

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 9, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Carolyn McGinn - excused

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
Dylan Dear, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Jonathan Tang, 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:

Barb Hinton, Legislative Post Auditor, Division of Legislative Post Audit
Brad Williams, Director, Kan-Ed
Chad Austin, Kansas Hospital Association
Catherine Moyer, Director of Legal & Regulatory Affairs, Pioneer Companies
John Federico, Kansas Cable Telecom Association
Colleen Jennison, Cox Communications

Others attending:

See attached list.

Subcommittee report on Governor, Lt Governor, Legislative Agencies

Senator Emler, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Governor, Lt. Governor, Legislature, Legislative Post Audit, Legislative Research Department, Revisor of Statutes and Legislative Coordinating Council for FY 2010 and moved for the adoption of the Subcommittee recommendation on the Governor, Lt. Governor, Legislature, Legislative Post Audit, Legislative Research Department, Revisor of Statutes and Legislative Coordinating Council for FY 2010 with notations and adjustments (Attachment 1). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Subcommittee report on Department of Revenue

Senator Schodorf, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Department of Revenue for FY 2010 with notations and adjustments (Attachment 2).

Senator Teichman moved to amend the Subcommittee report on the Department of Revenue for FY 2010 by adding language to Item No. 4 and Item No. 6 "to request a review at Omnibus". The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Senator Schodorf moved for the adoption of the Subcommittee report on the Department of Revenue for FY 2010 as amended. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Subcommittee report on Court of Tax Appeals

Senator Schmidt, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on March 9, 2009, in Room 545-N of the Capitol.

recommendations for the Court of Tax Appeals for FY 2010 with notations and adjustments (Attachment 3). Senator Schmidt moved to amend the Subcommittee report on the Court of Tax Appeals for FY 2010 by adding language to Item No. 4 "to request a review at Omnibus". The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Schmidt moved for the adoption of the Subcommittee report on the Court of Tax Appeals for FY 2010 as amended. The motion was seconded by Senator Taddiken. Motion carried on a voice vote.

Hearing on HB 2265 - Post audit, financial compliance audits, new state treasurer transition audits, periodic audits of state treasurer and pooled money investment board financial management practices.

Jill Wolters, Revisor of Statutes, explained that **HB 2265** would specify a three-year cycle when written audit reports must be prepared on the financial management practices of the State Treasurer's Office and the Pooled Money Investment Board. Current law does not provide a timeframe, but the practice has been to produce such reports every year. Additionally, the bill would require a transition audit be conducted within two weeks of the date someone takes office as State Treasurer.

Barb Hinton, Division of Legislative Post Audit, presented testimony in support of **HB 2265** (Attachment 4). Ms. Hinton stated that significant financial-management areas of both agencies are viewed as part of the annual statewide financial audit. In addition, the annual performance audits are required at both agencies to review their financial-management practices. Ms. Hinton indicated that there are duplications between the two audits. Both of these audits are contracted out. It is felt that moving the financial management practices audit to a three-year cycle will not jeopardize the system and would save money for the state.

Responding to a question from the Committee concerning an audit with regard to the distribution of highway funds to counties and the discovery that some counties did not receive the correct distribution, Ms. Hinton explained that the audit was done by a outside contracted audit firm. The Committee stated that an outside audit firm would probably carry "Errors and Omissions" insurance and the state might want to pursue the matter. The Committee noted that the problem with the county distribution was created by the Department of Revenue and eventually uncovered by the State Treasurer's Office. The Committee also expressed concern that the time between audits should be set at "every 2 years" instead of "every 3 years".

There were no other conferees to come before the Committee.

The hearing on **HB 2265** was closed.

Senator Kelly moved to recommend **HB 2265** favorable for passage. The motion was seconded by Senator Kultala.

Senator Wysong made a substitute motion to change the language in Section 1, Line 22, from "every three years" to "every two years". The motion was seconded by Senator Teichman. The motion carried on a vote of 7-4.

The Committee noted that the Division of Legislative Post Audit has the authority to take action to preform an audit as any time.

Senator Taddiken moved to recommend **HB 2265** favorably for passage as amended. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Hearing on SB 285 - KAN-ED; funding.

Audrey Dunkel, Legislative Research Department, explained that **SB 285** would amend the statute that provides funding for Kan-ed to authorize the continuation of the use of the Kansas Universal Service Fund (KUSF) for Kan-ed funding. Under current law, the use of the KUSF for the Kan-ed program would be discontinued in FY 2010.

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on March 9, 2009, in Room 545-N of the Capitol.

Brad Williams, Chief Information Officer & Kan-ed Executive Director, Kansas Board of Regents, presented testimony in support of **SB 285** ([Attachment 5](#)). Mr. Williams stated that the Federal Universal Service Fund was established to assist with the expansion of broadband access to schools, libraries and health care. The Kansas Universal Service Fund mimics the federal regulations. The Governor appropriated \$10 million from KUSF to fund Kan-Ed in FY 2010; however, current law would require the \$10 million to come from the State General Fund (SGF). **SB 285** would replace the \$10.0 million from the State General Fund, with KUSF funding. Mr. Williams explained that the state will lose approximately \$3.3 million in direct federal funding benefits if Kan-ed is not funded.

Chad Austin, Vice-President, Government Relations, Kansas Hospital Association, provided testimony in support of **SB 285** ([Attachment 6](#)). Mr. Austin stated that hospitals of all sizes have effectively utilized many benefits from their participation in Kan-ed, receiving to date more than \$2.8 million in direct support. Mr. Austin noted that Kan-ed allows hospitals to assess services from other hospitals for their patients, eliminating the need on many instances to travel to other hospitals or other states for treatment.

Catherine Moyer, Director of Legal and Regulatory Affairs, Pioneer Communications, provided neutral testimony on **SB 285** ([Attachment 7](#)). Responding to a question from the Committee, Ms. Moyer stated that costs are determined by the range or length of the loop required where the member accessing the service is located.

John Federico, on behalf of the Kansas Cable Telecommunications Association, provided neutral testimony on **SB 285** ([Attachment 8](#)). Mr. Federico noted the Association's concern regarding policies adopted by the Kan-ed's administrator that could impede existing contracts between the Association's members. The Association further supports state-subsidized competition for providers of commercial internet services. Mr. Federico included a copy of a letter written by Reginald Robinson, President and CEO of the Board of Regents, to Senator Emler, addressing the concerns of private industry.

- Senator Emler stated that there is also a list of Kan-ed Authorized Program changes attached to the Robinson' letter, copies of which will be provided to the Committee.

Coleen Jennison, Director of Government Affairs, Cox Communications, presented neutral testimony on **SB 285** ([Attachment 9](#)). Ms. Jennison noted that if this source of funding is approved, they request a sunset date of no later than 2011 to be included in the legislation. This would allow for the continued examination of the needs of the program and provide for exploring alternative funding solutions.

There were no other conferees to appear before the Committee.

The hearing on **SB 285** was closed.

Adjournment

The next meeting is scheduled for March 10, 2009.

The meeting was adjourned at 12:05 p.m.

**SENATE WAYS & MEANS COMMITTEE
GUEST LIST**

DATE: ___ March 9, 2009 ___

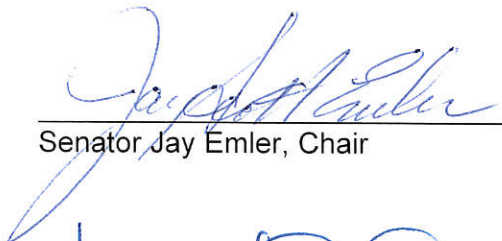
NAME	REPRESENTING
Cindy Denton	Division of the Budget
Glaive Frisbie	" " "
SHERIFF L. DRAP	" " "
Trevor Womford	Court of Tax Appeals
Brad Williams	Kan-ed / KBOR
JERRY HUFF	" "
Josh Smith	Intern, Sen. Pyle
DAN JACOBSEN	AT&T
DINA FISK	Verizon
Dodie Wellshear	KCSOV
LIZ MILLER	PMIB
Melissa L. Ness	St. Francis Community Services
Jim Gartner	AT&T
Derek Huh	Huh Law Firm
Rob Menly	Retiree & Assoc.
Missy Taylor	Kansas Families for Education
Chad Austin	KHA
DICK CARTER	Learning Station
MIKE REECHT	SPRINT
J De Simone	D. Schmidt
Jim Conant	KDOR
Mavis Cockrell	KDOR
MARK BORANYAK	Capitol Strategies

TTA

FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

Governor
Lt. Governor
Legislature
Legislative Post Audit
Legislative Research Department
Revisor of Statutes
Legislative Coordinating Council



Senator Jay Emler, Chair



Senator Laura Kelly

Senate Ways & Means Cmte
Date 3-09-2009
Attachment 1

Senate Subcommittee Report

Agency: Office of the Governor **Bill No.** SB **Bill Sec.**

Analyst: Scott **Analysis Pg. No.** Vol.- **Budget Page No.** 93

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,085,536	\$ 7,781,758	\$ (235,839)
Other Funds	5,149,699	5,136,742	14,051
Subtotal - Operating	<u>\$ 13,235,235</u>	<u>\$ 12,918,500</u>	<u>\$ (221,788)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 13,235,235</u></u>	<u><u>\$ 12,918,500</u></u>	<u><u>\$ (221,788)</u></u>
FTE Positions			
FTE Positions	37.8	37.8	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>38.8</u></u>	<u><u>38.8</u></u>	<u><u>0.0</u></u>

Agency Request

The agency requests an FY 2010 reportable budget of \$13.2 million, a decrease of \$11,355, or 0.1 percent, below the revised current year estimate. The request includes State General Fund expenditures of \$8.1 million, a decrease of \$381,315 (4.5 percent) below the revised current fiscal year's estimate. The request would fund 37.8 FTE positions, the same number of staff as in the current fiscal year's revised estimate.

