Approved: February 03, 2016

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Wednesday, January 27, 2016, 112-N of the Capitol.

All members were present except:

Representative Kathy Wolfe Moore – Excused
Representative Barbara Ballard – Excused

Committee staff present:

Kathy Holscher, Kansas Legislative Committee Assistant
David Fye, Legislative Research Department
Jennifer Ouellette, Legislative Research Department
Jill Wolters, Office of Revisor of Statutes
Daniel Yoza, Office of Revisor of Statutes
J.G. Scott, Legislative Research Department
Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:

No conferees present

Others in attendance:

See Attached List

Bill introductions

Chairman Ryckman called the meeting to order. He noted that the committee discussed the bonding authority for the Power Plant in yesterday's committee meeting. He provided an update regarding the Governor and the Department of Administration's decision to impose a temporary delay on the construction project, in order to allow for the collect of additional information on the project.

Update on: Contents of FY 2016 Appropriations - Legislative Research Department Staff

J. G. Scott, Legislative Research Department, presented information on Governor's Recommendations for **HB 2530** (Attachment 1) and the 2016 Appropriations Rescission Bill (Attachment 2) . All of the changes have been included in **HB 2530** that the Governor recommended. He stated that there were three changes that were carried over to FY 2017 and FY 2018. The approved budget for FY 2016 was $15.3 billion, including $6.3 billion from the State General Fund (SGF). The Governor was authorized expenditures or revenue adjustments to the SGF by $100 million in FY 2016. Following the November consensus revenue estimates, the SGF reflects a negative $118 million shortfall for FY 2016. The Governor addressed the shortfall with an allotment plan of $123 million. The revised budget for FY 2016 is $15.5 billion, including $6.2 billion from SGF. This increased the total expenditures by $238 million and reduced the SGF expenditures by $22 million. A review of the agencies' increased expenditures followed. The bill also includes SGF increases in revenue of approximately $35 million. A review of the transfer adjustments followed. For FY 2017 and FY 2018, the bill includes $7 million each year as a diversion of monies budgeted for the Kansas Bioscience Authority, $3.5 million transfer from the Ethyl Alcohol Producer Incentive Fund, as well as increased funding for hiring additional Department of Revenue staff for debt collection.

J.G. Scott provided a general overview of the Governor's Budget Recommendations in the 2016 Appropriations Rescission bill, which reflects the Governor's recommendations and select adjustments for FY 2017 and FY 2018 (See attachment 2). This bill reflects changes to the approved budget, most of which are to no limit funds. A review of some of the changes followed and included the following: Board of Healing Arts; Office of the Governor; Health Care Stabilization Fund Board; Kansas Public Employees Retirement System; Department of Revenue; Department of Commerce; Department of Labor; Department of Health and Environment; Parsons and Larned State Hospitals; Board of Regents; and the Department of Education.

J.G. Scott responded to questions from committee members. He stated that **HB 2530** does not reflect all of the Governor's recommendations made during the interim. The debt service refund was based on estimated payments for refinancing bonds, the adjustments reflect actual payments. The Governor's projected a savings of $7.5 million in FY 2016 and $51.4 million in FY 2017 for hiring additional auditors within the Department of Revenue. It was noted that there is a balance of $1 million in the Educational Building Fund after the transfer, and approximately $36 million goes in to this fund each year. Regarding delinquent revenues, it was estimated that of the $507 million, $200 million is realizable, he stated. In response to the Block Grant funds, Mr. Scott stated that approximately $20 million was placed in the fund for reduced oil and gas prices, capital outlay, and transfers for the capital improvements bond and interest.

Chairman Ryckman stated that the Budget Committee will review these adjustments in their respective committees, and a hearing on the bill in the full committee will be scheduled next week. Discussion followed by committee members regarding the addition of a Pro Forma day scheduled for Friday. The committee's preference was to reschedule Mr. Conroy's presentation for Monday, February 1st. The Chairman stated that the information presented will be a general overview of KPERS.

Meeting adjourned at: 9:30 a.m.

Possible action on bills previously heard
No minutes information to display