

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:10 a.m. on February 16, 2011, in Room 346-S of the Capitol.

All members were present

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 FY 2012 Budget Committee Report – Department of Revenue
- Attachment 2 FY 2012 Budget Committee Report – Department of Credit Unions and Securities Commissioner
- Attachment 3 FY 2012 and FY 2013 Budget Committee Report – State Bank Commissioner
- Attachment 4 Fee Fund Report
- Attachment 5 FY 2012 Budget Committee Report – Behavioral Sciences Regulatory Board, Board of Healing Arts, Kansas Arts Commission, State Historical Society and State Library
- Attachment 6 Mid-America Arts Alliance and National Endowment for the Arts Communication

Chairman Rhoades welcomed committee members and students shadowing committee members. He reviewed the committee agenda, and stated that the Court of Tax Appeals FY 2012 Budget Committee Report will be continued in committee when additional information becomes available.

Representative McLeland, Chair, House General Government Budget Committee, presented the Department of Revenue FY 2012 Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation.

Representative McLeland made a motion to adopt the Department of Revenue FY 2012 Budget Committee Report. The motion was seconded by Representative Mast. Motion carried.

Representative Schwartz, Chair, House Agriculture and Natural Resources Budget Committee, presented the Department of Credit Unions FY 2012 Budget Committee Report (Attachment 2). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$200,000 from the agency's special revenue funds, suspend the 20% or up to a maximum of \$200,000 for the agency' fee receipts to the State General Fund, and revisit increased agency's fee fund expenditure limitation for FY 2012 at Omnibus.

Representative Schwartz made a motion to adopt the Department of Credit Unions FY 2012 Budget Committee Report. The motion was seconded by Lane. Motion carried.

Representative Carlin, Member, House Agriculture and Natural Resources Budget Committee, presented the Department of Credit Unions FY 2013 Budget Committee Report (Attachment 2). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$200,000 from the agency's special revenue funds, suspend the 20% or up to a maximum of \$200,000 for the agency' fee receipts to the State General Fund, and revisit increased agency's fee fund expenditure limitation for FY 2013 at Omnibus.

Representative Carlin made a motion to adopt the Department of Credit Unions FY 2013 Budget Committee Report. The motion was seconded by Schwartz. Motion carried.

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Representative Lane, Member, House Agriculture and Natural Resources Budget Committee, presented the Kansas Securities Commissioner FY 2012 Budget Committee Report (Attachment 2). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$200,000 from the agency's special revenue funds, suspend the 20% or up to a maximum of \$200,000 for the agency's fee receipts to the State General Fund, and revisit increased agency's fee fund expenditure limitation for FY 2012 at Omnibus.

Representative Lane made a motion to adopt the Kansas Securities Commissioner FY 2012 Budget Committee Report. The motion was seconded by Representative Schwartz. Motion carried.

Representative Lane, Member, House Agriculture and Natural Resources Budget Committee, presented the Kansas Securities Commissioner FY 2013 Budget Committee Report (Attachment 2). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$200,000 from the agency's special revenue funds, suspend the 20% or up to a maximum of \$200,000 for the agency's fee receipts to the State General Fund, (SGF), and revisit increased agency's fee fund expenditure limitation for FY 2013 at Omnibus.

Representative Lane made a motion to adopt the Kansas Securities Commissioner FY 2013 Budget Committee Report. The motion was seconded by Representative Schwartz.

Discussion followed by committee members. It was noted that the suspension of the statutory requirement of 20% fee fund remittance would reduce the overall SGF ending balance and the need to replace this funding loss was emphasized. The statute was read by a committee member. Fee fund utilization and opportunities to save money by outsourcing was discussed.

The motion was renewed. Motion carried.

Representative Schwartz, Chair, Agriculture and Natural Resources Budget Committee, presented the Office of the State Bank Commissioner FY 2012 Budget Committee Report (Attachment 3). The Budget Committee concurred with the Governor's recommendation with the following additions: add \$200,000 for the agency's special revenue funds; add \$196,958 to the Bank Commissioner Fee Fund for salaries and wages, add \$150,000 to the Bank Commissioner Fee Fund for contractual services, suspend the statutory remittance of 20% of the agency's fee receipts up to a maximum of \$200,000 from the SGF for FY 2012, and revisit the replacement request for a vehicle at Omnibus.

Representative Schwartz made a motion to adopt the Office of the State Bank Commissioners FY 2012 Budget Committee Report. The motion was seconded by Representative Lane.

Discussion followed by committee members and a copy of the status of fee funds document, (Attachment 4) was distributed. A review of the Consumer Education Settlement Fund and the Bank Commissioner Fee Fund Analysis followed. It was noted that the Budget Committee's recommendation will reduce the the ending balance of the Governor's recommendation and will remain at the agency's request for funding level. The recommendation was made for the committee to review the agency's fee structure at Omnibus. Fees are governed by agency board members, and fourth quarter revenues may also have an impact on budget, it was noted.

Chairman Rhoades encouraged members to work a majority of the budget issues in committee, as opposed to addressing them at Omnibus.

The motion to adopt the Office of the State Bank Commissioners FY 2012 Budget Committee Report was renewed. The motion carried.

Representative Lane, Member, Agriculture and Natural Resources Budget Committee, presented the Office of the State Bank Commissioner FY 2013 Budget Committee Report (Attachment 3). The Budget Committee concurred with the Governor's recommendation with the following additions: add \$200,000 from the agency's special revenue funds, add \$205,902 to the Bank Commissioner Fee Fund for salaries and wages, add \$150,000 to the Bank Commissioner Fee Fund for contractual services, suspend the statutory 20% or up to a maximum of 42000, of the fee receipts to the SGF for FY 2013, and revisit replacement of two agency vehicles for FY 2013 at Omnibus.

