

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:13 a.m. on February 11, 2010, in Room 346-S of the Capitol.

All members were present except:

Representative Owen Donohoe- excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
 Nobuko Folmsbee, Office of the Revisor of Statutes
 Alan Conroy, Kansas Legislative Research Department
 J.G. Scott, Kansas Legislative Research Department
 Heather O'Hara, Kansas Legislative Research Department
 Jonathan Tang, Kansas Legislative Research Department
 Stephen Huggins, Chief of Staff, Appropriations Committee
 Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 Performance Audit Report for K-12 Education
- Attachment 2 Budget Committee Reports on Animal Health Department,
- Attachment 3 Budget Committee Reports on Governmental Ethics and Human Rights Commission

Representative Rhoades made a motion to introduce legislation regarding consolidating Animal Health Department and Soil Conservation under the Department of Agriculture. The motion was seconded by Representative Mast. Motion carried.

Representative Mast made a motion to introduce legislation that would integrate the Board of Cosmetology into the Board of Barbering. The motion was seconded by Representative Whitham. Motion carried.

Representative Whitham made a motion to introduce legislation that would increase the Governmental Ethics Commission Fee structure. The motion was seconded by Representative Merrick. Motion carried.

Representative Whitham made a motion to introduce legislation that would integrate the Department of Credit Unions into the State Banking Commissioners Office. The motion was seconded by Representative Mast. Motion carried.

Scott Frank, Legislative Post Audit, presented an overview of the Performance Audit Report for K-12 Education, (Attachment 1). He reviewed the history of school district consolidation and the rationale used with determining two consolidation scenarios, 1) attempt to consolidate any school district that doesn't meet unification requirements and 2) Consolidate school districts that have fewer than 1,600 students. Mr. Frank discussed the scenarios and factors concerning enrollment, revenues and operating costs, capital improvements and bonding issues. He noted that three on-site visits were conducted to assess the feasibility of the two scenarios. A summary of issues raised by district officials was reviewed. Concerns were expressed for smaller districts and adequate representation on the school board; who pays existing bond debt, increased transportation, capitol improvement or new facilities, increased taxes. Mr. Frank stated that currently there are financial incentives to encourage voluntary consolidation.

Mr. Scott responded to questions from committee members. He reviewed cost savings opportunities and the efficiencies in attendance centers. Data would be available by various scenarios and available to committee members, he stated. The greatest source of savings to the State would be in normal weightings. He discussed estimated changes in resources and funding with the consolidation of Doniphan County School Districts, and transportation issues for rural schools. Mr. Scott reviewed the operating and capital expenditures as compared to changes in operating and capital aid under both scenarios.

Representative Carlin, Member of the House Agriculture and Natural Resources Budget Committee, presented

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:13 a.m. on February 11, 2010, in Room 346-S of the Capitol.

the Animal Health Department FY 2011 Budget Committee Report, (Attachment 2). The Budget Committee concurs with the Governor's recommendation with the notation: the Governor's recommendation includes a State General Fund decrease of \$42,013 and replaces it with the same amount from the Animal Disease Control Fund.

Representative Carlin made a motion to approve the Animal Health Department Budget Committee Report for FY 2011. The motion was seconded by Representative Williams.

Representative Carlin responded to questions by committee members. The impact of the budget reductions included a reduction in staff, and the possibilities of furloughs with the Governor's recommendations, which would include 8.5 days in FY 2011.

Mr. Teagarden, Director/Livestock Commissioner, Animal Health Department, responded to questions from committee members. He explained the impact of the reductions, how these reductions would be applied next year, as well as any further reductions that would be applied. He stated that the State General Fund represents 25% of the agency's budget and 75% is fee funded. For FY 2011 five vacancies will be held open, 8.5 furlough days will be implemented, the disease control staff will continue to reduce travel voluntarily and limited inspections in order to meet the Governor's Recommended FY 2011 Budget. Mr. Teagarden discussed the impact on the economy and agriculture from the feral swine.

Representative Faber responded to questions from committee members. He discussed feral swine concerns, the impact of reduced funding with the potential spread of this disease, and the need for additional legislation to enforce the illegal transportation of feral swine.

Representative Yoder made a motion to review the need for tighter laws for violators who are transporting feral swine at Omnibus. The motion was seconded by Representative Faber. Motion carried.

Representative Carlin renewed the motion as amended. Motion carried.

