

MINUTES

LEGISLATIVE BUDGET COMMITTEE

August 14-15, 2007
Room 514-S—Statehouse

Members Present

Representative Sharon Schwartz, Chairperson
Senator Dwayne Umbarger, Vice-Chairperson
Senator Laura Kelly
Senator Steve Morris
Representative Bill Feuerborn
Representative Lee Tafanelli

Member Absent

Representative Don Dahl

Staff Present

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Leah Robinson, Legislative Research Department
Amy Deckard, Legislative Research Department
Susan Kannarr, Legislative Research Department
Amy VanHouse, Legislative Research Department
Kimbra Caywood, Legislative Research Department
Julian Efird, Legislative Research Department
Jim Wilson, Office of Revisor of Statutes
Jill Wolters, Office of Revisor of Statutes
Theresa Kiernan, Office of Revisor of Statutes
Melinda Gaul, Chief of Staff, Senate Ways and Means Committee
Shirley Jepson, Committee Assistant

Conferees

Dr. Marcia Nielsen, Executive Director, Kansas Health Policy Authority (KHPA)
Darin Bodenhamer, Kansas Health Policy Authority
Sherrie Watkins-Alvey, Benefits Specialist, Wyandotte Center for Community
Behavioral Health
Mike Hammond, Executive Director, Association of Community Mental Health
Centers of Kansas

Paul Johnson, Kansas Catholic Conference
Bobbi Mariani, Director of Economic and Employment Support, Department of Social and Rehabilitation Services
Sister Therese Bangert, Kansas Catholic Conference
Marilyn Harp, Executive Director, Kansas Legal Services
Amy Campbell, Executive Director, Kansas Mental Health Coalition
Diane Duffy, Vice-President, Finance and Administration, Kansas Board of Regents
Tom Rawson, Vice-President, Finance and Administration, Kansas State University
Jim Guikema, Associate Vice President for Research, Kansas State University
Theresa Gordzica, Chief Business and Financial Planning Officer, University of Kansas
Paul Terranova, Senior Associate Dean for Research and Graduate Education, University of Kansas Medical Center
John Patterson, Vice-President, Finance and Administration, Pittsburg State University
Dr. Tom Bryant, President, Pittsburg State University
Roger Lowe, Vice-President, Finance and Administration, Wichita State University
Deb Miller, Secretary, Kansas Department of Transportation
Ed Van Petten, Executive Director, Kansas Lottery

Tuesday, August 14 Morning Session

The meeting was called to order by Chairperson Sharon Schwartz at 10:00 a.m. on August 14, 2007, in Room 514-S of the Statehouse.

Representative Feuerborn made a motion to approve the minutes of the July 26, 2007, meeting as written. The motion was seconded by Senator Kelly. Motion carried.

Presumptive Medical Disability (PMD) Review

Chairperson Schwartz explained that one of the topics assigned to the Legislative Budget Committee for interim review is the Presumptive Medical Disability (PMD) program – the effects of the new process on vulnerable Kansans due to the number of people who have left the MediKan program since implementation in September 2006 and the length of time it takes to complete the review process.

Susan Kannarr, Legislative Research Department, presented background information about the General Assistance (GA) MediKan program, information on the PMD process and the population it serves; and a summary of activities during the 2007 Legislative Session (Attachment 1).

- The General Assistance (GA) MediKan program provides a small cash grant and a limited medical benefit package to adults with disabilities while they pursue federal disability benefits. The primary assumption for the program was that the individual would eventually qualify for federal Social Security Disability Insurance (SSDI) or Supplemental Security Insurance (SSI) and Kansas would be reimbursed by the federal government for a significant percentage of the cost of the benefits provided during the determination process. MediKan is funded with state-only dollars and beneficiaries have a limited set of benefits.

- In September 2006, the Kansas Health Policy Authority (KHPA) implemented the PMD process as the gateway to the GA/MediKan program. The PMD screening process is modeled after the process for establishing disability claims for SSDI and SSI. Individuals who appear to have a disability that will eventually qualify them for SSDI or SSI are enrolled into the GA program and awarded the cash grant. These individuals are now also enrolled into the Medicaid program which qualifies beneficiaries for an enhanced package of benefits and allows the state to draw a 60 percent federal match for those expenditures.
- KHPA expected that the new PMD screening process would take longer than the previous screening process due to increased criteria and documentation; however, understaffing has caused additional delays. Additional staff was diverted to the PMD process but has been unable to work through the accumulated backlog.

Concerns about the effects of the new process include:

- Applicants who are found not to be eligible for PMD/Medicaid but who have an impairment to work will be served by the GA/MediKan program for a limited time. These individuals have a disability, but do not meet the SSA definition. Because GA/MediKan benefits are generally limited to 24 months, subject to exceptions, they will eventually lose access to state support and health care coverage.
- A number of applicants do not complete the process because it is too cumbersome to navigate. As a result, they do not get the services that they need.
- The overall population in MediKan is now lower and is believed to be a result of the delay in approvals, as well as an increasing number of applicants moving to PMD/Medicaid.
 - The PMD process is taking 60-90 days for applicants to get approved.

