

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:10 a.m. on January 26, 2009, in Room 143-N of the Capitol.

All members were present.

Committee staff present:

Audrey Dunkel, Kansas Legislative Research Department
Christina Butler, Kansas Legislative Research Department
Nobuko Folmsbee, Office of the Revisor of Statutes
Jim Wilson, Office of the Revisor of Statutes
Kelly Cure, Chief of Staff
Kathy Holscher, Committee Assistant

Conferees appearing before the committee:

Mark Tallman, Kansas Association of School Boards - Proponent
Cheryl Semmel, United School Administrators of Kansas - Proponent
Jennifer Crow, Topeka Public Schools - Proponent
Bill Reardon, Kansas City, Kansas Public Schools - Neutral
Luann Watson, Norton County - LEPP - Proponent
Alan Dinkle, City of Abilene - Opponent
Don Moler, League of Kansas municipalities - Opponent

Others attending:

See attached list.

- Attachment 1 Funds Short for Doctor Training Article in the Wichita Eagle
- Attachment 2 JJA Renegotiation of Leases and Unfilled Budgeted Employee Positions
- Attachment 3 United School Administrators (USA) of Kansas Overview and FY 2009 Governor's Budget Recommendations
- Attachment 4 USA/Kansas Survey
- Attachment 5 Topeka Public Schools Proposed Reductions FY 2009 and FY 2010
- Attachment 6 Kansas City, Kansas Schools Proposed Reductions FY 2009
- Attachment 7 Local Environmental Protection Program Overview
- Attachment 8 City of Abilene, Kansas Transportation Department
- Attachment 9 League of Kansas Municipalities Proposed Budget Reductions FY 2009 and FY 2010
- Attachment 10 Impact Assessment of State Budget Cuts City of Wichita

Chairman Yoder stated that two handouts were being distributed, in regards to follow up questions from Committee members; Funds Short for Doctor Training (Attachment 1), and JJA Renegotiation of Leases and Unfilled Budgeted Employee Positions (Attachment 2).

Representative McLeland moved to introduce legislation regarding local school finance options and flexibility. The motion was seconded by Representative Mast. Motion carried.

HB 2022: Supplemental appropriations for FY 2009 for various state agencies.

Mark Tallman, Assistant Executive Director/Advocate, Kansas Association of School Boards, responded to questions from testimony provided at the January 22 Committee meeting. Chairman Yoder asked for Mr. Tallman's suggestions as the Committee looks at reductions in the School Finance Plan. Mr. Tallman stated that once the amount is determined by the Committee, local districts should have a reasonably equal way to respond and share the burden without proportionately effecting any particular subject. Base cuts would have an impact on those areas that are not under legal obligations. Many of the district's budgets are already committed for this year and their ability to get through this year may be the ability to tap into their contingency reserve funds. The use of capital outlay money was discussed. Districts have been given clear targets. Academic standards that students will be tested on, accreditation and public reported view points are measurable sources for results, Mr. Tallman noted.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on January 26, 2009, in Room 143-N of the Capitol.

Cheryl Semmel, Executive Director, United School Administrators of Kansas, presented an overview of the organization and the impact of the Governor's budget recommendations for FY 2009 ([Attachment 3](#)). Administrators state-wide would do whatever possible to preserve the integrity of the programs that have been put in place. These programs have demonstrated success by helping students acquire the necessary skills to be successful beyond high school. The impact of budget reductions not only effect the classroom, but the community as well. The organization will partner with legislature to reduce costs where possible, and coordinate and identify opportunities. All Kansas school districts were surveyed to determine the estimated impact of a 2 - 5 percent rescission for FY 2009 ([Attachment 4](#)). Common responses were reviewed.

Cheryl Semmel responded to questions from Committee members in regards to membership fees, workforce in communities and the impact of reductions in FY 2009, transfers of shared resources and contract obligations effecting workforce issues. The impact of the FY 2010 budget concerns included reductions in programs, increased class sizes, cut-backs to important instructional services to students, increased student fees and the impact on adult learning facilities.

Jennifer Crow, USD #501 Topeka Public Schools, presented budget reductions for FY 2009 and FY 2010 school years ([Attachment 5](#)). FY 2009 reductions from the Governor's budget for the general fund and local option budget shows a loss of approximately \$568,458. With the additional reduction of 3 percent, as proposed by the legislature, combined with the Governor's recommendations, the district would be impacted by a reduction of \$2,997,255. A 5 percent reduction would result in a negative balance of \$5,092,511. 50 percent of the budget has been spent thus far this year. Concerns were expressed regarding workforce reductions and additional reductions in required expenditures. FY 2010 reductions include a 10 percent administrative reduction. Additional reductions for 2009/2010 school year based on 3 and 5 percent reductions were reviewed. These reductions range from \$7,299,411 to \$10,963,547.

Bill Reardon, Kansas City, Kansas School District, presented an overview of the impact of the proposed FY 2009 budget reductions ([Attachment 6](#)). The district has experienced dramatic increases in student scores and a decrease in student dropouts. Concern was expressed that the proposed cuts would have a negative impact for At Risk and bilingual students. Deeper cuts may wipe-out the significant gains that districts have made. Public education cuts determined by head count would reduce the weighted FTE by \$22. For districts that have a higher number of At Risk or bilingual students or that receive low enrollment weighting, then the actual number of dollars per child would be considerably higher. The Governor's proposal of a \$22 reduction per pupil would actually be between \$30 - \$40 per pupil for Kansas City school districts.

Bill Reardon responded to questions from Committee members as related to the programs designed to reduce student dropout rates before the new money was appropriated to present date. Alternate schools for non-traditional students were discussed.

- Information requested:
 - Supporting data on successful reduction of student dropout rates.
 - Prioritizing cuts and any additional suggestions for reductions in a format similar to the information USD #501 provided to the committee

Luann Watson, Local Environmental Protection Program (LEPP), presented a program overview and discussed the impact of the proposed FY 2009 budget reductions ([Attachment 7](#)). This program protects and preserves the environment with a present budget of \$1.5 million.

Allen Dinkel, City Manager, Abilene, Kansas, discussed the impact decreased funding will have on the Special City/County Highway Fund ([Attachment 8](#)). The cuts for FY 2009 and the proposed cuts in FY 2010 would represent a \$13,000 budget reduction for repairs and street maintenance. Opposition was stated for reductions in the FY 2009 Machinery and Equipment slider payments. The concern for a decrease in property values and the impact this may have in FY 2010 and with future budgets was expressed.

Don Moler, Executive Director, League of Kansas Municipalities, discussed the proposed FY 2009 and FY 2010 budget reductions ([Attachment 9](#)). The budget recommendations would represent a \$159,573,271 cut to local communities over the next two years. Cities will be faced with the issue of raising property taxes,

CONTINUATION SHEET

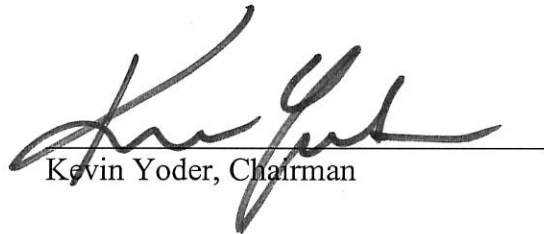
Minutes of the House Appropriations Committee at 9:10 a.m. on January 26, 2009, in Room 143-N of the Capitol.

reducing services, or a combination of both issues. The Machinery and Equipment slider payments, that the legislature passed in FY 2006, and the Governor's budget recommendation to eliminate these payments was reviewed. The proposed budget recommendation includes a \$15 million reduction for Special City-County Highway Funds in FY 2009 and a \$5 million reduction in FY 2010. The impact Assessment of State Budget cuts from the City of Wichita was reviewed (Attachment 10). The proposed budget cuts for FY 2009 and FY 2010 are estimated at \$16.8 million. A summary of how these state dollars are currently used was reviewed.

