

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:14 a.m. on February 15, 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
Heather O'Hara, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Stephen Huggins, Committee Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Kansas Bureau of Investigation, Kansas Highway Patrol and Adjutant General's Department
- Attachment 2 Kansas Highway Patrol Response to Budget Committee Questions
- Attachment 3 Kansas Highway Patrol Action Plan to Meet Reduced Budget
- Attachment 4 SCR 1614 Amendment

Chairman Yoder called the meeting to order. Representative Tafaaneli, Chair, House Transportation and Public Safety Budget Committee, presented the FY 2011 Budget Committee Report for the Kansas Bureau of Investigation, (Attachment 1). The Budget Committee concurs with the Governor's recommendation with the following notation: the following bills seek to address shortfalls in revenues collected: **HB 2637** and **HB 2605**.

Representative Tafaaneli made a motion to approve the FY 2011 Kansas Bureau of Investigation Budget Committee Report. The motion was seconded by Representative Gatewood.

Representative Tafaaneli responded to questions by committee members. He stated that the backlog for DNA testing is the result of staff turn-over, training time for new staff and increased requests for testing. Discussion on the status of **HB 2637** and **HB 2605** was held. Representative Tafaaneli noted that the 5% State General Fund reduction was a shift in funds in the amount of \$736,000 for DNA backlog for testing.

Representative Tafaaneli renewed the motion to approve the FY 2011 Kansas Bureau of Investigation Budget Committee Report. Motion carried

Representative Tafaaneli, Chair, House Transportation and Public Safety Budget Committee, presented the FY 2011 Budget Committee Report for the Kansas Highway Patrol, (Attachment 1). The Budget Committee concurs with the Governor's recommendation with the following notation: concerns for shifting State General Fund expenditure into special revenue funds; and construction for a new Troop F Headquarters.

Representative Tafaaneli made a motion to approve the FY 2011 Budget Committee Report for the Kansas Highway Patrol. The Motion was seconded by Representative Gatewood.

Representative Tafaaneli responded to questions by committee members. He distributed and reviewed a copy of the Kansas Highway Patrol response to the Budget Committee's questions, (Attachment 2), and action plan for meeting reduced budget issues, (Attachment 3). Representative Tafaaneli stated that the balance in the training center fund is \$333,588. When transferred to the operating budget this will leave zero cash balance, and there is a 60 day expenditure cash flow of \$207,000. Representative Tafaaneli stated that the debt service request in the amount of \$1.1 million was for a new headquarter facility that could be shared with other public safety agencies. He reported that over the last several years money has been appropriated out of the Highway

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:14 a.m. on February 15, 2010, in Room 346-S of the Capitol.

Fund and placed in the Highway Patrol operating budget. As requested, a list of all of the Kansas Highway Patrol budget cuts and the impact of those reductions will be made available to committee members. Discussion was held regarding counties working together to address emergency needs.

Colonel Terry Maples, Kansas Highway Patrol, discussed the impact of budget reductions in regards to compensatory time, 10% reduction on travel time, and collaborative efforts to address emergency needs.

Representative Tafanelli renewed the motion to approve the FY 2011 Budget Committee Report for the Kansas Highway Patrol. Motion carried.

Representative Tafanelli, Chair, House Transportation and Public Safety Budget Committee, presented the FY 2010 Budget Committee Report for the Adjutant General's Department, (Attachment 1). The Budget Committee concurs with the Governor's recommendation with the following adjustment: add \$459,357 from the State General Fund to the National Guard Museum Assistance Fund.

Representative Tafanelli made a motion to approve the FY 2010 Adjutant General's Department Budget Committee Report. The motion was seconded by Representative Gatewood.

Representative Tafanelli responded to questions from committee members. He stated that the \$61 million was for the facility in Wichita. A committee member stated concern that there is a budget request for a museum project at a time when 19 National Guard Armories are scheduled for closure.

Representative Tafanelli renewed the motion to approve the FY 2010 Adjutant General's Department Budget Committee Report. Motion carried.

Representative Tafanelli, Chair, House Transportation and Public Safety Budget Committee, presented the FY 2011 Budget Committee Report for the Adjutant General's Department, (Attachment 1). The Budget Committee concurs with the Governor's recommendation with the following notation and adjustment: renovation bonds should not be used on any armory scheduled for closure; and add \$247 million from the State General Fund for disaster assistance obligations.

Representative Tafanelli made a motion to approve the FY 2011 Adjutant General's Department Budget Committee Report. The motion was seconded by Representative Gatewood.

Representative Tafanelli responded to questions from committee members. He stated that \$24.8 million was for expenditures for disasters which have already occurred and have been approved by Federal Emergency Management Agency, (FEMA). Representative Tafanelli stated that 75% of the disaster funding is from federal dollars, 25% state and local dollars. He added that disaster projects may be on-going due to the nature of the damage experienced and some open disasters and have not been calculated at this time. Representative Tafanelli reviewed the disaster claim process.

Janice Harper, Adjutant General's Department, stated that bills are received and payments are made throughout the year as projects are completed. At the time a federal disaster is declared, the state is required to pay the 25% match, at the time the project is approved by FEMA, federal funds are available through the SmartLink Program. Project worksheets for projects that are on-going, due to the nature of the damages, receive payments which are made in increments, she noted. Ms. Harper added that the time frame for payments made to the electric cooperatives were due to the extensive damages caused by the ice storm and the initial denial for disaster funds from FEMA.

Representative Tafanelli renewed the motion to approve the FY 2011 Adjutant General's Department Budget Committee Report. Motion carried.

Representative Whitham, Chair, House General Government Budget Committee, presented the FY 2011 Court of Tax Appeals Budget Committee Report, (Attachment 4). The Budget Committee concurs with the Governor's recommendation.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:14 a.m. on February 15, 2010, in Room 346-S of the Capitol.

