinary person-centered team approach (IDT), which includes the patient as an active participant, forms the basis of the active treatment strategy. After treatment, patients are referred back to outpatient treatment programs provided by community mental health centers.

5. **Closure of Youth Services.** The Budget Committee notes that RMHF has consistently been at full bed capacity and has often exceeded its budgeted bed capacity on a frequent basis. The agency notes that as of the current year, RMHF has been over census for 33 days, or 18 percent of the time. The Budget Committee notes that the closure of the youth treatment program in FY 2008 was necessary to provide 20 additional beds for adult services, which in turn provided census relief for RMHF.

The Budget Committee also notes that it received testimony regarding the closure of local inpatient mental health treatment programs serving children and youth. Prairie View in Newton closed beds in the Wichita area, which has resulted in parents traveling long distances to visit their children who may be placed out of their living area. The Budget Committee believes that bringing additional inpatient resources into the system is critical. Having beds for youth that may be closer to home than the current state hospitals provide would help alleviate concerns about access to mental health services for those families.

6. **Increased Admissions and Availability of Inpatient Treatment.** The Budget Committee notes the significant amount of testimony received expressing concern about the availability of inpatient treatment for mentally ill adults and children. Highlighted in the testimony is the critical role the state mental health hospitals play in the mental health treatment system. Conferees commented on the increasing admissions to the state hospitals, which must operate within a set budget and number of beds regardless of the demand. As a result, many conferees expressed concern over the need to accommodate the increased demand by reducing the length of stay for individuals. Several conferees noted the need to increase the bed count at the state hospitals in order to accommodate increasing patient admissions. It was also noted that increased admissions require more staff in order to treat patients effectively.

One issue discussed in relation to the growing demand for more inpatient mental health beds was the formation of a Hospital and Home Initiative Work Group. The Department of Social and Rehabilitation Services (SRS) has established a core team of leaders to "research and design a plan to implement an effective array of hospital and community services that support mental health wellness and recovery through partnerships and data driven strategies." Several conferees noted the importance of establishing a plan that would support the needs of the state hospitals in order to lead to a meaningful transformation for future inpatient needs.

House Budget Committee Report

Agency: Osawatomie State Hospital **Bill No.** HB - -

Bill Sec. - -

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 359

Budget Page No. 311

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,047,199	\$ 11,897,199	\$ 0
Other Funds	13,576,370	13,576,370	0
Subtotal - Operating	<u>\$ 25,623,569</u>	<u>\$ 25,473,569</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	58	58	0
Subtotal - Capital Improvements	<u>\$ 58</u>	<u>\$ 58</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 25,623,627</u></u>	 <u><u>\$ 25,473,627</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 428.6	 428.6	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>428.6</u></u>	<u><u>428.6</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2008 operating expenditures of \$25.6 million, including \$12.0 million from the State General Fund. The estimate is an all funds increase of \$443,942, or 1.8 percent, above the amount approved by the 2007 Legislature, and a State General Fund increase of \$450,000, or 3.9 percent, above the amount approved by the 2007 Legislature. The estimate would fund 428.6 FTE positions, a net increase of 9.0 FTE above the approved amount of 419.6 FTE positions. The 9.0 FTE positions were transferred to the agency at the beginning of FY 2008: 5.0 FTE positions were transferred from Kansas Neurological Institute (KNI), 2.0 FTE positions were transferred from Larned State Hospital, and 2.0 FTE positions were transferred from the Department of Social and Rehabilitation Services (SRS). The all funds increase is primarily the result of a \$300,000 transfer to Osawatomie State Hospital (OSH) from Rainbow Mental Health Facility (RMHF) in FY 2008. RMHF realized savings resulting from the closure of youth services. The savings from RMHF were transferred to OSH to assist in funding the 9.0 FTE received from SRS and other state hospitals. The estimate includes a supplemental request of \$150,000, all from the State General Fund, to reduce the shrinkage rate from 6.9 percent to 6.2 percent.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$25.5 million, including \$11.9 million from the State General Fund. The recommendation is an all funds increase of \$293,942, or 1.2 percent, above the amount approved by the 2007 Legislature, and a State General Fund increase of \$300,000, or 2.6 percent, above the amount approved by the 2007

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Legislature. The Governor does not recommend the agency's supplemental request of \$150,000, all from the State General Fund, to reduce the shrinkage rate from 6.9 percent to 6.2 percent.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Osawatomi State Hospital

Bill No. HB 2946

Bill Sec. 33

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 359

Budget Page No. 311

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 18,608,917	\$ 16,183,138	\$ (1,027,553)
Other Funds	9,906,370	9,907,169	(48,949)
Subtotal - Operating	<u>\$ 28,515,287</u>	<u>\$ 26,090,307</u>	<u>\$ (1,076,502)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	58	58	0
Subtotal - Capital Improvements	<u>\$ 58</u>	<u>\$ 58</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 28,515,345</u></u>	<u><u>\$ 26,090,365</u></u>	<u><u>\$ (1,076,502)</u></u>
FTE Positions			
FTE Positions	504.0	428.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>504.0</u></u>	<u><u>428.6</u></u>	<u><u>0.0</u></u>

*All of the Budget Committee's recommended reductions are related to pay plan adjustments.

Agency Request

The agency requests FY 2009 operating expenditures of \$28.5 million, including \$18.6 million from the State General Fund. The request is an all funds increase of \$2.9 million, or 11.3 percent, and a State General Fund increase of \$6.6 million, or 54.5 percent, above the FY 2008 revised estimate. The request includes a budgeted shrinkage rate of 4.5 percent. Seven enhancements totaling \$3,329,082, all from the State General Fund, and 75.4 FTE positions, are requested for FY 2009.

Governor's Recommendation

The Governor recommends operating expenditures of \$26.1 million, including \$16.2 million from the State General Fund. The recommendation is an all funds increase of \$616,738, or 2.4 percent, above the FY 2008 recommendation, and a decrease of \$2.4 million, or 8.5 percent, below the agency's FY 2009 request. The Governor does not recommend the agency's seven enhancement requests. The Governor recommends addition of the following:

- \$904,102, including \$903,303 from the State General Fund, for a 2.5 percent base salary adjustment for all employees and salary increases for below market pay for select employees.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation with

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the following adjustments and comments:

1. **Pay Plan Adjustments.** Delete \$1,076,502, including \$1,027,553 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$430,208, including \$429,836 from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$473,894, including \$473,467 from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$172,400, including \$124,250 from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. **Staffing.** The Budget Committee notes the agency's enhancement request of \$888,635, all from the State General Fund, and 25.6 FTE positions, to add direct care and nursing staff in FY 2009. The agency indicates that each hospital unit has a core staffing requirement, or a minimum number of staff, needed to provide for patient care and safety. Illness, holidays, injuries, and other leave time has caused staffing to fall below minimum core staffing levels. The Budget Committee notes that more staff is needed in order to provide for patient care and safety due to increasing patient admissions. Finally, the Budget Committee notes that the Governor did not recommend funding for this enhancement and recommends that the item be further reviewed at Omnibus.
3. **30-Bed Unit.** The Budget Committee notes the agency's enhancement request of \$1,473,800, all from the State General Fund, and 49.8 FTE positions, to open a 30-bed unit for the last six months of FY 2009. The agency notes that the 2007 Legislature appropriated funds to remodel an existing unit, and because of the current remodeling, reconstruction of the additional unit cannot begin until after February 2008, and will not be available for patient care until January 2009. The request will fund the cost of operating the newly remodeled unit starting in January 2009. The agency notes that its capacity would increase from 176 to 206 beds. The Budget Committee recognizes that increased bed capacity would accommodate increasing patient admissions. The Budget Committee notes that the Governor did not recommend funding for this enhancement and recommends that the item be further reviewed at Omnibus.
4. **Vehicles.** The Budget Committee notes the agency's enhancement request of \$40,900, all from the State General Fund, to replace two high mileage vehicles in FY 2009. The Budget Committee notes that the Governor did not recommend the enhancement, but instead recommends allocating the funding for all state hospital replacement vehicles to the Department of Social and Rehabilitation Services (SRS). SRS will have the responsibility of dividing the replacement vehicles among itself and the five state hospitals. The Budget Committee recommends vehicle funding for SRS and the state hospitals be further reviewed at Omnibus.

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5. **Agency Information.** The Budget Committee notes the following information about Osawatomie State Hospital (OSH):

OSH provides mental health services to adults who require inpatient evaluation and treatment. Patients are referred to the hospital after being screened by community mental health centers. Upon admission, a comprehensive evaluation is completed and an individual treatment plan is developed. An interdisciplinary person-centered team approach (IDT), which includes the patient as an active participant, forms the basis of the active treatment strategy. After treatment, patients are referred back to outpatient treatment programs provided by community mental health centers.

The facility currently serves adults from 46 eastern Kansas counties who require inpatient psychiatric treatment or non-medical detoxification for substance abuse. The Adult Psychiatric Program provides inpatient services for people 18 years of age and older. No services are offered for children or adolescents. Social Detoxification Service was established to provide short-term detoxification services to persons who would then receive chemical dependency treatment in the community. Currently, about 50-70 percent of the people served by OSH also need substance abuse treatment.

OSH has a capacity of 176 beds. For FY 2009, OSH has an anticipated Average Daily Census of 172 residents, and an Average Length of Stay of 28.0 days. The facility operates a 30-bed Crisis Stabilization Unit (CSU) and three Acute Care Units (ACU). The CSU serves individuals who may be stabilized in a short period of time and returned to the community within 14 days or less. The ACU's have a target length of stay of 30 days or less. In addition, the Sexual Predator Treatment Program Transition House is located on the grounds of OSH but is administered and funded by Larned State Hospital.

6. **Increased Admissions and Availability of Inpatient Treatment.** The Budget Committee notes the significant amount of testimony received expressing concern about the availability of inpatient treatment for mentally ill adults and children. Highlighted in the testimony is the critical role the state mental health hospitals play in the mental health treatment system. Conferees commented on the increasing admissions to the state hospitals, which must operate within a set budget and number of beds regardless of the demand. As a result, many conferees expressed concern over the need to accommodate the increased demand by reducing the length of stay for individuals. Several conferees noted the need to increase the bed count at the state hospitals in order to accommodate increasing patient admissions. It was also noted that increased admissions require more staff in order to treat patients effectively.

One issue discussed in relation to the growing demand for more inpatient mental health beds was the formation of a Hospital and Home Initiative Work Group. The Department of Social and Rehabilitation Services (SRS) has established a core team of leaders to "research and design a plan to implement an effective array of hospital and community services that support mental health wellness and recovery through partnerships and data driven strategies." Several conferees noted the importance of establishing a plan that would support the needs of the state hospitals in order to lead to a meaningful transformation for future inpatient needs.

House Budget Committee Report

Agency: Larned State Hospital **Bill No.** HB 2947

Bill Sec. 28

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 323

Budget Page No. 293

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 43,755,302	\$ 43,765,902	\$ 0
Other Funds	10,915,048	10,954,517	400,000
Subtotal - Operating	<u>\$ 54,670,350</u>	<u>\$ 54,720,419</u>	<u>\$ 400,000</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>\$ 54,670,350</u></u>	<u><u>\$ 54,720,419</u></u>	<u><u>\$ 400,000</u></u>
FTE Positions	982.2	1,004.2	0.0
Non FTE Uncl. Perm. Pos.	17.0	18.0	0.0
TOTAL	<u>999.2</u>	<u>1,022.2</u>	<u>0.0</u>

Agency Estimate

The agency estimates FY 2008 operating expenditures of \$54.7 million, including \$43.8 million from the State General Fund. The estimate is an all funds increase of \$749,046, or 1.4 percent, above the amount approved by the 2007 Legislature, and a State General Fund increase of \$1.3 million, or 3.0 percent, above the amount approved by the 2007 Legislature. The estimate would fund 982.2 FTE positions, a net increase of 4.0 FTE positions above the approved amount of 978.2 FTE positions. The revised estimate includes an increase of 6.0 FTE positions, which is partially offset by a transfer of 2.0 FTE positions to Osawatomie State Hospital at the beginning of FY 2008. The estimate includes three supplemental requests totaling \$1,267,955, all from the State General Fund.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$54.7 million, including \$43.8 million from the State General Fund. The recommendation is an all funds increase of \$799,115, or 1.5 percent, above the amount approved by the 2007 Legislature, and a State General Fund increase of \$1.3 million, or 3.0 percent, above the amount approved by the 2007 Legislature. The Governor recommends two of the agency's supplemental requests and recommends an additional supplemental expenditure for a total of \$1,278,555, all from the State General Fund, and 28.0 FTE positions, for the following:

- \$500,000, all from the State General Fund, to offset part of the LSH Fee Fund shortfall;

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- \$228,486, all from the State General Fund, and 6.0 FTE positions, to expand the Sexual Predator Treatment Program Transition House; and
- \$550,069, all from the State General Fund, and 22.0 FTE positions, to expand the SPTP due to a rise in census

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation with the following adjustment and comment:

1. **Hospital Building.** Add funding of \$400,000, all from the State Institutions Building Fund, to plan for the expansion of the Larned State Hospital Adult Treatment Center Building to replace the Hospital Building. The Department of Social and Rehabilitation Services (SRS) included a request for this funding in its capital improvements budget request for FY 2008.

The Budget Committee heard testimony that until recently, the Hospital building was used to house and treat psychiatric services program patients. The Department of Health and Environment recently determined that the Hospital building, constructed in 1931, is in such poor condition that it requires extensive renovation if it is to be used to house or treat patients. Due to its age and antiquated design, it is not cost effective or feasible to rehabilitate the Hospital building for patient treatment. LSH has made adjustments in the Sexual Predator Treatment Program (SPTP) to temporarily free up space for the 19 patients located in the Hospital building. However, those patients cannot indefinitely stay in space that will be needed by the ever-growing SPTP. The Budget Committee believes that planning for building an addition to LSH's Adult Treatment Center will address this issue.

2. **Supplementals.** The Budget Committee would like to express its support of the Governor's three supplemental recommendations for the following:
 - a. \$500,000, all from the State General Fund, to offset part of the LSH Fee Fund shortfall. The agency indicates that the approved FY 2006 budget increased the expenditure of the Fee Fund. Over the last three years, the expenditure limitation from the Fee Fund has increased significantly, from \$2.6 million to \$3.5 million, while the revenue estimate has remained relatively unchanged. As a result, the agency anticipates a shortfall in revenue in FY 2008.
 - b. \$228,486, all from the State General Fund, and 6.0 FTE positions, to expand the Sexual Predator Treatment Program Transition House. The agency indicates that three new residents are being moved to the Transition House. The current space is not sufficient to accommodate the new residents, and a section of the Biddle Building has been remodeled for this purpose. As a result, additional staffing and operating expenditures are needed to accommodate the new residents who require 24-hour supervision for seven days a week.
 - c. \$550,069, all from the State General Fund, and 22.0 FTE positions, to expand the SPTP due to a rise in census. The Budget Committee notes that it received testimony regarding staffing challenges and increased SPTP

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admissions. The SPTP program, located on the grounds of Larned State Hospital, is currently at full capacity and serves 160 patients. The Budget Committee acknowledges that funding is needed to support the increasing patient admissions to the Treatment and Transition programs.

House Budget Committee Report

Agency: Larned State Hospital **Bill No.** HB 2946

Bill Sec. 33

Analyst: Caywood McCarthy **Analysis Pg. No.** Vol. I - 323

Budget Page No. 293

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 45,845,725	\$ 43,612,932	\$ (2,286,282)
Other Funds	11,878,835	12,712,258	(46,450)
Subtotal - Operating	\$ 57,724,560	\$ 56,325,190	\$ (2,332,732)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 57,724,560	 \$ 56,325,190	 \$ (2,332,732)
 FTE Positions	 1,052.7	 1,004.2	 0.0
Non FTE Uncl. Perm. Pos.	17.0	18.0	0.0
TOTAL	1,069.7	1,022.2	0.0

* All of the Budget Committee's recommended reductions are related to pay plan adjustments.

Agency Request

The agency requests FY 2009 operating expenditures of \$57.7 million, including \$45.8 million from the State General Fund. The request is an all funds increase of \$3.1 million, or 5.6 percent, and a State General Fund increase of \$2.1 million, or 4.8 percent, above the FY 2008 revised estimate. The request includes a budgeted shrinkage rate of 5.0 percent. Eight enhancements totaling \$5,515,833, all from the State General Fund, and 76.5 FTE positions, are requested for FY 2009.