Governor's Recommendation

The Governor recommends a reduction in the agency's FY 2010 request totaling \$316,735, including \$303,778 from the State General Fund, for total expenditures of \$12.9 million next fiscal year. State General Fund financing is recommended at \$7.9 million in FY 2010, which is \$602,597, or 7.2 percent, below the revised current fiscal year's recommended amount. The Governor concurs with staffing of 37.8 FTE positions.

Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$56,749, including \$44,240 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$6,898, including \$5,356 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$109,311, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. Delete \$176,124, all from the State General Fund, to apply a 10.0 percent reduction, based on the Governor's FY 2009 recommendation to the FY 2010 budget.
5. The Subcommittee recommends an Omnibus review of the grants in the Federal and Other Grants program for possible increases that might be available in the American Recovery and Reinvestment Act of 2009, the federal stimulus bill. Those grants include the *Violence Against Women Grant*, the *Victims of Crime Act Grant*, the *Family Violence Prevention and Services Fund*, the *Safe and Drug-Free Schools and Communities State Grant Program*, and the *Preventative Health and Health Services Block Grant*. The Subcommittee would like to note the importance of these grants, especially to those Kansas who have been victimized and to those who need help.

Senate Subcommittee Report

Agency: Office of the Lt. Governor **Bill No.** SB **Bill Sec.**

Analyst: Scott **Analysis Pg. No. Vol.-** **Budget Page No.** 95

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 180,666	\$ 173,210	\$ 3,770
Other Funds	0	0	0
Subtotal - Operating	<u>\$ 180,666</u>	<u>\$ 173,210</u>	<u>\$ 3,770</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 180,666</u></u>	<u><u>\$ 173,210</u></u>	<u><u>\$ 3,770</u></u>
FTE Positions			
FTE Positions	3.5	3.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>3.5</u></u>	<u><u>3.5</u></u>	<u><u>0.0</u></u>

Agency Request

The Lieutenant Governor requests a FY 2010 budget of \$180,666, all from the State General Fund, a decrease of \$23,281, or 11.4 percent, below the revised current fiscal year's estimate. The decrease reflects a reduction of \$23,281 in the salaries and wages for unclassified personnel. The request would fund 3.5 FTE positions, the same as requested for the current fiscal year. No enhancement funding is requested. The agency anticipates using \$46,036 in FY 2009 carry over financing to supplement a new appropriation of \$134,630 from the State General Fund.

Governor's Recommendation

The **Governor** recommends expenditures of \$173,210, all from the State General Fund, in FY 2010, a reduction of \$7,456 from the agency's request, providing State General Fund savings of \$30,737, or 15.1 percent, below the current fiscal year's recommendation. Staffing is maintained at 3.5 FTE positions next fiscal year.

Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$6,545, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$405, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$3,180, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. The Subcommittee notes that the Lieutenant Governor's budget has already been reduced below the recommended 10.0 percent target.

House Budget Committee Report

Agency: Legislature

Bill No. HB

Bill Sec.

Analyst: Scott

Analysis Pg. No. Vol.-

Budget Page No. 155

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 18,421,072	\$ 18,045,348	\$ (59,035)
Other Funds	129,207	129,207	0
Subtotal - Operating	<u>\$ 18,550,279</u>	<u>\$ 18,174,555</u>	<u>\$ (59,035)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 18,550,279</u>	 <u>\$ 18,174,555</u>	 <u>\$ (59,035)</u>
FTE Positions			
	31.5	31.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>31.5</u>	<u>31.5</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2010 budget of \$18.6 million, the same amount as the revised current year estimate. The request includes State General Fund expenditures of \$18.0 million, a decrease of \$54,138, or 0.3 percent, below the revised current year estimate. The request would fund 37 FTE positions, the same amount as the revised current year estimate.

Governor's Recommendation

The **Governor** concurs with the agency's budget request and further reduces \$375,724, all from the State General Fund for the implementation of statewide moratoriums. The two moratoriums include a reduction of \$86,638, all from the State General Fund, from a nine-month moratorium on state contributions to the KPERS Death and Disability Fund, and \$289,086, all from the State General Fund, for a seven payroll period moratorium on state contributions to the state employee health insurance program.

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House Budget Committee Recommendation

The Budget Committee concurs with the Governor with the following adjustments:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$289,086, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill.
2. **KPERS Death and Disability Moratorium.** Add \$75,978, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$235,651, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$188,448, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Legislature

Bill No. HB

Bill Sec.

Analyst: Scott

Analysis Pg. No. Vol.-

Budget Page No. 155

<u>Expenditure Summary</u>	<u>Agency Request FY 10</u>	<u>Governor's Recommendation FY 10</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 18,421,072	\$ 18,045,348	\$ (1,894,114)
Other Funds	129,207	129,207	0
Subtotal - Operating	<u>\$ 18,550,279</u>	<u>\$ 18,174,555</u>	<u>\$ (1,894,114)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 18,550,279</u></u>	<u><u>\$ 18,174,555</u></u>	<u><u>\$ (1,894,114)</u></u>
FTE Positions	37.0	37.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>37.0</u></u>	<u><u>37.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests an FY 2010 budget of \$18.6 million, the same amount as the revised current year estimate. The request includes State General Fund expenditures of \$18.0 million, a decrease of \$54,138, or 0.3 percent, below the revised current year estimate. The request would fund 37.0 FTE positions, the same amount as the revised current year estimate.

Governor's Recommendation

The **Governor** concurs with the agency's budget request and further reduces \$375,724, all from the State General Fund for the implementation of statewide moratoriums. The two moratoriums include a reduction of \$86,638, all from the State General Fund, from a nine-month moratorium on state contributions to the KPERS Death and Disability Fund, and \$289,086, all from the State General Fund, for a seven payroll period moratorium on state contributions to the state employee health insurance program.

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Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor with the following recommendations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$289,086, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescision bill.
2. **KPERS Death and Disability Moratorium.** Add \$75,978, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$235,651, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$188,448, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.
5. Delete \$1,835,079, all from the State General Fund, to apply a 10.0 percent reduction, based on the Governor's FY 2009 recommendation to the FY 2010 Legislature's budget for the Legislative Branch. The Subcommittee had concerns about the ability of the Legislative Branch agencies ability to reduce budgets by 10.0 percent without layoffs as salaries and wages is up to 94 percent of the agencies' budgets. The Subcommittee recommends the Legislative agencies reduce their budgets by 2.25 percent and the Legislature budget reduce the remainder totaling \$476,455.
6. The Subcommittee recommends that if any reductions affect salaries and wages or furloughs, the reduction will be structured to similarly impact all full-time equivalent positions in the Legislative Branch.
7. The Subcommittee also recommends that the Department of Administration maintain the appropriate air handling system for heat or air conditioning, including evenings and weekends, when Legislative staff are required to work. In addition, the Capitol Architect has indicated that fluctuating temperatures are hard on the renovated space, particularly on woodwork and plaster throughout the building.

House Budget Committee Report

Agency: Legislative Post Audit **Bill No.** HB **Bill Sec.**

Analyst: Scott **Analysis Pg. No.** Vol.- **Budget Page No.** 160

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,813,490	\$ 2,750,359	\$ (13,898)
Other Funds	0	0	0
Subtotal - Operating	<u>\$ 2,813,490</u>	<u>\$ 2,750,359</u>	<u>\$ (13,898)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,813,490</u></u>	<u><u>\$ 2,750,359</u></u>	<u><u>\$ (13,898)</u></u>
FTE Positions	27.0	27.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>27.0</u></u>	<u><u>27.0</u></u>	<u><u>0.0</u></u>

Agency Request

Legislative Post Audit requests an FY 2010 budget of \$2.8 million, all from the State General Fund an increase of \$4,867, or 0.2 percent, above the revised current year estimate. The request would fund 27.0 FTE positions. The increase is reflected in salaries and wages (\$22,1640) offset by a reduction in Financial Audit Contracts (\$6,500) and other operating expenses (\$10,800).

Governor's Recommendation

The **Governor** concurs with the agency request and reduces \$63,131, all from the State General Fund, for the implementation of statewide moratoriums. The two moratoriums include a reduction of \$13,452, all from the State General Fund, from a nine-month moratorium on state contributions to the KPERS Death and Disability Fund, and \$49,679, all from the State General Fund, for a seven payroll period moratorium on state contributions to the state employee health insurance program.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor with the following adjustments:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$49,679, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill.
2. **KPERS Death and Disability Moratorium.** Add \$5,979, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$35,939, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$28,750, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.
5. Delete \$4,867, all from the State General Fund, to reduce the FY 2010 original agency request to the FY 2009 Governor's recommendation. The agency requested \$4,867 more in FY 2010 than they requested in FY 2009.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Legislative Post Audit **Bill No.** HB **Bill Sec.**

Analyst: Scott **Analysis Pg. No.** Vol.- **Budget Page No.** 160

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,813,490	\$ 2,750,359	\$ (9,231)
Other Funds	0	0	0
Subtotal - Operating	<u>\$ 2,813,490</u>	<u>\$ 2,750,359</u>	<u>\$ (9,231)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,813,490</u></u>	<u><u>\$ 2,750,359</u></u>	<u><u>\$ (9,231)</u></u>
FTE Positions	27.0	27.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>27.0</u></u>	<u><u>27.0</u></u>	<u><u>0.0</u></u>

Agency Request

Legislative Post Audit requests an FY 2010 budget of \$2.8 million, all from the State General Fund an increase of \$4,867, or 0.2 percent, above the revised current year estimate. The request would fund 27.0 FTE positions. The increase is reflected in salaries and wages (\$22,1640) offset by a reduction in Financial Audit Contracts (\$6,500) and other operating expenses (\$10,800).

Governor's Recommendation

The **Governor** concurs with the agency request and reduces \$63,131, all from the State General Fund, for the implementation of statewide moratoriums. The two moratoriums include a reduction of \$13,452, all from the State General Fund, from a nine-month moratorium on state contributions to the KPERS Death and Disability Fund, and \$49,679, all from the State General Fund, for a seven payroll period moratorium on state contributions to the state employee health insurance program.

