

Approved: May 8, 2012

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(Date)

### **MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE**

The meeting was called to order by Chairperson Marc Rhoades on April 19, 2012 in 346-S of the Capitol.

All members were present except:

Kasha Kelley - excused

Peggy Mast - 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

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

Conferees appearing before the Committee on April 20, 2012:

Tim Madden, Department of Corrections

Don Deming, Reno County Commissioner

Debra Zehr, LeadingAge Kansas

John Grace, Grace Team Consulting

Laura O'Neil, Frankfort Community Care Home

Others in attendance:

See attached list.

Chairman Rhoades called the meeting to order at 10:13 a.m. on April 19, 2012.

*Chairman Rhoades made a motion to introduce legislation that would move the primary election date to August 25<sup>th</sup>, if Redistricting maps are not enacted prior to May 15<sup>th</sup>. The motion was seconded by Representative Feuerborn. The motion carried.*

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J.G. Scott, Legislative Research Department, presented an overview of the Revised State General Fund estimates (Attachment 1). He stated that the consensus revenue estimate increased \$129.4 million above the November estimate, total taxes increased by \$123.6 million, and other revenues increased by \$5.8 million for FY 2012. The revised State General Fund (SGF) estimate is \$6.375 billion and represents an 8.4 percent increase above the FY 2011 receipts. The revised estimate for FY 2013 is \$6,414 billion which is an increase of \$122.8 million above the November estimates, total taxes increased by \$127.6 million and other revenues decreased by \$4.8 million. The FY 2013 estimate represents an increase of 6 percent above the FY 2012. He noted increased receipts in the individual and corporation income tax, retail sales, and compensating use taxes as key factors for the revenue increase, and the statutory requirement of SGF transfers totaling \$254.6 million. The unemployment rate has experienced a slight decline, he added.

J.G. Scott responded to questions from committee members regarding the decreased revenue investments. It was noted that there were larger balances than originally projected in November to invest and a slight increase in the interest collected. Since FY 2010, revenues have increased 22.3 percent, it was noted. Issues impacting the gas severance tax included increased gas prices and unseasonably warmer winter weather which resulted in higher reserves. The price per barrel for oil was higher than originally anticipated and natural gas estimates was based on decreased prices.

J.G. Scott, Legislative Research Department, reviewed the FY 2012 SGF transfers (Attachment 2) followed, and he responded to questions from committee members. He explained the Highway Fund transfer and stated that the total expenditures are the same, but the funds are no longer placed in the intermediary step through the SGF.

Amy Deckard, Legislative Research Department, provided an overview of the FY 2012 and FY 2013 Consensus Caseload Estimates (Attachment 3). The caseload estimates include program and services expenditures under the Executive Reorganization Order. The combined increase for FY 2012 and FY 2013 is \$100.4 million in all funds a \$38.9 million SGF increase.

Amy Deckard responded to questions from committee members. She stated that foster care estimates were historically trending too high and were decreased from the fall estimates to reflect

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trends for actual placement. Funding for Temporary Assistance to Families and Foster Care programs was reduced \$7.3 million in all funds and \$1.9 million in SGF to reflect fewer families on assistance and children in foster care placements than originally projected. She noted that the Medicaid matching rate is determined by the federal government and is based on several factors. The Problem Gambling and Addiction Fund increased funding recommendation by the Governor of \$5 million was the state match as oppose to SGF for maintenance of care contract for addiction and prevention services. As requested, additional information would be provided regarding other programs that might be affected with the use of these funds and a list of policy changes and a breakdown of undocumented workers. The calculated savings, with the implementation of KanCare, is \$32.1 million for all funding and \$12.5 million from SGF for assistance savings not operation expenses, she noted. The largest increase for Medicaid services was within the infant and child population, but was not the largest cost to the program and does not include waiver services, she noted. It was noted that general Medicaid spending in FY 2011 was \$1.44 billion in all funds, \$1.469 billion in FY 2012 and \$1.635 billion in FY 2013, which represents an 11% increase or \$166 million in FY 2013. The increase represents growth in individuals participating and costs with the prompt billing from providers.

J.G. Scott, Legislative Research Department, provided an overview of the SGF Profile for FY 2010 – FY 2012 ([Attachment 4](#)), which represents the consensus revenue estimates, caseload adjustments, additional revenue estimates, and the Governor's recommended budget. The estimated ending balance for FY 2012 is \$437 million and the estimated FY 2013 ending balance is \$673.7 million, which does not reflect any tax proposals that is in the Legislature, he noted. He provided an overview of the SGF Profile for FY 2010 – FY 2014 ([Attachment 5](#)), which reflects the House Tax Plans that have passed and the House position in Conference Committee for adjustments and expenditures. The House recommended revenue adjustments of \$47.4 million for FY 2012, which reflects the BioScience transfers and transfers from the Highway Fund to the SGF for education that is supplemental. The increased revenue in FY 2013 of \$15.7 million is a result of Department of Revenue Funds that was moved from the special revenue funds into the SGF. The House recommendation for expenditure adjustments of approximately \$21.6 million less than the Governor's recommendation for FY 2013, and reflects tentative agreements in Conference Committee and the House position. These adjustments represent an ending balance in FY 2012 of \$483.6 million, \$363.6 million in FY 2013 and a negative ending

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balance of (\$98.4) for FY 2014, which includes the 1% sales tax collection that ends in FY 2014 at a decrease in SGF of approximately \$161 million.

J.G. Scott responded to questions from committee members. Increased expenditures of \$1 billion would be a result of increase caseloads and loss of American Recovery Act dollars of approximately \$490 million. As requested, an analysis of this increased spending will be provided and this would include all funding expenditures, he noted. Consensus revenue estimates are reflected in FY 2012 and FY 2013 and the only adjustment to the tax plan was what was included in the fiscal note no additional expenditures would be reflected anywhere else, he noted. In FY 2011 additional income of \$202 million was received at the end of the year over what was originally projected. The Senate recommendations would be an estimated ending balance in FY 2014 of (\$680 million). He added that the profile reflects SGF expenditures and the additional transfer from the Highway Fund to the SGF, which includes \$24 million for school finance. The unemployment rate is declining and tax revenues are increasing and yet a \$91.6 million in regular medical in the Medicaid program for FY 2013. J.G. Scott stated that significant Medicaid increases have been experienced in the population served, which will result in additional federal funding. It was noted that in FY 2014 and FY 2015 there would not be any additional state requirements under the Medicaid program. After that time the new Medicaid population rate would change whereas the state would pay 10% and the federal government 90% of the increased Medicaid cost and the current population would remain at the current base. For FY 2014, FY 2015 and FY 2016, the new population will expand to adults to age 64 and those 138% of the poverty level and the federal government reimburses at 100%, and from FY 2017 and beyond the states tier would begin at 4% and caps at 10%. This estimated cost would be \$10,000 per adult per year. J.G. Scott reviewed the adjusted ending balances with the House position on the tax bill which would be \$648.3 million in FY 2013 and \$454.1 million for FY 2014.

Amy Deckard, Legislative Research Department, provided an overview of the Children's Initiative Fund (CIF) for FY 2011 through FY 2013 ([Attachment 6](#)), which included Conference Committee adjustments of \$16.5 million and \$55.8 million to lapse FY 2013 Children's Initiative Fund and the Kansas Endowment for Youth appropriations proportionately for funding shortfalls. The CIF funding issues were put on hold until the April estimates were received. It

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was noted that secondary payment of approximately \$2.2 million was received yesterday. The current receipts for this year at \$57.9 million, Amy Deckard reported.

Chairman Rhoades reviewed the language from the Conference Committee regarding CIF and noted that this revenue adjustment would be revisited by the committee based upon the Senate's position.