Representative Carlin, Member of the House Agriculture and Natural Resources Budget Committee, presented the Kansas State Fair FY 2011 Budget Committee Report, (Attachment 2). The Budget Committee concurs with the Governor's recommendation with the following notation: Legislators invited to attend the State Fair; and review of the agency's worker's compensation coverage costs at Omnibus.

Representative Carlin made a motion to approve the Kansas State Fair FY 2011 Budget Committee Report. The motion was seconded by Representative Williams.

Representative Carlin responded to questions from committee members regarding bonding issues. She stated that to date the State has not paid over \$1 million from State General Funds, which the Kansas State Fair has taken out of the Kansas State Fair receipts. The transfer of \$50,000 was match money for indebtedness, and at the Governor's recommendation this payment was not made, which necessitated the use of fee funds. The principal payments for capital improvements are included in the budget, she noted.

Representative Carlin renewed the motion to approve the FY 2011 Kansas State Fair Budget Committee Report. Motion carried.

Representative Whitham, Chair, General Government Budget Committee, presented the Governmental Ethics Commission FY 2011 Budget Committee Report, (Attachment 3). The Budget Committee concurs with the Governor's recommendation with the following recommendation: delete \$40,521 from the State General Fund; and increase the agency's fee fund by \$40,521.

Representative Whitham responded to questions from committee members. He stated that legislation was introduced to increase fees to help off-set the loss of State General Fund dollars.

Representative Whitham made a motion to approve the Governmental Ethics Commission FY 2011 Budget Committee Report. The motion was seconded by Representative Burroughs. Motion carried.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:13 a.m. on February 11, 2010, in Room 346-S of the Capitol.

Representative Burroughs, member of the General Government Budget Committee presented the Kansas Human Rights Commission FY 2011 Budget Committee Report, (Attachment 3). The Budget Committee concurs with the Governor's recommendation.

Representative Burroughs made a motion to approve the Kansas Human Rights Commission FY 2011 Budget Committee Report. The motion was seconded by Representative Kelley.

Representative Burroughs responded to questions from committee members. He stated that the Equal Employment Opportunity Commission (EEOC) funds have been declining due to the back-log of cases and the current balance is \$573.00.

Representative Burroughs renewed the motion to approve the Kansas Human Rights Commission FY 2011 Budget Committee Report. Motion carried.

The next meeting is scheduled for February 12, 2010.

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



Kevin Yoder, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2-11-10

NAME	REPRESENTING
Marilyn Good	DOA
Pat Orr	DOA
Katie Mitchell	DOA
Lois Weeks	SRs
Udilyn Hessel	Budget
Ruth Glover	Human Rights Com.
Joe Mastrosimone	KHRC
Bill Minner	KHRC
Leigh Beck	Hein Law firm
Stephanie Buchanan	CMS
Jana Atchison	GEC
Eric Wisner	KDA
Bruce Latis	Children's Alliance
KAB MEALY	KEARNEY & Assoc.
TERRY FOESYTH	KWETA
Edith Knox	Knox Center, Inc.
RS Wilson	KOSE



Legislative Post Audit Performance Audit Report Highlights

K-12 Education: Reviewing the Potential for Cost Savings From Reorganization of Kansas School Districts

Report Highlights

February 2010 • 10PA07

Audit Concern

With recent budget shortfalls, legislative questions have been raised about the potential for cost savings if school district boundaries were configured differently.

Other Relevant Facts

Any potential for cost savings from consolidating districts should be viewed as a long-term investment. It would take time for districts to develop consolidation plans and assess the resources needed. Also, under current law districts that consolidate have their funding held constant for several years.

Larger school districts cost less to operate per student because economies of scale allow them to share resources and reduce overhead costs such as administration, utilities, and insurance.

Estimated Potential
For State Savings
(including the new offsetting
cost of State aid for new
buildings)

Scenario 1:
\$15 million per year

Scenario 2:
\$111 million per year

AUDIT QUESTION 1: *What opportunities exist to restructure Kansas school districts to more cost-efficiently educate students?*

AUDIT ANSWER and KEY FINDINGS:

- Identifying the potential for savings from consolidating school districts involved statistical analysis and numerous assumptions about how districts could be reorganized, and what the costs for those newly reorganized districts might be. We could not do a detailed analysis of each district.
- We developed two high-level scenarios to illustrate potential ways that school district might consolidate:
 - Scenario 1—Consolidate districts that don't meet the original consolidation requirements of the 1960s. This scenario would reduce the number of districts from 293 to 266.
 - Scenario 2—Consolidate districts with fewer than 1,600 students. This scenario would reduce the number of districts to 152.
- The estimated impact of each scenario is summarized in the figure on the next page. In sum:

