

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:06 a.m. on February 12, 2009, in Room 143-N of the Capitol.

All members were present except:

Representative Harold Lane- excused

Committee staff present:

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

Conferees appearing before the committee:

None

Others attending:

See attached list.

- Attachment 1 Performance Audits
- Attachment 2 Budget Committee Reports on Animal Health Department, Department of Agriculture and Kansas State Fair
- Attachment 3 Staff Vacancy Spreadsheet

Chairman Yoder welcomed Committee members. He stated that an agreement on the Conference Committee Report had been reached.

Introduction of Legislation

Representative Tafaelli moved to introduce legislation relating to driver's licenses for military spouses and dependents that are overseas. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Watkins moved to introduce legislation to abolish the Kansas Parole Board and create a prisoner review board within the Kansas Department of Corrections. The motion was seconded by Representative Whitham. Motion carried.

Barb Hinton, Legislative Post Auditor, presented an overview of Performance Audits, (Attachment 1). Based on FY 2009 revised estimated spending levels, agencies that received some state funding were asked to identify programs that have the lowest priority, and their operating costs. Five state agencies and their programs were reviewed for the purpose of this presentation. The data reflects the program description, FY 2009 estimated program expenditures and agency comments or rationale for ranking. The audit was reviewed and operational efficiencies discussed. It was noted that the Legislative Post Audit Committee introduced **SB 230**, which would implement the recommendation to consolidate the regulation of banks and credit unions into a single agency and consider consolidating the regulation of securities under the same financial-regulatory agency.

Barb Hinton responded to questions from Committee members regarding funding sources. The management structure, the use of updated organization charts to analyze staffing issues, and priorities identified that were not a part of an agency's core mission and outcomes.

Representative Faber, Chair of the Agriculture and Natural Resources Budget Committee, presented the Animal Health Department's budget report, (Attachment 2). The Budget Committee concurred with the Governor's FY 2010 recommendation with the adjustments noted to the Special Revenue Funds Transfer and Restoring the 3.0 percent State General Fund (SGF) Reduction.

Representative Faber made a motion to approve the Animal Health Department budget report. The motion

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:06 a.m. on February 12, 2009, in Room 143-N of the Capitol.

was seconded by Representative Light.

Heather O'Hara, Kansas Legislative Research Department, responded to questions from Committee members regarding the transfer of special revenue funds to SGF.

George Teagarden, Livestock Commissioner, Kansas Animal Health Department, provided an explanation of monies received that are placed in special revenue funds. Funding sources come from surplus property sales, attorney sub-contract fees, FEMA reimbursement, and parts and machinery.

Representative Faber stated that the recommendation would be to move \$87,803 from the special revenue funds to the SGF, which would reduce the budget by approximately 10 percent from the Governor's recommendation.

Representative Faber renewed the motion. Motion Carried.

Representative Faber, Chair of the Agriculture and Natural Resources Budget Committee, presented the Department of Agriculture budget report, (Attachment 2). The Budget Committee concurred with the Governor's FY 2010 recommendation with adjustments noted on the Lodging Inspection Program, Vacant FTE Positions, and Subbasin Water Resources Management Program.

Representative Faber made a motion to accept the budget committee report. The motion was seconded by Representative Light.

Representative Faber responded to questions from Committee members in regards to vacant positions.

A spreadsheet identifying programs, vacant positions and rationale, and classifications is was distributed to members, (Attachment 3).

Heather O'Hara responded to questions from Committee members regarding unfilled but funded positions. The shrinkage rate of 6.4 percent was increased to 7.4 percent for FY 2010, she noted.

Alan Conroy, Kansas Legislative Research Department, provided an explanation on budget preparation which includes every vacant position as though they are filled, determining shrinkage rates and where excess dollars for these unfilled positions go.

Discussion followed by Committee members regarding the need to re-evaluate the shrinkage component included in the budgeting process, rent options and consolidating facilities

Constantine Cotsoradis, Deputy Secretary, Department of Agriculture, reviewed the restaurant and lodging inspection process.

Representative Faber renewed the motion to approve the budget committee report on Agriculture. Motion carried.

Representative Faber presented the Kansas State Fair budget committee report. The Budget Committee concurred with the Governor's FY 2010 recommendation with adjustments and notations regarding competitive premiums, debt service principal payments and increased electrical rates.

Representative Faber made a motion to approve the Kansas State Fair budget committee report. The motion was seconded by Representative Carlin.

Representative Light responded to Committee members regarding the Economic Development Initiative Fund (EDIF), debt service, other funds, additional cuts and enhancements.

Alan Conroy, Kansas Legislative Research Department, noted that a revised table would be provided after the rescission bill is passed.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:06 a.m. on February 12, 2009, in Room 143-N of the Capitol.

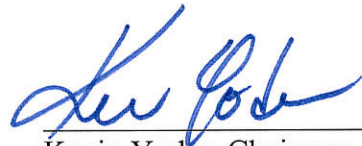
Heather O'Hara, Kansas Legislative Research Department, stated that there are two parts to the debt service; 1) interest is part of the operating budget and 2) principle is part of capital improvement budget. It was noted that the Governor's recommendation is less in SGF expenditures and more in expenditures from fee funds.

Alan Conroy, Kansas Legislative Research Department, responded to questions from Committee members regarding issuance of bonds and requirements.

Representative Faber renewed the motion to approve the Kansas State Fair budget committee report. Motion carried.

The next meeting is scheduled for February 13, 2009.

The meeting was adjourned at 10:50 a.m.



Kevin Yoder, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2-12-09

NAME	REPRESENTING
Erik Wisner	KS Dept of Ag.
CJ Cotsoradis	"
ROB MENCH	KEARNEY + ASSOC
JOHN DOUGHERTY	ESU
Tom RREBS	KASB
TERRY FANSTY	KREK
Vicki Lynn Helsel	Budget
Berend Koops	Hein Law Firm
Beverly Grebe	DSS
George Teagarden	KAHD
MARK BORANYSK	CAPITOL STRATEGIES
Dodie Wilshere	USA/Kansas

**Briefing Memo on Audit-Related Issues for the
House Appropriations Committee**

Barb Hinton, Legislative Post Auditor

February 12, 2009

1. Audits That Focus on Efficiency and Cost Savings Issues

- a. Legislative Post Audit Committee initiative
- b. Kansas Governmental Operations Accountability Law (K-GOAL)