Michael Steiner, Legislative Research Department, provided an overview of EDIF (Attachment 7), which included Conference Committee adjustments and resulted in a zero ending balance.

Jarod Walter, Legislative Research Department, provided an overview of the State Water Fund (Attachment 8). The recommended changes resulted in approximately \$1.1 million in expenditures which included \$924,000 for the LEPP program, \$200,000 for the Weather Modification program and a shift in funding from water rights purchased to the Water Tap Prep program. Additional expenditures in the Water Plan Fund result in a negative ending balance of \$876,733 for FY 2013. It was noted that additional information will be provided to the committee.

Dylan Dear, Legislative Research Department, provided an overview of the Consensus Revenue Estimate for the Expanded Lottery Act Revenue Fund (Attachment 9) and Expanded Lottery Act Revenue Fund (ELARF) (Attachment 10). He stated that there is an additional \$5 million for FY 2012 and an additional \$7.2 million for FY 2013. A review of the gaming zones followed. In accordance with the statutes, the Expanded Lottery funds of \$48.5 million are placed into three separate funds and any additional funds collected would go into the SGF. This has been approximately 5% above last year, he noted.

Dylan Dear, Legislative Research Department, responded to questions from committee members regarding the lack of data for the Southeast Zone. He stated that there was no revenue projections as this would depend upon the market analysis. It was noted that the Christenson Report and other reports indicate the Southeast Zone would be the highest revenue generator for the state, and was recommended for consideration going forward.

The committee recessed at 12:00 p.m.

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Chairman Rhoades reconvened the committee meeting at 1:43 p.m. He stated that the committee's recommendation for items to review at Omnibus (Attachment 11) has been distributed. Any adjustments made by the committee would be placed in a separate bill for conference consideration. Additional items for discussion in subcommittees could be scheduled next week, he added.

### **Items for Omnibus Consideration**

(For purposes of clarity, the "Items for Omnibus Consideration" report (Attachment 12), prepared by Legislative Research Department, and has been included in these minutes, which follows the FY 2013 recommendations of the Budget Committees and actions taken by the full Appropriations Committee.)

J.G. Scott and staff, Legislative Research Department, provided an overview of Items for Omnibus Consideration (Attachment 12). This material contains items for review at Omnibus, as recommended by committees, responses to questions and information requested and bill information. He noted that the Governor's Budget Amendments have not been included, but will be made available to the committee upon completion. The Senate Committee recommended steps to finalize the Redistricting Process for FY 2013. The costs and staffing needs for reconstituting the school audit program for FY 2013 would be at a cost of \$433,000 from SGF and 5 FTE position including equipment, office space and travel reimbursement.

*Representative McLeland made a motion to remove the contents of **HB 2768** as a vehicle for adding motions that have carried relating to Omnibus Items. The motion was seconded by Representative DeGraaf. The motion carried.*

*Representative McLeland made a motion to reconstitute the school audit team and funding from SGF for the Legislative Post Audit. The motion was seconded by Representative Peck.*

Discussion followed by committee members regarding the motion and the savings and efficiencies experienced by school districts that have conducted audits. Committee members

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requested this additional information from the Legislative Post Audit staff, prior to making funding recommendations. It was suggested that the volunteer staff time involved with the auditing process would be helpful to have as part of the analysis.

*Representative McLeland withdrew the motion with the approval of the second to the motion.*

J.G. Scott, Research Department reviewed **HB 2414 - Allowing legislative post audit to charge state agencies for their portion of the state wide financial audit.** The Legislative Post Audit recommendation was to place \$288,000 between the Department of Administration (\$245,000) and the Board of Regents (\$43,000) to pay for the state-wide audits. It was noted that this has been signed into law by the Governor.

*Representative Crum made a motion to transfer \$288,000 from the Legislative Post Audit budget of which \$245,000 would go to the Department of Administration, and \$43,000 to the Board of Regents to pay for state-wide audits. The motion was seconded by Representative McLeland.*

Discussion followed by committee members regarding the motion. Scott Frank, Legislative Post Auditor, stated that this bill transfers the requirement of the Legislative Post Audit to shift payment directly to agency and upon audit completion the Department of Administration and Board of Regents would be billed for the cost of the audit by the Legislative Division of Post Audit. He noted that this bill would not be an additional cost to the agency.

*Representative Crum renewed the motion. The motion carried.*

J.G. Scott, Legislative Research Department, reviewed of the Undermarket Pay for FY 2013, which was not agreed upon in Conference Committee. The Senate position was to add \$8.5 million from SGF to fund this adjustment for FY 2013 contingent upon increased Consensus Revenue Estimates, which members were informed this morning that there was an increase of \$252 million. The House position did not recommend adding this funding.

*Representative Gordon made a motion to add \$8.5 million from SGF to fund the Undermarket Pay adjustments. The motion was seconded by Representative Lane.*

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Discussion continued by committee members regarding the motion. J.G. Scott responded to questions from committee members, He provided background on the Hay Group which conducted a pay study in FY 2008, and the process for reviewing classifications and salaries conducted by the Department of Administration on an annual basis as compared with the public sector. Surveys conducted do not include benefits, he added. According to the Department of Administration, 87% of the state classified employees are paid below market rates, 5,000 state employee who have not received any type of undermarket pay adjustments, of the 172 job classifications – approximately half of the employee’s wages were improved, as compared to the private sector and since the Hay Study was done. He added that to date the state employees are \$3,592 below the private and public sector counterparts on an average.

Representative Gordon renewed the motion. The motion failed.

J.G. Scott, Legislative Research Department, reviewed the House position on longevity pay for FY 2013, in which eliminated all SGF funding for longevity bonuses in the amount of \$2.3 million and have agencies self-fund, the exception would be eligible employees would still receive a longevity bonus of \$40 per year. The Senate position fully funds the longevity pay. He noted that the funding would be provided by SGF and four special revenue funds.

Representative Feuerborn made a motion to pay longevity bonuses of \$50 per year for each year of service per eligible employee, as per the Governor’s recommendations. The motion was seconded by Representative Carlin. The motion failed.

Leah Robinson, Legislative Research Department, reviewed the Secretary of State’s request for funding. The additional funding of \$77,000 from SGF for the publication of proposed Constitutional Amendments was reviewed, and it was noted that the House position approved this request.

Representative McLeland made a motion to approve the agency’s request for funding \$77,000 from SGF for costs related to the publication. The motion was seconded by Representative Pottorff.

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Leah Robinson, Legislative Research Department, responded to questions from committee members. She stated that any additional costs incurred, would require a supplemental bill next session. As requested, the total cost to the counties for each publication will be provided. There are nine fee funds to fund this budget the primary funds include \$472,000 from the Information and Copy Services Fee Fund and \$329,000 from the Technology Communications Fee Fund, she stated.

Representative McLeland renewed the motion. The motion carried.

Leah Robinson, Legislative Research Department, stated that the additional language requiring the Secretary of State to report cost information for proposed Constitutional Amendments was approved by the House.

Representative Gatewood made a motion to include the language that costs for the Constitutional Amendments would be required by the Secretary of State and would include costs to the county election offices would be included in the report The motion was seconded by Representative Lane. The motion carried.

Leah Robinson reviewed the Kansas Insurance Department. The House position added language prohibiting the agency for expending any funds received through the federal Affordable Care Act and deleted the recommended FY 2013 expenditures. A review of the House position on the Tiger IV Matching Grants for Rail Improvements followed.

Leah Robinson responded to questions from committee members regarding the State Highway Fund. She stated that approximately it would cost the state \$61 million in prepayment penalties for early retirement of the bonds. The suggestion was made for an interim committee to review off-budget items to address transparency concerns.