Operating Expenditures

- We estimated the potential for cost savings under Scenario 1 was \$18 million, and would result from closing 50 schools and having 230 fewer teachers and administrators.
- The potential for cost savings under Scenario 2 was \$138 million, and would result from closing 304 schools and having 1,532 fewer teachers and administrators.
- The State's share of the potential cost savings was \$15 million under Scenario 1 and more than \$129 million under Scenario 2, primarily because the State would provide less low-enrollment funding.
- Under both scenarios, many districts would lose more money in State funding than they save by reducing their operating expenditures.
- In all, almost 900 more students would need to be transported under Scenario 1, and 7,000 under Scenario 2. To reduce students' time on buses, districts may have to consider adding more bus routes.

Appropriations Committee
Date 2-11-10
Attachment 1-1

**Comparing the Changes in Operating and Capital Expenditures to the
Changes in Operating and Capital Aid Under Our Two Scenarios
(dollars in millions)**

	Scenario 1 Consolidate districts that don't meet the 1960s criteria	Scenario 2 Consolidate districts with fewer than 1,600 students
<i># of Districts Identified</i>	32	239
<i># of Consolidated Districts</i>	28	100
<i>Final # of districts</i>	266	152
OPERATING EXPENDITURES AND AID		
Change in Operating Expenditures	(\$17.9)	(\$138.4)
Change in Operating Aid		
State Funding		
<i>Basic Operating Aid (a)</i>	(\$13.5)	(\$111.3)
<i>Transportation Funding</i>	\$0.8	\$6.4
<i>KPERS Contribution</i>	(\$0.8)	(\$6.1)
<i>State Share of Local Option Budgets (b)</i>	(\$1.7)	(\$18.5)
Total State Funding	(\$15.2)	(\$129.4)
Districts' Share of Local Option Budgets	(\$2.1)	(\$13.0)
Total Change in Operating Aid	(\$17.3)	(\$142.4)
Net Savings or (Loss) to Districts (c)	\$0.6	(\$3.9)
# of Districts with a Net Savings	15	56
# of Districts with a Net Loss	13	44
CAPITAL EXPENDITURES AND AID		
Need for New/Expanded High School Buildings		
New Building	0	17
Expanded Building	10	37
No Construction	18	46
Total	28	100
Annual Cost of New/Expanded High School Buildings		
District Share	(\$1.3)	(\$45.5)
State Share	(\$0.4)	(\$18.2)
Total	(\$1.7)	(\$63.7)
Net Savings or (Loss) to Districts [Operating and Capital Expenditures Combined]		
Operating Expenditures (from above)	\$0.6	(\$3.9)
Capital Expenditures	(\$1.3)	(\$45.5)
Total (c)	(\$0.7)	(\$49.4)
# of Districts with a Net Savings	12	38
# of Districts with a Net Loss	16	62

(a) Includes Base State Aid Per Pupil (BSAPP), as well as low-enrollment and correlation weighting.

(b) Local option budgets allow districts to raise money locally for enhancing their education programs. To determine the local option budget we assumed that all districts were authorized up to 30%. The district share is generate by local taxpayer dollars, and the State share is equalization aid paid to "property poor" districts.

(c) A negative number indicates that districts as a whole will be financially worse off. While operating expenditures would decrease (saving the districts money), the amount of funding would decrease even more (creating a net loss for the districts).

Source: LPA analysis of Department of Education data.

Capital Expenditures

- Some districts likely would need new or expanded buildings to accommodate a consolidated high school, costing districts an estimated \$1 million a year under Scenario 1, and almost \$46 million a year under Scenario 2. We didn't try to estimate the impact on elementary and middle schools.
- The State provides bond and interest aid to some "property poor" districts to help equalize the cost of building new facilities. We estimated the cost would be \$400,000 under Scenario 1 and about \$18 million under Scenario 2.
- We visited 8 districts to look at their facilities and locations and discuss the potential impacts of our consolidation scenarios with them. Among the issues they raised were:
 - whether smaller districts would have adequate representation on the new board
 - who would pay a district's existing bond debt
 - whether savings would be offset by increased transportation and facility costs
 - whether their students would go to the larger reorganized district or to another one
 - whether students' performance would suffer
 - the impact consolidation would have on mill levies
- Although these issues wouldn't preclude districts from merging, these are the types of issues that would need to be worked out if districts were consolidated.

