

Approved: 5-3-10  
Date

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

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

All members were present except:

Representative Nile Dillmore- excused  
Representative Owen Donohoe- excused  
Representative Mitch Holmes- excused  
Representative Kasha Kelley- excused

Committee staff present:

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

Conferees appearing before the Committee:

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Kansas Arts Commission, School for the Blind, School for the Deaf, State Historical Society, State Library,
- Attachment 2 Office of Revisor of Statutes - **SCR 1614**
- Attachment 3 Representative Mike Burgess Testimony **SCR 1614**
- Attachment 4 Estimated Impact of **SCR 1614**
- Attachment 5 **SCR 1614** Amendment
- Attachment 6 Draft Bill - **SCR 1614**
- Attachment 7 Kansas Chamber of Commerce Testimony - **SCR 1614**
- Attachment 8 Americans for Prosperity Testimony - **SCR 1614**

Representative Lane made a motion to introduce legislation regarding retirement and pensions. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Feuerborn made a motion to introduce legislation renaming a portion of Highway 59 in Franklin County. The motion was seconded by Representative Lane. Motion carried.

Representative McLeland, Chair, House Education Budget Committee, presented the Kansas Arts Commission FY 2011 Budget Committee Report, (Attachment 1). The Budget Committee concurs with the Governor's recommendation with the following adjustment and notation: delete \$65,110 from the State General Fund; and concern for the negative impact of **HB 2437** will have on the Kansas Arts Commission.

Representative McLeland responded to questions from committee members. He stated that the special plates would require 500 commitments and to date there are over 700 commitments. The purchase of the special plates will cover the cost incurred and no money will be coming out of State General Funds. Representative McLeland noted that the plates are in the design phase.

Representative McLeland made a motion to approve the Kansas Arts Commission FY 2011. The motion was seconded by Representative Lane. Motion carried.

Representative McLeland, Chair, House Education Budget Committee, presented the School for the Blind FY 2011 Budget Committee Report, (Attachment 1). The Budget Committee concurs with the Governor's Recommendation with the following adjustments and notations: delete \$76,519 from State General Fund;

+CONTINUATION SHEET

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

review the possible addition of \$118,442 from the State General Fund; and noted the reductions are greater than K-12 and special education.

Representative McLeland made a motion to approve the School for the Blind FY 2011 Budget Committee Report. The motion was seconded by Representative Lane.

Representative McLeland responded to questions from committee members. He stated that the School for the Blind and the School for the Deaf will be under one superintendent, effective July 1, 2010. The schools will not be consolidated as the costs to update the facility were too costly. The Governor did not have a recommendation for consolidation and was leaving this decision up to the schools. He noted that the cost savings for school consolidation were not discussed by Budget Committee members.

Representative McLeland moved to amend the motion for a review of the administrative costs for consolidation of the schools at Omnibus. Representative Lane seconded the amendment.

Discussion followed by committee members regarding the statutory requirements to ensure that the instructors at the School for the Blind receive pay increases that are parallel to those of the Olathe #233, and the need to include the School for the Deaf for review at Omnibus. Superintendent Mayo stated that the superintendents at both schools are appointed by the State Board of Education. Contract negotiations are conducted between the superintendent, State Board of Education, and the Commissioner of Education. The initial 1st year savings is approximately \$200,000 with several shared positions, and other areas of consolidation over the next two years are expected for an additional savings. Contracts are renewed each year, he stated. If the budget is approved, this will include the approval of the statutory salary compliance funding with a review of the cost savings for administration at Omnibus.

Representative McLeland renewed his motion as amended, which includes the statutory salary compliance funding. Motion carried.

Representative McLeland, Chair House Education Budget Committee, presented the School for the Deaf FY 2011 Budget Committee Report, (Attachment 1). The Budget Committee concurs with the Governor's Recommendation with the following adjustments and notations: delete \$95,261 from the State General Fund; review the possible addition of \$183,225 from the State General Fund; and noted the reductions are greater than K-12 and special education.

Representative McLeland made a motion to approve the School for the Deaf FY 2011 Budget Committee Report, which includes a review of administrative costs for consolidation of the schools and statutory salary compliance funding at Omnibus. The motion was seconded by Representative Mast. Motion carried.

