

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 12, 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
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:

Kevin Carr, Kansas Technology Enterprise Corporation (KTEC)
Barry Greis, Statehouse Architect, Department of Administration
Emil Konrath, President, The Konrath Group, LTD
Robin Floyd, Vice President, The Konrath Group, LTD

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Department of Commerce, Kansas, Inc. And Kansas Technology Enterprise Corporation
- Attachment 2 Budget Committee Report on Department of Labor
- Attachment 3 Budget Committee Report on School for the Blind, School for the Deaf and Kansas Historical Society
- Attachment 4 Testimony on Statehouse Renovation by Barry Gries
- Attachment 5 Testimony on Construction Management by Emil Konrath

Introduction of Legislation

Representative Huntington appeared before the Committee to request the introduction of a House Concurrent Resolution to direct the Kansas Department of Health and Environment (KDHE) to name May 2008, as Lyme/Tickborne illness awareness month.

Representative Watkins moved to introduce legislation as requested. The motion was seconded by Representative Wolf. Motion carried.

Department of Commerce

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

Representative Masterson made a substitute motion to delete the \$250,000 grant from the Economic Development Initiatives Fund (EDIF) given to the Kansas Sports Hall of Fame. The motion was seconded by Representative Bethell. Motion was withdrawn with approval from the second.

The Budget Committee noted that \$250,000 was appropriated to the Kansas Sports Hall of Fame

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 12, 2008, in Room 514-S of the Capitol.

through the Department of Commerce budget during the 2007 Legislative Session and that a portion of this funding could have already been expended.

Representative Powell, Chair of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Commerce for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 1). The motion was seconded by Representative Watkins. Motion carried.

The Budget Committee noted that it has requested additional information from the Department of Commerce concerning their bidding process for software upgrades. The Budget Committee stated their concern that the agency has not responded to the request at this time.

Representative Masterson made a substitute motion to amend the Budget Committee report on the Department of Commerce for FY 2009 by deleting \$3.1 million Economic Development Initiatives Fund (EDIF) funding from the Department of Commerce budget and review at Omnibus. The motion was seconded by Representative Watkins. Motion failed on a 9-11 vote.

Kansas, Inc.

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

Representative Watkins, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas, Inc. for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 1). The motion was seconded by Representative Powell. Motion carried.

Kansas Technology Enterprise Corporation (KTEC)

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

Responding to a question from the Committee with regard to Item No. 2, Kevin Carr, Kansas Technology Enterprise Corporation (KTEC), indicated that funds spent for the Heartland BioVenture for the current year would have come from university programs, primarily the Experimental Program to Simulate Competitive Research (EPSCor) fund, and commercialization funding. Mr. Carr noted that the EPSCor funds are primarily used for state matches for federal grants and have a high demand. Because of the demand for the EPSCor funds, the Budget Committee's action is an effort to remove the lapse of EDIF funding for the Heartland BioVenture and avoid the use of EPSCor funds for the project.

Representative Gatewood, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas Technology Enterprise Corporation (KTEC) for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 1). The motion was seconded by Representative Carlin.

Responding to a question from the Committee, Mr. Carr stated that the agency uses contractual services to support professional activities and consultants.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 12, 2008, in Room 514-S of the Capitol.

- The Committee requested that the agency provide a breakdown of the \$1.5 million contractual service budget.

Representative Schwartz made a substitute motion to delete the funding of \$600,000 in Item No. 2 until the passage of HB 2884. The motion was seconded by Representative Holmes. Motion carried. Representatives Gatewood and Carlin requested to be recorded as voting "no".

Representative Gatewood renewed the motion to adopt the Budget Committee report on the Kansas Technology Enterprise Corporation (KTEC) for FY 2009 as amended. The motion was seconded by Representative Carlin. Motion carried.

Department of Labor

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

Representative Yoder, Chair of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for Department of Labor for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 2). The motion was seconded by Representative Pottorff. Motion carried.

School for the Blind

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

The Budget Committee explained that the School for the Blind has been wrongly calculating the shrinkage rate in prior years. The additional appropriation in the Budget Committee report is an effort to correct the error in funding to avoid the necessity of eliminating staff at the School.

Representative Masterson, member of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the School for the Blind for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 3). The motion was seconded by Representative Sawyer. Motion carried.

School for the Deaf

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

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

Representative Lane made a substitute motion to amend the Budget Committee Report by deleting Item No. 2. The motion was seconded by Representative Feuerborn. Motion failed on a 9-13 vote.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 12, 2008, in Room 514-S of the Capitol.

Kansas Historical Society

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

Representative McLeland, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas State Historical Society 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. Motion carried.

Briefing on Capitol Restoration

Barry Greis, Statehouse Architect, Department of Administration, presented an update on the progress of the Capitol Restoration and Renovation project (Attachment 4). Mr. Greis' comments in response to Committee questions included:

- The project is more costly and more time consuming because statehouse operations have continued onsite rather than being moved offsite.
- The escalating cost of exterior renovation was caused by the fact that the deteriorated condition of the exterior was not known when the original estimate was made. Upon detailed examination of the exterior stone, it was found that there was more extensive repair work needed.
- Additional offices were added for increased staff after the original plans were developed.
- 5th floor will be closed after the end of the 2008 Legislative Session and will be closed for several years.
- A review of the plans for the visitor's center at this time is standard procedure. The original plan is now 8 years old and new technology may need to be incorporated.
- The original estimate for the renovation included a 1.5 percent inflation factor.
- Statehouse architect works with the Legislature in the ongoing process. The change of personnel in leadership positions has caused some changes in plans.
- The Committee requested that several issues be addressed including difficulties with the speaker system in the House Chamber, odor in some of the new restrooms, access to the exterior door on the 2nd floor West wing.

Emil Konrath, President, and Robin Floyd, Vice President, of The Konrath Group, LTD, presented testimony on their professional construction management service (Attachment 5). Mr. Konrath and Ms. Floyd stated that their construction management service consists of an array of services applied to construction projects and programs through the planning, design, construction and post construction phases for the purpose of achieving project objectives including the management of quality, cost, time and scope of the project.

Responding to questions from the Committee, Mr. Konrath indicated that their contingency fee is approximately 20 percent of the total project; however, depends on the specifics of the project.

Adjournment

The meeting was adjourned at 11:00 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 13, 2008.


Sharon Schwartz, Chair

FY 2008 and FY 2009

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

Department of Commerce

Kansas, Inc.

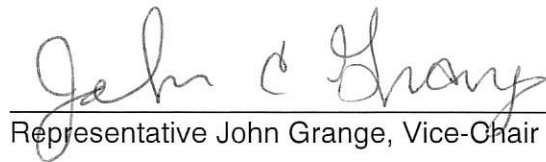
Kansas Technology Enterprise Corporation



Representative Larry Powell, Chair



Representative Vaughn Flora



Representative John Grange, Vice-Chair



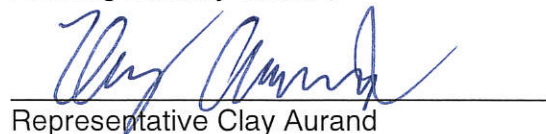
Representative Carl Holmes



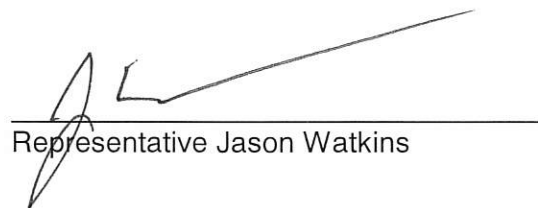
Representative Doug Gatewood
Ranking Minority Member



Representative Sharon Schwartz



Representative Clay Aurand



Representative Jason Watkins



Representative Sydney Carlin

HOUSE APPROPRIATIONS

DATE 3-12-2008

ATTACHMENT 1

Senate Subcommittee Report

Agency: Department of Commerce **Bill No.** SB 655

Bill Sec. 6

Analyst: Holwegner **Analysis Pg. No.** Vol. II-1209

Budget Page No. 87

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 624,940	\$ 624,940	\$ 0
Other Funds	136,313,006	136,313,006	(45,200)
Subtotal - Operating	\$ 136,937,946	\$ 136,937,946	\$ (45,200)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	166,000	166,000	0
Subtotal - Capital Improvements	\$ 166,000	\$ 166,000	\$ 0
TOTAL	\$ 137,103,946	\$ 137,103,946	\$ (45,200)
FTE Positions	424.4	424.4	0.0
Non FTE Uncl. Perm. Pos.	49.5	49.5	0.0
TOTAL	473.9	473.9	0.0

Agency Estimate

The Department of Commerce requests a revised FY 2008 budget totaling \$136,937,946. This includes \$624,940 from the State General Fund, \$19,827,035 from the Economic Development Initiatives Fund (EDIF), and \$116,485,971 from all other funds. The revised budget request is an increase of \$30,191,495, or 28.2 percent, above the amount approved by the 2007 Legislature. Most of the increase can be attributed to additional federal moneys made available to assist with the natural disasters that struck Greensburg and southeast Kansas. The request would fund 473.9 positions including 424.4 FTE positions and 49.5 non-FTE unclassified permanent positions. The agency requests a supplemental enhancement of \$45,200 from the EDIF for four vehicles to be used in the Rural Opportunity Program.

Governor's Recommendation

The **Governor** concurs.

Senate Subcommittee Recommendation

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

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1. **New Vehicles.** Delete \$45,200 from the Economic Development Initiatives Fund (EDIF) for the purchase of four new vehicles. The agency planned to use these vehicles for the Rural Opportunity Program organized within the Community Development Program Division. The program was authorized by the 2007 Legislature to provide financial and technical assistance to communities for projects that will enhance living environments and promote economic opportunities. The agency stated that the funding for the traveling needs of the program's four new employees was inadvertently not included in the initial request for this new program. The Subcommittee believes that if new vehicles need to be purchased, it can be accomplished within the department's current operational budget.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendation.

House Budget Committee Report

Agency: Department of Commerce **Bill No.** HB 2947

Bill Sec. 6

Analyst: Holwegner **Analysis Pg. No.** Vol. II-1209

Budget Page No. 87

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 624,940	\$ 624,940	\$ 0
Other Funds	136,313,006	136,313,006	0
Subtotal - Operating	\$ 136,937,946	\$ 136,937,946	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	166,000	166,000	0
Subtotal - Capital Improvements	\$ 166,000	\$ 166,000	\$ 0
 TOTAL	 \$ 137,103,946	 \$ 137,103,946	 \$ 0
 FTE Positions	 424.4	 424.4	 0.0
Non FTE Uncl. Perm. Pos.	49.5	49.5	0.0
TOTAL	473.9	473.9	0.0

Agency Estimate

The Department of Commerce requests a revised FY 2008 budget totaling \$136,937,946. This includes \$624,940 from the State General Fund, \$19,827,035 from the Economic Development Initiatives Fund (EDIF), and \$116,485,971 from all other funds. The revised budget request is an increase of \$30,191,495, or 28.2 percent, above the amount approved by the 2007 Legislature. Most of the increase can be attributed to additional federal moneys made available to assist with the natural disasters that struck Greensburg and southeast Kansas. The request would fund 473.9 positions, including 424.4 FTE positions and 49.5 non-FTE unclassified permanent positions. The agency requests a supplemental enhancement of \$45,200 from the EDIF for four vehicles to be used in the Rural Opportunity Program.

Governor's Recommendation

The Governor concurs with the agency's estimate.

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House Budget Committee Recommendation

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

1. Review at Omnibus the status of the \$250,000 grant from the Economic Development Initiatives Fund (EDIF) given to the Kansas Sports Hall of Fame.

Senate Subcommittee Report

Agency: Department of Commerce **Bill No.** SB 658

Bill Sec. 24

Analyst: Holwegner **Analysis Pg. No.** Vol. II-1209

Budget Page No. 87

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 613,705	\$ 618,272	\$ (5,817)
Other Funds	113,565,665	116,067,761	(675,146)
Subtotal - Operating	\$ 114,179,370	\$ 116,686,033	\$ (680,963)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	170,000	170,000	0
Subtotal - Capital Improvements	\$ 170,000	\$ 170,000	\$ 0
TOTAL	\$ 114,349,370	\$ 116,856,033	\$ (680,963)
FTE Positions			
	418.7	418.7	0.0
Non FTE Uncl. Perm. Pos.	48.0	48.0	0.0
TOTAL	466.7	466.7	0.0

* Of the Subcommittee's recommended reductions, \$637,763, including \$5,817 from the State General Fund, is related to pay plan adjustments.