Representative Whitham made a motion to approve the FY 2011 Court of Tax Appeals Budget Committee Report. The motion was seconded by Representative Burroughs.

Discussion followed by committee members. It was noted that this budget remains flat as compared to the FY 2011 budget. The Court of Tax Appeals has caught up with all of the cases carried over. Two-thirds of this budget is from State General Fund and one-third from fee funds, he noted.

Representative Whitham renewed the motion to approve the FY 2011 Court of Tax Appeals Budget Committee Report. Motion carried.

Representative Hineman, Member, House General Government Budget Committee, presented the FY 2011 Kansas Department of Labor Budget Committee Report, (Attachment 4). The Budget Committee concurs with the Governor's recommendation.

Representative Hineman made a motion to approve the FY 2011 Kansas Department of Labor Budget Committee Report. The motion was seconded by Representative Burroughs.

Representative Hineman responded to questions from committee members. He discussed the increased budget, which was due to additional staff who are handling the influx of unemployment insurance benefit claims. Functions performed in support of other agencies were reviewed. He noted that budgeting information is tracked within the various budgets and not included in the Department of Labor's budget report.

Jim Garner, Secretary, Department of Labor, responded to questions from committee members. He stated that the federal off-set fund represents a portion of the interest and penalty funds collected from past due payments. Bill Schaeffer, Chief Fiscal Officer, Kansas Department of Labor, stated that as the State General Fund decreased, the budget authority was moved from State General Fund to the federal and indirect off-set fund. The principal and interest fund was established to help administer the unemployment insurance benefits program, but instead was used to assist State General Funded programs. Secretary Garner discussed the role of labor relations. Concern was expressed regarding the unemployment insurance benefit balance. Currently \$14.5 million is in the trust fund, he stated. Secretary Garner stated that he would provide additional information to the committee regarding a list of ideas on how to help employers pay unemployment insurance taxes and ideas on how to shore-up the fund for employees and employers, the loss of revenue from employers who did not have to pay in to the unemployment insurance benefit fund, the three year reduced fund loss of enhanced revenue from 2007-2008, as well as how many people applied for unemployment and those seeking that revenue at this time.

Representative McLeland made an amendment to the motion for the Department of Labor to report back to the House Appropriations Committee at Omnibus on the projected unemployment reductions for next year, in order to determine if \$400 million is the projected number; and the amount of money borrowed from the federal government and a plan to pay back the interest borrowed. The motion was seconded by Representative Mast. Motion carried.

Representative Hineman responded to questions from committee members regarding the transfer of funds from the worker's compensation fund into State General Fund, and discussion was held regarding the significant decrease in the fund balance.

Representative Hineman renewed the motion to approve the FY 2011 Department of Labor Budget Committee Report as amended. Motion carried.

SCR 1614 - Constitutional amendments; creating a budget stabilization fund in the state treasury; annual .25% transfer of general state revenues; transfers only under certain circumstances.

Representative Merrick made a motion to approve SCR 1614 favorably for passage. The motion was seconded by Representative Mast.

Discussion followed by committee members and the ideas and suggestions were as follows: there is no

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:14 a.m. on February 15, 2010, in Room 346-S of the Capitol.

provision to pay down debt; the constitutional amendment and the bill could be done statutorily, allowing future legislators the flexibility to pay down debt or meet other shortfalls; the 7.5 percent carryover is a good idea as we prepare for the future, and residents would have the opportunity to support the concept of a rainy day fund; concern was raised regarding the fiscal impact to put this in the constitution and additional expenses; the resolution calls for this to be placed on the 2010 general election ballot, or a part of an election; that 1/4% may not be a high enough percentage; if this would have been in effect in 1990, the state would have had \$211 million in the fund and that would not be enough to cover this year's shortfall; Kansas is one of two states that does not have a rainy day fund to address the core responsibility of the government; with no reserves during the recession we had nothing to draw down ; and this amendment addresses the concern to protect basic services.


Representative Mast made a motion to amend SCR 1614, (Attachment 4).

Chairman Yoder stated that this amendment includes all funds, and was corrected to read actual state revenues as opposed to estimated state revenues.

Chairman Yoder stated that due to the need to be on the House Floor, continuation of SCR 1614 will be on tomorrow's committee meeting agenda.

The next meeting is scheduled for February 16, 2010

The meeting was adjourned at 11:14 a.m.



Kevin Yoder, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2-15-10

NAME	REPRESENTING
Dan McLaughlin	KSFMO
Rose Reginald	KSFMO
Robert E. Blecha, owner	KBI
Bill Schep	KDOL
Hannah Sander	KHDA
MARK BORANIYAK	CAPITOR STRATEGISTS
DAVID HUTCHINGS	KBI
KOB MEALY	KEMMERT & ASSOC
Cecilia Paul	
TERNY FORJYTT	KWEA
Dennis Phillips	KSCFF
Ed Redman	KSCFF
Peter Brodie	ESD
Mayone Werly	ESD
Dean Fitzsimmons	4-H

FY 2011

HOUSE TRANSPORTATION AND PUBLIC SAFETY BUDGET COMMITTEE

Kansas Bureau of Investigation
Kansas Highway Patrol
Adjutant General's Department



