

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:13 a.m. on February 10, 2010, in Room 346-S of the Capitol.

All members were present except:

Representative Owen Donohoe- excused

Committee staff present:

J.G. Scott, Kansas Legislative Research Department
Nobuko Folmsbee, Office of the Revisor of Statutes
Heather O'Hara, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Stephen Huggins, Chief of Staff, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Department of Agriculture

Representative Whitham made a motion to introduce legislation regarding the Kansas Home Inspectors Registration Board. The motion was seconded by Representative DeGraaf. Motion carried.

Representative Whitman made a motion to introduce legislation regarding competitive bids. The motion was seconded by representative Dillmore. Motion carried.

Chairman Yoder introduced David Wiley, Professor, Brigham Young University. Mr. Wiley's presentation was via teleconference and included information on the advantages of distance learning, savings and technology resources.

Mr. Wiley responded to questions from committee members. He referred to the Open High School in Utah, which is a charter school and is publicly funded. Teachers are required to have credentials the same as traditional teachers, but they work primarily out of their homes. Access to lap top computers, internet connection and financial aid is available to eligible students. This is an on-line school. There are no commercial text books as the resources are open educational resources. This material has been reviewed by teachers and meets quality standards, as well as materials that have been produced by the teachers. Mr. Wiley reviewed the impact of data collection with on-line information as related to assignments and student progress. Teachers analyze the data to address individualized tutoring needs, assessment and provide up-to-date information for parents regarding their child's progress. The data also serves as a tool for improving the open licensing material, he stated. He stated this is the first year of the Open High School in Utah for 9th grade students. Each school year another grade level will be added, and live performance standards will be provided on the web site. Comparative data between traditional students and those of the Open High School will be available at the end of the school year, he noted. He explained the lottery process for student participation and noted that there are 130 students presently enrolled, as well as students on the waiting list. The school is state-funded and the cost savings for open educational resources will be determined within five years due to initial start-up costs. He discussed the demographics of the students which included: traditional students; home-schooled students transitioning to public schools and those with special circumstances.

Dale Dennis, Deputy Commissioner, Kansas Department of Education, provided an update on Kansas virtual schools. He stated that Kansas has approximately 30 virtual schools with 4,300 students enrolled. Mr. Dennis discussed the monitoring process for student progress and the positive results experienced with this educational setting.

Mr. Dennis responded to questions from committee members. He stated that data was available and would be provided to members which compares virtual and traditional student state exams. An individualized approach to teaching and tailoring the students interest in preparation for college or placement in the workplace was discussed.

2-10

Representative Faber, Chair, House Agriculture and Natural Resources Budget Committee presented the Department of Agriculture FY 2011 Budget Committee Report, (Attachment 1). The Budget Committee concurs with the Governor's recommendation with the following adjustments and notations: add \$6,250 from the State General Fund for membership in the Missouri River Association of State and Tribes; add \$20,000 from the State General Fund from the Agricultural Statistics Program; add \$55,000 from the State General Fund for the Administrative Services and Support program; add \$100,000 from the State General Fund for the Division of Water Resources; add language that would not pay the agency's portion of the Monumental Building Surcharge totaling \$188,406; change the language regarding the Grain Warehouse Inspection program; add language regarding the Dairy Inspection program; agency flexibility to inspect lodging establishments; and ensure a stable, predictable regulatory framework and preserving the agency's programs.

Representative Faber made a motion to approve the Department of Agriculture FY 2011 Budget Committee Report. The motion was seconded by Representative DeGraaf.

Representative Faber responded to questions from committee members. He stated that the out-of-state travel fund balance is approximately \$120,000. The agency rents the building space and budget committee members stated this was an unfair fee to pay for the monumental surcharge. It was noted that all agencies pay \$2.80 per square feet for building and parking lot maintenance, which generates \$5.5 million. And, with emergency situations in mind there would not be enough money in this fund account. Representative Faber reviewed inspection fees and stated that duties have been added regarding inspections on the condition of grain elevators, ensuring that stored grain is in good condition, as well as a measure to protect local producers. He noted that staffing adjustments were made at the time of the transfer of the Lodging Inspection program from the Kansas Department of Health and Environment. He noted that this agency's budget was reduced 26% in FY 2009 and he stressed the impact of further budget cuts within the agency. Additional dollar requests for FY 2011 would require other agency budget reductions in order to off-set program funding requests, Representative Faber stated.

Constantine Cotsoradis, Deputy Secretary, Kansas Department of Agriculture, responded to questions from committee members. He discussed grain elevator licensing and inspection issues, and fees that support inspection programs.

Representative Feuerborn made a motion to delete the Monumental Building Surcharge as noted in item #5 of the Budget Committee Report. The motion was seconded by Representative Dillmore. Motion carried.

