

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Monday, March 16, 2015, 112-N of the Capitol.

All members were present except:

Representative Barbara Ballard – 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

Conferees appearing before the Committee:

No conferees present

Others in attendance:

[See Attached List](#)

Introduction of Proposed Legislation

Representative Claeys made a motion to introduce legislation regarding Alcohol and Beverage Control. Representative Grosserode seconded the motion. Motion carried.

Briefing by staff on:

Dylan Dear, Legislative Research Department, provided an overview of the Statutory Basis for State Positions in classified or unclassified service, which was additional information requested the committee. A review of the Executive Branch position reference table, vacancy savings and shrinkage by agency and by agency and position, followed. He stated that the Regent institutions maintain separate personnel data systems ([Attachment 1](#)) .

Chairman Ryckman opened discussion on the Preliminary Estimate on the Cost of a State Government Efficiency Study ([Attachment 2](#)). Based on the cost of a recently completed efficiency analysis by Deloitte for the State of North Carolina, the cost would be approximately \$3 million, however the cost would vary depending on the scope of the project.

Scott Frank, Legislative Division of Post Audit, responded to questions from committee members. The efficiency study would be customized, which would be based on the state's needs and actual cost would be determined based on an actual proposal.

Discussion followed by committee members. It was noted that the intent would be to identify best practices and potential savings, and that a request for proposal would need to be drafted. Chairman Ryckman stated that the language in the Budget Report recommends that the Legislative Coordinating Council that this topic be assigned to the Legislative Budget Committee as an interim study topic. The

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recommendation was made to include the Board of Regents universities in the efficiency study proposal.

Bobbi Mariani, Legislative Research Department, reviewed the Governor's Recommendation to Increase Transfers from 10.0 Percent to 20.0 percent for Selected Special Revenue Funds ([Attachment 3](#)). She stated that if the legislature moves forward to generate additional revenue, a statutory change would be required. The total additional transfer to the SGF would be \$1.5 million.

Discussion followed by committee members. J.G. Scott, Legislative Research Department, stated that the Budget Reports include the money for the transfer, however there is no statutory language to implement this change. Jill Wolters, Office of Revisor of Statutes, responded to concerns over legal issues of the increased transfer. She noted that there is a case pending regarding fee sweeps that occurred in 2011. The only fund that may show a negative balance in FY 2017 is the Real Estate Commission, it was noted.

Representative Carpenter discussed additional recommendations that will be forthcoming in regards to the Department of Children and Families Budget Committee Report ([Attachment 4](#)). He expressed concern regarding the use of Temporary Assistance for Needy Families (TANF) dollars for the Parents As Teachers Program. A recommendation will be forthcoming to remove all but two items from the FY 2016 Budget Report for the Department of Children and Families, which will be provided by the Legislative Research Department.

Discussion followed by committee members regarding the impact on the Budget Report recommendations.

Dezeree Hodish, Legislative Research Department, reviewed the Expanded Lottery Act Revenues Fund (ELARF) Table for FY 2014 - FY 2017 ([Attachment 5](#)).

Discussion followed by committee members. Dezeree Hodish reviewed the Board of Regents request from ELARF for deferred maintenance. If approved, the beginning balance would be a negative \$23.3 million in FY 2017. The Governor's recommendation did not include this request, which would leave a zero ELARF beginning balance.

Bobbi Mariani, Legislative Research Department, reviewed the Economic Development Initiatives Fund ([Attachment 6](#)). She highlighted House adjustments for FY 2015, FY 2016 and FY 2017.

Mark Skoglund, Legislative Research Department, reviewed the State Water Plan Fund ([Attachment 7](#)). He noted that the ending balance for FY 2017 is \$284,979.

Shirley Morrow, Legislative Research Department, reviewed the Status of State Building Funds. The three funds are Educational Building Funds, State Institutions Building Fund and Correctional

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Institutions Building Funds. A review of the statutes followed ([Attachment 8](#)) .