We Recommended

- The Legislature should consider limiting or eliminating the provision allowing districts to enter into long-term inter-district contracts with another district to share entire grades.
- The Legislature should consider options for strengthening the incentives to encourage districts to voluntarily consolidate.

Agency Response: *The Department of Education didn't raise concerns about our findings. Three districts we visited for site visits chose to provide a response. Wathena/Elwood didn't raise concerns about our findings. Doniphan West and Skyline did raise issues about our findings and methodology which we address in the report.*

Other Relevant Facts

(continued)

Currently, Kansas relies in the voluntary consolidation of school districts at the local level. Since 1969, the number of districts has decreased from 311 to 293.

Kansas' primary incentive to encourage voluntary consolidation is to allow the districts to keep the current combined funding level of the original (smaller) districts for a certain number of years.

Potential incentives the State could offer include providing the combined budget based on funding from 2008-09 school year, temporarily reducing the mandatory property tax mill levy, and providing additional funding to help build new facilities. Most of these options would cost the State additional money.

State law allows districts to contract with one another for entire grades. We identified such contractual arrangements between six pairs of districts. This provision may be useful to districts to help address short-term needs, but there's no time limit on these arrangements, so the provision also may act as a disincentive for districts to consolidate.

For example, the Montezuma and Copeland school districts have had an inter-district agreement since 1992. Montezuma runs the high school, Copeland runs the middle school, and both districts have their own elementary schools. The districts also share a superintendent. Although they in essence have consolidated into a larger district, they receive an extra \$431,000 each year (more than \$1,300 per student) in low-enrollment funding, which they would lose if they merged.

**DO YOU HAVE AN IDEA FOR
IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?**

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.

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FY 2011

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

Department of Agriculture
Animal Health Department
Kansas State Fair


Representative John Faber, Chair



Representative Carl Holmes


Representative Larry Powell, Vice-Chair


Representative Bill Light


Representative Sydney Carlin,
Ranking Minority Member


Representative Steve Lukert


Representative John Grange


Representative Jerry Williams

Appropriations Committee
Date 2-11-10
Attachment 2-1

House Budget Committee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 423

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,566,033	\$ 9,513,336	\$ 181,250
Other Funds	17,608,147	15,997,757	0
Subtotal	<u>\$ 30,174,180</u>	<u>\$ 25,511,093</u>	<u>\$ 181,250</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 30,174,180</u></u>	<u><u>\$ 25,511,093</u></u>	<u><u>\$ 181,250</u></u>
FTE positions			
FTE positions	344.5	341.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>344.5</u></u>	<u><u>341.5</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2011 operating budget of \$30.2 million, which is an increase of \$3.1 million, or 11.5 percent, above the revised FY 2010 estimate. The request includes State General Fund expenditures of \$12.6 million, which is an increase of \$2.4 million, or 24.2 percent, above the revised FY 2010 estimate. The request includes enhancement funding that totals \$3.6 million, including \$2.2 million from the State General Fund. The enhancement funding accounts for the agency's increased revised over the revised FY 2010 estimate. Absent the enhancement funding, the agency's FY 2011 request totals \$26.6 million, which is a decrease of \$497,961, or 1.8 percent, below the agency's revised FY 2010 estimate. The request would fund 344.5 FTE positions.

Governor's Recommendation

The **Governor** recommends a FY 2011 operating budget totaling \$25.5 million, which is a decrease of \$4.7 million, or 15.5 percent, below the agency's FY 2011 request, and a decrease of \$1.1 million, or 4.3 percent, below the Governor's FY 2010 recommendation. The Governor recommends a reduction of 3.0 FTE positions for FY 2011. The State General Fund recommendation totals \$9.5 million for FY 2011, which is a decrease of \$3.1 million, or 24.3 percent, below the agency's FY 2011 request, and a decrease of \$301,017, or 3.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend any of the agency's State General Fund enhancement requests, which total \$2.2 million. In addition, the Governor recommends an additional reduction of \$816,491 from the agency's FY 2011 State

General Fund request. The reductions are reflected in the agency's reduced resources budget, which totals \$516,491, and the Governor recommends an additional reduction of \$300,000 from the agency's State General Fund budget.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2011 recommendation, with the following adjustments and notations:

1. Add \$6,250, all from the State General Fund, for the agency's membership in the Missouri River Association of State and Tribes (MoRAST) in FY 2011. MoRAST is a regional interstate organization formed by joint resolution of the Governors of Wyoming, Montana, North Dakota, South Dakota, Nebraska, Iowa, and Kansas, and the Mni Sose Intertribal Water Rights Coalition.

