

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Thursday, February 04, 2016, 112-N of the Capitol.

All members were present except:

Representative Jerry Henry – 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](#)

Opening Remarks

Chairman Ryckman called the meeting to order.

Representative Highland made a motion to approve the minutes from the January 28 committee meeting. Representative Proehl seconded the motion. Motion carried.

Discussion & possible action on: HB2577 — Appropriation revisions for FY 2017 and FY 2018 for various state agencies.

See Note below

Discussion & possible action on: HB2530 — Appropriation revisions for FY 2016, FY 2017 and FY 2018 for various state agencies.

NOTE: Discussion and possible action on: **HB 2530** and **HB 2577**

J.G. Scott, Legislative Research Department, provided an overview of the State General Fund Profile for FY 2014 through FY 2017 ([Attachment 1](#)). After revenue and expenditure adjustments and adjustments from the Consensus Revenue Estimates, the ending balance for FY 2016 is \$35.1 million, \$87.9 million for FY 2017. Amendments approved in committee will be adjusted to both bills, he added. It was noted that with the Governor's budget recommendations and December and January monthly revenue adjustments, the ending balance for FY 2016 would be \$9 million and \$71 million for

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FY 2017. As requested by the committee, the SGF revenue adjustments for FY 2016 and FY 2017, which reflects ending balances by agency after the fund transfers ([Attachment 2](#)). He added that there are zero fund balances within some of the agencies, however there will be money transferred to the fund for expenditures, or that the fund is no longer being used.

Jill Wolters, Office of Revisor of Statutes, reviewed technical amendments to **HB 2530** and **HB 2577** ([Attachment 3](#)). The technical amendment for **HB 2530**, would delete Section 45, Kansas Water Office, as the fund is no longer active. Technical amendments for **HB 2577**, increases expenditure limitations for Larned State Hospital fee fund by \$3,000; to initiate the Governor's policy regarding the Children's Initiative Fund (CIF) a subsection would be added to the Department of Children and Families (DCF), DCF, Sec. 25; a correction to the incorrectly named fund within Education, Sec. 27; add special revenue funds, that were not added, for the Department of Agriculture, Sec. 44; and correct the account to rehabilitation and repair in the Wildlife, Parks and Tourism, Sec. 46.

Discussion followed by committee members. Jill Wolters responded that to implement the Governor's policy, Sec. 25 DCF would need to be deleted as it refers to CIF appropriations. It was noted that voting on the technical changes will not have an impact on voting on specific bill components.

Representative Highland made a motion to approve the technical amendments as presented.
Representative Rhoades seconded the motion. Motion carried.

Discussion followed by committee members regarding the two subject rule, as related to the Department of Revenue's motor vehicle application process. Jill Wolters, expressed concern that there may be conflicts with the current law, although there is no appropriation of money rather stopping an action by stopping the funding of the action.

Representative Rhoades made a motion for an amendment that would allow the Department of Revenue's authority regarding the mailing of postcards for the motor vehicle application process.
Representative Kahrs seconded the motion.

Discussion followed by committee members regarding the motion. Jill Wolters responded that this motion would require a bill in order to implement, as well as to stop the fund transfer.

Representative Rhoades made a substitute motion to include the fund transfer for FY 2017, which was at the approved of the second to the motion, Representative Kahrs.

Discussion continued regarding the motion and the possibility of running a bill to capture the savings. It was noted that this would not be an issue.

Representative Rhoades renewed the substitute motion for approval as amended. Motion carried.

Representative Rhoades reviewed a proviso for FY 2016 and FY 2017 ([Attachment 4](#)).

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Representative Rhoades made a motion for an amendment regarding Board of Regents institutions that use out-of-state development authority to originate bonding to fund construction projects will have all no-limit funds converted limited funds. Representative Hutton seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that this motion would apply to future bond issuance.

Representative Rhoades withdrew the substitute motion, with the expressed need for corrected language.

Representative Hutton reviewed a motion for an amendment ([Attachment 5](#)).

