

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on February 2, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Estelle Montgomery, Kansas Legislative Research Department  
Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Melinda Gaul, Chief of Staff  
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Andy Allison, Kansas Health Policy Authority (KHPA)  
Jim Hall, American Council of Life Insurers

Others attending:

See attached list.

**Introduction of Legislation**

Andy Allison, Kansas Health Policy Authority (KHPA), appeared before the Committee to request the introduction of legislation to change current statute relating to medication for medicaid recipients.

Senator Teichman moved to introduce legislation relating to medication for medicaid recipients (9rs0624). The motion was seconded by Senator Taddiken. Motion carried on a voice vote.

Jim Hall, American Council of Life Insurers, appeared before the Committee to request the introduction of legislation to revise current statute relating to life insurance.

Senator Teichman moved to introduce legislation to revise current statute pertaining to life insurance (9rs0628). The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Senator Schmidt moved to introduce legislation pertaining to electronic transmission of electronic signatures (9rs0588). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Schmidt moved to introduce legislation concerning state retirees and health care plan (9rs0623). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Vratil moved to introduce legislation concerning hospitals and enforcement of liens (9rs0476). The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Senator Vratil moved to introduce legislation concerning publication of official notices (9rs0366). The motion was seconded by Senator McGinn. Motion carried on a voice vote.

Senator Emler moved to introduce legislation concerning credit scores in determining insurance premiums (9rs0559). The motion was seconded by Senator Lee. Motion carried on a voice vote.

**Approval of Minutes**

Senator Schodorf moved to approve the minutes of January 23, January 26 and January 27. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

## CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 2, 2009, in Room 545-N of the Capitol.

### Referral of Legislation

**SB 146** is referred to the KPERS Issues Sub-Committee.

### Update on FY 2009 Budget

J. G. Scott, Legislative Research Department, presented a comparison of the FY 2009 budget between the Governor's Budget Recommendations (GBR), actions adopted by the Senate in **Sub for SB 23** and recommendations of the House Appropriations Committee to **Sub for SB 23**, including adjustments on revenues, transfers and expenditures (Attachment 1). Mr. Scott also reviewed the GBR for FY 2010.

Responding to a question from the Committee regarding the possibility of a negative ending balance on June 30, 2009, Mr. Scott indicated that the Governor has the authority to make allotments without input from the State Finance Council to have a zero balance in the State General Fund. However, if the Governor chooses to bring the ending balance to \$100 million, it would need the approval of the State Finance Council. The Governor also has the authority to request that the State Finance Council approve issuance of certificates of indebtedness.

Alan Conroy, Legislative Research Department, presented tax information and a summary of the ending balances for the SGF for the period FY 2009 through FY 2011 as recommended in the GBR, Senate's recommendations as adopted in **Sub for SB 23** and House recommendations to **Sub for SB 23** (Attachment 2). Mr. Conroy noted that actual SGF receipts through December 31, 2008, were \$44.6 million below the November Consensus Revenue Estimate (CRE). Preliminary results for January 2009, indicate that tax collections are approximately \$21 million below the estimate, almost all in corporate income tax, with personal income tax and retail sales tax slightly below the CRE. Mr. Conroy noted that the GBR for FY 2010 proposes \$60 million in tax policy changes. Mr. Conroy indicated that legislation has been introduced to incorporate the Governor's tax policy changes.

Jill Wolters, Office of the Revisor of Statutes, provided an explanation of the Governor's Executive Order 09-01 as requested by the Committee (Attachment 3).

Chairman Emler reviewed Senate Subcommittee Instructions for FY 2010 and Senate Subcommittee Reminders (Attachment 4). A document, prepared by Legislative Research Department, on subcommittee fiscal analyst assignments and dates for final committee action was distributed to the Committee (Attachment 5).

The next meeting is scheduled for February 3, 2009.

The meeting was adjourned at 11:50 a.m.

**SENATE WAYS & MEANS COMMITTEE  
GUEST LIST**

DATE: February 2, 2009

NAME	REPRESENTING
JOHN DOUGHERTY	ESU
ITADIS LOWE	Pinegar, Smith & Assoc
Effie Swanson	KHPA
LARRY R BAER	LKW
Judy Campbell	KMHC
Mike Hammond	HEMHEK
Steve Solomon	TFI Family Services
Shawn Bell	Little Government Relations
THOM ERICKSON	KDOT
Jerry Sloan	Judicial Branch
Debra Pelt	Hein Law Firm
Kim Fowler	Judicial Branch
KOB MEALY	KEANEY & Assoc.
Suzanne Winkle	KS Action for Children
Berend Koops	Hein Law Firm
Beth Kuchiel	KKCA
Josh Smith	Sen. Pyle, Intern
Jenni Rose	KCSL
Sandy Braden	Civic Council of KC
Tom Bruno	CDS
TOM PALACE	PMCA of KS
Pat Kuitala	KDHE
MATT HOLLERS	INTERN - SEN. KUITALA