Don Moler responded to questions from Committee members as related to transfers; connecting link projects and encumbered dollars; membership fees and services provided to communities by the league. Aggregate numbers were reflected in the material provided. The specifics by city would be available through the Department of Revenue. The February slider payment has been delayed until June, as part of the Governor's budget recommendation. The receipt of Local Ad Valorem Tax Reduction money was discussed.

The next meeting is scheduled for January 27, 2009.

The meeting was adjourned at 10:55 a.m.



Kevin Yoder, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 1-26-09

NAME	REPRESENTING
Ren Seiber	KGF A
Dodie Wellstear	USA / Kansas
Kim Fowler	Judicial Branch
Lwann Watson	LEPP / KDHE
Mark Tallman	KASB
Bob Yarnum	Blue Valley USD & Greater KC Chamber
Kit Meyer	KEANNEY & Assoc.
Chip Wheeler	HCSF Bd of Govs
Mae E Boermyer	CAPITOR STRATEGIES
Barb Conant	KDOA
Urch Lynn Field	Budget
Bernad Koops	Hein law Firm
Mike Specht	Gusler Braden
Joan Dougherty	ESU
DeAnn Meyer	KHPA
Ami Hyten	TILRC



Posted on Wed, Jan. 21, 2009

Funds short for doctor training

BY KAREN SHIDELER
 The Wichita Eagle

Financial pressures on Wichita's major medical centers make it no longer possible for them to subsidize graduate medical education, say their chief executives.

Hugh Tappan of Wesley Medical Center and Kevin Conlin of Via Christi Health System say they can't afford the \$3 million a year they've been chipping in to help educate the state's next generation of doctors.

"It's our perspective that those costs are the responsibility of the state," Conlin said.

And the gap between program expenses and revenue is growing -- to more than \$9 million -- because of increased requirements for research and faculty.

Conlin and Tappan said they hope that the Physician Workforce and Accreditation Task Force, appointed by lawmakers to examine graduate medical education, will recommend that the state pick up those costs. The task force's last scheduled meeting is Friday in Topeka.

Tappan said, "I am confident that the task force's recommendation will include additional funding" for the Wichita Center for Graduate Medical Education.

The problem: The Legislature would have to provide it, in a year when funds for existing programs are being cut significantly.

Via Christi and Wesley are two of the three partners in WCGME; the University of Kansas School of Medicine-Wichita is the third.

WCGME oversees 14 residency programs in which medical school graduates get three to five years of advanced training before entering practice. About 60 percent of the 272 residents are in primary-care programs, and more than half of them stay in Kansas to practice.

They are physicians such as Robin Walker, finishing the last days of his family practice residency. Walker, who grew up in Clearwater, will practice at GraceMed Health Clinic beginning March 2.

A study by the American Academy of Family Physicians showed that a physician going into practice in Kansas has an economic impact of \$878,000 a year for his community. "We actually are an economic driver," said Penny Vogelsang, chief operating officer for WCGME.

But what's good for a community is costly for the medical centers.

"The benefit is felt by the state. The burden is felt locally," Tappan said.

Yes, they benefit from the residents' work in hospital and clinic settings. But "the service value is different than it once was," Tappan said, in part because of federal changes to laws governing how long and when residents can work. That's better for residents, he said, "but it's more costly."

Wichita's residency program is funded differently than the one at the University of Kansas Hospital in Kansas City, Tappan said. The Kansas City program gets more money proportionately from the state.

WCGME has an annual budget of about \$58 million. Of that, about \$51 million is from Medicare, Medicaid and other reimbursement.

Appropriations Committee

Attachment 1-1Date 1/26/09

Because Wesley and Via Christi are teaching hospitals, they get the base rate plus additional money for direct and indirect education costs.

The state adds about \$4 million a year. That left the roughly \$3 million gap that Wesley and Via Christi made up.

But they're facing increased financial pressures. Bad debt has increased 40 percent over the past year, more patients don't have insurance and Medicare cuts are threatened, Tappan said.

And WCGME's costs are increasing because of additional requirements to maintain accreditation. The program must add faculty and research to meet the requirements. During the last legislative session, an additional \$2.5 million was appropriated to help pay those costs.

The Kansas Bioscience Authority in October appropriated almost \$6 million, to be paid over three years, to help with the costs. But Gov. Kathleen Sebelius has proposed cutting the \$2.5 million the state appropriated a year ago.

Add those up, and the \$3 million gap will grow to \$9.6 million this next fiscal year, Tappan and Conlin said.

Rep. Brenda Landwehr, R-Wichita, is head of the state task force and hopes a stable source of funding can be found for WCGME.

"I think we were very disappointed that the governor did not see the importance of this program for the state of Kansas," she said.

If the program were to go by the wayside, she said, Kansans statewide would lose -- not only because so many of the residents stay in the state to practice but also because they and their families add to the state's economy.

Conlin and Tappan said they don't have a backup plan, should the Legislature not appropriate additional money.

"We have put WCGME on notice that we will no longer fund either the shortfall that we're currently funding or any increased expenses," Conlin said.

"That is our position on the matter, and I think that's part of the urgency" being felt about the task force's recommendations and the Legislature's actions, he said.

Tappan said he, Conlin and Vogelsang have deliberately avoided conversations about what would happen if funding isn't approved.

"We're doing our best to hold that day off as long as possible," he said.

Reach Karen Shideler at 316-268-6674 or kshideler@wichitaeagle.com.

© 2007 Wichita Eagle and wire service sources. All Rights Reserved. <http://www.kansas.com>

Date: January 21, 2009

To: Kevin Yoder, Chairman
House Appropriations

From: J. Russell Jennings, Commissioner



Re: Committee Questions – Renegotiation of Leases and
Number of Unfilled - Budgeted Employee Positions

Chairman Yoder:

During the committee hearing on January 15, 2009 there were two questions posed of agency heads making presentations that I felt deserved a timely response from the Juvenile Justice Authority. I hope you find the information helpful in your deliberations.

Question: Are there contracts or leases that can be renegotiated in order to gain benefit for the state?

The suspension of operations at the Atchison Juvenile Correctional Facility provided JJA an opportunity to renegotiate our contract with CCS for medical services provided at all juvenile correctional facilities. JJA was successful in gaining a \$60,000 reduction in the contract.

We will soon be issuing a RFP for office space lease as our current lease is approaching the end of term. We expect current economic conditions coupled with office space availability in the Capitol Complex Area will result in favorable bids.

The remaining contracts of JJA are for education services, food services and health system management. Educational service contracts are renewable on an annual basis and we will seek to negotiate a reduction in the contract expense for these required services. Both our food service contract and our health system management contract are early in their term and are not currently subject to renegotiation.

Question: How many funded employee positions are vacant as a result of layoff?

The table below illustrates the status of JJA FTE positions as of January 15, 2009. The agency implemented a freeze on all non-essential positions in November 2008. Direct supervision positions are being filled to the extent necessary in order to maintain safe and secure facility operations.