1-12

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor with the following recommendations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$49,679, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$5,979, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$35,939, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$28,750, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.
5. The Subcommittee recommends that the remainder of the \$208,700 from the State General Fund needed to reduce the agency budget to 10.0 percent below the FY 2009 Governor's recommendation be taken in the Legislature's budget. The Subcommittee had concerns about the ability of the Legislative Branch agencies ability to reduce budgets by 10.0 percent without layoffs as salaries and wages is up to 94 percent of the agencies' budgets.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor with the following adjustments:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$75,978, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$9,004, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$49,438, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$39,550, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Legislative Research Department **Bill No.** HB **Bill Sec.**
Analyst: Scott **Analysis Pg. No.** Vol.- **Budget Page No.** 157

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 3,769,858	\$ 3,673,620	\$ (4,006)
Other Funds	0	0	0
Subtotal - Operating	<u>\$ 3,769,858</u>	<u>\$ 3,673,620</u>	<u>\$ (4,006)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 3,769,858</u></u>	<u><u>\$ 3,673,620</u></u>	<u><u>\$ (4,006)</u></u>
FTE Positions	40.0	40.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>40.0</u></u>	<u><u>40.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **Legislative Research Department** requests an FY 2010 budget of \$3.8 million, all from the State General Fund a decrease of \$79,851, or 2.1 percent, below the revised current year estimate. The decrease is mainly reflected salaries and wages and in other operating expenditures such as travel, fees for other services, and equipment in order to reflect a minimum of a 2.0 percent reduction. The request would fund 40.0 FTE positions, the same as requested for the current year.

Governor's Recommendation

The **Governor** concurs with the agency request and reduces \$96,238, all from the State General Fund, for the implementation of statewide moratoriums. The two moratoriums include a reduction of \$20,260, all from the State General Fund, from a nine-month moratorium on state contributions to the KPERS Death and Disability Fund, and \$75,978, all from the State General Fund, for a seven payroll period moratorium on state contributions to the state employee health insurance program.

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Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor with the following recommendations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$75,978, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$9,004, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$49,438, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$39,550, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.
5. The Subcommittee recommends that the remainder of the \$204,876 from the State General Fund needed to reduce the agency budget to 10.0 percent below the FY 2009 Governor's recommendation be taken in the Legislature's budget. The Subcommittee had concerns about the ability of the Legislative Branch agencies ability to reduce budgets by 10.0 percent without layoffs as salaries and wages is up to 94 percent of the agencies' budgets.

House Budget Committee Report

Agency: Revisor of Statutes **Bill No.** HB **Bill Sec.**

Analyst: Scott **Analysis Pg. No.** Vol.- **Budget Page No.** 161

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 3,556,993	\$ 3,488,295	\$ (26,064)
Other Funds	0	0	0
Subtotal - Operating	<u>\$ 3,556,993</u>	<u>\$ 3,488,295</u>	<u>\$ (26,064)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 3,556,993</u></u>	 <u><u>\$ 3,488,295</u></u>	 <u><u>\$ (26,064)</u></u>
 FTE Positions	 31.5	 31.5	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>31.5</u></u>	<u><u>31.5</u></u>	<u><u>0.0</u></u>

Agency Request

The **Revisor of Statutes** requests an FY 2010 budget of \$3.6 million, all from the State General Fund, a decrease of \$281,721, or 7.3 percent, below the revised current year estimate. The decrease mainly reflects one-time expenditures (\$200,000) for printing hardbound volumes of the *Constitution* and the *Kansas Statutes Annotated* anticipated in FY 2009 that are not budgeted to repeat in FY 2010. An additional reduction of \$81,722 is reflected in salaries and wages (\$13,837), printing (\$51,634), and other operating expenses (\$16,251) to reflect a 2.2 percent reduction from the FY 2009 revised request. The request would fund 31.5 FTE positions, the same as requested for the current year.

Governor's Recommendation

The **Governor** concurs with the agency request and reduces \$68,698, all from the State General Fund, for the implementation of statewide moratoriums. The two moratoriums include a reduction of \$15,624, all from the State General Fund, from a nine-month moratorium on state contributions to the KPERs Death and Disability Fund, and \$53,074, all from the State General Fund, for a seven payroll period moratorium on state contributions to the state employee health insurance program.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor with the following adjustments:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$53,074, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$6,944, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$50,596, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$35,486, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Revisor of Statutes **Bill No.** HB

Bill Sec.

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

Budget Page No. 161

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 3,556,993	\$ 3,488,295	\$ (26,064)
Other Funds	0	0	0
Subtotal - Operating	<u>\$ 3,556,993</u>	<u>\$ 3,488,295</u>	<u>\$ (26,064)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 3,556,993</u></u>	<u><u>\$ 3,488,295</u></u>	<u><u>\$ (26,064)</u></u>
FTE Positions	31.5	31.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>31.5</u></u>	<u><u>31.5</u></u>	<u><u>0.0</u></u>

Agency Request

The **Revisor of Statutes** requests an FY 2010 budget of \$3.6 million, all from the State General Fund, a decrease of \$281,721, or 7.3 percent, below the revised current year estimate. The decrease mainly reflects one-time expenditures (\$200,000) for printing hardbound volumes of the *Constitution* and the *Kansas Statutes Annotated* anticipated in FY 2009 that are not budgeted to repeat in FY 2010. An additional reduction of \$81,722 is reflected in salaries and wages (\$13,837), printing (\$51,634), and other operating expenses (\$16,251) to reflect a 2.2 percent reduction from the FY 2009 revised request. The request would fund 31.5 FTE positions, the same as requested for the current year.

Governor's Recommendation

The **Governor** concurs with the agency request and reduces \$68,698, all from the State General Fund, for the implementation of statewide moratoriums. The two moratoriums include a reduction of \$15,624, all from the State General Fund, from a nine-month moratorium on state contributions to the KPERS Death and Disability Fund, and \$53,074, all from the State General Fund, for a seven payroll period moratorium on state contributions to the state employee health insurance program.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor with the following recommendations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$53,074, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$6,944, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$50,596, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$35,486, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.
5. The Subcommittee recommends that the remainder of the \$7,388 from the State General Fund needed to reduce the agency budget to 10.0 percent below the FY 2009 Governor's recommendation be taken in the Legislature's budget. The Subcommittee had concerns about the ability of the Legislative Branch agencies ability to reduce budgets by 10.0 percent without layoffs as salaries and wages is up to 94 percent of the agencies' budgets.

House Budget Committee Report

Agency: Legislative Coordinating Council **Bill No.** HB

Bill Sec.

Analyst: Scott

Analysis Pg. No. Vol.-

Budget Page No. 153

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 802,111	\$ 779,855	\$ (4,922)
Other Funds	0	0	0
Subtotal - Operating	\$ 802,111	\$ 779,855	\$ (4,922)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 802,111	\$ 779,855	\$ (4,922)
FTE Positions			
	11.0	11.0	0.0
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	11.0	11.0	0.0

Agency Request

The **Legislative Coordinating Council** requests an FY 2010 budget of \$802,111, all from the State General Fund an increase of \$2,730, or 0.3 percent, above the revised current year estimate. The increase reflects fringe benefit increases in salaries and wages. The request would fund 11.0 FTE positions, the same as requested for the current year.

Governor's Recommendation

The **Governor** concurs with the agency request and reduces \$22,256, all from the State General Fund, for the implementation of statewide moratoriums. The two moratoriums include a reduction of \$4,189, all from the State General Fund, from a nine-month moratorium on state contributions to the KPERS Death and Disability Fund, and \$18,067, all from the State General Fund, for a seven payroll period moratorium on state contributions to the state employee health insurance program.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor with the following adjustments:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$18,067, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$1,862, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$12,289, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$9,832, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.
5. Delete \$2,730, all from the State General Fund, to reduce the FY 2010 original agency request to the FY 2009 Governor's recommendation. The agency requested \$2,730 more in FY 2010 than they requested in FY 2009.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Legislative Coordinating Council **Bill No.** HB

Bill Sec.

Analyst: Scott

Analysis Pg. No. Vol.-

Budget Page No. 153

<u>Expenditure Summary</u>	<u>Agency Request FY 10</u>	<u>Governor's Recommendation FY 10</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 802,111	\$ 779,855	\$ (2,192)
Other Funds	0	0	0
Subtotal - Operating	<u>\$ 802,111</u>	<u>\$ 779,855</u>	<u>\$ (2,192)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 802,111</u></u>	<u><u>\$ 779,855</u></u>	<u><u>\$ (2,192)</u></u>
FTE Positions	11.0	11.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>11.0</u></u>	<u><u>11.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **Legislative Coordinating Council** requests an FY 2010 budget of \$802,111, all from the State General Fund an increase of \$2,730, or 0.3 percent, above the revised current year estimate. The increase reflects fringe benefit increases in salaries and wages. The request would fund 11.0 FTE positions, the same as requested for the current year.

Governor's Recommendation

The **Governor** concurs with the agency request and reduces \$22,256, all from the State General Fund, for the implementation of statewide moratoriums. The two moratoriums include a reduction of \$4,189, all from the State General Fund, from a nine-month moratorium on state contributions to the KPERs Death and Disability Fund, and \$18,067, all from the State General Fund, for a seven payroll period moratorium on state contributions to the state employee health insurance program.

