

Approved: May 8, 2009

Date

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 5:25 p.m. on May 5, 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

Jason Long, Office of the Revisor of Statutes

Jim Wilson, Office of the Revisor of Statutes

Christina Butler, Kansas Legislative Research Department

Audrey Dunkel, Kansas Legislative Research Department

J.G. Scott, Kansas Legislative Research Department

Kelly Cure, Chief of Staff

Kathy Holscher, Committee Assistant

Conferees appearing before the Committee:

None

Others attending:

See attached list.

SB 205 - Prohibiting the development finance authority from refunding any bonds for any state agency unless specifically approved by an act of the legislature.

Representative Watkins made a motion to remove the contents of SB 205. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Feuerborn made a motion for the addition of the recommended budget adjustments to the FY 2009 and FY 2010 budgets, (Attachment 1). The motion was seconded by Representative Sawyer.

Representative Feuerborn reviewed the adjustments which totaled \$363.7 million and an ending balance of \$35.3 million

Discussion followed by Committee members regarding the impact of decoupling and tax cuts included in the federal stimulus package. Accelerated appreciation would provide 50 percent tax credit in the first year and the remaining credits spread throughout additional years. It was noted that the tax proposals are included in the budget adjustments but would require a separate bill, and action by the Tax Committee. Agencies would have the flexibility to reduce budgets by 2.5 percent with this proposal. Revenue enhancements would require further Committee discussion.

Representative Feuerborn amended the motion to remove \$5.4 million cut to the Department of Correction. The amendment was seconded by Representative Sawyer.

Committee members continued discussion on the impact of tax cuts, the need to stimulate the economy and balance the state's budget.

Representative Light made a substitute motion to adopt the proposal with the removal of items # 10 and #11 which deletes the decoupling proposals from the budget adjustments. The motion was seconded by Representative Craft.

A review and further discussion by Committee members followed regarding Representative Feuerborn and Representative Light's motion and amendment. If adopted, a tax policy would be necessary in order to fill the \$141 million gap.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 5:25 p.m. on May 5, 2009, in Room 143-N of the Capitol.

Representative Light renewed the motion. Motion failed.

Representative Feuerborn renewed the motion. Motion failed.

Chairman Yoder called for recess at 6:48 p.m.

Committee reconvened at 7:00 p.m.

Representative Watkins made a motion to adopt modifications to House Sub for SB 22, (Attachment 2). The motion was seconded by Representative Whitman.

Representative Watkins reviewed the proposal and discussion followed by Committee members. The modification would result in an ending balance of a negative \$44.6 million. A correction was noted to item #7, which should have read Public Safety as opposed to Corrections. Revenue adjustments provided by the Tax Committee was suggested. It was noted that the modifications would not have a bearing on the American Recession and Recovery Act.

Chairman Yoder referred to the possible additional amendments to House Omnibus Bill, (Attachment 3). These recommendations were made on the House floor and may be considered with a substitute motion on Representative Watkins motion, it was noted.

Committee members discussed the impact of 5 percent across the board reductions, and comparison of this proposal with the bill that was presented and did not pass on the floor last week. WCGME and KTEC funding was reviewed.

Reagan Cussimanio responded to Committee members questions regarding the 4.75 percent cut to education, which would reduce the BSAPP to \$4,188. This represents an additional 1 percent reduction or \$30.2 million.

Representative Watkins renewed the motion. Motion carried

The minutes reflect votes in opposition of Representative Watkins motion by Representative Burroughs and Sawyer, as they requested.

Committee members received a copy of the Amendments, (Attachment 4) and the Status of the State General Fund, (Attachment 5).

Representative Watkins made a motion to include Representative Kinzer's amendment regarding the KDHE - Health Title X Comprehensive planning preventative health services safety net clinics. The motion was seconded by Representative Mast. Motion carried.

Representative Watkins made a motion to include Representative Crum's amendment regarding the SRS proviso and PD home and community returning to the regular rate of reimbursement. The motion was seconded by Representative Crum. Motion carried.

Representative Watkins made a motion to include Representative Kleeb's amendment regarding the Transparency proviso and LCC oversight. The motion was seconded by Representative DeGraaf. Motion carried.

Representative Watkins made a motion to include Representative Siegfried's amendment regarding KHPA money to SRS legal representation and disability determination case management. The motion was seconded by representative Mast. Motion carried.

Representative Whitham made a motion to cut 4.75 percent to base salaries and increase budget cuts for K-12 to 1 percent. The motion was seconded by Representative Crum.