Appropriations Committee

Attachment 2-1

Date 1/26/09

Budget _____

TOTAL AUTHORIZED FTE	FY09 FUNDED FTE	VACANT	LAYOFF
627.5	567.5	118	63
		20.8%	11.1%

I hope you find this information provides greater insight into the steps JJA has taken to reduce FY09 expenditures. Should you or any committee member desire additional information regarding JJA operations please feel free to contact me.

Testimony on

HB 2022

House Committee on Appropriations

Presented by: Cheryl L. Semmel, Executive Director

January 20, 2009

The mission of United School Administrators of Kansas (USA|Kansas*), through collaboration of member associations, is to serve, support, and develop educational leaders and to establish USA|Kansas as a significant force to improve education.

Education administrators remain committed to ensuring that each and every child in Kansas receives a quality education that will help them reach their potential and become successful, productive adults. There are 465,000 students in our public schools that we strive to impact positively every single day. As you know, Kansas students are making unprecedented academic achievement and we are on a path of continuous improvement. In many areas, Kansas' students are performing above the national average and for that you should all be proud.

I appreciate the opportunity to address the Committee and respond to the Governor's budget recommendations for **FY 2009 education funding**. The Governor's budget recommendation for FY 2009 reduces funding by approximately \$17.7 million, including a \$22 reduction in Base State Aid Per Pupil (BSAPP) and funding special education at 91 percent of excess cost instead of 92 percent.

The 2009 Legislative Session promises to be one of the most challenging in the history of our state, as we face an economic downturn of global proportions. As one of those charged with leading our state through the budget and revenue crisis we are currently facing, I know you will be called on to make some of the most weighty decisions of your legislative service.

Administrators want to express their appreciation for your service to our schools and the community at-large. Most especially, thank you for the funding commitment you and your legislative colleagues have made to Kansas' public schools over the past three years. **We recognize your partnership in realizing these achievements and, in turn, commit ourselves to working with you to address the enormous budget challenges facing our state in the coming months.**

The investment the state has made in our schools has proven critical to our efforts in meeting the mandates of No Child Left Behind and other significant educational challenges—such as meeting the increased demands of at-risk, special education, and non-English speaking students, while working to close the achievement gap cited in the 2006 *Montoy* decision. **And the investment is paying off!** Administrators remain committed to ensuring that our students continue along this path of increasing academic excellence.

Appropriations Committee

Attachment 3-1

Date 1/26/09

As you consider rescinding FY 2009 funds, we are mindful that FY 2009 is the third year of the *Montoy* settlement. In 2006, the Legislature enacted SB 549, a three-year school finance plan, which included a **\$122.7 million increase in school year 2008-09**. The Court upheld that the passage of SB 549 met the requirement to adequately fund elementary and secondary education. To-date, the state has upheld its commitment to education and we applaud your efforts. We realize that the economic challenges before us may be unprecedented and that we will have to work together to uphold our commitment to the public and to the children in K-12 classrooms across Kansas.

Administrators know, from first-hand experience, that the most significant factor in student achievement is the teacher and we remain committed to recruiting and retaining highly qualified individuals. As you deliberate rescissions for FY 2009, we encourage you to consider the impact those cuts will have on the education workforce. In most cases, funds have already been obligated – mostly in contracts for teachers and other education professionals. To achieve these reductions, school districts will be forced to reduce the workforce and break contracts. **The result: it negates the work districts have done to ensure a quality education professional in each classroom and will likely increase the student-to-teacher ratio.**

Beyond the most immediate impact in the classroom, workforce reduction in K-12 education would result in increased unemployment in many of our communities across Kansas. K-12 education is a major workforce in Kansas – both directly and indirectly. From the district and building level personnel to contracted vendors, these individuals support local economies in many ways, whether it be supporting local retail or contributing to the tax base. In some of our small communities, with limited employment options, these individuals and families will relocate entirely – having a devastating, long-term impact on local communities.

Administrators recognize that there are many competing interests for the same limited dollars every year, but research shows that education policies leading to broad investments in education and training can help reduce inequality while expanding economic opportunity for communities. **Educational leaders hope that you recognize all the progress we have made and that you will work with us to make well-considered rescissions with the least impact on student achievement.**

In closing, on behalf of education administrators, I would like to thank you for your continued support of education, for increased education funding and for realizing the importance of investing in education. Preparing our children requires a shared commitment, collaboration, and open dialogue among all stakeholders. Thank you for being partners in education.

*USA|Kansas represents more than 2,000 individual members and ten member associations:

Kansas Association of Elementary School Principals (KAESP)
Kansas Association of Middle School Administrators (KAMSA)
Kansas Association of School Administrators (KASA)
Kansas Association of School Business Officials (KASBO)
Kansas Association of School Personnel Administrators (KASPA)
Kansas Assoc for Supervision and Curriculum Development (KASCD)
Kansas Association of Special Education Administrators (KASEA)
Kansas Association of Secondary School Principals (KASSP)

(To accompany testimony on HB 2022)

House Committee on Appropriations

Presented by: Cheryl L. Semmel, Executive Director

January 20, 2009

USA|Kansas recently surveyed ALL Kansas school districts to determine the estimated impact of a 2-5% rescission this fiscal year. While responses varied by district, the following were among the most common responses received:

- Cancel summer school
- End the school year early, when the required contact hours have been met
- Increasing breakfast and lunch fees
- Reduce or eliminate additional student support services (e.g., before and after school tutoring)
- Increase class size to result in overall workforce reduction
- Reduce or eliminate staff positions – including teachers, administrators, paraprofessionals, librarians and other staff
- Reduce transportation costs by reducing or eliminating out of district travel for professional development and student activities
- Reduce transportation costs by eliminating transportation to those living within 2.5 miles of school
- Inability to make payments to Special Education cooperatives
- Inability to make Vocational Education transfers
- Reduce classroom purchases – including textbooks and technology materials
- Suspend salary increases
- Impose a hiring freeze district-wide
- Downsize or eliminate gifted programs
- Suspend/table implementation of all day kindergarten programs
- Close adult learning centers

Appropriations Committee

Attachment 4

Date 1/26/09

Budget _____

Kansas House Appropriations Committee

Chairman Kevin Yoder

January 21, 2009

Topic: House Bill 2088
Presenter: Dr. Kevin Singer, Superintendent
District: Topeka Public Schools

In July, 2008 the Board of Education of the Topeka Public Schools directed me to identify ways to reduce our district budget so that we would not need a tax increase for the 2009-2010 school year. A budget reduction stakeholders committee was formed, comprised of representative members of the public, employees of the district, and our students. The initial charge for the committee was to identify \$5 million of reductions. At the time we thought that this would be enough money to provide our employees with a pay raise and to cover rising expenditures such as utilities, health insurance, and transportation.

As the economic crises unfolded this fall, our Board gave the administration further direction to increase the amount of the reductions to \$10 million. Their direction in November was a precursor to the words President Obama stated yesterday in his Inaugural Address: "And those of us who manage the public's dollars will be held to account - to spend wisely, reform bad habits, and do our business in the light of day - because only then can we restore the vital trust between a people and their government."

Representatives of the committee presented their prioritized list of more than \$12 million of reductions to our Board this January. That list is attached as Exhibit 1. The Board as well as local media applauded their efforts and vision. We knew that we would not be able to make all of the cuts in the next six months. Some of them, such as closing some of our schools, will take longer to implement. However, we have a work plan to guide us.