Representative McLeland, Chair House Education Budget Committee, presented the Kansas State Historical Society FY 2011 Budget Committee Report, (Attachment 1). The Budget Committee concurs with the Governor's Recommendation with the following notation: possible use of State Institutions Building Fund for emergency repair and rehabilitation projects.

Representative McLeland made a motion to approve the Kansas State Historical Society FY 2011 Budget Committee Report. The motion was seconded by Representative Lane. Motion carried.

Representative McLeland, Chair House Education Budget Committee, presented the Kansas State Library FY 2011 Budget Committee Report, (Attachment 1). The Budget Committee concurs with the Governor's Recommendation.

Representative McLeland made a motion to approve the Kansas State Library FY 2011 Budget Committee Report. The motion was seconded by Representative Lane. Motion carried.

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

+CONTINUATION SHEET

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

Jim Wilson, First Assistant Revisor, Office of Revisor of Statutes, reviewed SCR 1614, (Attachment 2).

Mr. Wilson responded to questions from committee members. He stated the amendment defines state revenues as exclusive of monies received from the federal government, and includes fee funds.

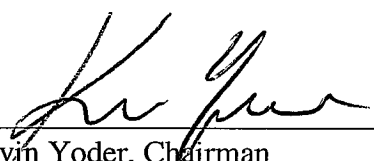
Representative Mike Burgess, presented testimony as a proponent of SCR 1614, (Attachment 3), estimated impact of SCR 1614, (Attachment 4), draft amendment for SCR 1614, (Attachment 5), and draft bill, (Attachment 6). He stressed the need for building a reserve account (rainy day fund, as referred to in the Governor's State of the State Address), in preparation of a future economic down-turn. Representative Burgess suggested the following changes to SCR 1614: automatic trigger for fund transfers; limit transfer amounts; and proposed trailer legislation.

Representative Burgess responded to questions from committee members in regards to the fund balance and expenditures. He explained the calculation of revenues, which is all revenues minus federal revenues. It was noted that the current debt service for the current year is \$96 million. Alan Conroy, Director, Kansas Legislative Research Department, stated that state revenue would be included in the calculation and added that he would report back on the impact of local sales tax. Mr. Conroy noted that in general 20 mills stay at the local level and do not come to the state. Representative Burgess stated that if a reserve account had been in place in 1990, as this bill is drafted, the state would have a projected \$211 million in a rainy day fund. It was noted that the Legislature has the power to transfer fund as designated by law in additional amounts to the Budget Stabilization Fund as deemed appropriate. Representative Burgess reviewed best practices from other states, and discussed the difference between HB 2320 and SCR 1614. HB 2320, which passed last year, looks at the estimated revenues in April and November, and unanticipated revenues would be swept into a rainy day fund at the end of the fiscal year. SCR 1614 of the constitution, places 3% growth in the rainy day fund in increments. The trailer bill has not been written, but with the passage of SCR 1614 a trailer bill would be introduced and earned interest would be included in this fund, he noted. All funds and revenues do not include the general funds. Representative Burgess noted that there was an error on the balloon, which should have read actual state revenues not estimated state revenues.

Chairman Yoder stated that written testimony from the Kansas Chamber of Commerce, proponent, (Attachment 7) and testimony form Americans for Prosperity, proponent, (Attachment 8) is being distributed to committee members.

Meeting adjourned at 10:04 a.m.

Next committee meeting, February 10, 2010

  
\_\_\_\_\_  
Kevin Yoder, Chairman

# APPROPRIATIONS COMMITTEE GUEST LIST

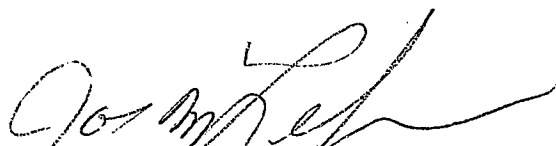
DATE: 2-9-10

NAME	REPRESENTING
GENIE MEYER	KANSAS REPORTER
Vickilyn Helsel	Budget
Jenni Chini	Historical Society
Julie Mulihill	KS Humanities Council
Debbie A. White	Historical Society
Mark Boranyak	Capitol Strategies
Jeanette Magathan	School for the Deaf
Brend Kopp	Hess Law Firm
TERRY FORSYTH	KWEH
Jody Martell	KSSB
KOD MEYER	KEMMER & Assoc
RJ Wilson	KOSI
Steve Wade	SRS

