

Approved: May 9, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 11:10 a.m. on March 16,

Committee staff present:

Jan Lunn, Committee Assistant
Melinda Gaul, Chief of Staff, Senator McGinn's Office
Eli Johns, Intern, Senator McGinn's Office
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Michael Steiner, Senior Analyst, Legislative Research Department
Bobbi Mariani, Fiscal Analyst, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes

Conferees appearing before the Committee:

Robert North, Chief Legal Counsel, Department of Commerce

Continuation of amendments to **SB 433—Appropriations for FY 2012, FY 2013, and FY 2014 for various state agencies.**

Senator McGinn directed committee members' attention to the Problem Gambling and Addiction Grant Fund and the negative balance. Following discussion, *Senator Teichman moved to decrease the expenditure for the Pre-paid Inpatient Health Plan (PIHP) by \$203,491 and increase expenditures from the Other State Fees Fund in the Department on Aging; Senator Kelly seconded the motion, which passed on a voice vote.*

Discussion was heard concerning the Arts Commission, and a suggestion was made to transfer funds within the Department of Commerce budget and move those funds into the Kansas Arts Commission should legislation fail to pass. The concern is that the Department of Commerce has control of funds and that there is no language in the bill that would require funds to be directed to the Kansas Arts Commission, if the Commission is not formed. The Subcommittee Report for the Department of Commerce approved the Governor's FY 2013 recommendation to authorize three additional employees to the Creative Arts Industries Commission. A consensus decision was reached that should the creative Arts Industries Commission not be created, the designated funding within the Department of Commerce budget would be transferred to the Kansas Arts Commission.

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Senator McGinn noted that the Subcommittee report on the Kansas Commission of Veteran's Affairs encouraged the agency to find the funding for the Veteran's Claims Assistance Program (VCAP) within existing resources. Salary savings have been identified through the Department of Social and Rehabilitation Services (SRS) administration, and Senator McGinn expressed desire to transfer those savings to the Kansas Commission on Veteran's Affairs.

Senator McGinn moved that \$100,000 all from the State General Fund (SGF) in SRS administration be transferred to the Veteran's Claims Assistance Program (VCAP) within the Kansas Commission on Veteran's Affairs to be used for grants only; Senator Kultala seconded the motion, which passed on a voice vote.

Senator Francisco moved to reduce the Expanded Lottery and Revenue Fund (ELARF) by an additional \$125,000 to be added to the capital improvements budget of the Historical Society in FY 2013; Senator Umbarger seconded the motion, which passed on a voice vote.

Discussion was heard concerning the Higher Education Budget for the new graduate degree program in nursing informatics at Emporia State University, and the possibility of including this funding from the technical education reimbursement fund. Senator Teichman moved to add \$250,000 from SGF to Emporia State University for its graduate degree in nursing informatics to be funded by a reduction to the Technical Education Tuition Reimbursement Fund; Senator Francisco seconded the motion, which passed on a voice vote.

A committee member noted that in 2008, a five-year pay plan was created to bring up-to-market pay adjustments to state employees. However, funding for that program was deleted last year and this year. It was noted that the Governor included in his Budget Report market adjustments for bank examiners; in addition, the Secretary of the Department of Administration projects \$34.5 million savings from the Voluntary Retirement Incentive Program (VRIP) over two years. Senator Schmidt moved that \$8.5 million in FY 2012 and \$8.5 million in FY 2013 be appropriated for state employees' market adjustments, all SGF from savings from the VRIP; Senator Umbarger seconded the motion. Discussion followed in which it was reported that the Governor's Budget Report allocated those funds elsewhere. Senator Schmidt expressed concern with the state employees pay rates and compression issues created when new employees are hired. The motion and second were withdrawn with a request that it become part of the permanent record. Chairperson McGinn indicated this issue would be brought back to the committee at a later time.

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Senator Schodorf indicated that the Early Detection Works Program within the Kansas Department of Health and Environment has exhausted all available funding leaving a sizeable waiting list for cancer screening. She requested a report at Omnibus regarding future funding.

Senator Kelly indicated she had collaborated with individuals from the Adjutant General's office seeking avenues to assist tornado victims in Harveyville. She commented that all available funds from the federal government have been exhausted as well as funds from the city. She indicated that on page 191 **SB 433** references the State Housing Trust Fund with a balance of \$2 million for housing infrastructure purposes. Senator Kelly moved to direct a \$600,000 payment to the city of Harveyville for allocation to their bond indebtedness that was incurred due to infrastructure damage; Senator Vratil seconded the motion, which passed on a voice vote.

Senator Vratil moved to authorize the Revisor of Statutes latitude to add the language. Senator Teichman seconded the motion, which passed on a voice vote.

Senator Kelly discussed a portion of **SB 433** (pages 196 and 197) concerning appropriations to CIBOR and NBAF and the issue of who makes such appropriations. She suggested that additional information be provided before it is actually budgeted, particularly since the appropriation is a revenue transfer. Senator Kelly moved to delete the direct appropriations for the Center of Innovation for Biomaterials in Orthopaedic Research (CIBOR) and for the National Bio and Agro Facility (NBAF); to direct staff to provide additional information prior to Omnibus; and to allocate appropriations at Omnibus. Senator Vratil seconded the motion.