Governor's Recommendation

The Governor recommends operating expenditures of \$56.3 million, including \$43.6 million from the State General Fund. The recommendation is an all funds increase of \$1.6 million, or 2.9 percent, above the FY 2008 recommendation, and a decrease of \$1.4 million, or 2.4 percent, below the agency's FY 2009 request. The Governor recommends two of the agency's enhancement requests and recommends an additional enhancement for a total of \$1,444,685, including \$1,319,858 from the State General Fund, and 28.0 FTE positions, for the following:

- \$124,827, all from the State Institutions Building Fund, for Larned State Hospital's share of the City of Larned's debt service payment for the replacement of the city's wastewater treatment plant;
- \$249,269, all from the State General Fund, and 6.0 FTE positions, to expand the

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Sexual Predator Treatment Program Transition House;

- \$1,070,589, all from the State General Fund, and 22.0 FTE positions, to expand the SPTP due to a rise in census; and
- \$1,963,182, all from the State General Fund, for a 2.5 percent base salary adjustment for all employees and salary increases for below market pay for select employees.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation with the following adjustments and comments:

1. **Pay Plan Adjustments.** Delete \$2,332,732, including \$2,286,282 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$951,602, all from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$1,011,580, all from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$369,550, including \$323,100 from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. **Vehicles.** The Budget Committee notes the agency's enhancement request of \$140,562, all from the State General Fund, to replace nine high mileage vehicles in FY 2009. The Budget Committee notes that the Governor did not recommend the enhancement, but instead recommends allocating the funding for all state hospital replacement vehicles to the Department of Social and Rehabilitation Services (SRS). SRS will have the responsibility of dividing the replacement vehicles among itself and the five state hospitals. The Budget Committee recommends vehicle funding for SRS and the state hospitals be further reviewed at Omnibus.
3. **Enhancements.** The Budget Committee would like to express its support of the Governor's three enhancement recommendations for the following:
 - a. \$124,827, all from the State Institutions Building Fund, for Larned State Hospital's share of the City of Larned's debt service payment for the replacement of the city's wastewater treatment plant. The agency indicates that it entered into an agreement with the City of Larned for wastewater treatment in 1979. The City of Larned is currently required by the Kansas Department of Health and Environment (KDHE) to replace the existing water treatment plant. The agreement indicates that the State of Kansas will pay its proportional cost for any replacement of the system; the agency's share is

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\$1.9 million, or 25.0 percent. The amount is financed at 2.68 percent for 20 years with an annual payment of \$124,827.

- b. \$249,269, all from the State General Fund, and 6.0 FTE positions, to expand the Sexual Predator Treatment Program Transition House. This is a continuation of the agency's supplemental request in FY 2008. The agency indicates that three new residents are being moved to the Transition House. The current space is not sufficient to accommodate the new residents, and a section of the Biddle Building has been remodeled for this purpose. As a result, additional staffing and operating expenditures are needed to accommodate the new residents who require 24-hour supervision for seven days a week.
 - c. \$1,070,589, all from the State General Fund, and 22.0 FTE positions, to expand the SPTP due to a rise in census. This is a continuation of the agency's supplemental request in FY 2008. The Budget Committee notes that it received testimony regarding staffing challenges and increased SPTP admissions. The SPTP program, located on the grounds of Larned State Hospital, is currently at full capacity and serves 160 patients. The Budget Committee acknowledges that funding is needed to support the increasing patient admissions to the Treatment and Transition programs.
4. **Mobile Evaluators.** The Budget Committee notes the agency's recommendation during its testimony for \$320,000 to fund mobile evaluator positions that will help alleviate the growing waiting list for forensic evaluation and treatment in Larned State Hospital's (LSH) State Security Program (SSP).

The Budget Committee notes that the SSP serves the state wide needs of the Department of Corrections (DoC) and the Unified Judicial System for forensic evaluation and inpatient psychiatric care. The program includes: a forensic evaluation unit, two acute psychiatric treatment units, two psychiatric rehabilitation units for inmates of the DoC, a psychiatric unit for females, and a security behavior unit. The security behavior unit serves patients from all the state hospitals whose behavior is extremely dangerous, which requires the highest level of security. The Budget Committee notes that it received extensive testimony about how the need for beds by the District Courts and DoC exceeds the current budgeted capacity of the SSP. Since January 2000, the beds available to the District Courts have decreased from 143 beds to 71 beds due to budget cuts in 2002 and an increase in bed utilization by the DoC. In addition, the waiting list for admissions to the SSP from the District Courts reached an all-time high of 67 days in January 2008. Conferees also testified that the wait time has placed a strain on jails and jail staff in managing the inmates who are awaiting access to mental health services.

In its testimony, the agency presented an option to help alleviate the growing waiting list for forensic evaluation and treatment. The option would fund two mobile evaluator positions that would be supervised by Larned SSP staff and located in the Kansas City area and the Wichita, Hutchinson, or Larned area. The role of the evaluators would include: complete sex predator evaluations in jails; conduct at least two Competency to Stand Trial (CST) evaluator trainings a year for Community Mental Health Centers (CMHC's) and other community providers interested in reimbursement and certification from SRS; complete pre-sentence evaluations (misdemeanors) in jails and the community; complete competency evaluations unable to be done by community providers; and create and oversee

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a certification and ongoing education and supervisory program for community based evaluators. The Budget Committee notes that the mobile unit would help alleviate or eliminate the waiting list for admission to the SSP. This option would cost \$320,000. The Budget Committee notes that this funding was not included in the agency's budget request or the Governor's recommendation and recommends the item be further reviewed at Omnibus.

5. **Agency Information.** The Budget Committee notes the following information about Larned State Hospital (LSH):

LSH provides psychiatric treatment and limited detox facilities to persons aged five to eighty-five from the 59 western counties of the state. LSH has a capacity of 465 beds. For FY 2009, OSH has an anticipated average daily census of 432 residents, an average length of stay in psychiatric services of 27 days for adults, 24 days for youth, and 113 days in the State Security Program.

The Psychiatric Services program provides mental health services to adults, adolescents, and children who require inpatient evaluation and treatment. Patients are referred to the hospital after being screened by community mental health centers. Upon admission, a comprehensive evaluation is completed and an individual treatment plan is developed. The Psychiatric Services program has a budgeted capacity of 99 beds. Service units include a Crisis Stabilization unit that serves an average of 16 adults, a Social Detoxification unit that can serve 3 persons, two Adult Treatment units that can serve an average of 30 persons each, and one Youth Services unit that can serve 20 youth. The Social Detoxification Service unit provides services, up to 72 hours, for persons referred by law enforcement agencies or by a district court.

The State Security Hospital (SSH) serves the entire state as a secure setting for criminal forensic patients during evaluation and treatment, and non-forensic patients with severe behavioral problems who may be transferred from other hospitals. The State Security Hospital delivers specialized mental health services to persons committed by the District Courts and those transferred from the Kansas Department of Corrections. The SSH consists of 200 beds.

The Sexual Predator Treatment Program (SPTP) provides treatment for convicted sex offenders who have completed their prison sentences and have been civilly committed under the Kansas Sexual Predator Law because of ongoing danger to the community. Since 1994, 200 persons have been committed to the SPTP. Of those, 161 residents are presently assigned to phases 1 through 5 of the SPTP program located at LSH, and 10 residents are assigned to phases 6 and 7 located at Osawatomie State Hospital. Of the residents presently assigned to the SPTP, more than two thirds have been received within the past five years. Currently, SPTP's physical capacity is 214 beds. The Sexual Predator Transition House program is located on the grounds of Osawatomie State Hospital but is funded in the LSH budget. The Transition House physical capacity is 12 beds.

LSH also provides various support services (dietary and laundry) for Larned Juvenile Correctional Facility, Larned Correctional Mental Health Facility, and the Kansas Soldiers' Home at Fort Dodge.

6. **Increased Admissions and Availability of Inpatient Treatment.** The Budget Committee notes the significant amount of testimony received expressing concern about the availability of inpatient treatment for mentally ill adults and

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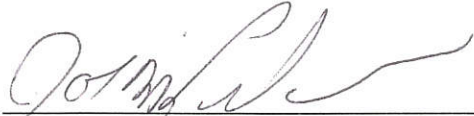
children. Highlighted in the testimony is the critical role the state mental health hospitals play in the mental health treatment system. Conferees commented on the increasing admissions to the state hospitals, which must operate within a set budget and number of beds regardless of the demand. As a result, many conferees expressed concern over the need to accommodate the increased demand by reducing the length of stay for individuals. Several conferees noted the need to increase the bed count at the state hospitals in order to accommodate increasing patient admissions. It was also noted that increased admissions require more staff in order to treat patients effectively.

One issue discussed in relation to the growing demand for more inpatient mental health beds was the formation of a Hospital and Home Initiative Work Group. The Department of Social and Rehabilitation Services (SRS) has established a core team of leaders to "research and design a plan to implement an effective array of hospital and community services that support mental health wellness and recovery through partnerships and data driven strategies." Several conferees noted the importance of establishing a plan that would support the needs of the state hospitals in order to lead to a meaningful transformation for future inpatient needs.

FY 2008 and FY 2009

HOUSE EDUCATION BUDGET COMMITTEE

Department of Education

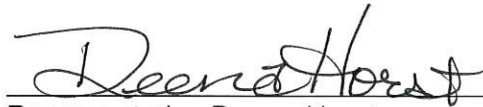


Representative Joe McLeland, Chair



Representative Lana Gordon

Representative Mike O'Neal, Vice-Chair

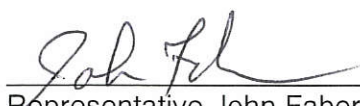


Representative Deena Horst

Representative Bob Grant,
Ranking Minority Member



Representative Ty Masterson



Representative John Faber

Representative Tom Sawyer

Representative Bill Feuerborn

HOUSE APPROPRIATIONS

DATE 3-11-2008
ATTACHMENT 2

Senate Subcommittee Report

Agency: State Department of Education **Bill No.** SB 655

Bill Sec. 35

Analyst: Robinson

Analysis Pg. No. Vol. I-497

Budget Page No. 137

Expenditure Summary	Agency Estimate FY 2008	Governor's Recommendation FY 2008	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 3,055,820,632	\$ 3,079,085,983	\$ 0
Other Funds	498,121,519	497,944,291	0
TOTAL	\$ 3,553,942,151	\$ 3,577,030,274	\$ 0
FTE Positions	212.3	212.3	0.0
Non FTE Uncl. Perm. Pos.	65.7	71.6	0.0
TOTAL	278.0	283.9	0.0

Agency Estimate

The **agency** requests FY 2008 operating expenditures of \$3.6 billion, an increase of \$20.2 million, or 0.6 percent, above the approved amount. The State General Fund request totals \$3.1 billion, an increase of \$1.3 million above the approved amount. The amount includes unlimited State General Fund reappropriations of \$0.3 million, and supplemental requests totaling a net of \$1.0 million.

Governor's Recommendation

The **Governor** recommends FY 2008 operating expenditures of \$3.6 billion, an increase of \$43.3 million, or 1.2 percent, above the approved amount. State General Fund expenditures are recommended at \$3.1 billion, an increase of \$24.6 million, or 0.8 percent, above the approved amount. The Governor does not recommend the net \$1.0 million in supplemental requests, but does fully fund the November 2007 school finance estimates, which increase the approved amounts by \$24.4 million from the State General Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustment.

1. **Reappropriation Language.** Although the appropriations bill has not yet been introduced, the Subcommittee was informed that the bill as introduced will lapse \$16.0 million in general state aid, based on the November 2007 consensus school finance estimates. To provide additional flexibility for the agency in the case of unanticipated current year needs, the Subcommittee recommends that this funding be reappropriated to FY 2009 rather than lapsed. The Subcommittee's recommendation does not affect expenditures in either fiscal year.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: State Department of Education **Bill No.** HB 2947

Bill Sec. 35

Analyst: Robinson

Analysis Pg. No. Vol. I-497

Budget Page No. 137

Expenditure Summary	Agency Estimate FY 2008	Governor's Recommendation FY 2008	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 3,055,820,632	\$ 3,079,085,983	\$ 0
Other Funds	498,121,519	497,944,291	0
TOTAL	<u>\$ 3,553,942,151</u>	<u>\$ 3,577,030,274</u>	<u>\$ 0</u>
FTE Positions	212.3	212.3	0.0
Non FTE Uncl. Perm. Pos.	65.7	71.6	0.0
TOTAL	<u>278.0</u>	<u>283.9</u>	<u>0.0</u>

Agency Estimate

The **agency** requests FY 2008 operating expenditures of \$3.6 billion, an increase of \$20.2 million, or 0.6 percent, above the approved amount. The State General Fund request totals \$3.1 billion, an increase of \$1.3 million above the approved amount. The amount includes unlimited State General Fund reappropriations of \$0.3 million, and supplemental requests totaling a net of \$1.0 million.

Governor's Recommendation

The **Governor** recommends FY 2008 operating expenditures of \$3.6 billion, an increase of \$43.3 million, or 1.2 percent, above the approved amount. State General Fund expenditures are recommended at \$3.1 billion, an increase of \$24.6 million, or 0.8 percent, above the approved amount. The Governor does not recommend the net \$1.0 million in supplemental requests, but does fully fund the November 2007 school finance estimates, which increase the approved amounts by \$24.4 million from the State General Fund.

House Budget Committee Recommendation

The Budget Committee concurs with the recommendations of the Governor, with the following adjustments:

1. **Special Education Excess Costs.** The Governor's recommendation includes \$31.4 million, all from the State General Fund, to fund the November 2007 school finance consensus estimates for FY 2008 special education excess costs. A portion of this funding is based on estimates of reduced federal Medicaid funding received by school districts. A December 2007 Legislative Post Audit reviewed this issue, and during Omnibus, the Budget Committee would like to have a presentation on the report and the potential impact of these Medicaid changes on school districts.
2. **Kansas Career Pipeline.** Delete language in the appropriations bill requiring a dollar for dollar match from business and industry for the Kansas Career Pipeline. The 2007 Legislature approved funding of \$420,120, all from the State General Fund, for the program in FY 2008. A proviso attached to the funding required that it be matched on a dollar for dollar basis by business and industry. The Budget Committee was informed that this restriction does not allow for funding matches through sources such as federal grants which could be made available. The Budget Committee recommends continuing the dollar for dollar for match, but broadening the sources which may be used for the match by removing the requirement that the match come from business and industry. In addition, the Budget Committee notes that no funding is recommended for the program in FY 2009, and recommends that any unspent FY 2008 funding be allowed to reappropriate to FY 2009.

Senate Subcommittee Report

Agency: State Department of Education Bill No. SB 658

Bill Sec. 35

Analyst: Robinson

Analysis Pg. No. Vol. I-497

Budget Page No. 137

<u>Expenditure Summary</u>	<u>Agency Request FY 2009</u>	<u>Governor's Recommendation FY 2009</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 3,223,884,736	\$ 3,247,064,222	\$ 6,934,913
Other Funds	509,575,966	523,412,313	(9,042,952)
TOTAL	<u>\$ 3,733,460,702</u>	<u>\$ 3,770,476,535</u>	<u>\$ (2,108,039)</u>
FTE Positions	213.3	212.3	1.0
Non FTE Uncl. Perm. Pos.	70.4	70.4	0.0
TOTAL	<u>283.7</u>	<u>282.7</u>	<u>1.0</u>

* Of the Subcommittee's recommended overall reduction, \$593,039, including \$289,587 from the State General Fund, is related to pay plan adjustments.

Agency Request

The **agency** requests FY 2009 operating expenditures of \$3.7 billion, an increase of \$179.5 million, or 5.1 percent, above the revised current year estimate. The agency requests FY 2009 State General Fund expenditures totaling \$3.2 billion, an increase of \$168.1 million, or 5.5 percent, above the revised current year estimate. The request includes 17 enhancements totaling \$47.3 million, including \$47.2 million from the State General Fund. Absent the enhancements, the agency's request is an increase of \$132.2 million, or 3.7 percent, above the current year estimate, related mainly to the third year of the three-year school finance plan enacted by the 2006 Legislature.

Governor's Recommendation

The **Governor** recommends FY 2009 operating expenditures of \$3.8 billion, an increase of \$193.4 million, or 5.4 percent, above the revised current year recommendation. The FY 2009 State General Fund recommendation totals \$3.2 billion, an increase of \$168.0 million, or 5.5 percent, above the current year recommendation. The Governor's recommendation reflects full funding for the November 2007 consensus school finance estimates.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations, with the following adjustments and observations:

1. **Pay Plan Adjustments.** Delete \$593,039, including \$289,587 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.