Major difficulties facing applicants include:

- Significant needs for money, health care, and food assistance.
- Lack of transportation.
- Disabilities that make it difficult for them to complete the disability determination and application process.
- KHPA and the Department of Social and Rehabilitation Services (SRS) are working to understand the changes in caseload and propose options for addressing the decline. The agency believes the PMD process is meeting its intended goal of getting disabled individuals into Medicaid sooner and helping to pave the way for federal disability approval. However, with half of those applying for GA being placed in the MediKan population, meaning they have an impairment that prevents work but they do not meet the SSA criteria, it also believes that this population will remain vulnerable without consideration given to programmatic changes.

- The 2007 Legislature recommended that MediKan benefits be continued pending further discussion and that the MediKan program be funded at FY 2007 levels to ensure adequate funding to continue serving Kansans eligible for MediKan through FY 2008. In response to the agency's plan to accelerate reviews and eliminate the backlog of applications, the Legislature appropriated \$300,000 including \$150,000 from the State General Fund (SGF).
- KHPA is committed to continue working with SRS to look at process changes that can further improve PMD; increased partnership with community organizations to improve the process and better serve clients and applicants; work with SRS to examine PMD data to determine policy options for dealing with populations left unserved by the PMD/Medicaid and GA/MediKan programs; and present these options to the 2008 Legislature.

Dr. Marcia Nielsen, Executive Director, Kansas Health Policy Authority (KHPA), presented background information on KHPA and an update on Presumptive Medical Disability ([Attachment 2](#)). Dr. Nielsen noted that the advantage of having the PMD program is that the State of Kansas can get some individuals into Medicaid sooner, giving them better access to health care services. In addition, this allows the State to draw down additional federal dollars. Dr. Nielsen stated that approximately 75 percent of the individuals on MediKan will time-out of the program and be without services. She felt it is important for the State to provide continuing services for these individuals.

Dr. Nielsen stated that sufficient space has been acquired and 8 additional staff members have been hired to address the concerns and backlog of the PMD screening process. The backlog is expected to be significantly reduced by the end of September. In addition, they expect to reduce the overall processing time from about 90 days to 45 days. Dr. Nielsen indicated that the involvement and participation of advocates and other community organizations is critical to the ultimate success of the program. A change, starting at the end of September, in the contract with Kansas Legal Services (KLS), which has provided Social Security advocacy services to General Assistance recipients for several years, will now turn the focus toward the initial application—by reimbursing KLS for assisting the applicant/recipient with the initial telephone interview and assist the applicant to better articulate his or her true situation to PMD allowing for more accurate determinations and faster processing time. Dr. Nielsen noted that current reports are positive and progressive, showing that current enrollment in Medicaid and MediKan, as a result of PMD, is now nearly unchanged. Communication will continue with SRS as well as other stakeholders in the mental health field, in looking for ways to improve the PMD program and provide additional plan information to the 2008 Legislature.

Responding to a question from the Committee with regard to the difference between eligibility requirements for MediKan and Social Security Disability, Darin Bodenhamer, Director of Eligibility, Kansas Health Policy Authority, stated that the basic difference between the eligibility requirements pertains to whether the individual has the ability to be employed. Those individuals in MediKan are believed to be employable after receiving some type of treatment. Responding to another question, Dr. Nielsen stated that if an individual is accepted into the MediKan program, a 24-month program, and then denied Social Security Disability benefits, they would normally drop out of the program at the end of the 24 months. However, the Legislature has directed that these individuals not be dropped from the MediKan program at this time.

Sherrie Watkins-Alvey, Benefits Specialist, Wyandotte Center for Community Behavioral Health, testified on the complexities of the application process. Ms. Watkins-Alvey stated that prior to September 2006, the application process for benefits while the individual waited for determination

of Social Security eligibility, took 30 days or less to complete. Since September 2006 and the implementation of PMD, the process has become much more complicated and difficult and takes approximately 60-90 days for completion and a determination to be made. Ms. Watkins-Alvey provided copies of the applications for the Committee ([Attachment 3](#)).

Responding to a question from the Committee, Ms. Watkins-Alvey noted that the Wyandotte Center has limited funds available to help those individuals who are in immediate need, but does, however, assist in directing them to homeless centers, food kitchens and food stamps, during the time they wait through the application process.

With regard to duplication and complexities of required information on the various forms, Darin Bodenhamer, KHPA, stated that they are working with Kansas Legal Services to streamline the forms and limit the duplication. In addition, KHPA is working with local mental health centers to provide assistance to those individuals who need help in filling out the forms. Mr. Bodenhamer noted it is important to follow federal Social Security qualification guidelines in order to draw down federal funds.