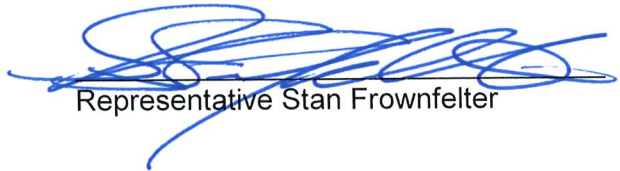
Representative Lee Tafanelli, Chair



Representative Gail Finney



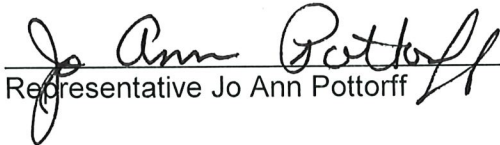
Representative Vern Swanson, Vice-Chair



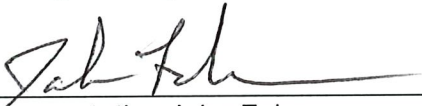
Representative Stan Frownfelter



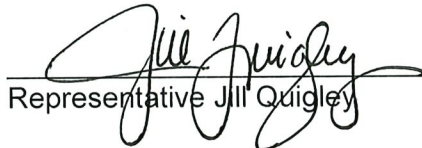
Representative Doug Gatewood,
Ranking Minority Member



Representative Jo Ann Pottorff



Representative John Faber



Representative Jill Quigley

Appropriations Committee

Date 2-15-10

Attachment 1-1

House Budget Committee Report

Agency: Kansas Bureau of Investigation

Bill No. - -

Bill Sec. - -

Analyst: Klaassen

Analysis Pg. No. - -

Budget Page No. 403

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 17,855,183	\$ 15,589,562	\$ 0
Other Funds	11,150,846	11,150,846	0
Subtotal	<u>\$ 29,006,029</u>	<u>\$ 26,740,408</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 709,216	\$ 0	\$ 0
Other Funds	15,657	15,657	0
Subtotal	<u>\$ 724,873</u>	<u>\$ 15,657</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 29,730,902</u></u>	<u><u>\$ 26,756,065</u></u>	<u><u>\$ 0</u></u>
FTE positions	221.0	221.0	0.0
Non FTE Uncl. Perm. Pos.	115.0	115.0	0.0
TOTAL	<u><u>336.0</u></u>	<u><u>336.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests FY 2011 operating expenditures totaling \$29,006,029, which is an increase of \$1,699,060, or 6.2 percent, above the FY 2010 revised estimate. The request includes \$17,855,183 from the State General Fund, which is an increase of \$2,242,701, or 14.4 percent, above the FY 2010 revised estimate. This increase is due to the agency's enhancement requests.

The request includes four operating enhancements totaling \$2,583,112, all from the State General Fund, for: the data exchange project (\$525,000), Kansas Criminal Justice Information System (KCJIS) communication lines (\$464,823), filling 17.0 special agent positions (\$1,343,289), and Lab equipment replacement (\$250,000). Absent enhancements, the FY 2011 request totals \$26,422,917 from all funds, which is a decrease of \$884,052, or 3.2 percent, below the FY 2010 revised estimate. State General Fund expenditures absent enhancements total \$15,272,071, which is a decrease of \$340,411, or 2.2 percent, below the FY 2010 revised estimate. The FY 2011 request includes 221.0 FTE positions, the same as the FY 2010 revised estimate.

For FY 2011, the agency requests capital improvements enhancements totaling \$709,216, all from the State General Fund, and special revenue funded rehabilitation and repair totaling \$15,657.

Governor's Recommendation

The **Governor** recommends FY 2011 expenditures of \$26,740,408, including \$15,589,562 from the State General Fund. The recommendation is an all funds increase of \$427,996, or 1.6 percent, above the FY 2010 recommendation, and a decrease of \$2,265,621, or 7.8 percent, below the FY 2011 request. The recommendation is a State General Fund increase of \$971,637, or 6.6 percent, above the FY 2010 recommendation and a decrease of \$2,265,621, or 12.7 percent, below the FY 2011 request. The Governor does not recommend any of the agency's enhancement requests (\$2,583,112 all from the State General Fund), and includes a 5.0 percent State General Fund reduction totaling \$763,139, by reducing: \$206,047 from the General Services Program; \$373,938 from the Investigations Program; and \$183,154 from the Laboratory Services Program. Additionally, the Governor recommends adding \$1,080,630, all from the State General Fund, to assist in the DNA backlog. The funds should allow for the outsourcing of samples, purchase of new equipment, purchase consumables, and for the purchase of computer and software licenses. The Governor concurs with the agency's FTE and all other funds expenditures request.

For FY 2011, the Governor does not recommend any State General Fund capital improvements enhancements or expenditures. The Governor concurs with the agency's request for special revenue funded rehabilitation and repair totaling \$15,657.

House Budget Committee Recommendation

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

1. The Budget Committee notes the following bills that seek to address shortfalls in revenues collected by the KBI:
 - **House Bill 2637** modifies current law (K.S.A. 2009 Supp. 75-724) requiring persons convicted of certain offenses to pay \$100 as a separate court cost to the KBI DNA database fee fund. Presently the court must determine if the individual has already paid this fee and not impose it a second time. The agency states that this appears to have placed a burden upon the court that has resulted in very few individuals actually having been ordered to pay the fee. This legislation relieves the court of the need to determine whether the fee has ever previously been paid and requires payment for any persons convicted of the listed offenses. The Kansas Bureau of Investigation (KBI) estimates that this legislation could increase revenue to the KBI DNA database fee fund by as much as \$1.3 million.
 - **House Bill 2605** modifies current law (K.S.A. 2009 Supp. 28-176) that requires convicted persons to pay \$400 as a separate court cost for each misdemeanor and felony conviction when forensic laboratory service have been provided to support the convictions. This legislation clarifies the requirement to pay the fees and instructs the collection of the fee regardless of whether the services supported the ultimate conviction if the services were provided as part of the overall investigation, and adds forensic computer examinations as a service requiring the assessment of the court costs. The KBI estimates that this legislation would potentially increase annual revenue to the KBI DNA database fee fund by \$775,000.