2. Performance Audits of Interest to the Committee

- a. Key findings / audit-related issues

Appropriations Committee

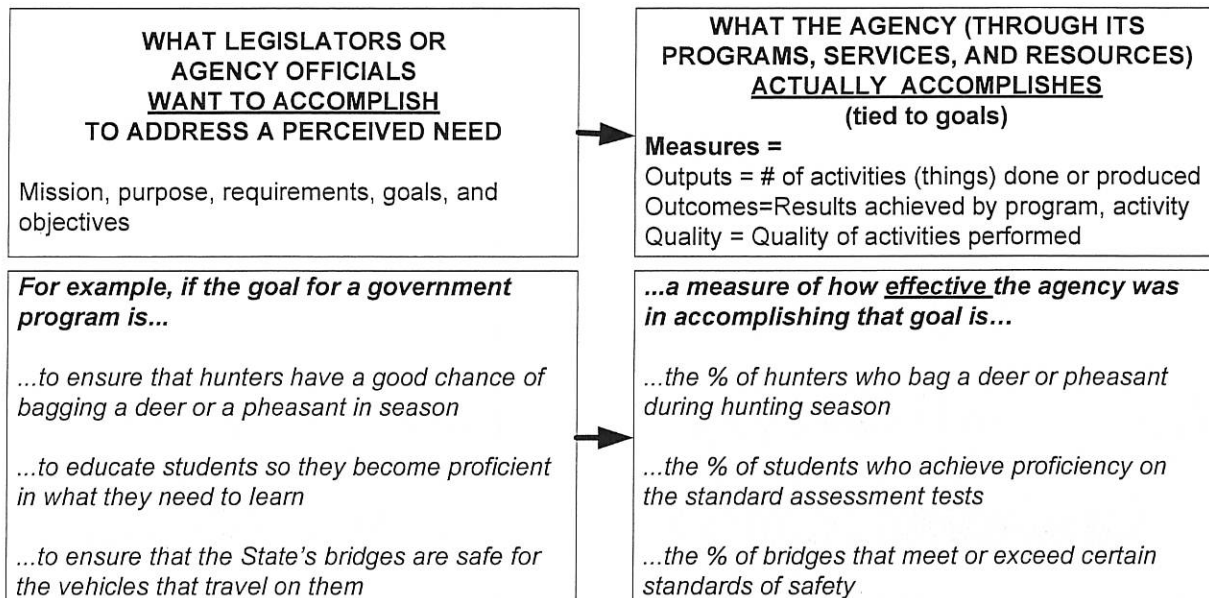
Attachment 1-1

Date 2-12-09

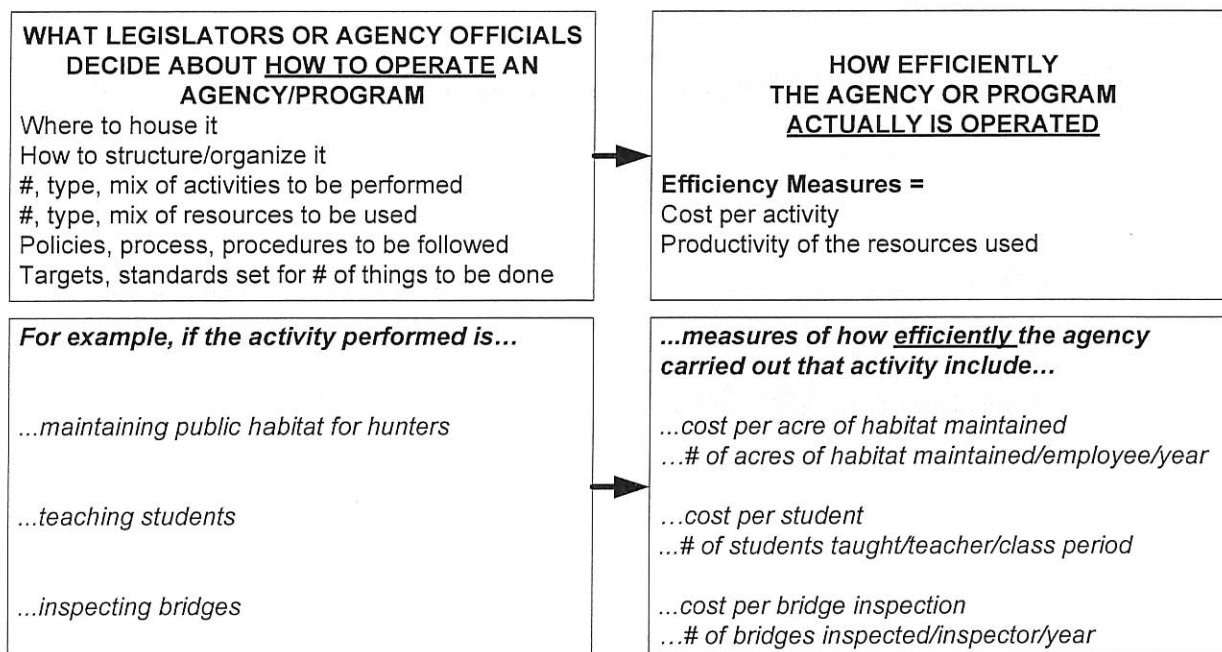
Budget _____

Framework for Differentiating Between Government Effectiveness and Efficiency

EFFECTIVENESS: How effective are an agency's programs and services at accomplishing the goals established? (How well is it working?)



EFFICIENCY: How efficiently is the agency or State using its resources to accomplish those goals?



Foundation of Efficiency: Accomplishing the Legislature's or agency's goals using the fewest resources needed to do the job well. What kinds of things can be done to increase an agency's or program's efficiency?

- Change agency/program structures to eliminate redundancy, reduce overhead costs, achieve economies of scale
- Change the #, type, or mix of activities performed or resources used
- Change policies, procedures, and processes (automate processes, cross-train employees, schedule visits or meetings so less travel is involved, buy goods and services competitively or jointly with others, etc.)

Efficiency and effectiveness must balance: the most efficient class size for a 350-student elementary school is 350 students/teacher. The most effective class size is 1 student/teacher.

b. Eliminate Duplication of Services and Effort

1. Create "one-stop" shops where customers can use or obtain services from multiple entities, administrative costs can be shared, and duplication of effort can be minimized
2. Consolidate central administrative (back-office) functions within or across agencies or programs
Human resources (job postings, applications, employee benefits)
Insurance and risk management
Accounting, purchasing, and payroll
IT and Legal
Maintenance
 - can achieve economies of scale
 - can achieve greater flexibility
 - some work doesn't increase proportionately to the number of staff involved (payroll, accounting, HR, etc.)
 - can create greater synergies and expertise for staff who do the work (helps go faster)
3. Consolidate programs within or across agencies (may take legislative action)
4. Consolidate agencies to achieve economies of scale (would take legislative action)
5. Consolidate units of government (would take legislative action)

III. Increase the Productivity of Your Resources To Effectively Accomplish Your Mission and Goals

a. Increase expected workloads to target levels for peer groups, norms, or highly efficient organizations (workload per time period)

Examples: # of items processed/hour; # of students taught/class period; # of inspections conducted per inspector per year, etc.

1. Provide the training and resources needed to meet those targets
Use averages when measuring diverse units (allows for flexibility)
2. Monitor adherence to these targets, manage performance, and make adjustments as needed

b. Restructure, streamline, and automate processes

1. Use process analysis to find and eliminate redundant, inefficient, or unnecessary steps in the process to significantly reduce the time spent
Goal is to:
 - Spend fewer hours preparing for it (maintain or receive needed information or materials in advance, provide on-line training or instructions)
 - Spend fewer hours getting to or from it (put people closer to the work, put equipment closer to the people, use video-conferencing as an alternative to face-to-face meetings, cross-train staff, establish efficient travel schedules, reduce unnecessary travel and down time, etc.)
 - Spend fewer hours doing it (rethink and restructure the work flow and processes, automate what can be automated, train and cross-train staff, use manuals, guides, and checklists, use e-mail or instant messaging to communicate, have needed equipment, materials, or information available when needed, set higher target or standard levels, etc.)
 - Spend fewer hours documenting, storing, and retrieving what's been done or produced (don't enter or handle data more than once, give field workers cell phones with cameras instead of hard lines and laptops instead of desktops, set up spreadsheets and easy databases to directly record, report, track, and store information electronically, make electronic records available to others through LANs or the Internet, have appropriate security, back-up, and off-site storage measures so electronic data don't get lost or compromised, etc.),
 - Spend fewer hours following up on what was done (do it right the first time, address questions and issues as they arise, have all the information you need at hand, make sure people with a need to know have access to the information they need, etc.)

Summary of Recent Legislative Post Audit Reports
As of February 12, 2009

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Audit Title	Key Findings for This Committee	Legislative Actions Needed
<p>Low-Priority Programs in Kansas: Identifying Them and the Costs Associated with Operating Them (February 2009; 09PA05)</p>	<p>This audit provides information that can be especially relevant during the budget and appropriations process. To help identify programs that have the lowest priority in relation to State agencies' core missions and objectives, we asked officials representing 47 State entities to identify and prioritize the programs and subprograms they administer that receive at least <u>some State</u> funding. Using their FY09 revised estimated spending levels, we asked them to <u>prioritize</u> their programs and subprograms into the following categories:</p> <ul style="list-style-type: none"> • Buy first: those they would "buy" with the first 80% of their State program funds • Buy next: those they would "buy" with the next 10% of their State program funds • Buy last: those they would "buy" with the last 10% of their State program funds. If these State funds weren't available, these are the programs and subprograms officials said they would "buy" as soon as <u>additional</u> funds became available. [Within this category, we also asked agencies to identify any programs or subprograms they would <u>not</u> buy even if additional State funds became available, which became Don't buy.] <p>We anticipate the budget and appropriations committees will be most interested in reviewing those programs and subprograms prioritized into the "buy last and don't buy" categories. This approach was intended to give agency officials and legislators a different look at State spending—if State funding is reduced, could some whole programs or subprograms be eliminated, rather than reducing staffing or service levels but leaving those programs intact?</p> <p>Altogether, agencies placed programs, subprograms, and some activities accounting for about \$500 million in State spending into the "buy last" category. Those included such diverse programs and subprograms as correctional facilities or other program sites, substantial highway maintenance projects, and provider rates or grants for various services. Many agency officials told us they felt these programs also were critical to their missions or the people of Kansas, but they had placed them there to fulfill the audit instructions. They also reported that <u>some</u> of the costs for these "buy last" programs and subprograms already have been reduced in their fiscal year 2009 or 2010 budgets.</p> <p>Several agencies also put about \$23 million in State spending for programs or subprograms into the "don't buy" category. Those included closing a juvenile correctional facility, eliminating payment inefficiencies from the Medicaid Program, and eliminating the burial assistance program. Agencies reported they already had cut essentially <u>all</u> these costs in their fiscal year 2009 or 2010 budgets.</p> <p>This report is intended to serve as a starting point in discussing such things as which programs and subprograms are most critical to the mission and goals of the State, whether the lowest-priority programs and subprograms still are needed, what would happen if some were temporarily not funded until additional funding became available, what if some were eliminated altogether, and the like.</p>	

