

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:10 a.m. on February 14, 2011, in Room 346-S of the Capitol.

All members were present except:

Representative Shultz - excused

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes
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 Department of Transportation – Management Budget
- Attachment 2 Department of Commerce, Kansas, Inc and Kansas Technology Enterprise Corp. FY 2012 Budget Committee Reports
- Attachment 3 Legislative Post Audit – Performance Audit Report Highlights
- Attachment 4 Board of Accountancy and Board of Veterinary Examiners FY 2012 and FY 2013 Budget Committee Reports
- Attachment 5 Legislative Research Department – Overview of Salaries and Wages

Chairman Rhoades welcomed committee members and reviewed the meeting agenda. He stated that the Department of Transportation Management Budget, (Attachment 1) has been distributed and addresses additional information requested by committee members.

Representative Feuerborn made a motion to introduce legislation that would raise the cap from \$20,000 to \$25,000 for the Kansas Public Employee Retirement System. The motion was seconded by Representative Gatewood. Motion carried.

Representative Pottorff made a motion to introduce legislation regarding the Container Bottle bill. The motion was seconded by Representative Crum. Motion carried.

Representative Schwartz, Chair, House Agriculture and Natural Resources, presented the FY 2012 Department of Commerce Budget Committee Report. The Budget Committee concurred with the Governor's recommendation with the following adjustments: the Secretary of Commerce continues to work to foster a positive and productive business environment; noted the importance of veterinarian medicine, animal research and more Kansas students attending veterinarian school; requested a feasibility report on the America's Job Link Alliance to the Budget Committee by February 1, 2012, the results of the Fair Fares Program conducted by Legislative Division of Post Audit, and a proviso included in the mega appropriations bill that would require an annual report presented in various committees by May 1, 2012.

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

Representative Schwartz made a motion for an amendment that would suspend the agency's 20% or up to a maximum \$200,000 in fee receipts to the State General Funds (SGF). The motion was seconded by Representative Mast.

Discussion followed by committee members. It was noted that this amendment would be consistent with other fee funded budget committee recommendations. The concept of a Deal Closing fund was discussed.

The motion to amend was renewed. Motion carried.

Michael Steiner, Kansas Legislative Research Department, responded to questions from committee members. He reviewed the Small Technology Pilot Program and Rural Opportunity Zones.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on February 14, 2011, in Room 346-S of the Capitol.

Representative Gatewood made a motion for an amendment to remove \$5 million from the Economic Development Initiative Fund (EDIF) and move the funds into SGF, and delete the transfer to the Fair Fares Program. The motion was seconded by Representative Peck.

Discussion followed by committee members regarding rural opportunities, the Fair Fares Program and establishing priorities for a reasonable balance in the SGF. An overview of the State Affordable Airfare Fund, and services provided by Wichita's Mid-Continent Airport and the Manhattan Airport was provided. The impact of air services for the state's economic development was noted.

Representative Gatewood withdrew the amendment with the approval of the second of the motion.

Representative Gatewood made a motion to reduce the amount to \$2.5 million from SGF with the required matching dollars from Sedgwick County, and move the remaining \$2.5 million from EDIF to SGF. The motion was seconded by Representative Peck.

Discussion continued by committee members regarding the impact of the recommendation on local communities and the need to review this recommendation at Omnibus.

Michael Steiner reviewed highlights of the Legislative Post Audit Performance Audit Report, (Attachment 2) for the Regional Economic Area Partnership's (REAP). It was noted that REAP's number were significantly inflated in comparison to the auditor's findings. Emphasis was placed on critical needs that are not being met with the current budget proposal, and local community participation.

The motion was renewed. Motion failed.

Committee members discussed the Rural Opportunities Zone. It was suggested that focus should be placed on targeted rural areas with amenities to attract business and population growth. The impact of KTEC and NIAR were reviewed, and the concern for more Kansas students being accepted into veterinarian schools. A committee member requested information on the process used to determine who is accepted into veterinarian schools and if there is a priority for Kansas students.

Michael Steiner responded to questions from committee members regarding capital improvements. He noted that this transpired in FY 2004 when Workforce Services Division was transferred from the Department of Labor. The debt service principle was for bonds on the Topeka Workforce Center, which will retire in 2021, and there are no SGF dollars used for institutional building funds for capital improvements, he added.

Representative Crum made a motion to add language on the application and acceptance process for students and priorities for Kansas students entering the schools for Veterinarian Medicine. The motion was seconded by Representative Lane. Motion carried.

Discussion continued concerning income tax, student loans and the need for a bill introduction in relation to Rural Opportunity Zones.

