

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 10, 2010, in Room 548-S of the Capitol.

All members were present.

Committee staff present:

J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Christina Allen, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Gordon Self, Office of the Revisor of Statutes
Kristen Kellems, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant
James Fisher, Intern

Conferees appearing before the Committee:

Duane Goossen, Secretary, Department of Administration
Barb Hinton, Division of Legislative Post Audit
Denny Stoecklein, General Manager, Kansas State Fair
Representative Sheryl Spalding
Vicky Johnson, Chief Counsel, Department of Transportation
Glenn Deck, Executive Director, Kansas Public Employees Retirement System
Terry Forsyth, Kansas National Education Association (KNEA)
Ron Gardner, Kansas Coalition of Public Retirees
Jane Carter, Kansas Organization of State Employees

Others attending:

See attached list.

Distribution of Requested Information

Information, as requested by the Committee, was received from Donald Heiman, Legislative Chief Information Technology Officer, concerning HB 2408 (Attachment 1).

Introduction of proposed legislation

Senator Emler moved to introduce legislation concerning distribution of certain publications, amending current statute (9rs1969). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Subcommittee Report on Department of Labor

Senator Apple presented the Subcommittee report on the Governor's budget recommendation for the Department of Labor for FY 2011 and moved for the adoption of the Subcommittee report on the Department of Labor for FY 2011 (Attachment 2). The motion was seconded by Senator Masterson. Motion carried on a voice vote.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 10, 2010, in Room 548-S of the Capitol.

Subcommittee Report on the School for the Blind and School for the Deaf

Senator Apple presented the Subcommittee report on the Governor's budget recommendation on the School for the Blind for FY 2011 and moved for the adoption of the Subcommittee report on the School for the Blind for FY 2011 (Attachment 3). The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Senator Apple presented the Subcommittee report on the Governor's budget recommendation on the School for the Deaf for FY 2011 and moved for the adoption of the Subcommittee report on the School for the Deaf for FY 2011 (Attachment 3). The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Subcommittee Report on Capital Improvements

Senator Umbarger presented the Subcommittee report on the Governor's budget recommendation for Capital Improvements for all state agencies (Attachment 4).

Denny Stoecklein, General Manager, Kansas State Fair, appeared before the Committee to address an anticipated shortfall in the State Fair Capital Improvement Funds in being able to fully fund bond payments due in FY 2010 and FY 2011 (Attachment 5). The agency anticipates a shortage of \$12,899.38 in FY 2010 and \$225,404.89 in FY 2011 for a total of \$238,304.27. Mr. Stoecklein stated that it is difficult to project revenue from the annual state fair in September because of unknown factors, such as weather.

Responding to questions from the Committee, Mr. Stoecklein indicated that the agency feels they will be able to make the April 2010 payment; however, will be short of funds to make the April 2011 payment.

Senator Kelly moved to amend the Subcommittee report on Capital Improvements for FY 2011 by adding Item #7 to Page 2, by inserting language to add \$12,899.38 in FY 2010 and \$225,404.89 in FY 2011, for a total of \$238,304.27 for the Kansas State Fair for bond debt service. The motion was seconded by Senator Teichman. Motion was withdrawn with approval of the second.

Responding to a question from the Committee, Duane Goossen, Secretary, Department of Administration, stated that the bond debt service must be paid. Secretary Goossen noted that the Kansas State Fair bond debt service payments are paid through appropriations from the Kansas State Fair, City of Hutchinson and the state. At this time, the Secretary was not sure how the Governor would address the anticipated shortfall in FY 2011; however, indicated that the payments must be made.

Senator Kelly moved to amend the Subcommittee report on Capital Improvements for FY 2011 by adding language to review the shortfall of \$238,304.27 in the debt service payment for the Kansas State Fair at Omnibus. The motion was seconded by Senator Teichman. Motion carried on a voice vote. Senator Umbarger requested to be recorded as voting "no".

Senator Umbarger moved for the adoption of the Subcommittee report on Capital Improvements for FY 2011 as amended. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Subcommittee Report on Division of Legislative Post Audit

Senator Emler presented the Subcommittee report on the Governor's recommendation for the Division of Legislative Post Audit for FY 2011 and moved for the adoption of the Subcommittee report on the Division of Legislative Post Audit for FY 2011 (Attachment 6). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Responding to a question from the Committee with reference to Item No. 3 of the Subcommittee report, Barb Hinton, Division of Legislative Post Audit, indicated that the statewide audit cost would be spread across all state agencies, including fee funded agencies, on a percent basis of the total state budget.

Subcommittee Report on Board of Nursing

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 10, 2010, in Room 548-S of the Capitol.

Senator Masterson presented the Subcommittee report on the Governor's recommendation for the Board of Nursing for FY 2011 and moved for the adoption of the Subcommittee report on the Board of Nursing for FY 2011 (Attachment 7). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Hearing on HB 2631 - State-owned real estate; report from departments and agencies of the state to the legislature regarding the status of such real estate.

Daniel Yoza, Revisor, provided an explanation of **HB 2631** (Attachment 8).

Representative Sheryl Spalding presented testimony in support of **HB 2631** (Attachment 9). Representative Spalding stated that it is important to have the ability to access information on all real estate owned by the state and determine if there is underused and unused land and buildings owned by state agencies that could be sold for a profit to the state. Representative Spalding noted that an amendment to the bill would exempt the Department of Transportation (KDOT) from the legislation. With the exemption of the KDOT, the revised fiscal note would be zero.

Responding to a question from the Committee, Representative Spalding stated that the Department of Administration currently has the information available and could produce the data at no additional cost to the state. The legislation would put the procedure in place to produce the report on a periodical basis.

Vicky Johnson, Chief Counsel, KDOT, provided testimony on **HB 2631** in a neutral position (Attachment 10). Ms. Johnson stated that KDOT has recently identified parcels of land, in a county by county fashion, that are potentially excess and is now beginning the process of reviewing those locations to determine whether they can be released or sold without compromising the current or future use of the highway. Ms. Johnson noted that there are a number of legal issues as to how the right-of-way was acquired, such as if it is to be returned to the original owner and whether it was paid for with federal funding. In addition, it will be necessary to develop descriptions on many pieces of KDOT owned land.

Responding to a question from the Committee, Ms. Johnson noted that KDOT would have no objections to having language added to the bill requesting a report on buildings used by KDOT.

There were no other proponents, neutrals or opponents to appear before the Committee.

The hearing on HB 2631 was closed.

Hearing on SB 564 - KPERS, increased employee and employer contributions and benefit multiplier.

Gordon Self, Office of the Revisor of Statutes, provided an explanation of **SB 564**. Mr. Self noted that the legislation was introduced by the Joint Committee on Pensions, Investments and Benefits as a proposal to assist in the funding issue of KPERS.

Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS), presented testimony in support of **SB 564** (Attachment 11). Mr. Deck stated that the legislation addresses the long-term funding shortfall facing KPERS. Mr. Deck indicated that the legislation has 3 components, mainly, to increase employer contributions, increase employee contributions and increase the multiplier for future service.

Responding to questions from the Committee, Mr. Deck noted that contribution rates for employees and employers are currently set in statute. Mr. Deck noted that the aim of the legislation is to bring the KPERS fund into actuarial balance.

Terry Forsyth, Kansas National Education Association (KNEA), provided testimony in a neutral position on **SB 564** (Attachment 12). Mr. Forsyth noted the importance of providing stability for the retirement system.

Ron Gardner, Kansas Coalition of Public Retirees, provided testimony in a neutral position on **SB 564** (Attachment 13). Mr. Gardner stated that the organization would like to see a Cost of Living Adjustment (COLA) addressed in the legislation.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 10, 2010, in Room 548-S of the Capitol.

Jane Carter, Executive Director, Kansas Organization of State Employees (KOSE), provided testimony in opposition to **SB 564** (Attachment 14). Ms. Carter noted that increasing the employee contribution rate would place an additional hardship on state employees. KOSE proposed changes to the legislation including (1) phase in any increases for the employee contribution after the full implementation of the new Pay Plan; and (2) Increase employee contributions only on certain wage earners, those earning more than \$30,000..

The Committee expressed concern that KPERS members are not being advised of the fact that KPERS was not intended to provide for total retirement for its retirees and that the original KPERS plan did not include funding for a COLA.

Adjournment

The next meeting is scheduled for March 11, 2010.

The meeting was adjourned at 12:30 p.m.

**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

DATE: March 10, 2010

| NAME | REPRESENTING |
|---------------------|-----------------------------|
| Ray Dalton | SRS |
| Sean Tomb | Budget |
| Danielle Richard | Page |
| Christina Benton | Page |
| Wade Kennedy | Page |
| Levi Pumphrey | Page |
| Jeanette Magathan | KSD |
| John Martelli | KSSB 604 |
| Sue Gemble | KSSA |
| Debbie A. White | Historical Society |
| Janie Chin | Historical Society |
| Sheryl Spalding | House of Rep's Bill # 2631 |
| Rick Hehr | Leg. Co. Five Dist #1 |
| Ann Olson | KSBW |
| Anna Lee Hecker | KSBW |
| Harvey L. Susswiler | KARSA |
| Ed Rodman | K S F F F |
| Janice Harper | Adjutant General |
| TERRY FORSYTH | KUVA |
| Jane Carter | KOSE |
| Denny Staacklein | Kansas State Fair |
| Mary Alice Lari | Kansas State Fair |
| Sara Haworth | Intern - Sen. Vicki Schmidt |

**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

DATE: March 10, 2010

| NAME | REPRESENTING |
|-------------------|------------------------|
| Lele Breedlove | KPERS |
| Rachel Reiber | KPERS |
| Faith Loretto | " |
| Glenn Dock | KPERS |
| Wetha People | |
| S. Shaw | Sol. City Leadership |
| Kulmea Sandoz | W County Leadership |
| SEAN MILLER | CAP. & DC STRATEGIES |
| Brendan Yorkley | Budget |
| Deaton | Budget |
| Dick Koerth | KDWP |
| Jim GARNER | KDOL |
| Bill Schuler | KDOL |
| Sue Peterson | K-state |
| Emily HAUG | K-state |
| Wicky Johnson | K-DOT |
| Lindsey Douglas | KDOT |
| PETER CARITAN | " |
| Ethan Erickson | KDOT |
| Gary HARRIS | SEAK |
| Bill Apin | Division of the Budget |
| Marilyn J. Jacobs | DOA |
| Ed Krump | KACB/KPOB/KSA |

**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

DATE: March 10, 2010

| NAME | REPRESENTING |
|------------------|----------------------------------|
| Kamie Heffler | Budget |
| GONNIE MEYER | KANSAS REPORTER |
| Jackson Lindsey | Hein Law |
| ERIK SARTORIUS | City of Overland Park |
| Cassie Sparks | Karin Brownlee |
| Scott Frank | Leg Post Audit |
| Barb Hinton | Post Audit |
| ROD GARDNER | Ks. coalition of Public RETIREES |
| Dennis Phillips | KSCFF |
| Kevin Henry | Sandstone Group LLC |
| ROB MEYER | KENNEDY & ASSOC. |
| Megan Buttenberg | KDOL |
| Terry Leatherman | Leatherman Consultancy |
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State of Kansas
Legislative Administrative Services

300 SW 10th Avenue, Suite 511-S Topeka, Kansas 66612-1504 Telephone: (785) 296-2391 FAX (785) 296-1153 TTY: (785) 296-8430

Donald C. Heiman
Legislative Chief Information Technology Officer

Senator Jay Emler
Chair, Senate Ways and Means Committee
Room 545 S
Kansas State Capitol
Topeka, Kansas 66612-1504

March 10, 2010

Senator Emler:

Thank you for your March 4th letter requesting information about the measures in place to manage agencies that do not perform the IT scans referenced in HB 2408 in the prescribed and timely fashion. In addition you asked about the steps I take as the Chief Information Technology Officer in response to Legislative Post Audit's July 2009 audit entitled "State Agency Information systems: Reviewing Selected Security Controls in State Agencies." Finally you asked what procedures and policies are in place to ensure that vulnerability scans are taking place in legislative agencies (divisions and departments).

Background

Within the legislature we have four staff divisions/departments --Legislative Research Department (KLRD), Revisor of Statutes, Legislative Division of Post Audit, and Division of Legislative Administrative Services (LAS). House and Senate Chambers receive support services from Legislative Administrative Services Computer Services staff. Today, KLRD, Revisor's, LAS, and Post Audit have their own applications and IT staffs who support their division/department applications. With the implementation of KLISS (Kansas Legislative Information Systems and Services initiative), the core applications of the legislative branch will be consolidated and share a common hardware, software, and security architecture.

Because the existing applications which will be replaced are under the control of each department or division, the Legislative Chief Information Technology Officer does not have direct security control over the applications and in some cases over the data centers that are used to process legislative applications. For example, the current bill draft and bill status systems run on a DISC mainframe and the security for the data center used to support these applications comes from DISC and not the Legislature. Bud Champney in the Revisor's Department is the lead staff person for these applications and his technical applications access security is through DISC software called Top Secret". Bud is retired and works under contract for the Revisor of Statutes.

We perform security scans for IT platforms centrally managed by LAS , but these scans cannot see the DISC mainframe or the Top Secret software. For this reason, I and staff rely on DISC's security. The same is true for bill status which operates on the DISC mainframe. External agency reliance also occurs with the State Printer. They compose bill drafts, amendments, and related documents. Bill draft

composition is done in Penta software and on servers at the State Printer. These systems are not visible to our scans because they are outside our branch of government. Other legislative divisions and departments have separate domains for their existing applications and for future applications such as redistricting. Unless a project plan is filed, I will not have access to security architecture designs nor will I be able to approve the IT deployments. HB 2408 would establish CITO authority for security scans over these federated applications and technology deployments. This CITO authority does not exist specifically in LCC policy, ITEC policy, or in the IT governance statute (K.S.A 75-7201 et. seq.) The ITEC security policies are agency specific and do not vest CITO's with security scan authority over state agencies or legislative divisions /departments. Legislative Post Audit recommended that JCIT introduce legislation (HB 2408) to correct this IT governance problem.

What policies and procedures are in place to ensure that vulnerability scans are taking place?

Every 18 months and in recent years more frequently, LAS Computer Services contracts with FISHNET to perform a fully disciplined security vulnerability scan. The most recent full scan was conducted in May 2008 and a targeted scan was completed in March 2009. The typical full scan includes comparisons of legislative security to state and local governments and similar sized organizations. The comparison is based on comprehensive independent reviews and includes the following assessments:

1. Firewall configuration assessment (review of 250+ rules)
2. Application security assessment (leg docs and intranet)
3. Social engineering (scenarios designed to solicit staff compromises)
4. Internal network vulnerability assessment (65 targeted devices)
5. Perimeter network vulnerability (15 host machines)
6. Wireless network penetration tests (secured and guest networks)

The final report 50+ pages include specific recommendations to mitigate all reported risks. The assessments are based on penetration tests using state of the art penetration tools that simulate hacking and perform external vulnerability probes. These security reviews are discussed in the Legislative Strategic Plan prepared by the CITO, endorsed by the Systems Review Team and approved by the LCC in October 2004. IT security is a chapter in the plan and includes an initiative to "...analyze intrusion detection logs and automatically send security alerts and implement defenses. ...greater emphasis will be placed on security architecture, penetration testing, and intrusion detection." The approved strategic plan has 5 security priorities including the adoption of national security standards such as FISCAM and COBIT. These 5 priorities build on 2001 legislative policies for security and require a full architecture for application controls. Our KLISS contractor, Propylon, has prepared this architecture and is building the KLISS application around the architecture. The KLISS application will be live in the 2011 legislative session. Strategic plan security recommendations incorporate current ITEC security policies recommended for agency implementation.

The full FISHNET scan costs \$47,000. The HB 2408 fiscal note indicates that the legislature would be able to receive DISC scanning services at no additional charge. Using DISC reduces our FISHNET costs by as much as \$6,000 for special scans and the savings allows us to scan more frequently.

You asked that I comment on steps taken since July 2009 after the audit was released

In addition to the KLISS security architecture, penetration testing, and review of proposed ITEC mandated and best practice security policies, staff are preparing a KLISS procedures guide for implementing COBIT general controls standards. We also are arranging for COBIT staff training through the Enterprise Project Management Office. This training will be required for all IT staff, and I have called for the creation of a senior level Security Council to help guide the implementation of KLISS

security architecture. These actions were taken independent of the audit. In direct response to the audit and acting as staff for JCIT, I helped prepare with Legislative Research staff the JCIT recommendations for security and reviewed the statute language for HB 2408. I also carefully reviewed the ITEC proposed security policies/ procedures and spent time with staff in the Board of Regents on strategies for Regent Universities review of the security policies.

What measures are in place to manage agencies (division and department) that do not perform the scans in the prescribed and timely manner?

The passage of HB 2408 would better establish CITO authority over IT security in the Legislative Branch. If legislative departments and divisions implement projects under the \$250,000 CITO approval threshold, I would still have standing in reviewing project security architectures in the divisions and departments and I would be in strong position to design vulnerability penetration tests, receive security reports, and better able to direct the safeguarding of IT assets. I formally will ask Legislative Research to file for CITO approval a project plan for redistricting and ask that the plan include a full security architecture. I will also seek more LCC policy authority over the implementation of COBIT and related standards in cooperation with the Security Council. When KLISS implements we will be in a strong position to centrally enforce standards based general and application controls across the KLISS infrastructure and application. This enforcement comes from the Legislative CITO, KLISS Steering Committee, soon to be convened Security Council, and oversight from JCIT. Finally, after the session completes I will propose a rewrite of LCC Policy 51 to more proactively deal with security architectures and enforcement. The rewrite should be reviewed in detail by the KLISS Steering Committee and the Systems Review Team with input from Legislative Post Audit, key IT staff, and project managers responsible for IT infrastructure and KLISS application development. I will also support IT consolidation initiatives that promote enterprise level security (perimeter networks and disaster recovery data centers) and related general as well as application controls.

Senator Emler, thank you again for the opportunity to respond to your questions regarding HB 2408 and the role the Legislative CITO plays in IT security within our branch of government.

Sincerely yours,



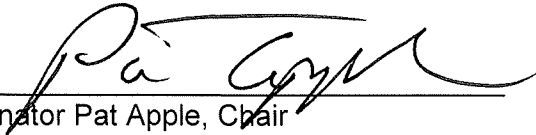
Donald Heiman
Legislative Chief Information Technology Officer

c.c. KLISS Steering Committee members Jeff Russell, Alan Conroy, Mary Torrence, Barb Hinton
Terri Clark Project Manager and Assistant Director KLISS IT Infrastructure
Alan Weiss, Project Manager KLISS Application Development
Dave Larson, Director LAS Computer Services

FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas Department of Labor



Senator Pat Apple, Chair



Senator Kelly Kuntala



Senator Mark Taddiken

Senate Ways & Means Cmte
Date 3-10-2010
Attachment 2

House Budget Committee Report

Agency: Kansas Department of Labor

Bill No. HB 2706

Bill Sec. 61

Analyst: Dear

Analysis Pg. No. 145

Budget Page No. 237

| Expenditure Summary | Agency Req. FY 2011 | Governor Recommendation FY 2011 | House Budget Committee Adjustments |
|--------------------------------|---------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 478,513 | \$ 454,587 | \$ 0 |
| Other Funds | 1,065,214,366 | 1,065,107,966 | 0 |
| Subtotal | \$ 1,065,692,879 | \$ 1,065,562,553 | \$ 0 |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 792,551 | 340,631 | 0 |
| Subtotal | \$ 792,551 | \$ 340,631 | \$ 0 |
| TOTAL | \$ 1,066,485,430 | \$ 1,065,903,184 | \$ 0 |
| FTE positions | 552.0 | 552.0 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 109.0 | 109.0 | 0.0 |
| TOTAL | 661.0 | 661.0 | 0.0 |

Agency Request

The **agency** requests FY 2011 operating expenditures of \$1,065,692,879, a decrease of \$405,480,704, or 27.6 percent, below the FY 2010 revised estimate. The reduction is attributable to a reduction of \$406.2 million in projected Unemployment Insurance benefits. The request includes an enhancement of \$106,400, all from special revenue funds, for seven replacement vehicles.

The request includes \$478,513 from the State General Fund, an increase of \$7,558, or 1.6 percent, above the FY 2010 revised estimate. The agency is shifting State General Fund expenditures in the Labor Relations program to the Federal Indirect Cost Offset fund but this only partially offsets increased expenditures for salaries and wages in the Administration program in FY 2011.

The agency requests FY 2011 off-budget expenditures totaling \$420,126, an increase of \$7,874, or 1.9 percent, above the FY 2010 agency estimate, from the KDOL Off-Budget Fund. The expenditures are due to administrative expenses for the Kansas Department of Labor for programs that were originally assigned to the Kansas Health Policy Authority, Kansas Department of Health and Environment and Social and Rehabilitative Services and are now being operated out of the Department of Labor.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$1,065,562,553, a decrease of \$405,596,901, or 27.6 percent, below the FY 2010 Governor's recommendation. The Governor's recommendation is \$130,326, or less than 0.1 percent, below the FY 2011 agency request. The reduction is attributable to a recommendation against adoption of the agency enhancement requests of \$106,400 in special revenue funds for new vehicles and \$23,926 in State General funds due the agency reduced resource package. The reduced resources package totals \$23,926, equivalent to 5.0 percent of the agency State General fund budget. The Governor does not recommend that \$451,920 in capital improvement projects be approved. The Governor further recommends a transfer of \$800,000 from the Workers' Compensation Fee Fund to the State General fund in FY 2011.

House Budget Committee Recommendations

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

House Appropriations Committee Recommendation

The **Committee** concurs with the Budget Committee recommendation with the following recommendations and notations:

1. Request that the Department of Labor report at Omnibus regarding the amount of funds borrowed from the Federal Unemployment Insurance Trust fund for payment of unemployment claims in Kansas and report on the amount of interest projected to paid on the loans of those funds and measures recommended by the Department of Labor to pay that interest.
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Senate Subcommittee Report

Agency: Kansas Department of Labor

Bill No. SB 556

Bill Sec. 61

Analyst: Dear

Analysis Pg. No. 145

Budget Page No. 237

| Expenditure Summary | Agency Req. FY 2011 | Governor Recommendation FY 2011 | Senate Subcommittee Adjustments |
|--------------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 478,513 | \$ 454,587 | \$ (11,172) |
| Other Funds | 1,065,214,366 | 1,065,107,966 | 0 |
| Subtotal | <u>\$ 1,065,692,879</u> | <u>\$ 1,065,562,553</u> | <u>\$ (11,172)</u> |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 792,551 | 340,631 | 0 |
| Subtotal | <u>\$ 792,551</u> | <u>\$ 340,631</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 1,066,485,430</u></u> | <u><u>\$ 1,065,903,184</u></u> | <u><u>\$ (11,172)</u></u> |
| FTE positions | 552.0 | 552.0 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 109.0 | 109.0 | 0.0 |
| TOTAL | <u><u>661.0</u></u> | <u><u>661.0</u></u> | <u><u>0.0</u></u> |

Agency Request

The **agency** requests FY 2011 operating expenditures of \$1,065,692,879, a decrease of \$405,480,704, or 27.6 percent, below the FY 2010 revised estimate. The reduction is attributable to a reduction of \$406.2 million in projected Unemployment Insurance benefits. The request includes an enhancement of \$106,400, all from special revenue funds, for seven replacement vehicles.

The request includes \$478,513 from the State General Fund, an increase of \$7,558, or 1.6 percent, above the FY 2010 revised estimate. The agency is shifting State General Fund expenditures in the Labor Relations program to the Federal Indirect Cost Offset fund but this only partially offsets increased expenditures for salaries and wages in the Administration program in FY 2011.

The agency requests FY 2011 off-budget expenditures totaling \$420,126, an increase of \$7,874, or 1.9 percent, above the FY 2010 agency estimate, from the KDOL Off-Budget Fund. The expenditures are due to administrative expenses for the Kansas Department of Labor for programs that were originally assigned to the Kansas Health Policy Authority, Kansas Department of Commerce and Social and Rehabilitative Services and are now being operated out of the Department of Labor.

2-4

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$1,065,562,553, a decrease of \$405,596,901, or 27.6 percent, below the FY 2010 Governor's recommendation. The Governor's recommendation is \$130,326, or less than 0.1 percent, below the FY 2011 agency request. The reduction is attributable to a recommendation against adoption of the agency enhancement requests of \$106,400 in special revenue funds for new vehicles and \$23,926 in State General Funds due the agency reduced resource package. The reduced resources package totals \$23,926, equivalent to 5.0 percent of the agency State General Fund budget. The Governor does not recommend that \$451,920 in capital improvement projects be approved. The Governor further recommends a transfer of \$800,000 from the Workers' Compensation Fee Fund to the State General Fund in FY 2011.

Senate Subcommittee Recommendations

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

1. Delete \$11,172, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent below the FY 2010 Governor's recommendation for FY 2011.
2. The Subcommittee notes that the Workers' Compensation Fund is supported by fees paid by insurance companies and employers based on a percentage of insurance benefits paid out. The Subcommittee further notes that workers compensation rates in Kansas are decreasing an average of 6.1 percent, the second highest rate of decrease compared to our neighboring states. Only Colorado has a larger decrease at 9.3 percent
3. The Subcommittee notes that the Governor recommends transferring \$800,000 from the Workers' Compensation Fund to the State General Fund in FY 2011. The transfer, combined with increased expenditures from the fund, will leave a balance of \$223,782 for FY 2011, down from \$3.6 million in FY 2009. The Subcommittee is concerned about the fund balance created by transfers from the fund of \$471,000 in FY 2009 and \$800,000 for FY 2011 which may result in an increase in the assessment charged to insurance companies and employers.
4. The Subcommittee notes that the Kansas Department of Labor has paid out more than \$1.0 billion in unemployment compensation benefits and processed over 3.6 million claims for unemployment in calendar year 2009. The Subcommittee commends the Department for their efforts in handling the influx of new claims.

FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

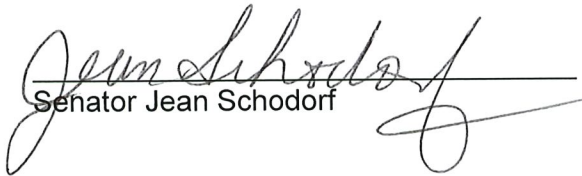
School for the Blind
School for the Deaf



Senator Pat Apple, Chair



Senator Kelly Kultala



Senator Jean Schodorf

Senate Ways & Means Cmte
Date 3-10-2010
Attachment 3

House Budget Committee Report

Agency: School for the Blind

Bill No. HB 2706

Bill Sec. 72

Analyst: Gorges

Analysis Pg. No. 853

Budget Page No. 287

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | House Budget Committee Adjustments |
|--------------------------------|----------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 6,271,927 | \$ 5,494,970 | \$ (76,519) |
| Other Funds | 511,389 | 511,389 | 0 |
| Subtotal | <u>\$ 6,783,316</u> | <u>\$ 6,006,359</u> | <u>\$ (76,519)</u> |
| Capital Improvements | | | |
| State General Fund | \$ 30,510 | \$ 30,510 | \$ 0 |
| Other Funds | 78,600 | 78,600 | 0 |
| Subtotal | <u>\$ 109,110</u> | <u>\$ 109,110</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 6,892,426</u></u> | <u><u>\$ 6,115,469</u></u> | <u><u>\$ (76,519)</u></u> |
| FTE positions | 93.5 | 93.5 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>93.5</u></u> | <u><u>93.5</u></u> | <u><u>0.0</u></u> |

Agency Request

The **agency** requests FY 2011 operating expenditures totaling \$6,783,316, including \$6,271,927 from the State General Fund. The request is a State General Fund increase of \$684,995, or 12.3 percent above the FY 2010 revised estimate, partially offset by a reduction in all other funds of \$32,139, or 5.9 percent. The request includes enhanced funding totaling \$572,665, all from the State General Fund. The request includes 93.5 FTE, the same as the revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures totaling \$6,006,359, including \$5,494,970 from the State General Fund. The recommendation is an all funds increase of \$44,380, or 0.7 percent, above the Governor's FY 2010 recommendation, and a State General Fund increase of \$76,519, or 1.4 percent. The recommendation does not include any funding for enhancement requests and includes additional reductions by adopting two of the agency's reduced resource packages relating to vacating and holding open one security guard position and 2.5 outreach positions. The recommendation includes 93.5 FTE positions, the same as the request.

House Budget Committee Recommendations

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

1. **Adjustment to reduce the FY 2010 Recommendation.** Delete \$76,519, all from the State General Fund, to reduce the FY 2011 operating budget to the same amount as the Governor's FY 2010 recommendation.
2. **Statutory Salary Compliance Funding.** Review the possible addition of \$118,442, all from the State General Fund, to fund with the statutory requirement that ties teacher salaries at the School for the Blind to the teacher salaries for U.S.D. 233, the Olathe school districts for the previous year. The committee noted its extreme regard for these teachers. The Governor recommended increasing the salaries, but did not add any funding.
3. The Committee noted that, due to the unique nature in which the School for the Blind is treated as a state agency rather than a part of K-12, the school's budget was reduced by both the July and November Governor's allotments. The committee noted that the Governor stated that allotments and recommended reductions should hold harmless special education students' needs. The students at the School for the Blind are among those with the most need, and have taken greater reductions than K-12 and special education.

House Committee Recommendation

The **Committee** concurs with the Budget committee with the following adjustment:

1. Review, at Omnibus, the cost savings of consolidating certain administrative and support positions.

Senate Subcommittee Report

Agency: School for the Blind

Bill No. SB 556

Bill Sec. 72

Analyst: Gorges

Analysis Pg. No. 853

Budget Page No. 287

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | Senate Subcommittee Adjustments |
|--------------------------------|----------------------------|------------------------------------|------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 5,494,970 | \$ 5,494,970 | \$ (211,799) |
| Other Funds | 511,389 | 511,389 | |
| Subtotal | <u>\$ 6,006,359</u> | <u>\$ 6,006,359</u> | <u>\$ (211,799)</u> |
| Capital Improvements | | | |
| State General Fund | \$ 30,510 | \$ 30,510 | \$ 0 |
| Other Funds | 78,600 | 78,600 | 0 |
| Subtotal | <u>\$ 109,110</u> | <u>\$ 109,110</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 6,115,469</u></u> | <u><u>\$ 6,115,469</u></u> | <u><u>\$ (211,799)</u></u> |
| FTE positions | 93.5 | 93.5 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>93.5</u></u> | <u><u>93.5</u></u> | <u><u>0.0</u></u> |

Agency Request

The **agency** requests FY 2011 operating expenditures totaling \$6,783,316, including \$6,271,927 from the State General Fund. The request is a State General Fund increase of \$684,995, or 12.3 percent, above the FY 2010 revised estimate, partially offset by a reduction in all other funds of \$32,139, or 5.9 percent. The request includes enhanced funding totaling \$572,665, all from the State General Fund. The request includes 93.5 FTE, the same as the revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures totaling \$6,006,359, including \$5,494,970 from the State General Fund. The recommendation is an all funds increase of \$44,380, or 0.7 percent, above the Governor's FY 2010 recommendation, and a State General Fund increase of \$76,519, or 1.4 percent. The recommendation does not include any funding for enhancement requests and includes additional reductions by adopting two of the agency's reduced resource packages relating to vacating and holding open one security guard position and 2.5 outreach positions. The recommendation includes 93.5 FTE positions, the same as the agency's request.

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Senate Subcommittee Recommendation

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

1. Delete \$211,799, all from the State General Fund, to achieve a target of approximately 2.5 percent below the Governor's FY 2010 recommendation for FY 2011.
2. Review, at Omnibus, the addition of \$118,442, all from the State General Fund, to fund the statutory requirement that ties teacher salaries at the School for the Blind to the teacher salaries for U.S.D. 233, the Olathe school district for the previous year. The committee noted its extreme regard for these teachers. The Governor recommended increasing the salaries, but did not add any funding to do so.
3. The Subcommittee notes the Governor's Facilities and Realignment Closure Commission recommended that the State School for the Blind and the School for the Deaf achieve as many cost savings and efficiencies as possible by combining business offices, human resources, technology, health services, and other services. The Subcommittee stresses that the agencies continue to explore all opportunities to share services and gain efficiencies.

House Budget Committee Report

Agency: School for the Deaf

Bill No. HB 2706

Bill Sec. 73

Analyst: Gorges

Analysis Pg. No. 833

Budget Page No. 289

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | House Budget Committee Adjustments |
|--------------------------|---------------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 9,368,440 | \$ 8,826,407 | \$ (95,261) |
| Other Funds | 471,765 | 471,765 | 0 |
| Subtotal | <u>\$ 9,840,205</u> | <u>\$ 9,298,172</u> | <u>\$ (95,261)</u> |
| Capital Improvements | | | |
| State General Fund | \$ 63,850 | \$ 63,850 | 0 |
| Other Funds | 866,449 | 205,000 | 0 |
| Subtotal | <u>\$ 930,299</u> | <u>\$ 268,850</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 10,770,504</u></u> | <u><u>\$ 9,567,022</u></u> | <u><u>\$ (95,261)</u></u> |
| FTE positions | 173.5 | 173.5 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>173.5</u></u> | <u><u>173.5</u></u> | <u><u>0.0</u></u> |

Agency Request

The agency requests FY 2011 operating expenditures totaling \$9,840,205, including \$9,368,440 from the State General Fund. The request is an all funds increase of \$281,734, or 2.9 percent, and a State General Fund increase of \$365,364, or 4.1 percent, above the agency's current year revised estimate. The State General Fund increase is partially offset by reduced expenditures from the agency's special revenue fund accounts. The request includes enhanced funding totaling \$204,755, all from the State General Fund. The request includes 173.5 FTE, the same as the revised estimate.

Governor's Recommendation

The Governor recommends FY 2011 operating expenditures totaling \$9,298,172, including \$8,826,407 from the State General Fund. The recommendation is an all funds increase of \$11,631, or 0.1 percent above the Governor's FY 2010 recommendation. It is a State General Fund increase of \$95,261, or 1.1 percent, above the Governor's FY 2010 recommendation. When compared to the agency's request, the recommendation is a reduction of \$542,033, or 5.5 percent all from the State General Fund. The Governor does not recommend the agency's \$204,755 enhanced funding request, and recommends one of the agency's reduced resource packages for residential services for a savings of \$200,953. The recommendation also includes savings totaling \$136,325 by vacating and holding open two administrative support positions and two custodial positions. The recommendation does not adjust the agency's FTE position request of 173.5.

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House Budget Committee Recommendations

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

1. **Adjustment to reduce the FY 2010 Recommendation.** Delete \$95,261, all from the State General Fund, to reduce the FY 2011 operating budget to the same amount as the Governor's FY 2010 recommendation.
2. **Statutory Salary Compliance Funding.** Review the possible addition of \$183,255, all from the State General Fund, to fund with the statutory requirement that ties teacher salaries at the School for the Deaf to the teacher salaries for U.S.D. 233, the Olathe school districts for the previous year. The committee noted its extreme regard for these teachers. The Governor recommended increasing the salaries, but did not add any funding.
3. The Committee noted that, due to the unique nature in which the School for the Deaf is treated as a state agency rather than a part of K-12, the school's budget was reduced by both the July and November Governor's allotments. The committee noted that the Governor stated that allotments and recommended reductions should hold harmless special education students' needs. The students at the School for the Deaf are among those with the most need, and have taken greater reductions than K-12 and special education.

House Committee Recommendation

The **Committee** concurs with the House Budget committee with the following adjustment:

1. Review, at Omnibus, the cost savings of consolidating certain administrative and support positions.
-

Senate Subcommittee Report

Agency: School for the Deaf

Bill No. SB 556

Bill Sec. 73

Analyst: Gorges

Analysis Pg. No. 833

Budget Page No. 289

| <u>Expenditure Summary</u> | <u>Agency Request FY 2011</u> | <u>Governor Recommendation FY 2011</u> | <u>Senate Subcommittee Adjustments</u> |
|--------------------------------|-----------------------------------|--|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 9,368,440 | \$ 8,826,407 | \$ (313,905) |
| Other Funds | 471,765 | 471,765 | 0 |
| Subtotal | <u>\$ 9,840,205</u> | <u>\$ 9,298,172</u> | <u>\$ (313,905)</u> |
| Capital Improvements | | | |
| State General Fund | \$ 63,850 | \$ 63,850 | \$ 0 |
| Other Funds | 866,449 | 205,000 | 0 |
| Subtotal | <u>\$ 930,299</u> | <u>\$ 268,850</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 10,770,504</u></u> | <u><u>\$ 9,567,022</u></u> | <u><u>\$ (313,905)</u></u> |
| FTE positions | 173.5 | 173.5 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>173.5</u></u> | <u><u>173.5</u></u> | <u><u>0.0</u></u> |

Agency Request

The **agency** requests FY 2011 operating expenditures totaling \$9,840,205, including \$9,368,440 from the State General Fund. The request is an all funds increase of \$281,734, or 2.9 percent, and a State General Fund increase of \$365,364, or 4.1 percent, above the agency's current year revised estimate. The State General Fund increase is partially offset by reduced expenditures from the agency's special revenue fund accounts. The request includes enhanced funding totaling \$204,755, all from the State General Fund. The request includes 173.5 FTE, the same as the revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures totaling \$9,298,172, including \$8,826,407 from the State General Fund. The recommendation is an all funds increase of \$11,631, or 0.1 percent above the Governor's FY 2010 recommendation. It is a State General Fund increase of \$95,261, or 1.1 percent, above the Governor's FY 2010 recommendation. When compared to the agency's request, the recommendation is a reduction of \$542,033, or 5.5 percent all from the State General Fund. The Governor does not recommend the agency's \$204,755 enhanced funding request, and recommends one of the agency's reduced resource packages for residential services for a savings of \$200,953. The recommendation also includes savings totaling \$136,325 by vacating and holding open two

administrative support positions and two custodial positions. The recommendation does not adjust the agency's FTE position request of 173.5.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following adjustment and notations:

1. Delete \$313,905, all from the State General Fund, to achieve a target of approximately 2.5 percent below the Governor's FY 2010 recommendation for FY 2011.
2. Review, at Omnibus, the addition of \$183,255, all from the State General Fund, to fund the statutory requirement that ties teacher salaries at the School for the Deaf to the teacher salaries for U.S.D. 233, the Olathe school district for the previous year. The committee noted its extreme regard for these teachers. The Governor recommended increasing the salaries, but did not add any funding to do so.
3. The Subcommittee notes the Governor's Facilities and Realignment Closure Commission recommended that the State School for the Blind and the School for the Deaf achieve as many cost savings and efficiencies as possible by combining business offices, human resources, technology, health services, and other services. The Subcommittee stresses that the agencies continue to explore all opportunities to share services and gain efficiencies.

**Senate Subcommittee
on
Capital Improvements Report**

Postsecondary Education Systemwide
Insurance Department
Commission on Veteran's Affairs
Department of Labor
Department of Commerce
Kansas Bureau of Investigation
Highway Patrol
Adjutant General
Department of Transportation
Department of Administration
School for the Blind
School for the Deaf
Judicial Branch
Department of Social and Rehabilitation Services
State Hospitals
Juvenile Justice Authority
Department Wildlife and Parks
Kansas State Fair Board
Department of Corrections
State Historical Society

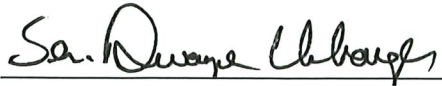
March 10, 2010

Senate Ways & Means Cmte
Date 3-10-2010
Attachment 4

FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

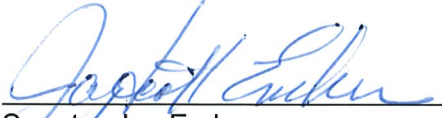
Capital Improvements




Senator Dwayne Umbarger, Chair



Senator Pat Apple



Senator Jay Emler



Senator Laura Kelly

SENATE BILL No. 555
Capital Improvements for FY 2010 and FY 2011
As Amended by the Senate Subcommittee on Capital Improvements

Senate Bill No. 555, as amended by the Senate Subcommittee on Capital Improvements, contains appropriations for FY 2011 and FY 2012 capital improvements expenditures for all state agencies. An overview of the Governor's recommended capital improvements budget and the Senate Subcommittee's adjustments to the Governor's recommendations are reflected below.

Overview of FY 2011 and FY 2012 Governor's Recommendation

The Governor recommends FY 2011 capital improvements expenditures of \$759.6 million, including \$34.7 million from the State General Fund. The recommendation is a reduction of \$312.1 million, or 29.1 percent, all funds and an increase of \$21.5 million, or 163.7 percent, State General Fund from the FY 2010 recommendation. The majority of the all funds reduction reflects State Highway Fund monies in FY 2010 that are not present in FY 2011. The increase in State General Fund expenditures reflects the debt service principal payments that will resume for FY 2011 after the restructuring of debt in FY 2010.

Of the total expenditures for FY 2011, \$574.9 million, or 75.7 percent, can be attributed to the State Highway Fund, \$49.7 million, or 6.5 percent, to the three state building funds – Educational Building Fund, State Institutions Building Fund, and the Correctional Institutions Building, \$34.7 million, or 4.6 percent to the State General Fund, and the remainder to special revenue funds.

Overview of the Senate Subcommittee Recommendations

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

1. **Fort Hays State University.** Add \$635,100, all from special revenue funds, for deferred maintenance at Fort Hays State University to reflect updated estimates of revenues into the agency Deferred Maintenance Support Fund.
2. **Adjutant General.** 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 be used 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 game's revenues are estimated to generate a total of \$968,687. The 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.

3. **School for the Blind.** Review, at Omnibus, the addition of \$161,430, all from the State Institutions Building Fund (SIBF), to re-roof the Johnson Building. The Subcommittee notes the building contains classrooms for elementary and high school students, and currently leaks.
4. **School for the Deaf.** Review, at Omnibus, the addition of \$125,000, all from the SIBF, for emergency repairs to the electrical system at the school. The Subcommittee reviewed the recommendation of the Joint Committee on State Building Construction, and requested the agency create and submit a report to the Senate Committee on Ways and Means during Omnibus showing the cost of repairs, the cost of replacing the entire system campus-wide, and any increases in utility costs caused by switching from the central distribution line to a building-by-building system.
5. **Department of Administration.** Delete \$69,336, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011.
6. **Judicial Branch.** Delete \$199,499, all from the State General Fund, for the construction of a new judicial suite for the 14th Court of Appeals judge and staff offices.

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Postsecondary Education Systemwide

Bill No. SB 555 **Bill Sec.** Various

Analyst: Dunkel

Analysis Pg. No. Various

Capital Budget Page No. Various

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| Board of Regents | | | | |
| Transfers to Universities | \$ 15,000,000 | \$ 15,000,000 | \$ 15,000,000 | \$ 0 |
| Debt Service Principal – Crumbling Classrooms | 13,985,000 | 13,985,000 | 13,985,000 | 0 |
| Debt Service Principal – Postsecondary Education Infrastructure (PEI) Grants | 7,500,000 | 5,000,000 | 5,000,000 | 0 |
| Debt Service Principal – Research Bonds | 5,225,000 | 5,225,000 | 5,225,000 | 0 |
| Subtotal | \$ 41,710,000 | \$ 39,210,000 | \$ 39,210,000 | \$ 0 |
| Emporia State University | | | | |
| Rehabilitation and Repair | \$ 1,016,215 | \$ 1,016,215 | \$ 1,016,215 | \$ 0 |
| Deferred Maintenance | 370,000 | 370,000 | 370,000 | 0 |
| Debt Service Principal | 510,000 | 510,000 | 510,000 | 0 |
| Subtotal | \$ 15,371,215 | \$ 15,371,215 | \$ 15,371,215 | \$ 0 |
| Pittsburg State University | | | | |
| Rehabilitation and Repair | \$ 900,000 | \$ 900,000 | \$ 900,000 | \$ 0 |
| Deferred Maintenance | 375,000 | 375,000 | 375,000 | 0 |
| Debt Service Principal | 1,449,918 | 1,449,918 | 1,449,918 | 0 |
| Subtotal | \$ 1,785,000 | \$ 1,275,000 | \$ 1,785,000 | \$ 0 |
| Fort Hays State University | | | | |
| Rehabilitation and Repair | \$ 400,000 | \$ 400,000 | \$ 400,000 | \$ 0 |
| Deferred Maintenance | 0 | 0 | 635,100 | 635,100 |
| Debt Service Principal | 3,057,306 | 3,057,306 | 3,057,306 | 0 |
| Subtotal | \$ 400,000 | \$ 400,000 | \$ 1,035,100 | \$ 635,100 |
| Wichita State University | | | | |
| Rehabilitation and Repair | \$ 340,000 | \$ 340,000 | \$ 340,000 | \$ 0 |
| Deferred Maintenance | 935,544 | 935,544 | 935,544 | 0 |
| Debt Service Principal | 3,057,306 | 3,057,306 | 3,057,306 | 0 |
| Subtotal | \$ 4,332,850 | \$ 4,332,850 | \$ 4,332,850 | \$ 0 |

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| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|---|------------------------|----------------------|----------------------|--|
| University of Kansas | | | | |
| Rehabilitation and Repair | \$ 24,349,500 | \$ 3,200,000 | \$ 3,200,000 | \$ 0 |
| Deferred Maintenance | 1,950,000 | 1,950,000 | 1,950,000 | 0 |
| Debt Service Principal | 5,761,870 | 5,761,870 | 5,761,870 | 0 |
| Subtotal | \$ 26,299,500 | \$ 6,112,687 | \$ 6,112,687 | \$ 0 |
| University of Kansas Medical Center | | | | |
| Rehabilitation and Repair | \$ 9,481,500 | \$ 500,000 | \$ 500,000 | \$ 0 |
| Deferred Maintenance | 276,000 | 276,000 | 276,000 | 0 |
| Debt Service Principal | 962,687 | 962,687 | 962,687 | 0 |
| Subtotal | \$ 9,757,500 | \$ 2,690,407 | \$ 2,690,407 | \$ 0 |
| Kansas State University | | | | |
| Rehabilitation and Repair | \$ 765,396 | \$ 765,396 | \$ 765,396 | \$ 0 |
| Deferred Maintenance | 1,800,000 | 1,800,000 | 1,800,000 | 0 |
| Debt Service Principal | 4,508,937 | 4,508,937 | 4,508,937 | 0 |
| Subtotal | \$ 8,327,266 | \$ 8,327,266 | \$ 8,327,266 | \$ 0 |
| KSU - ESARP | | | | |
| Rehabilitation and Repair | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 0 |
| KSU – Veterinary Medical Center | | | | |
| | \$ 1,092,660 | \$ 1,092,660 | \$ 1,092,660 | 0 |
| TOTAL | \$ 110,075,991 | 79,812,085 | 80,957,185 | \$ 635,100 |
| Financing: | | | | |
| State General Fund | \$ 33,858,264 | \$ 8,727,264 | \$ 8,727,264 | \$ 0 |
| General Fees Fund | 1,914,407 | 1,914,407 | 1,914,407 | 0 |
| Deferred Maintenance Support Fund | 5,706,544 | 5,706,544 | 6,341,644 | 635,100 |
| Infrastructure Maintenance Fund | 0 | 0 | 0 | 0 |
| Federal American Recovery and Reinvestment Act Fund | 0 | 0 | 0 | 0 |
| Educational Building Fund | 28,985,000 | 28,985,000 | 28,985,000 | 0 |
| All Other Funds | 33,164,262 | 25,664,262 | 25,664,262 | 0 |
| TOTAL | \$ 103,628,477 | \$ 70,997,477 | \$ 71,632,577 | \$ 635,100 |

Agency Requests

The **agency** requests FY 2011 capital improvements expenditures of \$103.6 million, including \$33.9 million from the State General Fund. The estimate includes \$39.3 million for rehabilitation and repair projects, \$5.7 million for deferred maintenance, and debt service principle payments of \$43.6 million.

Governor's Recommendation

The **Governor** recommends FY 2011 capital improvements expenditures of \$71.0 million, including \$8.7 million from the State General Fund. The recommendation is a reduction of \$32.6 million, or 31.5 percent, all funds and \$25.1 million, or 74.2 percent, State General Fund below the agency request. The reduction reflects unfulfilled enhancement requests for deferred maintenance funding of \$21.1 million, all from the State General Fund, for the University of Kansas and \$9.0 million, all from the State General Fund, for the University of Kansas Medical Center. In addition, the Governor recommends the payment of Postsecondary Education Infrastructure (PEI) bond debt service from the State General Fund instead of special revenue funds collected from the institutions for debt service principal payments, and recommends that no additional bonds be issued for a savings of \$2.5 million, all from special revenue funds.

Joint Committee on State Building Construction Recommendation

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

1. Add \$635,100, all from special revenue funds, for deferred maintenance at Fort Hays State University to reflect updated estimates of revenues into the agency Deferred Maintenance Support Fund.

Senate Subcommittee Recommendation

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

1. Add \$635,100, all from special revenue funds, for deferred maintenance at Fort Hays State University to reflect updated estimates of revenues into the agency Deferred Maintenance Support Fund.

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SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Insurance Department

Bill No. SB 555

Bill Sec. 4

Analyst: Dear

Analysis Pg. No. 1,538

Capital Budget Page No. 128

| Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--------------------------|------------------------|----------------------|-----------------------|--|
| Projects: | | | | |
| Rehabilitation & Repair | \$ 65,000 | \$ 65,000 | \$ 65,000 | \$ 0 |
| Principal Payment - HVAC | 67,678 | 67,678 | 67,678 | 0 |
| TOTAL | \$ 132,678 | \$ 132,678 | \$ 132,678 | \$ 0 |
| Financing: | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| All Other Funds | 132,678 | 132,678 | 132,678 | 0 |
| TOTAL | \$ 132,678 | \$ 132,678 | \$ 132,678 | \$ 0 |

Agency Request

The **agency** requests FY 2011 capital improvement expenditures of \$132,678. This estimate includes \$67,678 for the debt service principal payment for the HVAC replacement project. The remaining \$65,000 will be used for rehabilitation and repair of the Kansas Insurance Building.

Governor's Recommendation

The **Governor** concurs with the agency request.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

The **Subcommittee** concurs with Governor's recommendation

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Kansas Commission on Veterans' Affairs

Bill No. SB 555

Bill Sec. 7

Analyst: Dear

Analysis Pg. No. 189

Capital Budget Page No. 262

| Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--|------------------------|----------------------|-----------------------|--|
| Projects: | | | | |
| Soldiers' Home Rehabilitation and Repair | \$ 1,512,817 | \$ 551,909 | \$ 551,909 | \$ 0 |
| Veterans' Home Rehabilitation and Repair | 486,505 | 486,505 | 486,505 | 0 |
| TOTAL | <u>\$ 1,999,322</u> | <u>\$ 1,038,414</u> | <u>\$ 1,038,414</u> | <u>\$ 0</u> |
| Financing: | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| All Other Funds | 1,999,322 | 1,038,414 | 1,038,414 | 0 |
| TOTAL | <u>\$ 1,999,322</u> | <u>\$ 1,038,414</u> | <u>\$ 1,038,414</u> | <u>\$ 0</u> |

Agency Request

The **agency** requests FY 2011 capital improvement expenditures of \$1,999,322 an increase of \$1,558,509, or 353.6 percent, above the FY 2010 agency estimate.

