

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Wednesday, February 18, 2015, 112-N of the Capitol.

All members were present except:

Representative Richard Proehl – Excused

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:

No conferees present

Others in attendance:

[See Attached List](#)

Introduction of proposed legislation

Representative Macheers made a motion to introduce proposed legislation regarding the criminal court appeal process. Representative Barker seconded the motion. Motion carried.

Representative Lunn made a motion to introduce proposed legislation regarding state employees relating to classified and unclassified positions, longevity bonus payments, leave sharing program, and amending current statutes. Representative Highland seconded the motion. Motion carried.

Budget Committee Report on:

Representative Grosserode, Chair, Education Budget Committee, presented the FY 2015 Postsecondary Education Systemwide Budget Report. She stated that the Budget Committee recommendations included in this report are contained in the Postsecondary Education Systemwide Budget ([Attachment 1](#)).

For FY 2015, the Governor recommended an increase of \$146.6 million in all funds and \$2.9 million in State General Fund (SGF). The increased funding is for the Board of Regents Career Technical Education tuition program, and increased expenditures for salaries and wages. The Governor recommended bonding authority for KSU Student Union, KU Residence Hall and Dining, and KU Corbin Hall. The Governor's decrease in capital improvements was due to the Art and Education Building project at Fort Hays State, which is being revised for submission at a later date. **The House Sub. for SB 4** deletes language allowing \$25 million in bonding authority for the student union expansion in FY 2015, deletes language allowing \$51.2 million in bonding authority for a new dorm

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and dining hall in FY 2015, and deletes language allowing \$14.5 million in bonding authority for Corbin Hall in FY 2015. The Budget Committee concurred with the Governor's recommendations included in **House Sub. for SB 4** with the following adjustments for the Board of Regents: add \$1.47 million from SGF for the Technical Education program; add language allowing the Board of Regents the flexibility to expend money from different funds for the \$3.1 million SGF reduction, due to the Governor's allotment, and fully fund the Midwest Higher Education Compact; and commended the Board of Regents and Regents Universities for increased graduation rates.

Discussion followed by committee members. A review of the allotments totaling \$16.2 million followed. The Governor's recommendations reflect a 2 percent reduction applied to each budget line item. A breakdown of these allotments will be provided to committee members, Representative Grosserode noted.

Representative Grosserode made a motion to approve the FY 2015 Postsecondary Education Systemwide Budget Report. Representative Highland seconded the motion. Motion carried.

For FY 2016, the Governor's recommendation is a reduction of \$11.7 million for employer health insurance contributions and \$1.5 million reduction from the Career Technical Education program. The Governor recommended a decrease of \$42.8 million for capital improvements for the Fort Hays State Art and Education building project that is being reviewed for submission at a later day, and a decrease of \$60 million from the Educational Building Fund, due to lower than expected revenues. The Budget Committee concurred with the Governor's recommendation with the following adjustments: Board of Regents add \$1.5 million from SGF for the Technical Education program in FY 2016; add language to allow expenditure of \$20,000 from existing resources for the Midwest Higher Education Compact; brought to attention the enhancement requests by the Board of Regents and Regents Universities of \$64.6 million. Kansas State University: add language allowing \$25 million in bonding authority for student union expansion; and noted trend of increasing instructional costs. University of Kansas: add language allowing \$51.2 million in bonding authority for new dorm and dining hall; add language allowing \$14.5 million in bonding authority for Corbin Hall; and noted the trend of increased instructional costs. Wichita State University: delete \$1 million Kansas Bioscience Authority transfer for the Center of Innovation for Biomaterials in Orthopedic Research and allow the use of \$1 million from the General Fees Fund for this expenditure. She reviewed the Kansas Board of Regents document that contains information on credentials earned by students and incentives to districts ([Attachment 2](#)). A bill is in draft form that will specifically address the cost of incentives so as to better target the cost of credentialing, she added. The bonding authority would be paid through fees collected and not with SGF.

Discussion followed by committee members. A review of the tuition/fee expenditures and SGF Expenditures, which has been adjusted for inflation, was reviewed([Attachment 3](#)). Discussion was held regarding bonding authority for KSU School of Architecture and Design.

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Representative Hutton made a motion to authorize KSU School of Architecture bonding authority which would not exceed \$60 million in FY 2016, and \$3.7 million in FY 2017 from the Educational Building Fund (EBF) for debt service on those bonds. Representative Hoffman seconded the motion.

Discussion followed by committee members regarding the motion. Representative Hutton stated that the \$3.7 million for FY 2017 would be on-going for 25 year debt service on the bonds from (EBF). Concern was expressed regarding deferred maintenance requirements.

Jill Wolters, Office of Revisor of Statutes, stated that if the motion is on-going, a separate trailer bill would be required. Typically the language includes that the debt service will be paid by a specific funding source.

Discussion continued by committee members regarding the motion.

Representative Hoffman made a motion for an amendment that adds language to the original motion that the committee would revisit bonding authority for the KSU School of Architecture and Design prior to passing the Mega bill. Which met the approval of the second to the motion, Representative Hutton.

Discussion continued by committee members regarding the need for more information on the revenue stream, enhancement requests, interest rates, bonding fees and the means of financing debt service. The recommendation was made that when bids are let that Kansas contractors should be a part of the process.

Jill Wolters, Office of Revisor of Statutes, reviewed sample language contained in a bill as related to debt service bonds.

Representative Hoffman renewed the motion as amended. Motion carried.

Discussion continued by committee members. Representative Henry reviewed the Minority Report (See Attachment 1).

Representative Henry made a motion to accept the Minority Report, and review the enhancements at Omnibus. Representative Ballard seconded the motion.