Leah Robinson reviewed the designation of memorial highways, interchanges and bridges. This represents an increase in operating expenditures of \$23,340 from the State Highway Fund for FY 2013, she noted.

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Representative Lane made a motion to add \$23,340 from the State Highway Fund for FY 2013 for installation and maintenance of signage. The motion was seconded by Representative Schwartz. The motion carried.

Audrey Dunkel, Legislative Research Department, reviewed the House position on the Board of Regents funding for technical education tuition waivers and technical education incentives. It was noted that this bill is currently in the House Education committee. KAN-ED funding, which is in Conference Committee, was reviewed. She noted that a study has been added to the original bill and has been amended by the Senate for a change and phase out, which would leave the funding at \$6 million in the Kansas Universal Service Fund (KUSF), but an additional \$250,000 would be needed for the needs assessment. The KUSF and ERATE funding of approximately \$2 million would cover these costs. It was noted that \$800,000 has been allocated for the state library. Information on the costs for renovation Singular/Trussler Hall at the Emporia State University was reviewed with the committee (Attachment 13). It was noted that renovation costs would come from fee funds and that these items have not been reviewed by the Joint Committee on State Building Construction.

Representative Pottorff made a motion to approve the renovation of Singular/Trussler Hall subject to the approval of the Joint Building Committee. The motion was seconded by Representative Feuerborn. The motion carried.

Amy Deckard, Legislative Research Department, reviewed the Children's Initiative Fund. She noted that the consensus estimates for tobacco settlement receipts for FY 2012 is approximately \$55.8 million. The Conference Committee a recommendation was made to transfer \$55.8 million from the tobacco settlement to the Children's Initiative Fund (CIF). In response to committee members' questions, she noted that additional revenue of \$2.1 million has been received that was not budgeted for the current year.

Representative Crum made a motion to restore \$2.1 million to the SGF from the Children's Initiative Fund for FY 2012. The motion was seconded by Representative DeGraaf.

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Amy Deckard, Legislative Research Department, responded to questions from committee members. She stated that historically money has been shifted from the tobacco settlement dollars to the SGF.

*Representative Crum renewed the motion. The motion carried.*

Amy Deckard, Legislative Research Department, continued review of the Children's Initiative Fund. The House Committee recommended a review of CIF expenditures. The Conference Committee adjustments include language that if the FY 2013 revenues do not come in as projected, expenditures would be prorated from the SGF, she noted.

Chairman Rhoades reviewed the House and Senate position regarding the Tiny K program and maintenance of effort requirements.

*Chairman Rhoades made a motion to amend the language that would exempt the Tiny K program from prorating expenditures due to a short fall in revenues in order to meet federal maintenance of effort requirements. The motion was seconded by Representative DeGraaf. The motion carried.*

Discussion followed by committee members. It was noted by a committee member, that \$3.7 million in CIF off-budgeted items goes to the Department of Education, which is not reflected in the report. Additional information has been requested by the Department on Aging regarding efficiencies relating to the autism waivers, which would be reviewed in subcommittee and presented to the committee next week, it was noted.

Amy Deckard, Legislative Research Department, reviewed the Department of Social and Rehabilitation Services (SRS) Centers on Independent Living Audits. The finding of the audits included poor internal controls and funding accountability, noncompliance issues regarding cost principles, administrative requirements, terms and conditions of grant award and Medicaid rules and regulations.

*Representative Crum made a motion for an amendment to the report that includes the language that the agency would report back to the committee action steps taken to address audit findings,*

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during the FY 2013 Legislative Session. The motion was seconded by Representative Suellentrop.

Representative Gatewood made a substitute motion to include a total performance audit which would include benefits and costs to the community and residents.

Discussion followed by committee members regarding the motion. Amy Deckard, Legislative Research Department, noted that the audits conducted were to ensure compliance and administrative requirements are being met, and that benefit information would be contained in the grant material for services provided.

Representative Gatewood withdrew the motion, with the approval of the second to the motion.

Discussion continued by committee members regarding the twelve independent living centers and the benefit of providing services to communities and the need for more information from the Department of Social Rehabilitation Services regarding the centers and Larned, prior to the end of FY 2012 Legislative Session.

The committee recessed at: 3:40 p.m.

Chairman Rhoades reconvened the committee meeting at 4:05 p.m.

Amy Deckard, Legislative Research Department, continued reporting on the Centers for Independent Living. She stated that four of the twelve audits have been completed and information would be available to member regarding the audits that have been finalized. She reported on the Supplemental Nutrition Assistance Program (SNAP) policy changes, Executive Reorganization Order #41, and the Spring Human Services Consensus Caseload. A copy of the Prepaid Inpatient Health Plan (PIHP) Medicaid covered addiction services list was distributed to committee members (Attachment 14), and the revised revenue estimates for the Problem Gambling and Addictions Grant Fund (Attachment 15), which reflects increased ELARF revenue and the Governor's and Conference Committee recommendations.

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Discussion followed by committee members. Concern was expressed regarding the \$6.45 million reduction in the PHIP fund as opposed to the SGF. In response to questions, Amy Deckard, Legislative Research Department, stated that the PIHP is a managed care program under Medicaid, with a standard match rate between the state and federal requirement based on a per patient per month basis. It was noted that not enough funds have been expended from the Problem Gambling and Addictions Grant Fund.

Representative DeGraaf made a motion that in FY 2013 and FY 2014 an additional \$700,000 be added for problem gambling services. The motion was seconded by Representative Gordon.

Discussion followed regarding the motion regarding the fund balance and providers utilizing this funding source for treating addictions. It was noted that 2% is the amount of proceeds for the Gambling and Addictions Grant Fund goes to the treatment programs according to the Expanded Lottery Act requirements. The motion does not add additional funding, but adds additional spending authority, Representative DeGraaf noted.

Representative DeGraaf renewed the motion. The motion carried.

Bobbi Mariani, Legislative Research Department, provided a review of the Kansas Department of Health and Environment – Health. The Conference Committee tentatively concurred with the Senate to fund the smoking prevention grants at \$1 million for the CIF for FY 2013. The agency did not request any further funding requests with The Executive Reorganization Order # 41. The statewide education for KanCare would be a one-time funding enhancement for outreach. The Management Information System (MMIS) for Kan Care for FY 2013 for the single billing point non-concurred in both the House and Senate Committees with the GBA #3. The House position did not delete \$134,584 from SGF for FY 2012 for operating expenses for FY 2013 and \$500,000 from SGF for Health Savings Account in FY 2013. The consensus case load estimated for Regular Medical is \$1.4 billion in all funds and \$562 million in SGF for FY 2012 and \$1.6 billion in all funds and \$633.8 million from SGF for FY 2013, she added.

Chairman Rhoades made a motion to add language to the Health Care Access Improvement Fund to a no limit fund. The motion was seconded by Representative Feuerborn. The motion carried.

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Bobbi Mariani, Legislative Research Department, stated that the update to the Kansas optometry law creates two new funds, i.e., the Optometry Litigation and the Criminal History and Fingerprinting Fund, which would need to be appropriated prior to dispersing expenditures from the funds.

Representative Crum made a motion for an amendment to transfer funds from the Optometry Board Fee Funds up to a maximum of \$400,000 to the Optometry Litigations Fund and Criminal History and Fingerprinting Fund. The motion was seconded by Representative DeGraaf. The motion carried.

Gary Haulmark, Legislative Director, Social and Rehabilitation Services, provided an update on Larned State Hospital Joint Commission survey. He responded to questions from committee member regarding increased costs for overtime wages that were unbudgeted, pharmaceutical and food costs, and shrinkage. Discussion continued regarding competitive wages for the nursing staff and the projected costs for hiring a medical director.