Currently, we are considering several scenarios for next year based on the Governor's budget and the proposals we are hearing from the legislature. Exhibit 2 provides a review of the possible reductions for the Topeka Public Schools as we understand them:

Appropriations Committee
Attachment 5-1
Date 1/26/09
Budget _____

Reductions for FY 09:

The initial reductions from the Governor’s budget for the general fund and the local option budget showed a loss for the Topeka Public Schools at approximately \$565,458. We felt we could manage that reduction for this year. During this past week that number has increased to a three to five percent cut. It is uncertain if those cuts are in addition to or inclusive of the Governor’s proposal. Further, since our Board has already levied their local option budget for this year, based on the budget established last fall, it is also unclear as to whether or not a cut in the adopted budget would also require a reduction in the local option budget.

<u>08-09 School Year</u> (Partial Reduction in LOB)	<u>Legislature</u> <u>Proposal Only</u>	<u>Combination of Legislative</u> <u>and Governor’s Proposals</u>
3% Reduction	2,450,126	2,836,988
SpEd Reduction	160,267	160,267
Subtotal	\$2,610,393	\$2,997,255
5% Reduction	\$4,429,323	4,932,244
SpEd Reduction	160,267	160,267
Subtotal	\$4,589,590	\$5,092,511

At this time of the school year, we have currently spent fifty percent of our budget. For the TPS, that means we have approximately \$61 million left to spend. Of those funds, \$58 million is encumbered for contracted services, required expenses, special education transfers, and salaries. That leaves a balance of approximately \$3 million from which we would take the reduction, as of January 21, 2009. That balance will be reduced as the year progresses. Our Board has been committed to maintaining jobs for our current workforce. As the third largest employer in Shawnee County, laying off people will only exacerbate the economic difficulties of the community. It is our hope that major cuts can occur next year so that we have time to reduce our workforce through attrition. Considering the unencumbered balances that we currently have, we might need to reduce some of the required expenditures as well.

Reductions for FY 10:

The work of the budget reduction stakeholders committee was planned for implementation in FY10. We are currently in the process of reducing our administration by ten percent. We want to reduce by attrition the number of teachers we employ, but generally operate within the class size framework established by the Board.

<u>09-10 School Year</u> <u>(Full Reduction in LOB)</u>	<u>Legislature</u> <u>Proposal Only</u>	<u>Combination of</u> <u>Legislative and</u> <u>Governor's Proposals</u>
<u>3% Reduction</u>	\$3,185,164	\$4,765,772
SpEd Reduction	537,247	537,247
Subtotal	3,722,411	5,303,019
<u>5% Reduction</u>	\$5,316,590	\$6,849,300
SpEd Reduction	537,247	537,247
Subtotal	\$5,853,837	\$7,386,547
<u>Other Expenses to Cover:</u>		
Increase in utilities, transportation	227,000	227,000
Additional contingency (.002% of Budget)	250,000	250,000
<u>Each One Percent of Salary Increase</u>	1,000,000	1,000,000
Movement on Salary Schedule	800,000	800,000
Increase in Medical Insurance (12%)	1,300,000	1,300,000
Subtotal	3,577,000	3,577,000

Combining the proposed three to five percent reductions with the increases in our expenditures for 09-10 creates a range of reductions of \$7,299,411 and \$10,963,547. This will necessitate implementing the majority of items on the budget reduction stakeholders list. As with most districts, the majority of our expenditures are with personnel. Depending on which scenario is selected, these reductions could result in a loss of personnel in the range of 100 to 200 people. Program cuts alone would not meet the reduction amount.

Our Board fully understands the gravity of the current economic crises and the complexities facing the legislature. We are not asking to be excluded from the necessary budget reductions. We know that we, too, must be part of the solution for solving the state's economic issues. Our new President affirmed this for all of us when he said: "America, in the face of our common dangers, in this winter of our hardship, let us remember these timeless words. With hope and virtue, let us brave once more the icy currents, and endure what storms may come. Let it be said by our children's children that when we were tested we refused to let this journey end, that we did not turn back nor did we falter; and with eyes fixed on the horizon and God's grace upon us, we carried forth that great gift of freedom and delivered it safely to future generations."

Thank you for your consideration of these issues. We know you have an extraordinarily difficult job ahead of you. We appreciate your efforts on the behalf of all Kansans.

Budget Reduction Rank Order

5-A

Rank	Points	Item Description	Item Savings	Cumulative Savings	Point Distribution					Millions Benchmarks
					1s	2s	3s	4s	5s	
1	43	Reduce purchased professional & technical services for Superintendent and Associate Superintendents	\$14,000	\$14,000	27	3	2	1	0	
2	43	Topeka School Foundation pay salary of coordinator	\$67,000	\$81,000	28	2	2	0	1	
3	45	Reduce Sports Park utilities/based actual projection expense	\$10,000	\$91,000	26	3	3	1	0	
4	46	Reduce phone expenses by 10%	\$13,500	\$104,500	25	5	2	0	1	
5	48	Reduce legislative consultant	\$40,000	\$144,500	26	3	1	2	1	
6	48	Reduce purchased professional & technical services in Human Resources	\$23,500	\$168,000	24	5	2	2	0	
7	48	Reduce purchased property services for School Police	\$25,000	\$193,000	25	3	4	0	1	
8	48	Transfer 1 certified person from Adaptive Physical Education in Sp Ed - Reduce 1.0 FTE	\$50,000	\$243,000	24	5	3	0	1	
9	49	Reduce purchased professional & technical services in Curriculum & Instruction	\$2,500	\$245,500	25	1	6	1	0	
10	49	Reduce School Police by one officer 1.0 FTE	\$35,000	\$280,500	25	4	2	0	2	
11	50	Reduce purchased professional & technical services in Communications	\$1,000	\$281,500	25	0	7	1	0	
12	52	Reduce non-school department supplies by 5%	\$48,500	\$330,000	24	2	5	1	1	
13	52	Reduce other printing in Print Shop	\$12,000	\$342,000	24	2	5	1	1	
14	52	Reduce purchased property services in Print Shop	\$42,300	\$384,300	23	4	4	1	1	
15	52	Reduce Sp Ed contracted services	\$30,000	\$414,300	23	5	3	0	2	
16	53	Reduce purchased professional & technical services for Transportation Department	\$900	\$415,200	24	0	7	2	0	
17	53	Reduce Sports Park staff by 1.0 FTE	\$40,000	\$455,200	24	3	2	3	1	
18	55	Remove vehicle budget in Transportation Department budget	\$50,000	\$505,200	23	3	4	1	2	
19	55	Strictly enforce district energy policies	\$30,000	\$535,200	23	3	4	1	2	
20	56	Reduce District Wellness Program	\$10,000	\$545,200	24	2	3	1	3	
21	56	Reduce dues and fees for elementary central office	\$2,600	\$547,800	22	2	6	3	0	
22	56	Reduce Sp Ed summer expenses	\$25,000	\$572,800	21	4	6	1	1	
23	56	Reduce travel for At Risk Pre-School professional development	\$15,600	\$588,400	23	2	5	1	2	
24	57	Reduce all out-of-district travel by half & registration	\$79,000	\$667,400	23	1	5	3	1	
25	58	Reduce IT system analysis services budget	\$2,500	\$669,900	22	3	4	2	2	
26	60	Change KPERS retirees hiring practice to reduce contract amount to cover district's KPERS contribution	\$79,473	\$749,373	20	4	5	3	1	
27	60	Reduce one staff member from Communications 1.0 FTE	\$30,000	\$779,373	22	3	3	2	3	
28	61	Cut ELL test line item by 25%	\$2,500	\$781,873	19	5	6	1	2	
29	61	Prorate counselors by school size - reduce 2 staff	\$88,000	\$869,873	23	2	2	2	4	
30	61	Reduce all administration by 10%	\$950,000	\$1,819,873	22	4	1	2	4	
31	61	Reduce IT network services budget	\$2,000	\$1,821,873	20	4	5	2	2	
32	62	Reduce IT data processing services budget	\$19,000	\$1,840,873	19	5	5	2	2	
33	62	Reduce second School Police position 1.0 FTE	\$35,000	\$1,875,873	24	1	1	2	5	
34	63	Reduce district wide insurance (property, liability, etc)	\$100,000	\$1,975,873	21	2	5	2	3	

