

## MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 9, 2007, in Room 514-S of the Capitol.

All members were present.

### Committee staff present:

Alan Conroy, Legislative Research Department  
J. G. Scott, Legislative Research Department  
Becky Krahl, Legislative Research Department  
Matt Spurgin, Legislative Research Department  
Michele Alishahi, Legislative Research Department  
Reagan Cussimano, Legislative Research Department  
Amy Deckard, Legislative Research Department  
Audrey Dunkel, Legislative Research Department  
Julian Efird, Legislative Research Department  
Susan Kannarr, Legislative Research Department  
Leah Robinson, Legislative Research Department  
Aaron Klaassen, Legislative Research Department  
Ashley Holm, Legislative Research Department  
Heather O'Hara, Legislative Research Department  
Michael Steiner, Legislative Research Department  
Amy VanHouse, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Nikki Feuerborn, Chief of Staff  
Shirley Jepson, Committee Assistant

### Conferees appearing before the committee:

### Others attending:

See attached list.

- Attachment 1 Comparison of FY 2007 - FY 2008 Recommended Expenditures; Governor's Recommendation and House Committee Recommendation; and State General Fund Revenue Adjustments as Recommended by the House Committee (Reflects House Committee Action as of March 8, 2007).
- Attachment 2 House Appropriations Bill (Reflects House Adjustments for FY 2007, FY 2008 and FY 2009)
- Attachment 3 Items for Omnibus Consideration (Referred by the House Committee)
- Attachment 4 Governor's Adjustments to the FY 2008 Governor's Budget Report
- Attachment 5 Children's Initiatives Fund for FY 2007 and FY 2008
- Attachment 6 Economic Development Initiatives Fund for FY 2006-FY 2007 and FY 2008
- Attachment 7 State Water Plan Fund for FY 2007 and FY 2008
- Attachment 8 State General Fund Receipts, Expenditures and Balances as Projected FY 2006-FY 2010
- Attachment 9 Amendment to **HB 2542** to establish new revenue fund
- Attachment 10 Budget Adjustments by Social Services Budget Committee
- Attachment 11 Recommendation on the State Pay Plan
- Attachment 12 Budget Adjustments by Education Budget Committee
- Attachment 13 Proviso on University of Kansas Medical Center and University of Kansas School of Medicine, Wichita
- Attachment 14 Proviso regarding number of physicians at the University of Kansas Hospital and Medical Center
- Attachment 15 Proviso regarding Chester I. Lewis scholarships
- Attachment 16 Proviso regarding Surplus Furniture
- Attachment 17 Budget Adjustment by Transportation and Public Safety Budget Committee
- Attachment 18 Budget Adjustment by Agriculture and Natural Resources Budget

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 9, 2007, in Room 514-S of the Capitol.

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|                 | Committee   |
| • Attachment 19 | Budget Adjustment by General Government Budget Committee                                |
| • Attachment 20 | Proviso concerning relocation of design engineers with the Department of Transportation |
| • Attachment 21 | Proviso concerning increase in the minimum age for 4-H Club participants in competition |
| • Attachment 22 | Proviso concerning physical fitness sampling testing                                    |

J. G. Scott, Legislative Research Department, presented an overview of the following:

- Comparison of FY 2007-FY 2008 Recommended Expenditures; Governor's Recommendation and House Committee Recommendation; and State General Fund Revenue Adjustments as Recommended by the House Committee (Reflects House Committee Action as of March 8, 2007). (Attachment 1)
- House Appropriations Bill (Reflects House Adjustments for FY 2007, FY 2008 and FY 2009) (Attachment 2).
- Items for Omnibus Consideration (Referred by the House Committee) (Attachment 3).
- Governor's Adjustments to FY 2007 and FY 2008 Governor's Budget Report (Attachment 4)

Susan Kannaar, Legislative Research Department, presented an update on the Children's Initiatives Fund for FY 2007 and FY 2008 (Attachment 5).

Amy Deckard, Legislative Research Department, presented an update on the Economic Development Initiatives Fund (EDIF) for FY 2006-FY 2007 and FY 2008 (Attachment 6).

Becky Krahl, Legislative Research Department, presented an update on the State Water Plan Fund for FY 2007 and FY 2008 (Attachment 7).

Alan Conroy, Legislative Research Department, presented an update on the State General Fund (SGF) Receipts, Expenditures and Balances as Projected FY 2006-FY 2010 (Attachment 8).