MoRAST was formed to help resolve issues of concern to the basin states and tribes, to serve as a forum to foster communication and information exchange among the member states, tribes, and various other governmental units. The association also exists to facilitate the management of the natural resources of the Missouri River Basin, including water resources and fish and wildlife, while considering the impacts to the economic, historical, cultural, and social resources. Considering the importance of water issues in Kansas, the House Budget Committee believes that membership in this organization is important to the water interests of all Kansans.

2. Add \$20,000, all from the State General Fund, for the Agricultural Statistics Program in FY 2011 to fund two livestock market reports. The agency receives funding from the state and the federal governments to provide data on Kansas feeder cattle prices at the Pratt and Salina auction markets. The agency stated in their budget submission for FY 2011 that without additional funding from the state, the reports would be discontinued. The House Budget Committee received testimony that the reports provide information such as future prices, transportation cost trends, and various cattle prices, that allows the Kansas cattle industry to continue to be competitive in the marketplace.
3. Add \$55,000, all from the State General Fund, for the Administrative Services and Support Program in FY 2011 to fund 1.0 FTE administrator position within the Specialty Crop Grant Management Subprogram. The agency testified that the position administers the Specialty Crop Grant for the state, which provides grants to enhance the competitiveness of specialty crops, provides public information, works with activities associated with the State Fair, and other agricultural-related duties. Currently, the agency's Chief Financial Officer is administering the program, because the position is being held vacant as a result of budget reductions.
4. Add \$100,000, all from the State General Fund, for the Division of Water Resources in FY 2011 to fund interstate water management and other water appropriation activities. Because the Division of Water Resources is funded primarily by the State General Fund, recommended budget reductions by the Governor for FY 2011 will limit the state's ability to protect its water rights against infringement by Colorado and Nebraska. The ability to continue pursuing the state's right to water from both Colorado and Nebraska is vital to all Kansans. This funding will allow the Division of Water Resources to continue its efforts in monitoring water levels, acquiring data, and using this information to enforce the compacts agreed to with Colorado and Nebraska.
5. The House Budget Committee recommends adding language to the FY 2011 appropriations bill that directs the agency not to pay the agency's portion of the Monumental Building Surcharge in FY 2011, which totals \$188,406, all from the State General Fund. The Monumental Building Surcharge is paid by every state agency in

Shawnee County to the Department of Administration for upkeep of the State Capitol Building, the Judicial Center, Cedar Crest, and parking lots within the Capitol Complex. Instead, the House Budget Committee recommends that the agency transfer the amount that would have paid for the Monumental Building Surcharge to the agency's Grain Warehouse Program and the Dairy Inspection Program in FY 2011. Enhancement funding for the Grain Warehouse Program and the Dairy Inspection Program was included in the agency's FY 2011 request.

The Grain Warehouse Program protects depositors of grain in public warehouses from losses due to fraud and inventory mismanagement by ensuring warehouses maintain accurate records and maintain the condition of stored grain. The agency stated in its testimony to the committee that the Grain Warehouse Program requires an additional \$75,000 appropriation in order to sustain the program at its current level of service, because revenue for the program from its inspection fees has not increased as expected.

The Dairy Inspection Program regulates the milk and dairy production, transportation, processing, and distribution industry in Kansas, along with inspection, sampling, and other regulatory duties. The agency also stated in its testimony that the Dairy Inspection Program requires an additional \$72,000 appropriation to reinstate a position that was laid off by the agency in August 2009 and to increase funding for the program's operating expenditures. The agency requested a fee increase for the Dairy Inspection Program during the 2009 Legislative Session, which would have generated increased revenues for the program; however, the fee increase was not approved.

6. The House Budget Committee recommends adding language to the FY 2011 appropriations bill that states:

During the fiscal year ending June 30, 2011, the agency shall make every effort to ensure services performed in the grain warehouse inspection program will not be compromised by budget reductions that are recommended for FY 2011.

