

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:08 a.m. on January 30, 2009, in Room 143-N of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Jim Wilson, Office of the Revisor of Statutes
Christina Butler, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Kelly Cure, Chief of Staff
Kathy Holscher, Committee Assistant

Conferees appearing before the committee:

None

Others attending:

See attached list.

- Attachment 1 Alternative House Committee FY 2009 Budget Recommendations
- Attachment 2 State General Fund Revenue and Transfer Adjustments
- Attachment 3 State General Fund Ending Balances FY 2009 through FY 2011
- Attachment 4 State General Fund Receipts, Expenditures and Balances
- Attachment 5 Proposed School Finance Plan with Base Aid of \$66, Department of Education
- Attachment 6 Special Revenue Fund Transfers Included in Substitute for **SB 23**
- Attachment 7 Proposed School Finance Plan with Base Aid of \$88, Department of Education
- Attachment 8 Substitute for **SB 23** - FY 2009 Fiscal Effect, Social Rehabilitation Services
- Attachment 9 Proposed School Finance Plan excluding supplemental general state aid, Department of Education
- Attachment 10 Contingency Reserve Fund, Department of Education
- Attachment 11 Proposed Amendment FY 2009

Chair Yoder introduced Representative Jim Ward who is replacing Representative Doug Gatewood and Representative Ray Merrick who is replacing Representative Kasha Kelley for today's Committee meeting.

Representative Tafanelli moved to introduce legislation regarding registering trailers and exempting farm trailers that carry more than 6,000 pounds of product. The motion was seconded by Representative Lane. Motion carried.

Hearing on SB 23

SB 23 - Sub for S 23 by Committee on Ways and Means – Supplemental appropriations for FY 2009, FY 2010 & FY 2011 for state agencies, reducing expenditure authorizations.

Representative Watkins moved to insert a alternate proposal for the House substitute bill for SB 23. The motion was seconded by Representative Whitham. Motion carried.

Reagan Cussimano, Legislative Research Department, responded to questions from Committee members regarding **SB 23**. A technical amendment of \$100,000, the governor lapsed from the Career Pipeline program, did not show up in the bill but was in the proposed budget. This will not have an effect on the amendment.

Alan Conroy, Legislative Research Department, reviewed the Alternative House Committee FY 2009 Budget Recommendations (Attachment 1). This recommendation adjusts the FY 2009 budget by \$327.3 million and is a reduction of \$127.5 million greater than the Governor's proposed budget recommendations, and \$7.5

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million less than the Senate bill. This proposal would leave a FY 2009 SGF ending balance with \$140.5 million in expenditures; \$42.5 million in expenditures in FY 2010 and \$87.8 million in expenditures for FY 2011. The State General Fund Revenue and Transfer Adjustments were reviewed ([Attachment 2](#)). The delay of loan repayments, fund transfers and available funds resulted in a revenue adjustment of \$114.2 million. The SGF expenditure adjustments were reviewed. The proposed expenditure adjustment is \$213.1 million, resulting in a total adjustment of \$327.3 million.

Alan Conroy and J.G. Scott, Legislative Research Department, responded to questions from Committee members in regards to sweeping funds, the risk of losing federal dollars, and delaying loan payments

Alan Conroy reviewed the State General Fund Ending Balances for FY 2009 through FY 2011. ([Attachment 3](#)). The adjustments reflect the actual SGF fund collections through December 2008 as a base adjustment for FY 2009, FY 2010 and FY 2011. State General Fund Receipts Expenditures and Balances ([Attachment 4](#)) compares the House alternative proposal for FY 2009 and shows a negative balance of \$386.1 million. The Governor's recommendations, with adjustments by the House alternative proposal, for FY 2010, shows a negative balance of \$98.0 million and projections for FY 2011 with a positive balance of \$45.3 million.

Alan Conroy responded to questions from Committee members regarding slider provisions, delay of payments recommended by the Governor through the end of the fiscal year, and payments based on receipts. The House proposal would send the slider payment out by February 15, according to the legal requirements. The city/county highway funds was to receive \$10.1 million, under current law, is exempt under the Governor's recommendation, and would be reduced by 4 percent. The Governor's liquor tax proposal for FY 2010 requires a subsequent law change and does not effect the FY 2009 budget. The profile for FY 2010 could result in \$60 million of additional revenue in tax law changes.