- a. **State Employee Pay Increases.** Delete \$368,167, including \$178,063 from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$136,122, including \$67,379 from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$88,750, including \$44,145 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. **Parent Education Funding.** Add \$7,539,500 from the State General Fund and delete the same amount from the Children's Initiatives Fund (CIF) for the Parent Education Program. The Governor recommends shifting all of the funding for the program from the State General Fund to the CIF. Although the Subcommittee recognizes that CIF funding has been utilized for partial funding of the program in the past, the Subcommittee believes that the State General Fund is the more appropriate source of funding.
 3. **Kansas Educational Leadership Commission.** Delete \$300,000, all from the State General Fund, in enhancement funding recommended by the Governor for review at Omnibus. The funding is recommended for the Kansas Educational Leadership Commission. The Commission is scheduled to propose recommendations during FY 2009. Until the recommendations are made, the agency has budgeted two-thirds of the additional funding to conduct leadership academies for superintendents, principals and teacher leaders. The remaining one-third would be distributed to ten regional professional learning communities to develop a statewide leadership program which would ultimately be sustained through local funding.
 4. **Discretionary Grants Program.** Delete \$10,000, all from the State General Fund, in enhancement funding for the discretionary grants program for consideration at Omnibus. The funding would be used to increase funding for the Kansas Association for Conservation and Environmental Education by \$5,000 (from \$35,000 to \$40,000), and to increase funding for the grant to Communities in Schools by \$5,000 (also from \$35,000 to \$40,000).
 5. **Agriculture in the Classroom.** Delete \$5,000, all from the State General Fund, in enhancement funding recommended for the Kansas Foundation for Agriculture in the Classroom for review during Omnibus. The funding would increase the grant from \$35,000 to \$40,000.
 6. **Pre-K Pilot/Kansas Preschool Program.** Delete \$1.2 million, all from the Children's Initiatives Fund, recommended for the Kansas Preschool Program. The program, formerly known as the Pre-K pilot, is recommended to be transferred from the Department of Social and Rehabilitation Services to the Department of Education, combined with the Four-Year-Old At-Risk program, and renamed the Kansas Preschool Program. Current year funding for the Pre-K pilot in the SRS budget totals \$5.0 million, all from the Children's Initiatives Fund. The Subcommittee concurs with the Governor's recommendation to

transfer the program, but recommends consideration for the enhanced funding of \$1.2 million be delayed until Omnibus. In addition, the Subcommittee recommends that the agency continue to work with the Children's Cabinet on furthering the goals of the program.

7. **New Auditor II Position.** Add 1.0 FTE Auditor II position, to be funded through shifts of existing funding recommended by the Governor. The agency indicated the position is necessary because of additional auditing requirements, an increase in the number of programs required to be audited, and a recent change in the interpretation of the Fair Labor Standards Act which defines auditors as hourly employees subject to overtime pay which, for all practical purposes, limits them to a 40-hour work week. To reallocate existing resources to fund the position, the agency suggested, and the Subcommittee recommends, the following:
 - Delete \$100,000 from the Children's Initiatives Fund for the Optometric Vision Study.
 - Shift \$100,000 in general state aid for the four-year-old at-risk program from the State General Fund to the Children's Initiatives Fund.
 - Add \$100,000 from the State General Fund for the new Auditor II position.

8. **Replace Federal Title V Funding.** The Subcommittee notes that Governor's recommendation includes \$119,722 from the State General Fund to offset the loss of federal Title V funding for the agency. That portion of the federal funding has been used for 2.0 FTE Education Program Consultant positions in the School Improvement and Accreditation Program. The Subcommittee notes that over the last five years, total Title V federal funding received by the state has decreased from \$3.6 million to slightly over \$885,000. The Subcommittee concurs with the Governor's recommendation to continue funding for these positions with funding from the State General Fund.

9. **New Vehicles.** The Subcommittee concurs with the Governor's recommendation to authorize the purchase of two new vehicles totaling \$37,536 from the agency's Service Clearing Fund. The agency has essentially saved the money over a period of time to fund the purchase of these vehicles, and eliminated the need for State General Fund amounts for this purpose. The Subcommittee commends the agency for utilizing this funding mechanism.

10. **Mentor Teacher Program.** The Subcommittee notes that the Governor's recommendation includes \$1.5 million, all from the State General Fund, designated as enhancement funding, for the Mentor Teacher Program. The Subcommittee notes, however, that there is a distinction between this recommendation and other enhancements. This recommendation would fully fund the statutory provisions of the program as enacted by the 2000 Legislature. The program calls for annual payments of \$1,000 to mentor teachers to support new teachers for their entire three-year probationary period. Between enactment of the program and FY 2006, funding was only provided once, in FY 2002. In FY 2006 and FY 2007, funding was included for only one year of mentoring. The 2007 Legislature appropriated \$1.65 million to provide mentor teachers \$1,000 to support new teachers during their first year and \$500 during their second year. The funding recommended by the Governor would

provide the \$1,000 for mentor teachers for supporting new teachers for the full three-year probationary period and the Subcommittee is supportive of this recommendation.

11. **Additional Consideration for Omnibus Items.** The Subcommittee recommends a number of items be reviewed during Omnibus when the Legislature will have more updated information on the status of State General Fund revenues:

- **High Density At-Risk Funds.** The agency requested \$2.0 million, all from the State General Fund, to increase general state aid to reflect the State Board's recommendation to change the formula for distributing high density at-risk funding. Under current law, school districts that have an enrollment of at least 40 percent at-risk students qualify for additional weighting and school districts with at least 50 percent qualify for a higher weighting. The State Board has proposed that high density weighting apply to school districts with at least 35 percent at-risk enrollment, and the weighting would increase, based on a linear transition formula, as the enrollment of at-risk students increases. The calculation would level off at an enrollment of 50 percent at-risk students. This would require a statutory change, and a bill to make the change (2007 SB 93) is currently in Senate Education Committee.
- **Professional Development.** The agency requested \$6.25 million, all from the State General Fund, to fully fund professional development state aid under current law. State aid is limited to the lesser of half of 1.0 percent of a school district's general fund budget, or 50 percent of actual approved program costs. The agency estimates that for FY 2009, eligible statewide professional development expenditures will total \$16.0 million. Based on current law, state aid would be \$8.0 million. The Governor's recommendation for professional development in FY 2009, however, is only \$1.75 million, and the Subcommittee recommends reviewing the rest of the agency's request to fully the fund program during Omnibus.
- **School Food Assistance Match.** The agency requested an additional \$904,000, all from the State General Fund, for the school food assistance state match, which allows the state to receive over \$130.0 million per year in federal child nutrition funds. Under state law, school districts are to receive 6 cents for each meal served under an approved school lunch program. The agency notes that in past years, the amount paid for approved programs has been prorated at between 4.6 and 5 cents. The additional funding would fund current law at the rate of 6 cents.
- **Parent Education.** Although not requested by the agency, the Subcommittee is supportive of the Parents as Teachers Program and recommends consideration be given during Omnibus to the addition of \$1.0 million, all from the State General Fund, for the program.

12. **Kansas Career Pipeline.** The Subcommittee notes that a total of \$420,120, all from the State General Fund, is included in the approved current year budget for the Kansas Career Pipeline (KCP). No funding is recommended in FY 2009. The KCP is a non-profit organization that provides a web-based program to

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help students identify career choices most aligned with their personal interests and aptitude. The Subcommittee requests a report during Omnibus on how the funding was utilized by the KCP and the number of students served by the program.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee with the following adjustments:

1. Consider additional funding for the Kansas Career Pipeline following receipt of the report requested by the Subcommittee during Omnibus.
2. Consider the addition of \$100,000 for the Circle of Friends program, which pairs regular education students with special education students in a mentoring relationship.

House Budget Committee Report

Agency: State Department of Education **Bill No.** HB 2946

Bill Sec. 35

Analyst: Robinson

Analysis Pg. No. Vol. I-497

Budget Page No. 137

Expenditure Summary	Agency Request FY 2009	Governor's Recommendation FY 2009	Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 3,223,884,736	\$ 3,247,064,222	\$ (2,624,309)
Other Funds	509,575,966	523,412,313	(6,503,452)
TOTAL	<u>\$ 3,733,460,702</u>	<u>\$ 3,770,476,535</u>	<u>\$ (9,127,761)</u>
FTE Positions	213.3	212.3	1.0
Non FTE Uncl. Perm. Pos.	70.4	70.4	0.0
TOTAL	<u>283.7</u>	<u>282.7</u>	<u>1.0</u>

*Of the Budget Committee's recommended overall reduction, \$593,039, including \$289,587 from the State General Fund, is related to pay plan adjustments.

Agency Request

The **agency** requests FY 2009 operating expenditures of \$3.7 billion, an increase of \$179.5 million, or 5.1 percent, above the revised current year estimate. The agency requests FY 2009 State General Fund expenditures totaling \$3.2 billion, an increase of \$168.1 million, or 5.5 percent, above the revised current year estimate. The request includes 17 enhancements totaling \$47.3 million,

2-9

including \$47.2 million from the State General Fund. Absent the enhancements, the agency's request is an increase of \$132.2 million, or 3.7 percent, above the current year estimate, related mainly to the third year of the three-year school finance plan enacted by the 2006 Legislature.

Governor's Recommendation

The **Governor** recommends FY 2009 operating expenditures of \$3.8 billion, an increase of \$193.4 million, or 5.4 percent, above the revised current year recommendation. The FY 2009 State General Fund recommendation totals \$3.2 billion, an increase of \$168.0 million, or 5.5 percent, above the current year recommendation. The Governor's recommendation reflects full funding for the November 2007 consensus school finance estimates.

House Budget Committee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$593,039, including \$289,587 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$368,167, including \$178,063 from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$136,122, including \$67,379 from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$88,750, including \$44,145 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. **Replace Federal Title V Funds.** Delete \$119,722, all from the State General Fund, recommended by the Governor to replace the loss of federal Title V-Innovative Programs funds to pay the salaries of 2.0 existing Education Program Consultant positions in FY 2009. The Budget Committee will review the recommended funding during Omnibus.
3. **Kansas Educational Leadership Commission.** Delete \$300,000, all from the State General Fund, in enhancement funding recommended by the Governor for review at Omnibus. The funding is recommended for the Kansas Educational Leadership Commission. The Commission is scheduled to propose recommendations during FY 2009. Until the recommendations are made, the agency has budgeted two-thirds of the additional funding to conduct leadership academies for superintendents, principals and teacher leaders. The remaining one-third would be distributed to ten regional professional learning communities to develop a statewide leadership program which would ultimately be sustained through local funding.

4. **Discretionary Grants Program.** Delete \$10,000, all from the State General Fund, in enhancement funding for the discretionary grants program for consideration at Omnibus. The funding would be used to increase funding for the Kansas Association for Conservation and Environmental Education by \$5,000 (from \$35,000 to \$40,000), and to increase funding for the grant to Communities in Schools by \$5,000 (also from \$35,000 to \$40,000).
5. **Agriculture in the Classroom.** Delete \$5,000, all from the State General Fund, in enhancement funding recommended for the Kansas Foundation for Agriculture in the Classroom for review during Omnibus. The funding would increase the grant from \$35,000 to \$40,000.
6. **Pre-K Pilot/Kansas Preschool Program.** Delete \$6.2 million, all from the Children's Initiatives Fund, recommended for the Kansas Preschool Program. The program, currently known as the Pre-K pilot, is recommended to be transferred from the Department of Social and Rehabilitation Services(SRS) to the Department of Education, combined with the Four-Year-Old At-Risk program, and renamed the Kansas Preschool Program. Current year funding for the Pre-K pilot in the SRS budget totals \$5.0 million, all from the Children's Initiatives Fund. The Budget Committee notes a bill, SB 407, that transfers the Pre-K pilot and Early Head Start program from the SRS budget to the Department of Education. The bill has passed the Senate and been referred to the House Appropriations Committee. The Budget Committee believes it would be more appropriate to wait and determine the outcome of the bill to determine an appropriate level of funding and the location of the program.
7. **New Auditor II Position.** Add 1.0 FTE Auditor II position, to be funded through shifts of existing funding recommended by the Governor. The agency indicated the position is necessary because of additional auditing requirements, an increase in the number of programs required to be audited, and a recent change in the interpretation of the Fair Labor Standards Act which defines auditors as hourly employees subject to overtime pay which, for all practical purposes, limits them to a 40 hour work week. To reallocate existing resources to fund the position, the agency suggested, and the Budget Committee recommends, the following:
 - Delete \$100,000 from the Children's Initiatives Fund for the Optometric Vision Study.
 - Shift \$100,000 in general state aid for the four-year-old at-risk program from the State General Fund to the Children's Initiatives Fund.
 - Add \$100,000 from the State General Fund for the new Auditor II position.
8. **Mentor Teacher Program.** Delete \$1.5 million, all from the State General Fund, for the mentor teacher program for review during Omnibus. The Budget Committee notes that the Governor's recommendation includes the funding to fully fund the statutory provisions of the program as enacted by the 2000 Legislature. The program calls for annual payments of \$1,000 to mentor teachers to support new teachers for their entire three-year probationary period. Between enactment of the program and FY 2006, funding was only provided once, in FY 2002. In FY 2006 and FY 2007, funding was included for only one year of mentoring. The 2007 Legislature appropriated \$1.65 million to provide

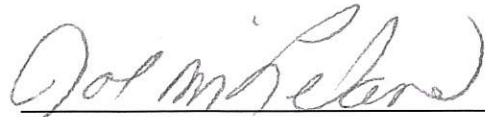
mentor teachers \$1,000 to support new teachers during their first year and \$500 during their second year, and the Budget Committee's recommendation would keep this funding level in place pending further review during Omnibus.

9. **After School Programs for Middle School Students.** Delete \$400,000, all from the State General Fund, for after school programs for middle school students for review during Omnibus. The funding was first added during FY 2008, and required a report from the Department of Education on the outcomes of the program. The Department provided a report, based on a partial year of operation, but the Budget Committee wishes to further review information on the program during Omnibus.
10. **Virtual Schools.** The Budget Committee recommends the introduction of legislation which would limit funding provided for school districts for virtual school students to those 21 years of age and under, and would limit the amount of funding per pupil to the unweighted Base State Aid Per Pupil amount. Two recent reports from Legislative Post Audit concerning virtual schools have raised serious concerns about both the differences in cost to provide the service among districts and the students utilizing the services, and the Budget Committee believes this legislation would be one step toward addressing some of those concerns.
11. **All Day Kindergarten.** Delete funding recommended by the Governor for the three-year phase in of all day Kindergarten. The appropriations bill as introduced contains funding in FY 2010 through FY 2012 to carry out the Governor's recommendations for all day Kindergarten. No legislation has passed regarding the recommended three-year phase in of the program, and the Budget Committee believes it would be more appropriate to wait for such legislation before adding any funding.

FY 2008 and FY 2009

HOUSE EDUCATION BUDGET COMMITTEE

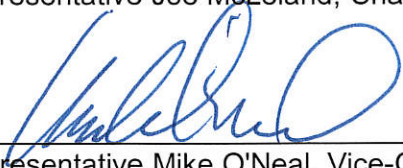
University of Kansas
Kansas State University
KSU - Veterinary Medical Center
KSU - Extension
Wichita State University
Board of Regents
University of Kansas Medical Center
Emporia State University
Fort Hays State University
Pittsburg State University
Regents Systemwide



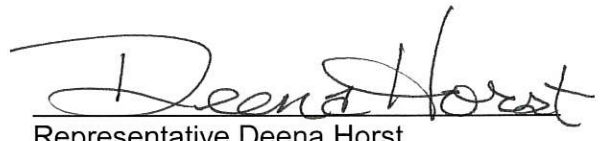
Representative Joe McLeland, Chair



Representative Lana Gordon



Representative Mike O'Neal, Vice-Chair

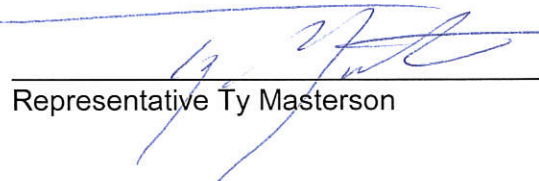


Representative Deena Horst

Representative Bob Grant,
Ranking Minority Member



Representative John Faber



Representative Ty Masterson

Representative Tom Sawyer

Representative Bill Feuerborn

HOUSE APPROPRIATIONS

DATE 3-11-2008

ATTACHMENT 3

House Budget Committee Report

Agency: Postsecondary Education Systemwide **Bill No.** HB 2947 **Bill Sec.** Various

Analyst: Dunkel **Analysis Pg. No.** Various **Budget Page No.** Various

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 829,475,525	\$ 830,207,525	\$ 0
General Fees Fund	469,896,035	469,896,035	0
Other Funds	813,569,392	814,469,392	0
Subtotal - Operating	<u>\$ 2,112,940,952</u>	<u>\$ 2,114,572,952</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 2,823,232	\$ 2,823,232	\$ 0
General Fees Fund	2,369,768	2,369,768	0
Other Funds	109,774,775	109,774,775	0
Subtotal - Capital Improvements	<u>\$ 114,967,775</u>	<u>\$ 114,967,775</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,227,908,727</u></u>	<u><u>\$ 2,229,540,727</u></u>	<u><u>\$ 0</u></u>
FTE Positions	17,724.6	17,724.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>17,724.6</u></u>	<u><u>17,724.6</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **current year estimate** for operating expenditures for the postsecondary education system is \$2.1 billion which is an increase of \$48.5 million, or 2.4 percent, above the approved budget. The FY 2008 State General Fund expenditures are estimated to be \$829.5 million which is an increase of \$2.7 million, or 0.3 percent, above the approved budget. The increase reflects reappropriations and higher than anticipated revenues in special revenue funds.