Exhibit 1

Budget Reduction Rank Order

5-5

Rank	Points	Item Description	Item Savings	Cumulative Savings	Point Distribution					Millions Benchmarks
					1s	2s	3s	4s	5s	
			\$7,500	\$1,983,373	20	4	4	2	3	
35	63	Reduce Sp Ed professional development	\$1,000,000	\$2,983,373	21	3	3	3	3	
36	63	Salary shrinkage								
37	64	Reduce all extended day addendums by 3 days (elementary & secondary)	\$95,000	\$3,078,373	20	4	4	1	4	3 Million
38	64	Reduce IT operations services budget	\$20,000	\$3,098,373	19	4	5	3	2	
39	64	Reduce one staff member from Planning, Research, Evaluation and Assessment 1.0 FTE	\$35,000	\$3,133,373	23	1	2	2	5	
40	64	Reduce recruitment expenditures	\$16,000	\$3,149,373	22	1	3	4	3	
41	65	Close one elementary school	\$402,678	\$3,552,051	21	5	0	1	6	
42	65	Increase transportation reimbursement for activities or decrease trips	\$20,000	\$3,572,051	19	3	6	3	2	
43	65	Postpone book adoption for 1 year, fund half over 2 years and teachers workbooks (elementary & secondary)	\$557,000	\$4,129,051	20	4	3	2	4	4 Million
44	65	Reduce substitute support for truancy	\$16,815	\$4,145,866	21	2	5	0	5	
45	66	Reduce the counseling positions to half time in the smaller elementary schools - 3.5 FTE	\$154,000	\$4,299,866	19	4	4	3	3	
46	67	Combine some high school athletic trips	\$20,000	\$4,319,866	17	6	5	2	3	
47	67	Decrease counseling supply budget by 5%	\$720	\$4,320,586	19	4	5	0	5	
48	67	Reduce equipment, out of district travel, copies, student out of district, supplies, food, software, and specialized clothing line items by 10% each - from Athletics	\$13,147	\$4,333,733	20	2	4	4	3	
49	69	Reduce IT cabling services budget	\$2,000	\$4,335,733	19	2	5	4	3	
50	70	Eliminate one high school counselor position	\$44,000	\$4,379,733	19	3	4	2	5	
51	70	Reduce Sp Ed certified and noncertified substitute budget	\$30,000	\$4,409,733	15	8	4	3	3	
52	71	Reduce Substitute Service	\$84,000	\$4,493,733	19	2	4	4	4	
53	72	Reduce secondary teaching staff by one teacher per building (10 secondary teachers)	\$440,000	\$4,933,733	17	7	2	0	7	5 Million
54	72	Staff all elementary school classrooms at 20:1 - 14 FTE	\$616,000	\$5,549,733	20	2	3	1	7	
55	73	Close Burnett Center for one week, require vacation, save on utilities	\$1,067	\$5,550,800	17	3	6	3	4	
56	74	Eliminate elementary addendums for Sp Ed instructional coaches	\$7,500	\$5,558,300	15	7	5	0	6	
57	74	Reduce 1 custodian at Burnett Center	\$27,173	\$5,585,473	18	5	0	4	6	
58	74	Reduce student summer hours	\$20,000	\$5,605,473	18	4	2	3	6	
59	76	Eliminate block scheduling at high schools	\$528,000	\$6,133,473	17	3	5	2	6	6 Million
60	77	Eliminate Hope Street Academy Middle School (budget is 2.16 FTE)	\$107,359	\$6,240,832	16	6	1	4	6	
61	78	Helmet recertification changed to every two years	\$12,450	\$6,253,282	16	5	4	0	8	
62	80	Eliminate Dean of Students at middle schools & high schools - 4.0 teachers	\$176,000	\$6,429,282	15	5	2	6	5	
63	83	Eliminate M-M sports transportation	\$17,000	\$6,446,282	12	9	1	5	6	
64	84	Allow combination rooms in elementary schools - reduce 5 teachers	\$220,000	\$6,666,282	14	5	3	4	7	
65	85	Eliminate custodial staff at Hope Street Academy	\$50,000	\$6,716,282	10	6	7	8	2	

Budget Reduction Rank Order

5-6

Rank	Points	Item Description	Item Savings	Cumulative Savings	Point Distribution					Millions Benchmarks
					1s	2s	3s	4s	5s	
66	86	Close second elementary school	\$402,678	\$7,118,960	15	2	5	3	8	7 Million
67	86	Close the Professional Development Training Center (PDCET)	\$149,000	\$7,267,960	14	1	7	6	5	
68	87	Have all M-M students use city bus	\$78,542	\$7,346,502	11	5	7	5	5	
69	88	Reduce elementary teaching staff by one teacher per building (elementary 21 teachers)	\$924,000	\$8,270,502	16	3	1	2	11	8 Million
70	90	Go to one Blue Cross Blue Shield health insurance policy with higher co-pays	\$275,000	\$8,545,502	16	1	3	2	11	
71	90	Reduce At Risk Pre-School furniture budget	\$1,974	\$8,547,476	12	4	5	5	7	
72	90	Reduce Sp Ed para budget	\$300,000	\$8,847,476	15	1	5	2	10	
73	91	Eliminate Second Chance School (budget is for 3.0 FTE & supplies)	\$151,277	\$8,998,753	16	1	1	5	10	
74	91	Reduce number of school days: add 30 min to each day 8:15-3:45 (9 days)	\$85,500	\$9,084,253	12	4	6	2	9	9 Million
75	94	Reduce At Risk Pre-School equipment budget	\$1,000	\$9,085,253	12	2	6	5	8	
76	96	Change transportation qualification to over 2.5 miles	\$156,615	\$9,241,868	13	2	3	5	10	
77	98	Reduce at Risk Pre-School food budget	\$4,500	\$9,246,368	10	5	3	6	9	
78	100	Reduce At Risk Pre-School supplies	\$7,814	\$9,254,182	9	4	6	5	9	
79	101	Eliminate summer school for elementary and middle schools	\$100,000	\$9,354,182	11	3	4	3	12	
80	101	Go to monthly paychecks for all employees	\$30,000	\$9,384,182	14	1	2	1	15	
81	101	Reduce school paras in General Fund & At Risk by 10%	\$70,000	\$9,454,182	10	4	4	4	11	
82	102	Cut addendums at all schools	\$319,000	\$9,773,182	7	7	5	4	10	
83	107	Close Central Media Services & incorporate into individual schools, reduce noncertified staff by 2.0 FTE	\$38,000	\$9,811,182	8	4	4	6	11	
84	107	Reduce second secondary teachers from each building (10 secondary teachers)	\$440,000	\$10,251,182	9	3	3	7	11	10 Million
85	108	Implement Pay to Play for Athletics	\$40,000	\$10,291,182	9	2	5	5	12	
86	112	Reduce middle school health aides to .5 FTE (reduce noncertified staff by 3.0 FTE)	\$54,000	\$10,345,182	9	1	3	8	12	
87	117	Reduce one AP Class from each high school - 1.5 teachers	\$66,000	\$10,411,182	7	3	3	5	15	
88	119	Reduce secondary music instruments	\$5,000	\$10,416,182	8	2	1	6	16	
89	121	Reduce elementary school second teacher from each building (elementary 21 teachers)	\$924,000	\$11,340,182	8	0	3	6	16	11 Million
90	123	Eliminate elementary strings 2.5 FTE and supplies	\$115,300	\$11,455,482	7	1	2	7	16	
91	126	Initiate district-wide 4 day work week (utilities and transportation savings)	\$300,000	\$11,755,482	3	7	2	2	19	
92	130	Reduce number of school days: add 1 hour each day 8:00-4:00 (18 days)	\$171,000	\$11,926,482	4	4	1	5	19	
93	132	Eliminate elementary band 2.0 FTE and supplies	\$88,900	\$12,015,382	6	1	1	4	21	12 Million
		TOTAL SAVINGS	\$12,015,382							