Representative Whitman withdrew the motion.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 5:25 p.m. on May 5, 2009, in Room 143-N of the Capitol.

Representative Gatewood made a motion for a proviso that would shift unspent dollars for disaster relief to the FY 2010 budget. The motion was seconded by Representative Tafanelli. Motion carried.

Representative Gatewood made a motion to remove \$1 million from the Fair Fares program in Wichita and place the money in the highway fund. The motion was seconded by Representative Burroughs.

Discussion followed by Committee members regarding the communities that would be affected with this reduction. It was noted that this would only include the Wichita area. It was noted that the Manhattan airport was not included in this package.

Representative Gatewood made an amendment to the motion which would transfer the funds to the SGF as opposed to the highway fund, with the approval of the second of the motion.

Representative Gatewood closed the motion as amended. Motion failed.

Representative Faber made a motion to restore a .5 percent cut to the Public Safety budget, excluding the Department of Corrections. The motion was seconded by Representative Donohoe. Motion failed.

It was noted that Representative Faber's motion would not include cuts to the Department of Corrections and would reinstate the cuts to the JJA, Kansas Juvenile Corrections Complex in Atchison, Beloit Juvenile Correctional Facility, Larned Juvenile Correctional Facility, Adjutant General, Parole Board, Highway Patrol, KBI and State Banking Commissioners.

Representative Holmes made a motion to transfer approximately \$2.1 million from the stimulus package over a three year period, which has not been allocated to Pratt, Dodge City and Cowley Community Colleges. The motion was seconded by Representative DeGraaf. Motion failed.

Representative DeGraaf made a motion to include Representative Schwartz amendment which would require any state agency to be required to report to the director of budget and legislative research regarding federal dollars and programs with state funding levels. The motion was seconded by Representative Kelley. Motion carried.

Committee members discussed the provisions of item # 6 of Representative Watkins motion and discussed the overall impact of the recommended budget cuts.

Representative Watkins moved that SB 205 be passed favorably. Motion carried.

The minutes reflect votes in opposition of Representative Watkins motion by Representative Burroughs, Carlin and Sawyer, as they requested.

House Substitute for SB 205 favorable for passage.

The next meeting is on call of the Chair.

The meeting was adjourned at 8:05 p.m.



Kevin Yoder, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 5-5-09

NAME	REPRESENTING
Dodie Wellstear	LESA/KS & KCSOV
Mauri Jacobs	DOA
DK Prideaux	FHBU
Lindsey Douglas	KOH
Hanya Campbell	KMH C
Pat Walsh	Kearney & Assoc.
Sue Peterson	K-STATE

Representative Bill Feuerborn

	<u>Amount of Adjustments (in millions)</u>
<u>Possible Budget Adjustments to the FY 2009 and FY 2010 Budgets:</u>	
1 Sweep one-half of one-time special revenue fund fee balances that were not swept in FY 2009	\$ 10.8
2 Sweep special revenue fund 3.0 percent reduction to State General Fund in FY 2009	2.2
3 Sweep special revenue funds to State General Fund in FY 2010	2.9
4 Transfer Kansas Savings Incentive Program balances in FY 2009	4.2
5 Make a 2.5 percent across-the-board reduction in FY 2010 for all areas of state government, except debt service and human services caseloads (includes K-12 education and Regents).	125.0
6 Assume the receipt of \$50.0 million in expanded gaming funds for two privilege fee payments of \$25.0 million per casino (Northeast and South-central).	50.0
7 Limit the amount of the Bioscience Authority transfer to the FY 2009 amount	5.0
8 Reduce the State Water Plan transfer from the State General Fund	1.2
9 Delete one-half of the second half of the FY 2009 "slider" payment to local units of government	12.5
10 Decoupling for bonus depreciation of federal economic stimulus legislation	45.0
11 Decoupling for income from discharged indebtedness of federal economic stimulus legislation	20.0
12 Suspend phase-out of corporate franchise tax	14.0
13 Tax amnesty for corporate and individuals - forgives interest and penalty	35.0
14 Various tax credit adjustments	18.0
15 Shift local liquor tax receipts for parks and recreation to State General Fund	9.0
16 Shift funding for the Wichita Center for Graduate Medical Education (WCGME) from State General Fund to Economic Development Initiatives Fund (EDIF) that would come from reduced funding for KTech	3.5
17 Consensus Human Services Caseloads FY 2009 and FY 2010 savings	38.0
18 KPERS School employer contribution adjustment for latest estimates - FY 2009 and FY 2010	(4.8)
19 Funding for federal declared disasters (2007 blizzard and ice storm)	(20.0)
20 School finance property valuation changes for FY 2009 and FY 2010	<u>(7.8)</u>
Grand Total Adjustments	\$ 363.7
Projected Shortfall	<u>(328.4)</u>
Difference	\$ 35.3

Appropriations Committee.