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Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor with the following recommendations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$18,067, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$1,862, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$12,289, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **Continue the FY 2009 1.0 percent reduction.** Delete \$9,832, all from the State General Fund, to continue the 1.0 percent reduction that was made in FY 2009 to reflect parity with the adjustments the Governor made to Executive Branch agencies.
5. The Subcommittee recommends that the remainder of the \$55,490 from the State General Fund needed to reduce the agency budget to 10.0 percent below the FY 2009 Governor's recommendation be taken in the Legislature's budget. The Subcommittee had concerns about the ability of the Legislative Branch agencies ability to reduce budgets by 10.0 percent without layoffs as salaries and wages represents up to 94 percent of the agencies' budgets.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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March 2, 2009

To: Senate Ways and Means Subcommittee on Legislative and Elected Officials -
Senator Jay Emler and Senator Laura Kelly

From: Jeff Russell, Director, Legislative Administrative Services
Alan D. Conroy, Director, Legislative Research Department

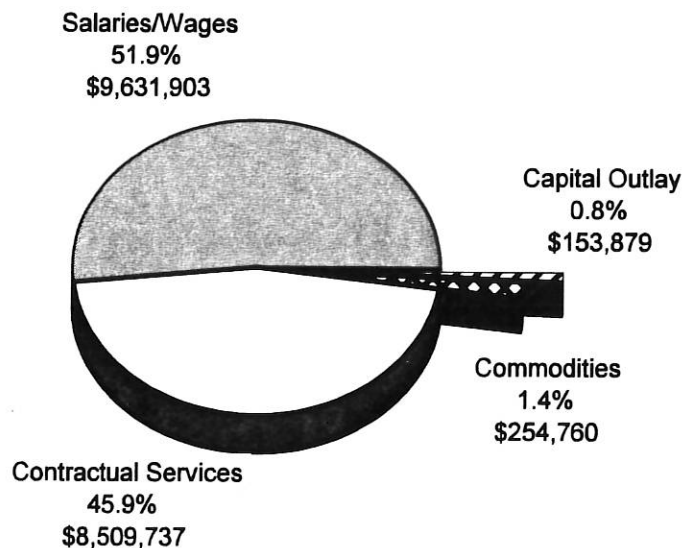
Re: Possible FY 2010 Budget Adjustments for the Legislature's Budget

The Senate Ways and Means Committee had requested that this agency prepare additional information regarding further reductions in the FY 2010 budget of the Legislature – specifically, the request to identify further budget reductions of 10.0 percent and then additional budget reduction of 3.0 to 10.0 percent, both from the Governor's revised FY 2009 amount.

Legislature's Budget

The Legislature's budget for FY 2009 under the Governor's revised recommendation totals \$18,475,210 (\$18,475,210 from the State General Fund and \$129,207 from a special revenue fund). The budget includes 37.0 FTE positions. The following chart displays the major components of the Legislature's budget:

Kansas Legislature
FY 2009 Governor's Revised Budget Recommendation



- **Salaries and Wages** - \$9,631,903 – Salaries and wages for legislators, leadership staff, chamber staff, and session-only staff. Legislator salary would be for the session and non-session.
- **Contractual Services** - \$8,509,737 – Expenditures for legislator subsistence, both session and non-session, legislator non-session expense payments, postage, printing, repairing and servicing, travel (in-state and out-of-state), computer processing fees, professional services, dues, etc.
- **Commodities** - \$254,760 – Materials and supplies, stationery, etc.
- **Capital Outlay** - \$153,879 – Mainly information processing equipment.

Targeted Reduction Amount

Ten percent less than the Governor's FY 2009 amount would be a reduction of \$1,847,521 (from the State General Fund) and \$7,507 (from a special revenue fund). Based on the net Governor's FY 2010 recommendation (which has already made budgetary reductions) to reach the targeted goal, there would need to be additional reductions of \$1,358,624.

\$ 18,475,210	- Governor's FY 2009 revised recommendation;
<u>(1,847,521)</u>	- Less ten percent
\$ 16,627,689	- Targeted goal amount
<u>18,045,348</u>	- Governor's FY 2010 recommendation
<u>\$ (1,358,624)</u>	- Additional reduction amount needed

Areas of Reduction – Ten Percent Targeted Goal

The Legislature or the Legislative Coordinating Council will need to provide direction on where to take the additional targeted reductions with the Legislature's budget. Some informational budgetary examples of possible reductions include (not in priority order):

- Elimination of the file clerks;
- Elimination of the press clippers;
- Reduction in the number of printed copies of bills;
- Reduction in the amount of stationery and other printed materials;
- Reduction in postage;
- Reduction in the amount of out-of-state travel;

- Reduction in the number of interim committees and interim meeting days for joint committees (which would reduce in-state travel);
- Reduction in the development of the new legislative computerization project (Kansas Legislative Information Services System – KLISS).
- Reduction in the number of session days (each legislative session days costs an estimated \$76,274).

Impact of Ten Percent Reduction

The ten percent targeted budget reduction goal for the Legislature could be met, if that is the ultimate decision of the 2009 Legislature. Depending on the area of reduction there might be a need for substantive law changes. The reductions would impact any number of legislative activities, including the length of the session, level of interim activities, level of communication, and amount of printed materials, just to name a few. The reduced budgetary level could be maintained in the FY 2011 budget, if that would be the decision of the 2010 Legislature.

Additional Budgetary Reduction – Five Percent

If the Legislature had to reduce the budget by an additional five percent, the reduction would be \$923,761. Additional reductions might need substantive law changes, depending on the area of reduction. Depending on the area of reduction, it could impact any number of legislative activities, including the length of the session, level of interim activities, level of communication and amount of printed materials, just to name a few. The reduced budgetary level could be maintained in the FY 2011 budget, if that would be the decision of the 2010 Legislature.

Office of the Governor

FY 2009 Revised Governor's Budget		
Administration	\$	2,251,884
Cedar Crest		192,797
Kansas Hispanic and Latino-American Affairs Commission		197,030
Kansas African-American Affairs Commission		199,587
Grants Office		5,543,057
Total	\$	8,384,355

FY 2010 Budget as Proposed by Governor			
Administration	\$	1,877,616	(16.62%)
Cedar Crest		173,385	(10.07%)
Kansas Hispanic and Latino-American Affairs Commission		182,895	(7.17%)
Kansas African-American Affairs Commission		181,640	(8.99%)
Grants Office		5,366,222	(3.19%)
Total	\$	7,781,758	(7.19%)

A 10% reduction from FY 2009 would take:		
Kansas Hispanic and Latino-American Affairs Commission		(5,568)
Kansas African-American Affairs Commission		(2,012)
Grants Office		(377,470)
Total	\$	(385,050)

These 10% cuts would be applied to:		
Kansas Hispanic and Latino-American Affairs Commission		
Communications		(2,800)
Travel		(2,768)
Kansas African-American Affairs Commission		
Travel		(2,012)
Grants Office		
Grants for Domestic Violence Programs		(326,207)
Grants for Child Advocacy Centers		(51,263)

An additional 3% cut would equate to:		
Kansas Hispanic and Latino-American Affairs Commission		
Travel		(5,911)
Kansas African-American Affairs Commission		
Communications		(1,500)
Travel		(3,488)
Cedar Crest		
Repairs, Servicing, Other Professional Fees		(5,652)
Grants Office		
Grants for Domestic Violence Programs		(134,669)
Grants for Child Advocacy Centers		(31,623)

FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Revenue

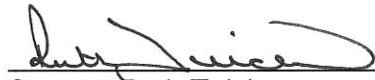


Senator Jean Schodorf, Chair

Senator Kelly Kultala



Senator Vicki Schmidt



Senator Ruth Teichman

Senate Ways & Means Cmte

Date 3-09-2009

Attachment 2

House Budget Committee Report

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

Bill Sec. - -

Analyst: Steiner

Analysis Pg. No. Vol. - -

Budget Page No. 77

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 21,531,219	\$ 19,473,899	\$ 297,875
Other Funds	101,310,475	98,119,177	1,062,638
Subtotal - Operating	<u>\$ 122,841,694</u>	<u>\$ 117,593,076</u>	<u>\$ 1,360,513</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 122,841,694</u></u>	<u><u>\$ 117,593,076</u></u>	<u><u>\$ 1,360,513</u></u>
FTE Positions	1,096.0	1,096.0	0.0
Non FTE Uncl. Perm. Pos.	15.5	15.5	0.0
TOTAL	<u><u>1,111.5</u></u>	<u><u>1,111.5</u></u>	<u><u>0.0</u></u>

Agency Request

The **Agency** requests FY 2010 operating expenditures of \$122,841,694, including \$21,531,219 from the State General Fund. The request is an all funds increase of \$21,077,341, or 20.7 percent, and a State General Fund increase of \$474,532, or 2.3 percent, above the FY 2009 estimate. The request includes one enhancement package totaling \$203,300, all from the Division of Vehicles Operating Fund. Without the enhancement package, the request would be an all funds increase of \$ 20,874,041, or 20.5 percent, above the FY 2009 estimate. The all funds increase is largely attributable to a significant increase in the Division of Vehicles Modernization Fund.

Governor's Recommendation

The **Governor** recommends FY 2010 operating expenditures of \$117,593,076, including \$19,473,899 from the State General Fund. The recommendation is an all funds increase of \$17,056,407 or 17.2 percent, and a State General Fund decrease of \$1,321,960, or 6.4 percent, below the amount requested by the agency. Included in the reduction are savings of \$657,444, due to an increased shrinkage rate, and \$382,342 due to the removal of a 2.0 percent reappropriation. The reduction is also attributable to a \$400,000 reduction in contractual services.

The **Governor** also recommends increasing expenditures by \$155,659 to fund the operations of the Information Network of Kansas (INK). INK is currently located in Kansas, Inc., however, for

FY 2010 the Governor has recommended abolishing Kansas, Inc. and transferring INK to the Department of Revenue.

House Budget Committee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$1,642,529, including \$524,524 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$141,631, including \$41,339 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 Percent Reduction.** Delete \$267,988, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human services caseloads, approved by the 2009 Legislature for FY 2009.
4. **Information Network of Kansas (INK).** Delete \$155,659, all from special revenue funds, to fund the operations of the Information Network of Kansas (INK). INK will continue to operate and share office space with Kansas, Inc. Currently, the Information Network of Kansas is funded through the INK Special Revenue Fund which is funded through subscriber fees. The Budget Committee recommends the House Committee on Appropriations review the funding of the Information Network of Kansas and Kansas, Inc.