Agency Request

The Department of Commerce requests an FY 2009 operating budget of \$114,179,370. This includes \$613,705 from the State General Fund, \$18,578,453 from the EDIF, and \$97,171,307 from all other funds. This is a decrease of \$22,758,576, or 16.6 percent, below the revised current year estimate. Requested State General Fund expenditures are decreased by \$11,235, or 1.8 percent, below the revised budget. Requested EDIF expenditures are decreased by \$1,248,582, or 6.3 percent. The request would finance 466.7 positions, which includes 418.7 FTE positions and 48.0 non-FTE unclassified permanent positions, a decrease of 5.7 FTE and 1.5 non-FTE unclassified permanent positions from the revised current year estimate. The request includes enhancement funding of \$240,200 from all funds.

Governor's Recommendation

The Governor recommends \$116,686,033 for an operating budget in FY 2009. This includes \$618,272 from the State General Fund, \$18,757,397 from the EDIF, and \$97,310,364 from all other funds. Compared to revised recommended budget for FY 2008, this a decrease of \$20,251,913, or 14.8 percent, from all funds, a decrease of \$6,668 from the State General Fund, or 1.1 percent, and a decrease of \$1,069,638, or 5.4 percent, from the EDIF. The Governor's recommendation also includes \$2,000,000 from the Expanded Lottery Act Revenue Fund (ELARF) for a Bioenergy Research Program. This new initiative was not requested by the agency.

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Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$637,763, including \$5,817 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 \$402,297, including \$3,749 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 \$88,866, including \$818 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 \$146,600, including \$1,250 from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. **Replacement of Vehicles.** Delete \$43,200, which includes \$21,600 from the EDIF and \$21,600 from the Wagner Peyser Federal Fund, for the replacement of three vehicles.
3. **Bioenergy Research Program.** The Subcommittee notes that the Governor has recommended \$2,000,000 from the Expanded Lottery Act Revenue Fund (ELARF) for a new Bioenergy Research Program. As stated in Volume I of the *Governor's Budget Report*, "This program will provide grants and low interest loans to finance the commercialization of new technological breakthroughs in bioenergy research. Commercializing new technologies will require significant capital to fund the engineering, modeling, and other early stage development expenses. This funding will assist bioenergy companies and research institutes in Kansas develop and implement new technologies to produce the most cost-effective renewable fuels, including cellulosic ethanol, biodiesel, and other biofuels." This recommendation was not requested by the agency. The Subcommittee cautions that this money may not necessarily materialize due to pending litigation challenging the constitutionality of the Expanded Lottery Act.

Senate Committee Recommendation

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

1. **Vehicles.** Add \$21,600 from the federal Wagner-Peyser Fund for the acquisition of vehicles, and consider the inclusion of the previously deleted funds at Omnibus.
2. **Bioenergy Research Program.** Review this program and its funding at Omnibus.

House Budget Committee Report

Agency: Department of Commerce **Bill No.** HB 2946

Bill Sec. 24

Analyst: Holwegner **Analysis Pg. No.** Vol. II-1209

Budget Page No. 87

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 613,705	\$ 618,272	\$ (5,817)
Other Funds	113,565,665	116,067,761	(2,844,446)
Subtotal - Operating	<u>\$ 114,179,370</u>	<u>\$ 116,686,033</u>	<u>\$ (2,850,263)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	170,000	170,000	0
Subtotal - Capital Improvements	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 0</u>
 TOTAL	<u><u>\$ 114,349,370</u></u>	<u><u>\$ 116,856,033</u></u>	<u><u>\$ (2,850,263)</u></u>
 FTE Positions	418.7	418.7	0.0
Non FTE Uncl. Perm. Pos.	48.0	48.0	0.0
TOTAL	<u><u>466.7</u></u>	<u><u>466.7</u></u>	<u><u>0.0</u></u>

*Of the Budget Committee's recommended reductions, \$637,763, including \$5,817 from the State General Fund, is related to pay plan adjustments.

Agency Request

The Department of Commerce requests an FY 2009 operating budget of \$114,179,370. This includes \$613,705 from the State General Fund, \$18,578,453 from the EDIF, and \$97,171,307 from all other funds. This is a decrease of \$22,758,576, or 16.6 percent, below the revised current year estimate. Requested State General Fund expenditures are decreased by \$11,235, or 1.8 percent, below the revised budget. Requested EDIF expenditures are decreased by \$1,248,582, or 6.3 percent. The request would finance 466.7 positions, which includes 418.7 FTE positions and 48.0 non-FTE unclassified permanent positions, a decrease of 5.7 FTE and 1.5 non-FTE unclassified permanent positions from the revised current year estimate. The request includes enhancement funding of \$240,200 from all funds.

Governor's Recommendation

The Governor recommends \$116,686,033 for an operating budget in FY 2009. This includes \$618,272 from the State General Fund, \$18,757,397 from the EDIF, and \$97,310,364 from all other funds. Compared to revised recommended budget for FY 2008, this a decrease of \$20,251,913, or 14.8 percent, from all funds, a decrease of \$6,668 from the State General Fund, or 1.1 percent, and a decrease of \$1,069,638, or 5.4 percent, from the EDIF. The request would finance 466.7 positions, which includes 418.7 FTE positions and 48.0 non-FTE unclassified permanent positions,

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a decrease of 5.7 FTE and 1.5 non-FTE unclassified permanent positions from the revised current year recommendation. The Governor's recommendation also includes \$2,000,000 from the Expanded Lottery Act Revenue Fund (ELARF) for a Bioenergy Research Program. This new initiative was not requested by the agency.

House Budget Committee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$637,763, including \$5,817 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 \$402,297, including \$3,749 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 \$88,866, including \$818 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 \$146,600, including \$1,250 from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. **Trade Development.** Delete \$62,500 from the EDIF for trade development. The Budget Committee notes that while the agency requested \$115,000 from the EDIF for various trade enhancements, the Governor did not specify for which exact items the money would be used. The Budget Committee does not dispute the need for the Department of Commerce to have flexibility in meeting its mission and goals; however, the Legislature should know for what purpose it is approving funds for expenditure.
3. **Bioenergy Research Program.** Delete \$2,000,000 from the Expanded Lottery Act Revenue Fund (ELARF) for a new Bioenergy Research Program. According to Volume I of the *Governor's Budget Report*, "This program will provide grants and low interest loans to finance the commercialization of new technological breakthroughs in bioenergy research. Commercializing new technologies will require significant capital to fund the engineering, modeling, and other early stage development expenses. This funding will assist bioenergy companies and research institutes in Kansas develop and implement new technologies to produce the most cost-effective renewable fuels, including cellulosic ethanol, biodiesel, and other biofuels." The Budget Committee notes that this recommendation was not requested by the agency. The constitutionality of the Expanded Lottery Act should be determined before its revenue is relied upon for major new policy initiatives.
4. **Kansas Innovation Consortium.** Delete \$150,000 from the EDIF for the Kansas Innovation Consortium. This new group, which would be headed by the

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Governor, would consist of leaders from business, higher education, and state and local governments to advise the Governor on research and education priorities in order to achieve an innovation based economy. The group would also develop metrics to measure entrepreneurial success. The Budget Committee questions if this group would not be attempting to reproduce the work performed by other parts of state government, in particular, Kansas, Inc., which performs strategic economic planning for the state and which is co-chaired by the Governor.

5. **Workforce Development Offices.** The Budget Committee notes that due to federal funding cutbacks, the agency has had to reduce the number of hours that workforce development offices across the state are open. The Department of Commerce monitors their usage to make certain that they are made available to people seeking work or employees while at the same time balancing the program's budget. The Budget Committee heard testimony from a private employer in Dodge City saying that the community's development office could be open longer. The Budget Committee understands that the agency now has an agreement with the private employers in Dodge City to make that office open for longer periods of time. The Budget Committee encourages the Department of Commerce to work closely with industries where workforce development offices have limited office hours.
6. **Software Bidding.** The Budget Committee heard testimony from Geographic Solutions, Inc., from Pearl Harbor, Florida. In March 2007 the software company responded to a Request For Proposal (RFP) from the Department of Commerce to upgrade its public labor exchange registration. Geographic Solutions was surprised to learn that the winning bidder was America's Job Link Alliance (AJLA), a program within the Department of Commerce that is an alliance of state workforce agencies. The winning bid was for \$143,000. The Department of Commerce stated that AJLA's work for other states pays for most of its budget. The agency also stated that it chose to bid its software upgrade even though it is not legally required to do so. The bidding process was used to ensure that the upgrade project's costs were kept reasonably low.

The Budget Committee questions how easily a private vendor can compete against a public or quasi-public organization that has many resources and benefits built within it. The Budget Committee also questions the communication relationship between AJLA and the rest of the agency. To better understand the intra-relationship within the Department of Commerce, AJLA and its ability to bid software projects in Kansas state government and in other state governments, and to have a full picture of AJLA's past funding, the Budget Committee recommends that the Division of Legislative Post Audit be requested to further study the matter.

Senate Subcommittee Report

Agency: Kansas Inc. **Bill No.** SB 655 **Bill Sec.** --
Analyst: Holwegner **Analysis Pg. No.** Vol. II-1247 **Budget Page No.** 247

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	704,348	704,348	0
Subtotal - Operating	\$ 704,348	\$ 704,348	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 704,348	\$ 704,348	\$ 0
FTE Positions	4.5	4.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	5.5	5.5	0.0

Agency Estimate

Kansas, Inc., requests a revised FY 2008 budget totaling \$704,348 from other funds. This includes \$504,743 from the Economic Development Initiatives Fund (EDIF) and \$199,605 from the Kansas, Inc., Private Fund. The revised budget request is a decrease of \$13,538, or 1.9 percent, below the amount approved by the 2007 Legislature. The request would fund the currently approved 5.5 positions (with 1.0 position being a non-FTE unclassified permanent position).

Governor's Recommendation

The Governor concurs.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the subcommittee's recommendation.

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House Budget Committee Report

Agency: Kansas, Inc.

Bill No. HB 2947

Bill Sec. --

Analyst: Holwegner

Analysis Pg. No. Vol. II-1247

Budget Page No. 247

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	704,348	704,348	0
Subtotal - Operating	<u>\$ 704,348</u>	<u>\$ 704,348</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>\$ 704,348</u></u>	<u><u>\$ 704,348</u></u>	<u><u>\$ 0</u></u>
FTE Positions			
FTE Positions	4.5	4.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>5.5</u></u>	<u><u>5.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

Kansas, Inc., requests a revised FY 2008 budget totaling \$704,348 from other funds. This includes \$504,743 from the Economic Development Initiatives Fund (EDIF) and \$199,605 from the Kansas, Inc., Private Fund. The revised budget request is a decrease of \$13,538, or 1.9 percent, below the amount approved by the 2007 Legislature. The request would fund the currently approved 5.5 positions (with 1.0 position being a non-FTE unclassified permanent position).

Governor's Recommendation

The Governor concurs with the agency's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

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Senate Subcommittee Report

Agency: Kansas Inc.

Bill No. SB 658

Bill Sec. 25

Analyst: Holwegner

Analysis Pg. No. Vol. II-1247

Budget Page No. 247

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	700,998	617,839	13,159
Subtotal - Operating	<u>\$ 700,998</u>	<u>\$ 617,839</u>	<u>\$ 13,159</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>\$ 700,998</u></u>	 <u><u>\$ 617,839</u></u>	 <u><u>\$ 13,159</u></u>
 FTE Positions	 4.5	 4.5	 0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>5.5</u></u>	<u><u>5.5</u></u>	<u><u>0.0</u></u>

* Of the Subcommittee's recommended reductions, \$10,841, all from special revenue funds, is related to pay plan adjustments.