The House Budget Committee notes that this proviso was included in Section 37(a) of House Substitute for Senate Bill 22, the 2009 House Omnibus Bill.

7. The House Budget Committee recommends adding language to the FY 2011 appropriations bill that states:

During the fiscal year ending June 30, 2011, the agency shall make every effort to ensure services performed in the dairy inspection program will not be compromised by budget reductions that are recommended for FY 2011.

8. The House Budget Committee notes its support of House Bill 2659, which concerns the agency's Lodging Inspection Program and amends the current statutory inspection requirements to allow the agency more flexibility to inspect lodging establishments based on complaints received from the public.

9. The House Budget Committee makes the following statement:

Agriculture is extremely important to our Kansas economy, our rural communities, and the people it employs and feeds. Kansas is synonymous with farming and the center of the bread basket of America. We must protect this resource and ensure that we create an environment in which it can thrive.

Part of this effort is maintaining the Department of Agriculture, who through its mission protects and promotes agriculture. Its programs, while regulatory in nature, serve not only consumers, but farmers and ranchers. Its Division of Water Resources monitors compliance with our interstate water compacts, thus ensuring that regions of the state receive the essential water they are due from Colorado and Nebraska.

The agency's Dairy Inspection Program keeps the industry in compliance with the interstate milk shipper's agreement so that our dairy farmers have a "Grade A" dairy market beyond our borders. Kansas only consumes 20 percent of the milk we produce, so we need that export market to keep our dairies, both small and large, operating.

Kansas has had considerable success attracting dairies from other states in the past few years. If the dairies lose their "Grade A" status, even for a while, it would end that potential to attract other large dairies to rural Kansas.

Without funding for staff and programs not only will these services cease, but there will be no one to administer the US Department of Agriculture's (USDA) specialty crop grant that provides funding to Kansas businesses to develop new businesses or expand existing ones. Grant funds also are provided to our universities and community colleges. The agency received over \$214,000 to award this past fall and has an opportunity for an additional \$281,914 this year.

Wheat production in 2008 was 356 million bushels with a value of production in excess of \$2.5 billion and the value of production for corn is over \$2 billion. The cash receipts from the sale of cattle totaled \$6.24 billion.

Beyond the number of dollars that agriculture generates for the state; beyond the number of jobs, both direct and indirect it creates, agriculture is our heritage and it deserves our support. The best way to do that is by supporting and funding our Department of Agriculture so it can continue to serve agriculture and all Kansans through its programs. Otherwise, the agency's programs will disappear. This would be unfortunate under any circumstance, but especially unfortunate considering that with just some minor budget adjustments, these programs can be preserved. The agency's programs are consumer protection-oriented and make sure there is a fair and level playing field for all farms, ranches, and businesses in the state of Kansas. Kansas farmers depend on the stable, predictable regulatory framework that the Department of Agriculture provides.

House Budget Committee Report

Agency: Animal Health Department

Bill No. --

Bill Sec. --

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 435

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 840,266	\$ 798,253	\$ 0
Other Funds	1,786,989	1,829,002	0
Subtotal	<u>\$ 2,627,255</u>	<u>\$ 2,627,255</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 2,627,255</u></u>	 <u><u>\$ 2,627,255</u></u>	 <u><u>\$ 0</u></u>
 FTE positions	 33.0	 33.0	 0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>34.0</u></u>	<u><u>34.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2011 budget of \$2.6 million, which is a decrease of \$139,113, or 5.0 percent, below the agency's revised FY 2010 estimate. The FY 2011 request includes a State General Fund budget of \$840,266, which is a reduction from the revised FY 2010 estimate of \$45,700, or 5.2 percent. The decrease is attributed to one-time funding for computers and related technology in FY 2010, which is partially offset by slight increases in salaries and wages and contractual services for FY 2011.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2011 request; however, the Governor recommends a State General Fund budget totaling \$798,253, which is a decrease of \$42,013, or 5.0 percent, below the agency's FY 2011 request, and a decrease of \$61,133, or 7.1 percent, below the Governor's FY 2010 recommendation. The Governor recommends adding \$42,013 from the agency's special revenue funds to replace the State General Fund dollars recommended by the Governor to be reduced.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2011 recommendation, with the following notation:

