

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:00 a.m. on February 11, 2009, in Room 143-N of the Capitol.

All members were present.

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes
Theresa Kiernan, Office of the Revisor of Statutes
Jim Wilson, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Kelly Cure, Chief of Staff
Kathy Holscher, Committee Assistant

Conferees appearing before the committee:

None

Others attending:

See attached list.

- Attachment 1 Overview of the New Pay Plan
- Attachment 2 KOSE Health Insurance Contribution Moratorium
- Attachment 3 Government Performance Project
- Attachment 4 Commission on Veterans Affairs Budget Committee Report
- Attachment 5 No-fund Warrants 79-2939
- Attachment 6 No-fund Warrants Amendment **HB 2095**
- Attachment 7 Contingency Reserve Funds Amendment **HB 2095**

Chairman Yoder welcomed Committee members and reviewed the Committee meeting agenda.

The minutes from the January 13, 14, 15, 20, 21 and 22 were distributed. Representative Mast moved to approve the minutes. The motion was seconded by Representative Whitham. Motion carried

Introduction of Legislation

Representative Henry moved to introduce legislation regarding 1) an act for licensed professional and practical nurses, and 2) state employees salary, wages and compensation. The motion was seconded by Representative Ballard. Motion carried.

Representative Faber moved to introduce legislation regarding life insurance companies and reserves. The motion was seconded by Representative Whitham. Motion carried.

Representative McLeland moved to introduce legislation regarding insurance reimbursement for certain dietary formulas. The motion was seconded by representative Sawyer. Motion carried.

Representative Watkins moved to introduce legislation for Representative Brown regarding Johnson County and archery deer permits. The motion was seconded by Representative Mast. Motion carried.

Duane Goossen, Secretary, Department of Administration, presented an overview on the employee pay plan (Attachment 1). The 2008 Legislature formally authorized and adopted the five pay plan, which will be implemented over a five year period, beginning FY 2009. The Governor's budget reflects a one lump sum that will be distributed, with the approval of the Finance Council, prior to the new fiscal year and appropriated the same as last year. In addition, the Governor's proposal includes a 1 percent salary increase, which agencies would absorb. Duane Goossen responded to questions from Committee members regarding increasing the 1 percent pay increase for employee wages, budget reductions and staffing issues.

Kraig Knowlton, Department of Administration, explained the Job Classification spreadsheet, and provided

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data relating to turn-over rates and retirement eligible employees.

● Information requested

- 2008 State Employee Report
- Breakdown of full-time and part-time teaching loads

Jane Carter, Executive Director, Kansas Organization of State Employees (KOSE), presented an overview on the Health Insurance Contribution Moratorium (Attachment 2), and discussed the employee Pay Plan. Data was compiled by Pew Center (Attachment 3), The Hay Group and US Bureau of Labor Statistics, which shows State of Kansas employee benefits and pay ranking is among the lowest paid benefits in the nation. Salary increases for classified employees FY 1994 to FY 2008 were reviewed.

Jane Carter responded to questions from Committee members regarding the union's position on recommended budget cuts. Suggestions for Committee consideration included: supervisors per classified staff; use of agency owned vehicles; and a funded pay plan.

Representative Mast presented the Kansas Commission on Veterans' Affairs Budget Report, (Attachment 4). The Governor's FY 2010 recommendation is 12.4 percent below the FY 2010 agency request, which includes the KPERS Death and Disability insurance and group health insurance fund moratoriums. Committee recommendations were noted.

Representative Mast made a motion to approve the Veterans' Affairs Budget Report. The motion was seconded by Representative Ballard.

Representative Mast responded to questions from Committee members regarding Scratch-Lotto funds and the expansion of the National Guard Museum.

Wayne Bollig, Director, Kansas Committee of Veterans' Affairs, responded to questions from Committee members regarding funding sources, fee-based homes for veterans, and resident occupancy. Budget cuts and the impact on the Kansas Soldiers' Home were discussed.