Bobbi Mariani, Director of Economic and Employment Support, Department of Social and Rehabilitation Services (SRS), responded to a concern by noting that the application form is used to apply for a number of programs besides MediKan and PMD, including food assistance. Ms. Mariani noted that a minimum of information (name/address/signature) is required by SRS to begin the process. In addition, they will provide assistance to navigate the application form.

Other presenters who provided testimony included:

- Mike Hammond, Executive Director, Association of Community Mental Health Centers of Kansas, Inc. ([Attachment 4](#)).
- Paul Johnson, Kansas Catholic Conference.
- Sister Therese Bangert, Kansas Catholic Conference ([Attachment 5](#)).
- Marilyn Harp, Executive Director, Kansas Legal Services (KLS). Ms. Harp's testimony included several recommended changes to the system including removing the need to fill out duplicate forms for various types of assistance and provide some type of assistance to individuals who do not otherwise qualify, such as job training. The Committee requested that Ms. Harp provide written testimony outlining recommendations made by KLS.
- Amy Campbell, Executive Director, Kansas Mental Health Coalition ([Attachment 6](#)).

Concerns and suggestions of the Committee included:

- Improvement to the application process to make it less cumbersome for those applying for benefits.
- Use of information already available in the system, such as through mental health centers; and eliminate duplication of information on the applications.

The meeting was recessed at 12:05 p.m. and reconvened at 1:40 p.m.

Afternoon Session

University Research and Development Enhancement Act Bonds

Diane Duffy, Vice President, Finance and Administration, Kansas Board of Regents, presented an overview of the University Research and Development Enhancement Act Bonds ([Attachment 7](#)). Ms. Duffy stated that in 2002, various government entities recognized the need for additional modern research facilities at the state's research universities. In response to this need, the 2002 Legislature enacted the University Research and Development Enhancement Act. The basic idea was to authorize the issuance of bonds to construct new research facilities and to buy new research equipment. Once the facilities were constructed, the beginning years of the annual debt service payments would be paid from the State General Fund. The new facilities would generate additional research revenues and eventually support the debt service payments.

The Act achieved the following:

- Authorized the issuance of up to \$125 million in bonds by Kansas Development Finance Authority (KDFA).
- Directed transfers from the State General Fund for debt service payments, limited to \$10 million per fiscal year and not more than \$50 million in total.
- Required KDFA to contract with the Board of Regents for the balance of the debt service.
- Directed the Board of Regents to create a subsidiary corporation to oversee the projects.
- Specified four projects to be funded:
 - Kansas State University—constructing the Food Safety and Security Facility;
 - University of Kansas—equipment for expanded life sciences research;
 - University of Kansas Medical Center—constructing the Biomedical Research facility, now called the Kansas Life Sciences Innovation Center; and
 - Wichita State University—expanding the Aviation and Engineering Complex.
- Added an additional project in 2005:
 - Pittsburg State University—construction of the Kansas Polymer Research Center.
- Authorized issuance of an additional \$13 million in bonds in a separate provision for the capital improvement and equipment purchases at the Wichita State University—National Institute for Aviation Research (NIAR).

Tom Rawson, Vice-President, Finance and Administration, Kansas State University (KSU), explained that the food safety and security facility, Biosecurity Research Institute, is a state-of-the-art research facility, designed to help protect the nation's food supply ([Attachment 8](#)). The building

consists of 113,000 square feet. Construction of the facility began in August 2004 and was completed in the fall of 2006. The total cost of the building is \$56 million. The project was funded with \$38 million in revenue bonds, \$15.2 million in federal funding, \$300,000 from the City of Manhattan, and \$2 million in private funds. The 2002 legislation provided \$16.7 million over a five-year period to retire the bonds. The State will complete its obligation in 2012 and KSU will be totally responsible for the completion of the bond payments. KSU is responsible for the operation of the facility. KSU estimates that the annual cost after 2012 will be approximately \$5.9 million.

Dr. James Guikema, Associate Vice-President for Research, Kansas State University, presented an overview of the design and focus of the Biosecurity Research Institute at KSU ([Attachment 9](#)). Responding to a question from the Committee, Dr. Guikema stated that there is no research being done in the building at the present time; however, it is anticipated that research work will begin in January 2008. Dr. Guikema explained that the building needs to be certified before research begins and some aspects of the building are still being completed.