The meeting was recesses at 8:30 a.m. and reconvened at 9:05 a.m.

### **Discussion and Action on:**

**HB 2540 - Appropriations for FY2008 & FY2009 for capital improvements for various state agencies.**

**HB 2541 - Appropriations for FY2007 for various state agencies.**

**HB 2542 - Appropriations for FY2008 and FY2009 for state agencies.**

J. G. Scott, Legislative Research Department, explained the Governor's Budget Adjustments (Attachment 4) and noted that the total impact would be \$600,000 All Funds in FY 2007 and \$2 million All Funds in FY 2008 with the addition of 6.0 FTE positions in FY 2007 and 5.0 FTE positions in FY 2008.

Representative Kelsey made a motion to accept the Governor's Budget Adjustments for FY 2007 and FY 2008 as specified in the Governor's report (Attachment 4). The motion was seconded by Representative Powell. Motion carried.

Representative Tafanelli made a motion to amend **HB 2542** by adding the contents of **SB 30** as amended by the House. The motion was seconded by Representative Pottorff. Motion carried.

Representative Tafanelli made a motion to amend **HB 2542** by adding the funds titled (1) Homestead Property Tax Refund and (2) Food Sales Tax Rebate, to the state budget and include revenues and expenditures of these funds. The motion was seconded by Representative Bethell. Motion carried.

Representative Tafanelli made a motion to amend **HB 2542** by establishing a special revenue fund

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in the state treasury for the tobacco litigation settlement proceeds received during FY 2008 through allocations from the Strategic Contribution Fund established under the Master Settlement Agreement, to be placed with the Kansas Health Policy Authority (Attachment 9). The motion was seconded by Representative Powell. Motion carried.

Representative Bethell, Chair of the Social Services Budget Committee, made a motion to amend **HB 2542** by adjusting the Department on Aging's FY 2008 budget, with the addition of funding totaling \$3,134,206 State General Fund (SGF) and \$5,138,912 All Funds (Attachment 10). The motion was seconded by Representative Kelsey. Motion carried.

Representative Bethell made a motion to amend **HB 2542** by adjusting the Department of Health and Environment - Health FY 2008 budget, with the addition of funding totaling \$496,616 State General Fund (SGF), \$496,616 All Funds and 4.0 FTE positions (Attachment 10). The motion was seconded by Representative Kelsey. Motion carried.

Representative Bethell made a motion to amend **HB 2542** by adjusting the Kansas Health Policy Authority (KHPA) FY 2008 budget, with the addition of funding totaling \$141,027 State General Fund, \$385,796 All Fund and 10.0 FTE positions (Attachment 10). The motion was seconded by Representative Kelsey. Motion carried.

Representative Bethell made a motion to amend **HB 2542** by adjusting the Department of Social and Rehabilitation Services (SRS) FY 2008 budget, with the addition of funding totaling \$23,901,432 State General Fund (SGF) and \$15,294,124 All Fund; adjust the Parsons State Hospital and Training Center with the addition of funding totaling \$407,400 SGF, \$1,018,600 All Funds and 30.0 FTE positions; and adjust the Larned State Hospital with the addition of funding totaling \$190,113 SGF and \$190,113 All Funds (Attachment 10). The motion was seconded by Representative Kelsey. Motion carried.

The Social Services Budget Committee noted that the above adjustments are priorities as requested by each agency.

Representative George made a motion to amend **HB 2541** and **HB 2542** with the inclusion of the report on the pay plan as recommended by the House Select Committee on the Pay Plan (Attachment 11). The motion was seconded by Representative Pottorff. Motion carried.

Representative George reported that the Select Committee on the Pay Plan presents this recommendation as the first step in improving the State's current pay plan. The Select Committee received testimony from a number of agencies and experts, including the Hay Group, who were contracted to study the State's pay plan. It was the consensus of all those who testified that the current pay plan, adopted in the 1960's, is not in step with today's job market. There are approximately 42,000 state employees within the State of Kansas on the current pay plan.