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

Representative Lane, Member, House Agriculture and Natural Resources Budget Committee presented the FY 2012 Kansas, Inc. Budget Committee Report, (Attachment 2). The Budget Committee concurred with the Governor's recommendation which restructures Kansas, Inc and renames it the Governor's Economic Council, which is a program within the Kansas Department of Administration.

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

Representative Lane, Member, House Agriculture and Natural Resources Budget Committee presented the FY 2012 Kansas Technology Budget Committee Report (KTEC), (Attachment 2). The Budget Committee concurred with the Governor's recommendation with the following adjustment: review at Omnibus the progress of the proposed reorganization of KTEC into the Department of Commerce and the Kansas Board of Regents.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on February 14, 2011, in Room 346-S of the Capitol.

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

Representative Schwartz, Chair, House Agriculture and Natural Resources Budget Committee, presented the FY 2012 Board of Accountancy Budget Committee Report, (Attachment 4). The Budget Committee concurred with the Governor's recommendation with the following adjustments: suspension of the 20% up to a maximum of \$200,000 of the agency's fee receipts to the SGF, add \$51,920 from the agency's special revenue funds, recommends that the Legislature introduce legislation to replace \$15,000 transfer to the Special Litigation Reserve Fund, and review the decision of increased expenditure limitations at Omnibus.

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

Representative Schwartz, Chair, House Agriculture and Natural Resources Budget Committee, presented the FY 2013 Board of Accountancy Budget Committee Report, (Attachment 4). The Budget Committee concurred with the Governor's recommendation with the following adjustments: suspension of the 20% up to a maximum of \$200,000 of the agency's fee receipts to the SGF; add \$49,740 from the agency's special revenue funds, recommends that the Legislature introduce legislation to replace \$15,000 transfer to the Special Litigation Reserve Fund; and review the decision of increased expenditure limitations at Omnibus.

Representative Schwartz made a motion to adopt the FY 2013 Board of Accountancy Budget Committee Report. The motion was seconded by Representative Lane. Motion carried.

Representative Schwartz, Chair, House Agriculture and Natural Resources Budget Committee, presented the FY 2012 Board of Veterinary Examiners Budget Committee Report, (Attachment 4). The Budget Committee concurred with the Governor's recommendation with the following adjustments: requests an audit of the agency, suspension of the 20% up to the maximum of \$200,000 of the agency's fee receipts to the SGF, add \$53,569 for special revenue funds, and review the increased expenditure limitation at Omnibus.

Representative Schwartz made a motion to adopt the FY 2012 Board of Veterinary Examiners Budget Committee Report. The motion was seconded by Representative Lane. Motion carried.

Representative Schwartz, Chair, House Agriculture and Natural Resources Budget Committee, presented the FY 2013 Board of Veterinary Examiners Budget Committee Report, (Attachment 4). The budget Committee concurred with the Governor's recommendation with the following adjustments: suspension of the 20% or up to the maximum of \$200,000 of the agency's fee receipts to the SGF, add \$53,569 from special revenue funds, and review the increased expenditure limitation at Omnibus in FY 2013.

Representative Schwartz made a motion to adopt the FY 2013 Board of Veterinary Examiners Budget Committee Report. The motion was seconded by Representative Lane. Motion carried.

Alan Conroy, Director, Kansas Legislative Research Department, presented an Overview of Salaries and Wages information as requested by committee members, (Attachment 5). The Governor's recommendation includes 39,141.9 full-time positions and 1,543.4 non-full-time equivalent unclassified positions for FY 2012 for salary and wages totaling \$2.6 billion of all funds and \$1.1 billion or 20% of the SGF budget, he reported. He reviewed classification of employees, longevity pay, fringe benefits, and the Governor's recommendations regarding eliminated positions and lay offs.

Alan Conroy responded to questions from committee members. As requested by the committee, additional information will be provided that reflects a break down of full-time and part-time positions and eligible benefits, Department of Commerce staffing update in regards to the recent consolidation, and the number of appeals made through the Civil Service protection. He reviewed the Civil Service protection process involved with unsatisfactory employee ratings, and components involved with shrinkage. Director Conroy noted that agency's have the flexibility in their approved budget to use a funds as needed.

Representative Kelley made a motion to approve committee meeting minutes for January, 19, 20, 24, 25, 26, and 28, and for February 4 and 7. The motion was seconded by Representative Ballard. Motion carried.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on February 14, 2011, in Room 346-S of the Capitol.

Chairman Rhoades reviewed the agenda for the next committee meeting.

The meeting was adjourned at 11:01 a.m.

Marc Rhoades, Chairman