Discussion followed by committee members regarding the motion. The importance of the enhancements and the Midwest Higher Education Compact was emphasized.

Representative Peck made a substitute motion to approve the Minority Report with the exclusion of enhancement requests. Representative Schwartz seconded the motion.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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Discussion followed by committee members regarding the substitute motion, and this year's Omnibus process. Chairman Ryckman stated that prior to passing the final Appropriations budget, additional information will be forthcoming regarding the fiscal situation based on current consensus revenue estimates in April, the recommendations from other committees and any bills that may affect the budget. He noted that this is not the last time the budget reports will be reviewed or discussed before there is a budget bill. If there are items that need to be pulled out of the budget reports, they will be discussed later. If the budget bill is passed before the session break, there will be chance for an Omnibus bill. However, there are a lot of assumptions and things that we cannot control, especially the revenues. The committees and agency budget recommendations for FY 2016 and FY 2017 are still up for discussion.

Representative Peck renewed the substitute motion. Motion passed.

Representative Ballard made a motion for an amendment to review and discuss enhancement requests prior to Omnibus. Representative Carlin seconded the motion.

Discussion followed by committee members regarding the Omnibus process from prior sessions, and that there will be an opportunity for further review and discussion of any item for the Budget Reports before passing out the Mega bill. It was noted that during their presentations, none of the universities stressed a high level of need for enhancements that were not adopted. The return on investment as related to the institutions programs was emphasized.

Representative Ballard renewed the motion. Motion failed.

Representative Peck made a motion for an amendment to delete the language allowing \$25 million in bonding authority for the Kansas State University student union expansion, and delete the language allowing \$51.2 million in bonding authority for the new dorm and dining hall and delete the language allowing \$14.5 million in bonding authority for Corbin Hall for the University of Kansas. Representative Kahrs seconded the motion.

Discussion followed by committee members regarding the motion. Representative Grosserode stated that the three facilities will pay the bonds by student fees, therefore the bonding authority is financed internally. It was noted that this represents a \$90 million dollar debt, and the cost of the bonds, term and interest rates have not been identified to date, but will be forthcoming.

Representative Peck renewed the motion. Motion failed.

Additional information on the Washburn University and KBI Crime Lab proposal and the potential impact with reduced funding will be forthcoming, it was noted. Representative Grosserode stated that the \$1 million transfer to Wichita State University would come from fee funds as opposed to the Kansas Bioscience Authority, as this transfer would have been an SGF expenditure. Additional

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information was requested on the increase for state support for need based financial aid for public and independent colleges, and increasing support for the National Guard Educational Assistance Program. Chairman Ryckman stated that the Kanss Bioscience Authority budget is being reviewed, as several options are being considered in regards to a cash funding position and overall program stability.

Representative Grosserode made a motion to approve the FY 2016 Postsecondary Education Budget Report as amended. Representative Schwartz seconded the motion. Motion carried.

For FY 2017, the Governor recommended an increase of \$51.2 million attributable to the 27th pay period expenditure, the reduced employer health insurance contribution rate, reduced funding of the Career Technical Education Program, and decreased funding for capital improvements, and did not included SGF debt service payments for Fort Hays State Art and Education building project, which will be submitted at a later date, and decreased funding from the Education Building Fund due to lower than expected revenues. The Budget Committee recommended adjustments as follows: Add \$1.5 million from SGF for the Incentive for Technical Education program, add language allowing the agency to pay \$20,000 for membership dues for the Midwest Higher Education Compact, and noted enhancement requests of \$73.8 by the Board of Regents and Regents Universities. The Budget Committee noted increased instruction costs at Kansas State University and the University of Kansas. The Budget Committee deleted the \$1 million transfer from the Kansas Bioscience Authority, and allowed this transfer from General Fees Fund for the Center of Innovation for Biomaterials in Orthopedic Research at Wichita State University.

Discussion followed by committee members. It was noted that there is an ending balance in the General Fees Fund of approximately \$15 million. These fees are primarily fees from tuition and can be used for various expenditures.

Representative Finney made a motion for an amendment that would add the \$1 million transfer from the Kansas Bioscience authority to Wichita State University for FY 2017 for the Center of Innovation for Biomaterials in Orthopedic Research. Representative Ballard seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Finney renewed the motion. Motion failed.

Representative Grosserode made a motion to approve the FY 2017 Postsecondary Education Systemwide Budget Report. Representative Schwartz seconded the motion. Motion carried.

Chairman Ryckman stated that the Board of Regents and the Regents universities budgets will reflect any adjustments that have been made with the prior motions.

Representative Grosserode stated that all of the budgets for the Board of Regents and Regent

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universities were contained in the Postsecondary Education Systemwide Budget Reports, and all budgets have been adopted. Motions would be in order at this time, the Chairman stated.

Representative Finney made a motion for an amendment for an amendment that would add the \$1 million transfer from the Kansas Bioscience Authority to Wichita State University for FY 2016 for the Center of Innovation for Biomaterials in Orthopedic research. Representative Ballard seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Finney renewed the motion. Motion failed.

Representative Grosserode stated student population growth is contained within each of the Regent university's Budget Reports.

Representative Grosserode made a motion to approve the FY 2015, FY 2016, and FY 2017 Budget Reports for Emporia State University, Fort Hays State University, Kansas State University, Kansas State University Veterinary Medical Center, Kansas State University-Extension Systems and Agricultural Research Programs, Pittsburg State University, University of Kansas, University of Kansas Medical Center, and Wichita State University. Representative Schwartz seconded the motion.

Emphasis was placed in the importance of the role and responsibilities of the Board of Regents.

Representative Grosserode renewed the motion. Motion carried.

Meeting adjourned: 10:52 a.m.