Representative Hutton made a motion for an amendment that would delete SGF and federal TANF appropriations in the bill for CIF funded programs in FY 2017; reduce \$49.2 million transfer for KEYS to SGF to \$7.2 million in FY 2017; Transfer \$42 million from KEYS to CIF for FY 2017; appropriate \$42 million to the Children's Cabinet from CIF to be distributed in the form of grants to early childhood education programs at the Children's Cabinet's discretion; appropriate \$7.2 million to the Children's Cabinet from the federal TANF block grant to be used for a means tested early childhood program, to be used at the cabinet's discretion, for FY 2017; and add language giving the Children's Cabinet the authority to monitor and evaluate expenditures for the Early Childhood Education programs. Representative Schwartz seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that if the Children's Cabinet utilizes TANF funds, the cabinet would be required to comply with regulations regarding means testing. The motion would protect the KEYS fund from passing through SGF, Representative Hutton noted.

Representative Hutton renewed the motion. Motion carried.

Representative Claeys reviewed an amendment regarding the State Board of Indigents' Defense Services (BIDS) ([Attachment 6](#)).

Representative Claeys made a motion for an amendment that adds \$548,000 from SGF for BIDS in FY 2016, and add \$250,000 from SGF for BIDS in FY 2017. Representative Finney seconded the motion.

Representative Waymaster made a substitute motion that would add \$218,798 SGF to the Capital Defense Operations Fund for FY 2015 and FY 2016 to the assigned counsel's budget. Representative Schwartz seconded the motion.

Discussion followed by committee members regarding the motion, which could be revisited for necessary adjustments after the April consensus revenue estimates. The \$218,798 addition would bring

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BIDS budget balance along with existing re-appropriations for the payment for defense counsel to approximately \$548,000.

Representative Waymaster renewed the motion. Motion carried.

Representative Claeys reviewed an amendment([Attachment 7](#)) .

Representative Claeys made a motion for an amendment that would add \$2,449,138 from SGF for the Department of Corrections for a 2.5 percent pay increase for uniform officers for FY 2017.

Representative Finney seconded the motion.

Discussion followed by committee members regarding the motion. The cost for a 2.5 percent pay increase for all state employees would be approximately \$27 million, and the savings that could be captured from the bill reducing sentencing from marijuana possession is approximately \$2.1 million, it was noted.

Representative Claeys renewed the motion. Motion carried.

Representative Claeys reviewed an amendment regarding the Transportation and Public Safety Budget Committee recommendation ([Attachment 8](#)) .

Representative Claeys made a motion for an amendment that would add language requiring the Secretary of Corrections to conduct a market evaluation study of the pay rate for corrections officers in conjunction with the Secretary of Administration's Division of Personnel Services. The Secretary of Corrections will submit a report to the House Transportation and Public Safety Budget Committee by the start of the 2017 Legislative Session. The motion was seconded by Representative Finney.

Discussion followed by committee members.

Representative Claeys renewed the motion. Motion carried.

Representative Claeys reviewed a motion for an amendment regarding the Kansas Bureau of Investigation (KBI) ([Attachment 9](#)) .

Representative Claeys made a motion for an amendment regarding expenditures for KBI that may be used for salaries and wages for progression with the KBI existing pay structure from SGF or special revenue funds for FY 2017. Representative Finney seconded the motion.

Discussion followed regarding the motion. Concern was expressed for the turnover rate, lower wages and public safety issues. If approved, this could be an additional SGF budget consideration of approximately \$800,000 in future years, it was noted.

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Representative Claeys renewed the motion. Motion carried.

Representative Claeys reviewed an amendment regarding the KBI parking garage repairs.

Representative Claeys made a motion for an amendment that authorizes the director of KBI to use existing funds, up to \$340,000, for the repairs to the parking garage at the Topeka, Kansas headquarters. Representative Finney seconded the motion.

Discussion followed by committee members regarding the motion. Concern was expressed regarding budget obligations in the future years. Representative Claeys stated that approximately \$700,000 was carried over and the record check fee fund has a balance of approximately \$1.5 million. The concern of contaminated evidence stored in the facility was expressed, as well as low ending balances and potential revenue shortfalls within the current and future budgets.

Representative Claeys renewed the motion. Motion carried.

Representative Claeys made a motion for an amendment regarding the KBI need to explore lease purchase partnership opportunities for new headquarters in Topeka, Kansas with existing SGF, special revenue funds or existing funds. Representative Finney seconded the motion.