Governor's Recommendation

The **Governor** recommends FY 2008 operating expenditures of \$2.1 billion, including \$830.2 million from the State General Fund. The recommendation is an increase of \$50.1 million, or 2.4 percent, above the approved all funds amount and \$3.5 million, or 0.4 percent, above the approved State General Fund amount. The increases reflect reappropriations, higher than anticipated revenues in special revenue funds, and the addition of \$1.0 million, all from the State General Fund, for the Wichita Center for Graduate Medical Education (WCGME) in FY 2008. The increase is partially offset by a reduction of \$268,000 from the State General Fund in the Board office for increased shrinkage and reductions to other operating expenditures.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: Postsecondary Education Systemwide **Bill No.** HB 2946 **Bill Sec.** Various

Analyst: Dunkel

Analysis Pg. No. Various

Budget Page No. Various

<u>Expenditure Summary</u>	<u>Agency Request FY 09</u>	<u>Governor's Recommendation FY 09</u>	<u>House Budget Committee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 877,583,345	\$ 854,477,286	\$ (19,097,550)
General Fees Fund	459,722,180	467,528,385	(7,669,327)
Other Funds	801,244,315	820,682,340	(12,565,346)
Subtotal - Operating	\$ 2,138,549,840	\$ 2,142,688,011	\$ (39,332,223)
Capital Improvements:			
State General Fund	\$ 87,289,098	\$ 1,066,098	\$ 2,670,000
General Fees Fund	1,758,274	1,758,274	0
Other Funds	83,065,150	100,895,150	42,745,500
Subtotal - Capital Improvements	\$ 172,112,522	\$ 103,719,522	\$ 45,415,500
 TOTAL	 <u>\$ 2,310,662,362</u>	 <u>\$ 2,246,407,533</u>	 <u>\$ 6,058,007</u>
 FTE Positions	 17,725.7	 17,723.7	 0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>17,725.7</u>	<u>17,723.7</u>	<u>0.0</u>

*Of the Budget Committee's recommended operating reductions, \$34,107,493, including \$16,396,757 from the State General Fund, is related to pay plan adjustments.

Agency Request

The **FY 2009 operating request** for the postsecondary education system is \$2.1 billion which is an increase of \$25.6 million, or 1.2 percent, above the current year estimate. State General Fund expenditures for FY 2009 are requested at \$877.6 million which is an increase of \$48.1 million, or 5.8 percent, above the current year estimate. The State General Fund increase is offset by reductions in other funds expenditures which reflects reappropriations available in FY 2008 that will not be available in FY 2009.

The request includes enhancements totaling \$60.4 million, including \$62.9 million from the State General Fund. The greater State General Fund amount reflects a requested shift in funding from the Kansas Universal Service Fund to the State General Fund of \$2.5 million.

Governor's Recommendation

The **Governor** recommends an FY 2009 operating budget of \$2.1 billion which is an increase of \$28.1 million, or 1.3 percent, above the current year recommendation. The Governor recommends State General Fund expenditures of \$854.5 million which is an increase of \$24.3 million, or 2.9 percent, above the current year estimate.

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The recommendation is an increase of \$4.1 million, or 0.2 percent, above the agency request and a State General Fund reduction of \$23.1 million, or 2.6 percent, below the agency request.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustments:

1. **Pay Plan Adjustments.** Delete \$34,082,223, including \$16,396,757 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$27,494,424, including \$12,552,967 from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$4,718,730, including \$2,476,653 from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$1,869,069, including \$1,367,137 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. **Board of Regents.** Delete \$3.0 million, all from the State General Fund, from the Comprehensive Grant Program. Created by the 1998 Legislature, the Comprehensive Grant Program provides grants to financially needy students. The Program provides need-based grants to full-time (12 hours) undergraduate students who are Kansas residents enrolled in accredited Kansas colleges and universities. The program is intended to provide up to half of the average tuition and fees of state educational institutions. However, it is subject to available appropriations. The maximum award is \$3,000, with an average award of \$1,500. The Budget Committee recommendation reduces funding for the program from \$18.7 million to 15.7 million, all from the State General Fund.
3. **Board of Regents.** Delete \$1.0 million, all from the State General Fund, for a newly created Science, Technology, Education, or Math (STEM) Teacher Service Program. The new STEM scholarship would be targeted at students wishing to teach in science, technology, engineering, or mathematics. Recipients of the awards must teach in a hard-to-fill discipline or under served geographic area for one year for each year they receive a scholarship, or repay the scholarship with interest. Students must be Kansas residents and priority goes to upperclass students, followed by high school students who demonstrate high achievement on the ACT, with high GPA and class rank. The Budget Committee recommendation eliminates all funding for the program.
4. **Board of Regents.** Delete \$250,000, all from the State General Fund, for the Kansas Military Service Scholarship. The Kansas Military Service Scholarship was established by proviso during the 2007 Session to assist individuals who

had served after September 11, 2001, in one or more of the following military operations: Enduring Freedom; Nobel Eagle; or Iraqi Freedom. The scholarship provides payment of tuition and fees at eligible institutions which include: area vocational schools, area vocational-technical schools, technical colleges, community colleges, the municipal university, and state educational institutions. The Budget Committee recommendation reduces funding for the scholarship from \$500,000 to \$250,000, all from the State General Fund, to fund the program at the FY 2008 level.

5. **Board of Regents.** Delete \$2.0 million, all from the State General Fund, for KAN-ED. The 2001 Legislature passed the KAN-ED Act to provide for a broadband technology-based network to which schools, libraries, and hospitals could connect for broadband internet access and intranet access for distance learning. The Board of Regents was charged with the governance of the network. The Governor's recommendation for KAN-ED is \$10.0 million, including \$2.0 million from the State General Fund and \$8.0 million from the Kansas Universal Service Fund (KUSF). The Budget Committee recommendation reduces funding for KAN-ED to \$8.0 million, all from the KUSF.
6. **Board of Regents.** Delete \$2.5 million, all from the Expanded Lottery Act Revenue Fund, for the Technical Education Technology and Equipment Grant and review appropriation of State General Fund for the grant at Omnibus. The Technical Education Technology Equipment Grant was created by proviso in the 2007 Omnibus appropriations bill, with \$4.0 million in funding from the State General Fund. The proviso language required a 2 to 1 match from technical colleges and schools and community colleges to access the grant funds, and limited institutions to not more than 20.0 percent of the total funding available. The agency requests \$4.0 million, all from the State General Fund, to continue the Technical Education Technology and Equipment Grants in FY 2009. The Governor recommended \$2.5 million, all from the Expanded Lottery Act Revenue Fund.
7. **Board of Regents.** Add language directing the Board of Regents to distribute postsecondary aid for vocational education so that no technical college receives less state aid in the fiscal year ending June 30, 2009, than it received in the previous fiscal year.
8. **University of Kansas Medical Center.** Delete \$513,000, all from the Expanded Lottery Act Revenue Fund, and add the same amount from the State General Fund for Energy Conservation Debt service interest payments.
9. **University of Kansas Medical Center.** Review at Omnibus the addition of \$8.6 million from the State General Fund or other funds for the Wichita Center for Graduate Medical Education (WCGME). The WCGME provides training for 272 residents in major hospitals in Wichita and Salina. The Accreditation Council for Graduate Medical Education (ACGME) has changed accreditation standards by mandating paid time for faculty research, teaching, and administration. ACGME has cited or warned half of the WCGME programs for inadequate research and scholarly activity. WCGME estimates it will need an additional \$4,559,703 to address its accreditation needs, as well as \$1,739,292 for educational leave and off-site rotations and \$3,316,657 for a current net loss funded by the participating hospitals, for a total need of \$9.6 million in FY 2009.

The Governor has funded \$1.0 million of this need from the State General Fund for FY 2009.

10. **Wichita State University.** Delete \$369,208, all from the Expanded Lottery Act Revenue Fund, and add the same amount from the State General Fund for Aviation Research Debt service interest payments.
11. **Wichita State University.** Add \$1.0 million, all from the Economic Development Initiatives Fund, for aviation research in FY 2009. The Governor recommended \$4.0 million from the EDIF for aviation research, a reduction of \$750,000 from the FY 2008 approved amount. The Budget Committee recommendation is an increase of \$250,000 from the FY 2008 approved amount, for a total of \$5.0 million for aviation research in FY 2009.

The Budget Committee notes that the aviation industry has a tremendous impact on the state's economy. The aviation industry provides 36,500 direct jobs with a payroll of approximately \$2.4 billion. In addition, each of these jobs generates 2.9 jobs in Kansas. The total contribution of the aviation industry to the state tax revenue base is \$1.3 billion, or 22 percent of the state budget. Continued funding of aviation research is an important part of maintaining the presence of the aviation industry in Kansas.

12. **Wichita State University.** Delete \$2.5 million, all from the Expanded Lottery Act Revenue Fund, and add the same amount from the Economic Development Initiatives Fund, as well as \$2.5 million from the State General Fund for Aviation Infrastructure in FY 2009. The funding will provide classroom and training equipment necessary to train workers for the aviation industry at the new Jabara Campus in Wichita. The Governor recommended \$2.5 million from the Expanded Lottery Act Revenue Fund to support the aviation industry. The Budget Committee recommendation increases total funding for aviation infrastructure to \$5.0 million.

The Budget Committee notes that aviation industry hired 5,000 people in 2007, and estimates it will need an additional 1,000 employees in each of the next ten years. In addition, 12,000 more employees will be needed for retirement replacement, bringing the total estimated need for skilled aviation workers to over 20,000 in the next ten years. Flexible, business-driven, high-tech training is necessary to meet this need and retain the presence of the aviation industry in Kansas.

13. **Pittsburg State University.** Delete \$166,999, all from the Expanded Lottery Act Revenue Fund, and add the same amount from the State General Fund for debt service interest payments on the Readiness Center in FY 2009.

Capital Improvements

1. **Board of Regents.** Delete \$15.0 million in Education Building Fund (EBF) expenditures for FY 2009 and eliminate the transfer of \$15.0 million from the Expanded Lottery Act Revenue Fund to the EBF. The Governor's recommendation includes a transfer of \$15.0 million from the Expanded Lottery Act Revenue Fund to the EBF in FY 2009. In addition, the Governor increases appropriations from the EBF to the Board of Regents for capital improvements

by \$15.0 million. The Budget Committee recommendation reduces the total appropriations from the EBF to \$30.0 million from \$45.0 million.

2. **University of Kansas.** Delete \$1.0 million, all from the Expanded Lottery Act Revenue Fund, and add the same amount from the State General Fund in FY 2009 for planning for the expansion of the School of Pharmacy.
3. **University of Kansas.** Add \$7,078,000, all from special revenue funds, for the construction of a classroom/shop facility on the West Campus for the School of Architecture. The project would construct a 43,000 square foot classroom/shop facility on West Campus to fulfill the educational program needs for Architecture. The building will include 12,000 square feet for Studio 804, 8,200 square feet for Architecture 300 Studios, 3,160 square feet for Wood and Metal Shop, 4,640 square feet for departmental offices and support space and 15,000 square feet of shelled space for future expansion. As an educational tool the facility will investigate sustainable technologies for incorporation and other "green" technology. The estimated cost of the project is \$7,078,000 and will be funded from restricted fee funds and course fees.

This project was not included in the original budget submission because the project was still being developed and funding had not been identified. The University has now identified funding for this project from existing resources.

4. **University of Kansas.** Add \$2,338,000, all from special revenue funds, for the renovation of Smissman Hall. Smissman Hall is located on the West Campus of the University of Kansas and currently provides wet lab space for a number of labs for faculty in Pharmaceutical Chemistry and Pharmacology and Toxicology. Approximately 2,300 net square feet on the upper level and 3,350 net square feet on the lower level will be renovated to house Pharmacology and Toxicology and Pharmacogenomics research activities. The estimated cost of the project is \$2,338,000 and will be funded with a combination of University funds, private funds and federal grant funds.

This project was not included in the original budget submission because the project was still being developed and funding had not been identified. The University has now identified funding for this project from existing resources.

5. **University of Kansas.** Add \$20,000, all from special revenue funds, to raze building #342 and garage at the Sunflower Research Farm in Johnson County. Building #342 and the garage were built with private funds in 1992. The building is a 1,005 gross square foot wood-framed building with concrete floor slab, metal siding and interior stud and wallboard partitions. The program that utilized the building is no longer associated with the university so the building is currently vacant. The estimated cost of razing the building is \$20,000 which will be funded with University Funds. The vacated lot will be returned to pasture/lawn type grass.
6. **University of Kansas.** Add \$20,000, all from special revenue funds, to raze building #47, the old Multicultural Resource Center. Building #47 was built in 1946. The building is a one story wood framed structure built on a concrete foundation with a concrete floor slab. The facility received minimal remodeling approximately 12 years ago to temporarily house the Multicultural Resource Center. In 2008, the Multicultural Resource Center moved to a new building adjacent to the Student Union. According to the University, it would be cost

prohibitive to repair the facility with the extensive termite damage, and the facility has a live sanitary sewer manhole in the floor slab of the building. The estimated cost of razing the building is \$20,000, which will be funded with University funds. The vacated lot will be converted to additional parking which currently exists on both sides of the facility.

7. **University of Kansas.** Add \$15.0 million, all from special revenue funds, for improvements to Allen Fieldhouse. According to the University, the addition of the Booth Family Hall of Athletics and other associated improvements to Allen Fieldhouse, has resulted in renewed interest in improving the student athlete locker rooms, existing restrooms not improved in previous projects, reorganizing the concessions, and improving level of finishes on the concourses. These improvements would include new floor coverings, wall finishes and ceilings/lighting treatments. The project will also include associated mechanical, electrical and life safety improvements. The estimated cost of the project is \$15.0 million and will be funded by private gift funds.
8. **University of Kansas.** Add \$5.0 million, all from special revenue funds, for phase IV of the Structural Biology Center. Structural Biology Center (SBC) phase four is an addition to the phase three (SBC III) project currently under construction. According to the University, the facility will be occupied primarily by the Dr. Blake Petersen, a Kansas Bioscience Authority Eminent Scholar in the department of Medicinal Chemistry in the School of Pharmacy. The structure will be two stories and will share a building entry and support space with SBC III. The 8,300 square foot facility will include labs for organic synthetic chemistry, cell culture and cell imaging equipment along with offices for graduate research students and faculty, and a conference room. The project will be funded with a \$5.0 million grant from the Kansas Bioscience Eminent Scholars Program and will be constructed by KU Center for Research (KUCR) under as authorized by K.S.A. 76-759.
9. **University of Kansas.** Add \$13,075,000 in bonding authority to be paid from special revenue funds for the renovation of Gertrude Sellards Pearson Hall. The renovation of this women's residence hall, built in 1955, will include all student rooms and public spaces, excluding the recently renovated main lobby. The dining area and kitchen on the lower level will also be renovated. The building will be brought into compliance with current codes, and the project will address energy conservation and sustainability issues. Following renovation the building will be co-ed and the Halls design is intended to attract and retain students; therefore, amenities must be competitive. The debt service will be paid with housing fees.
10. **University of Kansas Medical Center.** Delete \$395,000, all from the Expanded Lottery Act Revenue Fund, and add the same amount from the State General Fund for energy conservation debt service principal payments.
11. **University of Kansas Medical Center.** Add \$5.0 million, all from special revenue funds, for the renovation of the Breidenthal Research Building. The University of Kansas Medical Center proposes to renovate the recently vacated Breidenthal Research building for use as a Biomedical Entrepreneurial Research Incubator. This project will correct building infrastructure deficiencies and, through renovation, establish entrepreneurial work units of various sizes providing laboratory and business component space suitable for start-up biomedical companies. The budget for this project is \$6,000,000 with

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\$5,000,000 allocated to construction/renovation and \$1,000,000 to furnishing and equipping the facility. This project is to be jointly funded by grants from the federal Department of Commerce Economic Development Administration, the Kansas Bioscience Authority, and the KUMC Research Institute. The project will be constructed under the authorization of K.S.A. 76-759. Once the renovation is complete, the building will be leased to start up companies through the KUMC Research Institute. The leases will provide that all direct expenses are paid by the occupants including a surcharge for maintenance.