Attachment 1

Date 5-5-09

Modifications to House Sub for SB 22

Starting Ending Balance +61.4

1. Pay 2009 Slider payment to cities and counties	(\$25 M)
2. Do not sweep special revenue funds	(\$21.5 M)
3. Do not cut employee salaries 5%	(\$50.8)
4. Additional 1% reduction to K-12 and Higher education	\$38.0
5. 3.3 PD, 3.3 DD, 3.3 CMHCs	(\$9.9)
6. Proviso on Corrections related to JoCo and Sedgwick Res facilities	
7. Delete .5% cut to Corrections	(\$1.8M)
8. Do not account for tax bills – allow tax committee to adjust to fill hole	(\$35 M)
Ending balance	(\$44.6 M)

Appropriations Committee

Attachment 2

Date 5-5-09

Possible Additional Amendments to House Omnibus Bill

- Delete the 5.0 percent state employee salary reduction (\$50.8 million);
- Pay \$25.0 million from the State General Fund for the second payment of the "slider" payment to local units of government on June 1, 2009 as currently scheduled;
- Delete the one-time fee sweeps in FY 2009, which total \$21.5 million;
- Delete K-12-Education (\$30.0 million) and Regents (\$7.9 million) an additional 1.0 percent.
- Add \$3.3 million of the Physically Disabled Waiver;
- Add \$3.3 million for the Developmentally Disabled Waiver;
- Add \$3.3 million for the Community Mental Health Centers;
- Add language that the Secretary of Corrections shall fully fund the Community Corrections Centers in Johnson and Sedgwick counties;
- Delete the 0.5 percent across-the-board reduction for public safety agencies (\$1.8 million).

Appropriations Committee

Attachment 3

Date 5-5-09

FAIL = Red
 PASS = BLUE

Representative	Amendment #	Agency	Amendment	SGF	AOF	All Funds	FTE	Analyst	Pass/Fail
FY 2010				\$0	\$0	\$0			
Kindzer	1	KDHE - Health	Title X Comprehensive planning preventative health services safetynet clinics (Grant Money Expenditure Priority of distribution)	\$0	\$0	\$0	0.0	Deckard	71/47
Colatin	2	Corrections	Funding Community Corrections Centers (1,915,713)				0.0	Waltner	41/68
Colatin	2	Corrections	Removes the lapse of \$152,307 from the community corrections account				0.0	Waltner	41/68
Watkins	2a	Various	Strike 5.0 % employee pay cut from the bill	\$28,825,857	\$30,367,838	\$59,193,695	0.0	Scott	MC Voice
Crum	3	SRS	Proviso - PD ... home and community... returning to the regular rate of reimbursement (extraordinary)				0.0	Deckard	MC Voice
Kleb	4	Various	Transparency Proviso - LCC oversight etc				0.0	Scott	60/52
Fund	5	Technical Professions	Eldon Ray - Told To pay claim	\$0	\$0	\$0	0.0	Deckard	MF Voice
Knox	5a	SRS and Post 2nd Ed	DD Waiver - Transfer money to the SGF from Special Revenue Funds					Deckard and Dunkel	50/67
Kindzer To Divide	Part A		Non-resident designation for tuition purposes					Audrey	Withdrawn
	Part B		transfer of \$283,563 money from unified op grant account to mental health and retardation services (Both SGF accounts)					Deckard	Withdrawn
	Part C		transfer of \$247,485 from comm college op grant to mental health and retardation services aid (Both SGF accounts)					Deckard	
Siegfried	5b	KHPA / SRS	Moving money from KHPA to SRS net zero. - legal representatin and disability determination case mgmt	\$0	\$0	\$0	0.0	Amy / Deckard	MC Voice
Brown	6	Various	Removes FY 2009 one-time Transfers and replace with SGF Cut of .4582%	\$0	\$0	\$0		All Analyst	65/49
Schwartz	7	DoB and KLRD	Require any state agency be required to report to director of budget and legislative research regarding federal dollars and programs with state funding levels etc.	\$0	\$0	\$0		Scott	MC Voice
Kelly	8	Regents - Community Colleges	ARRA money already in the budget for 09 and 10 - directed to be expended at specified schools	\$0	\$0	\$0		Dunkel	39/67
Kelly	8a	Regents - Community Colleges	ARRA money already in the budget for 09 and 10 - directed to be expended at specified schools (50% of original motion)	\$0	\$0	\$0		Dunkel	MF
Schwab	8b	Fair fares	Remove transfer of \$5 million - to Fair Fares	\$0	\$0	\$0		Michael	20/77
YODER pass da bill								ALL ANALYST	53/62 FAIL