USD 501
BUDGET COMPARISONS FY 09 & FY 10
01/20/09

FISCAL YEAR 2008-2009

	2008-2009 WTD FTE <u>EXCLUDE SPED</u>	COMPUTED INCLUDE SPED <u>BSAPP \$4433</u>	GOVERNOR PROPOSAL <u>BSAPP \$4411</u>	REDUCE GOV BY 3% <u>BSAPP \$4279</u>	REDUCE GOV BY 5% <u>BSAPP \$4190</u>	REDUCE \$4433 BY 3% <u>BSAPP \$4300</u>	REDUCE \$4433 BY 5% <u>BSAPP \$4211</u>
GENERAL FUND	18,422	97,191,402	96,625,944	94,194,147	92,554,589	94,581,009	92,941,451
LOB		28,222,074	28,222,074	28,222,074	27,766,376	28,222,074	27,882,435
TOTAL		125,413,476	124,848,018	122,416,221	120,320,965	122,803,083	120,823,886

FISCAL YEAR 2009-2010

	2009-2010 WTD FTE <u>EXCLUDE SPED</u>	COMPUTED INCLUDE SPED <u>BSAPP \$4433</u>	GOVERNOR PROPOSAL <u>BSAPP \$4365</u>	REDUCE GOV BY 3% <u>BSAPP \$4234</u>	REDUCE GOV BY 5% <u>BSAPP \$4147</u>	REDUCE \$4433 BY 3% <u>BSAPP \$4300</u>	REDUCE \$4433 BY 5% <u>BSAPP \$4211</u>
GENERAL	18,422	97,191,402	95,525,439	93,112,157	91,509,443	94,328,009	92,688,451
LOB		29,157,421	28,657,632	27,933,647	27,452,833	28,298,403	27,806,535
TOTAL		126,348,823	124,183,071	121,045,804	118,962,276	122,626,412	120,494,986

ASSUMPTIONS

FTE BASED ON KSDE REPORT SF9001.

SPECIAL ED. STATE AID WILL BE REDUCE \$160,267 IN FY 2009.

SPECIAL ED. STATE AID WILL BE REDUCE \$413,267 IN GENERAL PLUS \$123980 IN LOB FOR A TOTAL OF \$537,247



Kansas City, Kansas Public Schools

Unified School District No. 500

HOUSE APPROPRIATIONS COMMITTEE

HB 2022

January 21, 2009

The Kansas City, Kansas Board, administrators and teachers view the proposed reduction in school funding for the current school year and the next year with a degree of apprehension. With the growth in state funding for the past 3 years, we have experienced a dramatic increase in student scores, and graduation rates, and a decrease in dropouts. Cuts in funding jeopardize these improvements. While we are certainly not enthusiastic about the cuts to schools contained in HB 2022, we have begun to plan to absorb these cuts with the least negative impact to our 18,000 students. Reductions in funding greater than those proposed in HB 2022 will threaten to wipe out the significant gains our district has made in recent years.

Our district would further suggest that whatever K-12 cuts are included, that they be based on a school districts actual head count. HB 2022 reduces the 'weighted' FTE by \$22. This results in a much higher reduction for USDs with large numbers of At Risk and bilingual students and USD receiving low enrollment weighting. Our district will lose \$30 to \$40 per actual child rather than \$22 because of our high At Risk and bilingual populations.

In my opinion, any cuts to the court approved three year plan runs the risk of a new law suit or possibly direct court involvement. Additionally, a plan that cuts significantly more dollars per actual student from the poorest districts is inviting court intervention.

As a former House member and a former member of this committee, I don't envy the unprecedented challenges you face. Cuts are always tough and, I believe, require elected officials to prioritize. Across the board cuts are the quickest and easiest approach to deal with this revenue shortfall, but it is not the fairest, or, in the long run, the most prudent approach. Kansas public schools have produced dramatic improvements in recent years. These improvements will certainly be placed in jeopardy if school funding is sharply curtailed.

Bill Reardon, KCKPS Lobbyist

LOCAL ENVIRONMENTAL PROTECTION PROGRAM (LEPP)

The Local Environmental Protection Program (LEPP) began in 1989 with Water Plan Funds made available to county health departments for the purpose of developing and implementing a sanitary code. Prior to that time, only the more populous counties in Kansas had such codes and their implementation was spotty. It was not uncommon to cross a county boundary and find sewage piped into the roadside ditch. Today nearly every Kansas County has a code in place and trained environmental health professionals on staff. The LEPP funds made the difference, and it was a big difference for rural counties.

Who are these environmental health professionals and what do they do? Through their actions these men and women protect watersheds and improve general public health. Among other tasks, they:

- are responsible for testing private water sources and advising people about how to make their drinking water safe
- work with doctors and nurses to investigate environmental causes of disease
- are involved with private wastewater treatment systems, from design to installation to correction
- investigate general nuisance complaints
- research and network to respond with answers to questions from the public
- are responsible to attend training to keep their knowledge current

They are a local resource, responding immediately to needs voiced by the citizens of Kansas. These are SOME examples of the work performed by environmental health professionals:

Disease Prevention:

- Implement corrective measures for a failing septic system that discharges to a stream that runs through a children's play area or sewer discharge in a backyard
- Test private well water to determine nitrate levels so that a pregnancy or infant is not affected by "blue baby syndrome" (methemoglobinemia)

Watershed Protection

- Assure design and installation of private systems that properly treat and dispose of sewage
- Assist homeowners with site evaluation for safely locating wells and wastewater treatment systems
- Coordinate efforts and clean-up during disasters such as flooding and tornadoes

General Public Health Activities

- Investigate complaints related to waste dumping, rodents, insects, infestations
- Respond in times of emergencies and disasters to assure potable drinking water, sanitary shelters, safe food, healthy care for displaced people

The LEPP funding is essential for these programs to continue at the local level. This is especially true in the rural, less-populated counties who have banded together in order to share the costs and benefits of access to trained staff. Funding at current levels barely meets these needs. Decreases in funding will at a minimum impair services and likely eliminate them entirely for many rural areas. It would be a great step backward. The citizens of Kansas deserve better from their State.

The Local Environmental Protection Program must continue... and it cannot do so for everyone without the funding.