FY 2011

HOUSE EDUCATION BUDGET COMMITTEE

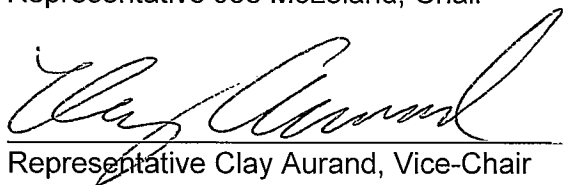
Kansas Arts Commission  
School for the Blind  
School for the Deaf  
State Historical Society  
State Library



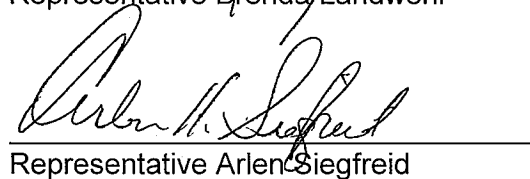
Representative Joe McLeland, Chair



Representative Brenda Landwehr



Representative Clay Aurand, Vice-Chair



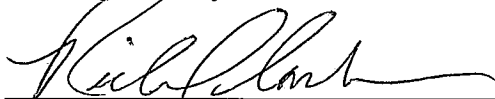
Representative Arlen Siegfried



Representative Harold Lane,  
Ranking Minority Member



Representative Bill Feuerborn



Representative Richard Carlson



Representative Gene Rardin

Appropriations Committee  
Date 2-9-10  
Attachment 1-1

House Budget Committee Report



**DRAFT**

**Agency:** Kansas Arts Commission

**Bill No. –**

**Bill Sec. –**

**Analyst:** Jonathan Tang

**Analysis Pg. No. –**

**Budget Page No. 319**

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 1,735,880	\$ 1,204,047	\$ (65,110)
Other Funds	747,304	747,304	0
Subtotal	<u>\$ 2,483,184</u>	<u>\$ 1,951,351</u>	<u>\$ (65,110)</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 2,483,184</u></u>	<u><u>\$ 1,951,351</u></u>	<u><u>\$ (65,110)</u></u>
FTE positions	8.0	8.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>9.0</u></u>	<u><u>9.0</u></u>	<u><u>0.0</u></u>

**Agency Request**

The **agency** requests FY 2011 expenditures of \$2,483,184, which is an increase of \$134,119, or 5.7 percent above the revised FY 2010 estimate. Requested State General Fund expenditures total \$1,735,880, which is an increase of \$474,358, or 37.6 percent above the revised FY 2010 estimate. The request includes enhancements totaling \$468,462, all from the State General Fund, mostly to restore grant funding to the FY 2009 level.

**Governor's Recommendation**

The **Governor** recommends FY 2011 expenditures of \$1,951,351, which is a decrease of \$275,129, or 12.4 percent below the Governor's FY 2010 recommendation. The Governor's FY 2011 State General Fund recommendation of \$1,204,047 is an increase of \$65,110, or 5.7 percent above the State General Fund expenditures in the Governor's FY 2010 recommendation. The majority of the State General Fund increase is attributed to other assistance in grant programs. The all other funds decrease from FY 2010 is attributed to the receipt of one-time federal American Recovery and Reinvestment Act (ARRA) funds that were available in FY 2010 but are not available in FY 2011.



**DRAFT**

## House Budget Committee Recommendation

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

1. Delete \$65,110, all from the State General Fund, to reduce the Governor's FY 2011 recommended State General Fund expenditures to the Governor's FY 2010 recommended State General Fund level.
2. The **House Budget Committee** notes the negative impact that 2010 HB 2437 will have on the Kansas Arts Commission if the bill is enacted into law. The 2009 Legislature enacted HB 2134 to grant the Kansas Arts Commission the ability to create a license plate and collect a royalty fee between \$25 and \$100 for the use of its logo on the license plate. The fee would be credited to the Kansas Arts Commission Special Gifts Fund to provide funds to communities with arts programming. HB 2134 exempted the "Support Kansas Arts" license plate from a personalized license plate reservation fee. HB 2437 would remove that exemption and require those who receive the license plate to pay a \$40 license plate fee in addition to other applicable fees. The Kansas Arts Commission estimates it will lose \$20,000 in the first year the license plate is available, expected to be FY 2011, due to the removal of the exemption.