12. **Wichita State University.** Delete \$1,275,000, all from the Expanded Lottery Act Revenue Fund, and add the same amount from the State General Fund for aviation research debt service principal payments.
13. **Wichita State University.** Add \$475,000, all from special revenue funds, for improvements and maintenance of campus parking. In August 2007, the University elected to proceed with funding of the replacement and partial realignment of a segment of its perimeter road system in the southwest portion of campus. According to the University, this is consistent with its long range General Development Plan, and will be paid from University parking funds. Rather than wait until submission of the FY 2010 capital improvement requests, the University believed it would be more cost effective to bid this project as early as possible while paving contractors are still planning and filling out their work load for calendar year 2008. The cost for this project is estimated at \$475,000, including engineering and contingencies. Initial planning and engineering will be completed in FY 2008, and the actual construction would begin following this Spring semester and be completed in FY 2009.
14. **Wichita State University.** Add \$5,990,000, all from special revenue funds, for improvements to the Wichita State University Baseball Program at Eck Stadium/Home of Tyler Field. The University proposes what it considers Phase V improvements to Eck Stadium / Home of Tyler Field for the Athletic Association's baseball program. The estimated cost for the proposed improvements is \$5,990,000, to be paid by private gifts and ICAA funds. A major component of the project is an indoor practice facility of approximately 29,000 square feet. Additional facilities are proposed to include new coaches' offices, home team locker room and support spaces, team meeting room, and field level grandstand improvements. Recently the University received a major private gift toward this project, which is expected to help accelerate the time frame to move forward with an initial phase of the proposed improvements. Accordingly, the University has requested approval to amend its FY 2009 Five-Year Capital Budget Plan to include this project.
15. **Emporia State University.** Add \$2.1 million, all from special revenue funds, for preliminary and final planning for the renovation of the Memorial Union. Emporia State University requests approval for expenditures of \$2.1 million from Memorial Union Funds for preliminary and final planning of its project, Renovation of the Memorial Union. A complete renovation of the University Memorial Union has been on the long term plan for several years. With completion of the Program Plan the project could be facilitated, if preliminary and final planning progressed during FY 2008 and FY 2009. The Program Plan estimates project costs at \$25.0 million, which includes remodeling of 165,000 sq. ft. and 15,000 sq. ft. of new construction, for revised entrances and minor additions to the building. The project will be financed with a combination of revenue bonds and donated funds.

The University obtained Board of Regents approval for its Program Plan on December 13, 2007. No formal bills or appropriations are required by this request, only Committee approval for the University to seek architectural services on the project.

16. **Fort Hays State University.** Add \$200,000, all from special revenue funds, to raze Wing "A" of Wiest Hall. Fort Hays State University seeks authority to raze wing "A" of the Wiest Hall dormitory. Wiest, originally constructed in 1961, housed male students on campus and later provided office space for such units as the Kelly Center, the Psychology Department, and other office units displaced by campus renovation. Since 2005 the wing has been used for storage. The building is in need of significant improvements to convert it into modern living units. The University believes removal of said structure will be more efficient from a space utilization and cost standpoint than performing renovations.
17. **Fort Hays State University.** Add \$42,000, all from special revenue funds, to raze residential properties at 610 Park Street and 507 W. 6th Street, Hays, Kansas. The Endowment Association was housed most recently in a residential property at 610 Park Street adjacent to the FHSU. Constructed in 1945, the building had limited usage, was not handicapped accessible, and proved to hamper the Association in terms of growth. The decision was made to move to a new Alumni/Foundation Center which lead to the Endowment Board acquiring adjacent properties. They successfully secured a two-story rental structure at 507 W. 6th built in 1936. Unfortunately other needed properties did not materialize and the decision was made to construct the Center on campus. In 2001, a land exchange was completed between the Endowment Association and the University allowing construction of the new Robbins Center now located along west Gustad Drive. The University is seeking legislative authority to raze the properties at 610 Park Street and 507 W. 6th to provide critically needed visitors' parking for the east side of the main campus.
18. **Pittsburg State University.** Add \$40,000, all from special revenue funds, for a new columbarium for Timmons Chapel. The \$40,000 dollar project includes construction of a three foot high stone wall with spaces for 56 niches. Each niche would include a granite cover engraved with biographical data. The project will be designed to compliment the architecture of Timmons Chapel and the surrounding area. Four additional phases have been designed should there be a demand to expand the project up to a total of 280 niches. The project will be financed by private gifts and will include funding for perpetual care.

This project was not included in the original budget submission because the project is a result of involvement and identification from alumni in the past few months and their interest in the project being completed summer 2008. The project and program statement were approved by the Board of Regents at its January 2008, meeting.

19. **Pittsburg State University** - Add \$4.0 million in bonding authority, to be paid from special revenue funds, for improvement to existing student parking lots and construction of a new student parking lot and pedestrian plazas. The \$4.0 million dollar project includes property acquisition, paving and enlarging two existing lots, construction of a new paved parking lot, and construction of two pedestrian plazas. The two existing lots are gravel and do not include lighting, emergency phones, or adequate drainage and access. The project also

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includes constructing new pedestrian plazas across two different streets that would accomplish one of the main goals identified in the Master Plan - to turn the campus back to the pedestrian. The plazas will be located at strategic points to link the core campus with areas that include the only student dining hall and south dorm complex with a plaza across Lindburg Street and the stadium, McPherson Hall, and the large student parking lot with a plaza across Joplin Street. The project will be financed by revenue bonds to be repaid from parking revenues.

This project was not included in the original budget submission because the opportunity to acquire several properties that are contiguous to the campus has been recently presented to the university. The project and program statement are planned to be presented to the Board of Regents at their March 2008 meeting. This is a new project request that is outside the Governor's Budget Plan.

20. **Pittsburg State University** - Add \$22.0 million in bonding authority for improvements to existing student housing facilities and construction of a new student house facility. The \$22.0 million dollar total project includes \$12.0 million in renovations to provide new exterior windows; student room doors; exterior entrance, corridor access, and stairwell doors; floor coverings; room built-in cabinetry (closet/dresser); ceilings and lights; and all wall surface finishes. All restroom and shower/bath facilities would be reconditioned. Two dorms would receive an upgrade to their HVAC distribution systems. If possible within the total funding allotted, central air conditioning would be considered as a part of the renovation to Mitchell Hall. The other \$10.0 million would be for the construction of a new facility with occupancy for approximately 200 residents. The facility would be a modified suite style configuration featuring clusters of sleeping rooms, private or semi-private bath facilities, and efficiency kitchenettes (apartment size refrigerator, sink, cabinetry, and microwave) associated with each sleeping cluster. The possible sites for constructing a new residence facility include north of Shirk Hall on acquired land, to the east of McPherson Hall along the hike and bike trail, or on the site of the closed East Campus Apartment complex (corner of Ford and Homer). The project will be financed by revenue bonds to be repaid from housing revenues.

This project was not included in the original budget submission because the opportunity to acquire several properties that are contiguous to the campus has been recently presented to the university. The project and program statement are planned to be presented to the Board of Regents at their March 2008 meeting. This is a new project request that is outside the Governor's Budget Plan.

21. **Pittsburg State University** - Add \$550,000, all from special revenue funds, for the new Student Health Center. Pittsburg State University requests permission to modify its FY 2009 capital improvement plan to include increasing the project budget from \$3,200,000 to \$3,750,000 due to inflationary factors. The project will be financed by private sources and student health center revenues. This project was included in the July Capital Improvement Submission but with a smaller budget. The project and program statement were approved by the Board of Regents in 2006 and reviewed with the Joint Committee on State Building Construction the following August.

22. **Pittsburg State University.** Delete \$160,000, all from the Expanded Lottery Act Revenue Fund, and add the same amount from the State General Fund for readiness center debt service principal payments.

House Budget Committee Report

Agency: University of Kansas **Bill No.** HB 2947

Bill Sec. 38

Analyst: Dunkel **Analysis Pg. No.** Vol. I 658

Budget Page No. Vol. II, Page 421

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 150,507,270	\$ 150,507,270	\$ 0
General Fees Fund	196,614,000	196,614,000	0
Other Funds	181,733,793	181,733,793	0
Subtotal - Operating	\$ 528,855,063	\$ 528,855,063	\$ 0
Capital Improvements:			
State General Fund	\$ 763,768	\$ 763,768	0
General Fees Fund	0	0	0
Other Funds	36,484,638	36,484,638	0
Subtotal - Capital Improvements	\$ 37,248,406	\$ 37,248,406	\$ 0
TOTAL	\$ 566,103,469	\$ 566,103,469	\$ 0
FTE Positions	5,450.0	5,450.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	5,450.0	5,450.0	0.0

Agency Estimate

The **agency's** current year estimate of operating expenditures is \$528.9 million which is an increase of \$371,253, or 0.1 percent, above the approved budget. The agency estimates FY 2008 State General Fund expenditures of \$150.5 million which is an increase of \$6.3 million, or 4.3 percent, above the approved budget due mainly to transfers from the Board of Regents.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2008 estimate.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: University of Kansas **Bill No.** HB 2946, 2936

Bill Sec. 47, 17

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 658

Budget Page No. Vol. II, Page 421

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 148,845,368	\$ 148,845,368	\$ 0
General Fees Fund	196,614,000	199,771,125	(3,157,125)
Other Funds	181,529,810	183,639,974	(2,110,164)
Subtotal - Operating	\$ 526,989,178	\$ 532,256,467	\$ (5,267,289)
Capital Improvements:			
State General Fund	\$ 728,120	\$ 728,120	\$ 1,000,000
General Fees Fund	0	0	0
Other Funds	6,442,862	7,442,862	28,456,000
Subtotal - Capital Improvements	\$ 7,170,982	\$ 8,170,982	\$ 29,456,000
 TOTAL	 \$ 534,160,160	 \$ 540,427,449	 \$ 24,188,711
FTE Positions	5,450.0	5,450.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	5,450.0	5,450.0	0.0

* All of the Budget Committee's recommended operating reductions are related to pay plan adjustments.

Agency Request

The **agency** requests an FY 2009 operating budget of \$527.0 million which is a decrease of \$1.9 million, or 0.4 percent, below the current year estimate. The agency requests State General Fund expenditures of \$148.8 million which is a decrease of \$1.7 million, or 1.1 percent, below the current year.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2008 request for operating expenditures and adds \$5.3 million from special revenue funds for the pay plan adjustments.

House Budget Committee Recommendation

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

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1. **Pay Plan Adjustments.** Delete \$5,267,289, all from special revenue funds, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$5,267,289, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** This agency no longer has classified employees but instead has University Support Staff, and did not receive funding for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** This agency has no longevity bonus payments for FY 2009.
2. Delete \$1.0 million, all from the Expanded Lottery Act Revenue Fund, and add the same amount from the State General Fund in FY 2009 for planning for the expansion of the School of Pharmacy.
3. Add \$7,078,000 from special revenue funds for the construction of a classroom/shop facility on the West Campus for the School of Architecture. The project would construct a 43,000 square foot classroom/shop facility on West Campus to fulfill the educational program needs for Architecture. The building will include 12,000 square feet for Studio 804, 8,200 square feet for Architecture 300 Studios, 3,160 square feet for Wood and Metal Shop, 4,640 square feet for departmental offices and support space and 15,000 square feet of shelled space for future expansion. As an educational tool the facility will investigate sustainable technologies for incorporation and other "green" technology. The estimated cost of the project is \$7,078,000 and will be funded from restricted fee funds and course fees.

This project was not included in the original budget submission because the project was still being developed and funding had not been identified. The University has now identified funding for this project from existing resources.

4. Add \$2,338,000 from special revenue funds for the renovation of Smissman Hall. Smissman Hall is located on the West Campus of the University of Kansas and currently provides wet lab space for a number of labs for faculty in Pharmaceutical Chemistry and Pharmacology and Toxicology. Approximately 2,300 net square feet on the upper level and 3,350 net square feet on the lower level will be renovated to house Pharmacology and Toxicology and Pharmacogenomics research activities. The estimated cost of the project is \$2,338,000 and will be funded with a combination of University funds, private funds and federal grant funds.

This project was not included in the original budget submission because the project was still being developed and funding had not been identified. The University has now identified funding for this project from existing resources.

5. Add \$20,000 from special revenue funds to raze building #342 and garage at the Sunflower Research Farm in Johnson County. Building #342 and the garage were built with private funds in 1992. The building is a 1,005 gross square foot wood-framed building with concrete floor slab, metal siding and interior stud and wallboard partitions. The program that utilized the building is no longer

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associated with the university so the building is currently vacant. The estimated cost of razing the building is \$20,000 which will be funded with University Funds. The vacated lot will be returned to pasture/lawn type grass.

6. Add \$20,000 from special revenue funds to raze building #47, the old Multicultural Resource Center. Building #47 was built in 1946. The building is a one story wood framed structure built on a concrete foundation with a concrete floor slab. The facility received minimal remodeling approximately 12 years ago to temporarily house the Multicultural Resource Center. In 2008, the Multicultural Resource Center moved to a new building adjacent to the Student Union. According to the University, it would be cost prohibitive to repair the facility with the extensive termite damage, and the facility has a live sanitary sewer manhole in the floor slab of the building. The estimated cost of razing the building is \$20,000, which will be funded with University funds. The vacated lot will be converted to additional parking which currently exists on both sides of the facility.
7. Add \$15.0 million from special revenue funds for improvements to Allen Fieldhouse. According to the University, the addition of the Booth Family Hall of Athletics and other associated improvements to Allen Fieldhouse, has resulted in renewed interest in improving the student athlete locker rooms, existing restrooms not improved in previous projects, reorganizing the concessions, and improving level of finishes on the concourses. These improvements would include new floor coverings, wall finishes and ceilings/lighting treatments. The project will also include associated mechanical, electrical and life safety improvements. The estimated cost of the project is \$15.0 million and will be funded by private gift funds.
8. Add \$5.0 million from special revenue funds for phase IV of the Structural Biology Center. Structural Biology Center (SBC) phase four is an addition to the phase three (SBC III) project currently under construction. According to the University, the facility will be occupied primarily by the Dr. Blake Petersen, a Kansas Bioscience Authority Eminent Scholar in the department of Medicinal Chemistry in the School of Pharmacy. The structure will be two stories and will share a building entry and support space with SBC III. The 8,300 square foot facility will include labs for organic synthetic chemistry, cell culture and cell imaging equipment along with offices for graduate research students and faculty, and a conference room. The project will be funded with a \$5.0 million grant from the Kansas Bioscience Eminent Scholars Program and will be constructed by KU Center for Research (KUCR) under as authorized by K.S.A. 76-759.
9. Add \$13,075,000 in bonding authority to be paid from special revenue funds for the renovation of Gertrude Sellards Pearson Hall. The renovation of this women's residence hall, built in 1955, will include all student rooms and public spaces, excluding the recently renovated main lobby. The dining area and kitchen on the lower level will also be renovated. The building will be brought into compliance with current codes, and the project will address energy conservation and sustainability issues. Following renovation the building will be co-ed and the Halls design is intended to attract and retain students; therefore, amenities must be competitive. The debt service will be paid with housing fees.

House Budget Committee Report

Agency: Kansas State University **Bill No. --**

Bill Sec. --

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 678 **Budget Page No.** Vol. II, Page 261

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 115,373,256	\$ 115,373,256	\$ 0
General Fees Fund	128,137,015	128,137,015	0
Other Funds	241,305,230	241,305,230	0
Subtotal - Operating	<u>\$ 484,815,501</u>	<u>\$ 484,815,501</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 189,446	\$ 189,446	\$ 0
General Fees Fund	1,565,459	1,565,459	0
Other Funds	23,564,936	23,564,936	0
Subtotal - Capital Improvements	<u>\$ 25,319,841</u>	<u>\$ 25,319,841</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 510,135,342</u></u>	 <u><u>\$ 510,135,342</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 3,475.9	 3,475.9	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>3,475.9</u></u>	<u><u>3,475.9</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate of operating expenditures is \$484.8 million which is an increase of \$18.9 million, or 4.1 percent above the approved budget. The agency estimates FY 2008 State General Fund expenditures of \$115.4 million which is an increase of \$4.6 million, or 4.2 percent, above the approved budget.