Chairman Rhoades noted that the committee will continue work on the Omnibus Bill at 8:30 a.m. tomorrow. Regarding the election bill, he noted the filing deadline would be moved from June 10 to July 1<sup>st</sup>, if no plans are enacted by May 15<sup>th</sup>. He added that any items that have been recommended for conference and have not been concurred on between the House and Senate will be folded into a new bill for discussion on the House floor.

The meeting adjourned at: 5:15 p.m.

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**April 20, 2012**

All members were present except:

Kasha Kelley – excused

Peggy Mast – excused

Chairman Rhoades called the meeting to order at 8:30 a.m. on April 20, 2012, and reviewed the meeting agenda. He opened the hearing on: **HB 2790 – Allowing DOC to sell real estate by the Hutchinson correctional facility in Reno County to Reno County for law enforcement purposes.**

Jill Wolters, Senior Assistant Revisor, Office of Revisor of Statutes, provided an overview of the bill (Attachment 16).

Tim Madden, Department of Corrections, provided testimony as a proponent of the bill (Attachment 17) and responded to questions from committee members. He stated that there is nothing on the single tract of property located at the southwest corner at the Hutchinson Correctional Facility.

Dan Deming, Reno County Commissioner, presented testimony as a proponent of the bill (no written testimony was provided) and responded to questions from committee members. He stated that this property is valued less than the property located near the court house and there would be opportunities for collaborative projects that would provide a cost savings to both the county and state. This facility would provide 250 beds for surrounding counties and with possibility of extra bed space to house state prisoners. The vote on this issue would be April 2013 and based upon voter approval. The appraised value of the land is \$25,000 to \$30,000, he added.

Chairman Rhoades closed the hearing on the bill.

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Chairman Rhoades opened the hearing on: **SB 427 – Kansas housing loan deposit program; expanding the program to include the building or rehabilitation of adult care homes.**

Jill Wolters, Senior Assistant Revisor, Office of Revisor of Statutes, provided an overview of the bill ([Attachment 18](#)) and responded to questions from committee members. She stated that the State Treasurer's Office administers the Housing Loan Deposit Program for single or multi-dwellings. Leah Robinson, Legislative Research Department, stated that there is approximately \$1 million in outstanding loans for a five year period and would be a longer timeframe for adult care homes at a rate of 2% below market rate. She reviewed the application process.

Debra Zehr, President and CEO, LeadingAge Kansas, provided testimony as a proponent of the bill ([Attachment 19](#)), and responded to questions from committee members. She stated that there is no statute of limitation regarding the size of a building. This bill would enhance economic development, create jobs, buildings would be more modern and energy efficient. The bank holds the loan and the state helps subsidize the interest rate, she added.

Leah Robinson, Legislative Research Department, in response to questions from committee members, reported that the state portion is used to buy down the interest rate and default issues would be between the borrower and the bank.

Laura O'Neil, Administrator of the Frankfort Community Care Home, provided testimony as a proponent of the bill ([Attachment 20](#)), and responded to questions from committee members. She stated that the cost for an assisted living project would be approximately \$1.5 million; a home based unit would be approximately \$400,000 to \$600,000, \$1.5 million for remodeling nursing home projects and \$2 million for new construction. She noted that both non-profit and for profit organizations are interested in modernizing facilities for anticipated expansion of KanCare.

John Grace, Grace Team, provided testimony as a proponent of the bill ([Attachment 21](#)).

Written testimony as a proponent of the bill was distributed to committee members from Dianne Powell, Allied Health Career Training ([Attachment 22](#)).

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Minutes of the HOUSE APPROPRIATIONS Committee at 10:13 AM on Thursday, April 19, in 346-S of the Capitol.

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Chairman Rhoades closed the hearing on the bill.

### OMNIBUS BILL

Chairman Rhoades opened continued discussion on the Omnibus Bill.

Representative Feuerborn made a motion to fold the items from current actions of the House Conference Committee into **HB 2768** - Appropriations for FY2012, FY2013 & FY2014 for capital improvements for various state agencies. The motion was seconded by Representative McLeland.

Discussion followed by committee members. Chairman Rhoades stated that the House position was not to sign the Conference Committee Report due to the need for clarification of the funding sources. It would not be feasible to renegotiate items agreed upon with the Senate's position; however, items contained in the Omnibus Bill could be discussed or amended and reviewed upon receipt of the Governor's revised Budget Amendment.

Jill Wolters, Office of the Revisor of Statutes, responded to questions from committee members. She stated that what would be adopted in the motion would include agreed upon items in the Conference Committee and amendments made during Omnibus will be contained in the bill and includes appropriations for FY 2012 and FY 2013.

Representative Feuerborn renewed the motion. The motion carried.

Review of Items for Omnibus Consideration (Attachment 12) continued.

Susan Duffy, Legislative Research Department, provided information on the Larned State Hospital.

Representative Crum made a motion for an amendment to add \$1.149 million from SGF for a 30 bed expansion and 20 FTE positions for the forensic program at Larned State Hospital. The motion was seconded by Representative Henry.

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Susan Duffy, Legislative Research Department, responded to questions from committee members regarding the funding requests and requirements. She stated that the Governor's recommendation was \$1.1 from SGF for the 60 bed unit, and that there would not any savings by eliminating one sexual predator bed units as they have been shifting people and additional staff at Larned would be needed. A report concerning staffing information was provided to committee members (Attachment 23).

*Representative Crum renewed the motion. The motion carried.*

Chairman Rhoades reminded committee members that any new information obtained during the Legislative break could be discussed and amended in subcommittee meetings on either Wednesday or Thursday of next week, and presented to the committee on Friday.

Susan Duffy, Legislative Research Department, reviewed the state hospitals, Rainbow Mental Health Facility and Kansas Neurological Institute (KNI), and responded to questions from committee members. She stated vacant FTE positions at KNI would be filled with existing funds as need and paid when used. The impact of the volunteer retirement program was discussed. It was noted this has increased the overtime rate at the hospitals and that the hospitals are at capacity.

Gary Haulmark, Legislative Director, Social and Rehabilitation Services, provided additional information regarding the bed space cost. He stated that to staff 14 beds at the Rainbow Mental Health Facility would cost \$600,000 and would make a total of 50 beds. This facility serves four counties.

Ryan Weir, Legislative Research Department, reviewed the Juvenile Justice Authority report, and responded to questions from committee members. It was noted that the \$700,000 from SGF for the Prevention and Graduated Sanctions block grant of tertiary prevention programs for FY 2013 has not been determined by the House. The Senate's position was reviewed, which added the \$700,000 and the House position had not added this amount but recommended for review at Omnibus.

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Representative Gatewood made a motion to approve \$700,000 from SGF for the Prevention and Graduated Sanctions block grant of tertiary prevention programs for FY 2013. The motion was seconded by Representative Pottorff.

Discussion followed by committee members regarding the use of SGF versus the Problem Gambling and Addiction Program and the House position which was taken in Conference Committee.

Representative Gatewood renewed the motion. The motion carried.

Shirley Murrow, Legislative Research Department, reviewed the Kansas Arts Commission report and responded to questions from committee members regarding the Kansas Creative Arts Bill, which combines the Kansas Arts Commission and has not been considered by either chamber. She stated that the Senate added \$231,939 for the inter-library loan and \$129,456 to restore the talking books and no funding was recommended for the Ready to Read Program, which may be covered by a grant.

Michael Wales, Legislative Research Department, reviewed the Department of Corrections report and responded to questions from committee members. There are 100 inmates working in private industries and 300 inmates a month in correctional industries, he stated.

Representative Gordon discussed a proviso in the bill regarding the building programs within the Department of Corrections (Attachment 24). A draft containing the proviso language consistent with what has been passed on the House floor will be provided to the committee next week, she stated.