Agency Request

Kansas, Inc., requests an FY 2009 budget of \$700,998 from other funds. This includes \$495,976 from the EDIF and \$205,022 from the Kansas, Inc., Private Fund. This is a decrease of \$3,350, or 0.5 percent, below the revised current year estimate. The request would finance 5.5 positions, including 1.0 non-FTE unclassified permanent position. The request includes enhancement funding of \$94,000 from the EDIF.

Governor's Recommendation

The Governor recommends \$617,839 for an operating budget in FY 2009. This includes \$409,831 from the EDIF and \$208,008 from the Kansas, Inc., Private Fund. Compared to the revised recommended budget for FY 2008, this a decrease of \$86,509, or 12.3 percent, from all funds, a decrease of \$94,912, or 0.2 percent, from the EDIF. Compared to the agency's requested budget, this is a decrease of \$83,159, or 11.9 percent, from all funds and a decrease of \$86,145, or 17.4 percent, from the EDIF. The request would finance 5.5 positions, including 1.0 non-FTE unclassified permanent position.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$10,841, 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 \$10,841, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
2. **Operations.** Add \$16,000 from the Economic Development Initiatives Fund (EDIF) for the current operations of Kansas, Inc. The additional funds should lessen the impact on the private accounts fund. That are used to fund the agency. At the current rate, those funds would be soon depleted. This additional funding will be used for operational expenses other than salaries and wages.
3. **Office Assistant Hours and Benefits.** Add \$8,000 from the EDIF for the compensation of an office assistant position. This position is now budgeted to work for less than 1,000 hours per fiscal year. The position has been difficult to fill due to the lack of benefits. The agency wishes to add 300 hours to the position; the position will still remain part-time but will allow for the payment of benefits. The Subcommittee believes this money will help recruit and retain a qualified individual.

Senate Committee Recommendation

The Senate Committee concurs with the subcommittee's recommendation.

House Budget Committee Report

Agency: Kansas, Inc.

Bill No. HB 2946

Bill Sec. 25

Analyst: Holwegner

Analysis Pg. No. Vol. II-1247

Budget Page No. 247

<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	\$ 0	\$ 0	\$ 0
Other Funds	700,998	617,839	(2,841)
Subtotal - Operating	<u>\$ 700,998</u>	<u>\$ 617,839</u>	<u>\$ (2,841)</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>\$ 700,998</u></u>	<u><u>\$ 617,839</u></u>	<u><u>\$ (2,841)</u></u>
FTE Positions	4.5	4.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>5.5</u></u>	<u><u>5.5</u></u>	<u><u>0.0</u></u>

* Of the Budget Committee's recommended reductions, \$10,841, all from special revenue funds, is related to pay plan adjustments.

Agency Request

Kansas, Inc., requests an FY 2009 budget of \$700,998 from other funds. This includes \$495,976 from the EDIF and \$205,022 from the Kansas, Inc., Private Fund. This is a decrease of \$3,350, or 0.5 percent, below the revised current year estimate. The request would finance 5.5 positions, including 1.0 non-FTE unclassified permanent position, the same amount as in the current year. The request includes enhancement funding of \$94,000 from the EDIF.

Governor's Recommendation

The Governor recommends \$617,839 for an operating budget in FY 2009. This includes \$409,831 from the EDIF and \$208,008 from the Kansas, Inc., Private Fund. Compared to the revised recommended budget for FY 2008, this a decrease of \$86,509, or 12.3 percent, from all funds, a decrease of \$94,912, or 0.2 percent, from the EDIF. Compared to the agency's requested budget, this is a decrease of \$83,159, or 11.9 percent, from all funds and a decrease of \$86,145, or 17.4 percent, from the EDIF. The request would finance 5.5 positions, including 1.0 non-FTE unclassified permanent position, the same amount as in the current year.

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House Budget Committee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$10,841, 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 \$10,841, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
2. **Office Assistant Hours and Benefits.** Add \$8,000 from the EDIF for the compensation of an office assistant position. This position is currently budgeted to work for less than half-time per fiscal year but with no benefits. The position has been difficult to fill due to the lack of benefits. The agency wishes to add 300 hours to the position, allowing for the payment of benefits. The Budget Committee believes this money will help recruit and retain a qualified individual.

Senate Subcommittee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** SB 655

Bill Sec. 7

Analyst: Holwegner

Analysis Pg. No. Vol. II - 1232

Budget Page No. 267

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	14,504,610	14,068,311	0
Subtotal - Operating	\$ 14,504,610	\$ 14,068,311	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 14,504,610	\$ 14,068,311	\$ 0
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

Agency Estimate

The Kansas Technology Enterprise Corporation (KTEC) requests a revised FY 2008 budget totaling \$14,504,610. This includes \$12,704,610 from the Economic Development Initiatives Fund (EDIF) and \$1,800,000 from federal funds. The revised budget request is a net increase of \$17,908, or 0.1 percent, above the amount approved by the 2007 Legislature. The agency plans to reallocate \$333,333 of its budgeted amount from other assistance to state operations; the amount shifted is equal to 2.3 percent of the revised budget request. According to the agency, this money would be used in cooperation with the Kansas Bioscience Authority to start Heartland BioVentures. The request would fund 16.0 FTE positions, the same level as the 2007 Legislature approved.

Governor's Recommendation

The Governor recommends \$14,068,311 from all funds for a revised FY 2008 budget. This amount includes \$12,268,311 from the EDIF. Compared to the budget initially approved by the 2007 Legislature, this is a decrease of \$418,391, or 2.3 percent. Compared to the agency's revised estimate, this is a decrease of \$436,299, or 3.0 percent. The Governor reduces salaries and wages and does not agree with the agency's request to shift funding from other assistance to state operations.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following comment:

1. Review at omnibus the lapsing of \$436,249 from the Economic Development Initiatives Fund (EDIF). A portion of the money was originally planned for salary and wages (\$102,966) and the remainder (\$333,333) had been tentatively planned to be used in concert with the Kansas Bioscience Authority to fund the start-up costs for Heartland BioVenture. This new entity would create a funding source that would be used to provide business development services and attract venture capital to promising bioscience companies. After further discussion with the Bioscience Authority, the agency decided not to pursue the initiative. The Subcommittee believes these funds could still be used by the agency, but any changes should take into account the estimated ending balances of the EDIF prior to the start of omnibus.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** HB 2946

Bill Sec. 7

Analyst: Holwegner

Analysis Pg. No. Vol. II-12232

Budget Page No. 267

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	14,504,610	14,068,311	436,299
Subtotal - Operating	<u>\$ 14,504,610</u>	<u>\$ 14,068,311</u>	<u>\$ 436,299</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 14,504,610</u></u>	<u><u>\$ 14,068,311</u></u>	<u><u>\$ 436,299</u></u>
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>16.0</u></u>	<u><u>16.0</u></u>	<u><u>0.0</u></u>

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Agency Estimate

The Kansas Technology Enterprise Corporation (KTEC) requests a revised FY 2008 budget totaling \$14,504,610. This includes \$12,704,610 from the Economic Development Initiatives Fund (EDIF) and \$1,800,000 from federal funds. The revised budget request is a net increase of \$17,908, or 0.1 percent, above the amount approved by the 2007 Legislature. The agency plans to reallocate \$333,333 of its budgeted amount from other assistance to state operations; the amount shifted is equal to 2.3 percent of the revised budget request. According to the agency, this money would be used in cooperation with the Kansas Bioscience Authority to start Heartland BioVentures. The request would fund 16.0 FTE positions, the same level as the 2007 Legislature approved.

Governor's Recommendation

The Governor recommends \$14,068,311 from all funds for a revised FY 2008 budget. This amount includes \$12,268,311 from the EDIF. Compared to the budget initially approved by the 2007 Legislature, this is a decrease of \$418,391, or 2.3 percent. Compared to the agency's revised estimate, this is a decrease of \$436,299, or 3.0 percent. The Governor reduces salaries and wages and does not agree with the agency's request to shift funding from other assistance to state operations.

House Budget Committee Recommendation

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

1. **Salaries and Wages.** Add \$102,966 from the Economic Development Initiatives Fund (EDIF) to eliminate salaries and wages shrinkage. The 2007 Legislature had initially approved full funding for salaries and wages, eliminating the recommended shrinkage for the agency. The Budget Committee notes, as was noted in last year's budget committee report, that the agency has historically not had any shrinkage applied. The agency has a relatively small number of FTE positions (18.0) which are typically filled throughout the fiscal year.
2. **Removal of lapse.** Add \$333,333 from the EDIF that had been planned tentatively to be used in concert with the Kansas Bioscience Authority to fund the start-up costs for Heartland BioVenture. This new entity would create a funding source that would be used to provide business development services and attract venture capital to promising bioscience companies. After further discussion with the Bioscience Authority, the agency decided not to pursue the initiative. The Budget Committee believes these funds could still be used by the agency to further economic development in the state.

Senate Subcommittee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** SB 658

Bill Sec. 26

Analyst: Holwegner

Analysis Pg. No. Vol. II - 1232

Budget Page No. 267

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	18,407,065	14,337,652	(30,841)
Subtotal - Operating	\$ 18,407,065	\$ 14,337,652	\$ (30,841)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 18,407,065	\$ 14,337,652	\$ (30,841)
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

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

Agency Request

The agency requests \$18,407,065 from all funds for an operating budget for FY 2009. This includes \$16,607,065 from the EDIF and \$1,800,000 from federal funds. This is an increase of \$3,902,455, or 26.9 percent, above the revised current year estimate. The request would finance 16.0 FTE positions. The request includes enhancement funding of \$4,000,000 from the EDIF.

Governor's Recommendation

The Governor recommends \$14,337,652 from all funds for a FY 2009 budget. This amount includes \$12,537,652 from the EDIF. Compared to the revised FY 2008 recommendation, this an increase of \$269,341, or 1.9 percent. Compared to the agency's request, this is a decrease of \$4,069,413, or 22.1 percent. The recommendation would fund 16.0 FTE positions with a 7.0 percent salaries and wages shrinkage rate. The Governor does not recommend any of the enhancements requested by the agency.

Senate Subcommittee Recommendation

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

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1. **Pay Plan Adjustments.** Delete \$30,841, 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 \$30,841, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** HB 2946 **Bill Sec.** 26

Analyst: Holwegner **Analysis Pg. No.** Vol. II-1232 **Budget Page No.** 267

<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	\$ 0	\$ 0	0
Other Funds	18,407,065	14,337,652	(30,841)
Subtotal - Operating	<u>\$ 18,407,065</u>	<u>\$ 14,337,652</u>	<u>\$ (30,841)</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>\$ 18,407,065</u>	 <u>\$ 14,337,652</u>	 <u>\$ (30,841)</u>
 FTE Positions	 16.0	 16.0	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>

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

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Agency Request

The agency requests \$18,407,065 from all funds for an operating budget for FY 2009. This includes \$16,607,065 from the EDIF and \$1,800,000 from federal funds. This is an increase of \$3,902,455, or 26.9 percent, above the revised current year estimate. The request would finance 16.0 FTE positions. The request includes enhancement funding of \$4,000,000 from the EDIF.

Governor's Recommendation

The Governor recommends \$14,337,652 from all funds for a FY 2009 budget. This amount includes \$12,537,652 from the EDIF. Compared to the revised FY 2008 recommendation, this an increase of \$269,341, or 1.9 percent. Compared to the agency's request, this is a decrease of \$4,069,413, or 22.1 percent. The recommendation would fund 16.0 FTE positions with a 7.0 percent salaries and wages shrinkage rate. The Governor does not recommend any of the enhancements requested by the agency.

House Budget Committee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$30,841, 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 \$30,841, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
2. **Broadband Proviso.** Add \$600,000 from the EDIF and add a proviso which directs the agency to use part of its funding from the Economic Development Initiatives Fund for the stimulation and expansion of public and private broadband investment, especially in rural areas of the state. This proviso also would direct funding to be used for raising the public's awareness of the value of broadband. The Budget Committee heard testimony from both the public and private sectors on the critical necessity of enhanced broadband infrastructure in the state to ensure future growth. Broadband service oftentimes does not extend much farther than the boundaries of larger Kansas cities. The Budget Committee notes that the use of enhanced broadband service is part of the 2007 economic strategic plan, *Leveraging Our Foundations and Designing the Future: A Kansas Economic Renaissance*, that was developed by Kansas, Inc.