House Committee Recommendation

The House Committee concurs with the House Budget Committee with the following recommendations:

1. Review at Omnibus the funding for Kansas, Inc. And Information Network of Kansas.
2. The House Committee requests the Department of Revenue to report back to the House Committee on Appropriations the status and timeline for Real ID and an update on the VIPS/CAMA Fund prior to Omnibus.

Senate Subcommittee Report

Agency: Department of Revenue Bill No. SB - -

Bill Sec. - -

Analyst: Steiner

Analysis Pg. No. Vol. - -

Budget Page No. 77

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 21,531,219	\$ 19,473,899	\$ (757,626)
Other Funds	101,310,475	98,119,177	1,062,638
Subtotal - Operating	<u>\$ 122,841,694</u>	<u>\$ 117,593,076</u>	<u>\$ 305,012</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 122,841,694</u></u>	<u><u>\$ 117,593,076</u></u>	<u><u>\$ 305,012</u></u>
FTE Positions	1,096.0	1,096.0	0.0
Non FTE Uncl. Perm. Pos.	15.5	15.5	0.0
TOTAL	<u><u>1,111.5</u></u>	<u><u>1,111.5</u></u>	<u><u>0.0</u></u>

Agency Request

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2-4

The **Governor** also recommends increasing expenditures by \$155,659 to fund the operations of the Information Network of Kansas (INK). INK is currently located in Kansas, Inc., however, for FY 2010 the Governor has recommended abolishing Kansas, Inc. and transferring INK to the Department of Revenue.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor with the following adjustments:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$1,642,529, including \$524,524 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$141,631, including \$41,339 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 Percent Reduction.** Delete \$267,988, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human services caseloads, approved by the 2009 Legislature for FY 2009.
4. **Information Network of Kansas (INK).** Delete \$155,659, all from special revenue funds, to fund the operations of the Information Network of Kansas (INK). INK will continue to operate and share office space with Kansas, Inc. Currently, the Information Network of Kansas is funded through the INK Special Revenue Fund which is funded through subscriber fees. The Subcommittee recommends the Senate Committee on Ways and Means review the funding of the Information Network of Kansas and Kansas, Inc.
5. **Ten Percent Reduction.** Delete \$1,055,501, all from the State General Fund, to achieve a total 10.0 percent reduction, including the 1.25 percent reduction noted above. The Senate Subcommittee notes that the agency was directed to provide a revised spreadsheet illustrating the reductions required to achieve a 10.0 percent reduction. The revised spreadsheet is attached to the Senate Subcommittee Report.
6. **VIPS/CAMA Fund.** The Senate Subcommittee would like to note that the VIPS/CAMA Fund is down against projected receipts, approximately \$225,000 in FY 2009, due to lack of vehicle sales. The agency has indicated that as revenues decline in the VIPS/CAMA Fund they will be forced to turn to other funding sources, including the State General Fund, for operational costs. As a result, the Senate Subcommittee would like to note that the agency may need

2-5

additional State General Fund funding as a result of declining revenue in the VIPS/CAMA Fund.

7. **E-Filing.** The Senate Subcommittee would like to encourage the use of E-Filing for state tax returns. The agency has indicated that in order to meet its 10.0 percent budget cuts it would eliminate bulk paper I-tax forms and such elimination may increase E-Filing.
8. **Liquor and Tobacco Compliance Rate.** The Senate Subcommittee would like to commend the Department of Revenue for the liquor and tobacco compliance rate. For FY 2010 the compliance rate with liquor license selling regulations will be 90 percent and the compliance rate among tobacco licenses in relation to sales to minors will be 80 percent.
9. **Budget Reductions and Impact on Collections.** The Senate Subcommittee supports the efforts of the Department of Revenue to collect back taxes and would like to note the impact of budget cuts on the collection efforts of the Department of Revenue. The agency has indicated that every additional \$1 spent on collections has resulted in an additional \$15 collected. Furthermore, the Senate Subcommittee concurred with the Governor's FY 2010 reduced resources package which increased the shrinkage rate and held 21 FTE vacant positions open. The agency indicated that the tax operations division will be impacted by the reduced resources package.
10. **Further Budget Reductions and Furloughs.** The Senate Subcommittee notes that any further budget reductions for the Department would result in furloughs, layoffs, or program closure. The Department indicated that an agency wide furlough for 1 day would result in savings of \$220,000. Furthermore, the Senate Subcommittee would like to note that a furlough is defined as a temporary lay off.

◆ Impact of potential 10% SGF reduction - \$2,079,586

- Increase shrinkage (reduced resource pkg.) \$1,057,444
 - Additional 21 FTE kept vacant
- Eliminate bulk paper I-tax forms \$ 350,000
 - Forms available online, by request
- No OOS travel except for Audit \$ 220,000
 - Reduced involvement in SST, FTA, etc.
- Stop PC refreshment program \$ 300,000
 - Reduced productivity, increased repair/maint.
- Eliminate facilities/furniture repair \$ 152,142
 - Degradation of office environments

◆ Reductions beyond 10%

- Furloughs, layoffs or program closure based on depth of cuts
 - Agency-wide furlough (1 day) = \$220,000
 - Reduces revenues proportionate to reduction in expenses

FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

Court of Tax Appeals



Senator Vicki Schmidt, Chair



Senator Janis Lee



Senator Mark Taddiken

Senate Ways & Means Cmte

Date 3-09-2009

Attachment 3

House Budget Committee Report

Agency: Court of Tax Appeals

Bill No. HB - -

Bill Sec. - -

Analyst: Steiner

Analysis Pg. No. Vol. - -

Budget Page No. 91

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,770,448	\$ 1,586,859	\$ 17,412
Other Funds	501,234	550,043	1,058
Subtotal - Operating	<u>\$ 2,271,682</u>	<u>\$ 2,136,902</u>	<u>\$ 18,470</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 2,271,682</u>	 <u>\$ 2,136,902</u>	 <u>\$ 18,470</u>
FTE Positions			
	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	<u>26.0</u>	<u>26.0</u>	<u>0.0</u>

Agency Request

The **agency** is requesting \$2,271,682 for FY 2010 operating expenditures, including \$1,770,448 from the State General Fund. The request is an all fund decrease of \$19,936, or 0.9 percent, and a State General Fund decrease of \$19,936, or 1.1 percent, below the FY 2009 revised estimate. The agency did not have any enhancement requests.

Governor's Recommendation

The **Governor** recommends \$2,136,902 for FY 2010 operating expenditures, including \$1,568,859 from the State General Fund. The recommendation is an all funds decrease of \$134,780, or 5.9 percent, and a State General Fund decrease of \$183,589, or 10.4 percent, below the agency's FY 2010 request. The Governor's recommendation is an all funds decrease of \$136,001, or 6.0 percent, and a State General Fund decrease of \$39,810, or 2.4 percent, below the Governor's FY 2009 recommendation. The decrease is attributable to an increased shrinkage rate of 5.0 percent and offsetting State General Fund monies with special revenue funds.

House Budget Committee Recommendation

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

3-2

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$37,345, including \$36,393 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill.
2. **KPERS Death and Disability Moratorium.** Add \$3,961, including \$3,855 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 Percent Reduction.** Delete \$22,836, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human services caseloads, approved by the 2009 Legislature for FY 2009.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

Senate Subcommittee Report

Agency: Court of Tax Appeals **Bill No.** SB - -

Bill Sec. - -

Analyst: Steiner

Analysis Pg. No. Vol. - -

Budget Page No. 91

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,770,448	\$ 1,586,859	\$ (92,347)
Other Funds	501,234	550,043	1,058
Subtotal - Operating	<u>\$ 2,271,682</u>	<u>\$ 2,136,902</u>	<u>\$ (91,289)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,271,682</u></u>	<u><u>\$ 2,136,902</u></u>	<u><u>\$ (91,289)</u></u>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>26.0</u></u>	<u><u>26.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** is requesting \$2,271,682 for FY 2010 operating expenditures, including \$1,770,448 from the State General Fund. The request is an all fund decrease of \$19,936, or 0.9 percent, and a State General Fund decrease of \$19,936, or 1.1 percent, below the FY 2009 revised estimate. The agency did not have any enhancement requests.

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Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$37,345, including \$36,393 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
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3. **Continue the FY 2009 1.25 Percent Reduction.** Delete \$22,836, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human services caseloads, approved by the 2009 Legislature for FY 2009.
4. **Ten Percent Reduction.** Delete \$109,759, all from the State General Fund, to achieve a total 10.0 percent reduction, including the 1.25 percent reduction noted above. The Senate Subcommittee notes that the agency was directed to provide a revised spreadsheet illustrating the reductions required to achieve a 10.0 percent reduction. The revised spreadsheet is attached to the Senate Subcommittee Report.
5. **Special Revenue Funds.** The Senate Subcommittee notes that as the agency spends down its special revenue funds in order to achieve State General Fund savings the agency will be required to raise fees in order to replenish its special revenue funds.
6. **Technology Upgrade.** The Senate Subcommittee commends the Court of Tax Appeals for its foresight in investing in automation technology which allowed the Court to go paperless and become more efficient.



K A N S A S

REBECCA W. CROTTY, CHIEF JUDGE
BRUCE F. LARKIN, JUDGE
J. FRED KUBIK, JUDGE

COURT OF TAX APPEALS

KATHLEEN SEBELIUS, GOVERNOR

SENATE WAYS AND MEANS SUBCOMMITTEE

ADDITIONAL BUDGET REDUCTION SCENARIOS FISCAL YEAR 2010

The Kansas Court of Tax Appeals submits the following budget information pursuant to the Honorable Jay Emler's request.

The Court of Tax Appeals is a single-program agency. It has no discretionary programs. All of the Court's work is prescribed by statute and cannot be scaled down to meet budget imperatives.