Discussion followed by committee members regarding the motion. The recommendation was made for the new headquarters to be located in Kansas, with a report back as to the legislature by January 9, 2017 ([Attachment 10](#))

Representative Claeys made a substitute motion to replace Topeka with Kansas as the location opportunity for the new KBI headquarters, which was approved by the second to the motion.

Discussion continued by committee members regarding the substitute motion.

Representative Claeys renewed the motion. Motion failed.

Representative Claeys reviewed an amendment for the Kansas Department of Transportation ([Attachment 11](#)) ,

Representative Claeys made a motion for an amendment that would add language re-establishing the maximum annual debt service to annual State Highway Fund revenues cap at 19 percent for FY 2017. Representative Finney seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that the cap is presently at 18.45 percent and would not impact bonds already let.

Representative Claeys renewed the motion. Motion carried.

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Representative Hoffman made a motion for an amendment to add \$60,000 for the CPOST database. Representative Rhoades seconded the motion. Motion carried.

Representative Suellentrop made a motion for an amendment that if the ending balance falls below \$100 million, the Governor could target specific agencies or funds with limited allotment authority of \$100 million, and with restrictions in some agencies, defer payments to KPERS in FY 2016 for replacement of funds in FY 2017. Representative Schwartz seconded.

Discussion followed regarding the motion by committee members.

Representative Suellentrop renewed the motion. Motion carried.

The meeting recessed at: 10:45 a.m.

Chairman Ryckman reconvened the meeting at 12:40 p.m.

Representative Hoffman reviewed an amendment for the Office of the State Bank Commissioner ([Attachment 12](#)).

Representative Hoffman made a motion for an amendment to delete the transfer of \$1.5 million from the Bank Commission Fee Fund to the SGF in FY 2016. Representative Suellentrop seconded the motion.

Discussion followed by committee members. It was noted that there would be an ending balance of \$2.5 million after the transfer, if approved.

Representative Hoffman renewed the motion. Motion failed.

Committee members received a copy of an amendment submitted by Representative Hoffman ([Attachment 13](#)).

Representative Hoffman made a motion for an amendment that the Veterinary Examiners Fee Fund would stay with the Department of Agriculture for one more year, with a report to the House Agriculture and Natural Resources Budget Committee by January 9, 2017. Representative Schwartz seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that this amendment would require a trailer bill.

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Representative Hoffman renewed the motion. Motion failed.

Representative Kleeb reviewed an amendment regarding the KPERS Death and Disability Plan ([Attachment 14](#)) .

Representative Kleeb made a motion for an amendment that would suspend three quarters of contributions to the KPERS Death and Disability fund. Representative Rhoades seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that the ending balance would be \$16.5 million for FY 2017.

Representative Kleeb renewed the motion. Motion carried.

Representative Carpenter made a motion to add \$3 million combined from SGF for Larned State Hospital and Osawatomie State Hospital for FY 2017, and for further discussion at Omnibus. Representative Schwartz seconded the motion.

Discussion followed by committee members regarding the motion. A consultant has been hired to work on re-certification at Osawatomie State Hospital, which could take from 3 to 6 months for completion, it was noted.

Representative Carpenter renewed the motion. Motion carried.

Committee members received a copy of the amendment for the Kansas Commission on Veterans' Affairs Office, ([Attachment 15](#)) . Increased pharmaceutical costs due to distribution policies and projected revenues have been lower than projected.

Representative Carpenter made a motion to add \$600,000 from the Federal Long Term Care per Diem Fund in the Kansas Commission on Veterans' Affairs Office in FY 2016. Representative Ballard seconded the motion. Motion carried.

Representative Carpenter made a motion for an amendment to add \$378,000 from SGF for Primary Care-Safety Net Clinics for FY 2017 ([Attachment 16](#)). Representative Ballard seconded the motion. Motion carried.

Representative Carpenter made a motion for an amendment that would add \$30.5 million including \$13.4 million from SGF to restore funding for the Health Homes Program in KanCare ([Attachment 17](#)). Representative Ballard seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that the budget chair does not support this amendment, but was the recommendation of the budget committee. Concern was expressed that there are duplication of efforts with this request for funding.

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Representative Carpenter renewed the motion. Motion failed.

Representative Carpenter reviewed an amendment regarding the Department of Health and Environment ([Attachment 18](#)).