Theresa Gordzica, Chief Business and Financial Planning Officer, University of Kansas (KU), presented a status report on the equipment that the University of Kansas purchased for Life Science Research with the University Research Bond funds ([Attachment 10](#)). Ms. Gordzica reported that the Lawrence campus of the University of Kansas received \$5 million of the University Research and Development Enhancement funds to purchase several pieces of high-end instrumentation, including an 800 MHZ nuclear magnetic resonance (NMR) spectrometer and several mass spectrometers. The University found it necessary to construct a specific facility to house the equipment resulting in the Structural Biology Center, funded by the KU Center for Research. The University has been paying approximately \$580,000 per year for the debt service on the equipment bonds since FY 2006. The term of the bonds is much shorter than those bonds that funded other buildings. The University of Kansas will fulfill their commitment in FY 2011. Responding to a question from the Committee, Ms. Gordzica stated that the annual payment of \$580,000 is funded from the Sponsored Research Fund.

Paul Terranova, Vice Chancellor for Research and Senior Associate Dean for Research and Graduate Education, Kansas University Medical Center (KUMC), presented testimony on the construction of the Kansas Life Sciences Innovation Center ([Attachment 11](#)). Mr. Terranova noted that the State sold \$65.6 million in bonds to support this project. Additional funding for the project was provided by the Hall family. The building was occupied in January 2007. In FY 2012, KUMC will assume responsibility for the debt service on this building from the state with a payment due of \$3.6 million. This obligation will grow to \$5.6 million per year in the last seven years of the bonds. KUMC plans to meet this obligation by using the indirect earnings of their research enterprise.

John Patterson, Vice-President of Finance and Administration, Pittsburg State University (PSU), presented testimony on the Tyler Research Center that houses the Kansas Polymer Research Center at PSU ([Attachment 12](#)). Construction is being completed at this time with the formal dedication scheduled for September 21, 2007. Mr. Patterson noted that the City of Pittsburg donated the land for the project and a \$2.7 million private gift helped to fund the project. The total project budget is \$6 million.

Dr. Tom Bryant, Pittsburg State University, presented additional testimony on the funding aspects of the Kansas Polymer Research Center. Dr. Bryant explained that PSU was encouraged in 2002 to become involved in the University Research and Development Enhancement Act Bonds; however, the University was hesitant because they were not confident of a revenue stream to retire the debt. After deliberation, they decided to apply but were informed by the Board of Regents that they could not participate because PSU was not a research institution. Approximately \$2.7 million of private funding became available and a partnership with Cargill for research was being considered, encouraging PSU to return to the Board of Regents to request further consideration. Eventually bonding authority of \$3 million was given. Dr. Bryant stated that PSU was excluded from the state's

five-year funding of the debt service as provided in the University Research and Development Enhancement Act.

Dr. Bryant reported that PSU has received, in partnership with Cargill, the 2007 Presidential Green Chemical Challenge Award. This award has given the University national and international recognition and led to conversation with several additional companies that will provide a revenue stream for the Polymer Research Center. Dr. Bryant reported that they do not have a shortage of scientists who want to work in the Kansas Polymer Center.

Dr. Bryant reported that because Wichita State University (WSU) did not use their entire allocation from the University Research and Development Enhancement Act Bonds, WSU re-allocated \$3 million to PSU. Responding to a question from the Committee with regard to the amount of the debt service payment, Dr. Bryant stated that, at the present time, the university's annual payment is \$155,000 and being paid from indirect funds or dollars generated by research at the Polymer Center. In addition, Mr. Patterson noted that PSU will assume the bond payments, on the funds directed to PSU, resulting in a payment of \$800,000 to \$850,000 per year for the next four years.

Responding to a Committee question, Dr. Bryant indicated that, to his knowledge, only \$117 million of the original \$120 million bonding authority authorized by the University Research and Development Enhancement Act was allocated to the universities and that the additional \$5 million bonding authority, later authorized by the Legislature, was never allocated. PSU is continuing to request inclusion in the state's five-year debt service funding consideration as provided to the other Regents universities in the program.

Roger Lowe, Vice-President, Finance and Administration, Wichita State University, responded to a Committee question, stating that WSU's initial allocation was \$10 million bonding authority for the laboratory building. In the planning aspect, one of aviation's major components was for icing tunnel research. The icing tunnel would have increased the project from \$10 million to \$14 million and it would have taken two years for contractors to build the tunnel. As a result, the total WSU project was broken into two phases. When WSU was ready to build the second building, the aviation industry indicated that their needs had changed and the icing tunnel was not as important as other research. For this reason, the additional \$4 million bonding authority was not needed. Because PSU was in need of funding for the Polymer Center, WSU directed \$4 million of the bonding authority to PSU. The Board of Regents agreed with the concept and the transfer was made.

Mr. Lowe provided financial information on the Engineering Research Laboratory Building-Phases I and II at WSU ([Attachment 13](#)). He informed the Committee that he will be retiring in January and introduced Mary Herrin, who will assume the duties of his position in January, 2008.

Responding to a question from the Committee concerning the total bonding allocation and the reason PSU was excluded from the funding, Ms. Duffy stated that the program was established and the bonding authority distributed before the PSU project was initiated. Because these decisions were already made, the Board of Regents did not revisit the issue. The Committee felt that there was flexibility in the original legislation establishing the University Research and Development Enhancement Act that would have given the Board of Regents the opportunity to revisit the bonding authority issue after the original determination. Eric King, Board of Regents, indicated that several of the projects were already under contract and that PSU was too late in their proposal.