Discussion followed in which several committee members were in opposition to the motion and suggested to leave the appropriations within the bill and to conduct final review at Omnibus.

The motion carried on a voice vote. Senator Masterson requested his "yes" vote be recorded.

Senator Vratil offered the following budget revisions to **SB 433**:

1. Add \$300,000 to the Board of Indigent Defense Services, from SGF, for assigned counsel expenditures, capital defense, public defender pay parity, and indigency screeners in FY 2013.
2. Add \$639,135, from SGF, to the Judicial Council to restart judicial performance reviews in FY 2013.
3. Add \$105,613, from SGF, to the Judicial Branch for under market salary adjustments for non-judicial employees of district courts in FY 2013.

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4. Add \$2.5 million, from SGF, to the Department of Education for professional development in FY 2013.
5. Add \$267,727, from SGF, to the Department of Education to reduce shrinkage for salaries and wages in FY 2013. The current shrinkage rate is 10.8 percent; this would reduce the shrinkage rate to 8 percent (which is the same as in FY 2009).

A committee member questioned the Judicial Council appropriation since there may not be adequate time to retrieve the information and publish it in time for the election. A representative from the Judicial Council indicated it would be beneficial to have the funding in FY 2013 as it would enable them to survey and generate reports.

Senator Schmidt asked Senator Vratil if he would assist in the discovery of the \$8.5 million necessary to facilitate under market pay adjustments for state employees since he has requested adjustment for the Judicial Branch employees. Senator Vratil indicated his willingness to assist in that endeavor.

Senator Vratil moved approval of bullet points and funding channels from FY 2013 as previously discussed; funding to the SGF for these purposes will come from a reduction in the appropriation for the Technical Education and Tuition waiver from \$17.5 million to \$10.8 million. Senator Teichman seconded the motion, which carried on a voice vote.

Senator McGinn moved to insert a proviso that should proposed legislation concerning the Conservation and Reserve Enhancement Program (CREP) fail to pass, CREP dollars could be used to draw down federal money to retire water rights in western Kansas; Senator Teichman seconded the motion, which passed on a voice vote.

Chairperson McGinn recessed the committee for a ten-minute period.

The meeting was reconvened.

*Senator Schmidt moved to insert language in **SB 433** that any overage in the April 2012 Consensus Revenue Estimates would be dedicated first to fund state employee under market pay adjustments; Senator Kelly seconded the motion, which passed on a voice vote.*

*Senator Vratil moved to direct the Revisor of Statutes to draft **Senate Substitute for SB 433** that incorporates the provisions of **SB 433** in addition to all modifications made on March 15 and 16*

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and to recommend Senate Substitute for SB 433 favorably for passage; Senator Kelly seconded the motion.

Voting was delayed for several minutes due to the fact that several committee members had not returned from the brief recess.

Hearing on **HB 2382—House appropriations for the fiscal years ending June 30, 2012, 2012, and 2013 for state agencies.**

Audrey Dunkel, Legislative Research Department, indicated the bill contained capital improvements for FY 2011, 2012, and 2013.

There were no conferees.

Senator McGinn closed the hearing on **HB 2382.**

Possible final action on **SB 463—concerning the STAR bonds financing act.**

Jill Wolters, Office of the Revisor of Statutes, briefed committee members on this bill, which would extend the sunset date from 2012 to 2017 for STAR bonds.

Robert North, Chief Legal Counsel, Department of Commerce, spoke in support of **SB 463.** He indicated that failure to pass this legislation would jeopardize projects already in progress. (Attachment 1)

Written testimony in support **SB 463** was submitted by:

Jeff Boerger, President, Kansas Speedway Development Corporation (Attachment 2)

Tim McKee, CEO, Olathe Chamber of Commerce (Attachment 3)

Cindy Cash, President/CEO, Kansas City Kansas Area Chamber of Commerce (Attachment 4)

Mike Taylor, Public Relations Director, Unified Government Public Relations (Attachment 5)

Dick Carter, Jr., City of Overland Park (Attachment 6)

Wyandotte Economic Development Council (Attachment 7)

Senator Huntington distributed a proposed amendment that would revise the rate of interest on fixed and variable bonds (Attachment 8).

Senator Huntington moved to adopt the amendment as discussed in the balloon; Senator Kelly seconded the motion, which carried on a voice vote.

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Senator Huntington moved to insert the contents of **SB 463**, as amended, into **Senate Substitute for HB 2382** and to recommend favorable passage of **Sen. Substitute for HB 2382**; Senator Kultala seconded the motion, which passed on a voice vote.

Possible final action on **Senate Substitute for SB 433**:

Senator McGinn returned to possible final action on this item, which was delayed earlier in the meeting to allow adequate time for two committee members to return from the recess. Senator McGinn reviewed the motion on the floor: “Senator Vratil moved to direct the Revisor of Statutes to draft **Senate Substitute for SB 433** that incorporates the provisions of **SB 433** in addition all modifications on March 15 and 16 and to recommend **Senate Substitute for SB 433** favorably for passage; Senator Schodorf seconded the motion.” The motion passed on a roll call vote.

The meeting was adjourned at 1:35 p.m.

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