House Budget Committee Report

Agency: Kansas Highway Patrol

Bill No. - -

Bill Sec. - -

Analyst: Klaassen

Analysis Pg. No. - -

Budget Page No. 391

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 33,625,676	\$ 31,938,642	\$ 0
Other Funds	50,384,546	50,771,016	0
Subtotal	<u>\$ 84,010,222</u>	<u>\$ 82,709,658</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,158,477	451,560	0
Subtotal	<u>\$ 1,158,477</u>	<u>\$ 451,560</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 85,168,699</u></u>	<u><u>\$ 83,161,218</u></u>	<u><u>\$ 0</u></u>
FTE positions	859.0	859.0	0.0
Non FTE Uncl. Perm. Pos.	38.0	38.0	0.0
TOTAL	<u><u>897.0</u></u>	<u><u>897.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests an FY 2011 budget of \$84,010,222, which is a decrease of \$4,661,391, or 5.3 percent, below the FY 2010 revised estimate. The request includes State General Fund expenditures of \$33,625,676, which is an increase of \$479,881, or 1.4 percent, above the FY 2010 revised request. The request includes 859.0 FTE positions, the same as the FY 2010 revised estimate.

The request includes enhancement funding of \$712,296, including \$6,053 from the State General Fund. Absent enhancements, the agency request totals \$83,297,926, which is a decrease of \$5,373,687, or 6.1 percent, below the FY 2010 revised estimate. The State General Fund request totals \$33,619,623, which is an increase of \$473,828, or 1.4 percent, above the FY 2010 revised estimate. This increase primarily occurs in salaries and wages and is due to budgeting partial restoration of holiday pay for troopers working on state holidays, and increases in fringe benefits.

Major adjustments from all other funds include a decrease of approximately \$5.4 million in homeland security funds and federal funds. This reduction is due in part to ARRA funds utilized in FY 2010, and only part of this funding continues into FY 2011. Additionally, the agency states that it receives notice of awarded homeland security funds late in the fiscal year, and potential grant funds for federal fiscal year 2011 are not estimated in the budget.

For FY 2011, the agency requests capital improvement expenditures of \$1,158,477, all from special revenue funds. The request includes debt service principal payments of \$305,000 on the Fleet Center and the Vehicle Identification Number Facility in Olathe. The request includes rehabilitation, repair, and scale replacement totaling \$273,560, and \$579,917 for labor, materials and equipment to replace four roofs and to replace a boiler at the Kansas Highway Patrol Training Academy in Salina.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$82,709,658, including \$31,938,642 from the State General Fund. The recommendation is an all funds decrease of \$5,166,165, or 5.9 percent, below the FY 2010 recommendation, and a decrease of \$1,300,564, or 1.5 percent, below the FY 2011 request. The recommendation is a State General Fund decrease of \$209,355, or 0.7 percent, below the FY 2010 recommendation and a decrease of \$1,687,034, or 5.0 percent, below the FY 2011 request. The Governor does not recommend any of the agency's enhancement requests (\$712,296, including \$6,053 from the State General Fund), and recommends part of the agency's reduced resources package totaling \$706,917, all from special revenue funds. The recommendation includes a reduction to State General Fund expenditures totaling \$1,680,981 (\$1,326,579 from salaries and wages and \$354,402 from other operating expenditures), and the shift of expenditures to special revenue funds (\$1,326,579 KHP Operations Fund, \$354,402 Highway Patrol Federal Fund).

The recommendation includes the following special revenue fund transfers to the KHP Operations fund to support the State General Fund reduction: \$921,856, from the Highway Patrol Training Center Fund; \$240,570 from the General Fees Fund; and \$37,153 from the Vehicle Identification Number Fee Fund.

The Governor recommends FY 2011 capital improvements expenditures totaling \$451,560, all from special revenue funds. The Governor's recommendation includes the following: 1) the Governor concurs with the agency's request for \$305,000 for debt service principal, 2) reduction and transfer of Academy roof and boiler replacement funds (\$579,917 from the Highway Patrol Training Center Fund) to the KHP Operations Fund to be used for salaries and wages as part of the reduced resources package, 3) reducing scale replacement and rehabilitation and repair expenditures by \$127,000 and leaving funds in the KHP Operations fund to be used for salaries and wages as part of the reduced resources package.

House Budget Committee Recommendation

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

1. The Budget Committee notes its concern that the Governor's FY 2011 recommendation shifts State General Fund expenditures to special revenue funds, and in doing so leaves a number of funds with a low or zero ending balance. The Committee heard testimony from the agency regarding the disparity between the funds balance and the agency's estimated needs to cover the first 60 days of expenditures from respective funds in FY 2012. These funds include the: General Fees Fund, Vehicle Identification Number Fee Fund, KHP Training Center Fund, and KHP Federal Fund.
2. The Budget Committee notes that this is the 19th year that the agency has sought funding and authority to construct a new Troop F Headquarters building in Sedgwick County. In addition, the Budget Committee also notes that the agency

is working together with the Adjutant General's Department toward the prospect of a readiness center in Wichita, that would be a joint use facility.