Responding to another question from the Committee, Mr. Lowe stated that the additional \$4 million bonding authority given to WSU, over their original \$10 million, came from the University of Kansas Medical Center's allocation of \$65 million bonding authority. The KUMC contract came in under the \$65 million allocation, allowing the additional \$4 million bonding authority to be transferred

from KUMC to WSU and consequently allocated to PSU. The interest issue was never revisited nor was the \$50 million limitation on State General Fund funding increased. It also was noted that PSU only received \$3 million of the \$4 million bonding authority available from WSU.

Theresa Kiernan, Office of Revisor of Statutes, responded to a Committee question and indicated that it was her understanding that PSU took the bonding authority with the understanding that they would not participate in the debt service payment.

The Committee requested that the Board of Regents provide the following information and continue the discussion of the issue at a later meeting:

- Complete breakdown of the bonding authority issued to each Regents university and breakdown of projects as currently funded;
- Copy of the Board of Regents minutes when it was determined that PSU could not participate in the program and was not a research university;
- Why the payment and interest schedule were never revisited by the Board of Regents after the original allocation when bonding authority was transferred to another University project;
- The amount of SGF transfer funding allocated to the \$4 million; and
- Copy of the Board of Regents minutes when it was determined that PSU could participate in the bonding authority allocation but not in the debt service payments.

Legislative Consideration of the State Budget

Alan Conroy, Legislative Research Department, presented additional information called a Starting Point for Legislative Consideration of the State Budget ([Attachment 14](#)) and Improving and Streamlining the Budget Process ([Attachment 15](#)). Mr. Conroy indicated that the information summarizes discussion of the budget process as voiced in earlier Committee meetings including discussion concerning an earlier start to the budget process and a starting point for the budget process.

The Committee continued discussion with regard to:

- Baseline budget;
- Rate of growth of government;
- Ways to improve efficiency in government;
- Funding of legislation passed by the Legislature;
- Earlier involvement by the Legislature in the budget process; and
- Staffing problems associated with earlier start to budget process.

Several suggestions voiced by the Committee included:

- Request agency budgets by September 1;
- Look for opportunities to make the budget process more transparent and more public;

- Look for ways to limit the number of provisos and the number of items deferred to Omnibus;
- Review a sample of several agencies' budgets as submitted to the Governor, to determine if enough information is available to warrant a request to the Legislature's leadership for additional days to review budget requests in the fall by the Senate Ways and Means and House Appropriations Committees;
- Review profiles on agencies to see impact of multi-year expenses;
- An early review of pay plan information; and
- Provide more in-depth information to freshman legislators concerning the budget process.

Chairperson Schwartz recognized Representative Colyer, who presented information to the Committee on the State's budget process, noting that there has not been major reform to the budget process for some time. Several suggestions and concerns voiced by Representative Colyer included:

- Should have a multiple year outlook;
- Need to understand the impact of legislation on the economy;
- Address potential major increases to State expenditures such as health care reform, special education, and transportation costs in a timely manner;
- How to address the increased expenditures;
- Federal dollars available to the State; and
- How to address emergencies, such as disasters, including floods and tornadoes.

Representative Colyer stated that a major concern of freshmen legislators is how to understand the budget process; how they can better participate in the process; and how they can obtain sufficient data on the economic impact of legislation.

J. G. Scott, Legislative Research Department, introduced Kimbra Caywood, a new fiscal analyst with the Legislative Research Department.

The meeting was recessed at 5:00 p.m. and will reconvene at 9:00 a.m. on August 15, 2007.

Wednesday, August 15 Morning Session

Chairperson Schwartz reconvened the meeting at 9:10 a.m.

Elected Officials Compensation

Alan Conroy, Legislative Research Department, presented an overview of State Elected Officials Compensation ([Attachment 16](#)); a study as requested by the Legislative Coordinating Council of the compensation of current elected officials, including legislators and statewide officers, and to determine whether the current levels of compensation should be adjusted.

Mr. Conroy stated that the salaries of all statewide elected officials and legislators in Kansas are established by statute. Increases in these salaries are tied to salary increases for classified state

employees with the increases generally reflected in the annual appropriations bill. Salaries as of February 2007 were used in the comparison.

With reference to the comparison of other states' salaries, it is noted that the method of selection and duties of the positions tend to vary from state to state. It is also noted that the California elected officials' salaries are sometimes excluded from comparisons because they are so much higher than those of any other state.

