

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:05 a.m. on March 2 & 3, 2011, in Room 346-S of the Capitol.

All members were present except:  
Representative Pottorff

Committee staff present:  
Nobuko Folmsbee, Office of the Revisor of Statutes  
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 FY 2012 & 2013 Budget Committee Reports – Board of Pharmacy, Department of Administration, Department of Labor, Kansas Lottery, Kansas Racing and Gaming Commission and Office of Administrative Hearings
- Attachment 2 Local Environmental Protection Plan-General Information & Resolution
- Attachment 3 Minority Report – Kansas Racing and Gaming Commission & Kansas Lottery
- Attachment 4 FY 2011 & FY 2012 – Budget Committee Reports – Board of Nursing, Commission on Veterans' Affairs, Health Care Stabilization Fund Board & Kansas Guardianship Program
- Attachment 5 FY 2011 & FY 2012 Budget Committee Reports – School for the Blind & School for the Deaf

Chairman Rhoades welcomed committee members and reviewed the agenda.

Representative Mast made a motion to introduce legislation regarding school buildings and the State Fire Marshal. The motion was seconded by Representative Peck. Motion carried.

Representative McLeland, Chairman, House General Budget Committee, presented the FY 2012 Board of Pharmacy Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following adjustments: suspend the 20% or a maximum of \$200,000 of the agency's fee funds, appropriate new fund to receive grants from nonprofit agencies or the federal government, and recommended the agency lowers fees.

Representative McLeland made a motion to adopt the FY 2012 Board of Pharmacy Budget Committee Report. The motion was seconded by Representative Mast. Motion carried.

Representative McLeland, Chairman, House General Budget Committee, presented the FY 2013 Board of Pharmacy Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following adjustments: suspend the 20% or a maximum of \$200,000 of the agency's fee funds.

Representative McLeland made a motion to adopt the FY 2013 Board of Pharmacy Budget Committee Report. The motion was seconded by Representative Mast.

Discussion followed by committee member. It was noted that not all budget reports for fee funded agencies reflect the additional 20% for fee funds, which would give the agency additional expenditure authority.

The motion was renewed. Motion carried.

Representative McLeland, Chairman, House General Budget Committee, presented the FY 2012 Department of Administration Budget Committee Report (Attachment 1). The Budget Committee concurred with the Governor's adjustments and recommendations: delete \$666,221 from the Systems

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Account of the State General Fund (SGF), add \$666,211 from the SGF to the Public Broadcasting Council Grants, credit the Public Broadcasting Council Grants of \$666,211 and distribute these funds to the Kansas public radio and television stations expect for KCPT, recommended the retention of a CIO to oversee and manage agency expenditures, concern for the growth of state indebtedness and recommends against interest only refinancing.

Representative McLeland made a motion to adopt the FY 2012 Department of Administration Budget Committee Report. The motion was seconded by Representative Mast.

Representative Brown made a substitute motion to delete items 2. and 3. from the report. The motion was seconded by Representative Peck.

Discussion followed by committee members regarding funding sources for public broadcasting and the impact by eliminating state funding. It was noted that the Department of Administration handles the grants for the Public Broadcasting Council.

The Budget Director position was as recommended in the Governor's recommendations. The Financial Management System (FMS) was a requirement that agencies utilize for accurate tracking of expenditures and revenues, and not all agencies have been brought into the system, it was noted.

The substitute motion was renewed. Motion carried.

Representative Gatewood made a substitute motion to delete \$132,078 from the report for the Director of the Division of Budget position. The motion was seconded by Representative Feuerborn.

Discussion followed by committee members regarding this position, which duties were separated from the Secretary of Administration's job responsibilities, the return on investments for the state, and benefits and optional funding for this position which has already been filled. The Governor's recommendation included reductions elsewhere for this position. It was noted that this position is an increase in wages and a reduction in responsibilities.

Representative Gatewood renewed the substitute motion. Motion failed.