Discussion followed by committee members. Representative Hutton reviewed of the needs for funding debt service at Seaton Hall.

J.G. Scott, Legislative Research Department, provided an overview of the Children's Initiative Fund ([Attachment 12](#)) .

Hearing on: HB2365 — Making appropriations for FY 16 and FY 17 for the judicial branch.
Chairman Ryckman opened the hearing on **HB 2365**

Chief Judge Creitz presented testimony as a proponent of the bill ([Attachment 9](#)) .

Judge Creitz responded to questions from committee members. He noted that the fee fund has been tapped, and the Judicial Branch has always been included in the Mega bill as opposed to a separate bill.

Stephanie Bunten, Office of Judicial Administration, presented testimony as a proponent of the bill ([Attachment 10](#)).

In response to committee member's question, she responded that the Judicial Branch would prefer to continue to be included in the Mega bill.

As there were no other conferees, Chairman Ryckman closed the hearing on the bill.

Hearing on: HB2366 — Capital improvement projects for various state agencies.

Daniel Creitz, Chief Judge, 31st Judicial District, provided written testimony as a proponent of the bill ([See Attachment 9](#)).

Stephanie Bunten, Office of Judicial Administration, provided written testimony as a proponent of the bill ([See Attachment 10](#)).

As there were no other conferees, Chairman Ryckman closed the hearing on the bill.

Hearing on: HB2370 — Appropriations for FY 2015, FY 2016, FY 2017, FY 2018 and FY 2019 for various state agencies.

Chairman Ryckman opened the hearing on HB 2370.

As there were no conferees as a proponent, opponent or of a neutral position to testify, Chairman Ryckman closed the hearing on the bill.

Budget briefing:

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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J.G. Scott, Legislative Research Department, provided an update on the Appropriations Bill Adjustments for FY 2015, FY 2016, FY 2017, FY 2018 and FY 2019 ([Attachment 11](#)). He stated that this information includes all funds, allotment and FTE changes from the Governor's recommendations, and the adjustments recommended by the Appropriations Committee, including educational changes made in **SB 7**. The SGF adjustments from the Governor's recommendations are as follows: FY 2015 are \$17.6 million, \$62 million in FY 2016 and \$88 million in FY 2017. Updated on revenues, expenditures and ending balances are as follows: \$128 million ending balance in FY 2015; for FY 2016, revenues total \$6.5 billion, \$6.47 billion in expenditures, with a \$77 million ending balance, and an ending balance of \$158 million for FY 2017. This includes all of the Governor's proposed revenue adjustments including tax adjustment of \$212 million, \$39 million in KPERS savings adjustments for FY 2016, and \$93 million in FY 2017. He added that the two bills have not been acted upon in committee or on the House floor.

J.G. Scott responded to questions from committee members. He stated that the \$50 million in expenditure adjustments were included for Medicaid savings and \$70 million for Managed Care Organizations privileged fee increases. A savings of \$22 million for the Kansas Bio Science Authority has also been included, with transfers of \$13 million for FY 2015, FY 2016 and FY 2017. Projections were based on current consensus revenue estimates, which reflects a \$38 million year-to-date shortfall. The Governor's recommendation included a \$1.5 billion bond for KPERS, with debt service payments effective date of FY 2019, with an amortization extension of 10 years, he stated. A review of **SB 7** as compared to the Governor's recommendation is noted as follows: reflects a savings of \$18.6 million in FY 2015; and added an additional \$56.6 million in FY 2016 and \$78.9 million in FY 2017 above the Governor's recommendations, which were attributable to the KPERS adjustments.

Closing remarks

Representative Schwartz made a motion to approve the March 4, 2015 Appropriations Committee meeting minutes. Representative Kleeb seconded the motion. Motion carried.

Chairman Ryckman reviewed the agenda for the next committee meeting.