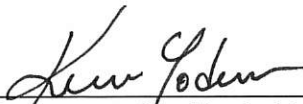
The Budget Committee also notes that HB 2884, which is currently in the Appropriations Committee, would create a broadband initiative board within KTEC that would oversee the distribution of grants to governmental entities and nonprofit entities to be used for local broadband planning workshops.

FY 2008 and FY 2009

HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

Kansas Department of Labor

March 12, 2008



Representative Kevin Yoder, Chair




Representative Rocky Fund



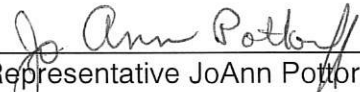
Representative Kasha Kelley, Vice-Chair



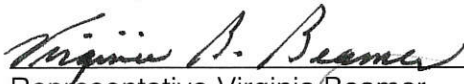
Representative Annie Kuether



Representative Harold Lane,
Ranking Minority Member



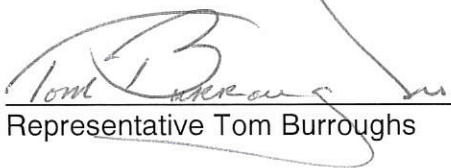
Representative JoAnn Pottorff



Representative Virginia Beamer



Representative Charles Roth



Representative Tom Burroughs

HOUSE APPROPRIATIONS

DATE 3-12-2008
ATTACHMENT 2

Senate Subcommittee Report

Agency: Department of Labor **Bill No.** SB

Bill Sec.

Analyst: Gorges

Analysis Pg. No. Vol.-

Budget Page No. 269

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 495,993	\$ 495,993	\$ 0
Other Funds	<u>363,564,633</u>	<u>363,856,054</u>	<u>0</u>
Subtotal - Operating	<u>\$ 364,060,626</u>	<u>\$ 364,352,047</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>263,316</u>	<u>263,316</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 263,316</u>	<u>\$ 263,316</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 364,323,942</u></u>	 <u><u>\$ 364,615,363</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 552.0	 552.0	 0.0
Non FTE Uncl. Perm. Pos.	<u>37.4</u>	<u>37.4</u>	<u>0.0</u>
TOTAL	<u><u>589.4</u></u>	<u><u>589.4</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency** estimates current year operating expenditures of \$364,060,626, an increase of \$46,609,945, or 14.7 percent, above the approved amount. The agency estimates State General Fund expenditures of \$495,993, an increase of \$22,030, or 4.6 percent, above the approved amount. The State General Fund increase is attributed to reappropriated FY 2007 funds and Kansas Savings Incentive Program expenditures (KSIP).

Governor's Recommendation

The **Governor** recommends current year operating expenditures of \$364,352,047, an increase of \$46,901,366, or 14.8 percent, above the approved amount. The Governor concurs with the agency's State General Fund estimate and adds \$291,421 from the Workmen's Compensation Fee Fund to pay for the Financial Management System (FMS) fee. The agency did not include any funding in the revised current year estimate for the FMS fee.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Recommendation

The **Senate Committee** concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Department of Labor

Bill No. HB 2947

Bill Sec. 33

Analyst: Gorges

Analysis Pg. No. Vol. I-257

Budget Page No. 269

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 495,993	\$ 495,993	\$ 0
Other Funds	363,564,633	363,856,054	0
Subtotal - Operating	<u>\$ 364,060,626</u>	<u>\$ 364,352,047</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	263,316	263,316	0
Subtotal - Capital Improvements	<u>\$ 263,316</u>	<u>\$ 263,316</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 364,323,942</u></u>	 <u><u>\$ 364,615,363</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 552.0	 552.0	 0.0
Non FTE Uncl. Perm. Pos.	37.4	37.4	0.0
TOTAL	<u><u>589.4</u></u>	<u><u>589.4</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency** estimates current year operating expenditures of \$364,060,626, an increase of \$46,609,945, or 14.7 percent, above the approved amount. The agency estimates State General Fund expenditures of \$495,993, an increase of \$22,030, or 4.6 percent, above the approved amount. The State General Fund increase is attributed to reappropriated FY 2007 funds and Kansas Savings Incentive Program expenditures (KSIP).

Governor's Recommendation

The **Governor** recommends current year operating expenditures of \$364,352,047, an increase of \$46,901,366, or 14.8 percent, above the approved amount. The Governor concurs with the agency's State General Fund estimate and adds \$291,421 from the Workmen's Compensation

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Fee Fund to pay for the Financial Management System (FMS) fee. The agency did not include any funding in the revised current year estimate for the FMS fee.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Department of Labor **Bill No.** SB

Bill Sec.

Analyst: Gorges

Analysis Pg. No. Vol.-

Budget Page No. 269

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 887,697	\$ 699,301	\$ (24,713)
Other Funds	<u>358,370,209</u>	<u>359,642,928</u>	<u>(1,421,881)</u>
Subtotal - Operating	<u>\$ 359,257,906</u>	<u>\$ 360,342,229</u>	<u>\$ (1,446,594)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>1,887,160</u>	<u>1,887,160</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 1,887,160</u>	<u>\$ 1,887,160</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 361,145,066</u></u>	 <u><u>\$ 362,229,389</u></u>	 <u><u>\$ (1,446,594)</u></u>
 FTE Positions	 552.0	 552.0	 0.0
Non FTE Uncl. Perm. Pos.	<u>37.4</u>	<u>37.4</u>	<u>0.0</u>
TOTAL	<u><u>589.4</u></u>	<u><u>589.4</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests FY 2009 operating expenditures of \$359,257,906, a decrease of \$4,802,720, or 1.3 percent, below the revised estimate. The request includes \$72,000 in enhancements from all other funds for five replacement vehicles.

The request also includes State General Fund expenditures totaling \$887,697, an increase of \$391,704, or 79.0 percent, above the revised estimate. The State General Fund increase is mainly attributed an enhancement request of \$421,287, a shift from special revenue funds, for the Employment Standards program.

Governor's Recommendation

The **Governor** recommends FY 2009 operating expenditures of \$360,342,229, a decrease of \$4,009,818, or 1.1 percent, below the Governor's current year recommendation. The recommendation is an increase of \$1,084,323, or 0.3 percent, above the agency's FY 2009 request. The increase is attributed to an increase in salaries and wages of \$1,113,123 based on the Governor's pay plan. The Governor also recommends three replacement vehicles, a decrease of two vehicles from the agency's enhancement request, offsetting the increase by \$28,800.

The Governor recommends State General Fund expenditures totaling \$699,301, an increase of \$203,308, or 41.0 percent, above the Governor's current year recommendation. The recommendation is a decrease of \$188,396, or 21.2 percent, below the agency's current year

request. The Governor recommends a shift of \$210,644 from special revenue funds to the State General Fund for the Employment Standards program. The shift represents 50.0 percent of the revenue shift enhancement the agency requested.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$1,403,394, including \$24,713 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 \$616,463, including \$13,208 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 \$496,660, including \$9,039 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 \$290,271, including \$2,466 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. **Vehicles.** Delete \$43,200, all from special revenue funds, recommended by the Governor as part of the agency's enhancement request for the purchase of replacement vehicles to review at Omnibus.

Senate Recommendation

The **Senate Committee** concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Department of Labor Bill No. HB 2946

Bill Sec. 27

Analyst: Gorges

Analysis Pg. No. Vol. I-257

Budget Page No. 269

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 887,697	\$ 699,301	\$ (235,357)
Other Funds	358,370,209	359,642,928	(1,378,681)
Subtotal - Operating	<u>\$ 359,257,906</u>	<u>\$ 360,342,229</u>	<u>\$ (1,614,038)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,887,160	1,887,160	0
Subtotal - Capital Improvements	<u>\$ 1,887,160</u>	<u>\$ 1,887,160</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 361,145,066</u></u>	 <u><u>\$ 362,229,389</u></u>	 <u><u>\$ (1,614,038)</u></u>
 FTE Positions	 552.0	 552.0	 0.0
Non FTE Uncl. Perm. Pos.	37.4	37.4	0.0
TOTAL	<u><u>589.4</u></u>	<u><u>589.4</u></u>	<u><u>0.0</u></u>

*Of the Budget Committee recommended reductions, \$1,403,394, including \$24,713 from the State General Fund, are related to pay plan adjustments.

Agency Request

The **agency** requests FY 2009 operating expenditures of \$359,257,906, a decrease of \$4,802,720, or 1.3 percent, below the revised estimate. The request includes \$72,000 in enhancements from all other funds for five replacement vehicles.

The request also includes State General Fund expenditures totaling \$887,697, an increase of \$391,704, or 79.0 percent, above the revised estimate. The State General Fund increase is mainly attributed an enhancement request of \$421,287, a shift from special revenue funds, for the Employment Standards program.

Governor's Recommendation

The **Governor** recommends FY 2009 operating expenditures of \$360,342,229, a decrease of \$4,009,818, or 1.1 percent, below the Governor's current year recommendation. The recommendation is an increase of \$1,084,323, or 0.3 percent, above the agency's FY 2009 request. The increase is attributed to an increase in salaries and wages of \$1,113,123 based on the Governor's pay plan. The Governor also recommends three replacement vehicles, a decrease of two vehicles from the agency's enhancement request, offsetting the increase by \$28,800.

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The Governor recommends State General Fund expenditures totaling \$699,301, an increase of \$203,308, or 41.0 percent, above the Governor's current year recommendation. The recommendation is a decrease of \$188,396, or 21.2 percent, below the agency's current year request. The Governor recommends a shift of \$210,644 from special revenue funds to the State General Fund for the Employment Standards program. The shift represents 50.0 percent of the revenue shift enhancement the agency requested.

House Budget Committee Recommendation

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


1. **Pay Plan Adjustments.** Delete \$1,403,394, including \$24,713 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 \$616,463, including \$13,208 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 \$496,660, including \$9,039 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 \$290,271, including \$2,466 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. **Employment Standards Program.** Delete \$210,644, all from the State General Fund, for increased State General Fund expenditures for the Employment Standards program for review at Omnibus. The agency requested an enhancement totaling \$421,287 to fund the Employment Standards Program from the State General Fund rather than the Special Employment Security Penalties and Interest Fund. Before FY 1991, the program was funded by the State General Fund. In FY 1991, the agency was assessed Central Services costs by the Department of Administration. This charge, about \$300,000, roughly equaled the amount of State General Fund expenditures for the program. Because federal funds could not be used to pay for the Central Services costs, funding for the Employment Standards program was shifted from the State General Fund to the Penalties and Interest Fund. Since FY 1991, the Central Services costs have decreased. In FY 2007, the figure was \$4,725. However, State General Fund money for the program has never been restored.

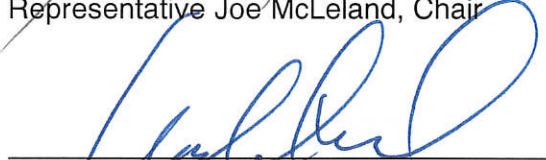
The Governor recommended \$210,644 from the State General Fund, which represents 50.0 percent of the request. The Budget Committee heard testimony that federal funding for the agency has remained stagnant over the last several years and using the Penalties and Interest Fund to fund the Employment Standards program has put a burden on other areas of the agency. The Budget Committee would like to review this item at Omnibus to take into consideration updated State General Fund estimates.