Governor's Recommendation

The **Governor** concurs with the agency estimate for FY 2008.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: Kansas State University **Bill No.** HB 2946, 2936

Bill Sec. 42, 13

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 678 **Budget Page No.** Vol. II, Page 261

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 114,076,520	\$ 114,076,520	\$ (439,268)
General Fees Fund	120,011,971	121,991,453	(1,986,582)
Other Funds	<u>241,401,102</u>	<u>243,615,858</u>	<u>(2,391,122)</u>
Subtotal - Operating	\$ 475,489,593	\$ 479,683,831	\$ (4,816,972)
Capital Improvements:			
State General Fund	\$ 189,446	\$ 189,446	\$ 0
General Fees Fund	924,494	924,494	0
Other Funds	<u>11,157,582</u>	<u>11,157,582</u>	<u>0</u>
Subtotal - Capital Improvements	\$ 12,271,522	\$ 12,271,522	\$ 0
TOTAL	<u><u>\$ 487,761,115</u></u>	<u><u>\$ 491,955,353</u></u>	<u><u>\$ (4,816,972)</u></u>
FTE Positions	3,475.9	3,475.9	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>3,475.9</u></u>	<u><u>3,475.9</u></u>	<u><u>0.0</u></u>

*All of the Budget Committee's recommended reductions are related to pay plan adjustments.

Agency Request

The **agency** requests an FY 2009 operating budget of \$475.5 million which is a decrease of \$9.3 million, or 1.9 percent, below the current year estimate. The agency requests State General Fund expenditures of \$114.1 million, which is a decrease of \$1.3 million, or 1.1 percent, below the current year estimate, which reflects the one-time bonus payment in FY 2008.

Governor's Recommendation

The **Governor** concurs with the agency request and adds \$4.2 million from special revenue funds for the pay plan adjustments.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustment:

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1. **Pay Plan Adjustments.** Delete \$4,816,972, including \$439,268 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$ 3,093,174, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$1,083,438, all from special revenue funds, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$640,360, including \$439,268 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.

House Budget Committee Report

Agency: Kansas State University - Vet Med **Bill No. --**

Bill Sec. --

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 698 **Budget Page No.** Vol. II, Page 265

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,281,788	\$ 11,281,788	\$ 0
General Fees Fund	11,559,817	11,559,817	0
Other Funds	13,242,647	13,242,647	0
Subtotal - Operating	<u>\$ 36,084,252</u>	<u>\$ 36,084,252</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
General Fees Fund	0	0	0
Other Funds	200,000	200,000	0
Subtotal - Capital Improvements	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 36,284,252</u></u>	<u><u>\$ 36,284,252</u></u>	<u><u>\$ 0</u></u>
FTE Positions	323.1	323.1	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>323.1</u></u>	<u><u>323.1</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate of operating expenditures is \$36.1 million which is an increase of \$3.2 million, or 9.7 percent above the approved budget. The agency estimates FY 2008 State General Fund expenditures of \$11.3 million which is an increase of \$459,124, or 4.2 percent, above the approved budget. The overall increase is due mainly to carryforward balances from FY 2007 being expended in FY 2008, while the State General Fund increase reflects the transfer from the Board of Regents for the

Governor's Recommendation

The **Governor** concurs with the agency estimate for FY 2008.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: Kansas State University - Vet Med **Bill No.** HB 2946

Bill Sec. 44

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 698 **Budget Page No.** Vol. II, Page 265

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 11,257,430	\$ 11,257,430	\$ (29,750)
General Fees Fund	11,536,615	11,754,039	(231,644)
Other Funds	10,145,235	10,241,711	(112,806)
Subtotal - Operating	\$ 32,939,280	\$ 33,253,180	\$ (374,200)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
General Fees Fund	0	0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
 TOTAL	 <u>\$ 32,939,280</u>	 <u>\$ 33,253,180</u>	 <u>\$ (374,200)</u>
 FTE Positions	 323.1	 323.1	
Non FTE Uncl. Perm. Pos.	0.0	0.0	
TOTAL	<u>323.1</u>	<u>323.1</u>	<u>0.0</u>

*All of the Budget Committee's recommended reductions are related to pay plan adjustments.

Agency Request

The **agency** requests an FY 2009 operating budget of \$32.9 million which is a decrease of \$3.1 million, or 8.7 percent below the current year estimate. The agency requests State General Fund expenditures of \$11.3 million which is a decrease of \$24,358, or 0.2 percent, below the current year estimate. The decrease reflects the one-time bonus payment in FY 2008 and the expenditures of carryforward funds from FY 2007 in FY 2008. The decrease is partially offset by the enhancement request for \$100,000, all from the State General Fund, for the third year of the Veterinary Training Program for Rural Kansas service scholarship.

Governor's Recommendation

The **Governor** concurs with the agency request and adds \$313,900 from special revenue funds for the pay plan and market adjustments.

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House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustments:

1. **Pay Plan Adjustments.** Delete \$374,200, including \$29,750 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$ 313,900, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** There are no pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate for this agency.
 - c. **Longevity Pay.** Delete \$60,300, including \$29,750 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.

House Budget Committee Report

Agency: Kansas State University - ESARP **Bill No.** --

Bill Sec. --

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 716

Budget Page No. Vol. II, Page 263

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 54,807,626	\$ 54,807,626	\$ 0
General Fees Fund	0	0	0
Other Funds	72,232,943	72,232,943	0
Subtotal - Operating	<u>\$ 127,040,569</u>	<u>\$ 127,040,569</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
General Fees Fund	0	0	0
Other Funds	1,000,000	1,000,000	0
Subtotal - Capital Improvements	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 128,040,569</u></u>	<u><u>\$ 128,040,569</u></u>	<u><u>\$ 0</u></u>
FTE Positions	1,389.7	1,389.7	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>1,389.7</u></u>	<u><u>1,389.7</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate of operating expenditures is \$127.0 million which is a decrease of \$6.6 million, or 5.0 percent, below the approved budget. The agency estimates FY 2008 State General Fund expenditures of \$54.8 million which is an increase of \$2.9 million, or 5.5 percent, above the approved budget and due to transfers from the Board of Regents.

Governor's Recommendation

The **Governor** concurs with the agency estimate for FY 2008.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: Kansas State University - ESARP **Bill No.** HB 2946

Bill Sec. 43

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 716 **Budget Page No.** Vol. II, Page 263

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 54,084,620	\$ 54,084,620	\$ (146,124)
General Fees Fund	0	0	0
Other Funds	72,056,086	73,121,601	(1,098,851)
Subtotal - Operating	<u>\$ 126,140,706</u>	<u>\$ 127,206,221</u>	<u>\$ (1,244,975)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
General Fees Fund	0	0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 126,140,706</u></u>	<u><u>\$ 127,206,221</u></u>	<u><u>\$ (1,244,975)</u></u>
FTE Positions	1,389.7	1,389.7	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>1,389.7</u></u>	<u><u>1,389.7</u></u>	<u><u>0.0</u></u>

*All of the Budget Committee's recommended reductions are related to pay plan adjustments.

Agency Request

The **agency** requests an FY 2009 operating budget of \$126.1 million which is a decrease of \$899,863, or 0.7 percent, below the current year estimate. The agency requests State General Fund expenditures of \$54.1 million which is a decrease of \$723,006, or 1.3 percent, below current year estimate, which reflects the one-time salary bonus payment in FY 2008.

Governor's Recommendation

The **Governor** concurs with the agency estimate and adds \$1.1 million from special revenue funds for base salary and market adjustments.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustments:

1. **Pay Plan Adjustments.** Delete \$1,244,975, including \$146,124 from the State General Fund, to remove the following pay plan adjustments recommended by

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the Governor. Pay plan adjustments will be considered in a separate bill.

- a. **State Employee Pay Increases.** Delete \$1,065,515, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
- b. **Classified Employee Pay Plan.** There are no pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate for this agency.
- c. **Longevity Pay.** Delete \$179,460, including \$146,124 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.

House Budget Committee Report

Agency: Wichita State University **Bill No.** --

Bill Sec. --

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 733

Budget Page No. Vol. II, Page 437

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 73,425,991	\$ 73,425,991	\$ 0
General Fees Fund	48,783,754	48,783,754	0
Other Funds	76,772,846	76,772,846	0
Subtotal - Operating	<u>\$ 198,982,591</u>	<u>\$ 198,982,591</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 1,215,000	\$ 1,215,000	\$ 0
General Fees Fund	624,638	624,638	0
Other Funds	6,532,189	6,532,189	0
Subtotal - Capital Improvements	<u>\$ 8,371,827</u>	<u>\$ 8,371,827</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 207,354,418</u></u>	<u><u>\$ 207,354,418</u></u>	<u><u>\$ 0</u></u>
FTE Positions	1,880.6	1,880.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>1,880.6</u></u>	<u><u>1,880.6</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate for operating expenditures is \$199.0 million which is an increase of \$6.3 million, or 3.3 percent, above the approved budget. The agency estimates FY 2008 State General Fund expenditures of \$73.4 million which is an increase of \$3.4 million, or 4.8 percent, above the approved budget due to transfers from the Board of Regents.

Governor's Recommendation

The **Governor** concurs with the agency's revised estimate for FY 2008.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: Wichita State University **Bill No.** HB 2946, 2936

Bill Sec. 49, 19

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 733 **Budget Page No.** Vol. II, Page 437

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 72,398,199	\$ 72,028,991	\$ 2,598,458
General Fees Fund	48,758,870	49,558,751	(799,881)
Other Funds	74,636,421	79,751,946	(144,725)
Subtotal - Operating	<u>\$ 195,793,490</u>	<u>\$ 201,339,688</u>	<u>\$ 1,653,852</u>
Capital Improvements:			
State General Fund	\$ 1,275,000	\$ 0	\$ 1,275,000
General Fees Fund	649,522	649,522	
Other Funds	2,066,000	3,341,000	5,190,000
Subtotal - Capital Improvements	<u>\$ 3,990,522</u>	<u>\$ 3,990,522</u>	<u>\$ 6,465,000</u>
TOTAL	<u><u>\$ 199,784,012</u></u>	<u><u>\$ 205,330,210</u></u>	<u><u>\$ 8,118,852</u></u>
FTE Positions	1,880.6	1,880.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>1,880.6</u></u>	<u><u>1,880.6</u></u>	<u><u>0.0</u></u>

* Of the Budget Committee's recommended reductions, \$1,846,148, including \$270,750 from the State General Fund, is related to pay plan adjustments.

Agency Request

The **agency** requests an FY 2009 operating budget of \$195.8 million which is a decrease of \$3.2 million, or 1.6 percent, below the current year estimate. The agency requests State General Fund expenditures of \$72.4 million which is a decrease of \$1.0 million or 1.4 percent, below the current year estimate. The reduction reflects the one-time salary bonus payment in FY 2008 and reappropriated funds available in FY 2008 that are not available for FY 2009.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2009 operating request and adds \$1.5 million from special revenue funds for pay plan adjustments, \$2.5 million from the Expanded Lottery Act Revenue Fund for aviation infrastructure, and \$1.5 million from the Economic Development Initiatives Fund (EDIF) for the National Institute for Aviation Research (NIAR) which increases the total funding to \$4.0 million.

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House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustments:

1. **Pay Plan Adjustments.** Delete \$1,846,148, including \$270,750 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$1,150,612, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$395,586, all from special revenue funds, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$299,950, including \$270,750 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Delete \$369,208 from the Expanded Lottery Act Revenue Fund and add the same amount from the State General Fund for Aviation Research Debt service interest payments.
3. Add \$1.0 million from the Economic Development Initiatives Fund for aviation research in FY 2009. The Governor recommended \$4.0 million from the EDIF for aviation research, a reduction of \$750,000 from the FY 2008 approved amount. The Budget Committee recommendation is an increase of \$250,000 from the FY 2008 approved amount, for a total of \$5.0 million for aviation research in FY 2009.

The Budget Committee notes that the aviation industry has a tremendous impact on the state's economy. The aviation industry provides 36,500 direct jobs with a payroll of approximately \$2.4 billion. In addition, each of these jobs generates 2.9 jobs in Kansas. The total contribution of the aviation industry to the state tax revenue base is \$1.3 billion, or 22 percent of the state budget. Continued funding of aviation research is an important part of maintaining the presence of the aviation industry in Kansas.

4. Delete \$2.5 million from the Expanded Lottery Act Revenue Fund and add the same amount from the Economic Development Initiatives Fund, as well as \$2.5 million from the State General Fund for Aviation Infrastructure in FY 2009. The funding will provide classroom and training equipment necessary to train workers for the aviation industry at the new Jabara Campus in Wichita. The Governor recommended \$2.5 million from the Expanded Lottery Act Revenue Fund to support the aviation industry. The Budget Committee recommendation increases total funding for aviation infrastructure to \$5.0 million.

The Budget Committee notes that aviation industry hired 5,000 people in 2007, and estimates it will need an additional 1,000 employees in each of the next ten years. In addition, 12,000 more employees will be needed for retirement replacement, bringing the total estimated need for skilled aviation workers to

over 20,000 in the next ten years. Flexible, business-driven, high-tech training is necessary to meet this need and retain the presence of the aviation industry in Kansas.

5. Delete \$1,275,000 from the Expanded Lottery Act Revenue Fund and add the same amount from the State General Fund for aviation research debt service principal payments.
6. Add \$475,000 from special revenue funds for improvements and maintenance of campus parking. In August 2007, the University elected to proceed with funding of the replacement and partial realignment of a segment of its perimeter road system in the southwest portion of campus. According to the University, this is consistent with its long range General Development Plan, and will be paid from University parking funds. Rather than wait until submission of the FY 2010 capital improvement requests, the University believed it would be more cost effective to bid this project as early as possible while paving contractors are still planning and filling out their work load for calendar year 2008. The cost for this project is estimated at \$475,000, including engineering and contingencies. Initial planning and engineering will be completed in FY 2008, and the actual construction would begin following this Spring semester and be completed in FY 2009.
7. Add \$5,990,000 from special revenue funds for improvements to the Wichita State University Baseball Program at Eck Stadium/Home of Tyler Field. The University proposes what it considers Phase V improvements to Eck Stadium / Home of Tyler Field for the Athletic Association's baseball program. The estimated cost for the proposed improvements is \$5,990,000, to be paid by private gifts and ICAA funds. A major component of the project is an indoor practice facility of approximately 29,000 square feet. Additional facilities are proposed to include new coaches' offices, home team locker room and support spaces, team meeting room, and field level grandstand improvements. Recently the University received a major private gift toward this project, which is expected to help accelerate the time frame to move forward with an initial phase of the proposed improvements. Accordingly, the University has requested approval to amend its FY 2009 Five-Year Capital Budget Plan to include this project.

House Budget Committee Report

Agency: Board of Regents **Bill No.** HB 2947

Bill Sec. 37

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 570

Budget Page No. Vol. II, Page 325

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 193,282,126	\$ 193,014,126	\$ 0
Other Funds	31,702,350	32,602,350	0
Subtotal - Operating	\$ 224,984,476	\$ 225,616,476	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	16,070,000	16,070,000	0
Subtotal - Capital Improvements	\$ 16,070,000	\$ 16,070,000	\$ 0
TOTAL	\$ 241,054,476	\$ 241,686,476	\$ 0
FTE Positions	63.5	63.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	63.5	63.5	0.0

Agency Estimate

The **agency's** current year estimate of operating expenditures is \$225.0 million which is a net reduction of \$43.0 million, or 16.1 percent, below the approved budget. Of this amount, \$193.3 million is from the State General Fund which is a reduction of \$25.9 million, or 11.8 percent, below the approved budget and reflects the transfer of \$28.5 million to the state universities for the operating grant, partially offset by reappropriations. The estimate includes other funds totaling \$31.7 million, a increase of \$953,961 or 3.1 percent above the approved amount, reflecting reappropriations.

