

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:07 a.m. on January 25, 2011, in Room 346-S of the Capitol.

All members were present except:

Representative Ballard - 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  
Jarod Waltner, Kansas Legislative Research Department  
Shirley Morrow, Kansas Legislative Research Department  
Cindy O'Neal, Administrative Assistant, Appropriations Committee  
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1           Amendment to **HB 2014** - Kansas Real Estate Commission
- Attachment 2           Amendment to **HB 2014**
- Attachment 3           Amendment to **HB 2014** – State Employee Pay Plan
- Attachment 4           Amendment to **HB 2014** - Post Secondary Education Savings
- Attachment 5           Amendment to **HB 2014** – Kansas Technology Enterprise Corporation
- Attachment 6           Amendment to **HB 2014** – Kansas Technology Enterprise and Kanss, Inc.
- Attachment 7           Amendment to **HB 2014** – Special Education Services
- Attachment 8           Amendment to **HB 2014** – Dues and Subscriptions
- Attachment 9           Amendment to **HB 2014** – Revisor of Statutes Technical Amendment
- Attachment 10          Amendment to **HB 2014** – Attorney General-Kansas Bureau of Investigation

Chairman Rhoades welcomed committee members.

**HB 2014: An Act concerning appropriations for the fiscal year ending June 30, 2011**

Representative Kelley made a motion to approve **HB 2014** favorable for passage. The motion was seconded by Representative DeGraaf.

Representative Lane made a substitute the motion to **HB 2014** that would strike the recommendation that would delete \$94,864 from the Real Estate Commission, (Attachment 1). The motion was seconded by Representative Crum. Motion carried.

Representative DeGraaf reviewed six remaining amendments to adjust **HB 2014**, (Attachment 2).

Representative DeGraaf made a motion to approve the amendments to **HB 2014**. The motion was seconded by Representative Brown.

Chairman Rhoades stated that each section of the remaining six amendments would be divided.

Representative DeGraaf and Elaine Frisbie, Office of the Governor, and J.G. Scott, Kansas Legislative Research Department, and Jim Wilson, Office of the Revisor of Statutes, responded to committee questions regarding the Kansas Post Secondary Education Savings Program Trust Fund. To date there are \$340,000 in certified matching dollars, **HB 2014** would remove the cap of \$265,000 and the amendment to adjust **HB 2014** would delete the increase in expenditure authority within the State Treasurer's Office and limit funds. The statute and legal issues were discussed by Jim Wilson. J.G. Scott noted that this amendment could be reviewed and discussed further when the Mega bill and Omnibus bill are worked in committee. Alan Conroy, Kansas Legislative Reserach Department, added that when the General Budget Committee works the Treasurer's Office budget these recommendations could also be made and brought back to the committee. It was noted that \$346,000 dollars represents staff and agency operations for the Learning Quest Program.

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Representative DeGraaf closed the motion. Motion failed.

Representative DeGraaf reviewed the second amendment that adds language to limit the Kansas Health Policy Authority salaries and wages, and to convert contractual employees to state employees.

Discussion by committee members followed. Elaine Frisbie, Office of the Governor, and Scott Bruener, Health Policy Authority, responded to questions from committee members regarding moving contractual employees to permanent state employees. It was noted that these were authorized full time employee (FTE) budgeted positions, and there are 47 FTE budgeted positions that have not been filled to date. It was noted that this agency is included in the Governor's reorganization orders.

Representative DeGraaf renewed the motion. Motion carried.

Representative DeGraaf reviewed the third amendment that would reduce salary and wages by 7.5% for state officers over the last six payroll periods; reduce agency salaries and wages by 7.5% with flexibility to achieve these savings, and transfer salary savings for Board of Regents and institutions to deferred maintenance to maintain the State General Fund (SGF) maintenance of effort for stimulus funding. This amendment would be a 16.5 million savings and \$8.2 million would remain with the Board of Regents and a savings of \$8.3 in SGF, he stated.

Discussion followed by committee members.

Representative DeGraaf renewed the motion. Motion carried.

Representative DeGraaf reviewed the fourth amendment that would add language requiring the Secretary of Administration to begin the process of prioritizing the sale of 10% of state assets. He noted a change in the report date which should be March 8 as opposed to April 15<sup>th</sup>.

Representative DeGraaf renewed the motion. Motion carried.

Representative DeGraaf reviewed the fifth amendment to that would add language banning expenditures for overtime, with exceptions approved by the Governor, Chief Justice, Legislative Coordinating Council, or their designees.

Discussion followed by committee members regarding the cost savings to the state, eligibility and guidelines for overtime wages and flexibility to meet the need of the agencies. J.G. Scott, Legislative Research, noted that 40% of the overtime wages were from the State General Fund and 60% from All Funds. Representative DeGraaf reviewed the amendment.

With the consent of the second to the motion, Representative DeGraaf retracted the motion for approval of the amendment.

Representative DeGraaf reviewed the last amendment that would add \$100,000 SGF to the Stan Clark Pregnancy Maintenance Initiative Fund.

Representative DeGraaf renewed the motion. Motion carried.

Representative Carlin provided information on the Employee Pay Plan, (Attachment 3). She reviewed the composition of this committee, and stated that not everyone has received a pay raise since the pay plan began two years ago. The study is on-going, she noted.

Representative Carlin made a motion to delete \$16.4 million, including \$8.5 million in SGF, in FY 2012 and again in FY 2013 to lapse funding previously appropriated for undermarket pay adjustments. The motion was seconded by Representative Feuerborn.

Discussion followed by committee members regarding market pay study and the current economic climate.

Representative Carlin renewed the motion. Motion failed.