FY 2008 and FY 2009

HOUSE EDUCATION BUDGET COMMITTEE

School for the Blind
School for the Deaf
Historical Society


Representative Joe McLeland, Chair


Representative Mike O'Neal, Vice-Chair



Representative Bob Grant,
Ranking Minority Member

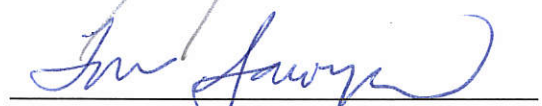

Representative John Faber


Representative Bill Feuerborn


Representative Lana Gordon


Representative Deena Horst


Representative Ty Masterson


Representative Tom Sawyer

HOUSE APPROPRIATIONS

DATE 3-12-2008
ATTACHMENT 3

Senate Subcommittee Report

Agency: School for the Blind **Bill No.** SB 655

Bill Sec. --

Analyst: Scott **Analysis Pg. No.** Vol. I-811

Budget Page No. 83

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 6,002,316	\$ 5,711,697	\$ 129,128
Other Funds	316,725	292,312	0
Subtotal - Operating	\$ 6,319,041	\$ 6,004,009	\$ 129,128
Capital Improvements:			
State General Fund	\$ 26,494	\$ 26,494	0
Other Funds	192,322	192,322	0
Subtotal - Capital Improvements	\$ 218,816	\$ 218,816	\$ 0
TOTAL	\$ 6,537,857	\$ 6,222,825	\$ 129,128
FTE Positions	93.5	93.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	93.5	93.5	0.0

Agency Estimate

The agency estimates FY 2008 operating expenditures of \$6,319,041, an increase of \$473,793, or 8.1 percent, above the approved amount of \$5,845,248. The agency estimates State General Fund expenditures of \$6,002,316, an increase of \$568,536, or 10.5 percent, above the approved amount of \$5,433,780. The differences between the approved amount and the agency's revised estimate are as follows: \$196,528 to eliminate the salary and wages shrinkage rate of 4.0 percent; an additional \$151,550 to fund four vacant positions, an instructional assistant position in a high needs classroom, a licensed practical nurse position, a general maintenance repair technician/security officer position, and a custodial worker position; \$160,000 to repay an advancement made by the Kansas State Department of Education (KSDE) to fund a payroll shortfall in FY 2007; and \$60,458 to fund an increase in costs and fees.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$6,004,009, an increase of \$158,761, or 2.7 percent, above the approved amount. The Governor recommends State General Fund expenditures of \$5,711,697, an increase of \$277,917, or 5.1 percent, above the approved amount.

The Governor recommends a total of \$117,917, all from the State General Fund, to reduce the budgeted shrinkage rate for the agency from 4.0 percent to 1.6 percent. The Governor concurs with the request for \$160,000, all from the State General Fund, to repay the advancement made by

the Department of Education for a payroll shortfall. The Governor does not recommend the other requested State General Fund supplemental expenditures.

Senate Subcommittee Recommendation

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

1. Add \$78,611 from the State General Fund to eliminate the salary and wages shrinkage rate as requested by the agency. The Subcommittee heard testimony that the agency was having problems meeting its salary budget. In the course of budget discussions, the agency indicated it was only funding filled positions in its budget request. Budget instructions indicate the agency to fund all positions with shrinkage then applied to all positions. If shrinkage is applied to only filled positions, then retirements, turnover, or layoffs are the only option to achieve the assessed shrinkage rate.
2. Add \$50,517 from the State General Fund to fill four vacant position for the last four months of FY 2008. The committee heard testimony from the agency where the school was encountering staffing problems and the following four positions were their highest priority; an instructional assistant position in a high needs classroom, a licensed practical nurse position, a general maintenance repair technician/security officer position, and a custodial worker position. After filling these four positions, the estimated shrinkage would still be approximately 7.5 percent.

Senate Committee Recommendation

The Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: School for the Blind **Bill No.** HB2947

Bill Sec.--

Analyst: Scott

Analysis Pg. No. Vol.I-811

Budget Page No. 83

<u>Expenditure Summary</u>	<u>Agency Estimate FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 6,002,316	\$ 5,711,697	\$ 116,498
Other Funds	316,725	292,312	0
Subtotal - Operating	<u>\$ 6,319,041</u>	<u>\$ 6,004,009</u>	<u>\$ 116,498</u>
Capital Improvements:			
State General Fund	\$ 26,494	\$ 26,494	0
Other Funds	192,322	192,322	0
Subtotal - Capital Improvements	<u>\$ 218,816</u>	<u>\$ 218,816</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 6,537,857</u></u>	<u><u>\$ 6,222,825</u></u>	<u><u>\$ 116,498</u></u>
FTE Positions	93.5	93.5	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>93.5</u></u>	<u><u>93.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2008 operating expenditures of \$6,319,041, an increase of \$473,793, or 8.1 percent, above the approved amount of \$5,845,248. The agency estimates State General Fund expenditures of \$6,002,316, an increase of \$568,536, or 10.5 percent, above the approved amount of \$5,433,780. The differences between the approved amount and the agency's revised estimate are as follows: \$196,528 to eliminate the salary and wages shrinkage rate of 4.0 percent; an additional \$151,550 to fund four vacant positions, an instructional assistant position in a high needs classroom, a licensed practical nurse position, a general maintenance repair technician/security officer position, and a custodial worker position; \$160,000 to repay an advancement made by the Kansas State Department of Education (KSDE) to fund a payroll shortfall in FY 2007; and \$60,458 to fund an increase in costs and fees.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$6,004,009, an increase of \$158,761, or 2.7 percent, above the approved amount. The Governor recommends State General Fund expenditures of \$5,711,697, an increase of \$277,917, or 5.1 percent, above the approved amount.

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The Governor recommends a total of \$117,917, all from the State General Fund, to reduce the budgeted shrinkage rate for the agency from 4.0 percent to 1.6 percent. The Governor concurs with the request for \$160,000, all from the State General Fund, to repay the advancement made by the Department of Education for a payroll shortfall. The Governor does not recommend the other requested State General Fund supplemental expenditures.

House Budget Committee Recommendation

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

1. Add \$78,611 from the State General Fund to eliminate the salary and wages shrinkage rate as requested by the agency. The Budget Committee heard testimony that the agency was having problems meeting its salary budget. In the course of budget discussions, the agency indicated it was only funding filled positions in its budget request. Budget instructions indicate the agency to fund all positions with shrinkage then applied to all positions. If shrinkage is applied to only filled positions, then retirements, turnover, or layoffs are the only option to achieve the assessed shrinkage rate.
2. Add \$37,887 from the State General Fund to fill four vacant position for the last three months of FY 2008. The committee heard testimony from the agency where the school was encountering staffing problems and the following four positions were their highest priority; an instructional assistant position in a high needs classroom, a licensed practical nurse position, a general maintenance repair technician/security officer position, and a custodial worker position. After filling these four positions, the estimated shrinkage would still be approximately 7.5 percent.

Senate Subcommittee Report

Agency: School for the Blind **Bill No.** SB 658

Bill Sec. 38

Analyst: Scott

Analysis Pg. No. Vol. I-811

Budget Page No. 83

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 6,058,441	\$ 5,705,295	\$ 75,642
Other Funds	304,628	283,652	(2,753)
Subtotal - Operating	\$ 6,363,069	\$ 5,988,947	\$ 72,889
Capital Improvements:			
State General Fund	\$ 27,770	\$ 27,770	\$ 0
Other Funds	284,832	284,832	0
Subtotal - Capital Improvements	\$ 312,602	\$ 312,602	\$ 0
TOTAL	\$ 6,675,671	\$ 6,301,549	\$ 72,889
FTE Positions	93.5	93.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	93.5	93.5	0.0

*Of the Subcommittee's recommended reductions, \$158,288 including \$155,535 from the State General Fund, is related to pay plan adjustment

Agency Request

The **agency** requests FY 2009 operating expenditures of \$6,363,069, an increase of \$44,028, or 0.7 percent, above the FY 2008 revised estimate of \$6,319,041. The agency requests FY 2009 State General Fund expenditures totaling \$6,058,441, an increase of \$56,125, or 0.9 percent, above the current year revised estimate of \$6,002,316. The agency's request includes five enhancements totaling \$624,643, all from the State General Fund, which include: an additional \$198,108, all from the State General Fund, to eliminate the assigned shrinkage rate of 4.0 percent; an additional \$192,228, all from the State General Fund, to fund a second three week summer school session during the 2008-09 school year; and an additional \$152,566, all from the State General Fund, to continue funding four vacant positions that the agency requested supplemental funding for in FY 2008.

Governor's Recommendation

The **Governor** recommends FY 2009 operating expenditures of \$5,988,947, a decrease of \$15,062, or 0.3 percent, below the revised current year recommendation. The recommendation for State General Fund expenditures totals \$5,705,295, a decrease of \$6,402, or 0.1 percent, below the current year recommendation. The Governor recommends only a portion of the shrinkage enhancement request and does not recommend the remaining enhancements.

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Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$158,288, including \$155,535 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 \$110,492, including \$108,303 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 \$29,246, including \$28,682 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 \$18,550, all from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Add \$78,611 to eliminate the salary and wages shrinkage rate as requested by the agency. The Subcommittee heard testimony that the agency was having problems meeting its salary budget. In the course of budget discussions, the agency indicated it was only funding filled positions in its budget request. Budget instructions indicate the agency to fund all positions with shrinkage then applied to all positions. If shrinkage is applied to only filled positions, then retirements, turnover, or layoffs are the only option to achieve the assessed shrinkage rate.
3. Add \$152,566 from the State General Fund to fill four vacant position to continue the position funded in FY 2008. The committee heard testimony from the agency where the school was encountering staffing problems and the following four positions were their highest priority; an instructional assistant position in a high needs classroom, a licensed practical nurse position, a general maintenance repair technician/security officer position, and a custodial worker position. After filling these four positions, the estimated shrinkage would still be approximately 7.5 percent.

Senate Committee Recommendation

The Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: School for the Blind **Bill No.** HB 4946

Bill Sec. 38

Analyst: Scott

Analysis Pg. No. Vol.I-811

Budget Page No. 83

<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	\$ 6,058,441	\$ 5,705,295	\$ 75,642
Other Funds	304,628	283,652	(2,753)
Subtotal - Operating	<u>\$ 6,363,069</u>	<u>\$ 5,988,947</u>	<u>\$ 72,889</u>
Capital Improvements:			
State General Fund	\$ 27,770	\$ 27,770	0
Other Funds	284,832	284,832	0
Subtotal - Capital Improvements	<u>\$ 312,602</u>	<u>\$ 312,602</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 6,675,671</u></u>	<u><u>\$ 6,301,549</u></u>	<u><u>\$ 72,889</u></u>
FTE Positions	93.5	93.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>93.5</u></u>	<u><u>93.5</u></u>	<u><u>0.0</u></u>

*Of the Budget Committee's recommended reductions, \$158,288 including \$155,535 from the State General Fund, is related to pay plan adjustment

Agency Request

The **agency** requests FY 2009 operating expenditures of \$6,363,069, an increase of \$44,028, or 0.7 percent, above the FY 2008 revised estimate of \$6,319,041. The agency requests FY 2009 State General Fund expenditures totaling \$6,058,441, an increase of \$56,125, or 0.9 percent, above the current year revised estimate of \$6,002,316. The agency's request includes five enhancements totaling \$624,643, all from the State General Fund, which include: an additional \$198,108, all from the State General Fund, to eliminate the assigned shrinkage rate of 4.0 percent; an additional \$192,228, all from the State General Fund, to fund a second three week summer school session during the 2008-09 school year; and an additional \$152,566, all from the State General Fund, to continue funding four vacant positions that the agency requested supplemental funding for in FY 2008.

Governor's Recommendation

The **Governor** recommends FY 2009 operating expenditures of \$5,988,947, a decrease of \$15,062, or 0.3 percent, below the revised current year recommendation. The recommendation for State General Fund expenditures totals \$5,705,295, a decrease of \$6,402, or 0.1 percent, below the current year recommendation. The Governor recommends only a portion of the shrinkage enhancement request and does not recommend the remaining enhancements.

3-8

House Budget Committee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$158,288, including \$155,535 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 \$110,492, including \$108,303 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 \$29,246, including \$28,682 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 \$18,550, all from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Add \$78,611 to eliminate the salary and wages shrinkage rate as requested by the agency. The Budget Committee heard testimony that the agency was having problems meeting its salary budget. In the course of budget discussions, the agency indicated it was only funding filled positions in its budget request. Budget instructions indicate the agency to fund all positions with shrinkage then applied to all positions. If shrinkage is applied to only filled positions, then retirements, turnover, or layoffs are the only option to achieve the assessed shrinkage rate.
3. Add \$152,566 from the State General Fund to fill four vacant position to continue the position funded in FY 2008. The committee heard testimony from the agency where the school was encountering staffing problems and the following four positions were their highest priority; an instructional assistant position in a high needs classroom, a licensed practical nurse position, a general maintenance repair technician/security officer position, and a custodial worker position. After filling these four positions, the estimated shrinkage would still be approximately 7.5 percent.