KANSAS DEPARTMENT OF COMMERCE

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
<u>56. Agriculture Products Development - Kansas Pavilions at Trade Shows</u> - Increases sales and marketing of Kansas products.	1996	Businesses	3 national food shows: 17 companies	KSA 74-50,156	\$0	\$3,444	\$0	\$0	\$3,444	The Department has included the program in this category because it was following LPA's instructions for the audit. LPA Note: The agency reported it has included <u>part</u> of this program in its efforts to reduce spending for FY09 or FY10.
<u>57. Business Development - Support Services to the Kansas Economic Development Alliance, the Kansas Cavalry, and the Governor's Military Council</u> - A partnership support program for business recruitment/retention and support of Governor's Military Council.	Unknown	Other	Unavailable	-	\$0	\$60,000	\$0	\$0	\$60,000	FY09 budget includes \$3,100 carried over from FY08.
<u>58. Travel and Tourism - Domestic Marketing - Group Tour</u> - Encourages travel to and throughout Kansas.	1982	Businesses	All businesses & organizations in Ks. that provide goods and services to traveling public	-	\$0	\$38,419	\$0	\$0	\$38,419	Group travel is an important market segment for Kansas. Some marketing efforts could be shifted to communities/attractions/ businesses.
<u>59. Travel and Tourism - Domestic Marketing - Grants</u> - Develops tourism product offerings.	2005	Businesses	All businesses that provide goods and services to traveling public	-	\$0	\$36,840	\$0	\$0	\$36,840	Small destinations and attractions with limited local funding rely on State funding to help market themselves. Limited grant fund makes it difficult to support high-impact projects.
<u>60. Travel and Tourism - Flint Hills Initiative</u> - Supports tourism development in Flint Hills.	2005	Businesses	All businesses that provide goods and services to traveling public	-	\$0	\$20,000	\$0	\$0	\$20,000	Supports "Symphony in the Flint Hills" expenses, which has received multi-year funding assistance. LPA Note: The agency reported it has included <u>part</u> of this program in its efforts to reduce spending for FY09 or FY10.
<u>61. Travel and Tourism - Denver Media Event</u> - Encourages travel to and throughout Kansas.	2006	Businesses	All businesses that provide goods and services to traveling public	-	\$0	\$11,000	\$0	\$0	\$11,000	Opportunity to meet one-on-one with travel journalists to promote Kansas. The Kansas City event provides a better market.
Subtotal					\$4,377	\$1,722,869	\$1,020,555	\$848,000	\$3,591,424	LPA Note: These "Buy Next!" programs represent 7.6% of the total State dollars this agency reported spending on the programs it included in this document.

KANSAS DEPARTMENT OF COMMERCE

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
<u>87. Workforce Development - Wheat Harvest Program</u> - Match wheat producers with customer harvesters.	1965	Businesses	18 Businesses	proviso in 2008	\$0	\$16,900	\$0	\$500	\$17,400	Most producers have existing relationships with custom harvesters; a minimal number of producers are served through this program.
Subtotal					\$0	\$154,000	\$0	\$500	\$154,500	These "Don't Buy" programs represent .7% of the total State dollars this agency reported spending on the programs it included in this document.
Programs identified by Agency (Agency did not prioritize)										
<u>88. Base Realignment and Closure (BRAC)</u> - The Governor's Military Council assists in the developing, coordinating, and implementing strategies required by any future change in missions proposed by the Department of Defense.	2004	Not provided	Not provided	-	\$0	\$375,000	\$0	\$0	\$375,000	
<u>89. Small Business Cafeteria Plan</u> - This program is intended to encourage and expand use of cafeteria plans authorized by 26 USC 125 by small employers. This program was transferred to the Kansas Health Policy Authority.	2007	Not provided	Not provided	-	\$0	\$150,000	\$0	\$0	\$150,000	The program was transferred to the Kansas Health Policy Authority by the 2008 Legislature but no provisions were made for the transfer of funding from Department of Commerce to the Authority.
<u>90. Healthcare Association Development Program</u> - This program is intended to make grants or no interest loans for the initial costs of forming associations to assist members in obtaining access to quality and affordable health care plans. This program was transferred to the Kansas Health Policy Authority.	2007	Not provided	Not provided	-	\$0	\$500,000	\$0	\$0	\$500,000	The program was transferred to the Kansas Health Policy Authority by the 2008 Legislature but no provisions were made for the transfer of funding from Department of Commerce to the Authority.
<u>91. Affordable Airfare Program</u> - This program is designed to provide more air flight options, more competition for air travel, and affordable airfares for Kansans.	Unknown	Kansas Citizens	750,000 travelers	KSA 74-50,150	\$0	\$5,000,000	\$0	\$0	\$5,000,000	
Subtotal					\$0	\$6,025,000	\$0	\$0	\$6,025,000	LPA Note: These un-prioritized programs represent 26.4% of the total State dollars this agency reported spending on the programs it included in this document.
Grand total of agency's reported program expenditures					\$240,920	\$22,818,071	\$1,020,555	\$2,095,375	\$25,934,001	

OFFICE OF THE ATTORNEY GENERAL

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
Programs identified by Agency as "BUY LAST" (Agency did not rank within this category)										
22. <u>Administration - Fiscal Services - Accounts Payable</u>		Other			\$60,000	\$60,000	\$0	\$0	\$60,000	Agency reported they could implement temporary reductions to address immediate needs.
23. <u>Administration - Netsmartz Internet Training Kids</u> - Provides Internet safety training for kids.	2006	Children Only	70,000		\$325,000	\$325,000	\$0	\$0	\$325,000	Agency reported they could implement temporary reductions. This does not affect the core duties of the agency.
24. <u>Consumer Protection - Consumer Protection</u> - Provides enforcement of the Kansas Consumer Protection Act and antitrust laws. Provides education to Kansans on identity theft and lemon laws.		All Kansas Citizens			\$165,000	\$165,000	\$0	\$0	\$165,000	This would be funded through the fee fund. LPA Note: The agency reported it has included <u>part</u> of this program in its efforts to reduce spending for FY09 or FY10.
Subtotal					\$550,000	\$550,000	\$0	\$0	\$550,000	LPA Note: These "Buy Last" programs represent 10.4% of the total State dollars this agency reported spending on the programs it included in this document.
Grand total of agency's reported program expenditures					\$5,266,500	\$5,266,500	\$70,000	\$0	\$5,336,500	

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KANSAS DEPARTMENT OF WILDLIFE AND PARKS

Agency Mission: *The Department's mission is to conserve and enhance Kansas' natural heritage, its wildlife, and its habitats to assure future generations the benefits of the state's diverse, living resources. The Department also strives to provide the public with opportunities for use and appreciation of the natural resources of Kansas consistent with the conservation of those resources.*

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
Programs identified by Agency as "BUY FIRST"										
1. Parks--Parks - To provide outdoor recreation in a controlled environment.	1955	All Kansas Citizens	6,519,500 visitors (The Dept. counts visitors each time they visit a park)	KSA 32-804; 32-837	\$5,386,782	\$5,386,782	\$676,103	\$5,171,061	\$11,233,946	The Department said it was unprepared to identify where there would be a lack of service. Reductions in funding would be resolved through an attempt to keep all facilities open while using other cost-savings measures, such as closing park campgrounds and cleaning facilities less often. LPA Note: The agency reported it has included part of this program in its efforts to reduce spending for FY09 or FY10.
2. Administration-Executive Services-Environmental Services - To monitor streamflows throughout Kansas.	1993	All Kansas Citizens	N/A	None	\$0	\$40,000	\$0	\$0	\$40,000	If necessary, the Department would shift funding from the State Water Plan Fund to another funding source (e.g. fees, other dedicated funds, etc.). LPA Note: The agency reported it has included part of this program in its efforts to reduce spending for FY09 or FY10.
3. Capital Improvements - To maintain the infrastructure of the State parks.	1987	All Kansas Citizens	6,519,500 visitors (The Dept. counts visitors each time they visit a park)	KSA 32-807	\$1,451,640	\$3,930,050	\$3,530,004	\$9,394,384	\$16,854,438	The Department said if this program were eliminated, there would be NO loss of Federal funds. The FY 2010 Governor's Budget Report has some reductions to this program, which if implemented would require no further action on the agency's part to reach a 20% decrease in funding (for those funds about which Post Audit asked).
Grand total of agency's reported program expenditures					\$6,838,422	\$9,356,832	\$4,206,107	\$14,565,445	\$28,128,384	LPA Note: These "Buy First" programs represent 100% of the total State dollars this agency reported spending on the programs it included in this document.