# House Budget Committee Report



DRAFT

**Agency:** School for the Blind

**Bill No.**

**Bill Sec.**

**Analyst:** Gorges

**Analysis Pg. No.**

**Budget Page No.**

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

## 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 House Budget Committee concurs with the Governor's recommend with the following adjustments and notations:

1. **Adjustment to reduce the FY 2010 Recommendation.** Delete \$76,519, all from the State General Fund, to adjust the FY 2011 budget to the same amount as the Governor's FY 2010 recommended amount.
2. **Statutory Salary Compliance Funding.** Review the possible addition of \$118,442, all from the State General Fund, to comply 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 Budget Committee Report



DRAFT

**Agency:** School for the Deaf

**Bill No.**

**Analyst:** Gorges

**Analysis Pg. No.**

**Budget Page No.**

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

## 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 adjust the FY 2011 budget to the same amount as the Governor's FY 2010 recommended amount.
2. **Statutory Salary Compliance Funding.** Review the possible addition of \$183,255, all from the State General Fund, to comply 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 Budget Committee Report



**Agency:** Kansas State Historical Society

**Bill No. --**

**Bill Sec. --**

**Analyst:** Tang

**Analysis Pg. No. --**

**Budget Page No. 321**

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 5,787,221	\$ 5,349,110	\$ 0
Other Funds	3,148,369	3,436,480	0
Subtotal	\$ 8,935,590	\$ 8,785,590	\$ 0
<b>Capital Improvements</b>			
State General Fund	\$ 209,477	\$ 125,000	\$ 0
Other Funds	92,000	176,477	0
Subtotal	\$ 301,477	\$ 301,477	\$ 0
<b>TOTAL</b>	<b>\$ 9,237,067</b>	<b>\$ 9,087,067</b>	<b>\$ 0</b>
<b>FTE positions</b>			
	134.0	134.0	0.0
<b>Non FTE Uncl. Perm. Pos.</b>	<b>3.5</b>	<b>3.5</b>	<b>0.0</b>
<b>TOTAL</b>	<b>137.5</b>	<b>137.5</b>	<b>0.0</b>

## Agency Estimate/Request

The **agency** requests FY 2011 operating expenditures of \$8,935,590, which is an increase of \$76,060, or 0.9 percent above the revised FY 2010 estimate. Requested State General Fund expenditures total \$5,787,221, which is an increase of \$243,760, or 4.4 percent above the revised FY 2010 estimate. The request includes enhancements totaling \$165,000, including \$150,000 from the State General Fund for the purpose of commemorating the State's Sesquicentennial in calendar year 2011.

The agency requests FY 2011 capital improvement expenditures of \$301,477, which is a decrease of \$405,698, or 57.4 percent below the revised FY 2010 estimate. The request includes State General Fund expenditures of \$209,477, with \$125,000 for emergency repair and rehabilitation projects.

## Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$8,785,590, which is a decrease of \$150,000, or 1.7 percent below the agency's FY 2011 request. The entire decrease is attributed to the Governor not recommending the agency's enhancement requests. Recommended State General Fund operating expenditures total \$5,349,110, which is a decrease of \$438,111, or 7.6 percent below the agency's FY 2011 request. The Governor recommends the agency's reduced resources budget, which reduces the State General Fund



amount by \$288,111. However, the Governor recommends using the agency's special revenue funds to replace the State General Funds in the reduced resources budget.

The Governor's FY 2011 operating expenditures recommendation is a decrease of \$73,940, or 0.8 percent below the Governor's FY 2010 recommendation. Recommended State General Fund operating expenditures are a decrease of \$46,625, or 0.9 percent below the Governor's FY 2010 recommendation.

The Governor concurs with the agency's FY 2011 capital improvements request of \$301,477, but recommends State General Fund expenditures of \$125,000, all for emergency repair and rehabilitation projects. The Governor recommends using special revenue funds for projects that the agency had requested State General Funds.

### **House Budget Committee Recommendation**

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

1. The Budget Committee discussed the possibility of using the State Institutions Building Fund (SIBF) for the agency's emergency repair and rehabilitation projects. Currently, the Historical Society uses State General Fund appropriations for emergency repair and rehabilitation, approximately \$125,000 per year. The Budget Committee was informed that the types of institutions that can receive SIBF is authorized by the State Constitution and can not be altered without a constitutional amendment.