Senate Subcommittee Report

Agency: School for the Deaf **Bill No.** SB 655

Bill Sec. --

Analyst: Scott

Analysis Pg. No. Vol. I-833

Budget Page No. 135

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 9,148,459	\$ 8,996,675	\$ 0
Other Funds	341,019	341,019	0
Subtotal - Operating	\$ 9,489,478	\$ 9,337,694	\$ 0
Capital Improvements:			
State General Fund	\$ 56,464	\$ 56,464	0
Other Funds	323,713	323,713	0
Subtotal - Capital Improvements	\$ 380,177	\$ 380,177	\$ 0
TOTAL	\$ 9,869,655	\$ 9,717,871	\$ 0
FTE Positions			
	173.5	173.5	0.0
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	173.5	173.5	0.0

Agency Estimate

The agency estimates FY 2008 operating expenditures of \$9,489,478, an increase of \$136,148, or 1.5 percent, above the approved amount of \$9,353,330. The **agency** estimates current year State General Fund expenditures of \$9,148,459, an increase of \$151,784, or 1.7 percent, above the approved amount of \$8,996,675. The differences between the approved amount and the agency's revised estimate is an additional \$151,784 to fund four vacant positions; an in-school suspension teacher, a multi-handicap teacher, a dormitory teacher, and a paraprofessional.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$9,337,694, a reduction of \$15,636, or 0.2 percent, below the approved amount. Recommended State General Fund expenditures total \$8,996,675, the same as the approved amount. The Governor does not recommend the supplemental expenditures requested by the agency.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

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Senate Committee Recommendation

The Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: School for the Deaf **Bill No.** HB2947

Bill Sec.--

Analyst: Scott

Analysis Pg. No. Vol.I-833

Budget Page No. 135

<u>Expenditure Summary</u>	<u>Agency Estimate FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 9,148,459	\$ 8,996,675	\$ 0
Other Funds	<u>341,019</u>	<u>341,019</u>	<u>0</u>
Subtotal - Operating	<u>\$ 9,489,478</u>	<u>\$ 9,337,694</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 56,464	\$ 56,464	0
Other Funds	<u>323,713</u>	<u>323,713</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 380,177</u>	<u>\$ 380,177</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 9,869,655</u></u>	 <u><u>\$ 9,717,871</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 173.5	 173.5	 0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>173.5</u></u>	<u><u>173.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2008 operating expenditures of \$9,489,478, an increase of \$136,148, or 1.5 percent, above the approved amount of \$9,353,330. The **agency** estimates current year State General Fund expenditures of \$9,148,459, an increase of \$151,784, or 1.7 percent, above the approved amount of \$8,996,675. The differences between the approved amount and the agency's revised estimate is an additional \$151,784 to fund four vacant positions; an in-school suspension teacher, a multi-handicap teacher, a dormitory teacher, and a paraprofessional.

Governor's Recommendation

The Governor recommends FY 2008 operating expenditures of \$9,337,694, a reduction of \$15,636, or 0.2 percent, below the approved amount. Recommended State General Fund expenditures total \$8,996,675, the same as the approved amount. The Governor does not recommend the supplemental expenditures requested by the agency.

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House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: School for the Deaf **Bill No.** SB 658

Bill Sec. 39

Analyst: Scott

Analysis Pg. No. Vol. I-833

Budget Page No. 135

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 9,744,889	\$ 9,344,343	\$ (291,149)
Other Funds	305,701	305,701	0
Subtotal - Operating	\$ 10,050,590	\$ 9,650,044	\$ (291,149)
Capital Improvements:			
State General Fund	\$ 58,826	\$ 58,826	0
Other Funds	1,031,787	357,000	0
Subtotal - Capital Improvements	\$ 1,090,613	\$ 415,826	\$ 0
TOTAL	\$ 11,141,203	\$ 10,065,870	\$ (291,149)
FTE Positions			
	173.5	173.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	173.5	173.5	0.0

*Of the Subcommittee's recommended reductions, \$273,449, all from the State General Fund, is related to pay plan adjustment.

Agency Request

The agency requests FY 2009 operating expenditures of \$10,050,590, an increase of \$561,112, or 5.9 percent, above the FY 2008 revised estimate \$9,489,478. The agency requests FY 2009 State General Fund expenditures totaling \$9,744,889, an increase of \$596,430, or 6.5 percent, above the current year revised estimate of \$9,148,459 and includes three enhancements totaling \$671,795, all from the State General Fund. The enhancements include: an additional \$352,391, all from the State General Fund, to reduce the shrinkage rate from the assigned amount of 5.1 percent to 1.1 percent; an additional \$17,700, all from the State General Fund, to replace a minivan; and an additional \$301,704, all from the State General Fund, to increase funding for special needs students.

Governor's Recommendation

The Governor recommends FY 2009 operating expenditures of \$9,650,044, an increase of \$312,350, or 3.3 percent, above the FY 2008 revised recommendation. The State General Fund recommendation totals \$9,344,343, an increase of \$347,668, or 3.9 percent, above the FY 2008 revised recommendation. The Governor recommends one enhancement to add \$17,700 to purchase a minivan.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$273,449, 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 \$183,183, 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 \$70,366, 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 \$19,900, all from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Delete \$17,700, all from the State General Fund, to remove one minivan and review at Omnibus.

Senate Committee Recommendation

The Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: School for the Deaf **Bill No.** HB2946

Bill Sec.39

Analyst: Scott

Analysis Pg. No. Vol.I-833

Budget Page No. 135

<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	\$ 9,744,889	\$ 9,344,343	\$ (291,149)
Other Funds	<u>305,701</u>	<u>305,701</u>	<u>0</u>
Subtotal - Operating	<u>\$ 10,050,590</u>	<u>\$ 9,650,044</u>	<u>\$ (291,149)</u>
Capital Improvements:			
State General Fund	\$ 58,826	\$ 58,826	\$ 0
Other Funds	<u>1,031,787</u>	<u>357,000</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 1,090,613</u>	<u>\$ 415,826</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 11,141,203</u></u>	<u><u>\$ 10,065,870</u></u>	<u><u>\$ (291,149)</u></u>
FTE Positions	173.5	173.5	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>173.5</u></u>	<u><u>173.5</u></u>	<u><u>0.0</u></u>

*Of the Budget Committee's recommended reductions, \$273,449, all from the State General Fund, is related to pay plan adjustment

Agency Request

The agency requests FY 2009 operating expenditures of \$10,050,590, an increase of \$561,112, or 5.9 percent, above the FY 2008 revised estimate \$9,489,478. The agency requests FY 2009 State General Fund expenditures totaling \$9,744,889, an increase of \$596,430, or 6.5 percent, above the current year revised estimate of \$9,148,459 and includes three enhancements totaling \$671,795, all from the State General Fund. The enhancements include: an additional \$352,391, all from the State General Fund, to reduce the shrinkage rate from the assigned amount of 5.1 percent to 1.1 percent; an additional \$17,700, all from the State General Fund, to replace a minivan; and an additional \$301,704, all from the State General Fund, to increase funding for special needs students.

Governor's Recommendation

The Governor recommends FY 2009 operating expenditures of \$9,650,044, an increase of \$312,350, or 3.3 percent, above the FY 2008 revised recommendation. The State General Fund recommendation totals \$9,344,343, an increase of \$347,668, or 3.9 percent, above the FY 2008 revised recommendation. The Governor recommends one enhancement to add \$17,700 to purchase a minivan.

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House Budget Committee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$273,449, 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 \$183,183, 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 \$70,366, 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 \$19,900, all from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments.
2. Delete \$17,700, all from the State General Fund, to remove one minivan and review at Omnibus.

Senate Subcommittee Report

Agency: State Historical Society **Bill No.** SB 655

Bill Sec. 40

Analyst: Klaassen

Analysis Pg. No. Vol. I - 773

Budget Page No. 199

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 6,302,910	\$ 6,302,910	\$ 0
Other Funds	3,058,703	3,058,703	0
Subtotal - Operating	\$ 9,361,613	\$ 9,361,613	\$ 0
Capital Improvements:			
State General Fund	\$ 349,167	\$ 349,167	\$ 0
Other Funds	353,546	195,413	0
Subtotal - Capital Improvements	\$ 702,713	\$ 544,580	\$ 0
TOTAL	\$ 10,064,326	\$ 9,906,193	\$ 0
FTE Positions			
FTE Positions	134.0	134.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	138.0	138.0	0.0

Agency Estimate

For **FY 2008** the **Historical Society** requests revised operating expenditures totaling \$9,361,613, a decrease of \$44,517, or 0.5 percent, below the amount approved by the 2007 Legislature. Requested State General Fund operating expenditures total \$6,302,910, no change from the approved amount. The request would fund the currently approved 134.0 FTE positions.

Governor's Recommendation

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

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: State Historical Society **Bill No.** HB 2947

Bill Sec. 40

Analyst: Klaassen

Analysis Pg. No. Vol. I-773

Budget Page No. 199

<u>Expenditure Summary</u>	<u>Agency Estimate FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 6,302,910	\$ 6,302,910	\$ 0
Other Funds	3,058,703	3,058,703	0
Subtotal - Operating	<u>\$ 9,361,613</u>	<u>\$ 9,361,613</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 349,167	\$ 349,167	\$ 0
Other Funds	353,546	195,413	0
Subtotal - Capital Improvements	<u>\$ 702,713</u>	<u>\$ 544,580</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 10,064,326</u></u>	<u><u>\$ 9,906,193</u></u>	<u><u>\$ 0</u></u>
FTE Positions	134.0	134.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	<u><u>138.0</u></u>	<u><u>138.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

For **FY 2008** the **agency** estimates operating expenditures totaling \$9,361,613, a decrease of \$44,517, or 0.5 percent, below the amount approved by the 2007 Legislature. Requested State General Fund operating expenditures total \$6,302,910, no change from the approved amount. The request would fund the currently approved 134.0 FTE positions.

The **agency** estimates capital improvements expenditures totaling \$702,713, including \$349,167 from the State General Fund in FY 2008. This includes a supplemental request for \$20,413, all from special revenue funds, for the structural stabilization of the Goodnow House in Manhattan.

Governor's Recommendation

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

House Budget Committee Recommendation

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

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Senate Subcommittee Report

Agency: Historical Society

Bill No. SB 658

Bill Sec. 40

Analyst: Klaassen

Analysis Pg. No. Vol. I - 773

Budget Page No. 199

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 7,104,303	\$ 6,421,471	\$ (242,288)
Other Funds	3,129,893	3,149,679	(54,366)
Subtotal - Operating	<u>\$ 10,234,196</u>	<u>\$ 9,571,150</u>	<u>\$ (296,654)</u>
Capital Improvements:			
State General Fund	\$ 615,335	\$ 125,000	\$ 0
Other Funds	200,000	700,000	0
Subtotal - Capital Improvements	<u>\$ 815,335</u>	<u>\$ 825,000</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 11,049,531</u></u>	<u><u>\$ 10,396,150</u></u>	<u><u>\$ (296,654)</u></u>
FTE Positions	134.0	134.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	<u><u>138.0</u></u>	<u><u>138.0</u></u>	<u><u>0.0</u></u>

*Of the Subcommittee's recommended reductions, \$282,254, including \$242,288 from the State General Fund, is related to pay plan adjustments.

Agency Request

For **FY 2009** the **Historical Society** requests operating expenditures of \$10,234,196, an increase of \$872,583, or 9.3 percent, above the revised current year estimate. The operating request includes State General Fund expenditures of \$7,104,303, an increase of \$801,393, or 12.7 percent, above the revised current year estimate. The request would fund 134.0 FTE positions.