**FY 2009 Budget Adjustments**  
(In Millions)

<b>State General Fund Revenue and Transfer Adjustments</b>	<b>Governor's Recommendation</b>	<b>Senate</b>	<b>House Appropriations Committee Recommendations</b>
<b>Stop Highway Fund Loan Repayment</b>	\$ 30.9	\$ 30.9	\$ 30.9
Senate - Review repayment in FY 2011; House Committee - make repayment in FY 2011.			
<b>Stop Other Fund Loan Repayments to the Underground Petroleum Storage Tank Release Trust Fund (\$2.8), and the Worker's Compensation Fund (\$1.0)</b>	3.8	3.8	3.8
Senate - Review repayment in FY 2011; House Committee - make repayment in FY 2011.			
<b>Reduce Non-SGF Agencies by 3.0 Percent and Transfer Balances to the SGF</b>	2.2	2.2	-
<b>End Kansas Savings Incentive Program (KSIP) and Transfer Balances to SGF</b>	4.2	-	-
<b>Transfer Other Special Revenue Fund Balances to SGF</b>	29.0	7.6	7.6
<b>Transfer Unallocated Gaming Revenue (\$300 KPERS Post-Retirement Benefit)</b>	(1.6)	(1.6)	(1.6)
<b>Limit Bioscience Authority Transfer from \$47.0 million</b>	12.0	12.0	6.1
<b>Transfer \$4.2 million from the State General Fund to the Wichita Center for Graduate Medical Education</b>	-	-	(4.2)
<b>Suspend Transfers to Special City County Highway Fund (\$10.1 million), State Water Plan Fund (\$6.0 million), Health Care Stabilization Fund (\$3.0 million)</b>	19.1	10.4	1.9
Senate - Reduce transfers, but use \$6.6 million from the Special City County Highway Fund payment to correct an error in previous distributions of the Highway Equalization Fund. House Committee - Reduce transfers 4.0 percent.			
<b>Net All Other Adjustments</b>	(0.4)	(0.4)	(0.4)
<b>Accelerate the Governor's proposed seven payroll moratorium on employers contributions to the State Health Plan to FY 2009 and sweep the available special revenue fund savings of \$23.7 million to the SGF.</b>	-	23.7	23.7
<i>The total impact (revenue and expenditures) by the acceleration of the moratorium is \$55.7 million.</i>			
<b>Accelerate the Governor's proposed KPERS Death and Disability to the final four months of FY 2009 and sweep the available special revenue fund savings of \$23.7 million to the SGF.</b>	-	2.3	2.3
<b>Make reductions in each of the following special revenue funds and transfer amount to SGF:</b>			
<b>State (Lottery) Gaming Revenue Fund on available funds of \$50 million</b>		3.3	2.0
Economic Development Initiatives Fund (\$42.2 million); Juvenile Detention Facilities Fund (\$2.5 million) Correctional Institutions Building Fund (\$5.0 million); and Problem Gambling and Addictions Grant Fund (\$80,000).			
Senate - 6.5 percent; House Committee - 4.0 percent.			
<b>Children's Initiatives Fund (tobacco settlement money) on available funds of \$78.0 million</b>	-	-	3.1
Senate - no reduction; House Committee - 4.0 percent.			
<b>Machinery and Equipment Local Government Slider Payment of \$44.8 million</b>	-	2.9	1.8
Senate - 6.5 percent; House Committee - 4.0 percent.			
<b>Do not transfer the \$37.0 million out of the SGF to the School Finance "Lock Box" for FY 2010.</b>	-	37.2	37.2
<b>Subtotal Revenue Adjustments</b>	<b>\$ 99.2</b>	<b>\$ 134.3</b>	<b>\$ 114.2</b>

Senate Ways & Means Cmte  
 Date 2-2-2009  
 Attachment 1

1-2  
January 31, 2009

State General Fund Expenditure Adjustments	Governor's Recommendation	Senate	House Appropriations Committee Recommendations
Operating Budget Reductions (Governor's 3.0 Percent Excluding K-12 and Social Service Caseload)	\$ (38.8)	\$ (44.2)	\$ (44.2)
Regents System Reductions (Governor's 3.0 Percent Excluding K-12 and Social Service Caseload) Do not reduce \$0.3 million for Kansas Academy of Math and Science.	(24.6)	(24.3)	(24.3)
Debt Restructuring	(14.0)	(14.0)	(14.0)
School Finance Maintained at the FY 2009 Approved (Total State and Local Funds)	(17.7)	(17.7)	(17.7)
Kansas Health Policy Authority--Shift from SGF to Fee Funds	(8.5)	(8.5)	(8.5)
Department of Social and Rehabilitation Services-Home and Community Based Services Physically Disabled Waiver and Developmentally Disabled Waiver (House Committee only)	8.4	8.4	16.4
Close Department of Corrections Facilities (Osawatomie and Toronto)	(1.6)	-	-
Close Atchison Juvenile Correctional Facility	(2.0)	-	-
Delay Osawatomie State Hospital 30-Bed Unit	(1.8)	-	-
Net All Other Adjustments	(0.6)	(0.6)	(0.6)
Accelerate the Governor's proposed moratorium on employers contributions to the State Health Plan to FY 2009 and capture the SGF savings.	-	(32.0)	(32.0)
Accelerate the Governor's proposed moratorium on KPERS Death and Disability to the final four months of FY 2009 and capture the savings.	-	(13.5)	(13.5)
Senate - Make a 1.5 percent across-the-board reduction against all areas, except K-12 education. This would be on top of the 3.0 percent most areas of state government are already making, but still excluding debt service, KPERS-School and the School District Capital Improvement Fund. The 1.5 percent reduction shall not apply to General State Aid, Supplemental State Aid or Special Education.	-	(46.5)	-
House Committee - Make a 1.0 percent across-the-board against all areas, except K-12 and human services.	-	-	(21.1)
House Committee - Reduce K-12 school finance by 1.5 percent. Adjust General State Aid and Special Education.	-	-	(48.4)
Make Legislative Branch base reductions (Senate 2.0 percent and House Committee - 1.0 percent) to treat the legislative agencies like most other agencies.	-	(0.6)	(0.3)
Senate - Make an additional \$11 Base State Aid Per Pupil reduction in school finance, for a total current year reduction of \$33 in Base Aid Per Pupil.	-	(7.0)	-
Senate - Add language that prohibits an agency from eliminating a program or closing a facility unless the agency submits a written plan on the termination or closure to the Senate Ways and Means Committee and the House Appropriations Committee.	-	-	-
Restoration of Career Pipeline Program within the Department of Education.	-	-	0.1
House Committee - Add language to clarify that the Health Policy Authority Fee Fund can pay contingent fees for medical estate recovery services.	-	-	-
<b>Subtotal Expenditure Adjustments</b>	<b>\$ (100.6)</b>	<b>\$ (200.5)</b>	<b>\$ (208.1)</b>
<b>Total Adjustments</b>	<b>\$ 199.8</b>	<b>\$ 334.8</b>	<b>\$ 322.3</b>