# House Budget Committee Report



DRAFT

**Agency:** Kansas State Library

**Bill No. –**

**Bill Sec. –**

**Analyst:** Tang

**Analysis Pg. No. –**

**Budget Page No. 323**

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 5,227,980	\$ 4,482,054	\$ 0
Other Funds	1,910,465	1,910,465	0
<b>Subtotal</b>	<b>\$ 7,138,445</b>	<b>\$ 6,392,519</b>	<b>\$ 0</b>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
<b>Subtotal</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>TOTAL</b>	<b>\$ 7,138,445</b>	<b>\$ 6,392,519</b>	<b>\$ 0</b>
<b>FTE positions</b>			
FTE positions	25.0	25.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<b>26.0</b>	<b>26.0</b>	<b>0.0</b>

## Agency Request

The **agency** requests FY 2011 expenditures of \$7,138,455, which is an increase of \$525,648, or 7.9 percent above the revised FY 2010 estimate. This amount includes \$5,227,980 from the State General Fund, which is an increase of \$537,731, or 11.5 percent above the revised FY 2010 State General Fund estimate. The State General Fund increase is almost entirely attributed to the agency's FY 2011 enhancement requests of \$510,028. The request shifts 1.0 FTE position to a non-FTE unclassified permanent position.

Without the enhancement requests, requested expenditures would total \$6,628,427, which is an increase of \$15,620, or 0.2 percent above the revised FY 2010 estimate. State General Fund expenditures would total \$5,700,325, which is a decrease of \$25,975, or 0.5 percent below the revised FY 2010 estimate.

## Governor's Recommendation

The **Governor** recommends FY 2011 expenditures of \$6,392,519, which is a decrease of \$79,581, or 1.2 percent below the Governor's FY 2010 recommendation. State General Fund expenditures total \$4,482,054, which is a decrease of \$67,488, or 1.5 percent below the Governor's FY 2010 recommendation. The Governor does not recommend the enhancement requests totaling \$510,028, all from the State General Fund. The Governor accepts the agency's proposed reduced resources budget of \$235,898, all from the State General Fund.



**DRAFT**

The Governor's FY 2011 recommendation is a decrease of \$745,926, or 10.4 percent below the agency's FY 2011 request. The Governor's State General Fund recommendation is a decrease of \$745,926, or 14.3 percent below the agency's State General Fund request. The difference is attributed to the Governor's acceptance of the agency's reduced resources budget and not recommending the enhancement requests for FY 2011.

**House Budget Committee Recommendation**

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

**Office of Revisor of Statutes**  
300 S.W. 10th Avenue  
Suite 24-E, Statehouse  
Topeka, Kansas 66612-1592  
Telephone (785) 296-2321 FAX (785) 296-6668

**MEMORANDUM**

**To:** Chairman Yoder and Members of the House Appropriations Committee  
**From:** Jim Wilson, First Assistant Revisor of Statutes  
**Date:** February 9, 2010  
**Subject:** Senate Concurrent Resolution No. 1614, budget stabilization fund

Senate Concurrent Resolution No. 1614 would add a new section, Section 14, to article 11 of the Kansas Constitution mandating the establishment of a budget stabilization fund in the state treasury.

The amendment to the constitution would require that on or before each June 30 an amount equal to 0.25% of state revenues collected in the preceding 12 months be transferred to the budget stabilization fund. "State revenues" means all revenues from any source deposited to any state fund excluding any revenues received from the federal government.

Moneys credited to budget stabilization fund may only be transferred from such fund under the following circumstances:

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

(2) By a separate act of the legislature whenever the amount in such fund exceeds 5.0% of the state revenues collected in the previous fiscal year, moneys that exceed such 5.0% may be transferred from the budget stabilization fund to a single other state fund.

The resolution, if approved by two-thirds of the members of the House and Senate, would be submitted to the electors of the state at the general election in the year 2010 unless a special election is called at a sooner date by concurrent resolution of the legislature, in which case it would be submitted to the electors at the special election.