Abigail Boudewyus, Legislative Research Department provided a review of the Kansas Corporation Commission.

Representative Schwartz made a motion for an amendment to add \$276,800 from the Kansas Corporation Commission Special Revenue Funds for the purchase replacement vehicles. The motion was seconded by Representative Carlin.

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Discussion followed by committee members. It was noted that the funds would be to replace 12 vehicles.

Representative Schwartz renewed the motion. The motion carried.

Michael Steiner, Legislative Research Department, reviewed the Department of Commerce report, and responded to questions from committee members. He stated that additional information will be provided to the committee regarding Broadband Data Collection plans.

Jarod Waltner, Legislative Research Department, reviewed the Kansas Department of Health and Environment report, and responded to questions from committee members. He reviewed the State Water Plan Fund (Attachment 8). The revised April revenue estimates have come in higher than projected resulting in a positive ending balance of \$68,000. Committee members agreed that based on this new information, the committee will take a new position than originally agreed to in Conference Committee.

Representative Pottorff made a motion for an amendment to add \$600,000 from ELARF for the Aquifer Storage and Recovery Project. The motion seconded by Representative DeGraaf.

Discussion followed by committee members. It was noted that there is an additional \$5 million current and \$7 million in the out-year in ELARF. The funding requirements include infrastructure, debt reduction and engineering projects.

Representative Pottorff renewed the motion. The motion carried.

Dylan Dear, Legislative Research Department, reviewed the Department of Administration report. He reviewed the Docking Building Status Report (Attachment 25) and the Reconstruction of Docking State Office Building report from FY 2007 (Attachment 26), which was distributed to committee members. It was noted that the chillers in the Docking State Office building also control the cooling system for the State Capitol Building. The Conference Committee tentatively adopted the House position to adopt restrictions on vehicle replacements and lapse \$1.4 million to remove purchase that do not meet the necessary requirements. A list of the vehicles deleted was distributed to committee members (Attachment 27).

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Representative Schwartz reviewed issues regarding funding request for replacement vehicles for the Kansas Department of Wildlife, Parks and Tourism (Attachment 28).

Representative Schwartz made a motion to approve \$800,000 from fee funds for the Kansas Department of Wildlife, Parks and Tourism vehicle replacements that meet the established criteria. The motion was seconded by Representative Lane.

Discussion followed by committee members regarding the established criteria for mileage and repair costs for vehicle replacement. It was noted that some property is sold through the State Surplus and a percentage of the sale stays in the State Surplus budget and the remaining dollars go back to the agency's fee fund originally used for the purchase.

Representative Schwartz renewed the motion. The motion carried.

Dylan Dear, Legislative Research Department, reviewed the Judicial Branch report. It was noted that the subcommittee will have a final report completed next week for committee review.

Discussion followed by committee members regarding the impact on the Judicial Branch's decision to close the court for five furlough days for budgetary purposes.

Dylan Dear, Legislative Research Department, responded to questions from committee members. It was noted that prior to the Legislative Session break, there was a difference of opinion with the Chief Justice regarding the appropriate use of funds to avoid furloughs. The Education fund has statutory requirements, and the Bar Discipline Fee Fund of approximately \$3 million fee rules are established by the Supreme Court. The House and Senate positions in conference committee concurred on the appropriation of \$1.4 million budget for the courts. It was noted that the remaining 1/12 of the courts' budget or \$140 million was available without utilizing other funding sources.

Kim Fowler, Judicial Branch, responded to questions from committee members. She stated that prior to the Legislative Session break; there was a lack of reassurance that the legislature would fund the additional \$1.4 million because the conference committee report was not signed. The

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response to the Judicial Branch was to use other funds until the budget was passed, which would have been an “unauthorized use of special revenue funds.”

The committee pointed out that Bar Disciplinary Fund was established by Supreme Court Rule and therefore has no restrictions.

Ms Fowler referred to the Fair Labor Standards Act for reimbursement of wages for employees who did not work on a day within a pay period. There is no method in place to pay employees for work that they did not do. However, they can participate in the Shared Work program that provides employees 80% of their current salary.

Ms. Fowler suggested that if funding is received the Chief Justice may resend the furlough days that have not yet occurred and employees would be working and receive pay, and the courts would remain open. The decision to furlough was made by the Chief Justice based on the lack of funding assurance, media reports for the courts to take care of this issue with funds that the courts did not have, and not to use funds that were not authorized for this purpose. She stated that as of today, the courts are projecting a negative ending balance and funding adjustments would need to be made for the non-judicial salary fund that was negative in January to compensate for the negative balance. She stated that payable bounced in January because the revenue funds were not sufficient to cover payroll. However, the court has adequate funding to operate till June 8, 2012 there will be a shortfall of \$1.1 million.

Committee members noted that the courts had funding available till June 8, 2012 and a commitment from the conference committee to secure additional funding for the courts. Steps should have been taken to avoid closing the courts. Ms. Fowler stated that the message was not clear to the intent expressed in Conference Committee for secured funding.

Chairman Rhoades requested that the message be delivered to the courts today. And, perhaps the furloughs would not be scheduled for next week, based on what has been discussed in committee today.

Ms. Fowler responded that in order to keep the courts open, \$1.1 million or \$355,000 per day would be needed. If agreed upon with the Senate she stated that the message concerning the

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funding commitment would be taken back to the court, as well as the committee's expressed appreciation of state employees.

The committee noted that there is nothing different in formula desire or intent than what was decided prior to the break.

Dylan Dear, Legislative Research Department, responded to a previous question. He stated that the Judicial Branch salary and wages for FY 2012 were \$122 million or \$11 million per month.

J.G. Scott, Legislative Research Department, reviewed the supplemental information on School Efficiency Audits (Attachment 29). The estimated realized savings from the audits was \$1.4 million.

Terry Leatherman, Director of External Affairs, provided information on the Communities in Schools in Kansas (Attachment 30), and responded to questions from committee members. He reviewed the process for parent involvement.

Chairman Rhoades discussed the schedule for next week's committee and subcommittee meetings.

The meeting adjourned at: 12:25 p.m.

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**April 27, 2012**

All members were present except:

Kasha Kelley – excused

David Crum – excused

Clark Shultz - excused

Chairman Rhoades opened continued discussion on the Omnibus Bill **HB - Substitute for House Bill No. 2768 by Committee on Appropriations -- Appropriations for FY 2012, FY 2013, FY 2014, and FY 2015 for various state agencies; capital improvement projects; claims against the state2768.**

Representative McLeland reviewed the E-filing Program. He stated that no action was needed for funding in FY 2013. For FY 2014 a bill introduction may be needed, which would include several options, one of which would increase docket fees by 3% over two - three years, and after that timeframe would be reduced by 6%. There are still concerns that this program would not be a state-wide system as Johnson County will continue to use the current system and Shawnee County is unsure of which program will be used.

Representative Gatewood reviewed the subcommittee's decision regarding the current House position that puts \$24.6 million back in K-12 supplemental from the Kansas Department of Transportation. He stated that the bonds for the FY 1989 program and FY 1999 CPT are left to fund and \$300 million in bonding for the T-Works Program. Over the past 11 years approximately \$1 billion has been removed from the Kansas Department of Transportation (KDOT) budget to cover shortfall in the SGF.

*Representative Gatewood made a motion to take the \$24.6 million for K – 12 from the SGF instead of from KDOT. The motion was seconded by Representative Feuerborn.*

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Discussion followed by committee members regarding the use of KDOT funds. Chairman Rhoades stated that additional information from the Attorney General's office will be forthcoming regarding the National Mortgage Settlement of \$50 million and the placement of these dollars.