House Budget Committee Report

Agency: Adjutant General

Bill No. --

Bill Sec. --

Analyst: Klaassen

Analysis Pg. No. --

Budget Page No. 375

Expenditure Summary	Agency Estimate FY 2010	Governor Recommendation FY 2010	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 32,769,757	\$ 32,487,006	\$ 0
Other Funds	200,068,563	199,588,563	0
Subtotal	<u>\$ 232,838,320</u>	<u>\$ 232,075,569</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 788,687	\$ 300,000	\$ 459,357
Other Funds	5,847,544	5,847,544	0
Subtotal	<u>\$ 6,636,231</u>	<u>\$ 6,147,544</u>	<u>\$ 459,357</u>
TOTAL	<u><u>\$ 239,474,551</u></u>	<u><u>\$ 238,223,113</u></u>	<u><u>\$ 459,357</u></u>
FTE positions	219.0	219.0	0.0
Non FTE Uncl. Perm. Pos.	256.2	256.2	0.0
TOTAL	<u><u>475.2</u></u>	<u><u>475.2</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** revised estimate for operating expenditures is \$232,838,320, which is a decrease of \$25,598,838, or 9.9 percent, below the current approved for FY 2010. The FY 2010 revised estimate includes State General Fund expenditures totaling \$32,769,757, which is an increase of \$282,751, or 0.9 percent, above the current approved for FY 2010. The increase in State General Fund expenditures is attributable to budgeted expenditures included in the FY 2010 budget that were removed as part of the November allotment, which included shutting 18 armories for savings totaling \$156,662, and and additional \$126,089 for four supplemental requests. The FY 2010 revised estimate includes 219.0 FTE positions, the same as the current approved amount.

For FY 2010, the agency estimates capital improvements expenditures totaling \$6,636,231. The estimate includes expenditures totaling \$788,687, all from the State General Fund, \$300,000 for debt service principal, and \$488,687 requested as a supplemental for the 35th Infantry Division addition to the Kansas National Guard Museum.

The estimate includes \$4,767,235, all from the federal Military Fee Fund, which includes \$1.0 million in matching funds for the armory renovation program, and \$3,767,235 in Architectural and Engineering costs associated with the new Field Maintenance Shop and the Armory in Wichita. Also included is \$810,309, all from the Adjutant General Expense Fund, for completion of the Fusion Center.

Governor's Recommendation

The **Governor** recommends operating expenditures totaling \$232,075,569, including \$32,487,006 from the State General Fund. The recommendation is an all funds decrease of \$26,361,589, or 10.2 percent, below the approved amount, but no change from the State General Fund amount approved by the 2009 Legislature. The FY 2010 recommendation is an all funds decrease of \$762,751, or 0.3 percent, and a State General Fund decrease of \$282,751, or 0.9 percent, below the agency's FY 2010 revised estimate. The Governor does not recommend any additional State General Fund for the agency's supplemental requests, however, the Governor does recommend transferring requested amounts for the Civil Air Patrol (\$4,231) and for Military Activation bonus payments (\$21,858) from the agency's allocated State General Fund operating account to the respective State General Fund accounts for these programs. The Governor recommends that the agency use existing hazardous mitigation funds to finance the Kansas Hazard Mitigation Plan, and includes a reduction to expenditures and transfer of \$180,000 from the Adjutant General Expense Fund - Hazardous Mitigation to the State General Fund (original funding in this account came from the State General Fund).

For FY 2010, the Governor recommends capital improvements expenditures totaling \$6,147,544, including \$300,000 from the State General Fund, for capital improvements. The only change from the agency's FY 2010 request is due to a reduction of \$488,687, all from the State General Fund, which was requested for the National Guard Museum Expansion. The Governor concurs with the agency's request for debt service principal (\$300,000) and special revenue expenditures.

House Budget Committee Recommendation

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

1. Add \$459,357, all from the State General Fund, to the National Guard Museum Assistance Fund in FY 2010 for the 35th Infantry Division museum expansion. 2008 Senate Substitute for House Bill Number 2923, Section 6, provided that an amount equal to 30.0 percent of net profits from the Veteran's Benefit Instant scratch-off tickets from July 1, 2008 to June 30, 2010 to fund the 35th Infantry Division Museum and museum education center. The Language in the bill requires that the Lottery Commission transfer the proceeds from this game to the State General Fund. Once the funds have been transferred they are available but must be appropriated to the Adjutant General's Department for the museum expansion. Within the time bounds set by the bill, 30.0 percent of the games revenues is estimated to generate a total of \$968,687. The Budget Committee heard testimony that the original estimated cost of the project was around \$1.1 million dollars, however, the revised project cost came in significantly less, and will be closer to \$729,357. As the Governor's recommendation includes the FY 2010 expenditure of \$270,000 in lottery proceeds that had previously been transferred to the expansion fund, the additional \$459,357 would allow for the completion of the expansion project.

House Budget Committee Report

Agency: Adjutant General

Bill No. - -

Bill Sec. - -

Analyst: Klaassen

Analysis Pg. No. - -

Budget Page No. 375

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 18,483,180	\$ 11,688,906	\$ 24,787,015
Other Funds	139,074,886	100,737,136	222,179,661
Subtotal	<u>\$ 157,558,066</u>	<u>\$ 112,426,042</u>	<u>\$ 246,966,676</u>
Capital Improvements			
State General Fund	\$ 9,537,403	\$ 1,820,000	\$ 0
Other Funds	65,333,235	65,333,235	0
Subtotal	<u>\$ 74,870,638</u>	<u>\$ 67,153,235</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 232,428,704</u></u>	<u><u>\$ 179,579,277</u></u>	<u><u>\$ 246,966,676</u></u>
FTE positions	219.0	219.0	0.0
Non FTE Uncl. Perm. Pos.	256.2	256.2	0.0
TOTAL	<u><u>475.2</u></u>	<u><u>475.2</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests FY 2011 operating expenditures of \$157,558,066, which is a decrease of \$75,280,254, or 32.3 percent, below the FY 2010 revised estimate. The FY 2011 request includes State General Fund expenditures totaling \$18,483,180, which is a decrease of \$14,286,577, or 43.6 percent, below the revised estimate for FY 2010. This decrease is attributable to: \$26.3 million added during the 2009 Legislature as the State's portion of FY 2010 disaster relief to cover open disaster obligations and the State's portion of disaster expenditures related to electrical cooperatives and the December 2007 ice storm; offset by \$12.1 million in requested FY 2011 enhancements, of which \$10.7 million is for the State's portion of ongoing disaster relief payments. The request includes 219.0 FTE positions, no change from the FY 2010 revised estimate.