**FY 2009 House Appropriations Committee Recommendations**  
**House Substitute for Senate Substitute for Senate Bill No. 23**  
(In Millions)

<u>State General Fund Revenue and Transfer Adjustments</u>	<u>House Committee Recommendations</u>
Delay to FY 2011 Highway Fund Loan Repayment	\$ 30.9
Delay to FY 2011 the Other Fund Loan Repayments to the Underground Petroleum Storage Tank Release Trust Fund (\$2.8), and the Worker's Compensation Fund (\$1.0)	3.8
<b>Transfer Other Special Revenue Balances</b> Make selected reductions of special revenue fund balances and shift to SGF. Only shift balances from the following: Adjutant General Expense Fund - Hazard Mitigation, Adjutant General National Guard Life Insurance Premium Reimbursement Payment Fund, Attorney General Interstate Litigation Fund, Attorney General Medicaid Fraud Prosecution Revolving Fund, Osawatomie State Hospital Patient Fees Fund, Department on Aging LTC Loan and Grant Fund, and Kansas Corporation Commission KETA Development Fund.	7.6
<b>Transfer Unallocated Gaming Revenue (\$300 KPERS Post-Retirement Benefit Payment)</b> Utilize SGF resources to fully finance KPERS post-retirement benefit increase.	(1.6)
<b>Reduce Bioscience Authority Transfer</b> Reduce full transfer amount (\$47.0 million) by 4.0 percent. Further reduce transfer by \$4.2 million or Wichita Center for Graduate Medical Education	1.9
Transfer \$4.2 million from State General Fund to Wichita Center for Graduate Medical Education	4.2
	(4.2)
<b>Reduce Transfers by 4.0 percent to Special City County Highway Fund (\$10.1 million), State Water Plan Fund (\$6.0 million), and Health Care Stabilization Fund (\$3.0 million)</b>	1.9
<b>Net All Other Adjustments</b>	(0.4)
<b>Accelerate the Governor's proposed payroll moratorium (14 weeks) on employers contributions to the State Health Plan to FY 2009 and sweep the available special revenue fund savings of \$23.7 million to the SGF.</b> <i>The total impact (revenue and expenditures) by the acceleration of the moratorium is \$55.7 million.</i>	23.7
<b>Accelerate the Governor's proposed moratorium on KPERS Death and Disability to the final four months of FY 2009 and sweep the available special revenue fund savings of \$2.3 million.</b> <i>The Governor had recommended a nine month moratorium in FY 2010. The total impact (revenue and expenditures) by the acceleration of the moratorium is \$15.8 million.</i>	2.3
<b>Reduce each of the following special revenue funds by 4.0 percent and transfer amount to SGF:</b>	
<b>State (Lottery) Gaming Revenue Fund on available funds of \$50 million</b> Economic Development Initiatives Fund (\$42.2 million); Juvenile Detention Facilities Fund (\$2.5 million) Correctional Institutions Building Fund (\$5.0 million); and Problem Gambling and Addictions Grant Fund (\$80,000).	2.0
<b>Children's Initiatives Fund (tobacco settlement money) on available funds of \$78.0 million</b>	3.1
<b>Machinery and Equipment Local Government Slider Payment of \$44.8 million</b> Guarantee payment as scheduled in current law on February 15, 2009.	1.8
<b>Do not Transfer the \$37.0 out of the School Finance "Lock Box" for FY 2010.</b>	37.2
<b>Subtotal Revenue Adjustments</b>	<hr/> \$ 114.2

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<b>State General Fund Expenditure Adjustments:</b>	<b>House Committee Recommendations</b>
<b>Operating Budget Reductions (Governor's 3.0 Percent Excluding K-12 and Social Service Caseload)</b> The 3.0 percent current year budget reduction excluding K-12 and social service caseloads, plus an additional reduction of \$1.6 million for Corrections; \$2.0 million for JJA; and \$1.8 million for SRS.	\$ (44.2)
<b>Regents System Reductions (Governor's 3.0 Percent Excluding K-12 and Social Service Caseload)</b> Regents share of the 3.0 percent current year budget reduction, but keeping \$0.3 million for KAMS	(24.3)
<b>School Finance Maintained at the FY 2009 Approved (Total State and Local Funds)</b> Utilize \$10 million in additional local aid	(17.7)
<b>Accelerate the Governor's proposed moratorium (14 weeks) on employers contributions to the State Health Plan to FY 2009 and capture the SGF savings.</b>	(32.0)
<b>Accelerate the Governor's proposed moratorium on KPERs Death and Disability to the final four months of FY 2009 and capture the SGF savings.</b>	(13.5)
<b>Delete the Legislative Branch an additional 1.0 percent for a base reduction of 3.0 percent (2.0 percent recommended by the Governor and an additional 1.0 percent to get to a total of 3.0 percent like most other agencies under this alternative proposal.</b>	(0.3)
<b>Kansas Health Policy Authority--Shift to Fee Funds</b> Shift expenditures from SGF to available balances.	(8.5)
<b>Department of Social and Rehabilitation Services--Home and Community Based Services Physically Disabled Waiver</b> To eliminate waiting list through end of Fiscal Year 2009 (June 30, 2009).	12.4
<b>Department of Social and Rehabilitation Services--Home and Community Based Services Developmentally Disabled Waiver</b> To provide additional services to individuals on the waiting list.	4.0
<b>Net All Other Adjustments</b>	(0.6)
<b>Make a 1.0 percent across-the-board reduction against all areas, except K-12 education and human services caseloads. This would be on top of the 3.0 percent most areas of state government are already making, but still excluding debt service, KPERs-School and the School District Capital Improvement Fund.</b>	(21.1)
<b>Reduce K-12 school finance by 1.5 percent.</b> Adjust General State Aid and Special Education.	(48.4)
<b>Debt Restructuring</b>	(14.0)
<b>Restoration of Career Pipeline Program within the Department of Education</b>	0.1
<b>Add language to clarify that the Health Policy Authority Fee Fund to pay contingent fees for medical estate recovery services.</b>	
<b>Subtotal Expenditure Adjustments</b>	<u>\$ (208.1)</u>
<b>Total Adjustments</b>	<b>\$ 322.3</b>