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DEPARTMENT ON AGING

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
22. <u>Nutrition Program - Senior Farmers Market Nutrition Program</u> - Provides low-income seniors \$30 of checks to exchange for eligible, locally grown fruits, vegetables, and herbs sold at farmers' markets or roadside stands.	2003	Elderly Only	10,421		\$25,157	\$25,157	\$174,073	\$0	\$199,230	This program would be better funded under the Kansas Department of Health and Environment with a Woman and Infant Children (WIC) Farmers Market. This program receives optional State support. LPA Note: The agency reported it has included <u>all</u> of this program in its efforts to reduce spending for FY09 or FY10.
23. <u>Community Grants - Seniors Care Act - Senior Companion</u> - Provides in-home services to seniors, five days a week, four hours a day, on average, by volunteers.	2002	Elderly Only	50		\$25,000	\$25,000	\$0	\$0	\$25,000	This program receives optional State support. LPA Note: The agency reported it has included <u>part</u> of this program in its efforts to reduce spending for FY09 or FY10.
24. <u>Community Grants - Seniors Care Act - Expedited Services</u> - Allows Home-and-Community-Based Frail Elderly services to begin before the final financial eligibility determination is made by SRS.	2008	Elderly financially disadvantaged	23		\$100,000	\$100,000	\$0	\$0	\$100,000	This is an optional program. LPA Note: The agency reported it has included <u>part</u> of this program in its efforts to reduce spending for FY09 or FY10.
25. <u>Community Grants - Seniors Care Act - Seniors Together Enjoy Physical Success (STEPS)</u> - Improves physical and mental health, increases social functioning, and reduces health care cost by minimizing chronic conditions.	2009	Elderly Only	200		\$25,000	\$25,000	\$0	\$49,392	\$74,392	This program receives optional State support. LPA Note: The agency reported it has included <u>all</u> of this program in its efforts to reduce spending for FY09 or FY10.
26. <u>Operations - United Cerebral Palsy</u> - A grant from Kansas Department On Aging to United Cerebral Palsy to purchase assistive technology devices and home modifications for the elderly.	2009	Elderly Only			\$60,000	\$60,000	\$0	\$0	\$60,000	This is a one-time optional State grant.
Subtotal					\$6,909,831	\$6,909,831	\$664,761	\$1,305,474	\$8,880,066	LPA Note: These "Buy Last" programs represent 3.6% of the total State dollars this agency reported spending on the programs it included in this document.
Grand Total					\$193,770,423	\$193,770,423	\$295,175,267	\$9,798,782	\$498,744,472	

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KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
<u>95. Division of Health - Bureau of Family Health - Children and Families Section/Pregnancy Maintenance Initiative</u> - Promotes optimal health for Kansas women and infants, children, and adolescents through systems development activities and grants to local communities.					\$400,000	\$400,000	\$0	\$0	\$400,000	Pregnancy Maintenance Initiative grants for four social service agencies will be discontinued, but these agencies may continue to provide some services to pregnant clients. LPA Note: The agency reports it has included <u>all</u> of this program in its efforts to reduce spending for FY09 or FY10.
Subtotal					\$700,000	\$700,000	\$0	\$0	\$700,000	LPA Note: These "Don't Buy" programs represent 1.6% of the total State dollars this agency reported spending on the programs it included in this document.
Grand total of agency's reported program expenditures					\$29,352,499	\$42,779,025	\$52,849,485	\$36,833,065	\$132,461,575	

KANSAS COMMISSION ON VETERANS AFFAIRS

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
<u>15. Persian Gulf War Health Initiative Program</u> - Persian Gulf War Veterans Health Initiative Board is an advisory board to the Commission on Veterans Affairs on Gulf War syndrome issues.	1997	Persian Gulf War Veterans	Board has not met since June 2, 2007.	KSA 73-1221	\$0	\$0	\$0	\$0	\$0	All veterans programs are essential. The only reason this program was put in this category was due to the formula imposed on the agency. LPA Note: The agency reported it has included <u>all</u> of this program in its efforts to reduce spending for FY09 or FY10.
Subtotal					\$1,870,393	\$1,870,393	\$37,500	\$3,911	\$1,911,804	LPA Note: These "Buy Next" programs represent 21.4% of the total State dollars this agency reported spending on the programs it included in this document.
Grand total of agency's reported program expenditures					\$8,734,250	\$8,734,250	\$6,460,448	\$5,550,069	\$20,744,767	

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KANSAS BOARD OF REGENTS

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
<u>16. Regents Distinguished Professorship</u> - To provide supplemental financial resources to enable state research universities to attract faculty whose capabilities enhance economic development in Kansas.	1964	Adults Only	4 facilities	-	\$108,000	\$108,000	\$0	\$0	\$108,000	The program helps to attract established scholars whose research projects can increase the State's economic and industrial development. If the program was cut, federal funds could be lost in proportion to individual professors' research. The program is ranked here because other private or university funds may be available to attract talented faculty to Kansas.
<u>17. Optometry Service Scholarship</u> - To encourage selected Kansas residents to practice optometry in Kansas.	FY 1987	Adults Only	30 students	KSA 74-3270 et seq	\$113,850	\$113,850	\$0	\$4,560	\$118,410	The program is not based on financial need and its demand is lower than other scholarship programs.
<u>18. Military Service Scholarship</u> - To assist individuals who served after September 11, 2001, in one or more of a specified military operation.	2007	Adults Only	136 students	Session Law 2008, Ch. 119	\$500,844	\$500,844	\$0	\$0	\$500,844	Students may be able to receive financial assistance through a new federal G.I. Bill that may replace this program. The agency is waiting for details from the federal government.
<u>19. Dependents/Spouses of Deceased Public Safety Officer & Military Personnel, and Prisoner of War Tuition Waiver</u> - To assist these dependents of the individuals who died while serving in active military duty after September 11, 2001; and any residents who have been declared prisoners of war.	2005	Adults Only	18 students	KSA 75-4364	\$90,000	\$90,000	\$0	\$0	\$90,000	The program is ranked here because there would not be an impact on students if funding for this program was eliminated. Instead, there may be private sources of funding for the program, or State institutions would not be reimbursed for the tuition costs of these individuals.
<u>20. Technology Innovation and Internship</u> - To provide startup support for innovative technical courses or programs in emerging technologies, manufacturing or areas of skill shortages, and for internships to enable Career and Technical Education (CTE) faculty to work in industrial settings or to enable industrial employees to work in an educational setting at postsecondary institutions providing CTE programs.	1991	Other	18 Career and Technology Education (CTE) faculty did internships	KSA 72-4466 et seq	\$0	\$248,277	\$0	\$0	\$248,277	The 18 faculty who participated in internships came from 10 institutions. Five postsecondary institutions received Innovative Technology Grants. The program is ranked here because it is not critical to the agency's mission; instead, it is a faculty- and institution-focused program.
<u>21. Kansas Academy for Mathematics and Science</u> - To invest in Kansas high school students who are most likely to provide the infrastructure for highly technical scientific fields, which will help reinvigorate and restructure the State's economy.	2006	Children Only	-	KSA 72-9711 et seq	\$295,000	\$295,000	\$0	\$0	\$295,000	This program is in its start-up year. Funding was awarded to Fort Hays State University after a competitive application process, but it has not been appropriated by the Legislature for 2009. The program is ranked here because it is not critical to the agency's mission and because it serves a limited number of high school students.