1. The House Budget Committee notes that House Bill 2666 was introduced during the 2010 Legislative Session, which would allow the agency to increase its fees for the Animal Disease Control Program. The agency has not raised its fees in this program since 1995 and at that time, the fees were raised to the maximum amount allowed by statute. In addition, the agency has expressed its concerns over increasing expenditures and a decreasing ending balance in the Animal Disease Control Fund, the fund into which fees from the program's activities are deposited. The bill would increase the maximum fee amounts listed in statute for the Animal Disease Control Program and if raised, the fees would provide additional revenue for the program. In the Governor's FY 2011 recommendation, the program is recommended to receive funding totaling \$1,394,611, including \$502,879 from the State General Fund, for program operations. The Governor's recommendation for the program includes a State General Fund decrease of \$42,013, or 5.0 percent and replaces it with the same amount from the agency's Animal Disease Control Fund.

House Budget Committee Report

Agency: Kansas State Fair

Bill No. --

Bill Sec. --

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 439

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 294,854	\$ 294,854	\$ 0
Other Funds	5,494,910	5,324,910	0
Subtotal	<u>\$ 5,789,764</u>	<u>\$ 5,619,764</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 1,255,000	\$ 1,255,000	\$ 0
Other Funds	116,592	116,592	0
Subtotal	<u>\$ 1,371,592</u>	<u>\$ 1,371,592</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 7,161,356</u></u>	<u><u>\$ 6,991,356</u></u>	<u><u>\$ 0</u></u>
FTE positions			
FTE positions	24.0	24.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>24.0</u></u>	<u><u>24.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests \$5.8 million, including \$294,854 from the State General Fund, for FY 2011 operating expenditures. The FY 2011 request is an increase of \$106,734, or 1.9 percent, above the revised FY 2010 estimate. The increase is primarily attributed to the agency's request for enhancement funding, which totals \$120,000 from the Economic Development Initiatives Fund (EDIF). Absent the enhancement funding, the FY 2011 request totals \$5,669,764, which is a decrease of \$13,266, or 0.2 percent, below the revised FY 2010 estimate. The decrease is reflected in the agency's contractual services budget.

Governor's Recommendation

The **Governor** recommends a FY 2011 operating budget of \$5.6 million, which is a decrease of \$170,000, or 2.9 percent, below the agency's FY 2011 request, and a decrease of \$63,266, or 1.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend the agency's enhancement requests, which total \$120,000. The Governor recommends transferring \$50,000 from the agency's State Fair Fee Fund to the State Fair Capital Improvement Fund in FY 2011, which would increase the agency's total transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund from \$300,000 to \$350,000. The transfer decreases the agency's expenditures by \$50,000.

House Budget Recommendation

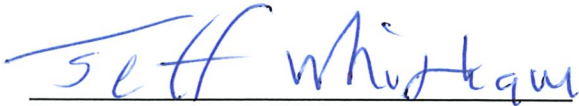
The **House Budget Committee** concurs with the Governor's FY 2011 recommendation, with the following notations:

1. The House Budget Committee believes that the State Fair is an important part of the state's agricultural community, which showcases and represents the significance of the agriculture industry in the Kansas economy. The Budget Committee recommends that the State Fair invite legislators from all over the state, focusing on legislators from urban areas, to visit the State Fair and take part in an educational opportunity with 4-H exhibitors to learn how to show animals that are typically exhibited at the State Fair. The Budget Committee suggests that the legislators, after receiving training from the 4-H exhibitors on animal showmanship, take part in a friendly showmanship contest.
2. The House Budget Committee notes that House Bill 2658 and Senate Bill 364 have been introduced during the 2010 Legislative Session. Both bills would allow the agency to pursue workers compensation coverage through the private market, rather than paying for coverage through the state. In its testimony to the House Budget Committee, the agency stated that by exploring workers compensation coverage in the private market, they received a quote that could potentially save the agency \$101,000 in FY 2011. According to the agency, the agency is experiencing an increase of \$70,000 for workers compensation coverage in FY 2010 and anticipates another increase of \$20,000 in FY 2011. The House Budget Committee requests a review of the progress of this legislation and of the agency's workers compensation coverage costs at Omnibus.