Representative Mast made a substitute motion to table the motion until further review of the information made available on the settlement. The motion was seconded by Representative DeGraaf. The motion carried.

Representative Denning reviewed a proviso regarding the home and community based waiver for individuals with developmental disabilities under managed care (Attachment 31).

Representative Denning made a motion to add the proviso language into the budget that would postpone the home and community based waiver for individuals with developmental disabilities under any managed care system until January 1, 2014 and with the option for organizations' volunteer participation in pilot program as of January 1, 2013. The motion was seconded by Representative Peck.

Discussion followed by committee members regarding the motion, and Legislative Research staff responded to questions from committee members. Jill Wolters stated that if adopted this language becomes law and no further action would be required. Amy Deckard stated that additional information would be provided regarding targeted case management and funding streams for waivers.

Discussion continued by committee members regarding the proviso in regards to case management. It was noted that with KanCare individuals would not lose their case managers. Concerns were expressed concerning the need for further information and clarification was requested.

Representative Denning stated that the proviso would take the CDDO out of the managed care program and case management and long term support would stay unchanged but would have the option to volunteer in a pilot program beginning January 1, 2013.

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Representative Feuerborn made a motion to table the proviso for additional information for committee review next week. The motion was seconded by Representative Carlin. The motion failed.

Representative Denning renewed the motion. The motion carried.

Representative DeGraaf reviewed the Board of Examiners in Optometry Fee Fund (Attachment 32). He stated that the current language transfer the entire balance into the Litigation Fund which does not leave any funding for operational expenditures.

Representative DeGraaf made a motion for an amendment that allows the Board of Examiners in Optometry to transfer up to \$200,000 to the Litigation fund from the operational fund. The motion was seconded by Representative Mast. The motion carried.

Chairman Rhoades reviewed information from the Kansas State Board of Mortuary Arts that was distributed to committee members (Attachment 33).

Chairman Rhoades made a motion for an amendment to approve the use of \$17,388 from the agency's fee fund to replace a vehicle that was totaled in a recent accident. The motion was seconded by Representative DeGraaf. The motion carried.

Representative Pottorff reviewed information on the Behavioral Sciences Regulatory Board (Attachment 34).

Representative Pottorff made a substitute motion that would add language regarding leased office space for the Behavioral Sciences Regulatory Board would not exceed \$14 per square foot from June 30, FY 2012 through June 30, FY 2013. The motion was seconded by Representative Gatewood.

Discussion followed by committee members regarding the motion. It was noted that the additional cost for moving was approximately \$20,000 and increased lease payments from \$14 to \$17 per square foot for state owned property. The current five year lease is through private business and expires in July, includes janitorial services and needs no improvements to the space.

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Representative Pottorff renewed the motion. The motion carried.

Representative McLeland made a substitute motion to reinstate the K-12 Post Audit. The motion was seconded by Representative DeGraaf.

Discussion followed by committee members. It was noted that this motion would add 5 FTE positions and at a cost of approximately \$430,000. Seven school districts have participated in the audit process and have identified \$1.5 million in savings annually. Concerns regarding audit procedures, voluntary participation by school districts, and budgeting for audit expenditures was expressed by committee members. It was noted that additional information was needed for committee review.

Representative McLeland withdrew the motion with the approval of the second.

Representative DeGraaf made a substitute motion to increase the State Historical Society expenditure to \$15,000 for vehicle replacement, increase the Department of Revenue expenditure limit to \$32,000 for the replacement of two vehicles, a increase the expenditure up to \$100,000 for the Department of Agriculture for the replacement of six vehicles. All replacement vehicles must meet the criteria requirements.

Representative Schwartz stated that the Agriculture and Natural Resources committee recommended that all of Agriculture and the Historical Society would be allowed to expend money for vehicles replacement.

Representative DeGraaf withdrew the motion.

Representative Schwartz reviewed a proviso regarding vehicle replacement for the State Historical Society and Department of Agriculture ([Attachment 35](#)).

Representative Schwartz made a motion for an amendment to increase the expenditure limit for the Department of Agriculture and the State Historical Society for vehicle replacements. The motion was seconded by Representative Carlin.

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Representative Schwartz responded to questions from committee members. She stated that the motion reflects the agencies requests as was approved by the Governor. It was noted that not all of the vehicle replacement criteria was contained in the proviso.

Representative DeGraaf made a substitute motion to eliminate the language in the proviso that read provided further, that the executive director is hereby authorized to purchase a used vehicle off the state contract, if such used vehicle has less than 25,000 miles and costs more than \$5,000 less than a replacement vehicle on the state contracts. The motion was seconded by Representative Brown.

Discussion continued by committee members regarding the language to encourage purchase of pre-owned vehicles.

Representative DeGraaf renewed the substitute motion. The motion failed.

Representative Schwartz renewed the motion. The motion carried.

Representative Schwartz reviewed a proviso from the Wildlife, Parks and Tourism (KDWPT) regarding federal aid program expenditures (Attachment 36).

Representative Schwartz made a motion for an amendment to request the KDWPT FY 2012 Supplemental Appropriation language and the FY 2013 Supplemental language be included in HB 2768 - Substitute for House Bill No. 2768 by Committee on Appropriations -- Appropriations for FY 2012, FY 2013, FY 2014, and FY 2015 for various state agencies; capital improvement projects; claims against the state. The motion was seconded by Representative Carlin. The motion carried.

Representative Schwartz reviewed the Agriculture and Natural Resources Budget Committee recommendations for FY 2013 for the Department of Agriculture, Kansas Department of Health and Environment-Environment, Kansas Water Office, State Historical Society and the State Water Plan Fund, (Attachment 37).

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Representative Schwartz made a motion to approve the FY 2013 Agriculture and Natural Resources Budget Committee Reports. The motion was seconded by Representative Carlin.

Discussion followed by committee members regarding the impact on the Budget Committee Report with the additional information regarding the Mortgage Settlement funds. It was recommended that the Local Environment Protection Program (LEPP) continue to be funded for FY 2013 and recommendation considered for further funding in FY 2014.

Representative Schwartz renewed the motion. The motion carried.

Representative DeGraaf made a motion for an amendment that allows the Department of Revenue to replace two vehicles up to a limit of \$32,000. The motion was seconded by Representative Brown. The motion carried.

Representative Feuerborn made a motion to an amendment to allow the School for the Deaf to purchase a replacement van with less than 180,000 reinstated. The motion was seconded by Representative Carlin. The motion carried.

Chairman Rhoades stated that the committee will meet at 8:30 a.m. on Monday to continue work on the bill and review the Governor's Budget Amendment #4.

The meeting adjourned at: 10:23 a.m.

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**April 30, 2012**

All members were present

Chairman Rhoades called the meeting to order at 8:38 a.m.

J.G. Scott, Legislative Research Department, reviewed the Governor's Budget Amendment #4 (Attachment 38). The total adjustments to expenditures of \$552,642 for FY 2012 and \$108.9 million for FY 2013.

J.G. Scott, Legislative Research Department, responded to questions from committee members. He stated that an additional \$11.6 million is expected from the Expanded Lottery Act Revenues Fund (ELARF) for FY 2012 and FY 2013. The recommendation would allow flexibility to use these funds for the additional bed space at El Dorado Correctional Facility, pay down debt and for the KPERS fund in FY 2014. The increased funding recommendation for Larned State Hospital was to hire additional director care staff and salary adjustments.

Representative Brown reviewed an amendment regarding a Local Ad Valorem Tax Reduction fund (Attachment 39). This amendment would separate the \$11.6 million in ELARF into two payments to the LAVTR fund. He stated that \$7.2 million would be available to transfer in FY 2013.