At the Kansas Soldiers' Home, the agency requests \$1,512,817, all from the State Institutions Building Fund; included in the request are the following:

- \$150,000 for major repair and maintenance at the Kansas Soldiers' home; including, replacing twenty cottage hot water heaters, replacing ten cottage floor coverings, replacing plumbing in six cottages, installing ADA compliant ramps in six cottages, replacing bathroom facilities in ten cottages, miscellaneous repairs;
- \$200,000 for street repair and replacement at the Kansas Soldiers' Home;
- \$33,630 to replace the roofs on the power plant building, the garages and the plumbing shop;
- \$460,908 to replace the roofs on Nimitz, Lincoln, Grant and Walt Halls. Lincoln, Grant and Nimitz are domiciliary facilities;
- \$500,000 for repairs due to hail damage from a storm in June of 2009;

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- \$130,000 for foundation repairs at the various buildings at the facility; and
- \$38,279 for replacement of windows in the portion of Pershing Hall which houses the CBOC (Community Based Outpatient Clinic).

At the Kansas Veterans' Home, the agency requests \$486,505, all from the State Institutions Building Fund; included in the request are the following:

- \$45,000 for updated fire alarm panels;
- \$100,000 for emergency repair and replacement;
- \$165,000 to partially replace the carpet with tile at the facility. The agency states the the carpet is both a physical and biological hazard; and
- \$176,505 for window replacement in Donlon Hall.

Governor's Recommendation

The **Governor** recommends FY 2011 capital improvement expenditures of \$1,038,414, a decrease of \$960,908, or 48.1 percent, below the FY 2011 agency estimate; including \$551,909 for rehabilitation and repair at the Kansas Soldiers' Home and \$486,505 for rehabilitation and repair at the Kansas Veterans' Home. The Governor concurs with all requests except, \$460,908 for roof replacement at Nimitz, Lincoln, Grant and Walt Halls and \$500,000 for hail damage repairs at the Kansas Soldiers' Home but recommends additional cost estimates on the hail damage.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

The **Subcommittee** concurs with Governor's recommendation.

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SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Kansas Department of Labor

Bill No. SB 555

Bill Sec. 6

Analyst: Dear

Analysis Pg. No. 145

Capital Budget Page No. 251

| Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--|------------------------|----------------------|-----------------------|--|
| Projects: | | | | |
| Renovation of 401 SW Topeka | \$ 67,000 | \$ 0 | \$ 0 | \$ 0 |
| Roof Replacement at 417 SW Jackson | 73,700 | 0 | 0 | 0 |
| Renovation of 1309 SW Topeka | 243,880 | 0 | 0 | 0 |
| Renovation of Eastman – 2650 E. Circle Drive | 39,200 | 0 | 0 | 0 |
| Renovation of 427 SW Topeka | 28,140 | 0 | 0 | 0 |
| Rehabilitation & Repair | 80,000 | 80,000 | 80,000 | 0 |
| Debt Service - Principal | 260,631 | 260,631 | 260,631 | 0 |
| TOTAL | \$ 792,551 | \$ 340,631 | \$ 340,631 | \$ 0 |
| Financing: | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| All Other Funds | 792,551 | 340,631 | 340,631 | 0 |
| TOTAL | \$ 792,551 | \$ 340,631 | \$ 340,631 | \$ 0 |

Agency Request

The **agency** requests FY 2011 capital improvement expenditures of \$792,551, a increase of \$228,927, or 40.6 percent, above the FY 2010 revised estimate. The capital improvements projects are fully funded from special revenue funds. Major Projects Include:

- Renovation of 401 SW Topeka - The agency requests \$67,700, all from special revenue funds, for the installation of an awning and an HVAC control network at the agency's headquarters.
- Roof Replacement at 417 SW Jackson - The agency requests \$73,700, all from special revenue funds, for roof replacement of a 20+ year old roof.
- Renovation of 1309 SW Topeka – The agency requests \$243,880, all from special revenue funds, for updates to the air conditioning units and an elevator.

- Renovation of Eastman Building – 2650 E. Circle Drive - The agency requests \$39,200, all from special revenue funds, for repair of a concrete parking ramp and a mural on the Eastman building.
- Renovation of 427 SW Topeka - The agency requests \$28,140, all from special revenue funds, for waterproofing and water damage repairs at the 427 SW Topeka, the legal department building adjacent to the agency headquarters.

Governor's Recommendation

The **Governor** recommends FY 2011 capital improvements expenditures of \$340,631 including \$80,000 for general rehabilitation and repair and \$260,631 for the payment of debt service principal, all from special revenue funds. The Governor does not recommend any of the major project expenditures detailed above.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

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

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Department of Commerce

Bill No. 555

Bill Sec. 3

Analyst: Steiner

Analysis Pg. No. 1,812

Capital Budget Page No. 221

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|---------------------------------|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| Rehabilitation and Repair | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 0 |
| Debt Service Principal | 80,000 | 80,000 | 80,000 | 0 |
| TOTAL | <u>\$ 160,000</u> | <u>\$ 160,000</u> | <u>\$ 160,000</u> | <u>\$ 0</u> |
| Financing: | | | | |
| Wagner-Peyser Federal Fund | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 0 |
| Reimbursement and Recovery Fund | 80,000 | 80,000 | 80,000 | 0 |
| TOTAL | <u>\$ 160,000</u> | <u>\$ 160,000</u> | <u>\$ 160,000</u> | <u>\$ 0</u> |

Agency Estimate

The agency estimates FY 2011 capital improvements to be \$160,000 from special revenue funds. The estimate includes \$80,000 for rehabilitation and repair on various buildings across the State and \$80,000 for debt service principal payments on the Topeka Workforce Development building. The Topeka Workforce Development building was transferred from the Department of Labor to the Department of Commerce in 2004.

Governor's Recommendation

The Governor concurs with the agency's estimate.

Joint Committee on State Building Construction Recommendation

The **Joint Committee** concurs with the Governor.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with Governor's recommendation

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Kansas Bureau of Investigation

Bill No. SB 556

Bill Sec. 91

Analyst: Klaassen

Analysis Pg. No. 1,256

Capital Budget Page No. 411

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|---|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| KBI Complex Plan | \$ 429,000 | \$ 0 | \$ 0 | \$ 0 |
| KC Evidence Facility | 40,216 | 0 | 0 | 0 |
| KBI HQ Renovation and Repair | 100,000 | 0 | 0 | 0 |
| Great Bend Office Renovation and Repair | 140,000 | 0 | 0 | 0 |
| Rehabilitation and Repair | 15,657 | 15,657 | 15,657 | 0 |
| TOTAL | <u>\$ 724,873</u> | <u>\$ 15,657</u> | <u>\$ 15,657</u> | <u>\$ 0</u> |
| Financing: | | | | |
| State General Fund | \$ 709,216 | \$ 0 | \$ 0 | \$ 0 |
| HIDTA - Federal | 15,657 | 15,657 | 15,657 | 0 |
| TOTAL | <u>\$ 724,873</u> | <u>\$ 15,657</u> | <u>\$ 15,657</u> | <u>\$ 0</u> |

Agency Request

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

- **KBI Complex Plan:** \$429,000 to continue development of the KBI Complex in Topeka. This amount includes \$326,000 to purchase the remaining six properties, \$50,000 to demolish houses, and \$53,000 for a survey and geotechnical report;
- **KC Evidence Facility:** \$40,216 to build an expansion on the existing evidence facility in Kansas City. The agency states that since 2005, there has been over a 300.0 percent increase in the number of submissions and the site's capacity has been exceeded. The current storage facility is 152 sq. ft., and the expansion would increase the sites capacity to 312 sq. ft.
- **KBI Headquarters Renovation and Repair:** \$100,000 to purchase a replacement generator. The agency states that the current generator is 25 years old, has required repair, and as more electrical equipment is added to the

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building the generator's ability to provide for the buildings needs is in question.

- **Great Bend Office Renovation and Repair:** \$140,000 for a number of projects at the facility. The agency states that the new portion of the building is in top condition, but the old portion still needs significant maintenance, which includes: repair of the conference room glass dome (\$50,000), replacement of office humidifiers for climate control (\$3,000), replacement of soiled and worn out carpet (\$25,000), repair of damaged walls (\$2,000), a paving project around the south shed (\$30,000), and replacement of the East Wing A/C condenser (\$15,000).

Governor's Recommendation

The **Governor** does not recommend any FY 2011 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.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

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

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Kansas Highway Patrol

Bill No. SB 555

Bill Sec. 22

Analyst: Klaassen

Analysis Pg. No. 1,346

Capital Budget Page No. 401

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| Debt Service Principal | \$ 305,000 | \$ 305,000 | \$ 305,000 | \$ 0 |
| Rehabilitation and repair scales and building | 146,560 | 51,560 | 51,560 | 0 |
| Scale replacement | 127,000 | 95,000 | 95,000 | 0 |
| Academy roof and boiler replacements | 579,917 | 0 | 0 | 0 |
| TOTAL | <u>\$ 1,158,477</u> | <u>\$ 451,560</u> | <u>\$ 451,560</u> | <u>\$ 0</u> |
| Financing: | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| KHP Operations Fund | 477,000 | 350,000 | 350,000 | 0 |
| VIN Fee Fund | 50,000 | 50,000 | 50,000 | 0 |
| HP Training Center Fund | 631,477 | 51,560 | 51,560 | 0 |
| TOTAL | <u>\$ 1,158,477</u> | <u>\$ 451,560</u> | <u>\$ 451,560</u> | <u>\$ 0</u> |

Agency Request

The **agency** requests FY 2011 capital improvement expenditures totaling \$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; rehabilitation, repair, and scale replacement totaling \$273,560; and \$579,917 for labor, materials and equipment to replace four roofs and a boiler at the Kansas Highway Patrol Training Academy in Salina.

Governor's Recommendation

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.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

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

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Adjutant General

Bill No. SB 555

Bill Sec. 23

Analyst: Klaassen

Analysis Pg. No. 1,225

Capital Budget Page No. 385

| Project | Agency Rec. FY 2010 | Gov. Rec. FY 2010 | JCSBC Rec FY 2010 | Senate Subcommittee Adjustments FY 2010 |
|---|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| Debt Service Principal | \$ 300,000 | \$ 300,000 | \$ 300,000 | \$ 0 |
| Federal Match - Armories | 1,000,000 | 1,000,000 | 1,000,000 | 0 |
| Fusion Center Completion | 810,309 | 810,309 | 810,309 | 0 |
| Stimulus Funds | 977,000 | 977,000 | 977,000 | 0 |
| Field Maintenance Shop Wichita | 2,790,235 | 2,790,235 | 2,790,235 | 0 |
| National Guard Museum Expansion Fund | 758,687 | 270,000 | 729,357 | 459,357 |
| TOTAL | <u>\$ 6,636,231</u> | <u>\$ 6,147,544</u> | <u>\$ 6,606,901</u> | <u>\$ 459,357</u> |
| Financing: | | | | |
| State General Fund | \$ 788,687 | \$ 300,000 | \$ 759,357 | \$ 459,357 |
| All Other Funds | 5,847,544 | 5,847,544 | 5,847,544 | 0 |
| TOTAL | <u>\$ 6,636,231</u> | <u>\$ 6,147,544</u> | <u>\$ 6,606,901</u> | <u>\$ 459,357</u> |

Agency Estimate

The **agency** estimates FY 2010 capital improvements expenditures totaling \$6,636,231. The estimate includes expenditures totaling \$788,687 from the State General Fund. Expenditures include:

FY 2010 State General Fund (\$788,687):

- \$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 detailed later.

FY 2010 Fee Funds (\$1,080,309):

- \$270,000 in lottery proceeds already available within the no-limit National Guard Museum expansion fund; and
- \$810,309 for completion of the Fusion Center from the Adjutant General Expense Fund.

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FY 2010 Federal Funds (\$4,767,235):

- \$1.0 million in matching funds for the armory renovation program;
- \$2,790,235 in Architectural and Engineering costs associated with the new Field Maintenance Shop and the Armory in Wichita; and
- \$977,000 in federal stimulus funds. The projects supported by these funds are all validated energy projects which will reduce energy consumption. These projects include a new Training Site Headquarters building at Ft. Riley, seven upgrades to existing lighting, floor coatings for aviation maintenance facilities, an energy study for our military lodging facility in Salina, upgrades and replacement of two HVAC systems in Topeka and two office/bathroom remodels in Topeka. State matching share was required for lighting projects at the Manhattan Armory and Kansas City Armory. The state share for the armory projects will be financed with Armory Renovation Bond Funds.

Capital Improvements Supplementals and Enhancements Detail:

FY 2010 Armory Renovation Bond Authority. The 2005 Legislature approved the issuance of \$9.0 million in bonds for armory renovation, with three bond issues of \$3.0 million each to be made in FY 2007, FY 2008, and FY 2009. The FY 2007 and FY 2008 bonds have been issued, however, the agency states that due to the increased work load relating to the Great Plains Training Center and continued deployments of the Director of Facilities Management's staff, the agency was not able to request approval to issue the third set of Armory Bonds before the 2009 Session closed. These bonds may also be approved by the State Finance Council, but due to budgetary and other reasons a meeting was not held in June 2009 and the authority to issue the remaining \$3.0 million in bonds must now be requested as a supplemental in FY 2010. If authority to issue the bonds is approved in FY 2010, the agency does not anticipate any debt service payments until after FY 2011 for this set of Armory Bonds.

The **Governor** recommends the agency's request for the \$3.0 million bond issuance for armory renovation in FY 2011.

FY 2010 and FY 2011 National Guard Museum Expansion Funds. 2008 Senate Substitute for House Bill 2923, Section 6, provides 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, an expansion of the current Kansas National Guard Museum. The Language in the bill requires the Lottery Commission to 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. \$488,687 is requested to be appropriated in FY 2010 and FY 2011 for this project. The FY 2010 amount includes \$270,000 in lottery proceeds already available within the expansion fund.

The **Governor** does not recommend the enhanced funding (\$488,687), but concurs with the agency's request to spend the existing balance in the museum expansion fund (\$270,000).

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Governor's Recommendation

The **Governor** recommends FY 2010 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 fund expenditures.

Joint Committee on State Building Construction Recommendation

The **Joint 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 be used 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 game's revenues are estimated to generate a total of \$968,687. The 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.

Senate Subcommittee Recommendation

The **Subcommittee** 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.

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Adjutant General

Bill No. SB 555

Bill Sec. 23

Analyst: Klaassen

Analysis Pg. No. 1,225

Capital Budget Page No. 385

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--|-----------------------------|-----------------------------|-----------------------------|--|
| Projects: | | | | |
| Debt Service Principal | \$ 1,820,000 | \$ 1,820,000 | \$ 1,820,000 | \$ 0 |
| Federal Match - Armories | 1,000,000 | 1,000,000 | 1,000,000 | 0 |
| Field Maintenance Shop Wichita | 64,333,235 | 64,333,235 | 64,333,235 | 0 |
| National Guard Museum Expansion Fund | 488,687 | 0 | 0 | 0 |
| Liberal Motor Vehicle Storage | 381,291 | 0 | 0 | 0 |
| Great Plains Training Center Site No. 1 | 6,847,425 | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 74,870,638</u></u> | <u><u>\$ 67,153,235</u></u> | <u><u>\$ 67,153,235</u></u> | <u><u>\$ 0</u></u> |
| Financing: | | | | |
| State General Fund | \$ 9,537,403 | \$ 1,820,000 | \$ 1,820,000 | \$ 0 |
| All Other Funds | 65,333,235 | 65,333,235 | 65,333,235 | 0 |
| TOTAL | <u><u>\$ 74,870,638</u></u> | <u><u>\$ 67,153,235</u></u> | <u><u>\$ 67,153,235</u></u> | <u><u>\$ 0</u></u> |

Agency Request

The **agency** requests FY 2011 capital improvements expenditures totaling \$74,870,638. The request includes expenditures totaling \$9,537,403 from the State General Fund. Expenditures include:

FY 2011 State General Fund (\$9,537,403):

- \$1,820,000 for debt service principal;
- \$7,717,403 in requested enhancements, which include:
 - \$488,687 for the 35th Infantry Division addition to the Kansas National Guard Museum;

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- \$6,847,425 for the creation of the Great Plains Regional Training Center Site 1; and
- \$381,291 for the Liberal Motor Vehicle Storage.

FY 2011 Federal Funds (\$65,333,235):

- \$1.0 million in matching funds for the armory renovation program;
- \$2,790,235 in Architectural and Engineering costs associated with the new Field Maintenance Shop and the Armory in Wichita; and
- \$61,543,000 for the construction costs of the Wichita Field Maintenance Shop (\$22.8 million, 121,921 sq. ft.) and Armory (\$38.8 million, 209,000 sq. ft.).

The 100.0 percent federally funded Armory and Field Maintenance Shop in Wichita will house the 287th Sustainment Brigade. Both structures will be built in the same area with a common access point, and land for the project was obtained from the City of Wichita via a 99 year no-cost lease.

Capital Improvements Enhancements Detail:

FY 2010 and FY 2011 National Guard Museum Expansion Funds. 2008 Senate Substitute for House Bill 2923, Section 6, provides 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, an expansion of the current Kansas National Guard Museum. The Language in the bill requires the Lottery Commission to 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. \$488,687 is requested to be appropriated in FY 2010 and FY 2011 for this project. The FY 2010 amount includes \$270,000 in lottery proceeds already available within the expansion fund.

The **Governor** does not recommend the enhanced funding (\$488,687), but concurs with the agency's request to spend the existing balance in the museum expansion fund (\$270,000).

FY 2011 Liberal Motor Vehicle Storage. The agency requests \$381,291, all from the State General Fund, to expand the Motor Vehicle Storage Compound at the Liberal Army National Guard Armory. The agency reports that the armory supports two units which has increased the requirement for additional parking of military semi tractors and trailers. The agency states that the current fence is rusted beyond repair, and that the site requires regrading to channel water runoff away from the recently remodeled Armory. Funds would be used to excavate and grade 7,200 square yards and surface with crushed rock, and replace 1,075 lineal feet of substandard fencing.

The **Governor** does not recommend the enhancement.

FY 2011 Great Plains Regional Training Center Spoke No. 1. The agency requests \$6,847,425, all from the State General Fund, for a regional training site in conjunction with the newly developed Great Plains Regional Training Center. This regional training facility will facilitate public safety, with national guard members and first responders receiving training not otherwise available either financially or geographically, and allow for multi-use and multi-

disciplinary training on various levels and provide a regional area for emergency response. It will also be used to provide Kansas National Guard members with a regional area to train tactical, strategic and homeland security and defense tasks.

The **Governor** does not recommend the enhancement.

Governor's Recommendation

The **Governor** recommends FY 2011 capital improvements expenditures totaling \$67,153,235, including \$1,820,000 from the State General Fund, for capital improvements. The difference when compared to the agency request is due to State General Fund reductions of \$7,717,403, as the Governor did not recommend 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 fund expenditures. This includes the recommendation to move issuance of the remaining \$3.0 million in armory renovation bonds to FY 2011.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

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

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Kansas Department of Transportation **Bill No.** SB 556

Bill Sec. 101

Analyst: Klaassen

Analysis Pg. No. 1,377

Capital Budget Page No. 461

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| Reroof Buildings – Various Locations | \$ 380,317 | \$ 380,317 | \$ 380,317 | \$ 0 |
| Subarea Bay Extension | 1,672,013 | 1,672,013 | 1,672,013 | 0 |
| Chemical Storage Facilities | 198,089 | 198,089 | 198,089 | 0 |
| Remote Chemical Storage Bunkers | 121,872 | 121,872 | 121,872 | 0 |
| Vehicle Wash Bays | 300,329 | 0 | 0 | 0 |
| Area Shop Renovation - Topeka | 317,876 | 0 | 0 | 0 |
| District Six Welding Shop Addition – Garden City | 835,926 | 0 | 0 | 0 |
| Purchase Land – Various Locations | 120,000 | 0 | 0 | 0 |
| Rehabilitation and Repair | 3,454,139 | 3,454,139 | 3,454,139 | 0 |
| TOTAL | \$ 7,400,561 | \$ 5,826,430 | \$ 5,826,430 | \$ 0 |
| Financing: | | | | |
| State Highway Fund | \$ 7,400,561 | \$ 5,826,430 | \$ 5,826,430 | \$ 0 |
| TOTAL | \$ 7,400,561 | \$ 5,826,430 | \$ 5,826,430 | \$ 0 |

Agency Request

The **agency** requests FY 2011 expenditures totaling \$7,400,561, all from the State Highway Fund, for building projects. Expenditures include \$3,946,422 for projects and \$3,454,139 for rehabilitation and repair.

Governor's Recommendation

The **Governor** recommends FY 2011 expenditures totaling \$5,826,430, all from the State Highway Fund, for building projects. Expenditures include \$2,372,291 for projects and \$3,454,139 for rehabilitation and repair. The Governor does not recommend \$1,574,131 in projects which include: the construction of one vehicle wash bay in Shawnee (\$300,329), Area Shop Renovation in Topeka (\$317,876), District Six Welding Shop Addition in Garden City (\$835,926), and the purchase of land in various locations (\$120,000).

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Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

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

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Department of Administration

Bill No. SB 555

Bill Sec. 2

Analyst: Gorges

Analysis Pg. No. - -

Capital Budget Page No. 224

| Reportable Budget Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--|------------------------|----------------------|-----------------------|--|
| Rehabilitation and Repair: | | | | |
| Capitol Complex | \$ 2,654,149 | \$ 2,521,442 | \$ 2,521,442 | \$ (63,036) |
| Statehouse and Cedar Crest | 176,779 | 167,940 | 167,940 | (4,199) |
| Judicial Center | 88,471 | 84,047 | 84,047 | (2,101) |
| Projects: | | | | |
| Docking Fire Protection System | 1,204,793 | 0 | 0 | 0 |
| Docking Electrical Power System | 3,239,310 | 0 | 0 | 0 |
| Landon Fire Protection System | 928,477 | 0 | 0 | 0 |
| Judicial Center Fire Suppression System | 1,075,000 | 0 | 0 | 0 |
| Debt Service Principal | 16,463,885 | 16,463,885 | 16,463,885 | 0 |
| TOTAL | <u>\$ 25,830,864</u> | <u>\$ 19,237,314</u> | <u>\$ 19,237,314</u> | <u>\$ (69,336)</u> |
| Financing: | | | | |
| State General Fund | \$ 25,830,864 | \$ 19,237,314 | \$ 19,237,314 | \$ (69,336) |
| All Other Funds | 0 | 0 | 0 | 0 |
| TOTAL | <u>\$ 25,830,864</u> | <u>\$ 19,237,314</u> | <u>\$ 19,237,314</u> | <u>\$ (69,336)</u> |

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| Non-Reportable Projects | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|-----------------------------------|------------------------|----------------------|-----------------------|--|
| Rehabilitation and Repair: | | | | |
| Special Maintenance | | | | |
| Repairs and Improvements | \$ 400,000 | \$ 400,000 | \$ 400,000 | \$ 0 |
| Printing Plant | 75,000 | 75,000 | 75,000 | 0 |
| Surplus Property | 100,000 | 50,000 | 50,000 | 0 |
| Parking Lot / Sidewalk | 165,000 | 165,000 | 165,000 | 0 |
| Debt Service Principal | 2,244,992 | 2,244,992 | 2,244,992 | 0 |
| TOTAL | <u>\$ 2,984,992</u> | <u>\$ 2,934,992</u> | <u>\$ 2,934,992</u> | <u>\$ 0</u> |
| Financing: | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| All Other Funds | 2,984,992 | 2,934,992 | 2,934,992 | 0 |
| TOTAL | <u>\$ 2,984,992</u> | <u>\$ 2,934,992</u> | <u>\$ 2,934,992</u> | <u>\$ 0</u> |

Agency Request

The **agency** requests \$25.8 million, all from the State General Fund, for capital improvements in FY 2011. Projects are divided into three categories – Rehabilitation and Repair, Specific Projects, and Debt Service Principal payments – and are described below. The agency notes its priority is securing rehabilitation and repair funds. The request for rehabilitation and repair is the same as the FY 2010 revised estimate.

The **agency** requests non-reportable capital improvement expenditures totaling \$3.0 million, all from special revenue funds. The request includes \$740,000 for rehabilitation and repair projects, and \$2.2 million for debt service principal payments.

Governor's Recommendation

The **Governor** recommends a reportable FY 2011 capital improvement budget totaling \$19.2 million, a reduction of \$6.6 million below the agency's request. The Governor does not recommend any of the agency's new projects. The recommendation also includes a reduction of \$145,970 for rehabilitation and repair projects as part of the 5.0 percent reduced resources budget. The Governor concurs with the agency's request for debt service interest.

The **Governor's** non-reportable capital improvement expenditure recommendation is a reduction of \$50,000 below the agency's request. The entire reduction is in the surplus property rehabilitation and repair fund. The agency requested \$50,000, but \$100,000 was inadvertently entered into the budget system.

Capital Improvement Detail.

The agency's requests are detailed below, listed in priority order.