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**State General Fund Ending Balances  
FY 2009 through FY 2011  
(In Millions)**

	<u>FY 2009 Revised</u>	<u>FY 2010 Recommended</u>	<u>FY 2011 Projected</u>
<b>Governor's Profile*</b>	\$ 13.7	\$ (88.6)	\$ (127.7)
<b>Senate Sub. for SB 23*</b>	151.4	0.0	5.7
<b>House Committee Recommendations*</b>	142.7	46.9	77.3

\*) All profiles have been adjusted to reflect actual State General Fund collections through December, 2008 as a base adjustment in FY 2009, FY 2010, and FY 2011. Actual State General Fund receipts through December, 2008 were \$44.6 million below the estimate.

Senate Ways & Means Cmte  
 Date 2-02-2009  
 Attachment 2



2-2

**Governor's Receipt and Expenditure Recommendations in FY 2009 and FY 2010**  
**Receipts Adjusted for Actual Receipts through December (\$44.6 below the estimate)**  
**FY 2008 Actual Receipts and Expenditures**  
**Governor's Projection for FY 2011 - 4.0 Percent Growth in Tax Receipts; No School Finance Increase**

**STATE GENERAL FUND RECEIPTS, EXPEND. AND BALANCES**  
**FY 2008 - FY 2011**  
 In Millions

	Actual FY 2008	Governor's Revised FY 2009	Governor's Recommended FY 2010	Governor's Projection FY 2011
Beginning Balance	\$ 935.0	\$ 526.6	\$ 13.7	\$ (88.6)
Receipts (November 2008 Consensus) - 4.0 % Growth	5,693.4	5,781.2	5,782.4	6,219.0
Transfer Other Special Revenue Balances	0.0	29.0	2.2	-
Reduce Non-SGF Agencies and Transfer Balances	0.0	2.2	2.9	-
End Kansas Savings Incentive Program and Transfer Balance	0.0	4.2	0.0	-
Delete KDOT Loan Repayment	0.0	30.9	30.9	-
Delete Other Fund Loan Repayments	0.0	3.8	3.8	-
Limit Bioscience Authority Transfer	0.0	12.0	20.0	-
Suspend Trans. City-County Highway; Water Plan; Health Care	0.0	19.1	19.1	-
Transfer Gaming Revenue Fund	0.0	(1.6)	56.7	-
Suspend Property Tax Slider	0.0	0.0	45.3	-
Moratorium KPERS Death/Disability; Health Insurance	0.0	0.0	28.8	-
Net Other Adjustments	0.0	(0.5)	43.1	-
Proposed Tax Legislation (Estate; Corp. Franch.; Others)	0.0	0.0	60.6	-
<b>Adjustment for December Actual Receipts</b>	0.0	<b>(44.6)</b>	<b>(44.6)</b>	(44.6)
Adjusted Receipts	5,693.4	5,835.7	6,051.2	6,174.4
Total Available	\$ 6,628.4	\$ 6,362.3	\$ 6,064.9	\$ 6,085.8
<b>KPERS Death/Disability; Health Insurance</b>	-	-	<b>(62.4)</b>	-
<b>School Finance Net Adjustments</b>	-	<b>(14.0)</b>	<b>(29.5)</b>	-
<b>Regents Systemwide Reductions</b>	-	-	<b>(55.3)</b>	-
<b>State Employee Market Adjustments - 2008 HB 2916</b>	-	-	<b>8.5</b>	8.5
<b>Human Services Caseloads (net adjustments)</b>	-	<b>5.4</b>	<b>(15.2)</b>	60.0
<b>Home and Community Based Services - P.D. Waiver</b>	-	<b>8.4</b>	-	-
<b>Operating Budget Reductions, Including Regents</b>	-	<b>(63.4)</b>	-	-
<b>Debt Restructuring</b>	-	<b>(17.7)</b>	<b>(39.3)</b>	-
<b>Net Other Adjustments</b>	-	<b>(8.8)</b>	<b>(46.3)</b>	-
<b>Close or Delay State Facilities (DOC; JJA; SRS)</b>	-	<b>(5.4)</b>	<b>(11.5)</b>	-
All Other Expenditures	6,101.8	6,435.3	6,404.5	6,145.0
Total Expenditures	6,101.8	6,348.6	6,153.5	6,213.5
<b>Ending Balance</b>	<b>\$ 526.6</b>	<b>\$ 13.7</b>	<b>\$ (88.6)</b>	<b>\$ (127.7)</b>
Ending Balance as a Percentage of Expenditures	8.6%	0.2%	-1.4%	-2.1%
Receipts Above Expenditures	\$ (408.4)	\$ (512.9)	\$ (102.3)	\$ (39.1)



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- 1) FY 2008 expenditures are actual. FY 2009 and FY 2010 expenditures are as recommended by the Governor.
- 2) FY 2008 receipts are actual. FY 2009 and FY 2010 receipts reflect the Governor's recommendations, but adjusted for December actual receipts.
- 3) FY 2011 base receipts assume a 4.0 percent growth, with the December actual receipts adjusted out of the base amount.
- 4) FY 2011 expenditures include \$8.5 million for the state employee market pay adjustment and \$60.0 million increase for human services caseloads. No increase is provided for school finance in FY 2011.