KANSAS STATE HISTORICAL SOCIETY

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
<u>45. Historic Sites - Cottonwood Ranch - Full Year Operation</u> - Preserves and interprets historic structures that reflect the settlement of western Kansas sheep farming.	1982	All Kansas Citizens	2,109 visitors		\$55,108	\$55,108	\$0	\$30,000	\$85,108	The site could continue in the custody of the state with the exterior of the buildings remaining accessible to the public. The site has a private endowment that can be used for repairs and maintenance of the exterior of the buildings and the property. The endowment can't be used for operating expenses.
<u>46. Historic Sites - Native American Museum - Full Year Operation</u> - Preserves the historic Sac and Fox Mission and to interpret the history and culture of native peoples in Kansas.	1941	All Kansas Citizens	1,380 visitors	KSA 76-2014 to 76-2016	\$54,876	\$54,876	\$0	\$0	\$54,876	The community is willing to monitor the safety of the site if the agency continues to maintain the exterior of the buildings and the grounds for visitors. The exhibits could be moved to another State historic site. LPA Note: The agency reported it has included <u>part</u> of this program in its efforts to reduce spending for FY09 or FY10.
<u>47. Historic Sites - Fort Hays Tours and Special Events</u> - To provide tours of Fort Hays to the general public and host special events.	1980s	All Kansas Citizens	7,810 visitors		\$38,695	\$38,695	\$0	\$0	\$38,695	Providing more self-guided tours would allow the site to remain open to the public, but at a reduced cost. This program provides good customer service to visitors.
<u>48. Cultural Resources - Data Record Keeping</u> - Maintains data used to review projects under the state and federal historic preservation laws.	1946	All Kansas Citizens	2,799 cases	National Historic Preservation Act of 1966; PL 89-665; KSA 75-2715 to 75-2725; 74-5401 to 74-5408; 75-2741 to 75-2754; 82a-325 to 82a-327	\$36,608	\$36,608	\$0	\$37,646	\$74,254	Core duties can be reassigned to professional staff who review the data for compliance, but the program runs more efficiently with clerical assistance. Elimination of this program may impact federal fund matches. LPA Note: The agency reported it has included <u>part</u> of this program in its efforts to reduce spending for FY09 or FY10.
<u>49. State Archives - Archives Outreach</u> - Prepares collections materials for public access with projects aimed at expanding audiences.	2000	All Kansas Citizens	not available		\$36,408	\$36,408	\$0	\$15,161	\$51,569	These are good programs to offer, but may not be affordable in the difficult economic climate.
<u>50. Administration - Kansas Humanities Council</u> - Provides grants and offers ready-made cultural programs for communities across the state. The money is passed through directly to the Kansas Humanities Council and the Kansas Historical Society doesn't have control of how the money is spent.	1972	Adults Only	485,390		\$81,830	\$81,830	\$0	\$0	\$81,830	The National Endowment for Humanities matches State dollars and private donors. This program exists outside of the Kansas State Historical Society and first received State funds in 1989. LPA Note: The agency reported it has included <u>part</u> of this program in its efforts to reduce spending for FY09 or FY10.

KANSAS WATER OFFICE

Program & Description	Year Est.	Target Pop.	Agency Est. of # Served or Size	Statutory Citations Provided by Agency	FY 2009 Estimated Program Expenditures; Revised Estimate as Submitted to the Division of Budget					Agency Comments or Rationale for Ranking:
					SGF	SUBTOTAL ALL STATE FUNDS	FEDERAL FUNDS	OTHER FUNDS	GRAND TOTAL	
<u>28. Reservoir Sediment Database Development</u> - A database and corresponding web-site to collect and compile information on sedimentation in water supply reservoirs.	2009	Kansas Citizens	Unknown	KSA 74-2608	\$0	\$35,000	\$0	\$0	\$35,000	Marketing and public outreach are not as high priority. LPA Note: The agency reported it has included <u>all</u> of this program in its efforts to reduce spending for FY09 and FY10.
<u>29. Upper Republican Reconnaissance Study</u> - A study to help local stakeholders identify possible uses of Colorado water and funding from Colorado and Nebraska.	2009	Kansas Citizens	Unknown	KSA 74-2608	\$0	\$25,000	\$0	\$0	\$25,000	This project can be delayed until compact compliance issues in Nebraska and Colorado are closer to resolution. LPA Note: The agency reported it has included <u>all</u> of this program in its efforts to reduce spending for FY09 and FY10.
<u>30. Sunflower H2O Public Water Supply Study</u> - This study would partner with the local stakeholder group, the State of Oklahoma and the Corps of Engineers to evaluate options to the water supply problems.	2009	Kansas Citizens	Unknown	KSA 74-2616	\$0	\$40,000	\$40,000	\$0	\$80,000	This is the first year of a multi-year planning effort that can be delayed. LPA Note: The agency reported it has included <u>all</u> of this program in its efforts to reduce spending for FY09 and FY10.
<u>31. Northwest Kansas Modeling Scenarios</u> - Evaluation of alternative ground water management techniques using a hydrologic computer model originally developed for the Republican River Compact in Northwest Kansas.	2008	Kansas Citizens	Unknown	KSA 74-2608	\$0	\$25,000	\$0	\$0	\$25,000	Additional modeling scenarios are currently being discussed by local stakeholders. Federal funds may become available through the Bureau of Reclamation. LPA Note: The agency reported it has included <u>all</u> of this program in its efforts to reduce spending for FY09 and FY10.
<u>32. Non-Native Phreatophyte Demonstration Project</u> - Cooperation with Colorado to control tamarisk along the Arkansas River watershed. (Tamarisk is salt cedar, an invasive shrub from Eurasia.)	2006	Kansas Citizens	Unknown	none	\$0	\$29,992	\$0	\$0	\$29,992	This is a demonstration project that has shown some success. Local stakeholders will be asked to take a larger role. LPA Note: The agency reported it has included <u>all</u> of this program in its efforts to reduce spending for FY09 and FY10.
<u>33. Lower Arkansas Groundwater Availability Study</u> - The State will evaluate the alluvial and Wellington aquifers, the amount of water available and the potential for use of that water by the growing community for the area south of Wichita.	2009	Kansas Citizens	Unknown	KSA 74-2616	\$0	\$22,500	\$0	\$0	\$22,500	This is the first year of a multi-year planning effort that can be delayed. LPA Note: The agency reported it has included <u>all</u> of this program in its efforts to reduce spending for FY09 and FY10.