For FY 2011, the agency requests capital improvements expenditures totaling \$74,870,638. The request includes expenditures of \$9,537,403 from the State General Fund, \$1,820,000 for debt service principal payments, and \$7,717,403 in requested enhancements, which include: \$488,687 for the 35th Infantry Division addition to the Kansas National Guard Museum, \$6,847,425 for the creation of the Great Plains Regional Training Center Spoke 1, and \$381,291 for the Liberal Motor Vehicle Storage. The request also includes expenditures of \$65,333,235, from the federal Military Fee Fund.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures totaling \$112,426,042, including \$11,688,906 from the State General Fund. The recommendation is an all funds decrease of \$119,649,527, or 51.6 percent, and a State General Fund decrease of \$20,798,100, or 64.0 percent, below the FY 2010 recommendation. The recommendation is an all funds decrease of \$45,132,024, or 28.6 percent, and a State General Fund decrease of \$6,794,274, or 36.8 percent, below the FY 2011 agency request. The Governor recommends three of the agency's enhancement requests, but only adds additional funding for the disaster assistance expenditures enhancement at half the requested amount totaling \$43,361,592, including \$5,173,836 from the State General Fund. The other two recommended enhancements, for Civil Air Patrol Operating Funds and Military Activation Bonus Payments, are recommended to be funded within the agency's existing resources. The Governor recommends the agency's reduced resources package for armories funding and the closing of up to 22 additional armories (\$264,217 State General Fund).

For FY 2011, the Governor recommends capital improvement expenditures totaling \$67,153,235, including \$1,820,000 from the State General Fund. The difference when compared to the agency request is due to State General Fund reductions of \$7,717,403, due to not recommending any enhanced funding for capital improvements (projects not recommended include: National Guard Museum Expansion (\$488,687) Great Plains Regional Training Center Site 1 (\$6.8 million), and Liberal Motor Vehicle Storage (\$381,291)). The Governor concurs with the agency's request for debt service principal (\$1.8 million) and special revenue funds expenditures.

House Budget Committee Recommendation

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

1. The Budget Committee notes and concurs with the Governor's recommendation to approve issuance of the remaining \$3.0 million in armory renovation bonds in FY 2011. The 2005 Legislature approved the issuance of \$9.0 million in bonds for armory renovation, pending legislative approval each year, three bond issues of \$3.0 million each would be made in FY 2007, FY 2008, and FY 2009. The FY 2007 and FY 2008 bonds have been issued, however, the agency testified that due to a number of issues, were not able to request legislative approval to issue the third set of Armory Bonds before the 2009 Session closed. The Budget Committee concurs with the Governor's recommendation to approve issuance of these bonds, but adds that the agency should not use these bond proceeds on any armory that may be on the closure list.
2. Add \$247.0 million, including \$24.8 million from the State General Fund, for the State's portion of FY 2011 disaster assistance payments on twelve open disasters, most notably the December 2007 ice storm and approval of electrical cooperatives claims. The Budget Committee heard testimony from the agency that projects have progressed further and faster than originally anticipated under the agency's original request for FY 2011 disaster assistance payments. The Governor's recommendation included \$51.0 million, including \$5.2 million from the State General Fund, and this addition would provide a total of \$298.0 million, including \$30.0 million from the State General Fund, for FY 2011 disaster assistance obligations.



HIGHWAY PATROL

Mark Parkinson, Governor
Terry L. Maple, Superintendent

www.kansashighwaypatrol.org

February 12, 2010

The Honorable Lee Tafanelli, Chairman
House of Representatives
Transportation and Public Safety Budget Committee
State Capitol, Room 50-S
300 SW 10th Street
Topeka, KS 66612

Dear Chairman Tafanelli:

This document provides responses to questions asked of the Kansas Highway Patrol (KHP) at the deliberations and recommendations' budget hearing by the Transportation and Public Safety Budget Committee.

Draw Down of Fee Funds and Implications:

The Governor's Budget Recommendation is to adopt the 5% SGF Reduced Resources target of \$1,680,981. In exchange, the funding originally budgeted for certain capital improvements is re-directed for salary and wage expenditures in lieu of SGF. Additionally, in order to avoid further impact to the KHP because of the 5% SGF reduction, the Governor recommends that certain fee fund cash balances or expenditures be transferred.

The KHP recognizes and appreciates the effort in the Governor's Budget Recommendations to lessen the impact of the reduction. However, this brings many of these funds to zero or minimal balances that do not allow for cash flow into FY 2012 to fund continuing obligations. The following summarizes this proposal, as well as ending cash balances and cash flow balances:

Fund Name	Amount	Transfer of Cash or Expenditures	Ending Cash Balance	60-day Expenditure Cash Flow
General Fees Fund	\$240,570	Transfer of Cash – KHP Operations Fund	\$0	\$111,916
VIN Fee Fund	\$37,153	Transfer of Cash – KHP Operations Fund	\$8,783	\$336,936
KHP Training Center Fund	\$333,588	Transfer of Cash – KHP Operations Fund	\$0	\$207,782
KHP Federal Fund	\$354,402	Transfer of Expenditures from SGF to KHP Federal Fd	\$130,771	\$482,347
Total			\$139,554	\$1,138,981
Potential Shortage				\$(999,427)

The KHP already had planned for the cash balance in the VIN Fee Fund to be reduced to \$35,114. This was done to reduce the subsidy of the program from operating funds, due to the SGF reduction, and pay as many positions as possible from these fees. This would be followed by the introduction of a bill to increase these fees. Senate Bill 518 has been introduced for the fee increase proposal. No additional revenues in the VIN Fee Fund are anticipated in the budget, pending the passage of a bill. If it passes, this fund will be much more stable.