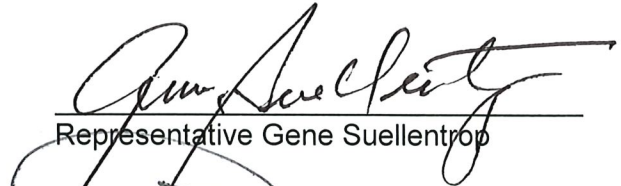
FY 2011

HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

Kansas Human Rights Commission
Government Ethics Commission



Representative Jeff Whitham, Chair



Representative Gene Suellentrop



Representative Kasha Kelley, Vice-Chair



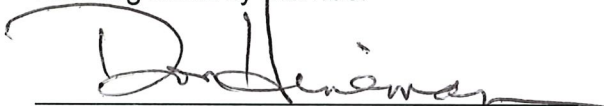
Representative Nile Dillmore



Representative Tom Burroughs,
Ranking Minority Member



Representative Milack Talia



Representative Don Hineman



Representative Jo Ann Pottorff

Appropriations Committee

Date 2-11-10

Attachment 3-1

House Budget Committee Report

Agency: Kansas Human Rights Commission

Bill No. --

Bill Sec. --

Analyst: Dear

Analysis Pg. No. -- Budget Page No. Vol. 2, 39

Expenditure Summary	Agency Req. FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,774,983	\$ 1,442,138	\$ 0
Other Funds	320,159	320,159	0
Subtotal	<u>\$ 2,095,142</u>	<u>\$ 1,762,297</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,095,142</u></u>	<u><u>\$ 1,762,297</u></u>	<u><u>\$ 0</u></u>
FTE positions			
FTE positions	34.0	34.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>34.0</u></u>	<u><u>34.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **Human Rights Commission** requests \$2,095,142 for operating expenditures during FY 2011. This is an increase of \$212,745, or 11.3 percent, above the FY 2010 revised estimate. The request includes \$1,774,983 from the State General Fund, an increase of \$249,502, or 16.4 percent, above the FY 2010 revised estimate. Special revenue funds comprise \$320,159 of the request, a decrease of \$36,757, or 10.3 percent, below the FY 2010 revised estimate. The increase is attributed to enhancements totaling \$256,943, all from the State General Fund. **Without the enhancements**, the request totals \$1,838,199, a decrease of \$44,198, or 2.3 percent, below the agency's FY 2010 estimate. The decrease without the enhancements is due to the absence of re-appropriated State General Fund amounts in FY 2011. The agency request maintains the 34.0 FTE position limitation.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$1,762,297, a decrease of \$120,100, or 6.4 percent, below the FY 2010 Governor's recommendation. The Governor's recommendation is a decrease of \$332,845, or 18.8 percent, below the FY 2011 agency estimate. The recommendation includes \$1,442,138 from the State General Fund, a decrease of \$83,343, or 5.5 percent, below the FY 2010 Governor's Recommendation. The decrease is attributable a 3.3 percent increase in the shrinkage rate for the agency for a savings of \$65,058

and a reduction in contractual service expenditures for a savings of \$10,844. The Governor also did not recommend adoption of the agency's enhancement requests.

House Budget Committee Recommendation

The **Committee** concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Governmental Ethics Commission

Bill No. --

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 492

Expenditure Summary	Agency Estimate FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 481,443	\$ 457,232	\$ (40,521)
Other Funds	227,417	251,628	40,521
Subtotal	\$ 708,860	\$ 708,860	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 708,860	\$ 708,860	\$ 0
FTE positions	9.0	9.0	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	9.5	9.5	0.0

Agency Estimate/Request

The **agency** requests \$708,860, including \$481,443 from the State General Fund. The request is a State General Fund increase of \$9,032, or 2.1 percent, above the FY 2011 approved amount. The increased amount is attributable to expenditure scheduled rate increases in th employee's contribution to Group Health Insurance and KPERs benefits. The request includes 9.0 FTE.

Governor's Recommendation

The **Governor** recommends \$708,860, including \$457,232 from the State General Fund. The recommendation is a State General Fund decrease of \$13,179, or 2.8 percent, below the FY 2011 approved amount and a Governmental Ethics Fee Fund increase of \$22,211, or 9.8 percent above the FY 2011 approved amount. The recommendation is an all funds increase of \$9,032, or 1.9 percent, above the FY 2011 approved amount. The increased amount is attributable to expenditure scheduled rate increases in th employee's contribution to Group Health Insurance and KPERs benefits. The request includes 9.0 FTE.

House Budget Committee Recommendation

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

1. Delete \$40,521, all from the State General Fund, for FY 2011.
2. Increase the limitation of the agency's fee fund by \$40,521, and allow the agency to utilize fee funds for operating expenditures in place of reductions to the agency's State General Fund authorization.