Concern was expressed by a committee member regarding the cost of utilizing two network systems. It was noted that additional information will be reviewed with staff and an update provided to the committee. The suggestion was made to invite key agency representatives to the committee meeting for a report on their technology utilization.

Representative Feuerborn made a substitute motion to add language that the Director of the Division of Budget report back to the committee prior to working on the Mega bill on ideas for the department and cost cutting measures. The motion was seconded by Representative Ballard. Motion carried.

The motion was renewed as amended. Motion carried.

Representative DeGraaf, Vice-Chairman, House General Government Budget Committee, presented the FY 2012 Department of Labor Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendations with the following comments: review the management and number of programmers within the Unemployment Insurance Modernization project, review borrowing of federal funds from the Unemployment Insurance Trust Fund for future recommendations, and encouraged the Department of Labor to review personnel levels as the new Secretary reevaluates staffing needs.

Representative DeGraaf made a motion to approve the FY 2012 Department of Labor Budget Committee Report. The motion was seconded by Representative McLeland.

It was noted that the FY 2012 Budget Analysis notebooks have been prepared and were distributed to committee members.

Discussion followed by committee members regarding staffing issues and the need to fund filled positions as opposed to shrinkage. It was noted that the Unemployment Insurance Benefits balance will continue to

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change by statute, and reference was made to areas that will be addressed in SB 77.

Representative McLeland made a substitute motion to the Budget Committee Report under item #2 that would avoid borrowing funds in the future and report back to the Appropriations Committee. The motion was seconded by Representative Feuerborn. Motion carried.

The motion to adopt the FY 2012 Department of Labor Budget Committee Report as amended was renewed. Motion carried.

Meeting adjourned: 10:53 a.m.

Chairman Rhoades called the meeting to order at 9:04 a.m. He reviewed the meeting agenda and stated that members have received documents provided by Local Environmental Protection Plan, (Attachment 2)

Chairman Rhoades made a motion to approve the January 31, February 9, 10, 14, 15 & 16 committee minutes. The motion was seconded by Representative Mast. Motion carried.

Representative McLeland made a motion to introduce legislation that would not sweep 20% of fee funds to the State General Fund. The motion was seconded by Representative Mast. Motion carried.

Chairman Rhoades made a motion to introduce legislation regarding the abolishment of the State Fire Marshal. The motion was seconded by Representative DeGraaf. Motion carried.

Chairman Rhoades made a motion to introduce legislation regarding the Securities Commissioner statutory changes, fees and other issues. The motion was seconded by Representative Feuerborn. Motion carried.

Representative DeGraaf, Vice-Chair, House General Government Budget Committee, presented the FY 2012 Kansas Lottery Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following notations: operate above reproach in compliance to statutes and accounting rules regulating operations, address concerns from the Post Audit Report and reevaluate personnel needs with the delayed opening of the gaming facilities.

Representative DeGraaf made a motion to approve the FY 2012 Kansas Lottery Budget Committee Report. The motion was seconded by Representative McLeland.

Discussion followed by committee members regarding the Minority Report on the Kansas Racing and Gaming Commission and Kansas Lottery, (Attachment 3). It was noted that the original copy of the report reflects the signatures and the opinions of Budget Committee members. As this report contains a policy statement and is not relevant to the Budget Report, the Chairman asked members to disregard the Minority Report.

The motion to approve the FY 2012 Kansas Lottery Budget Committee Report was renewed. Motion carried.

Representative DeGraaf, Vice-Chair, House General Government Budget Committee, presented the FY 2012 Kansas Racing and Gaming Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's Budget Recommendation with the following recommendations: function above reproach in compliance with Kansas laws, accounting principles and statutes governing expanded gaming regulation and reports to the Budget Committee prior to Omnibus regarding the status of the Pooled Money Investment Board loan.

Representative DeGraaf made a motion to approve the FY 2012 Kansas Racing and Gaming Budget Committee Report. The motion was seconded by Representative McLeland.