Rehabilitation and Repair Projects:

Capitol Complex Rehabilitation and Repair. The agency requests \$2,654,149, all from the State General Fund for FY 2010 and FY 2011. The fund is used for major maintenance and repair projects for the Landon, Docking, Curtis, and Eisenhower buildings, the Judicial Center, the Statehouse and Memorial Hall. Projects include repairing pumps and bearings, repairing and replacing plumbing, repairing and replacing windows due to storm damage, repairing leaky roofs, asbestos abatement, minor building refurbishments, and replacement of major equipment components.

The fund has been used to replace the utility tunnel running between the Statehouse to the Landon Building and the Judicial Center. The tunnel provides utility service to the entire capitol complex. Repairs to the tunnel required that Jackson St. be closed during the 2009 interim. Once the 2010 session is complete, the agency will backfill the previous tunnel and landscape the area to complete the project before the 2011 session.

Special Maintenance Repairs and Improvements (Nonreportable Budget). The agency requests \$400,000, all from special revenue funds, for FY 2010 and FY 2011. The fund is used for major maintenance and repair projects for the Landon, Docking, Curtis, and Eisenhower buildings, the Judicial Center, and Memorial Hall. Projects include repairing pumps and bearings, repairing and replacing plumbing, repairing and replacing windows due to storm damage, repairing leaky roofs, asbestos abatement, minor building refurbishments, and replacement of major equipment components.

Statehouse and Cedar Crest Rehabilitation and Repair. The agency requests \$176,779, all from the State General Fund, for FY 2010 and FY 2011. This funding would be used for emergency repairs of major equipment at the Statehouse and Cedar Crest. Any remaining funds are used on maintenance projects to prevent emergency projects in the future at Cedar Crest.

Judicial Center Rehabilitation and Repair. The agency requests \$88,471, all from the State General Fund, for FY 2010 and FY 2011. This funding would be used for emergency repairs or major equipment at the Judicial Center. Any remaining funds are used on maintenance projects to prevent emergencies in the future.

Printing Plant Rehabilitation and Repair. (Nonreportable Budget). The agency requests \$75,000, all from special revenue funds, for FY 2010 and FY 2011. This fund is used for rehabilitation and repair or mechanical components and systems that are beyond their useful life.

Surplus Property Rehabilitation and Repair (Nonreportable Budget). The agency requests \$100,000, all from special revenue funds, for FY 2011. This fund is used for rehabilitation and repair of mechanical components and systems that are beyond their useful life.

Parking Lot / Sidewalk Maintenance (Nonreportable budget). The agency requests \$165,000, all from special revenue funds, for FY 2010 and FY 2011. This fund would allow the

agency to continue ongoing parking lot and sidewalk maintenance and repair work in the Capitol Complex.

Projects:

Docking State Office Building Fire Protection. The agency's request includes \$1.2 million, beginning in FY 2011, to upgrade the fire protection system for the Docking Building. All funding would come from the State General Fund. The current system was installed in 1955 with a projected service time of 20 years. The project would take six years at a total cost of \$7,228,754.

Docking State Office Building Electrical Power. The agency's request includes \$3.2 million, beginning in FY 2011, to install new power and lighting systems in the Docking building. All funding would come from the State General Fund. The current system was installed in 1955 with a projected service time of 30 years. The project would take six years at a total cost of \$19,435,855.

Landon State Office Building Fire Protection. The agency's request includes \$928,477, beginning in FY 2011, to upgrade the fire protection system for the Landon Building. All funding would come from the State General Fund. The current system was installed in 1981 with a projected service time of 20 years. The project would take six years at a total cost of \$5,570,860.

Judicial Center Fire Protection. The agency's request includes \$1.1 million, all from the State General Fund, to upgrade the fire protection system for the Judicial Center. The project would take one year.

Debt Service Principal:

The **agency's** request includes \$16.5 million, all from the State General Fund, for reportable debt service principal payments in FY 2011. The request is an increase of \$16.0 million above the current year revised request and is due to bond payments restructured to interest only in FY 2010 that will require principal payments in FY 2011.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

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

1. Delete \$69,336, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011.

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: State School for the Blind

Bill No. SB 555

Bill Sec. 8

Analyst: Gorges

Analysis Pg. No. 853

Capital Budget Page No. 224

| Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|----------------------------------|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| Campus Security | \$ 105,236 | \$ 0 | \$ 0 | \$ 0 |
| Johnson Building Reroofing | 161,430 | 0 | 0 | 0 |
| Reseal Driveway | 42,042 | 0 | 0 | 0 |
| Rehabilitation and Repair | 78,600 | 78,600 | 78,600 | 0 |
| Debt Service Principal | 30,510 | 30,510 | 30,510 | 0 |
| TOTAL | <u>\$ 417,818</u> | <u>\$ 109,110</u> | <u>\$ 109,110</u> | <u>\$ 0</u> |
| Financing: | | | | |
| State General Fund | \$ 30,510 | \$ 30,510 | \$ 30,510 | \$ 0 |
| State Institutions Building Fund | 387,308 | 78,600 | 78,600 | 0 |
| TOTAL | <u>\$ 417,818</u> | <u>\$ 109,110</u> | <u>\$ 109,110</u> | <u>\$ 0</u> |

Agency Request

The **agency** requests FY 2011 capital improvement expenditures of \$417,818. The request includes \$30,510 from the State General Fund, for debt service principal payments. The remainder would be funded from the State Institutions Building Fund (SIBF). The projects are listed below:

- \$78,600, all from the SIBF, for general rehabilitation and repair projects;
- \$105,236, all from the SIBF, to continue upgrades to campus security. Funds for FY 2011 would be used to implement video surveillance and recording systems, and smoke and carbon monoxide detectors in school and student residence buildings. The agency has had difficulty finding vendors to service the current systems;

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- \$161,430, all from the SIBF, to reroof sections of the Johnson Building, an instructional building for elementary and high school students. The roof currently leaks;
- \$42,042, all from the SIBF, to reseal driveways and parking lots on campus.

Governor's Recommendation

The **Governor** recommends a FY 2011 capital improvement budget totaling \$109,110, including \$30,510 from the State General Fund. The recommendation includes funding for debt service principal, paid from the State General Fund, and rehabilitation and repair from the SIBF. The Governor does not recommend any funding for the new projects.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

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

1. Review, at Omnibus, the addition of \$161,430, all from the SIBF, to reroof the Johnson Building. The committee notes the building contains classrooms for elementary and high school students, and currently leaks.

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: School for the Deaf

Bill No. SB 555

Bill Sec. 9

Analyst: Gorges

Analysis Pg. No. 833

Capital Budget Page No. 224

| Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|---|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| Architecture Fees | \$ 279,449 | \$ 0 | \$ 0 | \$ 0 |
| Electrical Utility Distribution Upgrades | 242,000 | 0 | 125,000 | 0 |
| Kitchen Refrigeration Upgrade | 140,000 | 0 | 0 | 0 |
| Rehabilitation and Repair | 205,000 | 205,000 | 205,000 | 0 |
| Debt Service Principal | 63,850 | 63,850 | 63,850 | 0 |
| TOTAL | <u>\$ 930,299</u> | <u>\$ 268,850</u> | <u>\$ 393,850</u> | <u>\$ 0</u> |
| Financing: | | | | |
| State General Fund | \$ 63,850 | \$ 63,850 | \$ 63,850 | \$ 0 |
| State Institutions Building Fund | 866,449 | 205,000 | 330,000 | 0 |
| TOTAL | <u>\$ 930,299</u> | <u>\$ 268,850</u> | <u>\$ 393,850</u> | <u>\$ 0</u> |

Agency Request

The **agency** requests requests \$930,299 for capital improvement projects. The request includes \$63,850, all from the State General Fund, for debt service principal payments. All remaining funding would come from the State Institutions Building Fund (SIBF) for the following projects:

Rehabilitation and Repair. The agency requests \$205,000 for maintenance projects. The agency's top priority is maintaining the campus buildings.

Roth Dormitory Renovation Architect Fees. The agency requests \$279,449 for architecture fees associated with renovating the West Wing of the building. The East Wing has already been renovated and houses the majority of the residential students. According to the agency, obtaining architectural drawings will allow the agency to obtain a more accurate estimate of the entire project. Currently, the agency estimates the west wing renovation will cost

\$3.67 million. Upon completion, the renovation would include one floor of dormitories, one floor of independent living units used for life skills training, and a multi-purpose floor used for parent education, a library, a conference room, and a media area.

Roth Dormitory Electrical Utility Distribution Upgrades. As part of the dormitory renovations, the agency requests \$242,000 to upgrade the electrical system. The agency notes that the current electrical system is too outdated to carry current electrical loads.

Kitchen Refrigeration Upgrade. The agency requests \$140,000 to upgrade the main kitchen refrigeration systems. The agency notes that the system frequently malfunctions, and repairs are no longer cost efficient.

Governor's Recommendation

The **Governor** recommends \$268,250, including \$63,850 from the State General Fund for capital improvement requests in FY 2011. The Governor concurs with the agency's request for debt service principal, all from the State General Fund, and concurs with the agency's request for rehabilitation and repair funding, all from the SIBF. The Governor does not recommend any other capital improvement projects in FY 2011.

Joint Committee on State Building Construction Recommendation

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

1. Add \$125,000, all from the SIBF, for emergency repairs to the electrical system at the School. The Committee heard testimony that the current electrical system includes a 12,470 volt central distribution line. The line has experienced compromised insulation, oil leaks, and structural deterioration which has caused safety concerns. The added funding to replace the current system with a building-by-building service delivery scenario would result in elimination of high voltage lines in tunnels, oil switches, and splice pots. The new system would be reduced to a 480 volt system, alleviate safety concerns, and begin the process of phasing-in a campus-wide installation.

Senate Subcommittee Recommendation

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

1. Review, at Omnibus, the addition of \$125,000, all from the SIBF, for emergency repairs to the electrical system at the school. The Subcommittee reviewed the recommendation of the Joint Committee on State Building Construction, and requested the agency create and submit a report to the Senate Committee on Ways and Means during Omnibus showing the cost of repairs, the cost of replacing the entire system campus-wide, and any increases in utility costs caused by switching from the central distribution line to a building-by-building system.

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Judicial Branch

Bill No. 556

Bill Sec. 46

Analyst: Cussimano

Analysis Pg. No. 1,614

Capital Budget Page No. 222

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| 4 th Court of Appeals Judge's Suite | \$ 199,499 | \$ 199,499 | \$ (199,499) | \$ (199,499) |
| TOTAL | <u>\$ 199,499</u> | <u>\$ 199,499</u> | <u>\$ (199,499)</u> | <u>\$ (199,499)</u> |
| Financing: | | | | |
| State General Fund | \$ 199,499 | \$ 199,499 | \$ (199,499) | \$ (199,499) |
| TOTAL | <u>\$ 199,499</u> | <u>\$ 199,499</u> | <u>\$ (199,499)</u> | <u>\$ (199,499)</u> |

Agency Request

The **agency** requests \$199,499, all from the State General Fund, for the construction of a new judicial suite for the 14th Court of Appeals judge and staff. During the 2009 legislative session, 2009 SB 66 was passed which delayed the implementation of the position until January 2011. Funding would allow the Judicial Branch to construct the space in anticipation of filling the position.

Governor's Recommendation

The **Governor** concurs with the agency request.

Joint Committee on State Building Construction Recommendation

The **Joint Committee on State Building Construction** does not concur with the Governor's recommendation and makes the following recommendation:

1. Delete \$199,499, all from the State General Fund, for construction of the 14th Court of Appeals Judge and staff offices.

Senate Subcommittee Recommendation

The **Subcommittee** does not concur with the Governor's recommendation and makes the following recommendation:

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1. Delete \$199,499, all from the State General Fund, for construction of the 14th Court of Appeals Judge and staff offices.

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Department of Social and Rehabilitation Services

Bill No. SB 555

Bill Sec. 5

Analyst: Deckard

Analysis Pg. No. 294

Capital Budget Page No. 222

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|----------------------------------|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| Chanute Center Rehab & Repair | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 0 |
| State Hospitals Rehab & Repair | 4,062,950 | 1,415,629 | 1,415,629 | 0 |
| Debt Service Principal | 3,390,000 | 3,390,000 | 3,390,000 | 0 |
| TOTAL | <u>\$ 7,652,950</u> | <u>\$ 5,005,629</u> | <u>\$ 5,005,629</u> | <u>\$ 0</u> |
| Financing: | | | | |
| State Institutions Building Fund | \$ 7,452,950 | 4,805,629 | 4,805,629 | \$ 0 |
| Other State Fees Fund | 200,000 | 200,000 | 200,000 | 0 |
| TOTAL | <u>\$ 7,652,950</u> | <u>\$ 5,005,629</u> | <u>\$ 5,005,629</u> | <u>\$ 0</u> |

Agency Request

The **agency** requests capital improvement expenditures of \$7.7 million in FY 2011. This includes \$3.4 million for debt service principal payments; \$4.1 million for rehabilitation and repair projects at the five state hospitals; and \$200,000 for rehabilitation and repair projects at the Chanute area office.

Governor's Recommendation

The **Governor** recommends FY 2011 capital improvement expenditures of \$5.0 million, a decrease of \$2.6 million, or 34.6 percent, below the agency's request. The reduction is all in the agency's request for rehabilitation and repair projects at the state hospitals.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

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

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SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: SRS Hospitals

Bill No. HB 556

Bill Sec. 67

Analyst: Montgomery

Analysis Pg. No. Various

Capital Budget Page No. 207-213

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|---|------------------------|----------------------|----------------------|--|
| Projects: | | | | |
| Osawatomie State Hospital rehabilitation and repair | \$ 8,722 | \$ 8,722 | \$ 8,722 | \$ 0 |
| Kansas Neurological Institute energy conservation improvement | 125,320 | 125,320 | 125,320 | 0 |
| Parsons State Hospital and Training Center energy conservation improvements | 125,946 | 125,946 | 125,946 | 0 |
| TOTAL | <u>\$ 259,988</u> | <u>\$ 259,988</u> | <u>\$ 259,988</u> | <u>\$ 0</u> |
| Financing: | | | | |
| State General Fund | \$ 74,843 | \$ 66,121 | \$ 66,121 | \$ 0 |
| All Other Funds | 185,145 | 193,867 | 193,867 | 0 |
| TOTAL | <u>\$ 259,988</u> | <u>\$ 259,988</u> | <u>\$ 259,988</u> | <u>\$ 0</u> |

Agency Request

The **agency** requests \$259,988, including \$74,843, from the State General fund, for FY 2011 capital improvements. Expenditures include \$8,722, all from the State General fund, for Osawatomie State Hospital rehabilitation and repair and \$251,266, including \$66,151 from the State General Fund, for Kansas Neurological Institute and Parsons State Hospital and Training Center principal payments to the Department of Administration for the hospitals participation in the state's energy conservation improvement project. The conservation project was accomplished through a comprehensive energy service performance contract for improvements to several buildings. The state project was designed to help facilities capture savings in energy costs through improvements such as lighting retrofits, mechanical improvements and water conservation measures. The debt service is then paid through the savings generated by the improvements.

Governor's Recommendation

The **Governor** concurs with the capital improvement requests with the adjustment of removing \$8,722 from the State General Fund and adding \$8,722 from the Osawatomie Hospital Fee Fund.

Joint Committee on State Building Construction Recommendation

The **Joint Committee** concurs with the Governor.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with Governor's recommendation.

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SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Juvenile Justice Authority

Bill No. SB 555

Bill Sec. 21

Analyst: Allen

Analysis Pg. No. 1,147

Capital Budget Page No. 366

| Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|---|------------------------|----------------------|-----------------------|--|
| Projects: | | | | |
| Central Office: | | | | |
| Rehabilitation & Repair | \$ 860,973 | \$ 860,973 | \$ 860,973 | \$ 0 |
| Debt Service | 2,290,000 | 2,290,000 | 2,290,000 | 0 |
| Kansas Juvenile Correctional Complex: | | | | |
| Rehabilitation & Repair | 0 | 0 | 0 | 0 |
| Debt Service | 0 | 0 | 0 | 0 |
| Larned Juvenile Correctional Facility: | | | | |
| Rehabilitation & Repair | 0 | 0 | 0 | 0 |
| Debt Service | 0 | 0 | 0 | 0 |
| Beloit Juvenile Correctional Facility: | | | | |
| Rehabilitation & Repair | 0 | 0 | 0 | 0 |
| Debt Service Principal | 0 | 0 | 0 | 0 |
| TOTAL | <u>\$ 3,150,973</u> | <u>\$ 3,150,973</u> | <u>\$ 3,150,973</u> | <u>\$ 0</u> |
| Financing: | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| State Institutions Building Fund | 3,150,973 | 3,150,973 | 3,150,973 | 0 |
| TOTAL | <u>\$ 3,150,973</u> | <u>\$ 3,150,973</u> | <u>\$ 3,150,973</u> | <u>\$ 0</u> |

Agency Request

The **agency** requests capital improvements for FY 2011 in the amount of \$3,150,973, all from the State Institutions Building Fund. Of this, \$860,973 is for rehabilitation and repair projects, including professional services, security upgrades, and replacement carpeting. The balance is debt service principal payments for the Kansas Juvenile Correctional Complex and Larned Juvenile Correctional Facility. The funding for capital improvements flows through the central office budget in the budget year and is reflected within facility budgets in the current year.

4-40

Governor's Recommendation

The **Governor** concurs with the agency's request.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

The **Subcommittee** concurs with Governor's recommendation.

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SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Department of Wildlife and Parks

Bill No. SB 555

Bill Sec. 25

Analyst: O'Hara

Analysis Pg. No. 118

Capital Budget Page No. 233

| Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--------------------------------------|----------------------------|----------------------------|----------------------------|--|
| Projects: | | | | |
| Parks Major Maintenance | \$ 1,875,000 | \$ 500,000 | \$ 500,000 | \$ 0 |
| Land Acquisition | 2,100,000 | 2,100,000 | 2,100,000 | 0 |
| Cabin Site Preparation | 300,000 | 300,000 | 300,000 | 0 |
| Wetlands | 400,000 | 400,000 | 400,000 | 0 |
| Public Lands Major Maintenance | 392,500 | 392,500 | 392,500 | 0 |
| River Access | 150,000 | 150,000 | 150,000 | 0 |
| Trail Development | 585,000 | 585,000 | 585,000 | 0 |
| Road Maintenance | 1,681,000 | 637,472 | 637,472 | 0 |
| Bridge Maintenance | 200,000 | 200,000 | 200,000 | 0 |
| Federally Mandated Boating Access | 1,140,000 | 1,140,000 | 1,140,000 | 0 |
| Debt Service Principal | 45,000 | 45,000 | 45,000 | 0 |
| TOTAL | <u><u>\$ 8,868,500</u></u> | <u><u>\$ 6,449,972</u></u> | <u><u>\$ 6,449,972</u></u> | <u><u>\$ 0</u></u> |
| Financing: | | | | |
| State General Fund | \$ 1,506,300 | \$ 6,300 | \$ 6,300 | \$ 0 |
| Special Revenue Funds | 5,177,200 | 4,033,672 | 4,033,672 | 0 |
| Federal Funds | 2,185,000 | 2,410,000 | 2,410,000 | 0 |
| TOTAL | <u><u>\$ 8,868,500</u></u> | <u><u>\$ 6,449,972</u></u> | <u><u>\$ 6,449,972</u></u> | <u><u>\$ 0</u></u> |

Agency Request

The **agency** requests expenditures totaling \$8.9 million, including \$1.5 million from the State General Fund. The request is a decrease of \$5.7 million, or 38.9 percent, below the agency's revised FY 2010 estimate. The request includes an enhancement request of \$1.5 million, all from the State General Fund. Absent the enhancement request, the agency's State General Fund request for capital improvements totals \$6,300, which is attributed to debt service principal payments. The remainder of the decrease is due to capital improvement projects that are anticipated to conclude in FY 2010 and reappropriated funding that was carried forward from FY 2009 to FY 2010 that is budgeted to be spent in FY 2010. The agency requests increases in several of the programs to reflect anticipated payments, maintenance, and construction.

4-42

Governor's Recommendation

The **Governor** recommends expenditures totaling \$6.4 million, including \$6,300 from the State General Fund. The recommendation is a decrease of \$2.4 million, or 27.3 percent, below the agency's FY 2011 request, and a decrease of \$8.0 million, or 55.4 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend the agency's enhancement request, which totals \$1.5 million, all from the State General Fund. The Governor also recommends suspending a transfer from the State Highway Fund to the agency's Department Access Roads Fund in FY 2011 totaling \$1,043,528. In addition, the Governor recommends an addition of \$125,000, all from federal funds, for facilities at the State Parks.

Joint Committee on State Building Construction Recommendation

The **Joint Committee** concurs with the Governor's FY 2011 recommendation.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2011 recommendation.

4-43

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Kansas State Fair

Bill No. SB 555

Bill Sec. 24

Analyst: O'Hara

Analysis Pg. No. 51

Capital Budget Page No. 232

| Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|---------------------------|------------------------|----------------------|-----------------------|--|
| Projects: | | | | |
| Rehabilitation and Repair | \$ 116,592 | \$ 116,592 | \$ 116,592 | \$ 0 |
| Debt Service | 1,255,000 | 1,255,000 | 2,098,000 | 0 |
| TOTAL | \$ 1,371,592 | \$ 1,371,592 | \$ 2,214,592 | \$ 0 |
| Financing: | | | | |
| State General Fund | \$ 1,255,000 | \$ 1,255,000 | \$ 2,098,000 | \$ 0 |
| All Other Funds | 116,592 | 116,592 | 116,592 | 0 |
| TOTAL | \$ 1,371,592 | \$ 1,371,592 | \$ 2,214,592 | \$ 0 |

Agency Request

The **agency** requests capital improvement expenditures of \$1.4 million, including \$1.3 million from the State General Fund, which is an increase of \$1.1 million, or 423.7 percent, above the revised FY 2010 estimate. The agency requests \$116,592, all from special revenue funds, for rehabilitation and repair projects. In addition, the agency requests \$1.3 million, all from the State General Fund, for debt service principal payments in FY 2011.

In addition, the agency requests \$843,000 be transferred from the State General Fund to the State Fair Capital Improvements Fund. The agency states that the state has not made its statutory transfer in four of the past nine fiscal years, which has created a void of \$1,043,000 over the past nine years within the State Fair Capital Improvement Fund. The agency requests \$843,000 in FY 2011 from the State General Fund, which in addition to the agency's FY 2010 supplemental request, would fund the match amounts that the state did not transfer in previous fiscal years.

Governor's Recommendation

The **Governor** concurs with the agency's revised FY 2011 request for expenditures and recommends a transfer of \$50,000 from the State Fair Fee Fund to the State Fair Capital Improvements Fund. This additional transfer would increase the agency's transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund from \$300,000 to \$350,000 in FY 2011. The Governor also recommends that the agency transfer all or part of its contribution earlier than required from the State Fair Fee Fund to the State Fair Capital Improvements Fund in order to make the required bond payment. The Governor does not recommend the

enhancement request to transfer \$843,000 from the State General Fund to the State Fair Capital Improvements Fund.

Joint Committee on State Building Construction Recommendation

The **Joint Committee** concurs with the Governor's FY 2011 recommendation, with the following adjustment:

1. Add \$843,000, all from the State General Fund, in FY 2011 to fund a portion of the state's matches to the State Fair Capital Improvements Fund that were not made in FY 2002, FY 2004, and FY 2005. According to K.S.A. 2-223, the agency transfers an amount that is not less than 5.0 percent of the annual receipts from the State Fair that are deposited in the agency's fee fund to its State Fair Capital Improvements Fund. This fund is utilized for bond payments. According to the statute, the state then matches that amount, up to \$300,000. The 2009 Legislature suspended the state's match for FY 2010 and the Governor has recommended suspending the match for FY 2011. The agency states that if no match is made in FY 2010 and FY 2011, it anticipates a shortfall of \$225,405 in its State Fair Capital Improvements Fund on April 1, 2011, when its bond payment is due.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2011 recommendation.