Governor's Recommendation

The **Governor** recommends FY 2008 expenditures of \$225.6 million, including \$193.0 million from the State General Fund. The recommendation is a decrease of \$24.3 million, or 9.7 percent, all funds and \$26.2 million, or 12.0 percent, State General Fund below the approved budget, reflecting the transfer of \$28.5 million to the state universities for the operating grant. The recommendations is also a reduction of \$268,000 from the State General Fund for increased shrinkage and reductions to other operating expenditures, offset by reappropriations from FY 2007.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: Board of Regents **Bill No.** HB 2946, 2936

Bill Sec. 50, 20

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 570

Budget Page No. Vol II, Page 325

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 249,030,552	\$ 225,973,700	\$ (21,254,351)
Other Funds	29,242,349	34,262,084	(2,494,914)
Subtotal - Operating	\$ 278,272,901	\$ 260,235,784	\$ (23,749,265)
Capital Improvements:			
State General Fund	\$ 84,393,000	\$ 0	\$ 0
Other Funds	52,430,000	67,430,000	(15,000,000)
Subtotal - Capital Improvements	\$ 136,823,000	\$ 67,430,000	\$ (15,000,000)
 TOTAL	 \$ 415,095,901	 \$ 327,665,784	 \$ (38,774,535)
 FTE Positions	 65.5	 63.5	
Non FTE Uncl. Perm. Pos.	0.0	0.0	
TOTAL	65.5	63.5	0.0

* Of the Budget Committee's recommended operating reductions, \$15,090,112, including \$15,034,945 from the State General Fund, is related to pay plan adjustments. This includes the State General Fund portion of the pay plan adjustments included in the unified operating grant increase.

Agency Request

The **agency** requests FY 2009 operating expenditures of \$278.3 million which is a net increase of \$53.3 million, or 23.7 percent, above the current year estimate. Of this amount, \$249.0 million is from the State General Fund and is an increase of \$55.7 million, or 28.8 percent, above the current year estimate. The request includes enhancements totaling \$60.1 million, including \$62.6 million from the State General Fund, and 2.0 FTE positions.

Absent the enhancement requests, the agency request is \$218.1 million, including \$186.4 million from the State General Fund, which is a decrease of \$6.85 million, or 3.0 percent, all funds and \$6.88 million, or 3.6 percent, State General Fund, from the FY 2008 estimate.

Governor's Recommendation

The **Governor** recommends FY 2009 expenditures of \$260.2 million, including \$226.0 million from the State General Fund. The recommendation is an increase of \$34.6 million, or 15.3 percent, all funds and \$33.0 million, or 17.1 percent, State General Fund from the FY 2008 recommendation. The recommendation includes enhancements totaling \$42.2 million, including \$39.7 million from the State General Fund

The recommendation is a reduction of \$18.0 million, or 6.5 percent, all funds and \$23.1 million, or 9.3 percent, State General Fund from the agency request. The reduction reflects partial funding of the agency enhancement request, increased shrinkage, and reductions to other operating expenditures to reflect anticipated operating needs. This is partially offset by an increase of \$113,456, all from the State General Fund, to reflect the Governor's pay plan adjustments.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustments:

1. **Pay Plan Adjustments.** Delete \$15,064,842, including \$15,034,945, from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$12,573,152, including \$12,552,967 from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$2,482,340, including \$2,476,653 from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$9,350, including \$5,325 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Delete \$3.0 million, all from the State General Fund, from the Comprehensive Grant Program. Created by the 1998 Legislature, the Comprehensive Grant Program provides grants to financially needy students. The Program provides need-based grants to full-time (12 hours) undergraduate students who are Kansas residents enrolled in accredited Kansas colleges and universities. The program is intended to provide up to half of the average tuition and fees of state educational institutions. However, it is subject to available appropriations. The maximum award is \$3,000, with an average award of \$1,500. The Budget Committee recommendation reduces the Governor's recommended funding for the program from \$18.7 million to \$15.7 million, all from the State General Fund.
3. Delete \$1.0 million, all from the State General Fund, for a newly created Science, Technology, Education, or Math (STEM) Teacher Service Program. The new STEM scholarship would be targeted at students wishing to teach in science, technology, engineering, or mathematics. Recipients of the awards must teach in a hard-to-fill discipline or under served geographic area for one year for each year they receive a scholarship, or repay the scholarship with interest. Students must be Kansas residents and priority goes to upperclass students, followed by high school students who demonstrate high achievement on the ACT, with high GPA and class rank. The Budget Committee recommendation eliminates all funding for the program.

4. Delete \$250,000, all from the State General Fund, for the Kansas Military Service Scholarship. The Kansas Military Service Scholarship was established by proviso during the 2007 Session to assist individuals who had served after September 11, 2001, in one or more of the following military operations: Enduring Freedom; Nobel Eagle; or Iraqi Freedom. The scholarship provides payment of tuition and fees at eligible institutions which include: area vocational schools, area vocational-technical schools, technical colleges, community colleges, the municipal university, and state educational institutions. The Budget Committee recommendation reduces funding for the scholarship from \$500,000 to \$250,000, all from the State General Fund, to fund the program at the FY 2008 level.
5. Delete \$2.0 million, all from the State General Fund, for KAN-ED. The 2001 Legislature passed the KAN-ED Act to provide for a broadband technology-based network to which schools, libraries, and hospitals could connect for broadband internet access and intranet access for distance learning. The Board of Regents was charged with the governance of the network. The Governor's recommendation for KAN-ED is \$10.0 million, including \$2.0 million from the State General Fund and \$8.0 million from the Kansas Universal Service Fund (KUSF). The Budget Committee recommendation reduces funding for KAN-ED to \$8.0 million, all from the KUSF.
6. Delete \$2.5 million, all from the Expanded Lottery Act Revenue Fund for the Technical Education Technology and Equipment Grant and review appropriation of State General Fund for the grant at Omnibus. The Technical Education Technology Equipment Grant was created by proviso in the 2007 Omnibus appropriations bill, with \$4.0 million in funding from the State General Fund. The proviso language required a 2 to 1 match from technical colleges and schools and community colleges to access the grant funds, and limited institutions to not more than 20.0 percent of the total funding available. The agency requests \$4.0 million, all from the State General Fund, to continue the Technical Education Technology and Equipment Grants in FY 2009. The Governor recommended \$2.5 million, all from the Expanded Lottery Act Revenue Fund.
7. Add language directing the Board of Regents to distribute postsecondary aid for vocational education so that no technical college receives less state aid in FY 2009 than it received in the previous fiscal year.

House Budget Committee Report

Agency: University of Kansas Medical Center **Bill No.** HB 2947

Bill Sec. 39

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 753

Budget Page No. Vol. II, Page 423

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 121,508,425	\$ 122,508,425	\$ 0
General Fees Fund	23,800,000	23,800,000	0
Other Funds	125,775,993	125,775,993	0
Subtotal - Operating	\$ 271,084,418	\$ 272,084,418	\$ 0
Capital Improvements:			
State General Fund	\$ 370,000	\$ 370,000	0
General Fees Fund	0	0	0
Other Funds	5,988,370	5,988,370	0
Subtotal - Capital Improvements	\$ 6,358,370	\$ 6,358,370	\$ 0
TOTAL	\$ 277,442,788	\$ 278,442,788	\$ 0
FTE Positions	2,702.8	2,702.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	2,702.8	2,702.8	0.0

Agency Estimate

The **agency's** current year estimate of operating expenditures is \$271.1 million which is an increase of \$34.6 million, or 14.6 percent, above the approved budget. The agency estimates FY 2008 State General Fund expenditures of \$121.5 million which is an increase of \$5.8 million, or 5.0 percent, above the approved budget. The State General Fund increase is due mainly to transfers from the Board of Regents. The all funds increase reflects higher than anticipated revenues in special revenue funds.

Governor's Recommendation

The **Governor** concurs with the agency's revised estimate and adds \$1.0 million, all from the State General Fund, for the Wichita Center for Graduate Medical Education for residency programs.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: University of Kansas Medical Center **Bill No.** HB 2946, 2936 **Bill Sec.** 48, 18

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 753 **Budget Page No.** Vol. II, Page 423

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 119,915,811	\$ 120,402,811	\$ 362,768
General Fees Fund	23,800,000	24,400,163	(368,526)
Other Funds	<u>121,927,202</u>	<u>124,984,177</u>	<u>(3,355,129)</u>
Subtotal - Operating	\$ 265,643,013	\$ 269,787,151	\$ (3,360,887)
Capital Improvements:			
State General Fund	\$ 395,000	\$ 0	\$ 395,000
General Fees Fund	0	0	0
Other Funds	<u>3,560,000</u>	<u>3,955,000</u>	<u>4,605,000</u>
Subtotal - Capital Improvements	\$ 3,955,000	\$ 3,955,000	\$ 5,000,000
TOTAL	<u>\$ 269,598,013</u>	<u>\$ 273,742,151</u>	<u>\$ 1,639,113</u>
FTE Positions	2,702.8	2,702.8	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>2,702.8</u>	<u>2,702.8</u>	<u>0.0</u>

*Of the Budget Committee's recommended reductions, \$3,360,887, including \$150,232 from the State General Fund, is related to pay plan adjustments.

Agency Request

The agency requests an FY 2009 operating budget of \$265.6 million which is a decrease of \$5.4 million, or 2.0 percent, below the current year estimate. The agency requests State General Fund expenditures of \$119.9 million which is a decrease of \$ 1.6 million, or 1.3 percent, below the current year. The decrease reflects the one-time bonus payment in FY 2008.

Governor's Recommendation

The Governor concurs with the agency's request and adds \$3.1 million from other funds for pay plan adjustments, as well as \$1.0 million, all from the State General Fund for the Wichita Campus. In addition, the recommendation shifts \$513,000 in debt service expenditures for energy conservation projects from the State General Fund to the Expanded Lottery Act Revenue Fund.

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House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustments:

1. **Pay Plan Adjustments.** Delete \$3,360,887, including \$150,232 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$ 2,825,920, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$318,218, all from special revenue funds, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$216,749, including \$150,232 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Delete \$513,000 from the Expanded Lottery Act Revenue Fund and add the same amount from the State General Fund for Energy Conservation Debt service interest payments.
3. Review at Omnibus the addition of \$8.6 million from the State General Fund or other funds for the Wichita Center for Graduate Medical Education (WCGME). The WCGME provides training for 272 residents in major hospitals in Wichita and Salina. The Accreditation Council for Graduate Medical Education (ACGME) has changed accreditation standards by mandating paid time for faculty research, teaching, and administration. ACGME has cited or warned half of the WCGME programs for inadequate research and scholarly activity. WCGME estimates it will need an additional \$4,559,703 to address its accreditation needs, as well as \$1,739,292 for educational leave and off-site rotations and \$3,316,657 for a current net loss funded by the participating hospitals, for a total need of \$9.6 million in FY 2009. The Governor has funded \$1.0 million of this need from the State General Fund for FY 2009.
4. Delete \$395,000 from the Expanded Lottery Act Revenue Fund and add the same amount from the State General Fund for energy conservation debt service principal payments.
5. Add \$5.0 million from special revenue funds for renovation of the Breidenthal Research Building. The University of Kansas Medical Center proposes to renovate the recently vacated Breidenthal Research building for use as a Biomedical Entrepreneurial Research Incubator. This project will correct building infrastructure deficiencies and, through renovation, establish entrepreneurial work units of various sizes providing laboratory and business component space suitable for start-up biomedical companies. The budget for this project is \$6,000,000 with \$5,000,000 allocated to construction/renovation and \$1,000,000 to furnishing and equipping the facility. This project is to be jointly funded by grants from the federal Department of Commerce Economic Development Administration, the Kansas Bioscience Authority, and the KUMC

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Research Institute. The project will be constructed under the authorization of K.S.A. 76-759. Once the renovation is complete, the building will be leased to start up companies through the KUMC Research Institute. The leases will provide that all direct expenses are paid by the occupants including a surcharge for maintenance.

House Budget Committee Report

Agency: Emporia State University **Bill No. --**

Bill Sec. --

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 620

Budget Page No. Vol. II, Page 161

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,899,579	\$ 34,899,579	\$ 0
General Fees Fund	20,908,514	20,908,514	0
Other Funds	22,341,645	22,341,645	0
Subtotal - Operating	<u>\$ 78,149,738</u>	<u>\$ 78,149,738</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
General Fees Fund	0	0	0
Other Funds	5,262,079	5,262,079	0
Subtotal - Capital Improvements	<u>\$ 5,262,079</u>	<u>\$ 5,262,079</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 83,411,817</u></u>	<u><u>\$ 83,411,817</u></u>	<u><u>\$ 0</u></u>
FTE Positions	823.5	823.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>823.5</u></u>	<u><u>823.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate for operating expenditures is \$78.1 million, which is an increase of \$6.7 million, or 9.4 percent, above the approved budget. The agency estimates State General Fund expenditures of \$34.9 million, which is an increase of \$1.7 million, or 5.3 percent, above the approved budget due mainly to transfers from the Board of Regents.

Governor's Recommendation

The **Governor** concurs with the agency estimate for FY 2008.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: Emporia State University **Bill No.** HB 2946, 2936

Bill Sec. 45, 11

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 620 **Budget Page No.** Vol. II, Page 161

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 34,386,866	\$ 34,386,866	\$ (133,163)
General Fees Fund	18,904,266	19,190,761	(289,695)
Other Funds	22,131,525	22,423,185	(320,697)
Subtotal - Operating	\$ 75,422,657	\$ 76,000,812	\$ (743,555)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
General Fees Fund	0	0	0
Other Funds	1,389,000	1,389,000	2,100,000
Subtotal - Capital Improvements	\$ 1,389,000	\$ 1,389,000	\$ 2,100,000
 TOTAL	 \$ 76,811,657	 \$ 77,389,812	 \$ 1,356,445
 FTE Positions	 822.6	 822.6	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	822.6	822.6	0.0

* All of the Budget Committee's recommended operating reductions are related to pay plan adjustments.

Agency Request

The **agency** requests an FY 2009 operating budget of \$75.4 million which is a decrease of \$2.7 million, or 3.5 percent, below the current year estimate. The agency requests State General Fund expenditures of \$34.4 million which is a decrease of \$512,713, or 1.5 percent, below the current year. The reductions reflect the one-time salary bonus payment in FY 2008, offset by annual fringe benefit increases in FY 2009 and carry-forward funds available in the current year that are not available in FY 2009. The request does not reflect any transfer from the Board of Regents for operating grant increases.

Governor's Recommendation

The **Governor** concurs with the agency request for FY 2009 and adds \$578,155 from all other funds for the pay plan adjustments.

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House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustments:

1. **Pay Plan Adjustments.** Delete \$743,555, including \$133,163 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$425,967, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$152,188, all from special revenue funds, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$165,400, including \$133,163 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Add \$2.1 million, all from special revenue funds, for preliminary and final planning for the renovation of the Memorial Union. Emporia State University requests approval for expenditures of \$2.1 million from Memorial Union Funds for preliminary and final planning of its project, Renovation of the Memorial Union. A complete renovation of the University Memorial Union has been on the long term plan for several years. With completion of the Program Plan the project could be facilitated, if preliminary and final planning progressed during FY 2008 and FY 2009. The Program Plan estimates project costs at \$25.0 million, which includes remodeling of 165,000 sq. ft. and 15,000 sq. ft. of new construction, for revised entrances and minor additions to the building. The project will be financed with a combination of revenue bonds and donated funds.

The University obtained Board of Regents approval for its Program Plan on December 13, 2007. No formal bills or appropriations are required by this request, only Committee approval for the University to seek architectural services on the project.

House Budget Committee Report

Agency: Fort Hays State University

Bill No. --

Bill Sec. --

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 601

Budget Page No. Vol. II, Page 167

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 36,561,937	\$ 36,561,937	\$ 0
General Fees Fund	17,582,201	17,582,201	0
Other Funds	27,235,719	27,235,719	0
Subtotal - Operating	<u>\$ 81,379,857</u>	<u>\$ 81,379,857</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
General Fees Fund	179,671	179,671	0
Other Funds	4,671,761	4,671,761	0
Subtotal - Capital Improvements	<u>\$ 4,851,432</u>	<u>\$ 4,851,432</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 86,231,289</u></u>	<u><u>\$ 86,231,289</u></u>	<u><u>\$ 0</u></u>
FTE Positions	737.5	737.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>737.5</u></u>	<u><u>737.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate for operating expenditures is \$81.4 million, an increase of \$4.2 million, or 5.4 percent, above the amount approved by the 2007 Legislature. The agency's current year estimate for State General Fund expenditures of \$36.6 million is an increase of \$1.8 million, or 5.0 percent, above the amount approved by the 2007 Legislature. The increase reflects the transfer from the Board of Regents for the university operating grant increase and higher than anticipated receipts in internal revenue funds.