Discussion followed by committee members regarding clarification of the language contained in the Governor's recommendation regarding illegal gaming enforcement, the need for a cost benefit analysis regarding gaming revenues, staffing positions and loan repayment of \$5 million for expanded gaming.

The motion was renewed. Motion carried.

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Representative McLeland, Chair, House General Government Budget Committee, presented the FY 2012 Office of Administrative Hearings Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following recommendation: concurred provided that expenditures for official hospitality shall not exceed \$100.

Representative McLeland made a motion to approve the FY 2012 Office of Administrative Hearings Budget Committee Report. The motion was seconded by Representative DeGraaf. Motion carried.

Representative McLeland, Chair, House General Government Budget Committee, presented the FY 2012 Office of Administrative Hearings Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following recommendation: expenditures for official hospitality shall not exceed \$100.00.

Representative McLeland made a motion to approve the FY 2011 Office of Administrative Hearing Budget Committee Report. The motion was seconded by Representative Mast. Motion carried.

Representative Crum, Chairman, Social Services Budget Committee, presented the FY 2012 Board of Nursing Budget Committee Report, (Attachment 4). The Budget Committee concurred with the Governor's recommendation with the following recommendations: add \$25,945 from special revenue funds, add 3 full time employees (FTE), suspend the statutory requirement of the 20% or up to a maximum of \$200,000 of fee sweeps to the State General Fund (SFG), pursue private contractors, and suspend statutory and regulatory fee increases for FY 2012.

Representative Crum made a motion to approve the FY 2012 Board of Nursing Budget Committee Report. The motion was seconded by Representative Mast.

Representative McLeland made a substitute motion to delete 3 FTE's. The motion was seconded by Representative Brown.

Discussion followed by committee members regarding the motion. It was noted that these positions were filled in FY 2010, and this is a fee based agency.

The substitute motion was renewed. Motion failed.

Discussion continued, and it was noted that the \$25,943 was fee funds that were swept for expending authority.

Representative Crum, Chairman, Social Services Budget Committee, presented the FY 2013 Board of Nursing Budget Committee Report, (Attachment 4). The Budget Committee concurred with the Governor's recommendations with the following recommendations: Add \$51,380 for special revenue funds, add 3 FTE positions, suspend the statutory requirement of the 20% or up to a maximum of \$200,000 of agency fee receipts to the SGF, pursue private contractors, and suspend statutory and regulatory fee increases for FY 2013.

Representative Crum made a motion to approve the FY 2013 Board of Nursing Budget Committee Report. The motion was seconded by Representative Schwartz. Motion carried.

Representative Mast, Member, Social Services Budget Committee, presented the FY 2011 Kansas Commission on Veterans' Affairs Budget Committee Report, (Attachment 4). The Budget Committee concurred with the Governor's recommendation with the following recommendations: expenditure limitations on the Kansas Soldiers' Home and Kansas Veterans' Home Medicare and Medicaid funds be increased to no limit, authority to transfer between SGF and special revenue accounts, if approved in both the House and Senate, recommends the House Appropriations Committee consider deleting \$195,000 from the Veterans' Claims Assistance Program and add this amount to the Veterans' Services operating budget in FY 2011 or FY 2012 and any unexpended funds would be carried forward, and meeting held between the Department of Administration and Kansas Department on Health & Environment to discuss technology and training for the Kansas Soldiers' Home and Kansas Veterans' Home to optimize Medicare and Medicaid billing.

Representative Mast made a motion to approve the FY 2011 Kansas Commission on Veterans' Affairs Budget Committee Report. The motion was seconded by Representative Henry.

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Discussion followed by committee members regarding the Claims Assistance Program. It was noted that this program is managed by the American Legion. And, additional Medicaid or Medicare dollars that are received can be utilized to defray expenses.

The motion was renewed. Motion carried.

