

Approved: March 21, 2012

(Date)

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Marc Rhoades at 9:17 AM on Friday, March 9, 2012 in Room 346-S of the Capitol.

All members were present except:

Lana Gordon - excused

Committee staff present:

J.G. Scott, Chief Fiscal Analyst, Legislative Research Department

Dylan Dear, Senior Fiscal Analyst, Legislative Research Department

Michael Wales, Fiscal Analyst, Legislative Research Department

Jim Wilson, First Assistant, Office of Revisor of Statutes

Jill Wolters, Senior Assistant Revisor, Office of Revisor of Statutes

Nobuko Folmsbee, Senior Assistant Revisor, Office of Revisor of Statutes

Cindy O'Neal, Administrative Assistant

Kathy Holscher, Committee Assistant

Others in attendance:

See attached list.

Chairman Rhoades called the meeting to order and reviewed the committee agenda.

*Representative Kelley made a motion to combine **HB 2768- Appropriations for FY 2012, FY 2013, and FY 2014 for capital improvements for various state agencies, HB 2493- Supplemental appropriations for FY 2012 and FY 2013 for various state agencies, and HB 2760- Appropriations for FY 2012, FY 2013, and FY 2014 for various state agencies into SB 294 – Joint Committee on Claims Against the State; recommended payments. The motion was seconded by Representative Mast. The motion carried***

*Representative Kelley made a motion for the favorable passage of **House Substitute for SB 294 – Appropriations for FY 2012, FY 2013, FY 2014 and FY 2015. The motion was seconded by Representative Brown.***

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CONTINUATION SHEET

Minutes of the HOUSE APPROPRIATIONS Committee at 9:17 AM on Friday, March 9, in Room 346-S of the Capitol.

Representative Crum reviewed amendments to the bill (Attachment 1).

Representative Crum made a substitute motion to approve the addition of \$76,000 from State General Fund (SGF) for the Veterans' Claims Assistance Program for FY 2013. The motion was seconded by Representative Schwartz.

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

Representative Crum renewed the motion. The motion carried.

Representative Crum made a substitute motion to delete \$531,774 from special revenue funds at the Veterans' Home to expend Medicare and Medicaid funds for resident services within existing facilities for FY 2013. The motion was seconded by Representative Mast. The motion carried.

Representative Crum made a substitute motion to delete \$623,592 from special revenue funds at the Kansas Soldiers' Home to expend Medicare and Medicaid funds for resident services within existing facilities for FY 2013. The motion was seconded by Representative Mast.

Representative Crum noted that additional information regarding the expansion of Triplet Hall will be reviewed in the Budget Committee in FY 2013.

Representative Peck reviewed an amendment regarding longevity bonuses (Attachment 2).

Representative Peck made a substitute motion to approve the longevity bonus from \$50 to \$40 per year of service. The motion was seconded by Representative McLeland.

Discussion followed by committee members. The motion would be a savings of \$4.9 million in SGF, and not every agency has the longevity bonus and employees hired after July 15, 2008 are not eligible. State employees have not received pay raises for the past four years and the Budget Committee Reports included the longevity bonus of \$50 for FY 2013, it was noted.

Representative Peck renewed the motion. The motion carried.

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Committee members requesting that the minutes reflect their vote in opposition of the motion are as follows: Representative Ballard, Representative Gatewood, Representative Feuerborn, Representative Carlin, Representative Henry, and Representative Lane.

Representative Mast reviewed an amendment to the bill for the Board of Regents' universities (Attachment 3). She noted that if the three universities received the recommended funding, additional programs for students would be initiated.

Representative Mast made a substitute motion to reduce the University of Kansas and Kansas State University operating budgets by 1% and redistribute this reduction among Emporia State University, Fort Hays State University and Pittsburg State University. The motion was seconded by Representative Kelley.

Discussion followed by committee members regarding the impact of the motion. It was noted that an interim budget meeting to review outcomes and performance measurements would be helpful not only with the Board of Regents' universities, but other agencies as well.

Representative Feuerborn made a substitute motion that would add \$1 million to the University of Kansas, Kansas State University, Wichita State University, Emporia State University, Fort Hays State University and Pittsburg State University. The motion was seconded by Representative Henry.

Discussion followed by committee members.

Representative Feuerborn renewed the substitute amendment. The motion failed.

Discussion followed by committee members regarding the four year graduation rate. It was noted that performance measurements need to be developed for consistency for tracking graduation rates. It was noted that the motion would not have an impact on research funding.

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Representative Lane made a substitute motion to postpone Representative Mast's motion in order to receive additional information on performance measurements, for further review at Omnibus. The motion was seconded by Representative Schwartz. The motion carried.

Representative DeGraaf reviewed an amendment to the bill regarding replacement passenger cars and trucks guidelines (Attachment 4) and FY 2013 Vehicle Enhancements (Attachment 5).

Representative DeGraaf made a substitute motion that would approve the guidelines for replacing vehicles. The motion was seconded by Representative Brown. The motion carried.

Discussion followed by committee members. It was noted that the motion includes anticipated repairs in order maintain road-worthy vehicles, excluding Highway Patrol vehicles.

Representative Denning made a substitution motion to add language to the motion that includes new or used vehicles in Section (a.). The motion was seconded by Representative DeGraaf. The motion carried.

Barbara Rankin, Acting Secretary, Department of Transportation, responded to questions from committee members regarding bond security. She stated that the department's internal policy is to have four times the amount of revenue, which has a positive impact on the rating. The bond covenant required three times the amount of revenue in the Highway Fund and if the agency fell below the required amount an immediate establishment of a reserve fund of 125% for a year's worth of principal and income on the bonds, or \$121 million. The debt service fund balance is approximately \$118 million, she added. A review of the of the State Highway fund balance for FY 2010, FY 2011, FY 2012 was reviewed. The average bond rate is 3.68% as some bonds are at a fixed rate and other bonds have a variable rate. Other funds that are not needed for cash flow basis are invested, she added.

Bruce Burditt, Office of Financial Investment Management, Department of Transportation, provided an overview of the ratings for the State Highway Fund debt. He stated that a public financial management company oversees the department's investments for a fee of approximately \$90,000 per year and debt transaction fees are \$20,000 per transaction, he added.

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Chairman Rhoades closed the discussion on the bill and reviewed the agenda for the next committee meeting.

The meeting adjourned at 11:02 a.m.

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