Representative Carpenter made a motion for an amendment that would add language requiring the Department of Health and Environment, in conjunction with the Department for Aging and Disability Services, develop and implement a pilot program providing integrated approach to providing physical and mental health services to the Medicaid population during FY 2017. Representative Ballard seconded the motion. Motion carried.

Representative Carpenter reviewed an amendment regarding the Department for Aging and Disability Services ([Attachment 19](#)).

Representative Carpenter made a motion for an amendment that would add language requiring the Department for Aging and Disability Services, in consultation with the Department of Health and Environment, to take the necessary steps to reinstate the policy requiring mental health screenings prior to in-patient placements for individuals in the state Medicaid system for FY 2017. Representative Ballard seconded the motion.

Discussion followed by committee members regarding the importance of the motion.

Representative Carpenter renewed the motion. Motion carried.

Representative Carpenter reviewed an amendment regarding the Department of Health and Environment and the Department for Aging and Disability Services ([Attachment 20](#)).

Representative Carpenter made a motion for an amendment that would add language requiring the Department of Health and Environment work jointly with the Department on Aging and Disability Services, and to submit a report on the current status of reimbursement rates for review by the 2017 Legislature. Representative Ballard seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Carpenter renewed the motion. Motion carried.

Representative Claeys reviewed an amendment regarding the Department of Health and Environment ([Attachment 21](#)).

Representative Claeys made a motion for an amendment that would add language authorizing the

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Kansas Department of Health and Environment to use the student loan repayment program funds for one or more pharmacists in the program for FY 2016. Representative Hawkins seconded the motion. Motion carried.

Representative Hutton reviewed an amendment regarding the transfer of certain CIF programs to the Department of Education but would place the programs under the Children's Cabinet ([Attachment 22](#)) .

Representative Hutton made a motion for an amendment that would not transfer the certain CIF programs to the Department of Education. Representative Schwartz seconded the motion. Motion carried.

Representative Hutton made a motion for an amendment regarding universities IT projects that would be funded through the universities SGF budget as opposed to the universities building fund. Representative Suellentrop seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that the motion would be an \$8 million increase to the SGF.

Representative Hutton withdrew the motion at the approval of the second.

Representative Rhoades reviewed an amendment regarding the issuance of bonds by state educational institutions ([Attachment 23](#)) .

Representative Rhoades made a motion for an amendment that for FY 2016 and FY 2017, bonds issued on or after July 1, 2015, by any state educational institution or if any not-for-profit entity was formed in conjunction with such state educational institution, using an out-of-state development authority for such bond issuance, then for the fiscal year ending June 30, 2017, each special revenue fund of state educational institution shall be limited to the total amount included in the governor's budget recommendation from such special revenue fund: provided that the attorney general shall certify if any such bonds were issued to the director of the budget; that upon receipt of such certification from the attorney general, the director of the budget shall certify the amount of such expenditure limitation for each special revenue fund for FY 2017; that the expenditure limitation established by this section shall not apply to grants and federal funds of such state educational institution; and that at the same time as the director of the budget determines each such certification, the director of the budget shall transmit a copy of such certification to the director of legislative research. Representative Suellentrop seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that the motion is not a budget cut, only places limitations on funds that were unlimited, and deals with issuance of bonds outside of the legislative process. Chairman Ryckman stated that an informational meeting will be scheduled to address questions and concerns expressed by committee members. It was noted that the university in question has spent over \$20 million in their no-limit fund.

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Representative Rhoades renewed the motion. Motion carried.

Members requesting their vote in opposition of the motion be recorded were: Representative Ballard, Representative Carlin and Representative Wolfe Moore.

Representative Highland made a motion for an amendment that strikes the language that would merge the Board of Veterinary Examiners into the Department of Agriculture. Representative Proehl seconded the motion.

Discussion followed by committee members regarding the motion. It was noted that no official decision has been made, which is effective until June 30th.

Representative Highland renewed the motion. Motion carried.

Representative Schwartz made a motion to remove the contents of **SB161** and insert the contents of **HB2530** and **HB 2577** as amended. Representative Hutton seconded the motion. Motion carried.

Representative Schwartz made a motion for favorable passage of **HSub 161** with technical adjustments by staff. Representative Barker seconded the motion. Motion carried.

Meeting adjourned at: 1:50 p.m.