Kansas Legislative Research Department  
January 14, 2009

File: FY 2010 SGF Profile - Governor's Recommendation Adjusted for December Receipts

2-3



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**House Appropriations Committee Recommendations**

Governor's Expenditure Recommendations in FY 2009 and FY 2010 as Adjusted by House Committee Action

Actual Receipts through December, 2008

FY 2008 actual receipts and expenditures

Governor's projection for FY 2011 - 4.0 percent growth in tax receipts; No school finance increase; Less 3.5 percent base reduction from FY 2009

**STATE GENERAL FUND RECEIPTS, EXPEND. AND BALANCES**

FY 2008 - FY 2011

In Millions

	Actual FY 2008	House Committee FY 2009	Governor's Recommended FY 2010	Governor's Projection FY 2011
Beginning Balance	\$ 935.0	\$ 526.6	\$ 142.7	\$ 46.9
Receipts (November 2008 Consensus) - 4.0 % Growth	5,693.4	5,788.3	5,782.4	6,219.0
Transfer Other Special Revenue Balances	0.0	7.6	2.2	-
Reduce Non-SGF Agencies and Transfer Balances	0.0	0.0	2.9	-
End Kansas Savings Incentive Program and Transfer Balance	0.0	0.0	0.0	-
Delete KDOT Loan Repayment	0.0	30.9	30.9	-
Delete Other Fund Loan Repayments	0.0	3.8	3.8	-
Limit Bioscience Authority Transfer	0.0	4.8	20.0	-
Suspend Trans. City-County Highway, Water Plan, Health Care	0.0	1.9	19.1	-
Transfer Gaming Revenue Fund	0.0	(1.6)	56.7	-
Suspend Property Tax Slider	0.0	0.0	45.3	-
Moratorium KPERS Death/Disability; Health Insurance	0.0	26.0	8.4	-
Unlock School Finance Lock Box	0.0	37.2	(37.2)	-
Net Other Adjustments	0.0	(0.4)	43.1	-
Proposed Tax Legislation (Estate; Corp. Franch.; Others)	0.0	0.0	60.6	-
Actual Receipts through December, 2008	0.0	(44.6)	(44.6)	(44.6)
<b>Other Adjustments</b>	0.0	<b>(3.3)</b>	<b>0.0</b>	<b>-</b>
Adjusted Receipts	5,693.4	5,850.6	5,993.6	6,174.4
Total Available	\$ 6,628.4	\$ 6,377.2	\$ 6,136.3	\$ 6,221.3
<b>KPERS Death/Disability; Health Insurance</b>	-	<b>(45.5)</b>	<b>(16.7)</b>	<b>-</b>
<b>School Finance Net Adjustments</b>	-	<b>(17.7)</b>	<b>(39.3)</b>	<b>-</b>
<b>Regents Systemwide Reductions</b>	-	-	<b>(55.3)</b>	<b>-</b>
State Employee Market Adjustments - 2008 HB 2916	-	-	8.5	8.5
Human Services Caseloads (net adjustments)	-	5.4	(15.2)	60.0
Home and Community Based Services - P.D. and D.D. Waiver	-	16.4	-	-
Operating Budget Reductions, Including Regents	-	(68.5)	-	-
Debt Restructuring	-	(14.0)	(34.1)	-
Net Other Adjustments	-	(9.3)	(46.3)	-
Close or Delay State Facilities (DOC; JJA; SRS)	-	-	(11.5)	-
Additional Adjustments - Regents - KAMS	-	0.3	-	-
Across-the-Board Reduction - 1.0 percent excluding schools and human service caseloads	-	(21.1)	(21.1)	(21.1)
A reduction of 1.5 percent of K-12 in General State Aid and Special Education.	-	(48.4)	(48.4)	(48.4)
All Other Expenditures	6,101.8	6,436.9	6,368.8	6,145.0
Total Expenditures	6,101.8	6,234.5	6,089.4	6,144.0
<b>Ending Balance</b>	<b>\$ 526.6</b>	<b>\$ 142.7</b>	<b>\$ 46.9</b>	<b>\$ 77.3</b>
Ending Balance as a Percentage of Expenditures	8.6%	2.2%	0.7%	1.3%
Receipts Above Expenditures	\$ (408.4)	\$ (383.9)	\$ (95.8)	\$ 30.4



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- 1) FY 2008 expenditures are actual. FY 2009 and FY 2010 expenditures are as recommended by the Governor, but further adjusted by House Committee action.
- 2) FY 2008 receipts are actual. FY 2009 and FY 2010 receipts reflect the Governor's recommendations, but adjusted by House Committee action and December actual receipts (\$44.6 million below the estimate).
- 3) FY 2011 base receipts assume a 4.0 percent growth.
- 4) FY 2011 expenditures include \$8.5 million for the state employee market pay adjustment and \$60.0 million increase for human services caseloads. No increase is provided for school finance in FY 2011.

Prepared at the Request and Direction of Representative Kevin Yoder  
Kansas Legislative Research Department  
January 30, 2009



2-6

**Alternative Proposal to Senate Ways and Means Committee Recommendations**  
**Governor's Expenditure Recommendations in FY 2009 and FY 2010 as Adjusted by Alternative Proposal**  
**Actual Receipts through December, 2008**  
**FY 2008 actual receipts and expenditures**  
**Governor's projection for FY 2011 - 4.0 percent growth in tax receipts; No school finance increase; Less 3.5 percent base reduction from FY 2009**