Appropriations Committee  
Date 2-9-10  
Attachment 2



State of Kansas  
Kansas House of Representatives



Representative Mike Burgess  
51<sup>st</sup> District

Docking State Office Building, 7<sup>th</sup> Floor  
Topeka, KS 66612

785/296-7632  
mike.burgess@house.ks.gov

Testimony on SCR 1614  
Before the House Appropriations Committee  
By Rep. Mike Burgess  
February 9, 2010

Chairman Yoder and Honorable Committee Members,

Thank you for the opportunity to offer my testimony in support of Senate Current Resolution 1614 and to offer a balloon amendment.

We need to learn from the current recession.

According to Elizabeth McNichol with the Center on Budget and Policy Priorities:

“After they emerged from the fiscal crisis earlier in the decade, many states began preparing for the next economic downturn by setting aside “rainy day funds,” or reserve accounts designed for use when revenues decline or expenditures increase unexpectedly because of downturns, natural disasters, or other events. A rainy day fund serves as a state’s first line of defense against the budget pressures caused by declining revenues and rising need for public services during a downturn.”

There is growing support in Legislature to establish a budget stabilization fund as seen with three separate measures being proposed. I introduced House Bill 2320 that passed the House last session while SCR 1627 introduced by Senators Laura Kelly and John Vratil is currently in the Senate Ways and Means Committee and SCR 1614 is before this committee. Each piece of legislation offers a different approach with strong and weak parts.

After looking at all three of these approaches to rainy day fund legislation, I’ve attempted to pull out best practices concepts from each legislative proposal. I will present the following suggested changes to SCR 1614 for your consideration:

- Establish an economic trigger for transfers to the fund – a 3% increase in revenues over the previous fiscal year will automatically trigger the .25% transfer into the fund;
- Limit how much can be transferred out of the fund to 50% during any single fiscal year; and
- Propose trailer legislation to clearly define funding for .25% transfer shall come only from the State General Fund and not from Fee-Funded funds.

SCR 1614 will give the people of Kansas the opportunity to have their say whether they too believe it is important for our state’s financial well-being to establish a budget stabilization fund.

This committee as well as the entire House and Senate will have many unpleasant votes this session. Let’s learn from this recession and do what many other states did after the last recession and leave Montana as the only state without a rainy day fund.

Thank you again for accepting my testimony in support of SCR 1614. As always, I stand ready to answer your questions.

Appropriations Committee

Date 2-9-10

Attachment 3

## Estimated Impact of SCR 1614

### FY 1990 - FY 2009

Dollars in thousands

Fiscal Year	Non-Federal Revenue	Percent Increase	0.25% Non-Federal Revenue	Cumulative Total	Percent of Non-Federal Revenue
1990	\$3,867,507		\$ 9,669	\$ 9,669	0.3 %
1991	4,092,419	5.8%	10,231	19,900	0.5
1992	4,090,726	0.0%	-	19,900	0.5
1993	4,363,548	6.7%	10,909	30,809	0.7
1994	5,171,182	18.5%	12,928	43,737	0.8
1995	5,613,043	8.5%	14,033	57,769	1.0
1996	5,925,238	5.6%	14,813	72,582	1.2
1997	6,112,368	3.2%	15,281	87,863	1.4
1998	6,316,327	3.3%	15,791	103,654	1.6
1999	6,217,479	-1.6%	-	103,654	1.7
2000	6,193,393	-0.4%	-	103,654	1.7
2001	6,264,991	1.2%	-	103,654	1.7
2002	6,953,250	11.0%	17,383	121,037	1.7
2003	7,084,964	1.9%	-	121,037	1.7
2004	7,251,733	2.4%	-	121,037	1.7
2005	7,175,245	-1.1%	-	121,037	1.7
2006	8,167,986	13.8%	20,420	141,457	1.7
2007	8,837,144	8.2%	22,093	163,550	1.9
2008	9,166,511	3.7%	22,916	186,466	2.0
2009	10,165,769	10.9%	25,414	211,881	2.1
Total FY 1990 - FY 2009			\$ 211,881		

Note: Expenditures are used to estimate all fund revenue, this amount is then reduced by federal fund receipts to estimate non-federal revenue.