The Pay Plan, as presented by the Select Committee, would provide the following (Attachment 11):

- Provide a 1.0 percent base salary adjustment for all employees;
- Provide a \$1,450 one-time salary bonus (paid in two installments);
  - Pay \$450 on June 29<sup>th</sup>; and
  - Pay another \$1,000 on December 14<sup>th</sup>;
- Provide \$150 for every employee for the employee's deferred compensation plan (457) that must be matched dollar for dollar by the employee to receive the funds;
- Provide a permanent 5.0 percent increase (in addition to the 1.0 percent base salary adjustment and the one-time salary bonus) for those job classes that were more than 25 percent behind the average market pay in the recent Hay Group Pay Study - Phase I;
- Shift the funding of \$1.5 million from the State General Fund for the recommended classified longevity bonus payment increase;
- Create a State Employee Pay Philosophy Task Force to establish a pay philosophy for the State of Kansas;
- Create a 9-member State Employee Pay Plan Special Committee (Senate and House members);
- Established a goal to spend the same dollar amount that the Governor has recommended

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for state employee pay increases.

The Select Committee estimates the cost of the proposed pay plan at \$44.3 million SGF and \$86.5 million All Funds.

The Committee noted that they felt the recommended pay plan is a very good first step to an ongoing process of improvements to the pay matrix. Some items of concern from the Committee included:

- How the salary enhancement would be paid and suggested it should be continued into another year;
- Whether or not the salary bonus should be added into the employee's base salary;
- Whether some employees could afford the \$150 required to receive the matching State dollars for a deferred compensation plan. The Committee commended the Select Committee for their diligence and hard work in producing the pay plan for consideration.

Representative McLeland made a motion to amend **HB 2542** by restoring \$10,088,564 SGF to the Board of Regents Operating Grant in FY 2008 (Attachment 12). The motion was seconded by Representative Wolf. Motion carried.

Representative Bethell made a motion to add a proviso to **HB 2542** stating "Provided, that the University of Kansas Medical Center and the University of Kansas School of Medicine -Wichita shall investigate expanding the scope of its current affiliations with Via Christi Medical Center and Wesley Medical Center in Wichita to include evaluation of opportunities to provide more doctors for Kansas, enhance educational opportunities for current and future medical students and/or accelerate the discovery of new cures and treatments for the benefit of Kansas patients and provide the legislature with a report on its findings (Attachment 13). The motion was seconded by Representative Pottorff. Motion carried.

Representative Wolf made a motion to add a proviso to **HB 2542** by inserting language regarding a study of the physician workforce needs in Kansas and the impact of new hospital affiliations (Attachment 14). The motion was seconded by Representative McLeland. Motion carried.

Representative McLeland made a motion to amend **HB 2542** with the addition of \$458,700 for the Washburn University Operating Grant. The motion was seconded by Representative Wolf. Motion carried.

The meeting was recessed at 11:00 a.m. and reconvened at 11:30 a.m.

Representative Wolf made a motion to amend **HB 2542**, Page 117, Line 34-35 by restoring the Governor's language to allow for an increased authority of the Local Option Budget (LOB) from 31 percent to 33 percent. The motion was seconded by Representative McLeland. Motion failed on a 5-12 vote.

Representative McLeland made a motion to amend **HB 2542** with the addition of \$1.5 million funding from the Economic Development Initiatives Fund (EDIF) to Wichita State University for the National Institute for Aviation Research (NIAR) (Attachment 12). The motion was seconded by Representative Sawyer. Motion carried.

Representative McLeland made a motion to amend **HB 2542** with a review at Omnibus of an additional \$1.0 million funding for Wichita State University Institute for Aviation Research (NIAR) (Attachment 12). The motion was seconded by Representative Wolf. Motion carried.

Representative McLeland made a motion to amend **HB 2542** by adding language "continue to hold PSA post-secondary aid technical education funding for consideration at Omnibus so that the full House Appropriations Committee can consider the totally new funding formula for post-secondary technical education provided by community colleges, technical colleges and technical schools proposed by the Kansas Technical College and Vocational School Commission. It should be further understood that if the Appropriations Committee rejects the new funding formula, existing PSA funding will be reinstated and additional increases reviewed at Omnibus" (Attachment 12). The motion was seconded by Representative Pottorff. Motion carried.

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Representative Sawyer made a motion to amend **HB 2542** by adding a proviso stating “ Chester I. Lewis scholarships...\$65,000; Provided, that the state board of regents is authorized to award five Chester I. Lewis law school scholarships and to prescribe the terms and conditions for the award of such scholarships (Attachment 15). The motion was seconded by Representative Feuerborn. Motion failed.