**STATE GENERAL FUND RECEIPTS, EXPEND. AND BALANCES**  
**FY 2008 - FY 2011**  
**In Millions**

	Actual FY 2008	Ways & Means Alternative FY 2009	Governor's Recommended FY 2010	Governor's Projection FY 2011
Beginning Balance	\$ 935.0	\$ 526.6	\$ 151.4	\$ -
Receipts (November 2008 Consensus) - 4.0 % Growth	5,693.4	5,781.2	5,782.4	6,219.0
Transfer Other Special Revenue Balances	0.0	7.6	2.2	-
Reduce Non-SGF Agencies and Transfer Balances	0.0	2.2	2.9	-
End Kansas Savings Incentive Program and Transfer Balance	0.0	0.0	0.0	-
Delete KDOT Loan Repayment	0.0	30.9	30.9	-
Delete Other Fund Loan Repayments	0.0	3.8	3.8	-
Limit Bioscience Authority Transfer	0.0	12.0	20.0	-
Suspend Trans. City-County Highway; Water Plan; Health Care	0.0	10.4	19.1	-
Transfer Gaming Revenue Fund	0.0	(1.6)	56.7	-
Suspend Property Tax Slider	0.0	0.0	45.3	-
Moratorium KPERS Death/Disability; Health Insurance	0.0	28.7	8.4	-
Unlock School Finance Lock Box	0.0	37.2	(37.2)	-
Net Other Adjustments	0.0	(0.4)	43.1	-
Proposed Tax Legislation (Estate; Corp. Franch.; Others)	0.0	0.0	60.6	-
Actual Receipts through December, 2008	0.0	(44.6)	(44.6)	(44.6)
Other Adjustments	0.0	6.1	0.0	-
Adjusted Receipts	5,693.4	5,873.5	5,993.6	6,174.4
Total Available	\$ 6,628.4	\$ 6,400.1	\$ 6,145.0	\$ 6,174.4
KPERS Death/Disability; Health Insurance	-	(62.4)	-	-
School Finance Net Adjustments	-	(17.7)	(39.3)	-
Regents Systemwide Reductions	-	-	(55.3)	-
State Employee Market Adjustments - 2008 HB 2916	-	-	8.5	8.5
Human Services Caseloads (net adjustments)	-	5.4	(15.2)	60.0
Home and Community Based Services - P.D. Waiver	-	8.4	-	-
Operating Budget Reductions, Including Regents	-	(68.5)	-	-
Debt Restructuring	-	(14.0)	(34.1)	-
Net Other Adjustments	-	(9.1)	(46.3)	-
Close or Delay State Facilities (DOC; JJA; SRS)	-	-	(11.5)	-
Additional Adjustments - Regents - KAMS	-	0.3	-	-
Across-the-Board Reduction - 1.5 percent excluding schools, 2.0 percent for the Legislative Branch, and an \$11 Base State Aid Per Pupil School Reduction	-	(54.1)	(54.1)	(44.8)
All Other Expenditures	6,101.8	6,460.4	6,392.3	6,145.0
Total Expenditures	6,101.8	6,248.7	6,145.0	6,168.7
Ending Balance	\$ 526.6	\$ 151.4	\$ -	\$ 5.7
Ending Balance as a Percentage of Expenditures	8.6%	2.4%	0.0%	0.1%
Receipts Above Expenditures	\$ (408.4)	\$ (375.2)	\$ (151.4)	\$ 5.7



- 1) FY 2008 expenditures are actual. FY 2009 and FY 2010 expenditures are as recommended by the Governor, but further adjusted by alternative proposal.
- 2) FY 2008 receipts are actual. FY 2009 and FY 2010 receipts reflect the Governor's recommendations, but adjusted by alternative proposal and December actual receipts (\$44.6 million below the estimate).
- 3) FY 2011 base receipts assume a 4.0 percent growth.
- 4) FY 2011 expenditures include \$8.5 million for the state employee market pay adjustment and \$60.0 million increase for human services caseloads. No increase is provided for school finance in FY 2011.

Prepared at the Request and Direction of Senator Laura Kelly  
Kansas Legislative Research Department  
January 26, 2009

File: FY 2010 SGF Profile - Senate Democrat Alternative Adjusted for Actual December Receipts

**EXECUTIVE ORDER 09-01**

**WHEREAS**, in these unprecedented economic times the State of Kansas must examine all operations to determine if savings can be realized by suspending, merging or streamlining programs; and

**WHEREAS**, agencies were directed in 2003 to conduct a top to bottom review of the way state government does business. To date, these BEST efforts have eliminated \$1 billion in wasteful spending and inefficiencies by selling off hundreds of unneeded state vehicles, consolidating the purchasing power of different levels of government, and collecting millions in delinquent taxes; and

**WHEREAS**, closure of facilities and streamlining of programs have been recommended in the Governor's Budget Report that will affect the Juvenile Justice Authority, KTEC, Kansas, Inc., and the Department of Commerce, saving Kansas taxpayers over \$8 million in Fiscal Year 2010; and

**WHEREAS**, further examination of state owned and operated facilities is necessary to ensure Kansans receive quality services in an efficient manner, and without undue cost to the taxpayer.

**NOW, THEREFORE**, pursuant to the authority vested in me as Governor of the State of Kansas, I hereby create the Facilities Closure and Realignment Commission ("Commission") with the following purposes and charges:

1. The Commission shall consist of 11 members appointed as follows: Five members shall be appointed by the Governor; two members shall be appointed by the president of the senate; one member shall be appointed by the minority leader of the senate; two members shall be appointed by the speaker of the house of representatives; and one member shall be appointed by the minority leader of the house of representatives.
2. The following Executive branch and state officials shall serve as ex-officio members of the Commission:
  - a. Secretary of Administration;
  - b. Secretary of Social and Rehabilitation Services;
  - c. Secretary of Labor;
  - d. Commissioner of the Juvenile Justice Authority; and
  - e. Commissioner of Education.
3. The Governor shall appoint a chairperson, and the Commission shall meet on call of the chairperson or on a request of the majority of the members of the Commission. The affirmative vote of six members of the Commission is required for any action of the Commission.
4. The Commission may meet at any time or place in the State of Kansas and may hold such public hearings as the Commission determines necessary to carry out the functions of the Commission.
5. The operating expenditures for the Commission shall be paid by the Department of Administration. The Department of Administration shall provide such staff and administrative support and assistance as may be necessary to carry out the functions of the Commission.