Representative McLeland made a motion for an amendment to **HB 2014** that would reimplement \$44,000 for the Legislative Post Audit of school districts, (Attachment 4). The motion was seconded by

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Representative Brown.

Discussion by committee members followed and the importance of school efficiencies through the audit process was emphasized. As requested, a list of schools requesting an audit will be provided.

Scott Frank Legislative Post Auditor, responded to questions from committee members. He reviewed the results of audits which have been conducted.

Representative McLeland renewed the motion. Motion carried.

Representative Gatewood made a motion for an amendment to **HB 2014** to delete the reduction of \$371,426 from the Kansas Technology Enterprise Corporation, (KTEC), (Attachment 5). The motion was seconded by Representative Feuerborn.

Discussion followed by committee members.

Chairman Rhoades stated that the committee will recess and resume the meeting and reconvene following the adjournment of the House.

The meeting recessed at 10:57 a.m.

Chairman Rhoades called the meeting to order at 11:25 a.m.

Representative Gatewood reviewed the amendment for KTEC.

Discussion by committee members followed. Representative Gatewood stated that \$71,426 was for the contractual obligation for the Pipeline Project through FY 2011, and \$300,000 for product development. He noted that the federal dollars are at a match of \$18 to \$1. Discussion continued regarding the impact of consolidating KTEC into the Department of Commerce and shifting funds into the Board of Regents.

Representative Gatewood renewed the motion. Motion failed.

Representative Brown made a motion for an amendment to **HB 2014** that would reduce the number of personnel at KTEC and Kansas, Inc. (Attachment 6). The motion was seconded by Representative Peck.

Discussion followed by committee members regarding eliminating positions and consolidating Kansas, Inc. into the Department of Administration and KTEC into the Department of Commerce.

Representative Brown renewed the motion. Motion failed.

Representative Henry made a motion for an amendment to **HB 2014** that would transfer \$16,710,878 from general state aid of the SGF to the special education services aid of the SGF, (Attachment 7). The motion was seconded by Representative Lane.

Discussion followed by committee members regarding federal funding for special education services.

J.G. Scott, Kansas Legislative Research Department, reviewed the 2006 base funding level to meet the American Recovery and Investment Act requirements.

Landon Fulmer, Office of the Governor, discussed the penalty imposed by the Department of Education that could effect the Special Education budget in FY 2013. He reviewed the timeline to meet the maintenance of effort guidelines and federal audit procedures.

Discussion continued regarding capital improvements and statutes under the equalization law.

Representative Henry renewed the motion. Motion failed.

Representative Brown made a motion for an amendment to **HB 2014** that would eliminate fees or dues or subscriptions for professional or trade magazines for state officers or employees, (Attachment 8). The motion was seconded by representative Mast. Motion carried.

Representative Lane made a motion for an amendment to **HB 2014** that would remove the recommendation to delete licenses and park permits reimbursement to Disabled Veterans and National

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Guard Members accounts. The motion was seconded by Representative Carlin.

Discussion followed by committee members regarding reduced park fees, and the recommendation was made to review this in budget committee.

Christina Allen, Kansas Legislative Research Department, discussed the account balance that was not used but has been lapsed.

Representative Lane renewed the motion. Motion failed.

Discussion was held regarding the extended 10-year food service contract with Aramark and the Department of Corrections. Landon Fulmer, the Office of the Governor, stated that \$3.5 million from Aramark was captured in SGF for FY 2012.

Representative Peck made a conceptual motion to amend **HB 2014** that would lapse \$65,000 for the Disabled Veterans and National Guard Members accounts. Representative Crum seconded the motion.

Representative DeGraaf made a substitute motion to lapse the \$65,000 to the Kansas Department of Wildlife and Parks. The motion was seconded by Representative Brown. Motion failed.

Representative Donahoe made a motion to lapse \$65,000 from the SGF in the Reimbursement for Annual Licenses for Disabled Veterans Account, lapse \$7,000 from the SGF in the Reimbursement for Annual Licenses issued to National Guard Members account and lapse \$4,000 from SGF in the Reimbursement for Annual Park Permits for National Guard Members accounts. The motion was seconded by Representative Peck. Motion carried.

It was noted that the concern continues for sweeping fee funds.

Jim Wilson, Office of the Revisors of Statutes, reviewed the Proposed Technical Amendment for **HB 2014**, (Attachment 9) and the Proposed Amendment to HB 2014 as related to the Attorney General-Kansas Bureau of Investigation, (Attachment 10).

Representative Kelley made a motion to approve the proposed technical amendment to **HB 2014**. The motion was seconded by Representative Schwartz. Motion carried.

Representative Kelley made a motion to approve the proposed amendment to **HB 2014**, (Attachment 10) regarding the Attorney General-Kansas Bureau of Investigation. The motion was seconded by Representative DeGraaf.

Aaron Claussen, Kansas Legislative Research Department, reviewed the amendment and discussed the funding for Project Safe Neighborhood fund and the Social Security Administration Reimbursement-Federal fund.

Representative Kelley renewed the motion. Motion carried.

Discussion followed by committee members regarding the State Highway Fund.

Christina Allen, Kansas Legislative Research Department discussed the transfer of \$3,081 from the State Highway Fund of the Department of Transportation to the Water Structures State Highway Fund of the Department of Agriculture to fund for undermarket increases for FY 2011.

Representative Kelley made a motion for favorable passage of **HB 2014** as amended. The motion was seconded by Representative DeGraaf. Motion carried.

Chairman Rhoades stated that a summation of the amendments to **HB 2014** will be forthcoming, and he reviewed the agenda for tomorrow's committee meeting.

The meeting was adjourned at 12:46 p.m.

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Marc Rhoades, Chairman