- Governor's salary is currently \$105,889. The 50-state average is \$124,398, 17.5 percent above the Kansas Governor's salary or excluding California, the average salary is \$120,268, 13.6 percent above the Kansas Governor's salary.
- Lieutenant Governor's salary is currently \$29,950. The average salary of those states with a comparable position is \$87,542 or 192.3 percent above the Kansas salary or excluding California, the average salary is \$83,940 or 180.3 percent above the Kansas salary. Duties of this position vary widely between states.
- Secretary of State's salary is currently \$82,260. The average salary of other states with comparable duties is \$98,813 or 20.1 percent higher than the Kansas salary. Excluding California, the average salary is \$95,518 or 16.1 percent above Kansas.
- Attorney General's salary is currently \$94,597. The 50-state average salary is \$113,625 or 20.1 percent above the Kansas salary. Excluding California, the average is \$110,115 or 16.4 percent higher than Kansas.
- State Treasurer's salary is currently \$82,260. The national average salary is \$101,011 or 22.8 percent above the Kansas salary. Excluding California, the average salary is \$97,707 or 18.8 percent higher than the Kansas salary.
- Insurance Commissioner's salary is currently \$82,260. The 49-state average salary is \$105,954 or 28.8 percent higher than Kansas. Excluding California, the average drops to \$102,582 or 24.7 percent higher than Kansas.
- Comparison of legislative compensation is more problematic as the compensation methods differ widely as well as types of legislature and length of session in each state. A 2007 study on legislative compensation by the Council of State Governments (CSG) was used in this comparison.

Of the 50 states, 42 paid legislators some form of annual salaries in FY 2007, ranging from \$100 for the entire session in New Hampshire to over \$113,000 per year in California. The other states, including Kansas, pay some form of per diem compensation ranging from \$10 per day in Alabama to slightly over \$180 per day in Kentucky. The annual compensation for Kansas is estimated at \$6,651, compared to \$1,050 in Alabama and slightly over \$7,600 in Kentucky. When compared with all other states, on the basis of 2005 regular session compensation only, Kansas ranked 43rd out of the 50 states, with surrounding states ranking somewhat higher.

The study noted that while 41 states provide additional compensation to legislative leaders, there is no consistent pattern to the additional payments for leadership positions, mileage, and retirement.

With regard to a trends analysis, the study showed that Kansas' 1975 regular session compensation, \$3,255 in real dollars, equated to slightly over \$12,000 in inflation adjusted dollars. On that basis, the study indicated that legislative salaries in Kansas declined by just over \$5,400 or 44.8 percent from 1975 to 2005.

Over the same time period, inflation adjusted per capita income in Kansas increased from just under \$23,000 in 1975 to slightly over \$32,800 in 2005, an increase of 43.0 percent.

A number of comparative tables were attached to the written testimony.

Responding to a question from the Committee, Jim Wilson, Office of Revisor of Statutes, stated that the last permanent change to legislator's salaries, in statute, was in 1998.

Mr. Conroy commented that there is a Legislative Compensation Commission, which is scheduled to meet every other year; however, language in the appropriations bill has prevented this Commission from meeting for the past 7 years. Some members of the Committee noted that SB 513, a bill that addressed compensation for members of the Legislature; establishing a legislative compensation commission and abolishing the existing compensation commission, was passed by the Senate during the 2006 Session but apparently saw no action in the House. Copies of SB 513 were distributed to the Committee ([Attachment 17](#)). Jim Wilson reviewed the language of the bill. It was noted that this legislation would allow the Legislative Compensation Commission to make recommendations on legislative pay and such recommendation would take effect without legislative approval unless the Senate and House took action against the recommendation.

Responding to a question from the Committee, Jim Wilson stated that SB 513 applies only to legislative compensation, as the Constitution does not allow the Legislature to adjust state elected officials' salaries.

Committee suggestions included:

- Look at the entire compensation package including salary, per diem, and benefits.
- The Committee requested information relating to a comparison of average salaries for state classified employees, unclassified employees, and legislator salaries over a period of time.
- Take no action today on the issue to allow the Committee to review the information presented and receive additional data as requested.

Number of Public Employees in Kansas

J.G. Scott, Legislative Research Department, presented an overview of the Number and Salaries of Public Employees in Kansas ([Attachment 18](#)), a study as requested by the Legislative Coordinating Council. Statistics from a study done by the Bureau of Labor Statistics (of the United States Department of Labor) in 2005 was used for the study. The 2005 data estimates that Kansas had a total work force of 1,305,440. Of that amount, 81.8 percent were employed in the private sector, 2.0 percent were federal employees, and 13.1 percent were employees of local units of government. With reference to sector of employment and relating to the United States average, Kansas has a slightly lower percentage of private sector, federal and state employees, and a higher percentage of local public employees.