Committee members expressed concerns for these reductions at a time when our nation is at war, expectations and quality of resources available to veterans and their families based on ability to pay.

Chairman Yoder stated that all budgets have a moratorium on KPERS death and disability and the employee health insurance plan, which were in the Governor's FY 2009 and FY 2010 proposals.

Chairman Yoder made a motion to remove the KPERS Death and Disability and Employee Health Insurance Fund moratoriums from agency budgets, with the intent of placing the moratoriums in the budgets if the rescission bill does not become law. The motion was seconded by Representative Watkins. Motion carried.

Secretary Goossen responded to questions from Committee members regarding KPERS Death and Disability and Employee Health Insurance Fund, the impact of the moratorium and ending balances for the calendar year.

Representative Gatewood made a motion to appropriate \$50,000 from ELARF for the National Guard Museum expansion. The motion was seconded by Representative Lane. Discussion by Committee members followed. Representative Gatewood amended the motion to appropriate \$50,000 from ELARF for the National Guard Museum expansion, which would be reviewed at Omnibus. Motion carried.

Representative Crum made a motion to move the language from the Conference Committee report to allow the transfer of funds from the Veterans' Home to the Soldiers' Home on the FY 2010 Budget. The motion was seconded by Mast. Motion carried.

Representative Mast renewed the motion to adopt the Veterans' Affairs Conference Committee Report for FY 2010 as amended. Motion carried.

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HB 2095 - School finance; capital outlay; cash-basis law, exemption; LOB authority.

Theresa Kiernan, Office of the Revisor of Statutes, presented an overview of the No-fund Warrants 79-2939, (Attachment 5). If the governing body of a municipality or taxing district determines that it is impossible to pay for unforeseen expenses without incurring indebtedness in excess of the adopted budget they may make application to the state court of tax appeals for authority to issue no-fund warrants. The application process was reviewed.

Theresa Kiernan responded to questions from Committee members regarding steps involved and repayment requirements of five years.

Theresa Kiernan presented an overview of the Adopted Amendment to **HB 2095**, (Attachment 6). The amendment would allow the board of education to issue no-fund warrants for the purpose of paying teacher salaries and benefits if the general funds are insufficient to finance the adopted budget of expenditures. The authority to issue no-fund warrants would expire June 30, 2011..

Committee members discussed the use of no-fund warrants for school districts that do not have contingency funds.

Theresa Kiernan presented an overview of the Proposed Amendment to **HB 2095**, (Attachment 7). The purpose of the amendment is to allow the board of education to issue no-fund warrants to pay teacher salaries and benefits, if the general funds are insufficient to finance the adopted budget of expenditures and if the district has not established a contingency reserve fund or if there are no monies in the contingency reserve fund. The authority to issue no-fund warrants would expire June 30, 2011. Theresa Kiernan responded to questions from Committee members regarding fund balances and limitations or restrictions for exhausting funds.

Committee members stated the need to allow districts flexibility and at the same time look at all available opportunities to meet funding needs.

Dale Dennis, Department of Education, responded to Committee questions in regards to district fund accounts, and the utilization of excess funds which can be transferred to other fund accounts.

Representative Kelley made a motion to adopt the Proposed Amendment. The motion was seconded by Representative Mast.

Committee members discussed contingency funds and determined that further discussion would be needed prior to taking action on the bill.

Representative Craft made a substitute motion to include the statement that prior to issuing no-fund warrants the school district must report to the local taxpayers the total dollar amount in the contingency reserve fund and the purpose for which those dollars will be spent.

Committee members discussed the impact to tax payers of no-fund warrants.

Chairman Yoder stated that when the Committee comes back to this bill we will be in the middle of the Kelley amendment.

The next meeting is scheduled for February 12, 2009.

The meeting was adjourned at 11:00 a.m.

Kevin Yoder, Chairman