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Department of Correction System

Bill No. SB 555

Bill Sec. 20

Analyst: Waltner

Analysis Pg. No. 935

Capital Budget Page No. 341

| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|---|------------------------|----------------------|-----------------------|--|
| Projects: | | | | |
| Department of Corrections | | | | |
| Rehabilitation and Repair | \$ 3,735,303 | \$ 3,088,303 | \$ 3,088,303 | \$ 0 |
| Debt Service | 3,630,000 | 3,630,000 | 3,630,000 | 0 |
| Subtotal - DOC | \$ 7,365,303 | \$ 6,718,303 | \$ 6,718,303 | \$ 0 |
| EI Dorado Correctional Facility | | | | |
| Rehabilitation and Repair | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Debt Service | 209,457 | 209,457 | 209,457 | 0 |
| Subtotal - EDCF | \$ 209,457 | \$ 209,457 | \$ 209,457 | \$ 0 |
| Ellsworth Correctional Facility | | | | |
| Rehabilitation and Repair | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Debt Service | 77,097 | 77,097 | 77,097 | 0 |
| Subtotal - ECF | \$ 77,097 | \$ 77,097 | \$ 77,097 | \$ 0 |
| Hutchinson Correctional Facility | | | | |
| Rehabilitation and Repair | \$ 25,000 | \$ 0 | \$ 0 | \$ 0 |
| Debt Service | 269,000 | 269,000 | 269,000 | 0 |
| Subtotal - HCF | \$ 294,000 | \$ 269,000 | \$ 269,000 | \$ 0 |
| Lansing Correctional Facility | | | | |
| Rehabilitation and Repair | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Debt Service | 379,140 | 379,140 | 379,140 | 0 |
| Subtotal - LCF | \$ 379,140 | \$ 379,140 | \$ 379,140 | \$ 0 |
| Larned Correctional Mental Health Facility | | | | |
| Rehabilitation and Repair | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Debt Service | 14,762 | 14,762 | 14,762 | 0 |
| Subtotal - LCMHF | \$ 14,762 | \$ 14,762 | \$ 14,762 | \$ 0 |

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| Project | Agency Rec. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--|------------------------|----------------------|-----------------------|--|
| Norton Correctional Facility | | | | |
| Rehabilitation and Repair | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Debt Service | 175,479 | 175,479 | 175,479 | 0 |
| Subtotal - NCF | \$ 175,479 | \$ 175,479 | \$ 175,479 | \$ 0 |
| Topeka Correctional Facility | | | | |
| Rehabilitation and Repair | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Debt Service | 64,015 | 64,015 | 64,015 | 0 |
| Subtotal - TCF | \$ 64,015 | \$ 64,015 | \$ 64,015 | \$ 0 |
| Winfield Correctional Facility | | | | |
| Rehabilitation and Repair | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Debt Service | 136,181 | 136,181 | 136,181 | 0 |
| Subtotal - WCF | \$ 136,181 | \$ 136,181 | \$ 136,181 | \$ 0 |
| TOTAL | \$ 8,715,434 | \$ 8,043,434 | \$ 8,043,434 | \$ 0 |
| Financing: | | | | |
| State General Fund | \$ 3,699,434 | \$ 3,170,434 | \$ 3,170,434 | \$ 0 |
| Correctional Institutions Building Fund | 5,016,000 | 4,873,000 | 4,873,000 | 0 |
| TOTAL | \$ 8,715,434 | \$ 8,043,434 | \$ 8,043,434 | \$ 0 |

Agency Request

The **Department of Corrections system** request for FY 2011 capital improvements expenditures totals \$8.7 million, including \$3.7 million from the State General Fund. The request includes \$4,955,131 for debt service principal and \$3,760,303 for rehabilitation and repair. The bonds with remaining principal include the El Dorado Correctional Facility and Larned Correctional Mental Health Facility construction bonds, the reception and diagnostic unit at El Dorado Correctional Facility bonds, correctional facility infrastructure project bonds, and the capacity expansion planning bonds. Debt service principal is also being paid by the correctional facility for the Facility Conservation Improvement Projects bonds. The FY 2011 debt service principal is an increase of \$888,130, or 21.9 percent, above the FY 2010 debt service principal, which is due bond restructuring that occurred in FY 2009.

The request includes two enhancements totaling \$529,000, all from the State General Fund, which include: a backflow preventer at the Hutchinson correctional facility, which is needed to receive water from the city (\$25,000); and planning funds for a new women's health

unit at Topeka Correctional Facility and men's health unit at Lansing correctional facility for inmates with the highest mental health and behavior management needs (\$504,000).

Governor's Recommendation

The **Governor** recommends \$8.0 million, including \$3.2 million from the State General Fund. The recommendation is a decrease of \$672,000, or 7.7 percent, below the FY 2011 agency request. The decrease is due in part to the two enhancement requests, which are not recommended by the Governor. The remainder of the decrease is in Correctional Institutions Building Fund (CIBF) expenditures due to an adjustment to the projected balance in the CIBF, which occurred for two reasons: a decrease in the transfer from the State Gaming Revenues Fund to the CIBF; and the use of CIBF funds to make the principal payment on the capacity expansion planning bonds. The CIBF reduction reduces the amount available for rehabilitation and repair projects in FY 2011.

Joint Committee on State Building Construction Recommendation

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

Senate Subcommittee Recommendation

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

SENATE SUBCOMMITTEE REPORT

CAPITAL IMPROVEMENTS

Agency: Kansas State Historical Society

Bill No. SB 555

Bill Sec. 10

Analyst: Tang

Analysis Pg. No. 891

Capital Budget Page No. 321

| Project | Agency Req. FY 2011 | Gov. Rec. FY 2011 | JCSBC Rec. FY 2011 | Senate Subcommittee Adjustments FY 2011 |
|--------------------------------------|------------------------|----------------------|-----------------------|--|
| Projects: | | | | |
| Emergency Repairs and Rehabilitation | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 0 |
| Cottonwood Ranch | 27,000 | 27,000 | 27,000 | 0 |
| John Brown Museum | 50,000 | 50,000 | 50,000 | 0 |
| Grinter Place | 35,000 | 35,000 | 35,000 | 0 |
| Lighting Replacement | 50,000 | 50,000 | 50,000 | 0 |
| Constitutional Hall | 14,477 | 14,477 | 14,477 | 0 |
| TOTAL | \$ 301,477 | \$ 301,477 | \$ 301,477 | \$ 0 |
| Financing: | | | | |
| State General Fund | \$ 209,477 | \$ 125,000 | \$ 125,000 | \$ 0 |
| All Other Funds | 92,000 | 176,477 | 176,477 | 0 |
| TOTAL | \$ 301,477 | \$ 301,477 | \$ 301,477 | \$ 0 |

Agency Request

The **agency** requests \$301,477, including \$209,477 from the State General Fund, for capital improvements projects in FY 2011. The agency requests \$125,000 from the State General Fund for the repair and rehabilitation of the more than fifty structures under its care. The agency requests \$50,000 from the State General Fund for the replacement of faulty lighting fixtures that have caught fire on at least two occasions at the State Historical Society in Topeka. The agency also requests \$14,477 from the State General Fund for Constitution Hall. The agency requests \$27,000 in private funds for Cottonwood Ranch, \$30,000 from federal grants to match the \$20,000 from the State General Fund for the John Brown Museum, and \$35,000 from private funds for Grinter Place.

Governor's Recommendation

The **Governor** recommends \$301,477, including \$125,000 from the State General Fund, for capital improvements projects in FY 2011. The Governor recommends using the agency's special revenue funds to replace the lighting fixtures (\$50,000), provide the state match for the John Brown Museum (\$20,000), and repair Constitution Hall (\$14,477), instead of using State General Funds as the agency had requested for FY 2011. The Governor concurs with the use of private funds and federal grants for Cottonwood Ranch, Grinter Place, and the John Brown Museum.

Joint Committee on State Building Construction Recommendation

The **Joint Committee** concurs with the Governor's FY 2011 recommendation.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with Governor's FY 2011 recommendation.

Educational Building Fund

KSA 76-6b01 authorizes a 1.0 mill tax levy on real property for the Educational Building Fund (EBF), for the use and benefit of the state institutions of higher education.

KSA 76-6b02 limits the use of the funds in the EBF to the construction, reconstruction, equipment and repair of buildings and grounds at the state educational institutions under the control and supervision of the State Board of Regents and for payment of debt service on revenue bonds issued to finance such projects, all subject to appropriation by the Legislature.

State Institutions Building Fund

KSA 76-6b04 authorizes a 0.5 mill tax levy on real property for the State Institutions Building Fund (SIBF), for the use and benefit of state institutions caring for persons who are mentally ill, retarded, visually handicapped, with a handicapping hearing loss or tubercular or state institutions caring for children who are deprived, wayward, miscreant, delinquent, children in need of care or juvenile offenders and who are in need of residential care or treatment, or institutions designed primarily to provide vocational rehabilitation for handicapped persons.

State institutions include, but are not limited to, those institutions under the authority of the Commissioner of Juvenile Justice.

KSA 76-6b05 limits expenditures from the fund to be used for the construction, reconstruction, equipment and repair of buildings and grounds at institutions specified in K.S.A. 76-6b04, and amendments thereto, and for payment of debt service on revenue bonds issued to finance such projects, all subject to appropriation by the Legislature.

Correctional Institutions Building Fund

KSA 79-4803 transfers an amount equal to 10.0 percent of the balance of all moneys credited to the state gaming revenues fund to the Correctional Institutions Building Fund (CIBF), to be appropriated by the Legislature for the use and benefit of state correctional institutions.

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Status of State Building Funds

| | FY 2009 | FY 2010 | FY 2010 Senate Subcommittee Est. | FY 2011 Governor's Estimate | FY 2011 Senate Subcommittee Est. | FY 2012 Governor's Estimate |
|---|---------------|----------------|---|-----------------------------------|---|-----------------------------------|
| | Actual | Gov. Rec. | | | | |
| <u>Educational Building Fund</u> | | | | | | |
| Beginning Balance | \$ 17,515,790 | \$ 17,360,468 | \$ 17,360,468 | \$ (2,063,942) | \$ (2,063,942) | \$ 1,729,975 |
| Released Encumbrances/Adjs. | -- | -- | -- | -- | -- | -- |
| Receipts | 33,936,742 | 32,592,641 | 32,592,641 | 34,268,917 | 34,268,917 | 34,971,715 |
| Resources Available | \$ 51,452,532 | \$ 49,953,109 | \$ 49,953,109 | \$ 32,204,975 | \$ 32,204,975 | \$ 36,701,690 |
| Less Expenditures | \$ 34,092,064 | \$ 52,017,051 | \$ 52,017,051 | \$ 30,475,000 | \$ 30,475,000 | \$ 30,475,000 |
| Ending Balance | \$ 17,360,468 | \$ (2,063,942) | \$ (2,063,942) | \$ 1,729,975 | \$ 1,729,975 | \$ 6,226,690 |
| <u>State Institutions Building Fund</u> | | | | | | |
| Beginning Balance | \$ 12,116,898 | \$ 10,024,109 | \$ 10,024,109 | \$ 7,536,078 | \$ 7,536,078 | \$ 10,524,320 |
| Released Encumbrances/Adjs. | -- | -- | -- | -- | -- | -- |
| Receipts | 16,960,860 | 16,347,821 | 16,347,821 | 17,187,246 | 17,187,246 | 17,539,965 |
| Resources Available | \$ 29,077,758 | \$ 26,371,930 | \$ 26,371,930 | \$ 24,723,324 | \$ 24,723,324 | \$ 28,064,285 |
| Less Expenditures | \$ 19,053,649 | \$ 18,835,852 | \$ 18,835,852 | \$ 14,199,004 | \$ 14,199,004 | \$ 14,199,004 |
| Ending Balance | \$ 10,024,109 | \$ 7,536,078 | \$ 7,536,078 | \$ 10,524,320 | \$ 10,524,320 | \$ 13,865,281 |
| <u>Correctional Institutions Building Fund</u> | | | | | | |
| Beginning Balance | \$ 2,741,172 | \$ 2,068,591 | \$ 2,068,591 | \$ -- | \$ -- | \$ -- |
| Released Encumbrances/Adjs. | -- | -- | -- | -- | -- | -- |
| Receipts | 4,798,305 | 4,797,985 | 4,797,985 | 4,992,000 | 4,992,000 | 4,992,000 |
| Resources Available | \$ 7,539,477 | \$ 6,866,576 | \$ 6,866,576 | \$ 4,992,000 | \$ 4,992,000 | \$ 4,992,000 |
| Less Expenditures | \$ 5,470,886 | \$ 6,866,576 | \$ 6,866,576 | \$ 4,992,000 | \$ 4,992,000 | \$ 4,992,000 |
| Ending Balance | \$ 2,068,591 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |

* Unfinished or delayed FY 2010 projects will result in lower FY 2010 expenditures and a positive balance.



March 10, 2010

Senator Dwayne Umbarger
State Capitol, Room 441-E
300 SW 10th Ave.
Topeka, KS 66612

Dear Senator Umbarger:

As a follow-up to Sen. Kelly's question at last Wednesday's Senate Capital Improvement committee meeting, the Kansas State Fair has identified the following amounts as the minimum amounts needed to keep the State Fair Capital Improvement Funds from the anticipated shortfalls during FY 2010 and FY 2011, assuming of course there is nothing beyond our control that occurs to the facilities.

FY 2010 - \$12,899.38

FY 2011 - \$225,404.89

If you have any questions or need additional information, don't hesitate to e-mail or give me a call at 620-669-3600.

Thank you for your support of the Fair.

Sincerely,

Denny Stoecklein
General Manager

Senate Ways & Means Cmte
Date 3-10-2010
Attachment 5

Capital Improvement Budget Forecasting

| Fund Activity | Date | Amount | Fund Balance |
|---|-----------|-----------------|------------------------------|
| Ending FY08 Balance | | | \$ 378,241.54 |
| Capital Improvement Deposit Transfer - State | 7/15/2008 | \$ 300,000.00 | \$ 678,241.54 |
| Capital Improvements Expenditures | 6/30/2009 | \$ (109,713.05) | \$ 568,528.49 |
| City/County Contribution | 3/1/2009 | \$ 300,000.00 | \$ 868,528.49 |
| Bond Payment, Principal and Interest | 4/1/2009 | \$ (700,000.00) | \$ 168,528.49 |
| Capital Improvement Deposit Transfer - Fee Fund | 6/30/2009 | \$ 200,000.00 | \$ 368,528.49 |
| Interest earned | | \$ 15,751.00 | <u>\$ 384,279.49</u> |
| Ending FY09 Balance | | | \$ 384,279.49 |
| Capital Improvement Deposit Transfer - State | 7/15/2009 | \$ - | \$ 384,279.49 |
| Bond Payment - Interest | 9/22/2009 | \$ (188,141.64) | \$ 196,137.85 |
| City/County Contribution | 3/1/2010 | \$ 300,000.00 | \$ 496,137.85 |
| Interest earned through March (estimate) | 3/7/2010 | \$ 2,821.13 | \$ 498,958.98 |
| Bond Payment, Principal and Interest | 4/1/2010 | \$ (511,858.36) | \$ (12,899.38) |
| Capital Improvement Deposit Transfer - Fee Fund | 6/30/2010 | \$ 300,000.00 | \$ 287,100.62 |
| Capital Improvements Expenditures | 6/30/2010 | \$ (114,305.51) | \$ 172,795.11 |
| Interest earned April through June | | \$ - | <u>\$ 172,795.11</u> |
| Ending FY10 Balance | | | \$ 172,795.11 |
| Capital Improvement Deposit Transfer - State | 7/15/2010 | \$ - | \$ 172,795.11 |
| City/County Contribution | 3/1/2011 | \$ 300,000.00 | \$ 472,795.11 |
| Interest earned through March (estimate) | 3/7/2011 | \$ 1,800.00 | \$ 474,595.11 |
| Bond Payment, Principal and Interest | 4/1/2011 | \$ (700,000.00) | \$ (225,404.89) |
| Capital Improvement Deposit Transfer - Fee Fund | 6/30/2011 | \$ 300,000.00 | \$ 74,595.11 |
| Capital Improvements Expenditures | 6/30/2011 | \$ (116,591.62) | \$ (41,996.51) |
| Interest earned April through June | | \$ - | <u>\$ (41,996.51)</u> |
| Ending FY11 Balance | | | \$ (41,996.51) |
| Capital Improvement Deposit Transfer - State | 7/15/2011 | \$ - | \$ (41,996.51) |
| Capital Improvements Expenditures | 6/30/2012 | \$ (118,923.46) | \$ (160,919.97) |
| Bond Payment, Principal and Interest | 4/1/2012 | \$ (700,000.00) | \$ (860,919.97) |
| Capital Improvement Deposit Transfer - Fee Fund | 6/30/2012 | \$ 300,000.00 | \$ (560,919.97) |
| Interest earned | | \$ - | \$ (560,919.97) |
| Ending FY12 Balance | | | \$ (560,919.97) |

The \$300,000 contribution from the Fair Fee Fund is dependent upon no major repairs and a successful fair year

City/County's last payment is in 2011
 Kansas State Fair's last payment is in 2012

***State Fair Capital Improvement Fund
Matching History***

The State Fair Capital Improvements and Maintenance Fund was authorized by K.S.A. 2-223 in 1988.

On June 30, 1989, and each succeeding June 30, the Fair is to contribute at least five (5) percent from its qualified receipts to maintain and generate further balances in the Fund. On July 1, 1989, and each succeeding July 1, the State of Kansas will transfer an amount equal to that contributed by the Fair, but not to exceed \$300,000 in any one annual, single fiscal year.

| Fiscal Year | State Fair Contribution | State Contribution |
|--------------------|--------------------------------|---|
| 1989 | \$87,551 | N/A |
| 1990 | Exempt | \$87,551 |
| 1991 | \$149,779 | Exempt |
| 1992 | \$107,927 | \$149,779 |
| 1993 | \$117,016 | \$107,927 |
| 1994 | \$145,657 | \$117,016 |
| 1995 | \$153,164 | \$145,657 |
| 1996 | \$196,882 | \$153,164 |
| 1997 | \$113,168 | \$196,882 |
| 1998 | \$260,000 | \$113,168 |
| 1999 | \$300,000 | \$260,000 |
| 2000 | \$300,000 | \$300,000 |
| 2001 | \$300,000 | \$300,000 |
| 2002 | \$158,000 | No match made |
| 2003 | \$243,000 | \$158,000 |
| 2004 | \$300,000 | No match made |
| 2005 | \$200,000 | No match made |
| 2006 | \$25,000 | \$200,000 |
| 2007 | \$300,000 | \$25,000 |
| 2008 | \$300,000 | \$300,000 |
| 2009 | \$200,000 | \$300,000 |
| 2010 | \$300,000 budgeted | No match made |
| 2011 | \$300,000 budgeted | \$300,000 requested (currently not recommended by Division of the Budget) |
| 2012 | | \$300,000 requested |

FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Legislative Division of Post Audit



Senator Jay Emler, Chair



Senator Laura Kelly

Senate Ways & Means Cmte

Date 3-10-2010

Attachment 6

Senate Subcommittee Report

Agency: Legislative Division of Post Audit

Bill No. SB 556

Bill Sec. 36

Analyst: Scott

Analysis Pg. No. 1453

Budget Page No. 161

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | Senate Subcommittee Adjustments |
|--------------------------------|------------------------------|---------------------------------------|---------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 2,954,826 | \$ 2,557,658 | \$ (420,633) |
| Other Funds | 0 | 0 | 0 |
| Subtotal | <u>\$ 2,954,826</u> | <u>\$ 2,557,658</u> | <u>\$ (420,633)</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>\$ 2,954,826</u></u> | <u><u>\$ 2,557,658</u></u> | <u><u>\$ (420,633)</u></u> |
| FTE positions | 27.0 | 27.0 | (5.0) |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>27.0</u></u> | <u><u>27.0</u></u> | <u><u>(5.0)</u></u> |

Agency Request

The **agency** requests a FY 2011 budget of \$2,954,826, all from the State General Fund, an increase of \$186,944, or 6.8 percent, above the revised current year estimate. The increase mainly reflects fringe benefit increases in salaries and wages (\$36,844, or 1.6 percent) and increased contractual expenditures (\$154,800, or 32.0 percent) due to an anticipated increase in the cost of the single state audit. The audit work will increase because of the addition of federal American Recovery and Reinvestment Act funding to many state agency's budgets. The request would fund 27.0 FTE positions, the same as requested for the current year.

Governor's Recommendation

The **Governor** recommends \$2,557,658, all from the State General Fund, for a reduction of \$41,255, or 1.6 percent, below the FY 2010 recommendation. The reduction totals \$114,855, or 5.2 percent, below the FY 2010 recommendation in salary and wages and \$1,200, or 7.2 percent, below the FY 2010 recommendation in commodities. The decreases are partially offset by an increase of \$74,800, or 20.6 percent, in contractual services.

Senate Subcommittee Recommendation

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

6-2

1. Delete \$210,208, all from the State General Fund, and 5.0 FTE positions to eliminate the school district audit team. This team reports to the 2010 Commission which sunsets on December 31, 2010. Currently, the last meeting of the 2010 Commission is tentatively scheduled for April 23, 2010.
2. Add language to suspend all school district audits for two years. The Subcommittee also requests a bill introduction to accomplish the two year suspension.
3. Delete \$210,425, all from the State General Fund, and add language to allow Post Audit the ability to pass through the costs to the state agencies for the single statewide audit. The \$210,425 in expenditures would then be spread across the budgets of almost all other state agencies. The Subcommittee also requests a bill introduction to allow Post Audit to pass through these costs and a review of the progress of the bill during Omnibus.

FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Board of Nursing



Senator Ty Masterson, Chair



Senator Janis Lee



Senator Pat Apple

Senate Ways & Means Cmte
Date 3-10-2010
Attachment 7

House Budget Committee Report

Agency: Board of Nursing

Bill No. HB 2706

Bill Sec. 13

Analyst: Tang

Analysis Pg. No. 1927

Budget Page No. 501

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | House Budget Committee Adjustments |
|--------------------------------|----------------------------|------------------------------------|---------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 1,887,059 | 1,887,059 | 0 |
| Subtotal | <u>\$ 1,887,059</u> | <u>\$ 1,887,059</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>\$ 1,887,059</u></u> | <u><u>\$ 1,887,059</u></u> | <u><u>\$ 0</u></u> |
| | | | |
| 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 FY 2011 operating expenditures of \$1,887,059, all from the Board of Nursing Fee Fund. The request is an increase of \$74,060, or 4.1 percent, above the amount approved by the 2009 Legislature. The increase corresponds with the undermarket salary adjustments that were authorized by the 2009 Legislature for FY 2010 and were not reflected in the approved amount for FY 2011. The request includes 24.0 FTE positions.

Governor's Recommendation

The **Governor** concurs with the agency's request.

House Budget Committee Recommendation

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

House Committee Recommendation

The **Committee** concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Board of Nursing

Bill No. SB 556

Bill Sec. 13

Analyst: Tang

Analysis Pg. No. 1927

Budget Page No. 501

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | Senate Subcommittee Adjustments |
|--------------------------------|------------------------------|---------------------------------------|---------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 1,887,059 | 1,887,059 | 0 |
| Subtotal | <u>\$ 1,887,059</u> | <u>\$ 1,887,059</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>\$ 1,887,059</u></u> | <u><u>\$ 1,887,059</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 FY 2011 operating expenditures of \$1,887,059, all from the Board of Nursing Fee Fund. The request is an increase of \$74,060, or 4.1 percent, above the amount approved by the 2009 Legislature. The increase corresponds with the undermarket salary adjustments that were authorized by the 2009 Legislature for FY 2010 and were not reflected in the approved amount for FY 2011. The request includes 24.0 FTE positions.

Governor's Recommendation

The **Governor** concurs with the agency's request.

Senate Subcommittee Recommendation

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

Office of Revisor of Statutes
300 S.W. 10th Avenue
Suite 24-E, Statehouse
Topeka, Kansas 66612-1592
Telephone (785) 296-2416 FAX (785) 296-6668

MEMORANDUM

To: Senate Ways and Means
From: Daniel Yoza, Assistant Revisor
Date: March 9, 2010
Subject: HB 2631

House Bill 2631 requires all state agencies to report by January 30 of each year to both houses of the legislature on the location and status of all real property a state agency owns.

The definition of "State Agency" used in this bill is from K.S.A. 74-5039 which states:

"As used in this act, the term "state agency" means any officer, department, bureau, division, board, authority, agency, commission or institution of this state. The term state agency does not include within its meaning any political or taxing subdivision of this state."

The department of transportation is exempted from this requirement, but is required to annually report "...a list of potential excess property that the department owns, operates, holds or has acquired...."

This bill, if passed, would take effect on July 1, 2010.

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

STATE CAPITOL
300 S.W. TENTH STREET
TOPEKA, KANSAS 66612
(785) 296-7689
spalding@house.state.ks.us



12119 BLUEJACKET
OVERLAND PARK, KS 66213
(913) 681-8491

SHERYL SPALDING
29TH DISTRICT

Testimony before the

Senate Ways and Means Committee

On

HB 2631 – State owned real estate; report from departments and agencies of the state to the legislature

March 10, 2010

Mr. Chairman and Members of the Committee

Thank you for the opportunity to offer **HB 2631** which would require a report from departments and agencies of the state to the legislature regarding the status of the real estate within their control.

HB 2631 came about because of the activities of the House Government and Efficiency Committee last year when we tried to determine, without success, the real estate owned and operated by each of the state agencies and departments.

There has been anecdotal evidence of underused and unused land and buildings owned by state agencies and existing in locations around the state. If such real estate exists, it has the potential to be sold for profit by the state. This would not only benefit the state immediately, but over the long term the amount of money spent on upkeep would lessen the state obligations.

In addition, any property owned by the state does not pay property tax to local authorities and divesting ourselves of this property would allow others to buy the real estate and begin contributing to the local economy.

Thank you for your consideration.

Senate Ways & Means Cmte
Date 3-10-2010
Attachment 9

**TESTIMONY BEFORE
SENATE WAYS AND MEANS COMMITTEE**

**REGARDING HOUSE BILL 2631
RELATING TO ANNUAL REPORTING OF KDOT REAL ESTATE**

MARCH 10, 2010

Good afternoon Mister Chairman, members of the committee. I am Vicky Johnson, Chief Counsel for the Kansas Department of Transportation (KDOT), here today to testify on HB 2631.

HB 2631 requires that KDOT shall provide annually to the legislature a list of potential excess property that the department owns, operates, holds or has acquired in the name of the State of Kansas. On the bill as amended by the House Committee on Government Efficiency and Fiscal Oversight Committee, KDOT takes a neutral position.