The request includes enhancement funding of \$1,114,000, including \$1,088,700 from the State General Fund. Absent enhancements, the request totals \$9,120,916, which is a decrease of \$241,417, or 2.6 percent, below the FY 2008 revised request. State General Fund expenditures absent enhancements total \$6,015,603, which is a decrease of \$287,307, or 4.6 percent, below the FY 2008 revised request.

Governor's Recommendation

The **Governor** recommends expenditures of \$9,571,150 from all funds, an increase of \$209,537, or 2.2 percent, above the FY 2008 recommendation and a decrease of \$663,046, or 6.5 percent, below the agency's FY 2009 request. The Governor's recommendation includes \$6,421,471 from the State General Fund, a decrease of \$682,832, or 9.6 percent, below the agency's FY 2009 request. The Governor recommends \$233,900 in enhancement requests, of which \$219,500 is from the State General Fund. The Governor's FY 2009 recommendation includes the addition of

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\$115,151, for a 2.5 percent base salary adjustment, and \$101,903 below market pay adjustment for select employees.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$282,254, including \$242,288 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 \$115,151, including \$95,330 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 \$101,903, including \$85,038 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 \$65,200, including \$61,920 from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. Delete \$14,400, all from special revenue funds, for the replacement of one vehicle and review at Omnibus.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: State Historical Society **Bill No.** HB 2946

Bill Sec. 40

Analyst: Klaassen

Analysis Pg. No. Vol. I-773

Budget Page No. 199

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	House Budget Committee Adjustments*
Operating Expenditures:			
State General Fund	\$ 7,104,303	\$ 6,421,471	\$ (461,788)
Other Funds	3,129,893	3,149,679	(39,966)
Subtotal - Operating	<u>\$ 10,234,196</u>	<u>\$ 9,571,150</u>	<u>\$ (501,754)</u>
Capital Improvements:			
State General Fund	\$ 615,335	\$ 125,000	\$ 0
Other Funds	200,000	700,000	(500,000)
Subtotal - Capital Improvements	<u>\$ 815,335</u>	<u>\$ 825,000</u>	<u>\$ (500,000)</u>
TOTAL	<u><u>\$ 11,049,531</u></u>	<u><u>\$ 10,396,150</u></u>	<u><u>\$ (1,001,754)</u></u>
FTE Positions	134.0	134.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	<u><u>138.0</u></u>	<u><u>138.0</u></u>	<u><u>0.0</u></u>

* Of the Budget Committee's recommended reductions, \$282,254, including \$242,288 from the State General Fund, is related to pay plan adjustments.

Agency Request

For **FY 2009** the **Historical Society** requests operating expenditures of \$10,234,196, an increase of \$872,583, or 9.3 percent, above the revised current year estimate. The operating request includes State General Fund expenditures of \$7,104,303, an increase of \$801,393, or 12.7 percent, above the revised current year estimate. The request would fund 134.0 FTE positions.

The request includes enhancement funding of \$1,114,000, including \$1,088,700 from the State General Fund. Absent enhancements, the request totals \$9,120,916, which is a decrease of \$241,417, or 2.6 percent, below the FY 2008 revised request. State General Fund expenditures absent enhancements total \$6,015,603, which is a decrease of \$287,307, or 4.6 percent, below the FY 2008 revised request.

The agency requests capital improvements expenditures of \$815,335, including \$615,335 from the State General Fund in FY 2009. This includes enhancements totaling \$490,335, all from the State General Fund, for FY 2009. The agency's State General Fund request includes \$125,000 for emergency repairs, and maintenance, \$238,185 for Museum maintenance and repair, and \$252,150 for historic sites preservation and development. The agency also requests \$200,000 from special revenue funds for the Fort Hays guardhouse exhibits.

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Governor's Recommendation

The **Governor** recommends operating expenditures of \$9,571,150 from all funds, an increase of \$209,537, or 2.2 percent, above the FY 2008 recommendation and a decrease of \$663,046, or 6.5 percent, below the agency's FY 2009 request. The Governor's recommendation includes \$6,421,471 from the State General Fund, a decrease of \$682,832, or 9.6 percent, below the agency's FY 2009 request. The Governor recommends \$233,900 in enhancement requests, of which \$219,500 is from the State General Fund. The Governor's FY 2009 recommendation includes the addition of \$115,151, for a 2.5 percent base salary adjustment, and \$101,903 below market pay adjustment for select employees.

The **Governor** recommends capital improvements expenditures of \$825,000, including \$125,000 from the State General Fund, in FY 2009. The Governor's recommendation includes \$125,000 from the State General Fund for emergency repairs. The Governor concurs with the agency's request for \$200,000, all from special revenue funds, for the Fort Hays Guard House improvements. The Governor's recommendation includes \$500,000 from the Expanded Lottery Act Revenue Fund for the following capital improvements enhancements:

- \$172,000 for collection shelving;
- \$154,775 for Goodnow House rehabilitation and repair; and
- \$173,225 for historic sites rehabilitation and repair.

House Budget Committee Recommendation

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

1. **Pay Plan Adjustments.** Delete \$282,254, including \$242,288 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 \$115,151, including \$95,330 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 \$101,903, including \$85,038 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 \$65,200, including \$61,920 from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. **Preservation of Electronic Records** - Delete \$149,500, all from the State General Fund, for the preservation of electronic records in FY 2009, and review at Omnibus. The agency is requesting \$207,000 over the next two years for the creation of a strategic plan for an electronic state archive. This money would provide for the hiring of consultants to build a strategic information management plan, and provide for the hiring of a digital archives specialist to research options,

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work with the consultants, involve other state agencies, and to aid in the communication between all involved entities.

3. **Kansans Tell Their Stories** - Delete 70,000, all from the State General Fund, for the Kansas Humanities Council's Kansans Tell Their Stories funding in FY 2009, and review at Omnibus. This program provides community history grants to community-based organizations to support oral history projects, exhibits, book discussions, forums, documentaries, and other programs.
4. **Capital Improvements** - Delete \$500,000, all from the Expanded Lottery Act Revenue Fund, and review adding the same amount from the State General Fund at Omnibus, for the following capital improvements enhancements:
 - \$172,000 for collection shelving;
 - \$154,775 for Goodnow House structural stabilization and interior furnishings; and
 - \$173,225 for historic sites rehabilitation and repair.

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House Appropriations Committee

Project Update

March 12, 2008

Department of Administration
Division of Facilities Management
Barry Greis, Statehouse Architect

WEST WING

- Punch list work has begun.
- Completion of accessible rest rooms with Family Rest Room on 1st floor and the historic Women's rest room on 4th floor. Work continues in Attic and at 5th floor guardrail at sky light.

SOUTH WING

- Receive bids for South Wing renovation on March 12, 2008.
- Construction scheduled to begin after the 2008 Legislative Session.
- Temporary office space constructed during the 2008 Legislative Session in the North Wing for Senate Ways and Means committee room, Legislative offices, Governor's office, Lt Governor's office, and a 23 member committee room.
- Construction continues on new Northwest Elevator.

NORTH WING / VISITOR CENTER / ROTUNDA (interior)

- Architectural design has begun.
- Interviews will be set to review scope of work with each agency, for example, Historical Society, State Library, and Capitol Police.
- Review of Visitor Center design and use.

EXTERIOR MASONRY and NORTH STAIR RE-ASSEMBLY

- JE Dunn Construction Company, Mark I, masonry sub-contractor, and Treanor Architects have met on site to review means and methods of beginning construction work this summer. Work includes shop drawing review process, site preparation, material storage areas on and off site and scheduling. Scaffolding and snorkel will be on site in preparation for construction work.
- Exterior Masonry and North Stair Re-assembly funding requested \$38,800,000.

PROJECT COST ESTIMATES

- 2007 Cost Estimates presented to Capitol Restoration Commission on December 5, 2007.

OTHER MATERIALS

- Capitol Restoration Commission Milestones for Statehouse Preservation & Restoration Project dated January 8, 2008.
- Cost Per Square Foot Table presented to Capitol Restoration Commission on December 5, 2007.

HOUSE APPROPRIATIONS

COST ESTIMATES

Project #1: Original Statehouse Plan

Original	\$ 120,000,000
Inflation	34,000,000
<hr/> Statehouse Plan with 7% Inflation	<hr/> \$ 154,000,000

Executive Summary section 3 printed April 2000 lists \$120,000,000 budget estimate. 1.5% annual inflation rate for 377,194 sq. ft. building included in budget estimate.

7% inflation was also estimated for budget estimate of \$154,000,000.

Project #2: New Office Construction

118,009 sq. ft.	\$ 47,000,000
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118,009 sq. ft. of new office construction estimated at over \$400 per sq. ft. Cost per sq. ft. of \$400 described in Historic Structures Report (HSR), Book #3, Chapter 5 Master Plan page V-21 October 2000. No inflation applied to the \$400.

Project #3: Parking Garage

	\$ 15,200,000
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CRC approved increased scope of work for New Office Construction, Parking Garage and Visitor Center March 12, 2001 and September 28, 2001.

Project #4: Visitor Center

Shell	\$ 5,000,000
Completed	11,000,000
<hr/> Visitor Center	<hr/> \$ 16,000,000

CRC approved Visitor Center Shell estimate November 20, 2002 and Visitor Center Completed estimate on December 19, 2005.

Projects #1 through #4 \$ 232,200,000

Total Cost Estimate

2007 Current Estimate	\$ 285,600,000
Less Projects #1 through #4	- 232,200,000
<hr/> Delta	<hr/> \$ 53,400,000

2007 Current Estimate of \$285,600,000 includes Phases I through V, Exterior Masonry repairs and Copper Dome repairs.

Delta	\$ 53,400,000
Less Exterior Masonry	- 28,800,000
Less Copper Dome Repairs	- 4,200,000
Less Unforeseen Conditions	- 3,500,000
Less Contingency for N Wing	- 8,200,000
Less +/- Error of 3.75%	- 8,700,000
<hr/>	<hr/> \$ 0

Exterior Masonry repairs are \$28,800,000 above the original \$10,000,000 budget estimate within the \$120,000,000. Copper Dome repairs were not a part of the original \$120,000,000 budget estimate.

Unforeseen Conditions include plaster delaminating W Wing, structural beam conflicts in walls & floors, re-route under ground sanitary lines, removing stone projections in offices and stabilizing foundation at 4 quadrants.

Contingency on N Wing estimate for last 2 years of project. Project was extended from 8 to 10 years ending 2011.

Error percent calculated on \$232,200,000.

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Capitol Restoration Commission
Milestones for Statehouse Preservation and Restoration Project

1998 Legislative Session. Legislative Coordinating Council (LCC) established the Capitol Restoration Commission (CRC) with adoption of LCC Policy 55 on February 16, 1998.

1999 Legislative Session passed K.S.A. 75-3685 exempting Statehouse project from purchasing laws for procurement negotiating committee or competitive bid process to acquire architects, engineers, construction manager, contractors, sub-contractors, labor and material. In practice we have competitively bid all construction dollars and this has served us well.

Procurement Negotiating Committee (PNC) created to select an architectural firm for the Historic Structures Report (HSR) and for the design of the Restoration project May 12, 1999. 7 national firms submitted proposals and Treanor Architects, PA of Lawrence, Kansas was selected August 25, 1999.

Historic Structures Report (HSR) includes approximately 1,500 page report and investigation that includes Master Plan of Statehouse with existing 377,194 square feet May 24, 2000.

2000 Legislative Session funded Phase I at \$40 million dollars.

Members of CRC visit State Capitol of Ohio August 22, 2000 and State Capitol of Texas December 6, 2000 to view their recently completed Capitol renovation projects.

CRC approved proposed Master Plan with Parking Garage, Visitor Center, Ground Floor office spaces and mechanical vaults March 12, 2001.

2001 Legislative Session funded Parking Garage at \$15 million dollars.

Procurement Negotiating Committee created to select a construction management firm. 6 national firms submitted proposals and JE Dunn Construction Company of Kansas City, Missouri was selected in 2001.

CRC approved Design Development Review for Phase II including revised / refined 118,009 square feet of new construction for Parking Garage, Visitor Center and underground office spaces, mechanical vaults and Master Plan on September 28, 2001.