1-27

<p>Financial Regulatory Agencies in Kansas: A K-GOAL Audit Determining Whether Functions Could Be Combined To Gain Cost Efficiencies (September 2008; 08PA22)</p>	<p>Kansas has separate agencies that regulate banks, credit unions, and securities. In 43 other states, banks and credit unions are regulated by a single agency. In 21 states, securities regulation also is housed in the same agency that regulates banks and credit unions. Consolidating these three agencies in Kansas could save at least \$260,000 a year in costs, primarily from eliminating or restructuring managerial or administrative support positions (economies of scale). Total cost savings could be significantly higher after a detailed review and restructuring of inspectors' examination schedules.</p> <p>Almost all the savings would come from combining the bank and credit union departments. These are fee-funded agencies, so the savings would not impact the General Fund. Several issues related to governance and operation of a consolidated agency would need to be addressed in making the policy decision to combine any or all of these agencies.</p> <p>We also identified approximately \$295,000 in annual savings that could be achieved through other operational efficiencies, regardless of whether the agencies are consolidated. These types of operational efficiencies could be applicable to other State agencies that <u>are</u> funded with SGF dollars:</p> <ul style="list-style-type: none"> • Using a risk-based approach. State law requires banks and credit unions to be examined at least once every 18 months. However, the Department of Credit Unions examines all Kansas credit unions once every 12 months. If the Department were to examine non-problem credit unions once every 18 months, and continue to examine problem credit unions once every 12 months, only 65 of the 88 State-chartered credit unions would need to be examined each year. Doing so would allow the Department to eliminate 2 full-time-equivalent examination positions, saving an estimated \$84,000 in compensation and \$23,000 in related travel costs and other incidental expenditures per year. This analysis continues to allow examiners to conduct <u>all</u> other associated monitoring visits for problem entities, as well as other activities they perform as part of their job duties. • Working from home. Bank and credit union examiners spend most of their time on-site at the institutions they examine. Credit union examiners in Kansas currently work out of their homes, but the 63 examiners of the Bank Commissioner's Office work out of six regional offices and the central administrative office in Topeka. Having bank examiners work from home could save an estimated \$106,000 per year in lease costs. • Adhering to the space standards recommended by the Department of Administration. Those standards are 210-250 square feet of usable space per person, which includes hallways, break rooms, conference rooms, etc. Combined, the three regulatory agencies will spend about \$500,000 in rent in FY 2009. Renegotiating leases and reducing the amount of space they lease to 250 square feet per employee would reduce current rent expenditures by about \$80,000. 	<p>To help achieve the goals of combining the three agencies with similar missions and functions, reducing operating costs, and increasing administrative efficiencies, we recommended that the Legislature consolidate the regulation of banks and credit unions into a single agency, and consider consolidating the regulation of securities under that same financial-regulatory agency. We spelled out a number of other steps the Legislature would need to take related to that consolidation.</p> <p><u>As a starting point in the discussion</u>, the Legislative Post Audit Committee introduced SB 230, which would implement this recommendation.</p> <p>We also made a number of recommendations to the agencies that would help them achieve operational efficiencies, whether or not they are consolidated.</p>
<p>Agricultural-Related Agencies: A K-GOAL Audit Determining Whether Cost Savings Could Be Achieved By Making the Animal Health Department and the</p>	<p>Kansas is one of only six states that doesn't place any of its animal health oversight or conservation grant functions within its Department of Agriculture. The remaining 44 states have varying degrees of those functions placed under their Departments of Agriculture. Kansas could save at least \$710,000 a year in operating efficiencies by merging the two agencies with the Department of Agriculture. [These two agencies</p>	<p>To help achieve the goals of combining the three agencies with similar missions and functions, reducing operating costs, and increasing administrative efficiencies, we recommended that the Legislature merge the Conservation Commission and</p>

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	<p>from getting services, but it would allow KHPA to more quickly identify those clients and expedite the process of removing them from the Program if they are no longer eligible.</p> <ul style="list-style-type: none"> • 266 clients hadn't provided a valid Social Security number, either at all (235) or they provided an invalid one (i.e., the # hasn't yet been issued by the Social Security Admin.) (31). These clients received almost \$680,000 in services. KHPA officials typically give clients 3 months to provide a Social Security number if they don't have one. In all, 112 of the clients we identified still hadn't provided an SSN within three months and were still receiving services—41 of them for longer than a year. • We found almost \$435,000 in non-hospital claims for clients who were hospitalized at the time the service was reported as being provided. We worked with KHPA officials to try to exclude from this figure any claims paid for legitimate reasons. KHPA said it had begun developing techniques to identify and track down these types of claims. • Nearly all visits to a doctor's office are billed at one of two levels—a lower level of service for which Medicaid pays up to \$40 per visit, and a higher level of service at \$64 per visit. We determined the normal range of these billings for different types of doctors for both regular office visits and emergency room doctor visits, then identified the number and amount of claims paid above those ranges. In all, 510 doctors had billings above the normal range. They submitted a <u>total</u> of 95,000 claims for office visits; we estimated that about 16,000 of these visits represent the potential for upcoding (4% of all office visits billed under Medicaid). The difference between what these doctors actually billed and what they would have billed if their office visits had followed the normal ranges was about \$600,000. We noted it's impossible to tell if these claims represent "upcoding" just from looking at claims data—that would take a review of individual claim files—but this "pattern" analysis can help narrow the search for the potential for abuse within the system. KHPA officials said they thought the existing system and process of profiling providers—which uses a multi-dimensional analysis of providers and their billing profiles, and has nurses compare physicians to one another—meets the intent of our recommendation to look at doctors' billing patterns on a regular basis. • 519 clients received prescriptions for controlled substances like morphine, oxycodone, and Ritalin from five or more doctors in a single year. These drugs often have a street value and can be easily abused. The total amount of these claims paid with 5 or more prescribing physicians was about \$623,000. These patterns could be indicative of potential abuse or fraud, but it would take a review of individual claim files to make that determination. KHPA said it currently has a system to run such checks, and had identified 53 of the 519 clients as suspected abusers. 	
<p>Community Colleges: Examining Whether There Are Ways To Share Resources To Reduce Costs (February 2008; 07PA24)</p>	<p>Community colleges like Independence and Coffeyville could do a lot more than they currently do to share resources. In the area of academics they could eliminate duplicate programs with small enrollment and look at sharing faculty, particularly through the use of interactive video conferencing or online courses. Many items also could be jointly purchased. For example:</p>	<p>No recommendations in these areas.</p>

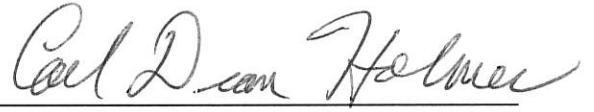
FY 2010

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

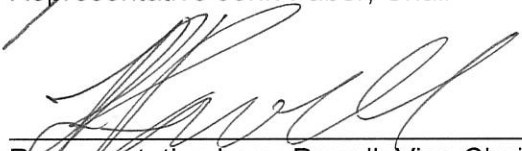
Animal Health Department
Department of Agriculture
Kansas State Fair



Representative John Faber, Chair



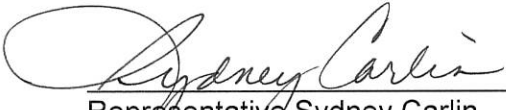
Representative Carl Holmes



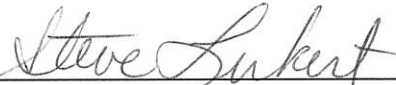
Representative Larry Powell, Vice-Chair



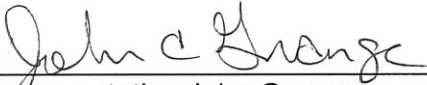
Representative Bill Light



Representative Sydney Carlin,
Ranking Minority Member



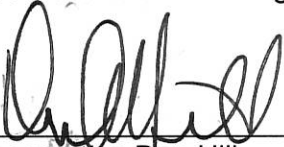
Representative Steve Lukert



Representative John Grange



Representative Jerry Williams



Representative Don Hill

Appropriations Committee

Attachment 2-1

Date 2-12-09

Budget _____

House Budget Committee Report

Agency: Animal Health Department **Bill No.** HB --

Bill Sec. --

Analyst: O'Hara **Analysis Pg. No.** Vol. --

Budget Page No. 435

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,081,890	\$ 864,525	\$ 27,329
Other Funds	1,819,268	1,773,189	(87,803)
Subtotal - Operating	\$ 2,901,158	\$ 2,637,714	\$ (60,474)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 2,901,158	\$ 2,637,714	\$ (60,474)
FTE Positions	35.0	33.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	36.0	34.0	0.0

Agency Request

The **agency** requests a FY 2010 budget totaling \$2.6 million, which is a decrease of \$7,528, or 0.3 percent, below the agency's revised FY 2009 estimate. The request includes State General Fund expenditures of \$1.1 million, which is an increase of \$146,950, or 15.7 percent, above the revised FY 2009 estimate. The request would fund 35.0 FTE positions, which is an increase of 2.0 FTE position above the revised FY 2009 estimate. The request also includes enhancement funding of \$170,908, all from the State General Fund, and 2.0 FTE positions. Enhancement requests include \$18,800 for the purchase of a new vehicle in the Animal Disease Control program and the Brand Registration program, and \$142,108 and 2.0 FTE positions for two Agriculture Inspector II positions and equipment, including the purchase of two new vehicles in the Animal Facilities Inspection program.