Appropriations Committee

Attachment 7-1

Date 1-26-09

Budget _____

LOCAL ENVIRONMENTAL PROTECTION PROGRAM (LEPP)

The Local Environmental Protection Program (LEPP) began in 1989 with Water Plan Funds made available to county health departments for the purpose of developing and implementing a sanitary code. Prior to that time, only the more populous counties in Kansas had such codes and their implementation was spotty. It was not uncommon to cross a county boundary and find sewage piped into the roadside ditch. Today nearly every Kansas County has a code in place and trained environmental health professionals on staff. The LEPP funds made the difference, and it was a big difference for rural counties.

Garbage dumped in the Neosho River – cleaned up with LEPP efforts.



Who are these environmental health professionals and what do they do? Through their actions these men and women protect watersheds and improve general public health. Among other tasks, they:

- are responsible for testing private water sources and advising people about how to make their drinking water safe
- work with doctors and nurses to investigate environmental causes of disease
- are involved with private wastewater treatment systems, from design to installation to correction
- investigate general nuisance complaints
- research and network to respond with answers to questions from the public
- are responsible to attend training to keep their knowledge current

They are a local resource, responding immediately to needs voiced by the citizens of Kansas. These are SOME examples of the work performed by environmental health professionals:

Disease Prevention:

- Implement corrective measures for a failing septic system that discharges to a stream that runs through a children's play area or sewer discharge in a backyard
- Test private well water to determine nitrate levels so that a pregnancy or infant is not affected by "blue baby syndrome" (methemoglobinemia)

Watershed Protection

- Assure design and installation of private systems that properly treat and dispose of sewage
- Assist homeowners with site evaluation for safely locating wells and wastewater treatment systems
- Coordinate efforts and clean-up during disasters such as flooding and tornadoes

General Public Health Activities

- Investigate complaints related to waste dumping, rodents, insects, infestations
- Respond in times of emergencies and disasters to assure potable drinking water, sanitary shelters, safe food, healthy care for displaced people

The LEPP funding is essential for these programs to continue at the local level. This is especially true in the rural, less-populated counties who have banded together in order to share the costs and benefits of access to trained staff. Funding at current levels barely meets these needs. Decreases in funding will at a minimum impair services and likely eliminate them entirely for many rural areas. It would be a great step backward. The citizens of Kansas deserve better from their State.

The Local Environmental Protection Program must continue... and it cannot do so for everyone without the funding.



With the help of the LEPP funding,
our state has changed
From this



To this





P.O. BOX 519
419 N. BROADWAY
ABILENE, KANSAS 67410-0519
PHONE: 785-263-2550
FAX: 785-263-2552
www.abilenecityhall.com

January 26, 2009

TO: Members of the House Committee on Appropriations
RE: HB 2022

I am Allen Dinkel. I presently serve as City Manager for the City of Abilene and have been in that position since August of 2008. I previously served as City Manager in Hoisington and City Administrator in Oakley for a total of nearly 20 years. In addition I serve on the Governing Body and am a Past – President of the Governing Body League of Kansas Municipalities.

I oppose the proposed HB 2022 because of the effects it will have on municipal governments as funding will be decreased. In section 88(D) the 2009 payments to the Special City/County Highway Fund would be removed. These funds were budgeted by cities to be used in 2009 to provide for the repairs and maintenance of streets in the local communities. This cut, along with proposed cuts in State FY 2010 budget, would equate to a loss in funding to the City of Abilene in the Special City/County Highway Fund by about \$13,000. This cut means that either less work can be done by my staff to continue to provide for good roads for our and your constituents, funds raised by local property taxes will be needed to pay for the needed repairs, or a shift from other projects will be needed to cover the costs that will be affected by such a cut. This amount will vary from City to City, but the bottom line is the loss in funding will have an effect on all Kansas City and County units of government.

I would also oppose any reductions in the FY2009 portion of the M&E slider payments. The Governor indicated in her written budget document that it may be necessary to take these payments that are scheduled to be distributed on February 9, 2009. These payments were provided as part of a deal in 2006 to mitigate the removal of taxes on new business machinery and equipment. In my former city of Hoisington this change caused a substantial drop in the assessed valuation that the City dealt with. The slider payment made up for part of it, but now we are expected to give up that as well. The local units of government were also promised the return of the LAVTR, but that now too could be in jeopardy.

Just like the State of Kansas, every City in the State feels the present economic crunch. Local units of government may have to immediately deal with a decrease in local sales tax revenue. There is a concern that property values may show a decrease which may also cause an effect on the 2010 and future local budgets. Now we are being asked to make cuts in our State funding and this will cause either a shift or reduction in services or funds that will be spent will lower the carry over that is needed for future budgets.

It is simply not fair to use the funds of the local governments to balance the State budget. I ask on behalf of Kansas cities that no cuts be made to funds that are to be given to local units of government for State FY 2009.

Thank-you.

Allen J. Dinkel
City Manager

Appropriations Committee
Attachment 8
Date 1-26-09
Budget _____



300 SW 8th Avenue, STE 100
Topeka, Kansas 66603-3951
Phone: (785) 354-9565
Fax: (785) 354-4186

To: House Appropriations Committee
From: Don Moler, Executive Director
Re: Comments on HB 2022
Date: January 26, 2009

First I would like to thank the Committee for allowing the League to testify today on the revised budget recommendations and possible budget reductions for FY 2009, and later on in the session FY 2010. In a nutshell, the League understands that the State finds itself in a very difficult financial position. It should be stressed, however, that the state is not alone in this predicament. The economic woes which have beset the state are also present at the local level, and you will find that cities across the great State of Kansas are themselves facing reduced revenues and other economic challenges which are making their situation just as serious as the situation the state finds itself in today. So, it is with a great deal of concern that we find the State moving in a direction of reducing, and or eliminating, revenues which cities are counting on for their 2009 budgets.

As you all know, cities budget for a fiscal year of January 1 through December 31. The budgets are by state law required to be completed and submitted no later than August of the year preceding the budget year. Thus, all of these monies that are being suggested for elimination or reduction by the State, which were counted on by local governments to be paid during the local government 2009 budget year, are in danger of being withdrawn. This is very much like pulling the rug out from someone who is standing on it. Should this go forward as proposed, local governments will find themselves in a predicament where they have relied on the state, and budgeted revenues which may not be transferred. In the short term, this will inevitably lead to a reduction of services in many cities. Ultimately, this will force cities across this state into making one of three difficult choices. The first choice is to raise the property tax. The second choice would be to reduce services. The third choice would be to do some combination of choices one and two.

The idea that cities can simply continue to absorb reductions and eliminations of state promised assistance does not square with reality. We are asking the Committee to consider very carefully these proposed reductions in transfers which have been promised by the State of Kansas to cities and counties. We feel that the State should not back away from promises it has made, and that cities and counties should not bear the brunt of the attempt by the State of Kansas to balance its own budget. I have attached with this testimony the anticipated possible impact to cities and counties of the Governor's Budget Proposal. This includes both State FY 2009, and State FY 2010. Thank you very much for allowing the League to voice these concerns.

Appropriations Committee

Attachment 9-1

Date 1-26-09

Budget _____

Possible Impact to Cities and Counties of Governor's Budget Proposal

Liquor Tax (FY 2010)	\$27,200,000.00
M&E Slider (FY 2010)	\$39,763,000.00
Railroad M&E Slider (FY 2010)	\$5,500,000.00
M&E Slider (FY 2009)	\$53,482,943.00
Special City-County Highway (2009)	\$10,063,664.00
Special City-County Highway (2010)	\$10,063,664.00
LAVTR (2010)	<u>\$13,500,000.00</u>
	\$159,573,271.00

Liquor Tax. The Governor is proposing to take 100% of the local liquor tax dollars to use for state purposes beginning in July of 2009. Cities and counties use this money for drug and alcohol addiction programs, parks and recreation, and general fund purposes.