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Representative Lane made a motion to adopt the Office of the State Bank Commissioner FY 2013 Budget Committee Report. The motion was seconded by Representative Schwartz. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Behavioral Sciences Regulatory Board FY 2012 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendation with the following adjustments and notations: suspend the statutory requirement of 20% or a maximum of \$200,000 of the agency's fee receipts to the SGF, add \$172,716 from agency fee funds, and recommended the agency pursue private contractual services.

Representative Gordon made a motion to adopt the Behavioral Sciences Regulatory Board FY 2012 Budget Committee Report. The motion was seconded by Representative Feuerborn.

Discussion was held regarding the need to reconcile all agency budgets that reflect the statutory 20% fee fund receipts for reporting consistency. It was noted that if the 20% was not deducted, agency's would need the flexibility to raise expenditure limits for private contractual services.

Alan Conroy responded budget reports can be reported individually or reconciled prior to distributing the Mega bill. Chairman Rhoades stated this decision would be determined by the committee after all budget reports have been presented.

Discussion followed by committee members. It was noted that changes in the Governor's recommendation, would require that language would need to be added authorizing agency's use of fee funds. Clarification on the impact of the 20% from fees funds was provided by a committee member, and the need for a policy that would not encourage agencies to raise their expenditures by the 20% sweep. A bill is currently being drafted to propose better solutions, and it was noted that a clearer understanding of the internal budgeting process would be helpful from the Department of Administration on the use of fee funds.

The motion was renewed. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Behavioral Sciences Regulatory Board FY 2013 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendation with the following adjustments and notations: suspend the statutory requirement of 20% or a maximum of \$200,000 of the agency's fee receipts to the SGF, add \$15,927 from agency fee funds, and recommended the agency pursue private contractual services.

Representative Gordon made a motion to adopt the Behavioral Sciences Regulatory Board FY 2013 Budget Committee Report. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Board of Healing Arts FY 2012 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendations with the following adjustments and notations: add \$200,000 from the agency fee fund, recommended that the agency pursues private contractual services, and projected renewal fees calculated in order to contract with a part-time medical director and report back to the Budget Committee prior to Omnibus.

Representative Gordon made a motion to adopt the Board of Healing Arts FY 2012 Budget Committee Report. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Board of Healing Arts FY 2013 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendations with the following adjustments and notations: suspension of the statutory 20% or up to a maximum of \$200,000 of the agency's fee receipts to the SGF, add \$200,000 form the agency fee fund, recommended that the agency pursue private contractual services, and projected renewal fees calculated in order to contract with a part-time medical director and report back to the Budget Committee prior to Omnibus.

Representative Gordon made a motion to adopt the Board of Healing Arts FY 2013 Budget Committee Report. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Kansas Arts

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Commission FY 2012 Budget Committee Report, (Attachment 5). She noted that information has been provided to committee members regarding Communications with the Mid-America Arts Alliance and National Endowment for the Arts (Attachment 6). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$797,980 from the SGF to restore funding, add \$790,599 in all other funds, add 6 FTE positions, and recommended keeping the Kansas Arts Commission in place as a state agency.

Representative Gordon made a motion to adopt the Kansas Arts Commission FY 2012 Budget Committee Report. The motion was seconded by Representative Feuerborn.

Discussion followed by committee members. It was noted that this recommendation does not concur with the Governor's FY 2011 recommendations with adjustments. The importance of meeting critical needs was emphasized.

Representative Mast made a motion to adopt the Governor's Recommendation. The motion was seconded by Representative Brown.

Committee members continued discussion on the impact on federal funding, economic development, the opportunity for matching funds and the need for additional clarification regarding 501(c)3 requirements and the community impact. It was noted by a committee member that reviewing Budget Committee recommendations at Omnibus does not imply that additional funding would necessarily be recommended, but the opportunity to look at agency issues and the impact on peoples lives through social services agencies.

The substitute motion was renewed. Motion carried.

Representative Gordon made a substitute motion to table the FY 2012 Kansas Arts Commission Budget Committee Report pending further information. The motion was seconded by Representative Lane. Motion failed.

Discussion continued by committee members regarding funding priorities and the need to maintain consistency in all agency budgets.

The motion to adopt the Kansas Arts Commission FY 2012 Budget Committee Report as amended was renewed. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the State Historical Society FY 2012 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendation with the following adjustment: delete \$200,000 for SGF to be passed through to a 501(c)3 Kansas Arts Council and recommended the restoration of the Kansas Arts Commission.

Representative Gordon made a motion to adopt the State Historical Society FY 2012 Budget Committee Report. The motion was seconded by Representative Feuerborn.

Representative Crum made a substitute motion to restore \$200,000 to the 501(c)3 Kansas Arts Council. The motion was seconded by Representative Gordon.

It was noted that language would need to be added to restore the Governor's recommendation.

The substitute motion was renewed. Motion carried.

Representative Gordon made a motion to adopt the FY 2012 State Historical Society Budget Committee Report as amended. The motion was seconded by Representative Mast. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the State Library FY 2012 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendations.

Representative Gordon made a motion to adopt the State Library FY 2012 Budget Committee Report. The motion was seconded by Representative Crum. Motion carried.

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Chairman Rhoades reviewed the next committee meeting agenda and stated that Budget Committee Reports will be distributed in advance of the committee meeting presentation.

The meeting was adjourned at 10:46 a.m.

Marc Rhoades, Chairman