FY 2009 Governor's Revised Budget

State General Funds.....	\$1,626,669	
Other Funds.....	\$646,234	
Total.....		\$2,272,903

FY 2010 Budget (10% Reduced Resources Scenario)

State General Funds.....	\$1,496,508	
Other Funds.....	\$548,499	
Total.....		\$2,045,613

FY 2010 Budget (13% Reduced Resources Scenario)

State General Funds.....	\$1,496,508	
Other Funds.....	\$480,312	
Total.....		\$1,977,426

PRELIMINARY NOTES

- Valuation appeal levels are expected to rise significantly in the coming year because of current economic conditions, which generally are believed to be tied to declining real estate markets.
- Johnson County reports it “anticipates that last year’s record number of appeals will be surpassed [in the coming year].”
- Sedgwick County also reports that it anticipates a significant increase in appeals at all levels.
- COTA has seen a sharp increase in 2008 Payment Under Protest (PUP) appeals, which is a reliable indicator of things to come.

PROPOSED REDUCED RESOURCE SCENARIOS

(In ascending order of impact)

Reduction Scenario 1: Eliminate funding for Executive Director position

Scenario 1 total reduction = 3.9%

SGF savings:	1.9% (\$44,500)
Other fund savings:	1.9% (\$44,500)
Total savings:	3.9% (\$89,000)

Before his appointment to the chief hearing officer/judge *pro tem* position, Trevor Wohlford served as executive director and chief counsel to the Board of Tax Appeals (the Court’s predecessor) for four years. In view of recent budget constraints, Trevor has agreed to continue in his role as executive director, while also fulfilling the duties of his new position. Consolidation of these important functions and duties will be difficult to manage. And, from an organizational standpoint, this is not the ideal solution. Nevertheless, with support from staff attorneys and others, the Court will do its best to make this arrangement work for as long as possible.

Reduction Scenario 2: Utilize COTA staff attorneys for a significant portion of small claims hearings instead of using contract hearing officers

Scenarios 1 and 2 total reduction \leq 6.2%

SGF savings:	0% (\$0)
Other fund savings:	up to 2.3% (\$50,000)
Total savings:	up to 2.3% (\$50,000)

The Court utilizes contract hearing officers to hear and decide small claims appeals throughout the state. We could save up to \$50,000 by using staff attorneys to hear a significant portion of these matters instead of using contract hearing officers. Of course, if staff attorneys are taken away from their regular duties, the Court's overall productivity will suffer. If implemented for an extended period of time, this measure would inevitably result in backlogs.

Reduction Scenario 3: Eliminate funding for up to two FTE positions

Scenarios 1 through 3 total reduction \leq 10.0

SGF savings:	up to 3.8% (up to \$85,661)
Other fund savings:	0% (\$0.00)
Total savings:	3.8% (up to \$85,661)

Eliminating funding for two FTE positions would have a severe adverse impact on the Court's new Web-based, paperless case management system. In our new environment, these positions will be responsible for two important roles: (1) indexing all documents processed by the court using metadata tags for optimal search functionality; and (2) undertaking the long-term process of converting legacy data and documents from the old system so it can be accessed and used in the court's new digital environment. The extent of the adverse impact caused by this measure would depend on how many positions remained unfunded for how long.

Reduction Scenario 4: Require that all small claims hearings be conducted by telephone; eliminate all travel for regular division hearings.

Scenarios 1 through 4 total reduction \leq 11.4%

SGF savings: 0% (\$0)
Other fund savings: 1.4% (\$31,855)
Total savings: 1.4% (\$31,855)

**Statutory amendment required*

The small claims and expedited hearings division is an informal and expeditious hearing process for single-family residential properties, small commercial properties, and less complex Division of Taxation cases. Under current law, small claims hearings must be held in the county where the taxpayer's property is located (or where the taxpayer resides for Division of Taxation cases), or in an adjacent county. Thus small claims hearing officers travel to hearing sites throughout the state in order to provide taxpayers with a convenient forum. Also, in the regular division, judges routinely travel to various locations throughout the state so that taxpayers may receive an in-person hearing without having to travel to Topeka.

Reduction Scenario 5: Cut funding for law clerk positions by approximately 60% and temporary support staffing by approximately 25%

Scenarios 1 through 5 total reduction \leq 13.0

SGF savings: 0% (\$0)
Other fund savings: 1.7% (\$40,000)
Total savings: 1.7% (\$40,000)

Law clerks and temporary support staff are essential to the Court's successful operation. Law clerks review applications and prepare approximately 4,000 draft orders each year. Cuts in law clerk funding would mean that an already strained legal staff would be required to take on even more work, which would adversely affect both the quality and timeliness of the Court's output. The Court uses temporary employees as floaters; these employees handle extra work resulting from seasonal shifts in the Court's workload. Any reduction in temporary staffing will cause seasonal workflow bottlenecks and output delays.



LEGISLATURE OF KANSAS
LEGISLATIVE DIVISION OF POST AUDIT

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**Testimony for the
 Senate Ways and Means Committee on House Bill 2265
 February 16, 2009**

Mr. Chairman and members of the Committee, thank you for giving me the opportunity to testify on behalf of the Legislative Post Audit Committee and my office on HB 2265. This bill deals with audit requirements related to the State Treasurer's Office and the Pooled Money Investment Board.

Currently, significant financial-management areas for both agencies are reviewed as part of the annual Statewide financial audit, which we contract out to a public auditing firm.

In addition, annual performance audits are required at both agencies to review their financial-management practices. These audits also are contracted out, at a cost of about \$20,000 per year.

As summarized below, the financial audit work generally addresses more significant areas, while the performance audit work addresses a broader range of areas, some in more depth than the financial audit work.

Statewide Financial Audit	Performance Audits
<u>State Treasurer's Office</u> - Deposit of receipts in bank accounts - Collateralization of deposits - Redemption of State warrants - Custodial accountability - Bond payment agency for State and local units - Distribution of local taxes and State aid	<u>State Treasurer's Office</u> - Deposit of receipts in bank accounts - Collateralization of deposits - Management of cash flow needs - Redemption of State warrants - Custodial accountability - Unclaimed property - Bond payment agent for State and local units - Distribution of local taxes and State aid - Agricultural Production Loan Deposit Program - Kansas Postsecondary Education Savings Program - Kansas Investments Developing Scholars Program
<u>Pooled Money Investment Board</u> - Idle funds and municipal investments - Handling of investment income - Custodial accountability	<u>Pooled Money Investment Board</u> - Management of cash flow needs - Idle funds and municipal investments - Handling of investment income - Custodial accountability

In the 10 years that these performance audits have been conducted, no major problems have been found. The audit findings from the last three years are summarized on the attached page, which I had prepared for the Legislative Post Audit C

Senate Ways & Means Cmte
Date 3-9-2009
Attachment 4

**STATE TREASURER'S OFFICE AND POOLED MONEY INVESTMENT BOARD:
PROPOSAL TO REQUIRE PERFORMANCE AUDIT WORK LESS FREQUENTLY**

To make the most cost-effective use of the State's limited resources by using a risk-based approach, Legislative Post Audit is proposing that the statutory requirement for annual performance audits of the State Treasurer's Office and Pooled Money Investment Board be changed from once a year to once every three years.

The Legislative Post Audit Act requires annual performance audits of the Treasurer's Office and Pooled Money Investment Board. These audits focus on selected financial-management practices, and the audit of the Board includes a comparative investment performance review and an analysis of the investment program. The work is done by an audit firm under contract with Legislative Post Audit, with the Treasurer's Office and the Board each paying for the cost of their audit work. This requirement has been in place for almost 10 years, and was initiated at the request of the State Treasurer at the time.

These audits currently cost the State about \$20,000 a year. The cost of the Treasurer's Office audit is \$13,900, and the cost of the Pooled Money Investment Board audit is \$6,080.

The performance audits haven't found any major problems. Problems identified by the three most recent audits are presented below.

Fiscal Year	Treasurer's Office	Pooled Money Board
2006	The interest rate charged to one lender under the Agricultural Loan Deposit Program didn't match the approved rate.	No deficiencies
2007	In the unclaimed property area, the inventory list of items didn't match the items actually in three boxes. In the Kansas Investments Developing Scholars Program, the Office didn't distribute State matching dollars until the month after the deadline.	No deficiencies
2008	In the unclaimed property area, some items received had not been recorded on the inventory listing, and some abandoned property received had not been sold within the statutorily required time frame.	No deficiencies

Significant financial-management areas of the Treasurer's Office and Pooled Money Investment Board already are addressed during the annual Statewide financial audit. Given that, having performance audits of those operations once every three years instead of annually would reduce audit costs by about \$40,000 every three years, with minimal impact on overall audit coverage. This change would require an amendment to K.S.A. 46-1106 so that, beginning with the audits covering fiscal year 2008 (those most recently completed), separate performance audit reports on the State Treasurer's Office and Pooled Money Investment Board are required once every three years.

Kan-ed – SB 285

Brad Williams
Chief Information Officer & Kan-ed Executive Director
Kansas Board of Regents

“to provide for a broadband technology-based network to which schools, libraries and hospitals may connect for broadband internet access and intranet access for distance learning.”

Kan-ed 2.0 Fast Facts:

- Kan-ed 2.0 went online January 1, 2009.
 - 723 connection orders for 515 members (up from 292 connected members – 143% increase).
 - 63% of the membership will be **connected** to the network.
 - 837 of 892 (94%) schools, libraries and hospitals and higher education institutions are members of Kan-ed.
 - Kansas will lose \$3.3 million in direct federal funding benefit if Kan-ed is not funded and Kan-ed members will lose additional E-Rate funding.
 - Kan-ed has filed E-rate on behalf of 350 members for FY2010.
 - 419,000 people have user accounts on the Kan-ed Empowered Desktop.
 - Every hospital in Kansas is connected to EMResource.
 - Disaster resource tracking database located in emergency rooms.
 - Kan-ed works with 28 phone, cable and ISP companies, and two Community Based Network (CBN's) to bring services and basic broadband to Kan-ed members.
 - Over 30,000 video conferences are scheduled between August 2008 and June 2009.
 - Kan-ed provides services to schools and libraries that served as a barrier to them receiving federal funding (filtering for CIPA, E-Rate support).