J.G. Scott, Legislative Research Department, and Jill Wolters, Office of the Revisor of Statutes provided clarification on the amendments. It was noted that the transfers would be on July 15 and January 15. Of the \$7.2 million, \$600,000 has been allocated which adjusts the available amount to \$6,571,984, or \$3,285,992 which would be half of the funds available to transfer.

*Representative Brown made a motion for an amendment to strike the \$5,850,000 and insert the corrected figure of \$3,285,992. The motion was seconded by Representative DeGraaf.*

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Discussion continued by committee members regarding the amendment. It was noted that no new construction has been approved and that the amendment would provide for property tax relief. Funding for additional bed space in the correctional facilities was discussed.

Jill Wolters, Office of the Revisor of Statutes, noted that the language in the amendment is the same as the Governor's recommendation and what was adopted in the full committee in regards to transfers from the SGF. The amendment transfers the funds from ELARF and disbursements of funds as noted in section (c), she stated.

*Representative Brown renewed the motion. The motion carried.*

*Representative Cassidy made a motion to adopt the Governor's Budget Amendment #4 as amended. The motion was seconded by Representative Kelley. The motion carried.*

### **Omnibus Bill**

Chairman Rhoades opened discussion on **Substitute for House Bill No. 2768 by Committee on Appropriations -- Appropriations for FY 2012, FY 2013, FY 2014, and FY 2015 for various state agencies; capital improvement projects; claims against the state.**

*Representative Feuerborn made a motion for an amendment to reduce the \$1.4 million to \$1.1 million for the courts. The motion was seconded by Representative Gatewood.*

Discussion followed by committee members regarding this adjustment as was verified in testimony to the committee by a representative of the courts.

*Representative Feuerborn renewed the motion. The motion carried.*

*Representative Lane made a motion for an amendment that would appropriate the Kansas UST Property Redevelopment Trust Fund to a no limit fund. The motion was seconded by Representative Carlin. The motion carried.*

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Representative Gatewood made a motion to untable the previous motion regarding the transfer of \$24.6 million from KDOT to the SGF. The motion was seconded by Representative Lane. The motion carried.

Discussion followed by committee members regarding the amendment at was previously tabled.

Representative Suellentrop made a substitute motion to leave the funds in the plan and use the dollars for increased enrollment, and to pay down the KDOT highest bond debt on the first callable date. The motion was seconded by Representative Brown.

Discussion followed by committee members regarding the substitute motion. The money would be restored to Kansas Department of Transportation to pay down the highest debt costs from SGF. The intent of the House rule regarding Pay Go principle was discussed. Concern was expressed for maintaining infrastructure improvements and paying down debt.

J.G. Scott responded to questions from committee members regarding the National Mortgage Settlement. He stated the according to the information from the Attorney General's Office that \$5.4 million of the settlement dollars would go to the department's Court Cost Fund; \$8.3 million would be deposited in the SGF in FY 2013. The ending balance to date is approximately \$700 million.

Representative Suellentrop renewed the motion. The motion failed.

Representative Gatewood renewed the motion. The motion failed.

Representative Crum made a motion for an amendment to add 20 FTE positions for the Forensic Bed Unit at Larned State Hospital for FY 2013. The motion was seconded by Representative Mast.

Representative Crum responded to questions from committee members. The motion includes expenses already budgeted and represents the House position.

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Susan Duffy, Legislative Research Department, responded to questions from committee members. She stated that the committee has already approved the 20 FTE positions for two 30 bed units, one of which is a forensic bed unit and one a sexual predator unit from SGF. There is no additional funding with the motion for the 20 FTE positions as the bulk of these funds will shift in FY 2013. She reviewed the Governor's Amendment regarding the shift in vacant unfunded positions from the SRS budget to Larned State Hospital. She stated that the Governor's recommendation adds 47 FTE positions in FY 2012, the actions of the committee added 20 FTE positions and the Governor's Budget Amendments as 23 FTE positions. The impact of the Voluntary Retirement Program was reviewed.

Discussion continued by committee members regarding the potential transfer of vacant FTE positions between the hospitals and the overpopulation in the sexual predator population which the conversion of office space for bed space has been necessary. It was noted that the Meyer bed unit will not be ready until late FY 2013 or early FY 2014.

*Representative Crum renewed the motion. The motion carried.*

The meeting recessed at 9:57 a.m.

Chairman Rhoades reconvened the meeting at 12:25 p.m.

Representative Crum reviewed the Budget Committee recommendation regarding the Sexual Predator Program (Attachment 40).

*Representative Crum made a motion to approve the Budget Committee Report. The motion was seconded by Representative Henry. The motion carried.*

Representative Brown made a motion for a technical amendment regarding the transfer of \$5,971,984 for FY 2013, from ELARF to the LAVTR fund, of which half of these dollars would be \$2,985,992. The motion was seconded by Representative Mast. The motion carried.

Representative Brown reviewed an amendment referring to the Department of Corrections Vocational building Program (Attachment 41).

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Representative Brown made a motion for an amendment to include the language regarding building outside of the facility that would be limited to 1,000 square feet in size. The motion was seconded by Representative Kelley. The motion carried.

Committee members discussed the use Problem Gambling and Addiction funds.

Representative Gatewood made a motion for an amendment that \$450,000 from Problem Gambling and Addiction Funds would fund the Domestic Violence and Child Advocacy programs. The motion was seconded by Representative Feuerborn. The motion failed.

Representative Carlin made a motion to approve a 1% pay increase for state employees, with the exception of elected officials and legislators. The motion was seconded by Representative Feuerborn. The motion failed.

The following committee members requested their votes in favor of the motion be included in the minutes: Representative Ballard, Representative Carlin, Representative Cassidy, Representative Feuerborn, Representative Gordon, Representative Gatewood, Representative Lane, and Representative Henry.

Scott Frank, Legislative Post Auditor, provided an update on school audits and responded to questions from committee members. He stated that approximately \$6 million in on-going annual potential savings has been identified within the seven districts that have conducted an audit. With what has been implemented an on-going savings of \$1.5 million has been realized at a cost for these audits of \$360,000. The budget request of \$430,000 would cover the cost of approximately 10 audits based on the size of the district and if fully staffed, he noted.

Discussion followed by committee members regarding audit procedures and recommendations.

Representative McLeland made a motion to add \$433,000 from SGF to re-implement the school district efficiency audits and the addition of 5 FTE positions. The motion was seconded by Representative Mast.

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Representative Denning made a substitute motion to include Representative McLeland's motion to add language that Legislative Post Audit would conduct 10 audits per year among school districts on a voluntary basis and any remaining number of audits to be filled to meet the 10 would be mandatory and based on full-time enrollment of 50% high and 50% low. The motion was seconded by Representative Crum.

Discussion followed by committee members. Districts that are identified through a lottery concept would be required to conduct an audit and copies of a completed audit would be made available to each districts' board member, it was noted.

Representative Denning renewed the motion. The motion carried.

Representative Denning reviewed technical amendments regarding community based waiver for individuals with developmental disabilities under a managed care system, (Attachment 42).

Representative Denning made a motion for an amendment to include the language "or targeted case management". The motion was seconded by Representative Mast.

Discussion followed by committee members. A review of the motion followed by Representative Denning. The Developmental Disabled groups would postpone participation in KanCare for one year. The savings in the Governor's Budget are estimated to be \$12.5 million in SGF and \$32.1 million in all funds and the cost of the program would be approximately \$3 million in SGF and \$6 million in all funds.

Representative Denning renewed the motion. The motion carried.

Representative McLeland made a motion to move \$627,765 from the National Mortgage Settlement Fund for overtime and holiday pay for the Highway Patrol, and the remaining dollars would go in to SGF. The motion was seconded by Representative Mast.

Discussion followed by committee members regarding overtime pay for employees unable to schedule compensatory time due to their job responsibilities.