Appropriations Committee  
 Date 2-9-10  
 Attachment 4

### Senate Concurrent Resolution No. 1614

By Senators D. Schmidt, Abrams, Apple, Barnett, Brownlee, Bruce, Brungardt, Colyer, Donovan, Emler, Huelskamp, Kelsey, Lynn, Marshall, Masterson, McGinn, Morris, Ostmeyer, Owens, Petersen, Pilcher-Cook, Reitz, V. Schmidt, Schodorf, Steineger, Taddiken, Umbarger, Vratil, Wagle and Wysong

3-12

13 A PROPOSITION to amend article 11 of the constitution of the state of  
14 Kansas by adding a new section thereto, concerning a budget stabili-  
15 zation fund in the state treasury.  
16

17 *Be it resolved by the Legislature of the State of Kansas, two-thirds of the*  
18 *members elected (or appointed) and qualified to the Senate and two-*  
19 *thirds of the members elected (or appointed) and qualified to the House*  
20 *of Representatives concurring therein:*

21 Section 1. The following proposition to amend the constitution of the  
22 state of Kansas shall be submitted to the qualified electors of the state  
23 for their approval or rejection: Article 11 of the constitution of the state  
24 of Kansas is hereby amended by adding a new section thereto to read as  
25 follows:

26 "§ 14. **Budget Stabilization Fund.** A budget stabilization fund  
27 shall be established and maintained in the state treasury.

28 (a) Not later than June 30 of each year, an amount equal to .25  
29 percent of the state revenues collected in the preceding 12  
30 months shall be transferred to the budget stabilization fund.  
31 The legislature shall have the power to transfer ~~or appropriate~~  
32 additional amounts to the budget stabilization fund as the leg-  
33 islature may deem appropriate.

34 (b) Moneys may be transferred from the budget stabilization fund  
35 only as follows:

36 (1) Any amount of moneys may be transferred from the budget  
37 stabilization fund into a single other state fund. Any transfer  
38 authorized by this subparagraph shall be by a separate bill that  
39 does not include any other matter except that authorizing the  
40 transfer from the budget stabilization fund. The affirmative  
41 vote of not less than three-fifths of all members then elected  
42 (or appointed) and qualified to each house shall be necessary  
43 to pass any separate bill authorized by this subparagraph.

when the estimated state revenues for the current year constitute an increase of more than 3% over the actual state revenues for the preceding year,

from a fund or funds designated by law

DRAFT OF AMENDMENTS  
For Consideration by Committee on Appropriations  
February 9, 2010  
Prepared by: Jim Wilson, Office of Revisor of Statutes

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

Except as otherwise provided by this section, whenever

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

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

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

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

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

*Explanatory statement.* The purpose of this amendment is to establish a budget stabilization fund in the state treasury.

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

when state revenues increase by more than 3%

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

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

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

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

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

DRAFT BILL NO. \_\_\_\_\_

AN ACT concerning the budget stabilization fund; providing for transfers from the state general fund to the budget stabilization fund.

*Be it enacted by the legislature of the State of Kansas:*

Section 1. (a) Not later than June 30 of each year, the director of the budget, in consultation with the director of legislative research, shall determine the amount equal to .25% of the state revenues collected in the preceding 12 months and shall certify the amount determined to the director of accounts and reports. Upon receipt of such certification, the director of accounts and reports shall transfer the amount certified from the state general fund to the budget stabilization fund. At the same time that the director of the budget transmits such certification to the director of accounts and reports, the director of the budget shall transmit a copy of such certification to the director of legislative research.

(b) As used in this section, "state revenues" means all revenues from any source deposited to any state fund in the state treasury, but shall not include any revenues received from the federal government.

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Attachment 6



**Testimony before the House Appropriations Committee  
SCR 1614 – Establishing a Constitutional Budget Stabilization Fund  
Presented by J. Kent Eckles, Vice President of Government Affairs**

**Tuesday, February 9<sup>th</sup>, 2010**

The Kansas Chamber of Commerce appreciates the opportunity to present testimony in favor of SCR 1614, which would establish a constitutional budget stabilization fund.

Kansas is one of only three states without any type of budget stabilization or “rainy day” fund. While each of the other 47 states’ budget stabilization funds differ in structure, their underlying functions all possess a common denominator: when capacity to generate revenue is strong, the state saves all or some of the surplus in a permanent fund for use when revenue generation is weak (economic downturns).