Appropriations Committee

Attachment 4

Date 5-5-09

House Appropriations Committee Possible Action on the Omnibus Bill in Substitute for SB 205
 April Consensus Revenue Estimates; FY 2011 and FY 2012 Limited Revenue Growth;
 Other Expenditures as Approved by the 2009 Legislature at First Adjournment

STATUS OF THE STATE GENERAL FUND
FY 2009-FY 2012
(In Millions)

	House Appropriations Recommendations FY 2009	House Appropriations Recommendations FY 2010	Estimated FY 2011	Estimated FY 2012
Beginning Balance	\$ 526.6	\$ 45.2	\$ (44.6)	\$ (92.6)
Receipts (April, 2009 Consensus Revenue Estimate)	5,665.9	5,380.8	5,391.3	5,464.5
House Appropriations Committee Omnibus Action Revenue Adjustments	56.2	110.5	-	-
Further House Appropriations Committee Omnibus Action	(46.5)	(22.0)	-	-
	-	-	-	-
Total Available Revenue	\$ 6,202.2	\$ 5,514.5	\$ 5,346.7	\$ 5,371.9
Expenditures	6,280.6	6,151.2	6,256.9	6,360.5
Federal Economic Stimulus Legislation	(102.8)	(396.2)	(297.3)	-
Subtotal - Approved Expenditures at First Adjournment	6,177.8	5,755.0	5,959.6	6,360.5
House Appropriations Committee Omnibus Action	(20.8)	(198.5)	-	-
Further House Appropriations Committee Omnibus Action	-	2.6	-	-
Subtotal - Adjusted Expenditures for Omnibus Committee Action	6,157.0	5,559.1	5,959.6	6,360.5
Expenditure Adjustments to Reach Zero	-	-	(520.3)	(896.0)
Total Adjusted Expenditures	6,157.0	5,559.1	5,439.3	5,464.5
Ending Balance	\$ 45.2	\$ (44.6)	\$ (92.6)	\$ (92.6)
Ending Balance as a Percentage of Expenditures	0.7%	-0.8%	-1.7%	-1.7%
April Estimate of Receipts in Excess of Approved Expenditures	\$ (511.9)	\$ (374.2)	\$ (568.3)	\$ (896.0)
April Estimate of Receipts in Excess of Adjusted Expenditures	\$ (491.1)	\$ (178.3)	\$ (48.0)	\$ 0.0

Assumptions:

- House Substitute for Substitute for SB 23 and Senate Substitute for HB 2354 - FY 2009 and FY 2010 appropriation bills, further adjusted for House Appropriations Committee possible action on the Omnibus appropriations bill - Sub. for SB 205.
- April, 2009 Consensus Revenue estimates for FY 2009 and FY 2010, further adjusted for House Appropriations Committee possible action on the Omnibus appropriations bill - Sub. for SB 205.
- Estimated federal economic stimulus impact - revenue (loss of \$86.5 million) and expenditures (savings of \$796.3 million) as reflected in the approved budget.
- Caseloads include adjustments within the budgets of the Department of Social and Rehabilitation Services, Kansas Health Policy Authority, Department on Aging, Juvenile Justice Authority, and the Department of Education.

- Expenditures in FY 2011 and FY 2012 increase for human services caseloads (\$60 million), KPERS employer contribution increases (\$42 million), and state employee market pay (\$8.5 million).
- Revenue estimates increase 1.0 percent in FY 2011 2.0 percent in FY 2012, less repayment of previous loans to the SGF (\$34.7 million) for KDOT, Underground Petroleum Fund, and the Waste Tire Management Fund in both FY 2011 and FY 2012.

Kansas Legislative Research Department
 May 5, 2009

Appropriations Committee

Attachment 5

Date 5-5-09

Attachment 5