Kan-ed Background:

- Codified in April 2001 and funded January of 2003.
 - \$10 million per year through the Kansas Universal Service Fund (KUSF) for FY 2004, FY 2005 and FY 2006.
 - \$8 million KUSF and \$2 million State General Fund (SGF) in FY 2007, FY 2008 and FY 2009.
 - K.S.A 66-2010 - \$10 million from the SGF for FY 2010 and thereafter and that “such funding shall be of the highest priority along with education funding”.
 - \$8 million increase in SGF would be needed.

Looking at Funding "Kan-ed" in Other States

- Other states are in a similar situation:
 - Economic instability
 - State General Fund revenues are unpredictable.
 - Broadband access for public sector members is critical and treated as a necessary commodity; as necessary as water, electricity and roads.
 - Many states use a "KUSF" to fund their broadband networks for schools, libraries and hospitals.

4-5

State Data:

<u>Funding Type</u>	<u>Number of States</u>
State Appropriation (KUSF and SGF)	27
E-Rate or Federal Dollars	11
User Fees (Typically for higher broadband levels)	22
-Kan-ed passes on 100% of higher broadband costs	
Membership Fees	4
Private dollars	2

- Note: A state network may utilize just one or many of the above funding streams.
- Many states have a "KUSF" for funding broadband access for educational networks.

Kan-ed Maximizes Federal Funding Streams

- Federal E-Rate funding:
 - Kan-ed has received \$5.7 million dollars from the federal E-Rate program to date.
 - Kan-ed is still waiting on FY2008 and FY2009 E-Rate funding.
 - Kan-ed is filing E-Rate funding requests on behalf of Kan-ed members (schools and libraries) at the 1.5mb (T-1) level in Kan-ed 2.0.
- FCC Rural Health Grant:
 - \$1.3 million per year over three years to connect hospitals.
 - Must be sustainable after federal funding stops.
 - KU Med / Kan-ed and KHPA working together on health information exchange.
 - Kan-ed also works with Hospitals on the Rural Health "E-Rate" program.
- Closely watching the ARRA for broadband connectivity grant programs.
 - Partner with local companies to assist members.

5-6

Kan-ed Maximizes Federal Funding Streams (cont.)

● RUS (Rural Utilities Service Grant):

- Kan-ed does not receive funding or administrative overhead.
- Kan-ed partners with local communities to apply to the USDA to enhance broadband in rural areas.
- \$421,876 to establish connectivity, telemedicine and tele-radiology between:
 - Ashland Health Center - Ashland, KS
 - Bob Wilson Memorial Grant County Hospital - Ulysses, KS
 - Edwards County Hospital and Healthcare Center - Kinsley, KS
 - Hamilton County Hospital – Syracuse, KS
 - Harper Hospital District # 5 - Harper, KS
 - Horton Community Hospital - Horton, KS
 - Meade District Hospital - Meade, KS
 - Satanta District Hospital - Satanta, KS
 - Scott County Hospital - Scott City, KS
 - St Catherine Hospital - Garden City, KS
 - Stafford District Hospital #4 - Stafford, KS
 - Stanton County Health Care Facility - Johnson City, KS
 - Stevens County Hospital, - Hugoton, KS
 - Wichita County Health Center - Leoti, KS
 - Lane County Hospital - Dighton, KS

Kansas Universal Service Fund - KS Telecom Act of 1996

- (a) Ensure that every Kansan will have access to a first class telecommunications infrastructure that provides excellent services at an affordable price;
- (b) Ensure that consumers throughout the state realize the benefits of competition through increased services and improved telecommunications facilities and infrastructure at reduced rates;
- (c) Promote consumer access to a full range of telecommunications services, including advanced telecommunications services that are comparable in urban and rural areas throughout the state;
- (d) *Advance the development of a statewide telecommunications infrastructure that is capable of supporting applications, such as public safety, **telemedicine**, services for persons with special needs, **distance learning**, **public library services**, **access to internet providers and others**;*
- (e) Protect consumers of telecommunications services from fraudulent business practices and practices that are inconsistent with the public interest, convenience and necessity.
- (f) Broadband access is defined as “a transmission of digital signals at rates equal to or greater than 1.5 megabits per second”. 1.5mb = T1

6-9

KUSF and Federal Universal Service Fund (USF)

- KUSF mimics the federal USF (Universal Service Fund) which was established in 1996 and one of the priorities is to assist with the expansion of broadband access to schools, libraries and health care.
- Kan-ed was determined by the FCC to be an eligible entity to receive Federal USF funding (through E-Rate).
 - Kan-ed meets federal public policy requirements of the 1996 Telecommunications Act
- Further, K.S.A. 66-1, 187 (q) follows suit and indicates “broadband to schools, hospitals and libraries are part of universal service (in Kansas).”
- So, Kan-ed believes that as long as broadband services to schools, libraries and hospitals are expressly included in federal and state public policy, the KUSF is the logical source for Kan-ed funding.

Kan-ed Next Steps:

- Kan-ed Implementation of Changes to the Kan-ed Authorized Provider (KAP) Program
 - Will ensure local providers can provide the same benefit as direct connection members, who use the State of Kansas contract.
 - Kan-ed will assist local companies with T-1 (1.544mb) and 3.0mb service and router fees.
- Kan-ed will work with local companies to ensure Kan-ed members know they can use a “KAP” to connect to the network.
- Kan-ed will work with the private industry to ensure that public funds are not used to foster a competitive environment, even as we strive to ensure our members have access to high-speed broadband access.
- Kan-ed and the private industry will review Kansas telecom statutes in the summer of 2009.
 - That review may produce recommendations to the 2010 Legislature for statutory change.
 - Specific review will occur on how incremental long-run pricing works in Kansas, specifically within the context of circuit pricing for schools, libraries and hospitals.
- Finally, should Kan-ed be fully funded, Kan-ed will establish a sub-committee of the Kan-ed Advisory Committee to study “pay for play” services related to content and servicers (such as data backup) and will look at membership fee parameters in four states to see if they would work in Kansas.
- We will engage the Kan-ed Advisory Committee, our membership and the telecom/cable industry in this important work.



Tom Bell
President and CEO

To: Senate Ways and Means Committee
From: Chad Austin
Vice President, Government Relations
Date: March 9, 2009
Re: Senate Bill 285

The Kansas Hospital Association appreciates the opportunity to provide comments in support of Senate Bill 285. The proposed legislation would create a stable source of funding for the Kan-ed program. The Kan-ed program has benefited more than 130 Kansas hospitals and is a cost effective use of technology for hospitals and the patients and communities they serve.

Hospitals of all sizes have effectively utilized many benefits from their participation in Kan-ed. To date, hospitals have received more than \$2.8M in direct support from Kan-ed including:

- Financial and technical assistance in acquisition of broadband services which allows for increased employee and patient education;
- Grants to hospitals for upgrading video conferencing equipment to allow operation on the Kan-ed network which allows hospital employees to participate in education and other meetings without leaving the hospital;
- Educational and reference resources for hospital employees;
- Grants to hospital members to develop continuing education programs that will be provided over the Kan-ed network;
- Opportunities for collaboration among Kan-ed constituents which allows hospitals to share best practices with others; and
- Access to a state-wide hospital emergency communication system.

There are a few programs that we would like to highlight in more detail below.

EMResource ®

The benefits provided to Kansas hospitals through the state-wide license to EMResource have been tremendous. EMResource is a trauma diversion and resource tracking system that has been used in Kansas to address trauma care, emergency preparedness, and state-wide communication. Hospitals can view in real-time information on hospital emergency department status, hospital patient capacity, availability of staffed beds, and specialized treatment capabilities. EMResource has provided many benefits to hospitals and played a very pivotal role in disseminating information related to the record number of disasters affecting Kansas in 2007. Information on EMResource regarding generator utilization during the December 2007 ice/winter storms proved invaluable for state emergency response.

Kansas Hospital Association

215 S.E. 8th Ave. • Topeka, KS 66603-3906 • Phone: (785) 233-7436 • Fax: (785) 233-6

Senate Ways & Means Cmte
Date 3-09-2009
Attachment 6

status of hospitals. Continued funding for this program is critical to assuring that efficient trauma care, emergency preparedness and state-wide communication is available for all hospitals.

Telemedicine/Health Information Technology

The rural nature of our state coupled with the anticipated health care workforce shortages in future years makes expanding telemedicine programs in Kansas imperative. Telemedicine allows patients in rural communities to access specialized physicians without time consuming and costly travel. Kan-ed has jump started expansion of telemedicine by enabling many hospitals to take advantage of the benefits provided by using video conferencing equipment. Without the Kan-ed program, Kansas hospitals could expect to see increased line charges, decreased network security, decreased reliability/quality of service, and decreased collaboration among stakeholders.

KHA fully supports the efforts and continued funding of the Kan-ed program. Thank you for your consideration of our comments. Please feel free to contact KHA if you would like any additional information.

Blue Telephone Company
Home

Bluestem Telephone Company
Dodge City

Columbus Telephone Company

Craw-Kan Telephone Coop., Inc.
Girard

Cunningham Telephone Company, Inc.
Glen Elder

Elkhart Telephone

Golden Belt Telephone Assn., Inc.
Rush Center

Gorham Telephone Company

H&B Communications, Inc.
Holyoak

Haviland Telephone Company, Inc.

Home Telephone Company, Inc.
Gibbs

JBN Telephone Company, Inc.
Wellman

KanOkla Telephone Assn., Inc.
Caldwell

Lal Harpe Telephone Company, Inc.