Machinery and Equipment (M&E). In 2006, the Kansas Legislature passed a bill that removed the property tax from certain business machinery and equipment. In order to help mitigate the local impact of this decision, the so-called "slider" payments were included in the legislation. The Governor is recommending the elimination of all slider payments beginning in July of 2009. In addition, her budget document indicates that it may also be necessary to eliminate the slider payments which are due to cities and counties in February of 2009.

Special City-County Highway Funds (SCCHF). The Governor is recommending the elimination of the State General Fund transfer portion of the SCCHF. This will include a \$15 million reduction in calendar year 2009 and a \$5 million reduction in 2010. We estimate that this would be about a 10% hit on your SCCHF budgets in 2009.

Local Ad Valorem Tax Reduction (LAVTR). As part of the agreement on M&E two years ago, the Legislature included provisions to begin the reinstatement of LAVTR beginning in July of 2009. The Governor has recommended elimination of these funds as well.

IMPACT ASSESSMENT OF STATE BUDGET CUTS



Potential cuts in state funds included in the City of Wichita 2009 and 2010 budgets (fiscal year Jan.-Dec.)

LIQUOR TAX

Projected City of Wichita lost revenue in city budgets for 2009-2010		\$9 million
Treatment and Recovery	\$1 million (2009) \$2 million (2010)	
Parks and Recreation	\$1 million (2009) \$2 million (2010)	
City general fund	\$1 million (2009) \$2 million (2010)	

LOCAL AD VALOREM TAX RELIEF (LAVTR)

Projected City of Wichita lost revenue in city budget year 2010	\$400,000
---	------------------

“SLIDER” Payments (compensation for Machinery and Equipment tax exemption)

Projected City of Wichita lost revenue in city budgets for 2009-2010		\$4.4 million
City general fund	\$2.1 million (2009) \$2.3 million (2010)	

GAS TAX (Special City County Highway Fund transfer)

Projected City of Wichita lost revenue in city budgets for 2009-2010		\$3 million
“Curb to curb” city street maintenance	\$1.8 million (2009) \$1.2 million (2010)	

**TOTAL IMPACT ON CITY OF WICHITA 2009-2010 FISCAL YEAR
BUDGETS FROM POSSIBLE CUTS IN 2009-2010 STATE BUDGETS:
\$16.8 million**

The following is a summary of how the City currently uses these State dollars.

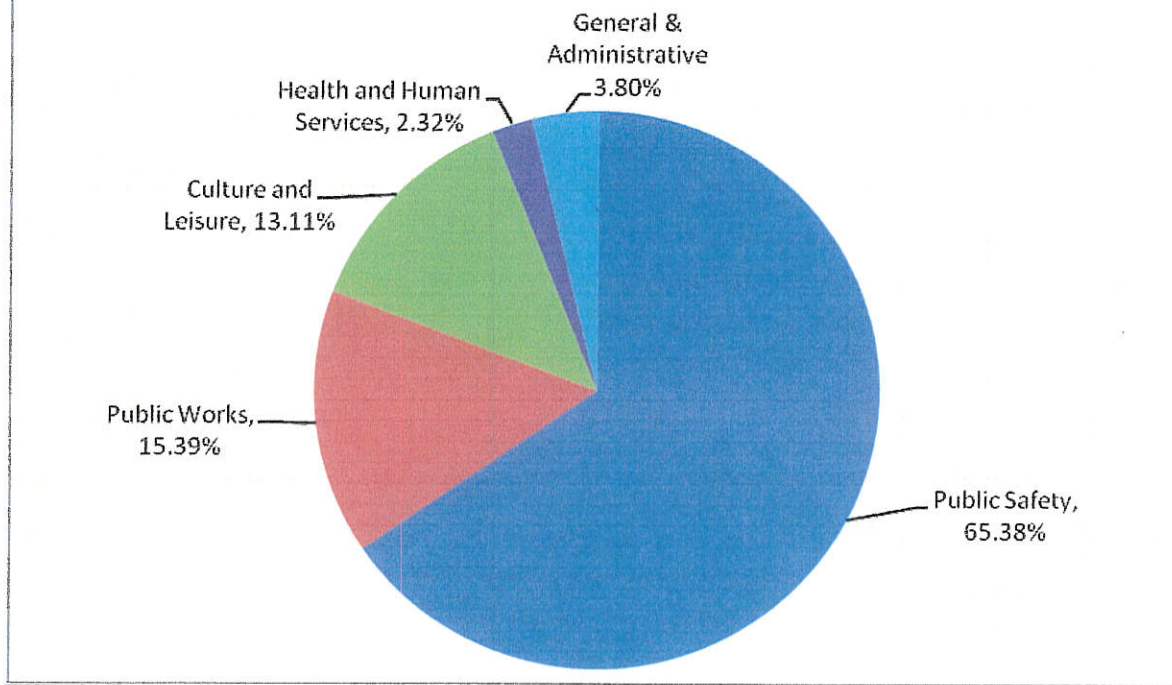
- The Special Alcohol – treatment dollars are used (by statutory requirement) for drug treatment, prevention and education. The City contracts with 15 agencies, such as Big Brothers/Big Sisters and Communities in Schools. These contracts could be canceled if the State funding is cut.
- The Special Alcohol – Park dollars are used (by statutory requirement) to fund recreational programs. In 2008, the City spent over \$2.5 million for recreational programming that was NOT reimbursed or recovered by user fees. The Special Alcohol funds offset nearly \$2 million of this, including \$373,524 for operational costs of 11 swimming pool, \$1,189,761 for 10 recreation center costs, and \$157,883 for the operation of Watson Park.
- Gas Tax funds are spent on “curb to curb” maintenance. The City could have to reduce the PW street maintenance budget by \$1.8m in 2009 and \$1.2 m in 2010, or find some other way to make up that loss of financial support.
- General Fund: The “Slider”, LAVTR and Special Alcohol GF comprise \$3.1 million in 2009 and \$4.7 million in 2010. These resources are general revenues to the General Fund. The General Fund pays for a variety of public services, including police and fire protection, building maintenance, and other essential quality of life services.

Appropriations Committee

Attachment 10-1

Date 1/26/09

City General Fund Spending



- The City of Wichita spends nearly two thirds of non-dedicated general fund revenues for Public Safety.
- Over 15% of expenditures are for Public Works operations and maintenance expenses
- More than 13% of the budget funds cultural and leisure programs, including libraries, park programs and cultural/historical facilities

Examples of the Cost of City Services

- Each fire station costs \$1.1 million to staff 24 hours a day, seven days a week (the City operates 19 stations).
- Two police beat costs \$1 million to staff 24 hours a day, seven days a week (the City maintains 38 Police beats).
- Support for the Wichita Art Museum costs \$1.3 million annually.
- Support for Transit Services in Wichita totals \$4.3 million annually.
- Each maintenance crew costs \$275,000 annually, to mow right of ways and parkland.

Financial Management of the City of Wichita

- The City mill levy has remained flat since 1993.
- Since 1990, City general fund spending, other than public safety, has risen less than the cumulative inflation rate.