2002 Legislative Session. CRC Steering Committee approved Phase II descriptions of Program Funding Phases for Statehouse restoration including revised / refined Parking Garage, Visitor Center and underground office spaces and mechanical vaults, the construction work and construction schedules on November 20, 2002.

CRC approved Phase II funding request, descriptions of Roles and Responsibilities for the LCC and Secretary of Administration, Program Funding Phases and Master plan on December 11, 2002.

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2003 Legislative Session funded \$19.8 million dollars for Phase II.

CRC approved Phase III Program Funding Phases and Master Plan on November 20, 2003.

2004 Legislative Session had no funding request for project.

CRC approved Phase IV Program Funding Phases and Master Plan updated November 17, 2004.

2005 Legislative Session funded \$26.5 million dollars for Phase III.

CRC approved a Visitor Center budget estimate of \$11 million dollars and a proposed Total Budget estimate of \$162.2 million dollars on December 19, 2005.

2006 Legislative Session funded \$16.2 million dollars for distribution between the East, West and South Wings.

CRC approved Phase IV funding request, Program Funding Phases, Master Plan and designation of Phase V that includes the North Wing / Rotunda / Visitor Center and the Exterior Masonry budget estimate To Be Determined (TBD). CRC also approved revised proposed Total Budget estimate of \$172.5 million dollars on December 14, 2006.

2007 Legislative Session funded \$55.0 million dollars for Phase IV. Legislature added three members to the Capitol Restoration Commission.

CRC approved Exterior Masonry funding request of \$38.8 million dollars, video / audio historical documentation process, inflation update, copper dome repairs and proposed Total Budget estimate of \$285.6 million dollars including North Wing / Rotunda / Visitor Center on December 5, 2007.

2008 Legislative Session has \$38.8 million dollar funding request for Exterior Masonry and North Stair Re-assembly.

4-4

Cost Per Square Foot

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Category	North Wing Shell, Visitor Center Shell and Parking Garage Actual	East Wing Actual	West Wing Budget	South Wing Proposed Budget	Exterior Masonry Proposed Budget	North Wing ^[2] , Visitor Center Proposed Budget	LCC Estimated Budget Requested
	Phase I	Phase II	Phase III	Phase IV		Phase V	
INTERIOR COST/SQUARE FOOT							
Class A/B Historic	NA	\$597	\$587	\$552	NA	\$525	NA
Class C/D Non Historic	NA	\$219	\$253	\$233	NA	\$219	NA
INTERIOR SQUARE FEET (SF)							
Class A/B Historic	97,260	32,741	44,708	84,270	NA	97,260	258,979
Class C/D Non Historic	78,682	42,507	57,698	57,337	NA	78,682	236,224
Sub-total Interior SF	175,942	75,248	102,406	141,607	NA	175,942	495,203
Parking Garage	233,354	NA	NA	NA	NA	NA	233,354
Total Square Feet	409,296	75,248	102,406	141,607	NA	175,942	728,557
Exterior Masonry SF	NA	NA	NA	NA	NA	NA	NA
INTERIOR COST							
Class A/B Subtotal ^[1]	\$5,909,971	\$19,540,288	\$26,223,334	\$46,494,467	\$0	\$51,061,500	\$149,229,560
Class C/D Subtotal ^[1]	\$14,740,721	\$9,315,120	\$14,570,709	\$13,375,711	\$0	\$17,231,358	\$69,233,619
Sub-total Interior Cost	\$20,650,692	\$28,855,408	\$40,794,043	\$59,870,178	\$0	\$68,292,858	\$218,463,179
OTHER PROJECT COSTS							
Parking Garage	\$15,161,580	NA	NA	NA	NA	NA	\$15,161,580
Exterior Masonry	NA	NA	NA	NA	\$38,780,153	NA	\$38,780,153
Copper Dome Repairs	NA	NA	NA	NA	NA	\$4,171,504	\$4,171,504
Dept of Admin Costs & Furnishings	\$1,770,000	\$1,900,000	\$1,770,000	\$1,770,000	\$0	\$1,770,000	\$8,980,000
ACTUAL & BUDGET COSTS AS ALLOCATED TO WINGS	\$37,582,272	\$30,755,408	\$42,564,043	\$61,640,178	\$38,780,153	\$74,234,362	\$285,556,416

Notes:

- [1] Phase 1 Primary Infrastructure MEP Costs allocated on square feet of Class A/B and Class C/D
- [2] Phase 5 North Wing and Visitor Center Interior Finish Designs were initiated November 21, 2007.

Reference:

Prepared by JE Dunn Construction Company, Treanor Architects, PA, and Barry Greis, Statehouse Architect.



Construction Management

Presentation to the Appropriations Committee of the Kansas House

March 12, 2008

HOUSE APPROPRIATIONS

DATE 3-12-2008
ATTACHMENT 5

What is Construction Management?

March 12, 2008

1. What is it?
2. What are you getting?
3. Who uses it?
4. Why do you need it?
5. Cost versus benefit
6. What makes a good CM?
7. Conclusion

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Construction Management

1. What is it?

As defined by the Construction Management Association of America

cmaanet.org

What is Construction Management?

Construction Management is a professional management practice consisting of an array of services applied to construction projects and programs through the planning, design, construction and post construction phases for the purpose of achieving project objectives including the management of quality, cost, time and scope.

Construction Management is a discipline and management system specifically created to promote the successful execution of capital projects for owners. These projects can be highly complex. Few owners maintain the staff resources necessary to pay close, continuing attention to every detail--yet these details can "make or break" a project.

A professional CM can augment the owner's staff with pre-planning, design, construction, engineering and management expertise that can assure the best possible project outcome no matter what type of project delivery method used.

"Agency" CM is a professional service that can be applied to all delivery systems where the CM acts as the owner's principal agent in the management of a construction project or program, where the CM is responsible to the owner for managing the planning, design, construction and post construction phases, or portions thereof. The CM represents the interests of the project in its dealings with other construction professionals, and with other private and public entities.

- Optimum use of available funds
- Control of the scope of the work
- Project scheduling
- Optimum use of design and construction firms' skills and talents
- Avoidance of delays, changes and disputes
- Enhancing project design and construction quality
- Optimum flexibility in contracting and procurement

- A Professional Service
- Management of planning, design, and construction
- To control time, cost and quality

Management system promotes the successful execution of capital projects for owners

Few owners maintain staff resources necessary to pay continuing attention to detail--yet details can "make or break" a project

Two different types of CM – Agency CM and At-Risk CM

5-3

1. What is it?

As defined by the Construction Management Association of America

“At-risk” Construction Management

Full delivery of a construction project with a Guaranteed Maximum Price (GMP)

Relationship changes once GMP in place –

At Risk CM acts as professional services provider to owner during design phase but acts as a General Contractor during construction

“Agency” Construction Management

Fee-based professional services provider who acts in the owner’s interests from design to construction completion

Offers advice without any conflict of interest because not at risk for success

Supplements owner’s staff with professional construction experts who bring unbiased advice

At-Risk CM

- Professional Service for preconstruction phase only
- Delivery of a complete project
- Assumes financial risk means looking out for contractor’s self interests

Agency CM

- Professional Service entire project, looking out for owner’s best interests only
- Not a delivery, a service
- No profit motive, so no conflict of interest

Menu of Professional Services Available

2. What are you getting?

Preconstruction Phase:

- Learn user needs and end use
- Develop program budget and project cash flow
- Develop master program schedule
- Lead team to develop project definition
- Define roles of team members, lines of reporting
- Provide cost model, follow with estimates at each phase of design
- Develop cost savings options – innovative solutions
- Advise on availability and pricing of materials
- Refine master schedule
- With owner and designer, establish quality required
- Provide constructability reviews
- Provide written monthly reporting on design updates

Construction Phase:

- Provide leadership for team, promote team work
- Manage decision-making process
- Provide written monthly report on schedule, budget, and construction status
- Assist with coordination of testing agencies, permitting, utilities, etc.
- Lead regularly scheduled team meetings
- Oversee project specific safety program
- Advise on construction phasing and staging
- Monitor and advise on contractor's schedule
- Develop document tracking and control system
- Assist with labor relations
- Oversee work in the field and report to owner
- Monitor construction progress relative to schedule
- Establish procedures for contractor pay applications, review and make recommendations for payment
- Ensure contractor requests for information are answered promptly by designers
- Monitor quality in field to ensure meeting expectations
- Provide estimates for changes and contractor proposals, make recommendation to owner
- Ensure owner has information needed for timely decisions
- Assist with delays, changes and disputes

Post-Construction Phase:

- Lead the commissioning process & equipment start-up
- Assist with contract close-out, punch list resolution
- Obtain all guarantees and warranties
- Ensure all document control in order
- Warranty walk-thru prior to expiration of warranties

3. Who uses it?

In our experience:

Kansas City Chiefs Football Club

City of Kansas City, Missouri

City of Mission, Kansas

University of Missouri

University of Kansas Athletic Endowment Association

University of Illinois

State of Missouri

General Services Administration

Linda M. Phillips, Center for Construction and Project Management, GSA Office of the Chief Architect (member of Construction Management Association of America)

4. Why do you need a CM?

Linda M. Phillips, Center for Construction and Project Management, GSA Office of the Chief Architect (member of Construction Management Association of America)

- GSA has used Agency CM for 20 years now. In the past, the GSA would oversee projects with in-house staff, now they have found the value in hiring outside professional construction managers.
- GSA is risk adverse and they do not want to give up control of the budget and schedule, Agency CM allows them to retain that control.
- GSA prefers Agency CM because their experience has taught them that with an At-risk CM, the relationship with the owner changes to that of General Contractor at the time of the Guaranteed Maximum Price

GSA uses the following services from an Agency CM:

- Leadership of the design and construction team
- Estimating
- Constructability reviews
- Market surveys
- Schedule review
- Contract administration during construction

Linda Phillips shared some lessons learned:

- Hire Agency CM during design phase since designer's vision often does not relate to budgets
- Agency CM helps maintain credibility with end users by providing good information
- Agency CM provides innovative, helpful suggestions on constructability and costing

GSA believes a good Agency CM provides:

- Owner advocacy
- Technical expertise
- Independent 3rd party review
- Leadership
- Creative solutions
- Knowledge of the construction market

4. Why do you need a CM?

Agency CM vs. only Construction Administration

Besides construction administration, an Agency Construction Manager adds the following to your project:

- Knowledge of cost and estimating
- Development of overall program schedule
- "Value Engineering" expertise
- Knowledge of local and national market trends
- Monitoring and reporting on quality of the work and impact upon the schedule
- Protection against unreasonable change orders

5. Cost versus benefit

Typically Agency CM costs an owner from 1.5% - 3.5% of the construction cost depending on the services selected and the size of the project.

Linda Phillips commented on the GSA's perspective on return on investment:

Very difficult to quantify the value versus the cost since it is based on a series of "what ifs"

- What if the project is delivered late – lost rent, loss of use \$\$\$
- What if claims are filed \$\$\$\$\$

From our experience, we see savings opportunities for an owner:

- Design phase Value Engineering (alternative materials and systems that produce savings while maintaining quality)
- Design phase Constructability (clear, concise instructions within the drawings which lead to economical construction techniques in the field)
- Meeting or exceeding completion schedule
- Managing contractor change orders
- Managing an Owner Controlled Insurance Program (OCIP)
- Claims avoidance

6. What makes a good CM?

Linda Phillips' recommendations once again:

- Select best, not cheapest firm as trusted advisor
- Buy true professionals, not just services
- Look for quality estimating services

From our experience, we recommend:

- All of the above
- Look at the people, not just the company. You need seasoned, experienced people to supply professional advice based on actual lessons learned in construction.

7. Conclusion

Agency CM versus At-risk CM

Seek professional service provider

Need more than Owner's Representative or architectural construction administrator

Can save you much more than can cost

Questions & Answers

Construction Management



Mission's Gateway Development



KC Convention Center New Ballroom, Meeting Room Renovations, Barney Allis Plaza Tennis Facility, Auditorium Plaza Garage Restoration



Municipal Auditorium's Music Hall Stage Expansion



New Arrowhead Stadium and Training Facility



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