Madison Telephone Company, Inc.

MoKan Dial, Inc.
Leasburg

Mutual Telephone Company
Little River

Peoples Mutual Telephone Company
Lacygne

Pioneer Telephone Assn., Inc.
Ulysses

Rainbow Telephone Coop. Assn., Inc.
Everett

Rural Telephone Service Company, Inc.
Lenora

S & A Telephone Company, Inc.
Allen

S & T Telephone Coop. Assn.
Brewster

South Central Telephone Assn., Inc.
Medicine Lodge

Southern Kansas Telephone Co., Inc.
Clearwater

Sunflower Telephone Company, Inc.
Dodge City

Total Telephone Company, Inc.
Ochelata, OK

Tri-County Telephone Assn., Inc.
Council Grove

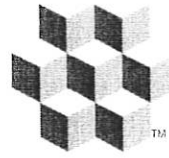
Twin Valley Telephone, Inc.
Miltonvale

United Telephone Association, Inc.
Dodge City

Wamego Telephone Company, Inc.

The Wheat State Telephone Co., Inc.
Udall

Wilson Telephone Company, Inc.



KANSAS
RURAL INDEPENDENT
Telephone Companies

Investment that works for all Kansans

Senate Ways and Means Committee
SB 285 Comments
Catherine Moyer, Director of Legal & Regulatory Affairs
Pioneer Communications
March 9, 2009

Good morning Chairman and members of the Committee. I am Catherine Moyer, the Director of Legal and Regulatory Affairs for Pioneer Communications, which is headquartered in Ulysses, Kansas. Today I am speaking on behalf of the Kansas rural telecommunications companies.

I am here today to speak about Senate Bill 285 which involves the funding of the Kan-ed network. Over the past few months the rural telecommunications companies have been working closely with Kan-ed. While we had some initial concerns regarding the new Kan-ed 2.0 network, our close work with Kan-ed has led to an outcome which will continue the public-private partnership and also continue to provide high-speed connections to schools, libraries and hospitals. That outcome is outlined in a letter to Chairman Emler, signed by Brad Williams, Kan-ed's Executive Director, and Reginald Robinson, the CEO of the Kansas Board of Regents.

Senate Bill 285 requests full Kan-ed funding to come from the Kansas Universal Service Fund, the KUSF. In years past, Kan-ed funding has been a blend of KUSF dollars and State General Fund dollars. As of June 30, 2009, Kan-ed funding was to have transitioned completely away from KUSF dollars. The rural telecommunications companies originally supported this transition, and still do. However, the companies are also cognizant of the current economic environment and understand that Kan-ed funding must continue to come from the KUSF for the next fiscal year. The rural telecommunications companies are currently neutral on Senate Bill 285. With one adjustment to Senate Bill 285, the companies could easily support the legislation. That one adjustment would be to include a sunset date for the KUSF funding, ideally at the end of fiscal year 2010 or 2011.

Between today and the sunset date for the KSUF funding, the rural telecommunications companies shall continue to work closely with Kan-ed and other industry participants to guarantee a public-private partnership affording advanced institutional connectivity for the benefit of the public.

Thank you for this opportunity to appear before you today. I will attempt to answer questions at the appropriate time.

Senate Ways & Means Cmte
Date 3-09-2009
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Kansas **Cable Telecommunications** Association

**Testimony Submitted on Behalf of the
Kansas Cable Telecommunications Association**

John J. Federico

Senate Ways & Means Committee

SB285

March 9, 2009

I am pleased to appear before the Senate Ways & Means Committee as "neutral" on SB285. I stand before you today representing the Kansas Cable Telecommunications Association. The KCTA has a diverse membership of large and small telecommunication companies offering video, internet and phone products in both urban and rural communities, in all four corners of the state.

The KCTA has taken a neutral position on SB285, and will offer no opinion on the source of funding for the KanEd Program. As an entity that has been very involved with the KanEd Program from its inception, we do want to take the opportunity however to again state our unqualified support of KanEd.

Of paramount concern for us are any/all policies adopted by the Program's administrator, that 1) impedes existing contracts between our members and our customers, and 2) more specifically, supports state-subsidized competition for providers of commercial internet services.

It appears, in a letter to Chairman Emler, dated March 3, 2009, that Mr. Williams is aware of these concerns from private industry and has pledged to work with the interested parties to address these concerns going forward.

We look forward to working with the legislature and the Board of Regents to make sure the KanEd Program continues expand, and to provide valuable telecommunication tools to communities across the state.

I am happy to stand for questions.

Senate Ways & Means Cmte

Date 3-09-2009

Attachment 8



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

March 3, 2009

Senator Jay Emler
Chairman Senate Ways & Means
Statehouse, Room 537-N
Topeka, KS 66612

Dear Chairman Emler:

On behalf of the Kansas Board of Regents, we would like to thank you for your willingness to work with us regarding Kan-ed funding. Kan-ed has been engaged in comprehensive and productive discussions with the State Independent Telephone Association (SITA) regarding Kan-ed funding. We hope to develop a strategy that better supports independent phone companies that wish to become a Kan-ed Authorized Provider (KAP). In that connection, we have been meeting extensively with Catherine Moyer, SITA representative and Legal Counsel for Pioneer Communications, and we are excited to describe some of the enhancements that we believe will supplement the existing KAP program, and in turn, continue to demonstrate the value we place on the public-private partnership that is essential for Kan-ed success.

We have included an enclosure that outlines several changes to the KAP program, but we would like to summarize those changes briefly here. First, we will ensure that KAP program providers can provide the same level of benefit to their members as the direct connection provider receive – offering the ability to provide a T-1 at no cost to the member after federal E-Rate funds are applied. Second, Kan-ed will ensure that members know that they have local options regarding commercial internet access, and that Kan-ed members can connect to the Kan-ed network using a Kan-ed Authorized Provider (KAP). Third, Kan-ed commits that it will continue its work with the private industry over the next year to ensure that the state is not using public funds to foster competitive services, even as we strive at the same time to ensure that Kan-ed members have access to high-speed broadband levels.

Fourth, Kan-ed and private industry will review the Kansas telecom statutes and policies this summer; that review may produce recommendations to the Legislature in 2010 for statutory changes. We will particularly be interested in studying how incremental long-run pricing works in Kansas, specifically within the context of circuit pricing for schools, libraries and hospitals.

Finally, if Kan-ed is funded through the KUSF during this difficult economic time, we will establish a sub-committee of the Kan-ed Advisory Committee to study “pay for play” services and examine whether the membership fee parameters in other states would work in Kansas. We will engage the Kan-ed Advisory Council, our membership, and the telecom industry in this important work.

We hope that these steps, as well as others, demonstrate the progress that Kan-ed has made not only in our relationship with the telecom industry, but with the network and our membership connections. Kan-ed has made huge strides in connecting members to the network. Since the new Kan-ed 2.0 network was

brought online January 1, member connections have grown from 298 connections to over 720 connections that are ordered - a 143% increase. Many Kan-ed members rely heavily on these connections, as Kan-ed pursues federal E-rate funding on behalf of many libraries and school districts across the state.

In addition, I hope the fact that Kan-ed will facilitate over 30,000 video conferences between August 2008 and June 2009 gives you a sense of the increased traffic and expanded utilization of the network. Many of these video conferences are K-12 physics, mathematics, and foreign language classes. In addition, over 419,000 individuals across the state use the Kan-ed Empowered Desktop, which provides a backpack for electronic data storage, access to safe search engines, research and education databases. It also houses the LS Testbuilder, which is customized to state educational testing standards and allows teachers and administrators to design custom tests and track student progress; it also then pushes the student directly to online resources to help them in remedial areas.

With your support for Kan-ed funding through the KUSF we will be equipped to move Kan-ed and the State forward on this important project. Thank you for this opportunity for us to provide you with this information, and for your continued support of the Kan-ed program. Kan-ed's leadership looks forward to appearing before the Senate Ways and Means Committee on behalf of Kan-ed and in support of SB 285 in the near future.

Sincerely,

Reginald L. Robinson
President and CEO

Bradley S. Williams
CIO & Kan-ed Executive Director

Enclosure/as



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 Topeka, KS 66615
 785.215.6700 tel 785.215.6127 fax
 www.cox.com

March 9, 2009

Good Morning Mr. Chairman and members of the committee. I am Coleen Jennison, Director of Government Affairs for Cox Communications. I appreciate the opportunity to appear in front of you regarding SB 285. Cox Communications is neutral on the bill.

Cox Communications was very involved with the original Kan Ed legislation and is proud to be a provider to many of the Kan Ed members. As changes to the program have evolved, we have appreciated the opportunity to work with the Kan Ed organization, including participation on the Kan Ed advisory committee.

Now, more than ever, it is imperative that both industry and government work together to form the best possible technology solutions for the Kan Ed program. Solutions consistent with the original intent of Kan Ed to provide connectivity and encourage distance learning, without putting the state in a position of competing with or duplicating the efforts of private industry.

To that end, we appreciate the clarifications outlined in the letter to Chairman Emler from Brad Williams and Reginald Robinson on behalf of Kan Ed and the Board of Regents respectively. The parameter changes highlighted in the letter, specifically the commercial internet provisions, are the result of ongoing discussions between industry and Kan Ed. Cox looks forward to continued participation as the program continues to evolve.

With the general fund portion of Kan Ed set to expire at the end of this year, and the difficult financial situation facing the state, Cox recognizes that SB 285 provides the legislature with an opportunity to continue funding of the program.

Should this be the desired means of funding, we would respectfully request that a sunset date of no later than 2011 be included in the legislation. This would allow not only for the continued examination of the needs of the program, but an opportunity for the Kan Ed advisory committee and others to continue exploring alternative funding solutions.

Thank you Mr. Chairman and members of the committee for allowing me the opportunity to testify. I would be happy to answer any questions.

Senate Ways & Means Cmte

Date 3-09-2009

Attachment 9



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proud to p