

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Wednesday, January 21, 2015, 112-N of the Capitol.

All members were present

Committee staff present:

Andy Chiamopoulos, Legislative Research Department
J.G. Scott, Legislative Research Department
Dylan Dear, Legislative Research Department
Nobuko Folmsbee, Office of Revisor of Statutes
Kathy Holscher, Kansas Legislative Committee Assistant
Jill Wolters, Office of Revisor of Statutes
Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:

Shannon Cotsoradis, Kansas Action for Children

Others in attendance:

[See Attached List](#)

Introduction of Proposed Legislation

Representative Hutton made a motion to introduce legislation regarding the Kansas Turnpike Authority contracts and annual report 15rs#0091. Representative Kleeb seconded the motion. Motion carried.

Briefing on:

J.G.Scott, Legislative Research Department, briefed committee members on the Governor's Allotment Plan. A review of **HB 2038** Summary Overview followed ([Attachment 1](#)). He stated that the Governor's Allotment Plan totaled \$280 million and reduced expenditures by approximately \$60 million, which was attributable to a \$278.7 million State General Fund (SGF) shortfall for FY 2015. The Governor's Allotment plan included recommendations to transfer funds, and adjust Non-State General Fund expenditures by an additional \$219.9 million, which would require legislative approval to implement. The bill would reduce expenditures by \$4.8 million in the SGF for FY 2015, primarily for the 4 percent operating reductions, and Kansas Public Employee Retirement System (KPERS) employer contribution rate reduction. \$192 million is included in the bill for SGF transfer adjustments, with the \$103.5 million in SGF transfers from the State Highway Fund, \$55 million from the Medical Program Fees Fund and \$7.1 million to the Job Creation Program Fund and a reduction of \$5 million in transfers to the Kansas Bioscience Authority. Other transfer adjustments totaled \$21.4 million, he added. The bill includes transfers of \$6 million for FY 2016 through FY 2018, which were originally budgeted for the Kansas Bioscience Authority and applied to Kansas State University and Wichita State University. A review of SGF adjustments by agency followed. Mr. Scott stated that Appropriations for FY 2015, FY 2016, and FY 2017 as included in the Governor's Allotment Plan reflects adjustments and transfers of approximately \$4.9 million ([Attachment 2](#)). Additional technical adjustments may be necessary, he noted.

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Mr. Scott responded to questions from committee members regarding ending balances and fund transfers. As requested, additional information will be provided to the committee. Chairman Ryckman stated the allotments would result in a zero ending balance for FY 2015, however \$14.5 million in KEY Fund transfers have not been listed and would be an amendment to the bill.

Hearing on: HB2038 — Appropriation revisions for FY 2015, FY 2016, FY 2017, and FY 2018 for various state agencies.

Chairman Ryckman opened the hearing on:

HB 2038

Shannon Cotsoradis, President and CEO, Kansas Action for Children, provided testimony as an opponent of the bill. (No written testimony was provided, but will be forthcoming she stated.) The impact of the bill in regards to sweeping \$500,000 million from the Children's Initiative Funds (CIF) and \$14.5 million from the Kansas Endowment for Youth was emphasized.

Shawn Sullivan, Director of the Division of Budget, responded to questions from committee members. He provided information regarding the \$55 million transfer from the Kansas Department of Health and Environment (KDHE) Medicaid Program. He discussed the pharmaceutical rebates and Affordable Care Act, and noted that for FY 2016, there was an \$11 million SGF increase, and a \$20 million SGF increase in FY 2016 has been budgeted to off-set fee funds for caseloads. There are no maintenance of effort requirements that would be affected by the bill. The recommendation to reduce funding to the CIF, was in an effort to limit fund growth. The Governor's Allotment Plan brings the balance to zero. The Rescission Bill includes a \$51 million adjustment for KPERS. The bill does not include the additional \$55 million in transfers from KDOT in the Allotment Plan. The KPERS repayment plan of \$40 million includes a reduction for the remaining six months of the fiscal year and takes the employer rate to a statutory level of 8.5 percent to 9 percent. Two proposals for FY 2016 and FY 2017 are budgeted reamortizing 2033 to 2043 and bonding. The increased human services consensus caseload funds of \$46 million for FY 2015 has been included in the Governor's FY 2016 Budget Report, therefore, there are no supplemental requests forthcoming. The 4 percent operating deductions were determined by major agencies.

Chairman Ryckman stated that the bill will be worked in committee next week, to address suggestions for adjustments that would effect the remaining five months in the fiscal year. Chairman Ryckman closed the hearing on **HB 2038**.

Presentation on: Midwestern Higher Education Compact

Representative Ballard, Commissioner, Midwest Higher Education Compact (MHEC), provided an overview of the compact ([Attachment 3](#)). Emphasis was placed on the benefits offered regarding the programs, services and realized cost savings provided by MHEC.

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Chairman Ryckman reviewed the agenda for the next committee meeting.

Meeting adjourned: 9:50 a.m.