Dale Dennis, Deputy Commissioner of Education, State Department of Education, reviewed the Proposed School Finance Plan ([Attachment 5](#)). An explanation of the proposed budget cuts and the impact on individual school districts were reviewed. The proposal is a 1.5 percent cut in the K-12 general state aid, which shows adjustments to the base state aid per pupil (BSAPP) of \$66, 1.5 percent in special education and supplemental general state aid, in addition to the Governor's recommendations in **House Bill 2022**. Adjustments in capital outlay state aid, capital improvement state aid and KPERs are not included.

Dale Dennis responded to questions from Committee members.

● Information Requested

- Data that includes the Governor's proposal and the proposed School Finance Plan .

Representative Feuerborn requested a break in the Appropriations Committee meeting, at 9:50 a.m., for a caucus.

The Appropriations Committee meeting resumed at 10:22 a.m.

The Special Revenue Fund Transfers Included in Substitute for **SB 23** ([Attachment 6](#)) was distributed to Committee members, as requested.

The Proposed School Finance Plan with adjustments to the BSAPP of \$88, which includes the Governor's proposal, was distributed to Committee member, as requested ([Attachment 7](#)). Discussion followed by Committee members.

Chairman Yoder called for an amendment to substitute **SB 23**. Chair Yoder called upon Representative Feuerborn who passed to Representative Williams. Representative Williams asked for clarification regarding the rationale of the across the board reduction of 1.5 percent for low income and at risk children. The School Finance formula with a 1.5 percent reduction and the same priorities was reviewed.

Committee members asked for clarification on the changes on the City and County Highway Fund.

J.G. Scott responded that the change would restore 96% of the transfers that the Governor did not include in FY 2009, which would be \$9.6 million to maintain the state, city and county highways. **SB 23** restores the

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\$6.6 million to the budget and then the 4 percent cut is applied.

Representative Ballard presented an overview of the Community Mental Health budget reductions and asked for the distribution of the handout on Substitute for **SB 23** - FY 2009 Fiscal Effect from the Department of Social and Rehabilitation Services (Attachment 8). The additional 1.5 percent reduction represents \$11,567,321 million in SGF expenditures. The Governor's recommendations excludes consensus caseload programs from the formula. These programs are entitlements and services that must be provided to any person that qualifies. SRS will be assessing programs and plans on implementing reductions that will have the least effect on those receiving services.

Lois Week, Director of Financial Management, Department of Social Rehabilitation Services, responded to questions from Committee members in regards to the proposed impact of budget reductions.

Further discussion was held by Committee members regarding the School Finance Plan formula and legal concerns, and the transfer of funds from the Bio Science Authority to SGF. The proposal to reduce school financing cuts represents 50 percent less than the Governor's proposal. The proposed plan was to balance the budget and spread the reductions in a fair and equitable manner. This proposal includes an additional 1.5 percent budget reduction to all areas except the legislative judiciary budget, which would receive a 1 percent reduction. The Senate proposal was a reduction for FY 2009 of \$300 million. The Governor's proposal was \$334 million in redistribution of funds. The amendment would be a reduction of \$327 million in order to reach a more physically sound budget in FY 2010.

Representative Watkins renewed the motion. The motion was seconded by Representative Whitham. Chair Yoder stated that amendments and discussion will still take place on **SB 23**, and that this motion places the contents into the substitute bill. The motion carried.

Representative Sawyer made a motion to amend the 4 percent reduction on the Kansas Career Pipeline. The motion was seconded by Feuerborn. Discussion by Committee members followed.

Representative Feuerborn made a motion to accept a 1.5 percent reduction for General Government, Agriculture and National Resources but only a 1 percent reduction for Human Resources and Public Safety which includes Corrections. The motion was seconded by Representative Lane. Discussion by Committee members followed regarding the bottom line for total cuts. It was noted that the motion was to reduce some cuts to SRS and Public Safety, which would reduce the general budget by 4.5 percent, 3 percent reduction to SRS and the Board of Regents, which equates to approximately \$300,000,000 budget cut to the bottom line. The motion failed.