Discussion followed by committee members concerning budget cuts, unknown revenues and painful choices within all budget committee recommendations.

Representative Mast made a motion to review items 1 - 4 at Omnibus. The motion was seconded by Representative McLeland. Motion carried.

Representative Faber renewed the motion as amended. Motion carried.

The next meeting is scheduled for February 11, 2010.

The meeting was adjourned at 10:58 a.m.



Kevin Yoder, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

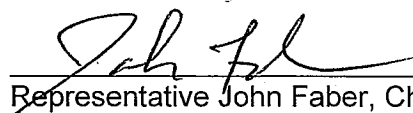
DATE: 2-10-10

NAME	REPRESENTING
Marilyn L. Jacob	DOB
Maryanne Weirly	Empire State Univ.
Peter C. Broche	Empire State University
John Bottin	John Bottin Assoc
William (Wesley)	Budget
TK Shind	KIS
Dana Atkinson	GEC
Kelley Cochran	GEC
Eric Wisner	KDA
Wign Keck	Hein Law firm
Ruth Glover	Ks. Human Rights Com.
Joseph Mastrosimone	" "
George Teagarden	KAHD
Maddy Moffet	KDP
Mary Jane Stankiewicz	KGFA
Curt Frasier	LMC
George Winger	Ruffin Company
RS Wilson	KOSE
Jim Holt	Mid American CU
TERRY FOLS & TA	KWEA

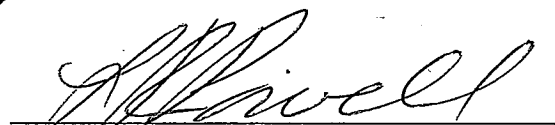
FY 2011

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

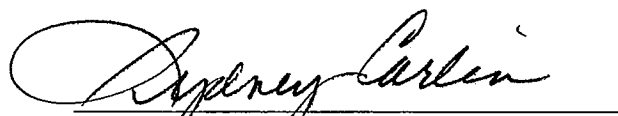
Department of Agriculture
Animal Health Department
Kansas State Fair



Representative John Faber, Chair

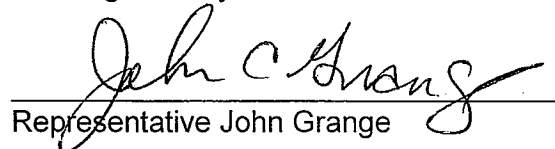

Representative Carl Holmes


Representative Larry Powell, Vice-Chair


Representative Bill Light


Representative Sydney Carlin,
Ranking Minority Member


Representative Steve Lukert


Representative John Grange


Representative Jerry Williams

Appropriations Committee
Date 2-10-10
Attachment 1-1

House Budget Committee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 423

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,566,033	\$ 9,513,336	\$ 181,250
Other Funds	17,608,147	15,997,757	0
Subtotal	<u>\$ 30,174,180</u>	<u>\$ 25,511,093</u>	<u>\$ 181,250</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 30,174,180</u></u>	<u><u>\$ 25,511,093</u></u>	<u><u>\$ 181,250</u></u>
FTE positions			
FTE positions	344.5	341.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>344.5</u></u>	<u><u>341.5</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2011 operating budget of \$30.2 million, which is an increase of \$3.1 million, or 11.5 percent, above the revised FY 2010 estimate. The request includes State General Fund expenditures of \$12.6 million, which is an increase of \$2.4 million, or 24.2 percent, above the revised FY 2010 estimate. The request includes enhancement funding that totals \$3.6 million, including \$2.2 million from the State General Fund. The enhancement funding accounts for the agency's increased revised over the revised FY 2010 estimate. Absent the enhancement funding, the agency's FY 2011 request totals \$26.6 million, which is a decrease of \$497,961, or 1.8 percent, below the agency's revised FY 2010 estimate. The request would fund 344.5 FTE positions.

Governor's Recommendation

The **Governor** recommends a FY 2011 operating budget totaling \$25.5 million, which is a decrease of \$4.7 million, or 15.5 percent, below the agency's FY 2011 request, and a decrease of \$1.1 million, or 4.3 percent, below the Governor's FY 2010 recommendation. The Governor recommends a reduction of 3.0 FTE positions for FY 2011. The State General Fund recommendation totals \$9.5 million for FY 2011, which is a decrease of \$3.1 million, or 24.3 percent, below the agency's FY 2011 request, and a decrease of \$301,017, or 3.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend any of the agency's State General Fund enhancement requests, which total \$2.2 million. In addition, the Governor recommends an additional reduction of \$816,491 from the agency's FY 2011 State

General Fund request. The reductions are reflected in the agency's reduced resources budget, which totals \$516,491, and the Governor recommends an additional reduction of \$300,000 from the agency's State General Fund budget.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2011 recommendation, with the following adjustments and notations:

1. Add \$6,250, all from the State General Fund, for the agency's membership in the Missouri River Association of State and Tribes (MoRAST) in FY 2011. MoRAST is a regional interstate organization formed by joint resolution of the Governors of Wyoming, Montana, North Dakota, South Dakota, Nebraska, Iowa, and Kansas, and the Mni Sose Intertribal Water Rights Coalition.