KDOT has been working for several years, in a county by county fashion, to identify parcels of property that are potentially excess. The definition we have used for "excess" in order to make the process cost effective is: *A parcel of land 0.25 acres or larger in size, situated at least 50 feet outside the construction limits of the current highway which may be sold or released without compromising the safety of the traveling public, the agency's ability to efficiently maintain and operate the current highway or the future ability to expand or modify the highway in response to changing needs.*

The KDOT Bureau of Right of way has recently completed the identification of the locations of property which is potentially excess. KDOT is now beginning the process of reviewing those locations to determine whether they can be released or sold without compromising the current or future use of the highway. This review involves four different offices within the agency. This will be a time consuming process due, primarily, to the fact that the work will have to be performed by existing agency staff and worked in among their other duties.

Once it is determined to be property no longer needed by the department each parcel must be researched to determine how and when it was acquired. This information is important because it impacts KDOT's ability to release or sell the parcel. KDOT does not own full fee simple interest in those parcels that have been acquired through condemnation after March 30, 1951, or those parcels acquired by deed but described as a permanent easement. KDOT's interest in such permanent easement parcels must be united with the interest of an underlying fee owner to be sold. Tracts acquired within some time parameters are also subject to an appellate court ruling which extinguishes the KDOT interest in the property as soon as it is declared to be excess and is offered for sale. Finally, a determination must be made on whether any federal funds were used in the acquisition of the property.

Senate Ways & Means Cmte
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If the acquisition research finds that a parcel was acquired by deed in fee simple interest and that no special provision was made at the time of its acquisition for its release if no longer needed for highway purposes and there are no other problems with disposal the parcel continues to the next step. A legal description is prepared for the portion of the property that is excess. Then an appraisal is performed and the property is offered for sale in accordance with state statute. The majority of tracts will only be marketable to adjoining landowners as they are either landlocked or are so small that they are not suitable for independent use.

To the extent that information on the number of tracts per county is sufficient, KDOT is in a position to comply with the provisions of this bill with respect to reporting the number of tracts by county immediately. The level of detail that can be provided with respect to each specific tract will improve as we work our way through the second phase of the project, but this may take a number of years absent additional staffing to accelerate the project.

Thank you for allowing me to testify on HB 2631. I will gladly stand for questions at the appropriate time.

OFFICE OF THE SECRETARY OF TRANSPORTATION

Dwight D. Eisenhower State Office Building

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10-2

SB 564

Testimony for the Senate Committee on Ways and Means

Glenn Deck
Executive Director
Kansas Public Employees Retirement System

March 10, 2010

Chairperson Emler and Members of the Committee:

Thank you for this opportunity to provide testimony in support of SB 564, which addresses the long-term funding shortfall facing the Kansas Public Employees Retirement System (KPERs).

SB 564, as introduced by the Joint Committee on Pensions, Investments, and Benefits, has three components:

Increased Employer Contributions. Raises the cap on employer contribution rate increases from .6% per year to 1.0% per year, beginning in FY 2012.

Increased Employee Contributions. Increases employee contribution rates for both Tier 1 and Tier 2 by 2% over four years, beginning January 1, 2012.

Increased Multiplier for Future Service. Beginning January 1, 2012, raises the benefits formula multiplier to 1.85% for all future years of service credited to members.

More detailed information about measures of current KPERs' funded status and the projected impact of SB 564 is attached.

Background

The investment losses of 2008 had a substantial negative impact on the funding status of the Retirement System as a whole and reversed previous forward progress on long-term funding. All measures of KPERs' funded status deteriorated significantly, as reported in the December 31, 2008, Actuarial Valuation. KPERs' current funding structure is not projected to generate enough contributions to pay off its unfunded actuarial liability (UAL) in the amortization period, leaving a balance of \$6.9 billion in FY 2033. Even assuming an 8% investment return over the next four years, KPERs' UAL and actuarially required contribution (ARC) rates are expected to rise significantly and its funded ratios to decline further as the remaining losses from 2008 are "smoothed" into actuarial valuations over the next four years.

UAL. Looking at the System as a whole, the System's UAL increased by \$2.7 billion or 49% to \$8.3 billion.

ARC Rates. ARC rates for each KPERs group are projected to continue growing substantially. The School Group is out of actuarial balance, and the State Group's ARC rate of 14.41% at its ARC date (FY 2022) will be nearly double the statutory state/school rate paid by state agencies in FY 2010 (7.57%).

Funded Ratio. For public plans, a funded ratio of 80% and rising is considered to indicate adequate funding. Funded ratios of 60% or below are considered to reflect

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Date 3-10-2011
Attachment 11

severe underfunding requiring prompt remedial action. The State's funded ratio dropped to 72% and is projected to fall to near 60% for six years. The School Group's funded ratio immediately fell to 52%. It is projected to reach 41% in FY 2014 and remain at 41 to 43% for another nine years, before finally reaching 60% in FY 2031.

The Joint Committee on Pensions, Investments and Benefits studied KPERS' long-term funding challenges during the 2009 Interim and were presented with a range of potential funding options to address them, including a number of basic funding solution options and multiple variations. The options involved the following elements:

- increasing the statutory employer contribution rate cap
- increasing employee contribution rates
- adjusting the statutory multiplier for future service
- issuing bonds
- creating a new mandatory defined contribution plan for future employees.

Following its review of the options, the Joint Committee introduced SB 564.

Conclusions

The funding problem facing KPERS does not constitute a crisis threatening its short-term viability. Instead, it is KPERS' ability to pay benefits over the long-term that is in jeopardy. KPERS' ability to withstand future economic downturns has been compromised. With any of the funding options considered by the Joint Committee, including SB 564, substantial progress in the short to mid-term may be limited, and KPERS' funding status will remain tenuous for an extended period of time.

Efforts to address the long-term funding shortfall will need to be part of an ongoing process for a number of years. Legislative action is needed to start that process as quickly as possible, in order to begin establishing a more sound foundation for KPERS' long-term financial health. SB 564 provides a good first step. It is consistent with the position of the KPERS Board of Trustees supporting legislation this session that would result in substantial improvement to KPERS' long-term funding projections. For these reasons, I would urge the Committee to work toward enactment of legislation such as SB 564.

I would be glad to respond to any questions you might have.

11-3

Kansas Public Employees Retirement System

2010 Senate Bill 564

Senate Ways and Means Committee

March 10, 2010

Overview

11-4
11

- The unprecedented investment market declines in 2008 had a substantial negative impact on the funding status of the System, reversing forward progress on long-term funding.
- The 12/31/08 actuarial valuation report reflected a significant deterioration in all measures of KPERS' long-term funding status.
 - **Unfunded Actuarial Liability (UAL).** The entire System's UAL increased by \$2.7 billion to \$8.3 billion.
 - The UAL for all three KPERS groups is projected to continue growing for seven to 15 years by 55% (Local) to almost double the current UAL (School).
 - Because the School Group is out of actuarial balance, its remaining UAL at the end of the amortization period in FY 2033 is projected to be \$6.9 billion, compared to a UAL of \$3.9 billion at the end of 2007.
 - **Funded Ratio.**
 - For public plans, a funded ratio of 80% and rising is considered to indicate adequate funding.
 - Funded ratios of 60% or below are considered to reflect severe underfunding requiring prompt remedial action.

Overview (Continued)

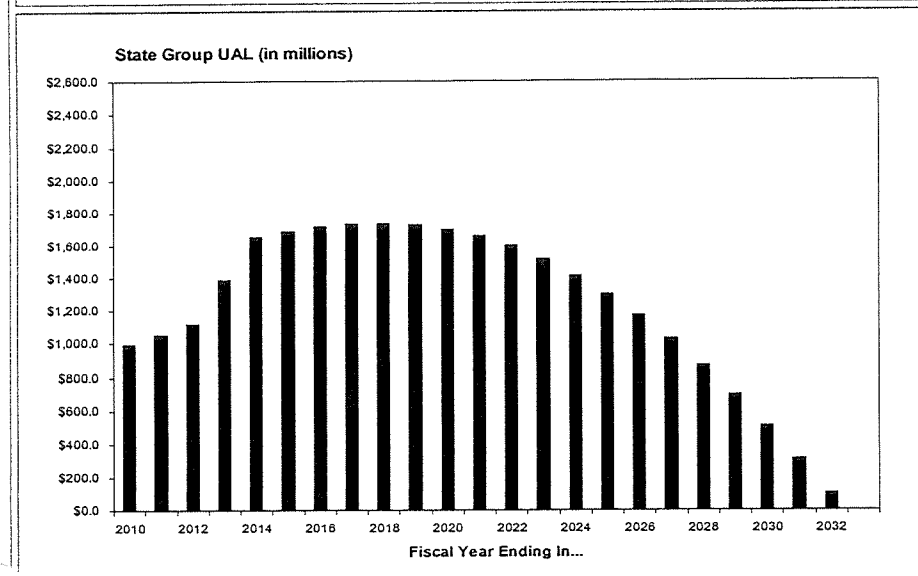
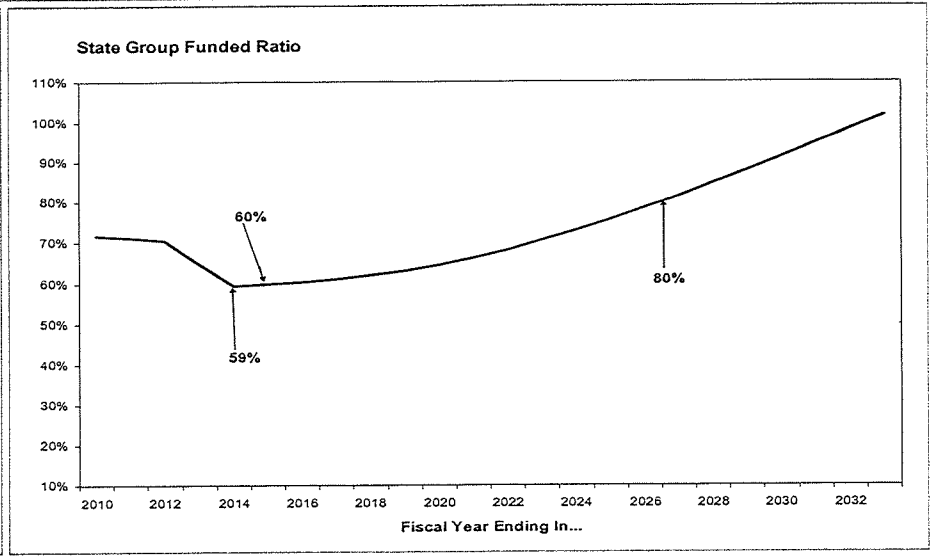
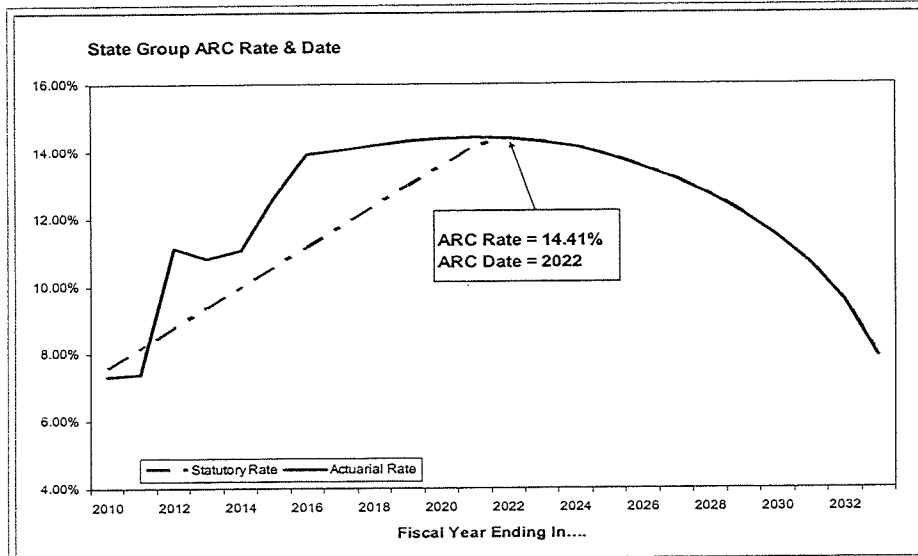
11-5

- **Funded Ratio (Continued).**
 - The State Group's funded ratio dropped to 72% and is projected to fall to near 60% for six years.
 - The School Group's funded ratio immediately fell to 52%. It is projected to reach 41.7% in FY 2014 and remain at 41 to 43% for another nine years, before finally reaching 60% in FY 2031.
- **Actuarially Required Contribution (ARC) Rate.**
 - The School Group is out of actuarial balance. Although its statutory rate is projected to rise to more than 20% by FY 2033, its ARC rate at that point is expected to approach 40%.
 - The actuarially required contribution (ARC) rates for State and Local Groups are projected to nearly double their current contribution rates.
- Collectively, these measures of KPERS' long-term funded status indicate that its ability to withstand future economic downturns has been compromised.
- The funding problem facing KPERS does not constitute a crisis threatening its short-term viability. Instead, it is KPERS' ability to pay benefits over the long-term that is in jeopardy.

9-11

State Group: Baseline Projections

▪ No change in the .6% employer rate increase cap. Assumes average annual investment return of 8%.

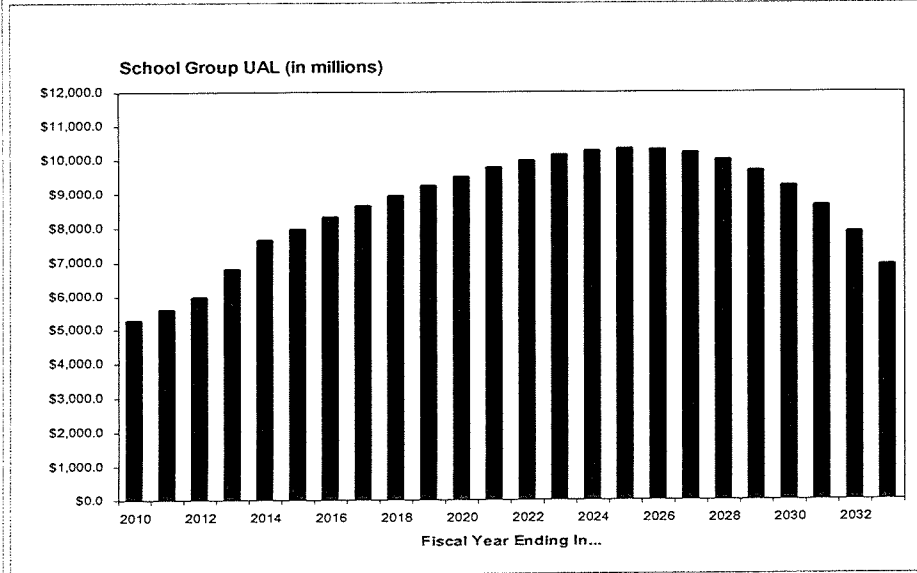
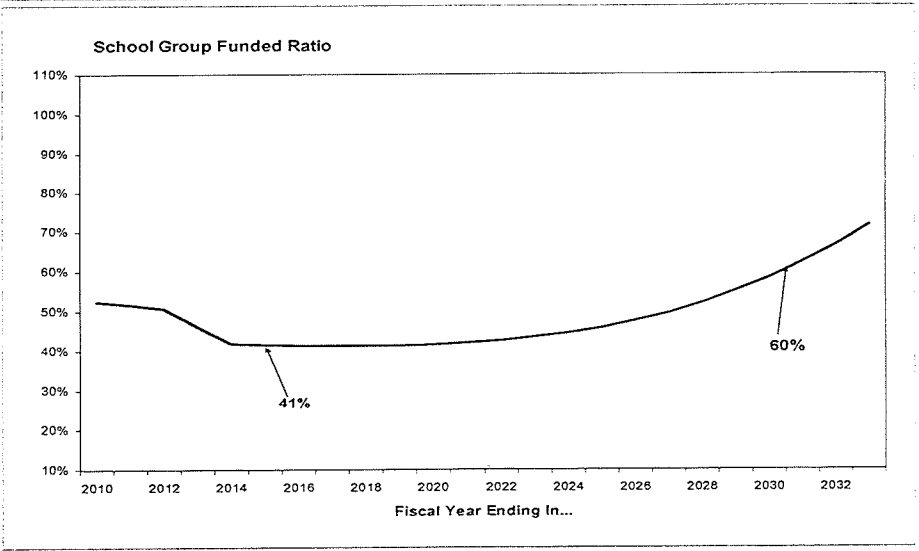
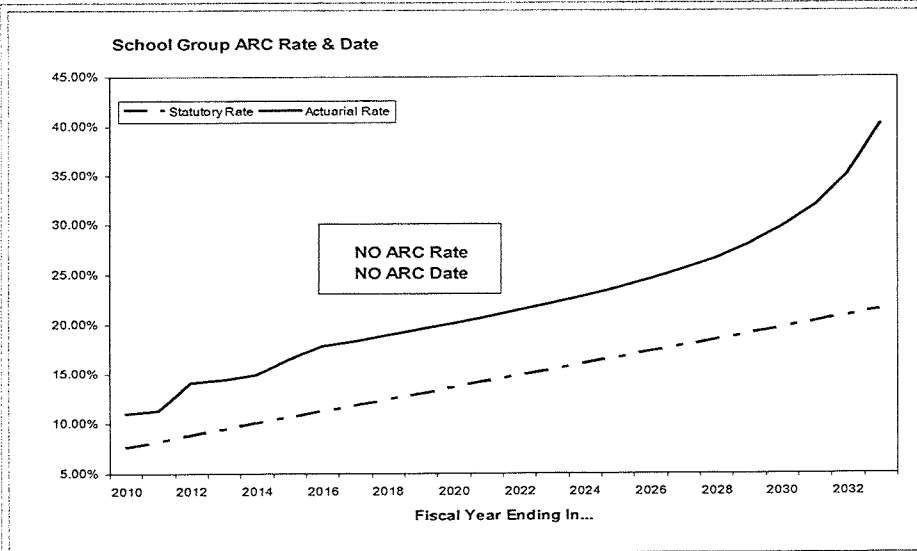


- The projected ARC rate is nearly double the state/school rate paid by state agencies in FY 2010 (7.57%).
- The funded ratio reaches a low of 59% in FY 2014.
- It remains near 60% for an additional 5 years and only reaches 80% in FY 2027.
- The projected UAL rises by nearly 75% to \$1.74 billion in FY 2018 and does not return to its 2008 level until FY 2027.

11-7

School Group: Baseline Projections

▪ No change in the .6% employer rate increase cap. Assumes average annual investment return of 8%.

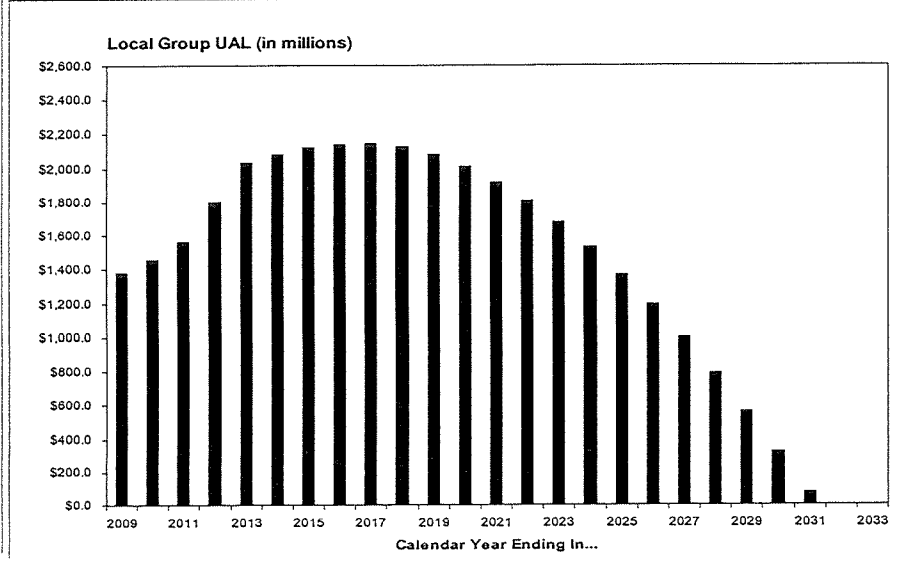
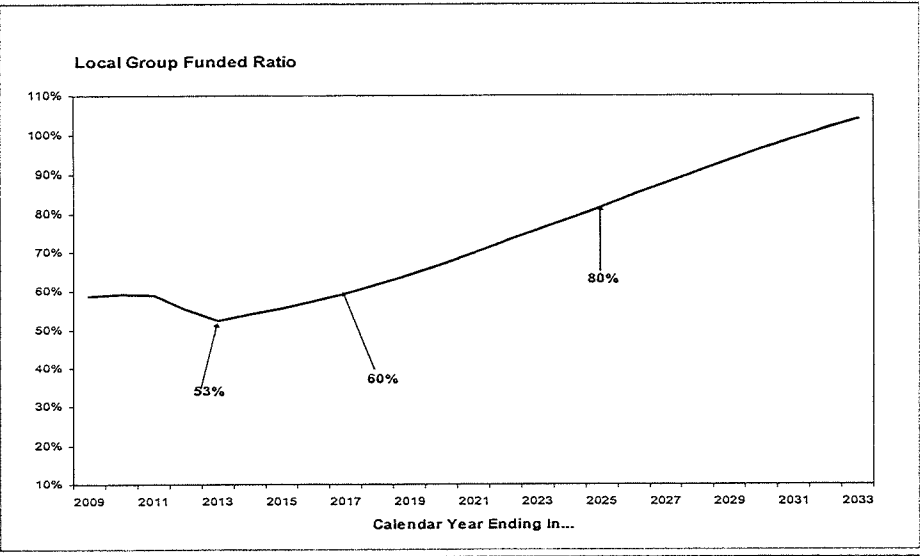
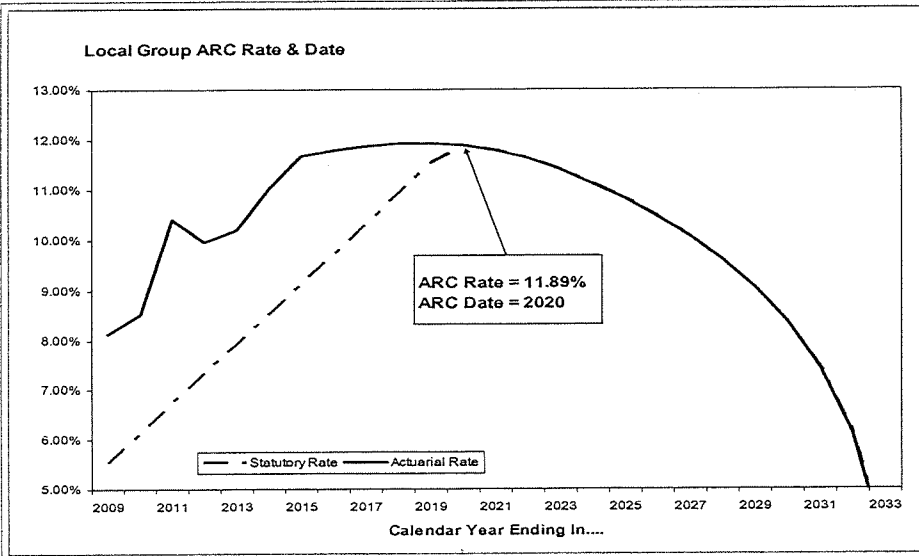


- The School Group is not in actuarial balance by FY 2033. ARC rates are expected to rise to around 40%, with statutory rates climbing to 20%.
- The funded ratio reaches a low of 41.4% in FY 2014 and remains at 41 to 43% for 10 years.
- The funded ratio does not reach 60% until FY 2031 and only reaches 80% in FY 2035.
- The projected UAL nearly doubles to \$10.3 billion in FY 2025. At the end of the amortization period, the unpaid balance of the UAL is projected to be 80% higher than the UAL prior to 2008.

8-11

Local Group: Baseline Projections

▪ No change in the .6% employer rate increase cap. Assumes average annual investment return of 8%.



- The Local Group ARC rate is projected to double to 11.89% by CY 2020.
- Its projected funded ratio will fall to 53% by CY 2013, regaining 60% by CY 2017. The funded ratio is projected to reach 80% by CY 2025.
- The UAL is projected to increase by 55.4% to \$2.15 billion by CY 2017 and does not return to its 2008 level until FY 2025.