The KHP is concerned about the impact of the fee fund draw down on future budgets. It is really only a postponement of serious operating reductions and the FY 2012 budget issues will be further compounded by cash flow problems in the fee funds. It is not a responsible approach by the KHP to allow fee fund balances to drop to these levels.

Thus, the KHP must begin taking action in FY 2011, with the goal of reducing the agency's expenditures to fit within the reduced base budget and sustain adequate fee fund cash flow by FY 2012. If this cannot be achieved through attrition of staff and a hiring freeze, then the following actions will be necessary, in priority order:

- (1) providing compensatory time in lieu of holiday pay for additional holidays (Veterans Day, Thanksgiving and Martin Luther King Jr. Day already have to be compensated with time off);
- (2) elimination of the annual payment for uniform cleaning allowance;
- (3) providing compensatory time in lieu of part, or all, of overtime pay. (Operationally funded overtime has been reduced to only that which cannot be avoided for work related to vehicle accidents, emergencies and arrests for offenses such as driving under the influence.);
- (4) furloughing of uniformed and civilian staff; and
- (5) staff layoffs.

Bomb Team and Response:

Explanation of Types 1, 2 and 3 Categorization:

Types 1, 2 and 3 represent the Explosive Device Response Operations capability. The following information is from the article "The Application of Cost Management and Life-Cycle Cost Theory to Homeland Security National Priorities", by Robert Hall and Erica Dusenberry Dimitrov, published in the May 2009 Edition of "Homeland Security Affairs - The Journal of Naval Postgraduate School Center for Homeland Defense and Security".

"The Explosive Device Response Operations capability is team-based, which means that the tasks performed within the capability are conducted by members of an easily identified team. All EDRO capability costs are incurred to support National Bomb Squad Commanders Advisory Board accredited bomb squads, which are composed of one or more bomb teams that vary in type and qualification. As a result, we identified the EDRO capability elements as Type I, Type II, and Type III National Bomb Squad Commanders Advisory Board-accredited bomb teams. Figure 4 displays some [emphasis added] of the qualifications of the three bomb team types."

Figure 4: Qualifications of National Bomb Squad Commanders Advisory Board accredited bomb teams

Type I Bomb Team	Type II Bomb Team	Type III Bomb Team
Handles multiple simultaneous incidents	Handles multiple incidents	Handles single incidents
Possesses large robotic vehicle	Possesses small robotic vehicle	Does not possess a robotic vehicle
Able to work in a CBRNE* Environment	Trained and equipped to work in a CBRNE environment	Trained, but not equipped to work in a CBRNE environment

*chemical, biological, radiological, nuclear, and explosive

For about a year, the combination of bomb technicians and equipment within the KHP and the State Fire Marshall's Office (FMO) have allowed the State of Kansas to be accredited as a Type II Bomb Team. The State will not lose FBI accreditation if the bomb response duties are transferred solely to the KHP. The statewide team would be reduced from five technicians to the KHP's two existing bomb technicians and equipment, causing the team to become a Type III Bomb Team. This status would continue until the additional KHP bomb technicians completed Hazardous Device School certification (six months).

The enclosed resource document published by FEMA (pages 4-6 only) displays the specific requirements for equipment and staffing to be accredited as Type I, II or III level Bomb Teams. Because the State has already achieved Type II, as a joint effort between the KHP and the FMO, only the column displaying Type I requirements has been highlighted. Those areas in green indicate that the State of Kansas has successfully achieved the requirement(s). Those areas in red indicate that the State of Kansas has not yet successfully achieved the requirement(s).

Fiscal Impact of KHP Assuming Bomb Response Efforts at the State Level and Becoming a Type I Bomb Team:

The KHP would train 4.0 existing Trooper FTE positions to become certified bomb technicians, with two placed in the Western Region and two in the South-eastern Region. Those selected would continue to perform Trooper duties and the KHP's current operating budget would pay for all salary, fringes and related operating costs.

Certification as a bomb technician requires attending and passing the extensive Hazardous Device School, established and overseen by the FBI and conducted by the military in Anniston, Alabama. Cost per technician is estimated at \$4,000. Recertification is required every three years, but there is no cost. A bomb suit and associated equipment also would be necessary for one of the new technicians at an estimated cost of \$62,000. (Bomb suits must be replaced every five years due to the effectiveness guarantee on the suits' material, which represents a future cost.) A cart also would be necessary related to requirements concerning vehicle-borne improvised explosive devices (VBIED).

Chairman Lee Tafanelli
February 12, 2010
Page 4 of 4

Cost Summary for Four New Technicians:

Training Costs - Hazardous Device School	\$16,000
Bomb Suit and Equipment (startup for one technician)	\$62,000
VBIED Robotic Cart Accessories	<u>\$ 5,000</u>
	\$83,000

Funding:

Federal Forfeiture Fund	\$83,000
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(Forfeiture funds can be used because these costs
are new to the KHP and not in the KHP budget.)

Assumptions:

- All bomb response equipment purchased and owned by the FMO would transfer to the KHP. All Homeland Security grant-funded projects underway by the FMO will be completed and related equipment transferred to the KHP as well. If either of these assumptions is untrue, the fiscal impact would be significantly greater.
- The separation of duties between the KHP and the FMO in regard to the bomb team would be as follows:

KHP would be responsible for: (1) render-safe operations; (2) education; (3) bomb threat response; and (4) recovery/disposal of commercial and improvised explosives, including fireworks and military.