Governor's Recommendation

The **Governor** recommends a FY 2010 budget of \$2.6 million, including \$864,525 from the State General Fund, which is a decrease of \$263,444, or 9.1 percent, below the agency's FY 2010 request, and a decrease of \$249,059, or 8.6 percent, below the Governor's FY 2009 recommendation. Recommended State General Fund expenditures total \$864,525, which is a decrease of \$217,365, or 20.1 percent, below the agency's FY 2010 request and a decrease of \$48,502, or 5.3 percent, below the Governor's FY 2009 recommendation. The Governor does not recommend any enhancement funding that was requested by the agency and recommends a reduction in State General Fund expenditures of \$46,457 for FY 2010.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2010 recommendation, with the following adjustments:

1. **Special Revenue Funds Transfer.** Delete \$87,803, all from special revenue funds, and transfer to the State General Fund in FY 2010. The Budget Committee recommends deleting \$87,803 from four agency special revenue funds in FY 2010 and transferring that amount to the State General Fund. The agency proposed the deletion and transfer of the amount in exchange for restoration of the 3.0 percent reduction in State General Fund expenditures that was recommended by the Governor for FY 2010. Please see the attached document from the agency for further detail on the special revenue funds and recommended reductions.
2. **Restore 3.0 Percent State General Fund Reduction.** Add \$27,329, all from the State General Fund, to restore the 3.0 percent State General Fund reduction that was recommended by the Governor for FY 2010. The reduction would decrease the funding for agency travel and subsistence, which the agency states is critical to its agency's Animal Disease Control and Animal Facilities Inspection programs, which include inspections of livestock and animals in pet shops, pounds and shelters, boarding and training facilities, research facilities, animal distributors, animal collectors, and facilities where three or more litters of puppies or kittens are produced, sold, or offered for sale.

STATE OF KANSAS
Kansas Animal Health Department

George Teagarden, Livestock Commissioner

708 SW Jackson, Topeka, Kansas 66603-3714

Phone 785-296-2326 Fax 785-296-1765

Email - gteagarden@kahd.ks.gov

web site - www.kansas.gov/kahd

February 9, 2009

House Budget Committee / Kansas Animal Health Department

In cooperation with the Kansas Legislature, the Kansas Animal Health Department offers these concessions in support of a balanced budget for FY 2010.

Balances in the:

Brucellosis/Pseudorabies Indemnity Fund	\$17,275
Attorney Fund	\$31,244
Parts and Machinery Fund	\$15,420
Greensburg Re-Imbursement	\$23,864
Total	<u>\$87,803</u>

These balances could be swept into the SGF by statutory language. This amount would be in the neighborhood of 10% of our SGF allocation.



George Teagarden
Livestock Commissioner

House Budget Committee Report

Agency: Department of Agriculture **Bill No.** HB --

Bill Sec. --

Analyst: O'Hara **Analysis Pg. No.** Vol. --

Budget Page No. 423

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,998,322	\$ 10,948,668	\$ 0
Other Funds	18,744,986	16,898,222	0
Subtotal - Operating	\$ 31,743,308	\$ 27,846,890	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 31,743,308	\$ 27,846,890	\$ 0
FTE Positions	344.5	344.5	0.0
Non FTE Uncl. Perm. Pos.	37.5	37.5	0.0
TOTAL	382.0	382.0	0.0

Agency Request

The **agency** requests a FY 2010 budget of \$31.7 million, which is an increase of \$2.7 million, or 9.2 percent, above the agency's revised FY 2009 estimate. The agency requests State General Fund expenditures of \$13.0 million, which is an increase of \$1.1 million, or 9.4 percent, above the revised FY 2009 estimate. The FY 2010 request includes enhancement funding of \$2.4 million, including \$1.0 million from the State General Fund. Absent the enhancement requests, the agency's FY 2010 request totals \$29.3 million, which is an increase of \$254,297, or 0.9 percent, above the revised FY 2009 estimate, including a State General Fund increase of \$83,805, or 0.7 percent. Increases in the FY 2010 request includes increases in Administrative Services and Support (\$224,495), Food Safety and Consumer Protection (\$56,298), and Agricultural Laboratories (\$72,138), which are partially offset by decreases in Water Resources (\$422,240) and Environmental Protection (\$76,394).

Governor's Recommendation

The **Governor** recommends a FY 2010 budget of \$27.8 million, which is a decrease of \$3,896,418, or 12.3 percent, below the agency's FY 2010 request and a decrease of \$904,964, or 3.1 percent, below the Governor's FY 2009 recommendation. The recommendation includes State General Fund expenditures of \$10.9 million, which is a decrease of \$2.0 million, or 15.8 percent, below the agency's FY 2010 request and a decrease of \$746,585, or 6.4 percent, below the Governor's FY 2009 recommendation. The Governor recommends shifting \$61,000 in State General Fund expenditures to funding from special revenue funds. The Governor also recommends eliminating funding for 3.0 FTE positions (\$139,036), reducing overall State General

Fund expenditures by 3.0 percent (\$158,761), increasing salaries and wages shrinkage (\$315,033), and decreasing State General Fund expenditures for moratoriums on the state's contribution for death and disability and employee health insurance (\$285,474).

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2010 recommendation, with the following notations:

1. **Lodging Inspection Program.** The Budget Committee notes the committee's discussion on the lodging inspection program, which was transferred to the Department of Agriculture from the Kansas Department of Health and Environment (KDHE) in FY 2009 as a result of legislation that was approved by the 2008 Legislature. The program currently has four inspectors that are responsible for inspecting lodging establishments across the state. The committee notes the agency is attempting to work with the lodging industry and its various organizations which also conduct inspections of lodging facilities, in hopes of working in conjunction with these organizations to possibly accept non-state inspections as evidence of lodging facilities that are safe for the public use.

The Budget Committee believes that in this year of State General Fund reductions for many programs, that this program should be considered closely for budget savings.

2. **Vacant FTE Positions.** The Budget Committee notes that the agency currently has 52.0 vacant positions, of which 46.0 are FTE positions and 6.0 are non-FTE positions.
3. **Subbasin Water Resources Management Program.** The Budget Committee notes the committee's discussion on the Subbasin Water Resources Management program. For FY 2010, the Governor recommends Subbasin Water Resources Management program expenditures of \$737,536, all from the State Water Plan Fund. The committee discussed deleting the FY 2010 recommended funding for the program. The Subbasin Water Resources Management program works with water issues at a basin or area level and works with local stakeholders to provide management and protection options for the state's water resources to ensure a substantial, long-term water supply to benefit Kansas' citizens. The program, under the director of the Chief Engineer for the Division of Water Resources, conducts modeling which measures the amount of water currently in the basins and using that data. The program provides recommendations to local entities regarding water resources.

The Budget Committee is concerned that with the reduction of the \$6.0 million statutory transfer from the State General Fund to the State Water Plan Fund, there are other programs that could be funded with the funding from the Subbasin Water Resources Management program. Although the program currently exists within the agency's Division of Water Resources, the program does not have specific statutory authorization and is not a program that has been approved by the Legislature.

House Budget Committee Report

Agency: Kansas State Fair **Bill No.** HB -- **Bill Sec.** --

Analyst: O'Hara **Analysis Pg. No.** Vol.- **Budget Page No.** 439

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 971,861	\$ 341,861	\$ 0
Other Funds	4,884,197	5,150,331	25,000
Subtotal - Operating	<u>\$ 5,856,058</u>	<u>\$ 5,492,192</u>	<u>\$ 25,000</u>
Capital Improvements:			
State General Fund	\$ 780,000	\$ 0	\$ 0
Other Funds	544,306	114,306	0
Subtotal - Capital Improvements	<u>\$ 1,324,306</u>	<u>\$ 114,306</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 7,180,364</u></u>	<u><u>\$ 5,606,498</u></u>	<u><u>\$ 25,000</u></u>
FTE Positions	24.0	24.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>24.0</u></u>	<u><u>24.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2010 operating budget of \$5.9 million, which is an increase of \$294,024, or 5.3 percent, above the revised FY 2009 estimate. The request includes State General Fund expenditures of \$971,861, which is an increase of \$176,040, or 22.1 percent, above the revised FY 2009 estimate. The request includes enhancement funding of \$250,000, including \$200,000 from the State General Fund, for an increase in electrical usage rates and \$50,000 from the Economic Development Initiatives Fund (EDIF) for enhanced marketing and promotion of the State Fair.

The **agency** requests FY 2010 capital improvements funding of \$1,324,306, which is an increase of \$57,242, or 4.5 percent, above the FY 2009 approved amount. The increase is attributed to increases of \$2,242 for rehabilitation and repair and \$55,000 for debt service principal payments.