Governor's Recommendation

The **Governor** concurs with the agency estimate for FY 2008.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: Fort Hays State University **Bill No.** HB 2946, 2936

Bill Sec. 41, 12

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 601 **Budget Page No.** Vol. II, Page 167

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 36,290,095	\$ 36,290,095	\$ (110,475)
General Fees Fund	17,585,724	17,787,419	(223,745)
Other Funds	27,062,648	27,211,980	(165,357)
Subtotal - Operating	\$ 80,938,467	\$ 81,289,494	\$ (499,577)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
General Fees Fund	184,258	184,258	0
Other Funds	1,538,000	1,538,000	242,000
Subtotal - Capital Improvements	\$ 1,722,258	\$ 1,722,258	\$ 242,000
 TOTAL	 \$ 82,660,725	 \$ 83,011,752	 \$ (257,577)
 FTE Positions	 737.5	 737.5	
Non FTE Uncl. Perm. Pos.	0.0	0.0	
TOTAL	737.5	737.5	0.0

*All of the Budget Committee's recommended operating reductions are related to pay plan adjustments.

Agency Request

The **agency** requests an FY 2009 operating budget of \$80.9 million, a decrease of \$441,390, or 0.5 percent, below the FY 2008 estimate. The agency State General Fund request of \$36.3 million is a decrease of \$271,842, or 0.7 percent, below the FY 2008 estimate. The reductions reflect the one-time bonus payment in FY 2008, offset by annual fringe benefit increases and the enhancement request for \$209,430, all from the State General Fund, for the annualization of operating expenditures at the Kansas Wetlands Education Center in FY 2009. The request does not reflect any transfer from the Board of Regents for operating grant increases.

Governor's Recommendation

The **Governor** concurs with the agency request for FY 2009 and adds \$351,027, all from other funds, for the pay plan adjustment and market increase.

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House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustments:

1. **Pay Plan Adjustments.** Delete \$499,577, including \$110,475 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$256,466, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$94,561, all from special revenue funds, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$148,550, including \$110,475 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Add \$200,000 from special revenue funds to raze Wing "A" of Wiest Hall. Fort Hays State University seeks authority to raze wing "A" of the Wiest Hall dormitory. Wiest, originally constructed in 1961, housed male students on campus and later provided office space for such units as the Kelly Center, the Psychology Department, and other office units displaced by campus renovation. Since 2005 the wing has been used for storage. The building is in need of significant improvements to convert it into modern living units. The University believes removal of said structure will be more efficient from a space utilization and cost standpoint than performing renovations.
3. Add \$42,000 from special revenue funds to raze residential properties at 610 Park Street and 507 W. 6th Street, Hays, Kansas. The Endowment Association was housed most recently in a residential property at 610 Park Street adjacent to the FHSU. Constructed in 1945, the building had limited usage, was not handicapped accessible, and proved to hamper the Association in terms of growth. The decision was made to move to a new Alumni/Foundation Center which lead to the Endowment Board acquiring adjacent properties. They successfully secured a two-story rental structure at 507 W. 6th built in 1936. Unfortunately other needed properties did not materialize and the decision was made to construct the Center on campus. In 2001, a land exchange was completed between the Endowment Association and the University allowing construction of the new Robbins Center now located along west Gustad Drive. The University is seeking legislative authority to raze the properties at 610 Park Street and 507 W. 6th to provide critically needed visitors' parking for the east side of the main campus.

House Budget Committee Report

Agency: Pittsburg State University **Bill No.** --

Bill Sec. --

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 639 **Budget Page No.** Vol. II, Page 319

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 37,827,527	\$ 37,827,527	\$ 0
General Fees Fund	22,510,734	22,510,734	0
Other Funds	21,226,226	21,226,226	0
Subtotal - Operating	<u>\$ 81,564,487</u>	<u>\$ 81,564,487</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 285,018	\$ 285,018	\$ 0
General Fees Fund	0	0	0
Other Funds	8,650,802	8,650,802	0
Subtotal - Capital Improvements	<u>\$ 8,935,820</u>	<u>\$ 8,935,820</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 90,500,307</u>	 <u>\$ 90,500,307</u>	 <u>\$ 0</u>
 FTE Positions	 877.9	 877.9	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>877.9</u>	<u>877.9</u>	<u>0.0</u>

Agency Estimate

The **agency's** current year estimate for operating expenditures is \$81.6 million which is an increase of \$3.4 million, or 4.3 percent, above the approved budget. The agency estimates FY 2008 State General Fund expenditures of \$37.8 million which is an increase of \$1.8 million, or 5.1 percent, above the approved budget, reflecting transfers from the Board of Regents from the university operating grant.

Governor's Recommendation

The **Governor** concurs with the agency estimate for FY 2008.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2008.

House Budget Committee Report

Agency: Pittsburg State University **Bill No.** HB 2946, 2936

Bill Sec. 46, 16

Analyst: Dunkel **Analysis Pg. No.** Vol. I, Page 639

Budget Page No. Vol. II, Page 319

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 37,297,884	\$ 37,130,885	\$ 84,948
General Fees Fund	22,510,734	23,074,674	(612,129)
Other Funds	21,111,937	21,429,824	(336,597)
Subtotal - Operating	\$ 80,920,555	\$ 81,635,383	\$ (863,778)
Capital Improvements:			
State General Fund	\$ 308,532	\$ 148,532	\$ 160,000
General Fees Fund	0	0	0
Other Funds	4,481,706	4,641,706	430,000
Subtotal - Capital Improvements	\$ 4,790,238	\$ 4,790,238	\$ 590,000
TOTAL	<u>\$ 85,710,793</u>	<u>\$ 86,425,621</u>	<u>\$ (273,778)</u>
FTE Positions			
	877.9	877.9	0.0
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	<u>877.9</u>	<u>877.9</u>	<u>0.0</u>

*Of the Budget Committee's recommended operating reductions, \$863,778, including \$82,051 from the State General Fund, is related to pay plan adjustments.

Agency Request

The **agency** requests an FY 2009 operating budget of \$80.9 million which is a decrease of \$643,932, or 0.8 percent, below the current year estimate. The agency requests State General Fund expenditures of \$37.3 million which is a decrease of \$529,643, or 1.4 percent, below the current year estimate. The reductions reflect the one-time bonus payment in FY 2008, offset by annual fringe benefit increases, and does not reflect any transfer from the Board of Regents for operating grant increases. The agency requests no enhancements.

Governor's Recommendation

The **Governor** recommends \$81.6 million, including \$37.1 million from the State General Fund for FY 2009. The recommendation is a total increase of \$70,896, or 0.1 percent, and a decrease of \$696,642, or 1.8 percent from the State General Fund from the FY 2008 recommendation, reflecting the Governor's pay plan adjustments totaling \$714,828, all from special revenue funds. The adjustments are partially offset by reductions to other operating expenditures reflecting the agency request. The State General Fund reduction reflects a shift in funding sources for debt service payments.

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The recommendation is a total increase of \$714,828, or 0.9 percent, and a State General Fund reduction of \$166,999, or 0.4 percent, from the agency request, which reflects the Governor's pay plan adjustments and a shift in funding for debt service payments in FY 2009.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2009 with the following adjustments:

1. **Pay Plan Adjustments.** Delete \$863,778, including \$82,051 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
 - a. **State Employee Pay Increases.** Delete \$ 522,429, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
 - b. **Classified Employee Pay Plan.** Delete \$192,399, all from special revenue funds, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
 - c. **Longevity Pay.** Delete \$148,950, including \$82,051 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Delete \$166,999 from the Expanded Lottery Act Revenue Fund and add the same amount from the State General Fund for debt service interest payments on the Readiness Center in FY 2009.
3. Add \$40,000 from special revenue funds for a new columbarium for Timmons Chapel. The \$40,000 dollar project includes construction of a three foot high stone wall with spaces for 56 niches. Each niche would include a granite cover engraved with biographical data. The project will be designed to compliment the architecture of Timmons Chapel and the surrounding area. Four additional phases have been designed should there be a demand to expand the project up to a total of 280 niches. The project will be financed by private gifts and will include funding for perpetual care.

This project was not included in the original budget submission because the project is a result of involvement and identification from alumni in the past few months and their interest in the project being completed summer 2008. The project and program statement were approved by the Board of Regents at its January 2008, meeting.

4. Add \$4.0 million in bonding authority, to be paid from special revenue funds, for improvement to existing student parking lots and construction of a new student parking lot and pedestrian plazas. The \$4.0 million dollar project includes property acquisition, paving and enlarging two existing lots, construction of a new paved parking lot, and construction of two pedestrian plazas. The two existing lots are gravel and do not include lighting, emergency phones, or adequate drainage and access. The project also includes constructing new pedestrian plazas across two different streets that

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would accomplish one of the main goals identified in the Master Plan - to turn the campus back to the pedestrian. The plazas will be located at strategic points to link the core campus with areas that include the only student dining hall and south dorm complex with a plaza across Lindburg Street and the stadium, McPherson Hall, and the large student parking lot with a plaza across Joplin Street. The project will be financed by revenue bonds to be repaid from parking revenues.

This project was not included in the original budget submission because the opportunity to acquire several properties that are contiguous to the campus has been recently presented to the university. The project and program statement are planned to be presented to the Board of Regents at their March 2008 meeting. This is a new project request that is outside the Governor's Budget Plan.

5. Add \$22.0 million in bonding authority for improvements to existing student housing facilities and construction of a new student house facility. The \$22.0 million dollar total project includes \$12.0 million in renovations to provide new exterior windows; student room doors; exterior entrance, corridor access, and stairwell doors; floor coverings; room built-in cabinetry (closet/dresser); ceilings and lights; and all wall surface finishes. All restroom and shower/bath facilities would be reconditioned. Two dorms would receive an upgrade to their HVAC distribution systems. If possible within the total funding allotted, central air conditioning would be considered as a part of the renovation to Mitchell Hall. The other \$10.0 million would be for the construction of a new facility with occupancy for approximately 200 residents. The facility would be a modified suite style configuration featuring clusters of sleeping rooms, private or semi-private bath facilities, and efficiency kitchenettes (apartment size refrigerator, sink, cabinetry, and microwave) associated with each sleeping cluster. The possible sites for constructing a new residence facility include north of Shirk Hall on acquired land, to the east of McPherson Hall along the hike and bike trail, or on the site of the closed East Campus Apartment complex (corner of Ford and Homer). The project will be financed by revenue bonds to be repaid from housing revenues.

This project was not included in the original budget submission because the opportunity to acquire several properties that are contiguous to the campus has been recently presented to the university. The project and program statement are planned to be presented to the Board of Regents at their March 2008 meeting. This is a new project request that is outside the Governor's Budget Plan.

6. Add \$550,000, all from special revenue funds, for the new Student Health Center. Pittsburg State University requests permission to modify its FY 2009 capital improvement plan to include increasing the project budget from \$3,200,000 to \$3,750,000 due to inflationary factors. The project will be financed by private sources and student health center revenues. This project was included in the July Capital Improvement Submission but with a smaller budget. The project and program statement were approved by the Board of Regents in 2006 and reviewed with the Joint Committee on State Building Construction the following August.

7. Delete \$160,000 from the Expanded Lottery Act Revenue Fund and add the same amount from the State General Fund for readiness center debt service principal payments.

MINORITY REPORT

We cannot support the majority of the Budget Committee in its decision to reduce funding for postsecondary education in several areas. The first is the direct impact on students by reducing funding for scholarships that have become vital in the face of rising tuition rates. The majority chose to reduce funding for the Comprehensive Grant Program by \$3.0 million, all from the State General Fund. The program provides grants in an average amount of \$1,500 to financially needy students for full-time undergraduate students who are Kansas residents enrolled in accredited Kansas colleges and educational institutions. This reduction means that an estimated 2,000 students who would have received financial assistance will go without.

In addition, the majority chose to eliminate funding of \$1.0 million, all from the State General Fund, for the Governor's new Science, Technology, Engineering, or Math (STEM) Teacher Service Program, a program designed to increase the number of teachers in science, technology, engineering, or math in geographically under-served areas. This seems contrary to the information we have been hearing about the impending teacher shortage and the need for teachers in those arenas.

The majority also chose to cut in half the Governor's recommendation for the Kansas Military Service Scholarship – a reduction of \$250,000 from the State General Fund. This scholarship is one of the few tangible ways we as a state can thank the men and women who served in Operation Enduring Freedom, Noble Eagle, and Iraqi Freedom. Reducing funding for the scholarship is an insult to them and their service to this country.

The last reduction by the majority does not directly affect students, however, it does impact the education system as a whole. The majority chose to reduce funding for KAN-ED by \$2.0 million from the State General Fund. The reduction does not eliminate enhanced funding and actually reduces funding for KAN-ED below the FY 2008 approved amount for no apparent reason. KAN-ED currently has 808 members that include K-12 schools, libraries, hospitals, and higher education institutions and KAN-ED has just finished an RFP that will consolidate the DISC KanWIN network and KAN-ED network onto a common framework. The recommended funding cut will reduce services to current members and may impact the ability of KAN-ED to serve new members in the future at a time when it is working to expand its benefits to the state.

We feel the cost savings to the state of these reductions does not justify the harm they will cause. For these reasons, we cannot agree with the majority report.



Representative Bob Grant
Ranking Minority Member



Representative Bill Feuerborn



Representative Tom Sawyer



AMERICANS FOR PROSPERITY K A N S A S

AFP Commonsense Budget Proposal

<u>One year (that we found)</u>	<u>Est. Cost</u>
1. Computer program expenses for Legislature (p.18)	\$1.2MM
2. Technology and security upgrades for KPERS (p. 20)	\$4.9MM
3. Emergency repairs for Landon Office Building (p. 21)	\$2.5MM
4. Remodeling, office space, benefits study for LCC, Judicial Branch and Judicial Council (p. 18-19)	\$0.3MM
5. Eliminate Kansas Arts Commission (p. 36)	\$1.77MM
6. Merge Human Rights Commission into Attorney General's Budget	\$0.17MM
TOTAL	\$10.84MM

<u>Long-term savings</u>	<u>Est. Cost</u>
1. Eliminate economic development credits	\$45.5MM
2. Consolidate water functions (savings of office space, IT, HR, overhead)	\$1.5MM
TOTAL	\$47MM

<u>Other areas to examine</u>	<u>Est. Cost</u>
1. Board of Regents vehicle fleet (p. 39)	\$15MM
2. Kansas State Fair Board payroll (p. 48)	\$1.57MM
3. Kansas Water Office weather modification	\$0.12MM

Other needed measures and considerations:

- State office needs, utilizing low-cost space in rural areas
- Objective performance measures, with consequences for non-performance
- Review past funding, not just new spending requests

HOUSE APPROPRIATIONS

DATE 3-11-2008
ATTACHMENT 5

Testimony in Support of HR 6017
Rep. Jeff Colyer
Overland Park, Kansas
March 11, 2008

“Finance is, as it were, the stomach of the country, from which all the other organs take their tone.”

--Gladstone

It is an honor and a privilege to visit with you, Chairwoman Schwartz and the members of the Appropriations Committee regarding a budget resolution that would bring stronger fiscal management of the Kansas Budget. This resolution reflects the discussion of many members of the House to start to bring an overall macroeconomic perspective to our spending considerations. Most importantly it begins to bring additional management tools necessary to a complex budget of more than \$12 billion.

Many states and countries look at the “big picture” not just the “small picture” through budget targets or even statutory guidelines. We have not had an opportunity to do that in Kansas.

The resolution is simple and to the point. It directs the Appropriations Committee to keep total FY 2009 SGF to less than \$6.417 bn or 5% over the revised 2008 budget. The resolution allows the Committee and the body of the House to develop a consensus guideline for our overall spending plan. It will help prioritize our budget deliberations for the general and omnibus appropriations.

The resolution also directs Legislative Research and the Division of the Budget to better track spending and keep the full House informed of the economic and budget impacts of the many bills and amendments we consider. Representative Tafanelli pointed out that we should insist on connecting budget requests with the mission statements and management parameters in the budget documents.

HOUSE APPROPRIATIONS

DATE 3-11-2008
ATTACHMENT 6

The resolution does not include details of revenues, outyear targets, a Senate commitment or hard consequences to failing to meet our targets. I would personally like to see these things as well as a budget target closer to the rate of inflation.

However it is an important first step to help the House form a macroeconomic perspective on the budget. I hope you will support this resolution and make them a part of the regular budget process.

We, as legislators, have a fiduciary responsibility to the citizens of Kansas. Better tracking of spending is a useful tool to weigh the impact of the many complex decisions before us.