FMO would be responsible for: (1) post-blast investigations; (2) regulatory; and (3) licensing.

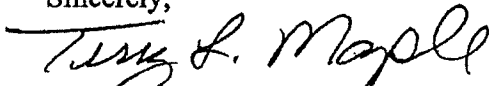
Performance Measurements for a KHP-managed Bomb Unit:

Performance statistics for the KHP Hazardous Devices Unit and Police Service Dog Unit for 2009 are enclosed.

Bomb teams must follow the performance standards in the publication "National Guidelines for Bomb Technicians", issued by the U.S. Department of Justice, FBI, Bomb Data Center. This publication is law-enforcement sensitive and cannot be reproduced or disseminated. However, the enclosed pages from the publication provide the table of contents, which indicate the scope of the guidelines.

If you or the other members of the House Transportation and Public Safety Budget Committee have any questions or need additional information, please feel free to contact me. Thank you for the opportunity to provide this information.

Sincerely,



TERRY L. MAPLE, Colonel
Superintendent

Actions Planned to Meet Reduced Budget

Appropriations Committee
 Date 2-15-10
 Attachment 3-1

✓ One-time spend down of funds	\$1,839,000
✓ Cash sweeps to the SGF	753,000
✓ Reduction in Trooper Recruit class/delay of start	681,000
✓ Elimination of capital improvement project – Academy	580,000
✓ One-time spend down of funds previously allocated to FY 2011	588,000
✓ Elimination of remaining funding for IT equipment	469,000
✓ Providing compensatory time in lieu of holiday pay	406,000
✓ Position actions, including Emergency Mgmt. Captain	320,000
✓ Reduce vehicle replacements – Motor Carrier Inspection	248,000
✓ 10% mileage reduction – Operations	190,000
✓ Elimination of uniform orders (except emergency allowance)	181,000
✓ Elimination of most out-of-state travel	84,000
✓ Closure of Caney scale facility	55,000
✓ Other – including canine training; satellite communication	<u>100,000</u>
Total Actions Necessary to meet Reduction	\$6,494,000



KANSAS
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FY 2011 Impact on Operations cont'd

- Although the KHP, on paper, appears to make it through FY 2011, this is not a responsible approach to managing the agency nor our employees.

- Thus, the KHP must begin taking action in FY 2011, with the goal of reducing the agency's expenditures to fit within the reduced base budget. If this cannot be achieved through attrition of staff and a hiring freeze, then the following actions will be necessary, in priority order:
 - (1) providing compensatory time in lieu of holiday pay for additional holidays;
 - (2) elimination of the annual payment for uniform cleaning allowance;
 - (3) providing compensatory time in lieu of part, or all, of overtime pay. (Operationally funded overtime has been reduced to only that which cannot be avoided for work related to vehicle accidents, emergencies and arrests for offenses such as driving under the influence.);
 - (4) furloughing of uniformed and civilian staff; and
 - (5) staff layoffs.

- The ability to meet shrinkage remains a concern, particularly when vacant position funding was given at the start of the FY to meet budgetary reductions. For Trooper positions, the shrinkage rate is 6% and is 10% for Motor Carrier Inspection. Total shrinkage - \$2.7 million.



**KANSAS
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Except as otherwise provided by this section, whenever

1 (2) ~~Whenever~~ the amount in the budget stabilization fund exceeds
2 five percent of the state revenues collected in the previous fiscal
3 year, moneys that exceed such five percent may be transferred
4 from the budget stabilization fund into a single other state fund.
5 Any transfer authorized by this subparagraph shall be by a sep-
6 arate bill that does not include any other matter except that
7 authorizing the transfer from the budget stabilization fund.

(3) The aggregate amount transferred from the budget stabilization fund during any year shall not exceed 50% of the moneys in the budget stabilization fund.

8 (c) Amounts in the budget stabilization fund may be invested as
9 provided by law and the earnings thereon shall be retained in
10 the budget stabilization fund.

11 (d) As used in this section, "state revenues" means all revenues
12 from any source deposited to any state fund excluding any rev-
13 enues received from the federal government.

14 (e) The legislature may enact laws to carry out the purposes of this
15 section."

16 Sec. 2. The following statement shall be printed on the ballot with
17 the amendment as a whole:

18 "*Explanatory statement.* The purpose of this amendment is to es-
19 tablish a budget stabilization fund in the state treasury.

20 "A vote for this amendment would require that annually .25 percent
21 of the state revenues collected in the preceding year be trans-
22 ferred to the budget stabilization fund. Moneys from such fund
23 may only be transferred for the following circumstances:

when state revenues increase by more than 3%

24 (1) By a separate act of the legislature passed by an affirmative vote
25 of not less than three-fifths of all members then elected (or
26 appointed) and qualified to each house.

27 (2) By a separate act of the legislature whenever the amount in
28 such fund exceeds five percent of the state revenues collected
29 in the previous fiscal year, moneys that exceed such five percent
30 may be transferred from the budget stabilization fund.

up to a maximum of 50% of the amount in the budget stabilization fund

31 "A vote against this amendment would make no changes in current
32 law concerning the state's finance."

33 Sec. 3. This resolution, if approved by two-thirds of the members
34 elected (or appointed) and qualified to the Senate, and two-thirds of the
35 members elected (or appointed) and qualified to the House of Repre-
36 sentatives shall be entered on the journals, together with the yeas and
37 nays. The secretary of state shall cause this resolution to be published as
38 provided by law and shall cause the proposed amendment to be submitted
39 to the electors of the state at the general election in the year 2010 unless
40 a special election is called at a sooner date by concurrent resolution of
41 the legislature, in which case it shall be submitted to the electors of the
42 state at the special election.

Appropriations Committee
Date 2-15-10
Attachment 4