Representative Wolf made a motion to amend **HB 2542** by adding language authorizing an increase in the Local Option Budget (LOB) from 31 percent to 32 percent. The motion was seconded by Representative Bethell. Motion carried.

Representative Gatewood made a motion to amend **HB 2542** by adding a proviso concerning the sale of surplus furniture from the House Chamber (Attachment 16). The motion was seconded by Representative Watkins. Motion carried.

Representative Tapanelli made a motion to amend **HB 2542** with the addition of funding for the Department of Corrections for FY 2008 by adding \$2,106,054 for reentry and day reporting; \$169,706 for parole and post-release; and \$5,171,770 for offender programming for a total of \$7,447,530 from the State General Fund (Attachment 17). The motion was seconded by Representative Powell. Motion carried.

Representative Tapanelli made a motion to amend **HB 2542** with the addition of funding for the Adjutant General for FY 2008 of \$250,000 for National Guard member death benefit for a total of \$250,000 from the State General Fund. The motion was seconded by Representative Williams. Motion carried.

Representative Tapanelli made a motion to amend **HB 2542** by adding a proviso “Provided that if the University of Kansas Medical Center and Kansas University School of Medicine, as part of their effort to build a stronger bioscience research capability, decide to form an affiliation for research and teaching with Saint Luke’s Hospital, then no expenditures shall be made from this or any other line item of appropriation from the State General Fund or any special revenue funds for FY 2008 made by this or other appropriations act of the 2007 session, until the agreement between the two has been reviewed and approved by majority votes of the Kansas Board of Regents, Kansas University Hospital Authority Board and the Wichita Center for Graduate Medical Education Board”. The motion was seconded by Representative McLeland. Motion carried on a 11-10 vote.

With reference to the prior motion, Representative Burroughs requested to be recorded as “abstaining from the vote”.

Representative Powell made a motion to amend **HB 2542** with the addition of funding for the Kansas Water Office for FY 2008 of \$500,000 from the State Water Plan Fund for the Neosho River Basin issues (Attachment 18). The motion was seconded by Representative Watkins. Motion carried.

Representative Powell made a motion to amend **HB 2542** with the addition of funding for the State Bank Commissioner for FY 2008 of \$326,880 from the State General Fund and 7.0 FTE inspector positions. The motion was seconded by Representative Lane. Motion carried.

Representative Powell made a motion to amend **HB 2541** and **HB 2542** by adding provisos stating “No sale or other conveyance of any state property shall be made by any state agency unless specifically authorized by acts of the Legislature or approved by the State Finance Council acting when the Legislature is not in session”. The motion was seconded by Representative Holmes. Motion withdrawn.

After Committee discussion, the maker of the motion withdrew the motion and will pursue the action through other legislation.

Representative Yoder made a motion to amend **HB 2542** with the addition of funding for the Judicial Branch for FY 2008 of \$414,478 from the State General Fund (SGF) and 5.0 FTE positions (Attachment 19). The motion was seconded by Representative Wolf. Motion carried on a 12-9 vote.

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Representative Feuerborn made a motion to amend **HB 2542** by adding a proviso concerning relocation of design engineers with the Department of Transportation (Attachment 20). The motion was seconded by Representative Gatewood. Motion carried.

Representative Feuerborn made a motion to amend **HB 2542** by adding a proviso concerning increase in the minimum age for 4-H Club participants in competition (Attachment 21). The motion was seconded by Representative Lane. Motion carried on a 14-7.

Representative Wolf made a motion to amend **HB 2542** by adding a proviso concerning physical fitness sampling testing for grades 4, 7 and 9 students in public school districts; provide copies of the BMI and fitness data to the department of health and environment and to the Kansas health policy authority; and provide for an analyzation of the data (Attachment 22). The motion was seconded by Representative Watkins. Motion failed.

The Committee noted that there is legislation before the Legislation concerning the appointment of an Obesity Task Force, who, if the legislation is passed, could address the issue rather than mandated by the Legislature.

Representative Pottorff made a motion to recommend **HB 2540**, **HB 2541** and **HB 2542** favorably for passage as amended and allow for technical adjustments. The motion was seconded by Representative Powell. Motion carried.

The meeting was adjourned at 1:30 p.m. The next meeting will be held on "Call of the Chair".

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Sharon Schwartz, Chair