With reference to the change in public sector employment between 1997 and 2006, the total number of employees in Kansas has increased by 6.2 percent. Within the various public sector categories, employment at the federal civilian level has decreased by 8.3 percent and state employment has decreased by 3.9 percent. Local government employment has increased by 11.5 percent over the last ten years. Of the local public employees, the U.S. Census Bureau estimates that the vast majority of full-time equivalent positions work in the area of elementary and secondary education (57.0 percent). Other major categories include public safety, including police, fire and corrections, and public welfare.

Mr. Scott presented information on salaries of public employees which indicates that \$46.5 billion in salary and wage disbursements were paid to the Kansas work force in 2005. Of the total salary disbursements, 83.0 percent was paid to private sector employees, with the remaining 17.0 percent divided between federal civilian employees (2.9 percent), state employees (3.8 percent), and local government employees (10.3 percent).

Labor market information reported by the Kansas Department of Labor for 2005 indicates that the average salary for the Kansas workforce in 2005 totaled \$33,844, with the average salary for private sector employees of \$34,241, while the public employee average was slightly lower at \$32,067. Between 1997 and 2005, the average salaries for the total workforce in Kansas increased \$6,903, or 25.3 percent.

Among the six nearby states and Kansas, a comparison of salaries and wages by sector of employment indicates that in 2005, Missouri disbursed the highest average private sector salaries and wages at 85.3 percent, while Oklahoma had the lowest private sector disbursements at 79.5 percent of total salaries and wages.

Kansas data shows that private sector employees in Kansas constituted 81.8 percent of the total work force, while 83.0 percent of all salary and wage disbursements were made to employees of the private sector.

Kansas Personal Income and Disposable Personal Income

Leah Robinson, Legislative Research Department, presented an overview of Kansas Personal Income and Disposable Personal Income as prepared annually by the Legislative Research Department ([Attachment 19](#)). Data from the United States Department of Commerce for calendar year 2006 was used in the study to show historical trends with the State of Kansas, comparisons of some components of personal income between Kansas and other states, and Kansas personal and disposable personal income.

Ms. Robinson noted that personal income includes the sum of all wages and salary disbursements, other labor income, proprietors' income, rental income, personal dividend and interest income, and transfer payments. Disposable personal income is the total personal income less any personal tax or non-tax payments, such as donations, fees, fines and forfeitures to federal, state, and local governments. A number of graphs were included in the attachment to show the trends in personal income and disposable personal income.

A comparison of Kansas total personal income between 1965 and 2002 shows a much smaller growth in 2002 than earlier years; however, there has been some increase since 2002. Ms. Robinson reported that personal income has outpaced the inflation rate in Kansas during the past several years. Although earnings have increased during the period 2001-2006 for most industries, it was noted that farm income has decreased and varies widely from year to year.

Attachments included comparative information on:

- Kansas Total Personal Income and Per Capita Income, 1965-2006;
- Kansas Personal Income by Major Components and Industries, 2001, 2005, 2006;
- Kansas Personal Income by Major Components and Industries, 1976 and 2006;
- Kansas Farm Personal Income, 1965-2006;
- Total Personal Income by Major Components and Industries, United States and Kansas, 2006;
- Percent of Total Personal Income by Major Components and Industries, 2006;
- Relative Importance of Components of Personal Income, 2006;
- Expenditures From All Funds and State General Fund, Fiscal Years 1966-2008;
- Map showing 2006 Per Capita Personal Income;
- Map showing 2006 Per Capita Personal Income as a Percentage of the U.S. Average Per Capita and State Rank; and
- Map showing Per Capita Disposable Personal Income, 2006.

Update on Bridge Inspections in Kansas

Deb Miller, Secretary of the Department of Transportation (KDOT), presented an update on bridge inspections in Kansas ([Attachment 20](#)). Ms. Miller explained the federal terms used by all states in determining bridge condition—stating that the two terms used most often are:

- Structurally deficient—A bridge that is inadequate for today’s design loads, whether by obsolete design standards or structural deterioration. A structurally deficient bridge requires closer monitoring, repair work, or load posting.
- Functionally Obsolete—A bridge whose design is not up to today’s design standards. In many cases, these bridges will be narrower than they would be built today.

Ms. Miller noted that the word used for a bridge that is unsafe for travel is “closed.” Kansas has about 26,000 public road bridges (state, local, and Kansas Turnpike Authority), which is the 4th highest number of bridges in the nation. Of the total public road system in the State, 21 percent of the bridges are considered deficient in some way – 3,040 structurally deficient and 2,396 functionally deficient. Ms. Miller stated that Kansas has done a good job in taking care of the bridges through the 1989 Comprehensive Highway Program. KDOT has created a bridge inspection unit with 10 highly trained, qualified people who do nothing but inspect bridges. KDOT also converted from the federally required National Bridge Inspection Standards (NBIS) process to what is called an element-level inspection, a much more detailed inspection than the NBIS. KDOT has started a hands-on inspection of the I-70 intercity viaduct complex in Kansas City, Kansas, which contains three of the deck truss structures similar to the collapsed Minnesota bridge. The inspection will take approximately six weeks to complete.