6. The Commission shall study and evaluate the closure and/or realignment of state facilities, and alternative uses of such facilities, including but not limited to:
  - a. Kansas School for the Deaf;
  - b. Kansas School for the Blind;
  - c. Beloit Juvenile Correctional Facility;
  - d. State Developmental Disability Hospitals; and
  - e. Rainbow Mental Health Facility.
7. On or before December 1, 2009, the Commission shall submit to the Governor and the legislature recommendations regarding facilities to be closed and/or realigned, recommended dates for those facilities identified to be closed and/or realigned, and recommendations of policies and procedures to facilitate the closures and/or realignments. Upon review and approval by the Governor, the Commission's recommendations will be submitted to the 2010 legislature as an Executive Reorganization Order.
8. In making its recommendations, the Commission shall consider:
  - a. The savings that will accrue to the state from closure and/or realignment of a facility and the impact any closure would have on funding of services.
  - b. The impact of any closure and/or realignment on clients and their families, the availability of alternative services for clients and their families, and the impact of closure on the quality of services provided to clients.
  - c. The economic impact of closure and/or realignment on the community where the facility is located.
  - d. The feasibility of using a closed facility to house other state services or programs.
  - e. The impact of closure and/or realignment of a facility on employees and the ability of employees to find alternative employment.
  - f. Any other factors that the Commission determines relevant to its decision.
  - g. The Commission shall work with stakeholders and service providers as the Commission develops its recommendations.
9. Members of the Commission may claim subsistence, allowance, mileage or associated expenses as permitted by law.
10. All agencies under the control of the Governor are directed to render full assistance and cooperation to the Commission.

This document shall be filed with the Secretary of State as Executive Order No. 09-01 and shall become effective immediately.

CAPITOL BUILDING, ROOM 212S, TOPEKA, KS 66612-1690  
Voice 785-296-3232 Fax 785-296-7973 <http://www.governor.ks.gov>

The Governor has appointed Rochelle Chronnister as the chair. Senator Morris has appointed Senator Jay Emler and Mike Hammond. Representative Davis has appointed Representative Nile Dillmore. These are the only appointments to date.

Information provided by Susan H. Allen, Deputy Appointments Director/Special Assistant

3-2

Senate Subcommittee Instructions for FY '10

- (1) Keep in mind the agency budgets for FY '09 may be further adjusted by full committee after April's CRE. Subcommittee's recommendations will be for FY '10 only, though they may briefly review actions taken on FY '09.
- (2) Look at other revenue funds in your budgets. Also examine the programs and expenditures. Post Audit's report on low priority programs should be available in mid-February for subcommittees to utilize.
- (3) Remember that new discretionary spending is problematic, as is creating new programs.
- (4) Look for any overspending or opportunities for savings. Closely scrutinize population numbers, clients served, etc. In addition, examine the FTE count for each agency. Consider permanently cutting unfilled positions.
- (5) There will be global issues dealt with by full Committee, including but not limited to: state employee pay plan increase.
- (6) Bottom line—Build a budget within existing resources. The Governor makes \$800 million in adjustments to fill the gap in the FY 2010 recommendations. The adjustments to get to a 7.5 percent ending balance requires \$1.2 billion.

Remember, statutorily ending balance required for FY 2010 should be 7.5 percent of the State General Fund expenditures.

Senate Ways & Means Cmte

Date 2-02-2009

Attachment 4

Senate Subcommittee reminders:

- (1) Subcommittee scheduling will be done by the Chairman's Office. Subcommittee chairs and members will be given a schedule of all meetings, dates, and assigned rooms. Any changes to the schedule must be made in consultation with fiscal staff and all subcommittee members. Notice of changes shall be submitted to the Chairman's Chief of Staff.
- (2) Subcommittees will start meeting on February 4.
- (3) Subcommittee reports are due as scheduled, in order for fiscal and revisor staff to complete drafting of the committee bill in a timely manner. If there are difficulties in completing the report on time, the Chairman's Office must be notified at the earliest possible moment.
- (4) Subcommittee chairs' secretaries will submit meeting agenda information to the Senate calendar and will assist those wishing to testify.
- (5) The Revisor's Office is available to assist with legal issues during subcommittee meetings. Please contact Jill or Daniel to make arrangements.
- (6) The following Friday Ways and Means meetings are cancelled, so that subcommittees have additional meeting times: 2/6, 2/13, and 2/27.



**FINAL 2009 SENATE WAYS AND MEANS  
SUBCOMMITTEE ASSIGNMENTS**

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Legislative and Elected Officials</u>			
Legislative Agencies	<u>Emler</u>	Scott	March 9
Governor	Kelly	Scott/Robinson	Feb 25
Lt. Governor		Scott/Robinson	Feb 25
Attorney General		Cussimanio/ Robinson	Feb 25
Secretary of State		Cussimanio/ Robinson	Feb 25
Insurance Commissioner		Dear	Feb 25
State Treasurer		Tang	Feb 25
Health Care Stabilization Fund Board of Governors		Dear	March 10
<u>Aging</u>			
Department on Aging	<u>Schodorf</u> Schmidt Kultala	Deckard	March 19
<u>SRS—Hospitals</u>			
Larned State Hospital	<u>McGinn</u>	Montgomery	March 3
Osawatomie State Hospital	Wysong		March 3
Rainbow Mental Health Facility	Umbarger		March 3
Parsons State Hospital	Schodorf		March 3
Kansas Neurological Institute	Lee		March 3
<u>Department of Administration/KCC</u>			
Department of Administration (Including Public Broadcasting)	<u>Teichman</u> Taddiken Lee	Gorges	Feb 24
Governmental Ethics Commission	<u>Vratil</u>	Montgomery	Feb 26
Human Rights Commission	Emler	Dear	Feb 24
Kansas Corporation Commission	Lee	O'Hara	Feb 24
Citizens Utility Ratepayer Board		O'Hara	Feb 24
<u>Department of Education</u>			
	<u>Emler</u> Vratil Teichman Schodorf Lee	Cussimanio	March 3