SB 564

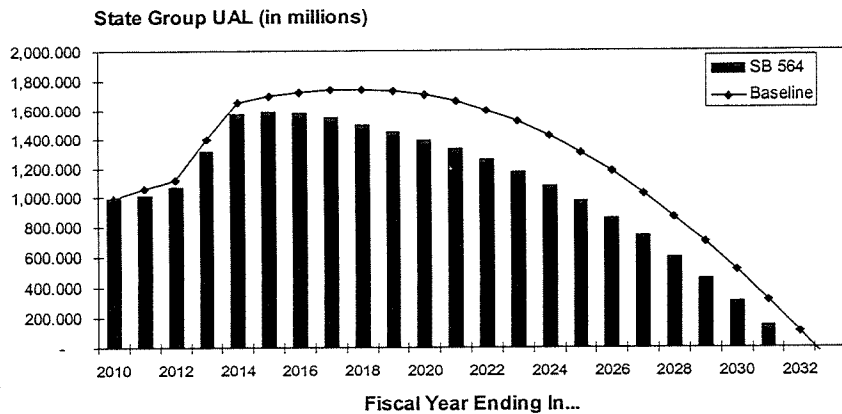
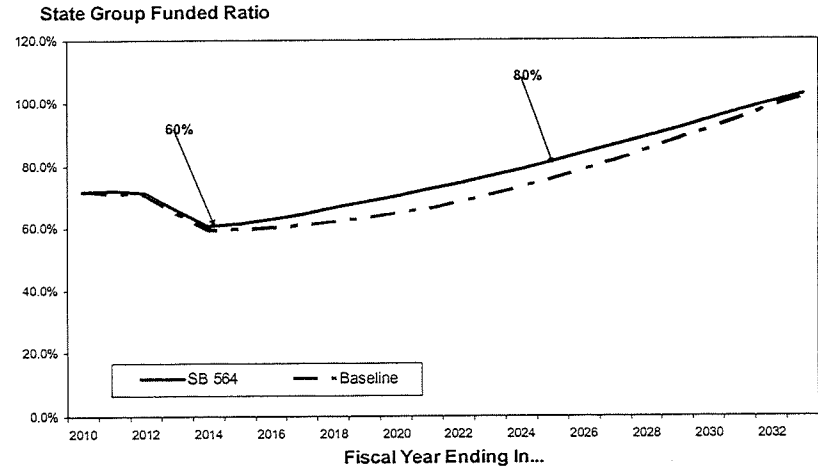
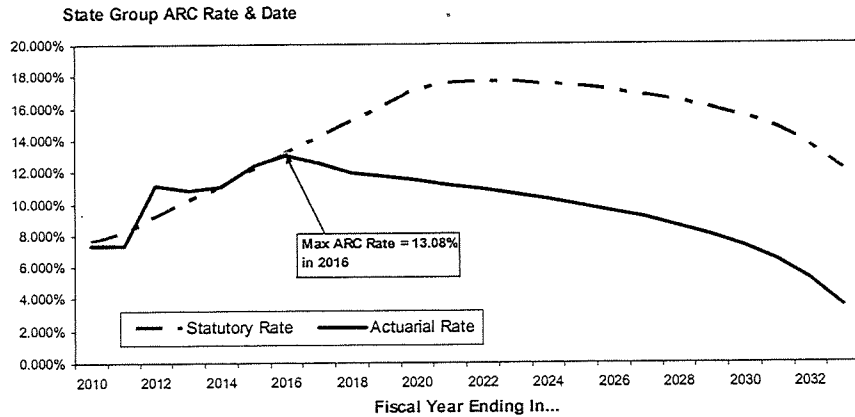
- Throughout the Interim, the Joint Committee Pensions, Investments, and Benefits studied KPERS' long-term funding shortfall and a range of options for improving KPERS' funding status.
- Based on this review, the Joint Committee recommended introduction of SB 564 as an initial step in addressing the shortfall.
- SB 564 has three components:
 - **Increased Employer Contributions.** Raise the cap on employer contribution rate increases from .6% per year to 1.0% per year, beginning in FY 2012.
 - **Increased Employee Contributions.** Increase employee contribution rates for both Tier 1 and Tier 2 by .5% in each of four calendar years, beginning January 1, 2012. By CY 2015, the contribution rate for Tier 1 would be 6.0%, and the contribution rate for Tier 2 would be 8.0%.
 - **Increased Multiplier for Future Service.** Retirement benefits are calculated by multiplying the member's years of service by the final average salary (FAS), times a "multiplier" of 1.75%. Effective with the increase in employee contributions beginning January 1, 2012, SB 564 would raise the multiplier to 1.85% for all future years of service credited to members.
- An analysis of the projected impact of SB 564 on measures of KPERS' funded status and on employer and employee contributions follows.

6-11

11-10

State Group: Senate Bill 564

▪ Raise cap on employer rate increases to 1.0% in FY '12. Raise Tiers I & 2 employee rate by 0.5% in each of four years, beginning 1/1/12. Increase Tiers I & 2 multiplier to 1.85% for future service. Assumes average annual investment return of 8%.

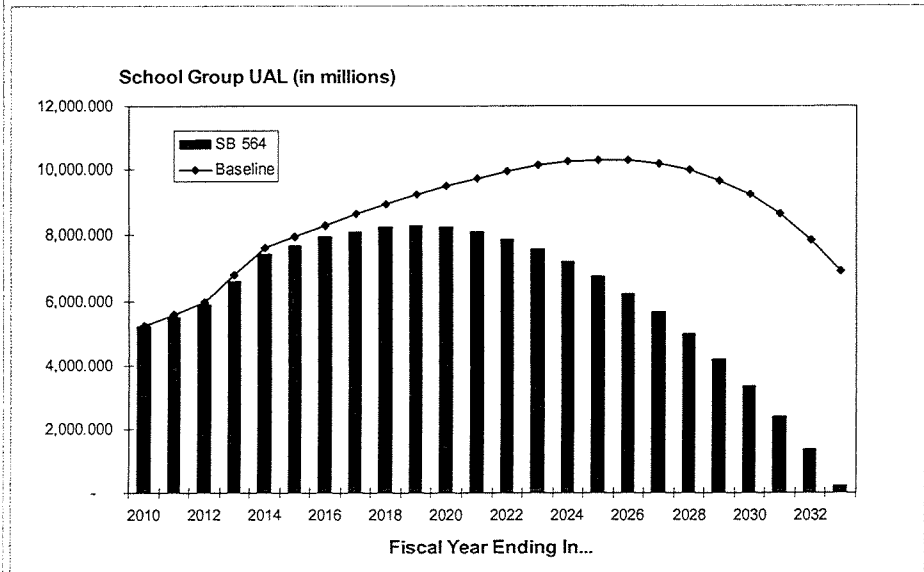
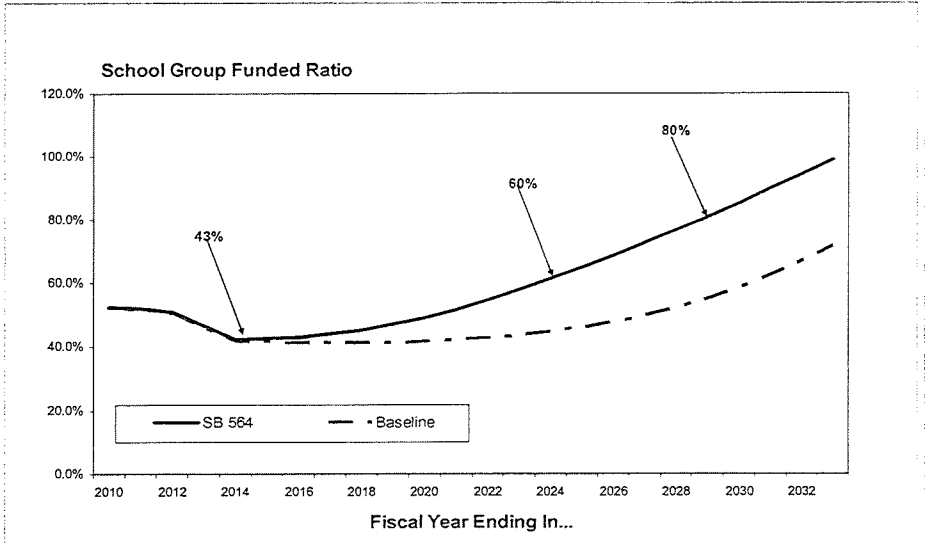
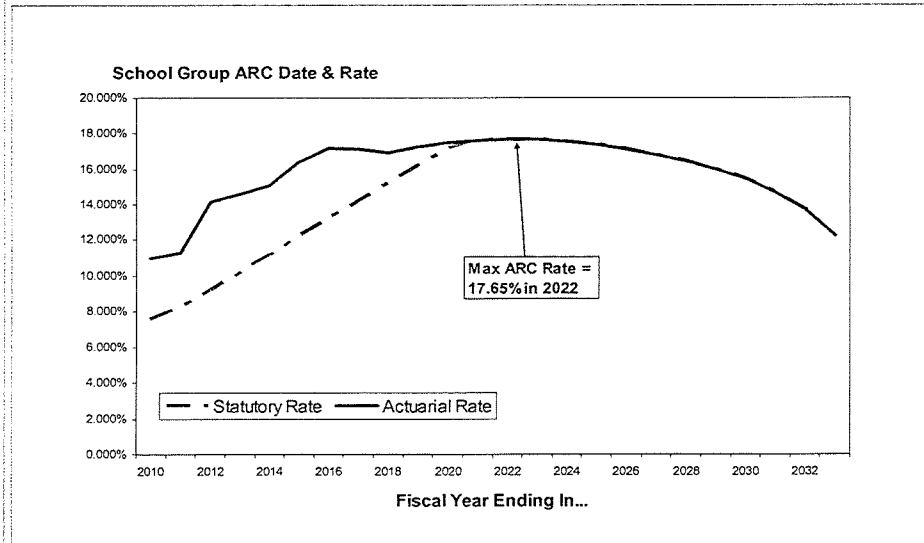


- The projected ARC rate rises to a maximum of 13.08% in FY 2016 – six years earlier and 1.33% lower than the Baseline.
- The funded ratio falls to a low of 60.8% in FY 2014.
- The funded ratio reaches 80% in FY 2025, two years earlier than the Baseline.
- The projected UAL peaks at \$1.59 billion in FY 2015 – three years earlier and \$156.9 million less than the Baseline.

School Group: Senate Bill 564

- Raise cap on employer rate increases to 1.0% in FY '12. Raise Tiers I & 2 employee rate by 0.5% in each of four years, beginning in 1/1/12. Increase Tiers I & 2 multiplier to 1.85% for future service. Assumes average annual investment return of 8%.

11-11

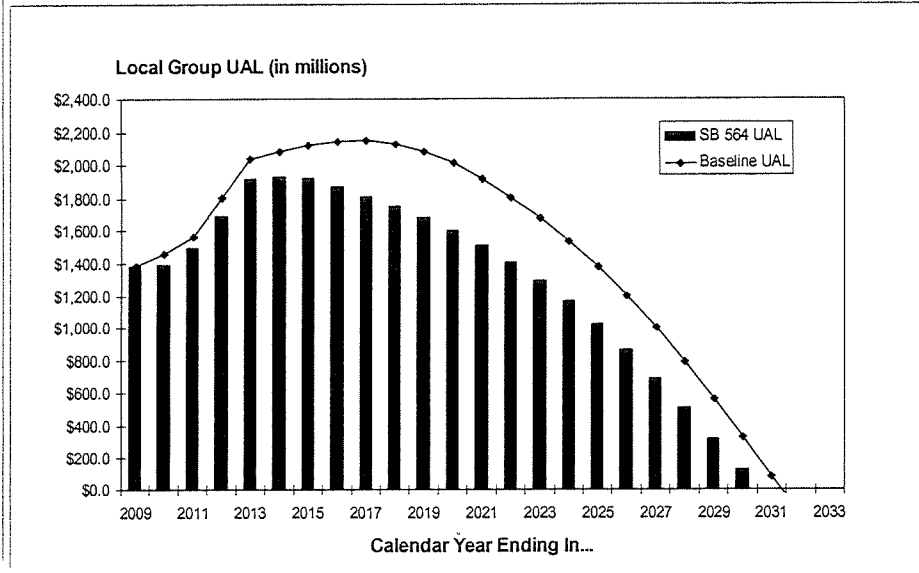
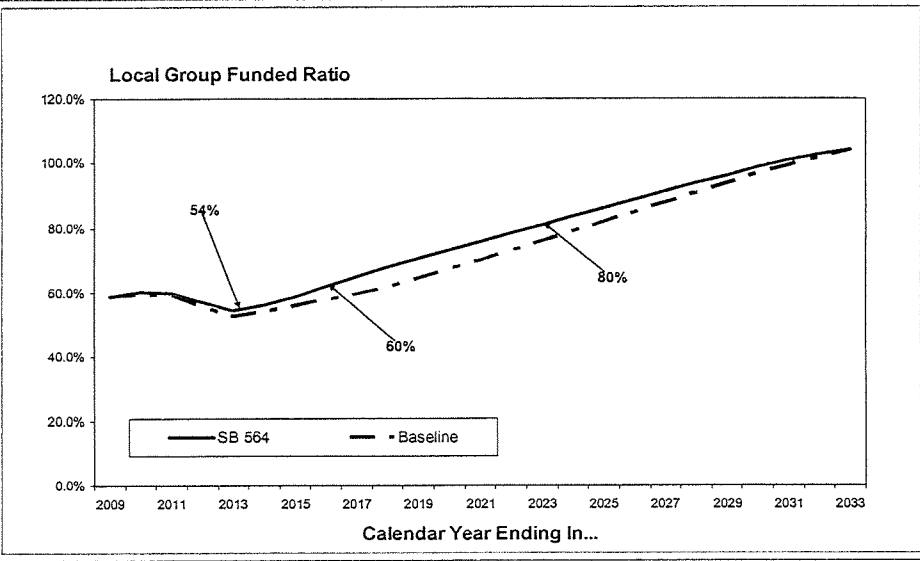
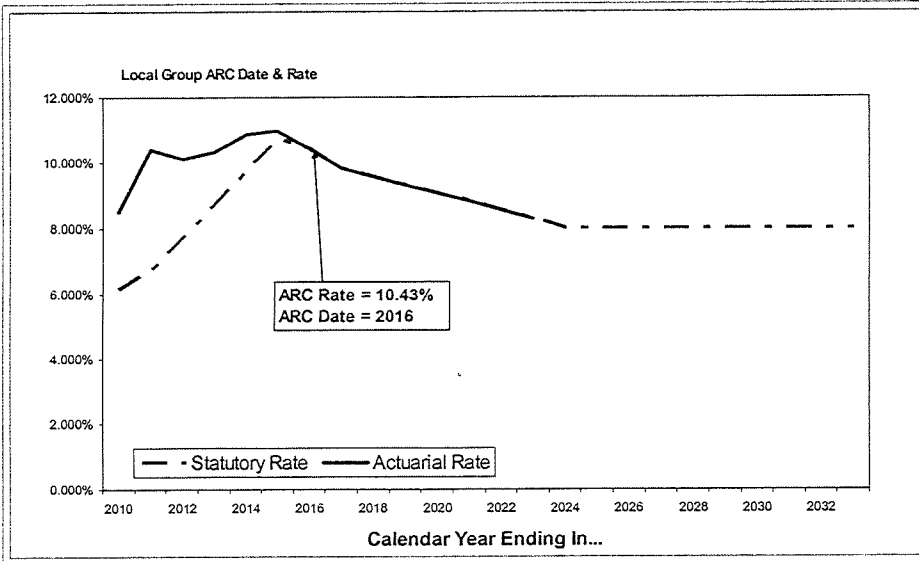


- The projected ARC rate rises to a maximum of 17.65% in FY 2022.
- The funded ratio falls to a low of 42.5% in FY 2014. It remains below 50% for 8 years, compared to 15 years under the Baseline.
- The funded ratio reaches 60% in FY 2024 and 80% in FY 2029. Under Baseline projections, 60% is not reached until FY 2031 and 80% at FY 2035.
- The projected UAL peaks at \$8.27 billion in FY 2019 and is paid off by FY 2033. Under the Baseline, a UAL of \$6.9 billion would remain unpaid in FY 2033.

11-12

Local Group: Senate Bill 564

▪ Raise cap on employer rate increases to 1.0% in CY '12. Raise Tiers I & 2 employee rate by 0.5% in each of four years, beginning 1/1/12. Increase Tiers I & 2 multiplier to 1.85% for future service. Assumes average annual investment return of 8%.



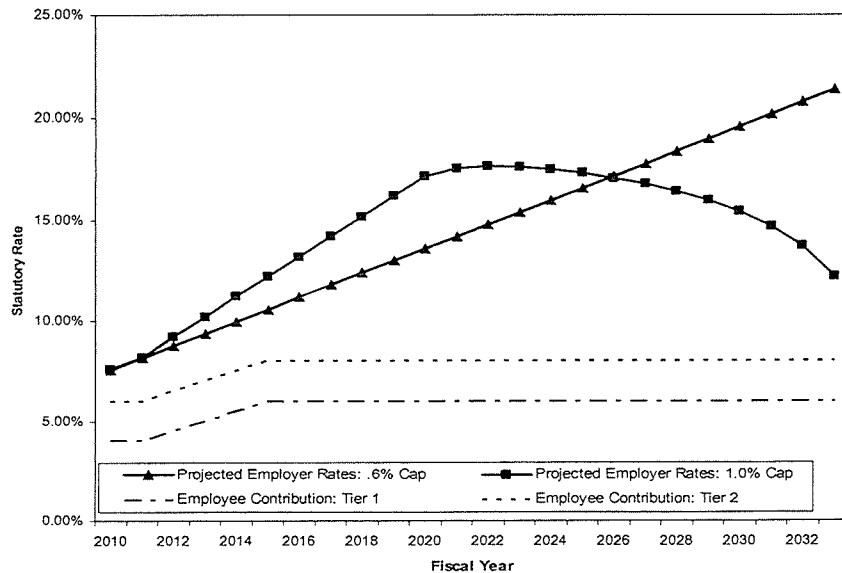
- The projected ARC rate rises to a maximum of 10.43% in CY 2016, which is 1.46% lower and four years earlier than the Baseline.
- The funded ratio falls to a low of 54.3% in CY 2013. It remains below 60% for 4 years, compared to 8 years under the Baseline.
- The funded ratio reaches 80% in CY 2023. Under Baseline projections, 80% is reached in CY 2025.
- The projected UAL peaks at \$1.94 billion in CY 2014. A maximum UAL of \$2.15 billion in CY 2017 is projected under the Baseline.

11-13

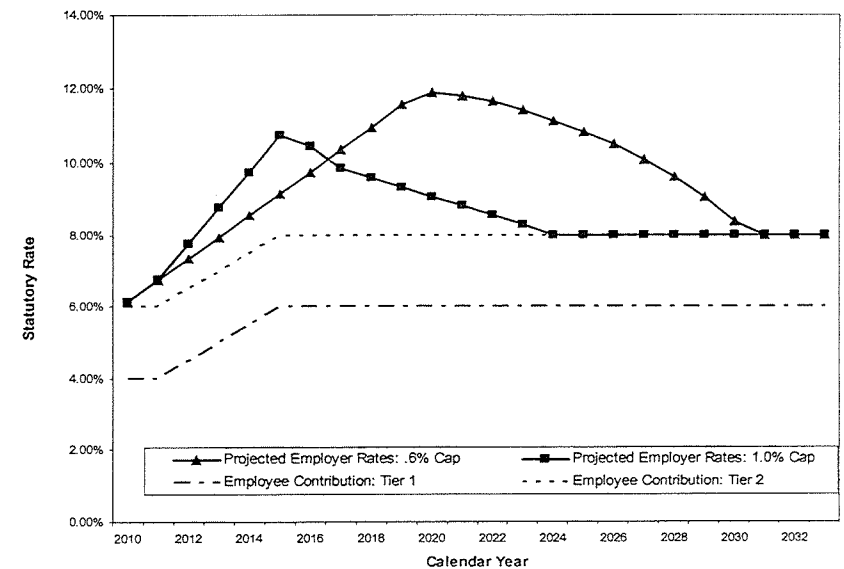
Senate Bill 564 Impact on Contribution Rates

- The following graphs show projected employer contribution rates for the State/School Groups and Local Group under the Baseline and under SB 564.
- The graphs also show the phase-in of the 2% increase in employee contributions under SB 564 for both Tiers 1 and 2.

KPERS State/School Group Contribution Rates:



KPERS Local Group Contribution Rates:



SB 564 Effect on Employer Contributions

7-1-11

SB 564 Estimated Effect on the State and School Group (in Millions)

| | <u>0.6% Cap</u> | <u>SB 564</u> | <u>Additional ER Contributions</u> |
|--|-----------------|---------------|------------------------------------|
| FY 2012 Increase in Employer Contributions | \$38.13 | \$56.91 | \$18.78 |
| FY 2012 Total Employer Contributions | \$411.70 | \$430.48 | \$18.78 |
| FY 2017 Increase in Employer Contributions | \$50.15 | \$74.95 | \$24.80 |
| FY 2017 Total Employer Contributions | \$636.51 | \$766.30 | \$129.79 |
| Total Employer Contributions: FY 2010-2033 | \$23,977.66 | \$22,862.62 | (\$1,115.04) |

SB 564 Estimated Effect on the Local Group (in millions)

| | <u>0.6% Cap</u> | <u>SB 564</u> | <u>Additional ER Contributions</u> |
|--|-----------------|---------------|------------------------------------|
| CY 2012 Increase in Employer Contributions | \$14.61 | \$21.72 | \$7.11 |
| CY 2012 Total Employer Contributions | \$130.53 | \$137.64 | \$7.11 |
| CY 2017 Increase in Employer Contributions | \$19.37 | (\$5.39) | (\$24.76) |
| CY 2017 Total Employer Contributions | \$217.34 | \$206.63 | (\$10.71) |
| Total Employer Contributions: CY 2010-2033 | \$5,816.37 | \$5,131.32 | (\$685.05) |

SB 564 Effect on Employee Contributions

11-15

SB 564 Estimated Effect on the State and School Employee Group (in Millions)

| | <u>Current Law</u> | <u>SB 564</u> | <u>Additional EE Contributions</u> |
|--|--------------------|---------------|------------------------------------|
| FY 2012 Increase in Employee Contributions | \$10.69 | \$22.43 | \$11.74 |
| FY 2012 Total Employee Contributions | \$200.17 | \$211.91 | \$11.74 |
| FY 2017 Increase in Employee Contributions | \$12.16 | \$15.33 | \$3.17 |
| FY 2017 Total Employee Contributions | \$257.08 | \$365.23 | \$108.15 |
| Total Employee Contributions: FY 2010-2033 | \$7,972.51 | \$10,712.52 | \$2,740.01 |

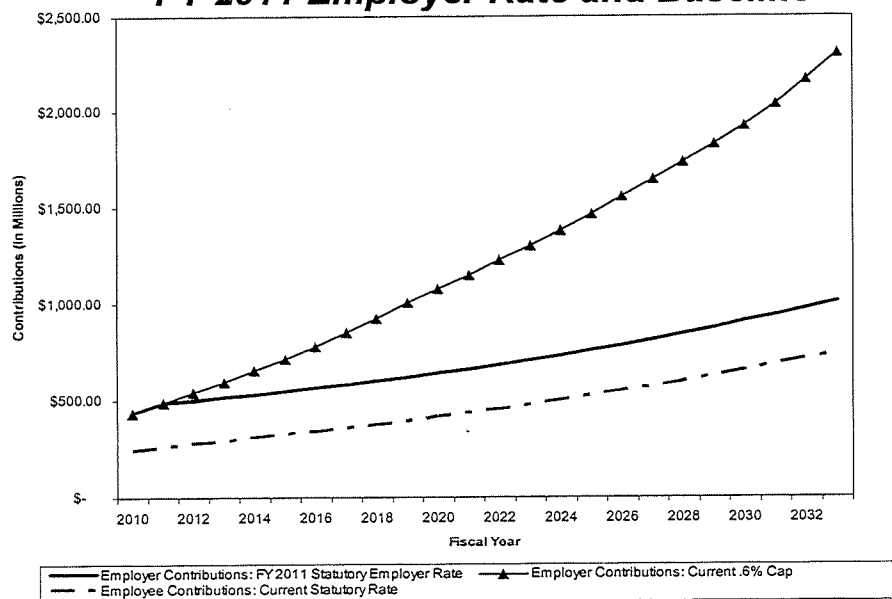
SB 564 Estimated Effect on the Local Employee Group (in millions)

| | <u>Current Law</u> | <u>SB 564</u> | <u>Additional EE Contributions</u> |
|--|--------------------|---------------|------------------------------------|
| CY 2012 Increase in Employee Contributions | \$4.68 | \$13.57 | \$8.89 |
| CY 2012 Total Employee Contributions | \$78.53 | \$87.42 | \$8.89 |
| CY 2017 Increase in Employee Contributions | \$5.01 | \$6.40 | \$1.39 |
| CY 2017 Total Employee Contributions | \$102.48 | \$144.52 | \$42.04 |
| Total Employee Contributions: CY 2010-2033 | \$3,175.26 | \$4,270.71 | \$1,095.45 |

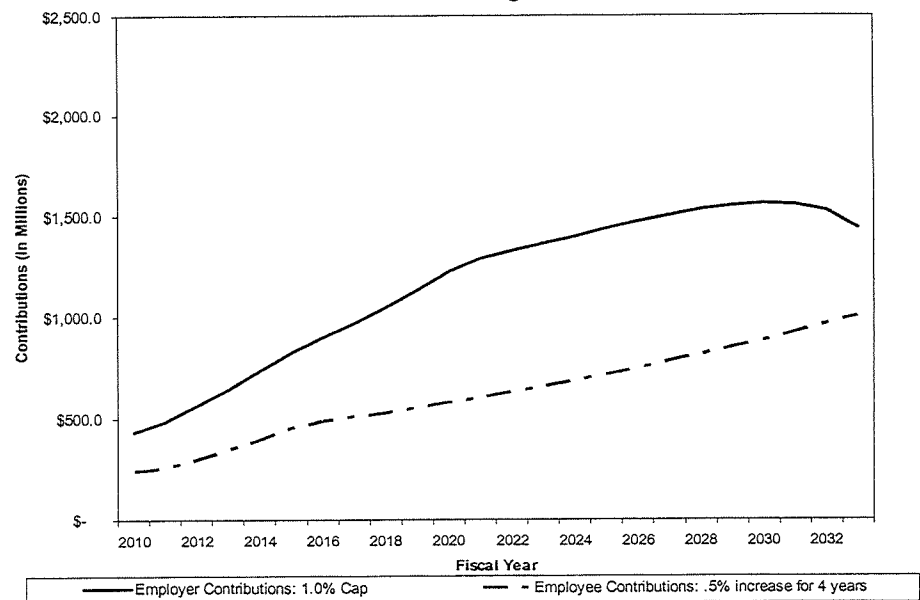
11-16

- **Graph 1** shows projected KPERS employer and employee contributions:
 - With no increase in employer contribution rates after FY 2011, to illustrate growth in contributions due to payroll growth alone. (State/School – 8.17% and Local – 6.74%)
 - Under current law – with a .6% cap on employer contribution rate increases and no change in employee rates or benefit formula multiplier.
- **Graph 2** shows projected KPERS employer and employee contributions under SB 564.
- See Appendices A through C for detailed employer and employee contribution projections that are the basis for these graphs.