Representative Mast, Member, Social Services Budget Committee, presented the FY 2012 Kansas Commission on Veterans' Affairs Budget Committee Report, (Attachment 4). The Budget Committee concurred with the Governor's recommendation with the following recommendations: expenditure limitations on the Kansas Soldiers' Home and Kansas Veterans' Home Medicare and Medicaid funds be increased to no limit, authority to transfer between SGF and special revenue accounts in FY 2011 and FY 2012, if approved in both the House and Senate, recommends the House Appropriations Committee consider deleting \$195,000 from the Veterans' Claims Assistance Program and add this amount to the Veterans' Services operating budget in FY 2011 or FY 2012 and any unexpended funds would be carried forward, and meeting held between the Department of Administration and Kansas Department on Health & Environment to discuss technology and training for for the Kansas Soldiers' Home and Kansas Veterans' Home to optimize Medicare and Medicaid billing.

Representative Mast made a motion to approve the FY 2012 Kansas Commission on Veterans' Affairs Budget Committee Report. The motion was seconded by Representative Crum.

Discussion followed by committee members regarding the balance in all funds.

J.G. Scott, Chief Fiscal Analyst, Legislative Research Department, responded to questions from committee members. He stated that SGF was reduced by \$722,000, dollars were added to the federal funds or fee funds changed the net that the SGF was reduced.

The motion was renewed. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the FY 2011 School for the Blind Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's Recommendation.

Representative Gordon made a motion to approve the FY 2011 School for the Blind Budget Committee Report. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the FY 2012 School for the Blind Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's Recommendation.

Representative Gordon made a motion to approve the FY 2012 School for the Blind Budget Committee Report. The motion was seconded by Representative Feuerborn.

Discussion followed by committee members regarding the recommended decrease in 11 FTE positions, which were unfilled. It was noted that the consolidation of administration has been completed, and the \$204,792 in all funds was an increase not a decrease as written in the Governor's Recommendation.

The motion was renewed. Motion carried.

Representative Gordon, Chair, House Education Budget Committee presented the FY 2011 School for the Deaf Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's Recommendation.

Representative Gordon made a motion to approve the FY 2011 School for the Deaf Budget Committee Report. The motion was seconded by Representative Feuerborn.

Discussion followed by committee members regarding the agency's request for \$320,983 from SGF for capital improvements.

Representative Crum made a substitute motion requesting that the subcommittee review this request for

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the West Wing construction and report back to the committee at Omnibus. The motion was seconded by Representative Carlin.

Discussion continued. It was noted that there are many upgrades needed at this facility including fire alarms and sprinkler systems, that would be funded by mil levy not SGF dollars.

The substitute motion was renewed. Motion carried.

The motion was renewed as amended. The motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the FY 2012 School for the Deaf Budget Committee Report (Attachment 5). The Budget Committee concurred with the Governor's Recommendation.

Representative Gordon made a motion to adopt the FY 2012 School for the Deaf Budget Committee Report. The motion was seconded by Representative Feuerborn.

It was noted that the FTE positions eliminated were unfilled positions.

The motion was renewed. Motion carried.

Representative Crum, Chair, Social Services Budget Committee, presented the FY 2012 Health Care Stabilization Budget Committee Report (Attachment 4). The Budget Committee concurred with the Governor's recommendation.

Representative Crum made a motion to adopt the FY 2012 Health Care Stabilization Budget Committee Report. Motion seconded by Representative Henry. Motion carried.

Representative Mast, Member, Social Services Budget Committee, presented the FY 2012 Kansas Guardianship Program Budget Committee Report, (Attachment 4). The Budget Committee concurred with the Governor's Recommendation.

Representative Mast made a motion to adopt the FY 2012 Kansas Guardianship Program Budget Committee Report. The motion was seconded by Representative Crum.

Discussion followed regarding the reduction of the FTE position.

The motion was renewed. Motion carried.

The Chairman reviewed the following week's committee agenda.

Meeting adjourned: 10:35 a.m.

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Marc Rhoades, Chairman