Governor's Recommendation

The **Governor** recommends a FY 2010 operating budget of \$5.5 million, including \$341,861 from the State General Fund, which is a decrease of \$363,866, or 6.5 percent, below the agency's FY 2010 request and a decrease of \$68,442, or 1.2 percent, below the Governor's FY 2009 recommendation. The Governor recommends a reduction of \$70,000 in expenditures from the Economic Development Initiatives Fund (EDIF) for FY 2010. The Governor also recommends decreases of \$6,843 for the KPERS death and disability state contribution moratorium and \$37,023

for the employer health insurance state contribution moratorium. The Governor does not recommend any of the agency's FY 2010 enhancement requests.

The **Governor** recommends FY 2010 capital improvements funding of \$114,306, all from special revenue funds, which is a decrease of \$1,210,000, or 91.4 percent, below the agency's FY 2010 request and a decrease of \$742,758, or 86.7 percent, below the Governor's FY 2009 recommendation. The Governor recommends a reduction of \$1,210,000 in funding from the State General Fund to reflect a debt service principal restructuring plan. In addition, the Governor recommends the suspension of the match from the State General Fund to the State Fair Capital Improvements fund in FY 2010.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2010 recommendation, with the following adjustment and notations:

1. **Competitive Premiums.** Add \$25,000, all from the Economic Development Initiatives Fund (EDIF), in FY 2010 for competitive premiums for fair entry winners. The agency requested \$20,000, all from the EDIF, for competitive premiums as part of their FY 2010 agency request. The Governor did not recommend funding from the EDIF for competitive premiums in FY 2010. The agency has previously received funding from the EDIF for competitive premiums in FY 2007, FY 2008, and FY 2009.
2. **Debt Service Principal Payments.** The Budget Committee notes its concern regarding the restructuring of a portion of the state's bonded indebtedness in FY 2009 and FY 2010. The Budget Committee notes that by delaying bond payments in the current and budget fiscal years, the total amount of bonded indebtedness that the state will pay over the life of the bonds will total a higher amount than if the state were to pay debt service principal payments on schedule for FY 2009 and FY 2010. For FY 2010, the agency's debt service principal would total \$1,210,000, all from the State General Fund.
3. **Increased Electrical Rates.** The Budget Committee notes its concern regarding the agency's FY 2010 enhancement request for \$200,000, all from the State General Fund, for increased electrical rates at the Kansas State Fair. The agency currently has an agreement with Westar that included an interruptible service rider (ISR) and a capacity credit agreement. The ISR means that Westar has the option to call the agency on short notice to reduce the electrical load for the day. By agreeing to these terms, the Kansas State Fair received a more favorable utility rate. Westar has notified the agency that after April 2009, the agency will no longer be eligible for the ISR and the capacity credit agreement that has provided the most significant savings. The agency indicated that according to the information provided by Westar, the loss of this agreement will result in an annual increase of approximately \$200,000 for electrical usage. The Budget Committee notes its recommendation to the agency to continue to negotiate with Westar and to continue exploring the possibility of alternative energy projects to lower the projected cost for electricity at the Kansas State Fair.

PI	FTE	Non-FTE	Classification Name	Reason for Vacancy
Admin Services	1		Auditor II	Retirement - have not filled due to budget cuts
Admin Services	1		Accountant III	Vacant - not filled because of budget cuts; was a part of reduced resources for FY2010
Admin Services	1		Legal Assistant	Laid Off - not filled due to budget cuts
Admin Services	1		Senior Admin. Assistant	Laid Off - not filled due to budget cuts
Record Center	1		Senior Admin. Assistant	Vacant - not filled because of budget cuts
Record Center	1		Senior Admin. Assistant	Employee Resigned 1/30/09 - not filled because of budget cuts
Record Center		1	Senior Admin. Assistant	Vacant - came from KDHE Food Safety
Record Center		1	Senior Admin. Assistant	Vacant - came from KDHE Food Safety
Statistics	1		Research Analyst III	Employee Resigned 1/30/09 - not filled because of budget cuts
Meat & Poultry	1		Agriculture Inspector III	Vacant - Currently recruiting
Meat & Poultry	1		Agriculture Inspector II	Vacant - Currently recruiting
Meat & Poultry	1		Agriculture Inspector II	Vacant - not filled because of budget cuts
Meat & Poultry	1		Agriculture Inspector II	Vacant - not filled because of budget cuts
Meat & Poultry	1		Agriculture Inspector II	Vacant - not filled because of budget cuts
Meat & Poultry	1		Agriculture Inspector II	Vacant - not filled to meet shrink
Meat & Poultry	1		Agriculture Inspector II	Vacant - not filled to meet shrink
Retail Food Inspection	1		Public Service Executive II	Vacant
Retail Food Inspection	1		Food, Drug & Lodging Surveyor I	Vacant - Currently recruiting
Retail Food Inspection	1		Food, Drug & Lodging Surveyor III	Vacant - Currently recruiting
Retail Food Inspection	1		Food, Drug & Lodging Surveyor I	Vacant - came from KDHE Food Safety in Oct. 2008 still evaluation position needs
Retail Food Inspection	1		Food, Drug & Lodging Surveyor I	Vacant - came from KDHE Food Safety in Oct. 2008 still evaluation position needs
Retail Food Inspection	1		Hlth or Environment Prog Analys	Vacant - came from KDHE Food Safety in Oct. 2008 still evaluation position needs
Retail Food Inspection		1	Food, Drug & Lodging Surveyor I	Vacant - came from KDHE Food Safety in Oct. 2008 still evaluation position needs
Retail Food Inspection		1	Food, Drug & Lodging Surveyor I	Vacant - came from KDHE Food Safety in Oct. 2008 still evaluation position needs
Retail Food Inspection		1	Food, Drug & Lodging Surveyor I	Vacant - came from KDHE Food Safety in Oct. 2008 still evaluation position needs
Retail Food Inspection		1	Food, Drug & Lodging Surveyor I	Vacant - came from KDHE Food Safety in Oct. 2008 still evaluation position needs
Dairy	1		Agriculture Inspector II	2008 Legislature approved but did not fund; not filled due to budget cuts
ACAP	1		Agriculture Inspector II	Vacant - not filled to meet shrink
Weights & Measures	1		Agriculture Inspector II	Vacant - not filled to meet shrink
Weights & Measures	1		Agriculture Inspector II	Vacant - not filled to meet shrink
Grain Warehouse	1		Grain Warehouse Examiner III	Employee Resigned 12/15/08 - currently recruiting
Grain Warehouse	1		Grain Warehouse Examiner I	Employee resigned 8/24/08 - not filled to meet shrink
Water Mgmt Services	1		Professional Civil Engineer I	Retirement - have not filled due to budget cuts
Water Mgmt Services	1		Environmental Scientist II	Vacant - Stockton field Office currently recruiting
Water Appropriations	1		Environmental Scientist III	Vacant - Stafford Field Office not filled do to budget cuts
Water Appropriations	1		Environmental Scientist II	Vacant - not filled to meet shrink
Water Appropriations	1		Environmental Scientist II	Not Funded
Water Appropriations	1		Environmental Scientist II	Vacant - Stafford Field Office not filled to meet shrink
Water Appropriations	1		Environmental Tech III	Vacant - Stockton Field Office not filled to meet shrink
Water Appropriations	1		Environmental Tech III	Vacant - Garden City Field Office not filled to meet shrink
Water Appropriations	1		Environmental Tech III	Vacant - Stockton Field Office not filled to meet shrink
Water Appropriations	1		Environmental Scientist II	Vacant - not filled to meet shrink
Water Appropriations	1		Environmental Tech III	Vacant - not filled to meet shrink
Water Appropriations	1		Admin. Specialist	Not Funded
Water Appropriations	1		Senior Admin. Assistant	Vacant - Currently recruiting
Water Appropriations	1		Environmental Tech I .49%	Vacant - Stafford Field Office not filled to meet shrink
Water Structures	1		Professional Civil Engineer I	Vacant - not filled to meet shrink
Water Structures	1		Environmental Tech I	Vacant - not filled to meet shrink
State Water Plan	1		Senior Admin. Assistant	Vacant
Lab	1		Chemist II	Vacant - Currently recruiting
Lab	1		Lab Technician III	Vacant - Currently recruiting
Pesticide Use	1		Admin. Specialist	Vacant

Appropriations Committee

Attachment 3-1

Date 2-12-09

Budget _____