With our ending balance law often being waived via proviso in appropriations bills, SCR 1614 allows the citizens of Kansas to decide whether our Constitution should provide for a rainy day fund to help taxpayers and government leaders better withstand shortfalls in tax receipts.

With a constitutional budget stabilization fund, Kansas would have a third option when dealing with painful budget deficits – as opposed to only two, which are cutting spending or increasing taxes. States that have the luxury of drawing down rainy day funds during economic downturns are sure to have a more stable fiscal structure over time because they can balance budgets without having to constantly change their tax structure and shift spending priorities, both of which Kansas is currently considering through tax increases, allotments and sweeps of fee funded agencies.

The only amendment we urge the committee to consider is one that ties deposits into the budget stabilization fund to a certain percentage of state revenue growth. For example, some states require that revenues be deposited into such a fund when state revenues grow by more than two percent. As SCR 1614 is currently written, the state is forced to make deposits into the budget stabilization fund when it cannot afford to – as is the present case with Kansas’ budget deficit.

We urge the Committee to pass favorably SCR 1614.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.



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Date 2-9-10  
Attachment 7



# AMERICANS FOR PROSPERITY

K A N S A S

## Testimony in Support of SCR 1614 House Appropriations Committee February 9, 2010

Mister Chair and Members of the Committee,

I am proudly before you today, representing the nearly 40,000 members of Americans For Prosperity-Kansas.

AFP supports passage of Senate Concurrent Resolution 1614 which creates a budget stabilization fund in Kansas. This is an important piece of legislation in that it would better position the state for financial difficulties, such as those being realized with the FY 2010 and FY 2011 budget cycles.

### Budget Stabilization Fund

- The principle of a budget stabilization fund is that a state government saves money in prosperous years for use during a recession or down-turn years in tax revenue.
- Budget stabilization funds are common in most states. Only Arkansas, Colorado, Illinois, Kansas and Montana operate without such fund.
- Building reserves during times of tax revenue increases are crucial to weathering the next drop in state revenue. Building reserves takes time but states that have disciplined themselves into doing so will greatly help avoid tax increases or program cuts in the future.
  - FY 2007 Budget Stabilization Fund\* (Surrounding States / Plain States)
    - Nebraska \$516 million\*\*
    - Missouri \$268 million\*\*
    - Oklahoma \$572 million\*\*
    - Iowa \$535 million\*\*
    - South Dakota \$133 million\*\*
    - Kansas / Colorado \$0\*\*
- FY 2007, Total Budget Stabilization Fund Balance for all states
  - \$28 billion, up from \$12 Billion Dollars in FY 2005.

\*Source: National Association of State Budget Officers, Fiscal Survey 2008.

\*\* Does not include states ending balance requirement.

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- Reserve funds helped states during the 2001 fiscal down-turn (starting in 2001).  
“The primary reason reserve funds played an important role in balancing state budgets is that states did a better job of saving during the years leading up to the most recent fiscal crisis than they did in the previous down-turn of the early 1990’s. In fact, state balances stood at 10.4 % of spending at the end of 2000 and only 4.8% in the early 1990’s.” (National Association of State Budget Officers.)”

Policies to consider when creating or improving a Budget Stabilization Fund.

- Eliminate fund caps or increase cap to 15% of Budget  
Some states place limits on how large the fund can grow, typically measured as a percent of the budget. If rainy day funds are statutorily or constitutionally capped at an inadequate level, such as 10% of budget or less, then the state is going to have difficulty accumulating adequate reserve balances.

- Deposit Rules

In order to place a high priority on saving tax revenue integrate the rainy day fund into the overall budget process. If projected revenues exceed projected expenditure needs, a portion of that surplus should be appropriated as a transfer into the rainy day fund.

- Eliminate onerous replenishment rules.

Some states have created rules that require rainy day funds, after they are used, to be quickly replenished, even if economic conditions have not improved. Thus, creating a disincentive to use the funds or creating an environment to increase taxes to replenish the fund.

The Governor and Legislature should implement a budget stabilization fund that can work to cushion the states budget during the next economic downturn. This is a win-win situation. Taxpayers win because the likelihood of a tax increase to pay for government services during a downturn is reduced. Those who rely on government programs also win because they know that a pool of money has been set aside to ensure their program is cushioned during difficult economic times.

Thank you for your consideration on this important matter.

Derrick Sontag  
State Director