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Capital Improvements</u>	<u>Umbarger</u> Wysong Emler Kelly	Staff	March 19
<u>Other Education</u>			
School for the Blind	<u>Wysong</u>	Gorges	March 11
School for the Deaf	Schodorf	Gorges	March 11
Historical Society	Kultala	Tang	March 11
Kansas Arts Commission		Tang	March 19
State Library		Tang	March 19
<u>SRS</u>			
Department of SRS	<u>McGinn</u> Teichman Umbarger Schodorf Kelly	Deckard	Feb 18 Feb 18 Feb 18 Feb 18 Feb 18
Health Policy Authority	<u>McGinn</u> Teichman Umbarger Schodorf Schmidt Kelly	Deckard	Feb 18 Feb 18 Feb 18 Feb 18 Feb 18 Feb 18
<u>Kansas Guardianship Program</u>	<u>Schodorf</u> Kultala	Dear	Feb 24
<u>KPERS Budget</u>	<u>Vratil</u> Wysong Emler Kelly	Steiner	March 12
<u>Judicial</u>			
Judicial Council	<u>Vratil</u>	Cussimano	Feb 16
Board of Indigents' Defense Services	Taddiken	Gorges	Feb 16
Judicial Branch	Lee	Cussimano	Feb 16
<u>Public Safety</u>			
Beloit Juvenile Correctional Facility	<u>Schmidt</u>	Butler	Feb 12
Atchison Juvenile Correctional Facility	Masterson	Butler	Feb 12
Larned Juvenile Correctional Facility	Lee	Butler	Feb 12
Kansas Juvenile Correctional Facility		Butler	Feb 12
Juvenile Justice Authority		Butler	Feb 12

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
Parole Board	<u>Teichman</u>		
KBI	Schmidt	Waltner	March 4
CPOST	Kultala	Klaassen	March 5
		Klassen	March 5
EMS	<u>Masterson</u>	Tang	March 4
Sentencing Commission	Emler	Waltner	March 4
Fire Marshal	Kultala	Klassen	March 5
	<u>Masterson</u>		
Highway Patrol	Emler	Klaassen	March 5
Adjutant General (including Civil Air Patrol)	Kultala	Klaassen	March 5
<u>Health and Environment/Human Resources</u>			
Department of Health and Environment	<u>Schmidt</u>	Deckard/ Cussimanio	March 2
	Vratil		
	McGinn		
	Kelly		
Department of Labor	<u>Wysong</u>	Dear	March 11
	Taddiken		
	Kultala		
Veterans Affairs/Soldiers' & Veterans' Home	<u>Taddiken</u>	Dear	March 10
	Kultala		
<u>Agriculture</u>			
Department of Agriculture	<u>Taddiken</u>	O'Hara	March 18
Animal Health Dept	McGinn	O'Hara	March 12
Kansas State Fair	Lee	O'Hara	March 12
Conservation Commission	<u>McGinn</u>	O'Hara	March 18
Water Office	Taddiken	O'Hara	March 18
Wildlife and Parks	Lee	O'Hara	March 18
<u>Transportation</u>			
	<u>Umberger</u>	Klaassen	Feb 25
	Teichman		
	Kultala		
<u>Lottery/Racing and Gaming</u>			
Lottery Commission	<u>Teichman</u>	Gorges	Feb 26
Racing and Gaming Commission	Vratil	Gorges	Feb 26
	Schodorf		
	Kultala		

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Fee Boards</u>			
Abstracters' Board of Examiners	<u>Masterson</u>	Butler	March 6
Board of Accountancy	Wysong	Gorges	March 6
Bank Commissioner	Lee	Dear	March 6
Board of Barbering		Montgomery	March 6
Behavioral Sciences Regulatory Board		Tang	March 6
Board of Healing Arts		Tang	March 6
Board of Cosmetology		Montgomery	March 6
Department of Credit Unions		Dear	March 6
Kansas Dental Board		Tang	March 6
Board of Mortuary Arts		Montgomery	March 6
Board of Hearing Aid Examiners		Montgomery	March 6
Board of Nursing		Tang	March 6
Board of Examiners in Optometry		Tang	March 6
Board of Pharmacy		Tang	March 6
Real Estate Appraisal Board		Butler	March 6
Real Estate Commission		Butler	March 6
Securities Commissioner		Dear	March 6
Board of Technical Professions		Butler	March 6
Board of Veterinary Medical Examiners		Butler	March 6
<u>KPERS Issues</u>			
	<u>Wysong</u>	Efird	March 12
	Vrtil		
	Emler		
	Kelly		
<u>Corrections</u>			
Department of Corrections	<u>Taddiken</u>	Waltner	Feb 12
Topeka Correctional Facility	Schmidt	Waltner	Feb 12
Norton Correctional Facility	Teichman		Feb 12
		Waltner	
El Dorado Correctional Facility	Lee	Waltner	Feb 12
Winfield Correctional Facility		Waltner	Feb 12
Hutchinson Correctional Facility		Waltner	Feb 12
Larned Correctional Mental Health Facility		Waltner	Feb 12
Lansing Correctional Facility		Waltner	Feb 12
Ellsworth Correctional Facility		Waltner	Feb 12
<u>Higher Education</u>			
KU	<u>Emler</u>	Dunkel	Feb 17
KSU		Dunkel	Feb 17
	Teichman		
KSU – Vet. Med	Masterson	Dunkel	Feb 17
KSU – Extension	Schodorf	Dunkel	Feb 17
Wichita State University	Kelly	Dunkel	Feb 17
Board of Regents		Dunkel	Feb 17
KUMC		Dunkel	Feb 17
Emporia State University		Dunkel	Feb 17
Fort Hays State University		Dunkel	Feb 17
Pittsburg State University		Dunkel	Feb 17
Regents Systemwide		Dunkel	Feb 17

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	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Commerce/Revenue</u>			
Department of Revenue	<u>Schodorf</u> Schmidt Teichman Kultala	Steiner	March 9
Court of Tax Appeals	<u>Schmidt</u> Taddiken Lee	Steiner	March 9
Department of Commerce Kansas Inc. Kansas Technology Enterprise Corporation	<u>McGinn</u> Kelly	Steiner Steiner Steiner	March 16 March 16 March 16