Representative Light made a motion to delete the state budget cut of 1.5 percent for K-12 supplemental aid. The motion was seconded by Representative Faber. Discussion followed by Committee members on the amendment which would reduce the school budget cuts less than what was proposed. This amendment would keep the dollar reductions the same but the distribution would be different. This amendment would be the same as the Senate proposal which was a 1.5 percent reduction in general aid and special ed but not the LOB. This reflects a reduction of \$4.8 million. Chair Yoder called for Dale Dennis to report on the redistribution of funds.

Dale Dennis, Deputy Commissioner of Education, Kansas State Department of Education, distributed copies of the Proposed School Finance Plan excluding supplemental general state aid, Department of Education (Attachment 9). This proposal would be a reduction of 1.5 percent off of the base or \$66 (BSAPP) and a 1.5 percent reduction (\$6.5 million) in special education.

Dale Dennis, Deputy Commissioner of Education, Kansas State Department of Education, distributed copies of the Contingency Reserve Fund, as requested by Committee members (Attachment 10). The reserve funds by district reflects cash balances as of July 1, 2008.

Discussion followed by Committee members regarding Representative Light's motion to reduce the BSAAP from \$88 to \$66.

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Representative Light closed his motion to the amendment. Motion passed.

Representative Burroughs made a motion to transfer \$1.3 million from KTEC to the Wichita Center for Graduate Medical Education (WCGME) program in Wichita. A substitute motion was made by Representative Watkins to move \$1.3 million from Kansas Bio Science Authority not KTEC. Discussion by Committee members followed. Clarification of the KTEC budget was provided by J.G. Scott. Representative McLeland seconded the substitute motion made by Representative Watkins. Discussion followed by Committee members on the budget impact of KTEC. Representative Watkins closed on his substitute motion. Motion carried.

Representative Crum requested that copies of a Proposed Amendment FY 2009, related to health information management systems, be presented to Committee members (Attachment 11). Representative Crum made a motion to include this proviso in the bill. The motion was seconded by Representative Mast. Motion passed.

Representative Light made a motion to amend the proposal to change the BSAPP to \$44 to the base as opposed to \$88. The motion was seconded by Feuerborn. Discussion followed by Committee members. Clarification of Representative Light's motion was provided by Chairman Yoder. He stated that the \$22 BSAAP was in addition to the Governor's recommended cut of \$22 BSAAP for a total of \$44 BSAAP and that Representative Light's motion would be a total reduction of \$14 million plus the Governors \$17.7 million which would equal the \$44 BSAAP cut. Representative Light closed the motion. Motion failed.

Committee members asked for clarification on school contingency reserve funds and how these funds are used. Reagan Cussimano explained that these funds are not restricted and may be used for circumstance that might arise, as determined by the local board.

Representative Watkins made a motion to pass House Substitute for Sub SB 23 as amended. The motion was seconded by Representative Merrick. Representative Faber requested a proviso to the budget be considered first. Representative Watkins withdrew his motion and Representative Merrick withdrew his second to the motion.

Representative Faber made a motion for prison closures to be presented to committee 30 days prior to closure. The motion was seconded by Merrick.

Committee members expressed concern related to a 1.5 percent cut to Correctional facilities, and closures that could result. This request would go to the House Appropriations and Senate Ways and Means Committees. Representative Faber closed the motion. Motion failed.

Discussion by Committee members followed regarding provisos being added to bills. Chairman Yoder stated that as a committee we need to study this issue for on-going legal issues. At this time, Chairman Yoder is allowing provisos. Committee members expressed support of provisos and it was suggested that a bill should be introduced in Committee for approval.

Representative Feuerborn made a motion to not include an additional budget cut for public safety. Representative Burroughs seconded the motion. Discussion by Committee members followed. Motion failed.

Representative Henry made a motion to put \$2.5 million in salary cuts not program cuts. Representative Ballard seconded the motion. Discussion by Committee members followed. Representative Henry closed the motion. Motion failed.

Representative Watkins made a motion for favorable passage of Sub SB 23 as amended. Representative Merrick seconded the motion. Motion carried.

The Monday, February 2, 2009 Appropriations Committee meeting is on call by the Chair.

The next meeting is scheduled for February 3, 2009.

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The meeting was adjourned at 12:52 p.m.

Kevin Yoder, Chairman