With the end of the Comprehensive Transportation Program (CTP) in 2009, KDOT expected to have far less funds to spend on bridges and the rest of the system. Plans are underway to address 53 percent of the 104 structurally deficient bridges in Kansas, which includes actual replacement of some and preliminary scoping for others. The ability to complete the plans will depend on the availability of future funds.

Ms. Miller stated that local governments are responsible for inspection of local bridges. KDOT administers the federal bridge funds that are passed on to the local governments. Approximately

21,000 bridges are owned by local governments. They have fewer funds and less professional staff to assist with bridge inspections. Bridge inspection costs are an eligible use of federal bridge funds; however, KDOT's policy is that all federal dollars passed through to locals (approximately \$22 million), with few exceptions, are required to be spent on actual construction or rehabilitation of bridges, not on inspections. Ms. Miller felt this subject should be revisited with the local governments.

Ms. Miller felt it is poor policy to under-invest in the infrastructure of the transportation system across the country, although she felt that Kansas is doing a responsible job. The availability of future funds is critical to the inspection of the transportation system across Kansas.

Regarding a question from the Committee, KDOT indicated that the action taken on a bridge inspection depends on the results—some warrant immediate action with more critical inspection or other action. KDOT has emergency funds available to keep the system intact; however, fewer funds will be available with the end of the CTP.

Ms. Miller indicated that data from bridge inspections and bridge inspection definitions will be made available to the public on KDOT's website as well as responding to media questions.

Budget Process Reform

With continued discussion of the budget process, Alan Conroy, Legislative Research Department, presented information on A Proposal for Budget Process Reform as proposed by Chairperson Schwartz ([Attachment 21](#)). The information proposed budget hearings, introduction of a concurrent resolution regarding budget framework, expedited Governor's review of the budget, legislation to advance agency budget submission, and additional out-year projections. Chairperson Schwartz noted that the proposal is looking at a target for goals.

Following discussion, the Committee chose to adopt modified forms of items No. 1, 3, 4, and 5 of the proposal by consensus and without need for any legislation. A request was made to delete the language "at least three days" in Item No. 1. At this time, no legislation will be introduced as suggested in Item No. 4; however, agencies will be requested to submit their budget requests by September 1. Duane Goossen, Division of the Budget, Department of Administration, noted that it is too late to make this request during the current year, but it could be implemented the following year. It was felt that the concurrent resolution in Item No. 2 would be difficult to pass. It was the intent of the Committee to present the information at the budget hearings in late November or early December to the full Senate Ways and Means and House Appropriations Committees as opposed to Budget Committees. It was noted that the Consensus Revenue Estimating Group could meet in October rather than November, in order to have this information at an earlier date. Mr. Goossen stated that budget agency requests will be made available; however, no information with regard to the Governor's budget will be made available until final decisions are made and presented to the full Legislature.

The meeting was recessed at 12:20 p.m. and reconvened at 1:50 p.m.

Afternoon Session

Lottery

Ed Van Petten, Executive Director, Kansas Lottery, presented an update on the Lottery relating to sales estimates, expanded lottery act revenues fund, expanded lottery act receipts fund,

lottery gaming facility manager fund, and total lottery activity from FY 1988 through June 30, 2007 (Attachment 22). Mr. Van Petten stated that FY 2007 was a record year. There is a showing of slowing growth particularly with Powerball sales; however, there continues to be gradual growth.

Mr. Van Petten indicated that the Lottery will have a new multi-state scratch ticket with Iowa, to be launched at the Kansas State Fair and the following week in Iowa. There will be second chance drawings with the ticket. The first instant drawings on the face of the ticket will be divided between the two states. The second-chance drawing will be taken from the total sales within both states.

With regard to a proposed site in Southeast Kansas, Mr. Van Petten noted that the Commission voted to extend the application date by 90 days to December 6, 2007. By this delay, the \$25 million projected to be received in FY 2008 could be deferred until FY 2009.

Mr. Van Petten noted sales have increased because all retailers receive new game tickets on the same day and tickets are force-fed to the retailers which keeps all bins full.

With regard to the failure of the vote on the casino in South Central Kansas, Mr. Van Petten indicated that it may be possible for the issue to be revisited by another vote if called by the County Commission within the 180-day deadline. The issue and legislation is still being reviewed.

With reference to oversight of gaming, Jim Wilson, Revisor of Statutes Office, noted that the Legislature has oversight when they address the budget. Julian Efird, Legislative Research Department, noted that the Legislature has traditional review. SB 66 did not create any special mechanism for oversight. A special interim committee could be established to perform oversight.

The meeting was adjourned at 2:25 p.m. The next meeting of the Committee will be held on September 18-19, 2007.

Prepared by Shirley Jepson
Edited by Leah Robinson

Approved by Committee on:

November 9, 2007
(Date)