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Kim Torey, Fiscal Officer, Kansas Highway Patrol, responded to questions from committee members. It was noted that overtime was paid until FY 2009, after which time budget reductions occurred and overtime and vacation hours earned but unused were banked. Due to the shortages of troopers and the areas of coverage they are assigned, it is difficult to use compensatory time. The policy for paying overtime is up to 36 hours, and there are no limits for the number of hours accumulated for holiday compensatory time, she added. It was noted that there are 11 troopers assigned to 22 counties providing public safety, and that the new trooper class will have 17 graduates this June.

*Representative McLeland renewed the motion. The motion carried.*

The meeting adjourned at: 1:43 p.m.

**May 1, 2012**

All members were present

### **Omnibus**

Chairman Rhoades called the meeting to order at 8:36 a.m., and he opened discussion on **Substitute for House Bill No. 2768 by Committee on Appropriations -- Appropriations for FY 2012, FY 2013, FY 2014, and FY 2015 for various state agencies; capital improvement projects; claims against the state.**

*Representative McLeland made a substitute motion to transfer \$8.3 million from the National Mortgage Settlement to the SGF, \$627,765 to the Highway Patrol, and the remaining funds would be left in the Attorney General's Office. The motion was seconded by Representative Mast.*

Discussion followed by committee members. It was noted that the Attorney General's Office is mandated to use \$5.4 million of the National Mortgage Settlement funds for future litigation.

*Representative McLeland renewed the motion. The motion carried.*

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Representative Schwartz made a motion for an amendment to add \$5 million of the remaining funds for the Water Litigation Fund. The motion was seconded by Representative Carlin. The motion carried.

Representative Suellentrop made a motion for an amendment to create a special revenue funds in the amount of \$2 million from the Oil and Gas Depletion Fund to cover Redistricting litigation costs. The motion was seconded by Representative Kelley.

Representative Suellentrop noted that an equal distribution of \$500,000 would be for the House, Senate, Attorney General's Office and the Office of the Revisor of Statutes. It was noted that the Senate has approved the \$500,000 for Redistricting court costs.

Representative Suellentrop renewed the motion. The motion carried.

Representative Crum reviewed information from the hearing in subcommittee regarding the Autism Waiver. Clarification was provided regarding the transfer of \$2.1 million from the Tobacco Settlement fund received in FY 2012 for the Children's Initiative Fund that was not previously budgeted.

Representative Crum made a motion for an amendment that would add \$239,000 from SGF for the Autism Waiver waiting list in the Department of Aging and Disability Services. The motion was seconded by Representative DeGraaf.

Discussion followed by committee members. It was noted the amendment would improve efficiencies and assist approximately 90 children on the waiting list. Representative Crum responded to questions from committee members regarding eligibility requirements and treatment programs. He stated that Medicaid requirements include children on the waiver under the age of five at a cost of approximately \$2,000 per child per month with a Medicaid match.

Amy Deckard, Legislative Research Department, responded to questions from committee members. She stated that the bill has passed out of the House and that the Senate has not taken

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any action. As requested, additional information on the number of direct care hours by age of the child will be provided to committee members.

Representative Crum renewed the motion. The motion carried.

Representative Peck discussed meetings held with businesses and law enforcement officials regarding drug issues in southeast and southwest Kansas and noted that the federally funded COPS grant does not renew.

Representative Peck made a motion for an amendment to add \$85,000 from SGF to the Attorney General's operating budget for FY 2013 to fund a drug prosecutor position. The motion was seconded by Representative Suellentrop.

Discussion followed by committee members regarding the motion.

Representative Peck renewed the motion. The motion carried.

Representation Feuerborn discussed the Children's Initiative Fund recommendations included in the Senate, conference committee and within the Governor's Budget Amendment #4.

Representative Feuerborn made a motion for an amendment removing the proviso that restricts the CIF expenditures to 70%. The motion was seconded by Representative Henry.

Discussion followed by committee members regarding the proviso and the safety net for funding shortfall from the Tobacco Settlement, and the impact on programs and staffing. If the proviso was removed and the money did not come in for the Tobacco Settlement, this would result in across the board cuts for the CIF or reduce the SGF.

Representative Feuerborn renewed the motion. The motion failed.

Representative DeGraaf reviewed an amendment regarding membership dues and travel expense reimbursement from the Legislative budget (Attachment 43).

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Representative DeGraaf made a motion for an amendment for FY 2013 no expenditures from the Legislative budget would be paid for membership dues, travel expenses or fees to council of state governments, national conference of state legislatures including committee or subcommittee meeting. The motion was seconded by Representative Brown.

Discussion followed by committee members regarding the motion that would require use of legislator campaign funds for the council and conference committee expenditures. It was noted that the American Legislator Exchange Council (ALEC) reimbursed travel and registration expenses incurred by legislators.

Representative DeGraaf mad a substitute motion to include ALEC with amendment with the approval of the second to the motion. The motion carried.

Representative Ballard made a motion for an amendment to add \$2.6 million from all funds and \$2.3 million from SGF for the Foster Care program. The motion was seconded by Representative Henry.

Discussion followed by committee members regarding Foster Care contracts that were reduced and the request to renegotiate contract rates.

Representative Ballard renewed the motion. The motion failed.

Representative Ballard made a motion for an amendment to restore \$22 million in FY 2012 to the BioScience Authority. The motion was seconded by Representative Carlin.

Discussion followed by committee members. It was noted that the authority was capped at \$35 million. There was a \$22 million budget reduction, one transfer of \$11 million and a fund balance of \$70 million.

Michael Steiner, Legislative Research Department, responded to questions from committee members. He stated that here is enough money in the BioScience Authority fund to cover the initial contracts, and there are no financial restrains to place a cap of \$35 million for FY 2013,

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and current projects are not in jeopardy. The need to foster growth was expressed by committee members.

Representative Ballard renewed the motion. The motion failed.

Representative Brown made a substitute motion to the DeGraaf amendment dealing with NCSL, CSG and ALEC that savings experienced in the legislative budget would be transferred to the SGF. The motion was seconded by Representative Crum.

Discussion followed by committee members regarding the motion. It was noted that this would be a savings of approximately \$266,400, but did not include travel for ALEC.

Representative Brown renewed the motion. The motion carried.

Representative DeGraaf made a substitute motion to include registration fees in the original amendment regarding the Legislature Budget. The motion was seconded by Representative Mast. The motion carried.

Chairman Rhoades reviewed information received regarding the 14<sup>th</sup> Court and noted that there were 200 case filings over what was projected.

Chairman Rhoades made a motion for an amendment to transfer \$300,000 from the Judicial Performance Fund to the 14<sup>th</sup> Court to fund the increased case filings. The motion was seconded by Representative Crum.

Discussion followed by committee members regarding expenses to restore the 14<sup>th</sup> Court.

Dylan Dear, Legislative Research Department, reviewed the amendment and noted that currently there would be a half year of salary for a judge and staff due to the timeframe for implementation, for FY 2013 the amount of funding needed would be \$200,000 and going forward the amount would increase.

Chairman Rhoades withdrew the motion with the approval of the second.

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Representative Kelley made a motion for the favorable passage of House Substitute for House Bill No. 2768 by Committee on Appropriations -- Appropriations for FY 2012, FY 2013, FY 2014, and FY 2015 for various state agencies; capital improvement projects; claims against the state as amended and with technical changes. The motion was seconded by Representative Mast.

Discussion followed by committee members. It was noted that there are several items in Conference Committee that still need to be addressed, and the concern for cuts to the Social Services Budget was emphasized.

Representative Kelley renewed the motion. Motion carried.

The meeting was adjourned at: 9:55 a.m.