**Projections Using
FY 2011 Employer Rate and Baseline**



SB 564 Projections



Effect of Increasing Multiplier

11-17

- The following table shows the impact of increasing the benefit multiplier factor to 1.85% for all future service, beginning January 1, 2012.

| | <u>Years of Service</u> | | X | <u>Multiplier</u> | | X | <u>Final Average Salary</u> | | = | <u>Annual Benefit</u> | | |
|--------------------|-------------------------|--|---|-------------------|--|---|-----------------------------|--|---|-----------------------|--------------|----------|
| | | | | | | | | | | <u>Subtotal</u> | <u>Total</u> | |
| Current Law | 30 | | X | 1.75% | | X | \$40,000 | | = | | \$21,000 | |
| Example 1: | 25 | | X | 1.75% | | X | \$40,000 | | = | \$17,500.00 | = | \$21,200 |
| | 5 | | | 1.85% | | | \$40,000 | | | \$3,700.00 | | |
| Example 2: | 15 | | X | 1.75% | | X | \$40,000 | | = | \$10,500.00 | = | \$21,600 |
| | 15 | | | 1.85% | | | \$40,000 | | | \$11,100.00 | | |
| Example 3: | 5 | | X | 1.75% | | X | \$40,000 | | = | \$3,500.00 | = | \$22,000 |
| | 25 | | | 1.85% | | | \$40,000 | | | \$18,500.00 | | |

11-18

Appendix A

State/School Group

Contributions

**Kansas Public Employees Retirement System
Analysis of Additional Employer Contributions
State and School Groups FY 2010 - 2033**

61-11

| Fiscal Year | Level FY '11 Employer Rate | | Current Cap Increase | | SB 564 | | | | |
|-------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--|---|--|
| | State/School Group Employer Rate | Employer Contributions (in millions) | State/School Group Employer Rate | Employer Contributions (in millions) | State/School Group Employer Rate | Employer Contributions (in millions) | Additional Contributions from FY 2011 Rate (in millions) | Additional Contributions from Current Cap (in millions) | |
| 2010 | 7.57% | \$ 334.2 | 7.57% | \$ 334.2 | 7.57% | \$ 334.2 | \$ - | \$ - | |
| 2011 | 8.17% | 373.6 | 8.17% | 373.6 | 8.17% | 373.6 | - | - | |
| 2012 | 8.17% | 383.5 | 8.77% | 411.7 | 9.17% | 430.5 | 46.9 | 18.8 | |
| 2013 | 8.17% | 393.9 | 9.37% | 451.8 | 10.17% | 490.4 | 96.4 | 38.6 | |
| 2014 | 8.17% | 404.9 | 9.97% | 494.2 | 11.17% | 553.6 | 148.7 | 59.5 | |
| 2015 | 8.17% | 416.6 | 10.57% | 539.0 | 12.17% | 620.5 | 204.0 | 81.6 | |
| 2016 | 8.17% | 428.9 | 11.17% | 586.4 | 13.17% | 691.3 | 262.5 | 105.0 | |
| 2017 | 8.17% | 441.8 | 11.77% | 636.5 | 14.17% | 766.3 | 324.5 | 129.8 | |
| 2018 | 8.17% | 455.5 | 12.37% | 689.7 | 15.17% | 845.8 | 390.3 | 156.1 | |
| 2019 | 8.17% | 469.9 | 12.97% | 746.0 | 16.17% | 930.1 | 460.2 | 184.1 | |
| 2020 | 8.17% | 485.1 | 13.57% | 805.8 | 17.17% | 1,019.6 | 534.4 | 213.8 | |
| 2021 | 8.17% | 501.2 | 14.17% | 869.2 | 17.58% | 1,078.4 | 577.2 | 209.1 | |
| 2022 | 8.17% | 518.1 | 14.77% | 936.6 | 17.65% | 1,119.4 | 601.3 | 182.8 | |
| 2023 | 8.17% | 535.9 | 15.37% | 1,008.2 | 17.62% | 1,155.6 | 619.7 | 147.4 | |
| 2024 | 8.17% | 554.6 | 15.97% | 1,084.0 | 17.50% | 1,187.9 | 633.3 | 103.8 | |
| 2025 | 8.17% | 574.2 | 16.57% | 1,164.5 | 17.32% | 1,217.3 | 643.2 | 52.8 | |
| 2026 | 8.17% | 594.7 | 17.17% | 1,249.7 | 17.08% | 1,243.1 | 648.5 | (6.6) | |
| 2027 | 8.17% | 616.1 | 17.77% | 1,340.1 | 16.79% | 1,266.2 | 650.1 | (73.9) | |
| 2028 | 8.17% | 638.5 | 18.37% | 1,435.7 | 16.43% | 1,284.1 | 645.5 | (151.7) | |
| 2029 | 8.17% | 662.0 | 18.97% | 1,537.1 | 15.98% | 1,295.0 | 633.0 | (242.1) | |
| 2030 | 8.17% | 686.5 | 19.57% | 1,644.3 | 15.43% | 1,296.2 | 609.8 | (348.0) | |
| 2031 | 8.17% | 712.0 | 20.17% | 1,757.7 | 14.70% | 1,280.9 | 568.9 | (476.8) | |
| 2032 | 8.17% | 738.5 | 20.77% | 1,877.6 | 13.70% | 1,238.6 | 500.1 | (638.9) | |
| 2033 | 8.17% | 766.2 | 21.37% | 2,004.2 | 12.20% | 1,144.0 | 377.8 | (860.2) | |
| FY '10-'33 | | \$ 12,686.5 | | \$ 23,977.7 | | \$ 22,862.6 | \$ 10,176.2 | \$ (1,115.0) | |

1,683.2

11-20

Appendix B Local Group Contributions

**Kansas Public Employees Retirement System
Analysis of Additional Employer Contributions
Local Group FY 2010-2033**

11-21

| Calendar Year | Level CY '11 Employer Rate | | Current Cap Increase | | SB 564 | | | |
|-------------------|----------------------------|--------------------------------------|---------------------------|--------------------------------------|---------------------------|--------------------------------------|--|---|
| | Local Group Employer Rate | Employer Contributions (in millions) | Local Group Employer Rate | Employer Contributions (in millions) | Local Group Employer Rate | Employer Contributions (in millions) | Additional Contributions from CY 2011 Rate (in millions) | Additional Contributions from Current Cap (in millions) |
| 2010 | 6.14% | \$ 102.0 | 6.14% | \$ 102.04 | 6.14% | \$ 102.0 | \$ - | \$ - |
| 2011 | 6.74% | 115.9 | 6.74% | 115.9 | 6.74% | 115.9 | - | - |
| 2012 (2) | 6.74% | 119.9 | 7.34% | 130.5 | 7.74% | 137.6 | 17.8 | 7.1 |
| 2013 | 6.74% | 123.9 | 7.94% | 146.0 | 8.74% | 160.7 | 36.8 | 14.7 |
| 2014 | 6.74% | 128.1 | 8.54% | 162.3 | 9.74% | 185.2 | 57.0 | 22.8 |
| 2015 | 6.74% | 132.5 | 9.14% | 179.7 | 10.74% | 211.1 | 78.6 | 31.4 |
| 2016 | 6.74% | 137.0 | 9.74% | 198.0 | 10.43% | 212.0 | 75.0 | 14.1 |
| 2017 | 6.74% | 141.7 | 10.34% | 217.3 | 9.83% | 206.6 | 65.0 | (10.7) |
| 2018 | 6.74% | 146.5 | 10.94% | 237.8 | 9.58% | 208.2 | 61.6 | (29.7) |
| 2019 | 6.74% | 151.5 | 11.54% | 259.5 | 9.31% | 209.3 | 57.8 | (50.2) |
| 2020 | 6.74% | 156.8 | 11.89% | 276.5 | 9.06% | 210.7 | 54.0 | (65.8) |
| 2021 | 6.74% | 162.2 | 11.79% | 283.8 | 8.82% | 212.4 | 50.1 | (71.4) |
| 2022 | 6.74% | 168.0 | 11.63% | 289.9 | 8.56% | 213.3 | 45.4 | (76.5) |
| 2023 | 6.74% | 173.9 | 11.40% | 294.0 | 8.29% | 213.8 | 39.9 | (80.2) |
| 2024 | 6.74% | 180.1 | 11.12% | 297.2 | 8.00% | 213.8 | 33.7 | (83.4) |
| 2025 | 6.74% | 186.7 | 10.82% | 299.7 | 8.00% | 221.6 | 34.9 | (78.2) |
| 2026 | 6.74% | 193.5 | 10.48% | 300.8 | 8.00% | 229.7 | 36.2 | (71.2) |
| 2027 | 6.74% | 200.6 | 10.08% | 300.1 | 8.00% | 238.1 | 37.5 | (61.9) |
| 2028 | 6.74% | 208.1 | 9.62% | 297.0 | 8.00% | 247.0 | 38.9 | (50.0) |
| 2029 | 6.74% | 215.9 | 9.06% | 290.2 | 8.00% | 256.3 | 40.4 | (33.9) |
| 2030 | 6.74% | 224.1 | 8.36% | 278.0 | 8.00% | 265.9 | 41.9 | (12.1) |
| 2031 | 6.74% | 232.6 | 8.00% | 276.0 | 8.00% | 276.0 | 43.5 | - |
| 2032 | 6.74% | 241.4 | 8.00% | 286.5 | 8.00% | 286.5 | 45.1 | - |
| 2033 | 6.74% | 250.6 | 8.00% | 297.5 | 8.00% | 297.5 | 46.8 | - |
| FY '10-'33 | | \$ 4,093.5 | | \$ 5,816.4 | | \$ 5,131.3 | \$ 1,037.8 | \$ (685.1) |

11-22

Appendix C Employee Contributions

11-23

**Kansas Public Employees Retirement System
Analysis of Additional Employee Contributions Under SB 564
Tier 1 and Tier 2 Combined**

| State's Fiscal Year(1) | Employee Contributions: Current Statutory Rates (in millions) | | | Employee Contributions: .5% increase for 4 years (in millions) | | | Additional Contributions (in millions) | | |
|------------------------------|--|-------------------|-------------------|---|-------------------|--------------------|---|-------------------|------------------|
| | State/School | Local | Total | State/School | Local | Total | State/School | Local | Total |
| 2010 | \$ 178.4 | \$ 69.0 | \$ 247.4 | \$ 178.4 | \$ 69.0 | \$ 247.4 | \$ - | \$ - | \$ - |
| 2011 | 189.5 | 73.9 | 263.3 | 189.5 | 73.9 | 263.3 | - | - | - |
| 2012 (2) | 200.2 | 78.5 | 278.7 | 211.9 | 87.4 | 299.3 | 11.7 | 8.9 | 20.6 |
| 2013 | 210.9 | 83.2 | 294.1 | 247.1 | 101.6 | 348.6 | 36.2 | 18.4 | 54.6 |
| 2014 | 221.9 | 87.9 | 309.7 | 283.9 | 116.4 | 400.2 | 62.0 | 28.5 | 90.5 |
| 2015 | 233.2 | 92.6 | 325.8 | 322.4 | 131.9 | 454.4 | 89.2 | 39.3 | 128.5 |
| 2016 | 244.9 | 97.5 | 342.4 | 349.9 | 138.1 | 488.0 | 105.0 | 40.7 | 145.6 |
| 2017 | 257.1 | 102.5 | 359.6 | 365.2 | 144.5 | 509.8 | 108.2 | 42.0 | 150.2 |
| 2018 | 269.7 | 107.7 | 377.4 | 381.3 | 151.1 | 532.4 | 111.5 | 43.5 | 155.0 |
| 2019 | 283.0 | 113.0 | 396.0 | 398.0 | 158.0 | 556.0 | 115.0 | 45.0 | 160.0 |
| 2020 | 296.7 | 118.5 | 415.3 | 415.5 | 165.1 | 580.5 | 118.8 | 46.5 | 165.3 |
| 2021 | 311.1 | 124.3 | 435.3 | 433.7 | 172.4 | 606.2 | 122.7 | 48.1 | 170.8 |
| 2022 | 326.0 | 130.2 | 456.2 | 452.8 | 180.1 | 632.9 | 126.8 | 49.8 | 176.7 |
| 2023 | 341.4 | 136.4 | 477.8 | 472.6 | 188.0 | 660.6 | 131.2 | 51.6 | 182.8 |
| 2024 | 357.5 | 142.8 | 500.3 | 493.3 | 196.3 | 689.5 | 135.8 | 53.5 | 189.2 |
| 2025 | 374.2 | 149.5 | 523.7 | 514.8 | 204.9 | 719.6 | 140.6 | 55.4 | 195.9 |
| 2026 | 391.6 | 156.4 | 547.9 | 537.1 | 213.8 | 750.9 | 145.6 | 57.4 | 203.0 |
| 2027 | 409.6 | 163.5 | 573.1 | 560.4 | 223.1 | 783.5 | 150.8 | 59.5 | 210.4 |
| 2028 | 428.3 | 171.0 | 599.3 | 584.6 | 232.7 | 817.3 | 156.3 | 61.8 | 218.1 |
| 2029 | 447.7 | 178.7 | 626.4 | 609.7 | 242.8 | 852.5 | 162.1 | 64.1 | 226.1 |
| 2030 | 467.8 | 186.7 | 654.5 | 635.8 | 253.2 | 889.1 | 168.0 | 66.5 | 234.5 |
| 2031 | 488.7 | 195.1 | 683.8 | 663.0 | 264.1 | 927.1 | 174.3 | 69.0 | 243.3 |
| 2032 | 510.4 | 203.7 | 714.1 | 691.2 | 275.4 | 966.5 | 180.8 | 71.6 | 252.4 |
| 2033 | 532.9 | 212.7 | 745.6 | 720.5 | 287.1 | 1,007.6 | 187.6 | 74.4 | 261.9 |
| FY '10-'13 | \$ 7,972.5 | \$ 3,175.3 | \$11,147.8 | \$ 10,712.5 | \$ 4,270.7 | \$ 14,983.2 | \$ 2,740.0 | \$ 1,095.4 | \$3,835.5 |

(1) Increased employee contributions are proposed to begin on January 1, 2012, of State and School Fiscal Year 2012 and Local Fiscal/Calendar Year 2012. The increase in the benefit formula multiplier is also effective January 1, 2012, for future service only.

(2) For State and School Groups, the proposed employee rate increase is effective for the second half of Fiscal Year 2012. For the Local Group, it is effective for full Fiscal/Calendar Year 2012.



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Terry Forsyth, Testimony
Ways and Means Committee on KPERS Issues
March 10, 2010

Thank you for the opportunity to provide testimony on KPERS issues this morning.

We understand the difficult position you are in when it comes to securing KPERS for current and future members of the system and we appreciate what you have done in recent years to help.

The economic downturn of 2008 demonstrates the importance of a secure retirement system for working people. All of us watched as thousands upon thousands of Americans saw their retirement nest eggs shrink or collapse. 401(k) plans lost as much as 40% of their value in a few months. This sent already retired Americans back to work and terrified the rest of us.

KPERS recipients feel lucky that the investments made by the KPERS board lost only 28% in the downturn. Normally, 28% would be devastating but in the context of 40% losses, it looks pretty good.

We know that KPERS still has an unfunded liability that is too large. This is why the KPERS board has asked the legislature to lift the cap on employer contribution increases from the current 0.6% to 1%. This is also why this committee has been talking about potential increases in the employee contributions.

While it might make people feel good to point the finger at who caused the problem, that does nothing to resolve it. It is time for us all to roll up our sleeves and do the necessary work to get things right.

We will be looking at the plans you come up with. We are not demanding to be left out of the solution. We are asking that a solution be crafted that shares the responsibility and sets a course for stability. While the devil is in the details of whatever plan is crafted, I would like to point out a few considerations we think are appropriate.

- We absolutely believe the legislature must approve the KPERS-requested increase in the cap on employer contributions.
- We are not outright opposed to an increase in the employee contribution rate offset by an improvement in the benefit structure.
- We believe in light of evidence that defined contribution systems such as 401(k) plans are not providing an adequate retirement for working people that there should be no move to alter the defined benefit plan provided by KPERS.

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Date 3-10-2010

Attachment 12

According to an article in Time Magazine, *Why it's time to retire the 401(k)*, the current reliance on defined contribution retirement systems puts the retirement security of millions of Americans at risk.

The Society of Professional Asset-Managers and Record Keepers say nearly 73 million Americans, or just less than 50% of our working population, now has a 401(k). And collectively we pour more than \$200 billion into these accounts each year. But retire rich? Don't bet on it. The average 401(k) has a balance of \$45,519. That's not retirement. That's two years of college. Even worse, 46% of all 401(k) accounts have less than \$10,000. Today, just 21% of all U.S. workers are covered by traditional pensions, and the number shrinks every year. "The time may have come to consider returning 401(k) plans to their original position as a third tier of retirement planning, behind pensions and Social Security," says Alicia Munnell, who heads the Center for Retirement Research at Boston College. "They should not be the thing we rely on for retirement security." And the government seems to agree. This summer, the Government Accountability Office concluded, "If no action is taken, a considerable number of Americans face the prospect of a reduced standard of living in retirement." That's what is known as an understatement. (<http://www.time.com/time/business/article/0,8599,1929119,00.html>)

We urge this committee to stand by the workers who serve our students, who maintain our highways, who provide for public safety, who care for our most vulnerable citizens and find a solution that protects the defined benefit retirement system provided by KPERS.

TESTIMONY

BY

THE KANSAS COALITION OF PUBLIC RETIREES

Before the Senate Ways and Means Committee

March 10, 2010

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

My name is Ron Gardner and I am here today speaking on behalf of the Kansas Coalition of Public Retirees. Our testimony today is based on the interest of all Kansas Public Retirees including the members of the forty associations that belong to the Coalition. Retirees no longer contribute to KPERS and several other groups represent active KPERS members. Our testimony will be limited to the perspective of current retirees. While the Coalition is neutral on the SB564 we find ourselves in support of portions of the bill.

We recognize the fact that something must be done to bring KPERS back into actuarial balance as soon as possible. We realize that efforts to address long-term funding short-fall will be part of an ongoing process. We would like to emphasize the fact that, while we were employed, we always contributed the portion that the legislature required. There is not an easy answer to the problem. A positive step was taken with the passage of the KPERS Tier 2 bill in 2007 and implemented July 1, 2009. Now we need to continue to move in a positive manner.

We feel there are several critical components needed to continue the process.

- The plan needs to increase employer contributions.
- If the plan includes increasing employee contributions then there must be an increase in benefits.
- The plan must not fix past neglect on the backs of employees.
- The plan must address long term funding.

Items we would like to see considered in this bill.

- A COLA for active KPERS members instead of an increase in the multiplier.
- A COLA for current retirees.

The elimination of the Tier 2 COLA would be cause for us to oppose the bill. In the recent past the coalition has submitted data to various legislative committees, to legislators, and to the KPERS board regarding the desperate need many of our retirees have regarding a COLA. We all know that the buying power of our retirees has diminished over time and will continue to do so as inflation will again increase. We know that current KPERS retirees have done what they were required to do in the past and need help now. Please consider these facts as you plan beyond the current economic crisis and begin to look at future budgets and future plans for the retired citizens of Kansas.

In closing Mr. Chairman, the Kansas Coalition of Public Retirees thanks you and the committee for your time and consideration on this critical issue.

Ron Gardner Kansas Coalition of Public Retirees

Senate Ways & Means Cmte

Date 3-10-2010

Attachment 13

Testimony by the Kansas Coalition of Public Retirees

Before the Senate Ways and Means Committee, March 10, 2010

APPENDIX:

Loss of Buying Power:

1. The loss of buying power is impacting those receiving KPERs benefits at an alarming rate. The need for a "hardship adjustment" (COLA) has been expressed many times. In the 13+ years without a COLA retiree buying power has been reduced from \$1000 to approximately \$661. If a retiree lives 30 years in retirement, which is entirely possible with the improvement in medical care, the buying power is conservatively estimated to be $\frac{1}{4}$ of what it was on the day of retirement.
2. This is why the inclusion of a COLA is so necessary. While an increase in the multiplier on surface would appear to be a nice addition to the KPERs retiree, the real challenge is the compounded loss of buying power because of inflation.

Change to a Defined Contribution Plan:

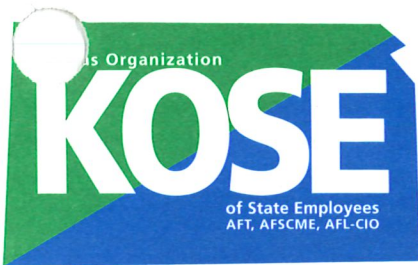
3. Our research shows that it is less costly to "fix KPERs" than it is to freeze the present system and institute a new 401K type defined contribution plan for new hires! This is because:
 - a. Continuing to fund the current system provides a source of funds for the entire KPERs plan.
 - b. If a change is made to a 401K type plan, the present plan has to continue to be funded as well as the new plan; hence you are funding two total separate plans, thus costing more.
 - c. A 401K type defined contribution is not guaranteed. The present defined benefit plan is guaranteed.
 - d. Because of the increase costs of funding two systems, there will never be enough money to fund a "hardship adjustment" for anyone retiring/retired under the present guaranteed system. As indicated above, this is the true challenge facing the retired. Because so many KPERs retirees stay in Kansas, a lack of a "hardship adjustment" over time will likely place more pressure on social service agencies.

Unfunded Actuarial Liability:

4. The unfunded actuarial liability and the need for the annual increase in contribution will decrease once the account reaches the 80% level of funding.
5. In 2004, the \$500 Million bond issue was not a long term solution for the unfunded actuarial liability because the annual contribution was not increased to the actuarial level. The bond issue in conjunction with actuarial contribution would have solved the problem.

Increase in the Multiplier:

6. Our quick calculations suggest that increasing the multiplier from .0175 to .0185 would not be as effective as a regular "hardship adjustment." Initial calculations also indicate that it would take considerable years for anyone making increased contributions to realize any monetary advantage at retirement because of those increased contributions.



A NEW DAY... A BETTER WAY... FOR STATE EMPLOYEES

Testimony before the
Senate Ways and Means Committee

On
SB 564

By
Jane Carter, Executive Director
Kansas Organization of State Employees
March 10, 2010

I am here today to speak on behalf of the 11,000 executive branch employees represented by the Kansas Organization of State Employees (KOSE) who are currently not favor SB 564. As the largest certified, State recognized employee organization for state employees in the executive branch, we appreciate this opportunity to address issues that affect our members.

First of all, I want to thank the Committee for taking on this extremely challenging issue and for exploring the possibility of fixing the future funding problems with KPERs. It is the position of KOSE that the current crisis we face should be and ought to be a shared sacrifice. We can all agree that the KPERs faces a long-term funding challenge in the years to come. However, according to KPERs, the system currently has more than \$10 billion in assets. We can safely assume that it will remain solvent for decades. Furthermore, we support the idea of raising the employer contribution from 0.6 percent to 1 percent and we appreciate the efforts to share the pain as much as possible.

As many of you know, the state Civil Service Pay Plan was reconstructed in 2007 after research found that more than one-third of the state work force was 25% below market. We still have 2 to 3 years before employees will be at a comparable market rate, and before full implementation of the new pay system. We still have employees earning significantly less than the comparable market and we are by no means close to reaching equity.. Currently, the pay inequity of state employees and KOSE members is our number one issue, and the implementation of the plan has already been delayed an entire year due to the budget crisis. With our pay at such low rates, and not even at market levels, we cannot support another impediment to more fair and equitable wages for the state workforce. State employees who are below market, who still do not make a comparable wage simply cannot afford another burden.

As much as SB 564 attempts to spread the pain equally, the idea of moving employee contributions up an entire 2 percent of their wage over the next five years would only increase the hardship working Kansans currently face. With many state employees already under the market rate of pay, many simply cannot afford this drastic rate increase right now. According to the recent market survey:

Senate Ways & Means Cmte
Date 3-10-2010
Attachment 14

Kansas Organization of State Employees, AFT/AFSCM

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- Social workers are paid on average \$32,000 and are 21% below the market rate. An 8% increase would equal \$2,560 from their paychecks.
- Electricians are paid on average \$26,600 and are 32% below the market rate. An 8% increase would equal \$2,128 from their paychecks.
- Custodial workers are paid on average \$17,000 and are 20% below the market rate. An 8% increase will equal \$1,440.
- Equipment operators at KDOT who make on average \$22,000 are between 6 and 10 percent below the market rate and an 8% increase will equal \$2400 out of their paychecks.

We urge the Committee to look at additional alternatives that do not hurt the bottom line of both the State and the employees who commit their lives to making sure services are rendered. State employees still have to make ends meet; such an increase would make that nearly impossible for thousands of state workers. KOSE would propose the following changes or alternatives:

1. Phase in any increases for the employee contribution after the full implementation of the new Pay Plan. With so many employees still below market, this is an additional burden they simply cannot afford in either Tier One or Tier Two.
2. Increase employee contributions only on certain wage earners. Employees making less than \$30,000 per year cannot afford such an increase.

14-2