MoRAST was formed to help resolve issues of concern to the basin states and tribes, to serve as a forum to foster communication and information exchange among the member states, tribes, and various other governmental units. The association also exists to facilitate the management of the natural resources of the Missouri River Basin, including water resources and fish and wildlife, while considering the impacts to the economic, historical, cultural, and social resources. Considering the importance of water issues in Kansas, the House Budget Committee believes that membership in this organization is important to the water interests of all Kansans.

2. Add \$20,000, all from the State General Fund, for the Agricultural Statistics Program in FY 2011 to fund two livestock market reports. The agency receives funding from the state and the federal governments to provide data on Kansas feeder cattle prices at the Pratt and Salina auction markets. The agency stated in their budget submission for FY 2011 that without additional funding from the state, the reports would be discontinued. The House Budget Committee received testimony that the reports provide information such as future prices, transportation cost trends, and various cattle prices, that allows the Kansas cattle industry to continue to be competitive in the marketplace.
3. Add \$55,000, all from the State General Fund, for the Administrative Services and Support Program in FY 2011 to fund 1.0 FTE administrator position within the Specialty Crop Grant Management Subprogram. The agency testified that the position administers the Specialty Crop Grant for the state, which provides grants to enhance the competitiveness of specialty crops, provides public information, works with activities associated with the State Fair, and other agricultural-related duties. Currently, the agency's Chief Financial Officer is administering the program, because the position is being held vacant as a result of budget reductions.
4. Add \$100,000, all from the State General Fund, for the Division of Water Resources in FY 2011 to fund interstate water management and other water appropriation activities. Because the Division of Water Resources is funded primarily by the State General Fund, recommended budget reductions by the Governor for FY 2011 will limit the state's ability to protect its water rights against infringement by Colorado and Nebraska. The ability to continue pursuing the state's right to water from both Colorado and Nebraska is vital to all Kansans. This funding will allow the Division of Water Resources to continue its efforts in monitoring water levels, acquiring data, and using this information to enforce the compacts agreed to with Colorado and Nebraska.
5. The House Budget Committee recommends adding language to the FY 2011 appropriations bill that directs the agency not to pay the agency's portion of the Monumental Building Surcharge in FY 2011, which totals \$188,406, all from the State General Fund. The Monumental Building Surcharge is paid by every state agency in

Shawnee County to the Department of Administration for upkeep of the State Capitol Building, the Judicial Center, Cedar Crest, and parking lots within the Capitol Complex. Instead, the House Budget Committee recommends that the agency transfer the amount that would have paid for the Monumental Building Surcharge to the agency's Grain Warehouse Program and the Dairy Inspection Program in FY 2011. Enhancement funding for the Grain Warehouse Program and the Dairy Inspection Program was included in the agency's FY 2011 request.

The Grain Warehouse Program protects depositors of grain in public warehouses from losses due to fraud and inventory mismanagement by ensuring warehouses maintain accurate records and maintain the condition of stored grain. The agency stated in its testimony to the committee that the Grain Warehouse Program requires an additional \$75,000 appropriation in order to sustain the program at its current level of service, because revenue for the program from its inspection fees has not increased as expected.

The Dairy Inspection Program regulates the milk and dairy production, transportation, processing, and distribution industry in Kansas, along with inspection, sampling, and other regulatory duties. The agency also stated in its testimony that the Dairy Inspection Program requires an additional \$72,000 appropriation to reinstate a position that was laid off by the agency in August 2009 and to increase funding for the program's operating expenditures. The agency requested a fee increase for the Dairy Inspection Program during the 2009 Legislative Session, which would have generated increased revenues for the program; however, the fee increase was not approved.

6. The House Budget Committee recommends adding language to the FY 2011 appropriations bill that states:

During the fiscal year ending June 30, 2011, the agency shall make every effort to ensure services performed in the grain warehouse inspection program will not be compromised by budget reductions that are recommended for FY 2011.

The House Budget Committee notes that this proviso was included in Section 37(a) of House Substitute for Senate Bill 22, the 2009 House Omnibus Bill.

7. The House Budget Committee recommends adding language to the FY 2011 appropriations bill that states:

During the fiscal year ending June 30, 2011, the agency shall make every effort to ensure services performed in the dairy inspection program will not be compromised by budget reductions that are recommended for FY 2011.

8. The House Budget Committee notes its support of House Bill 2659, which concerns the agency's Lodging Inspection Program and amends the current statutory inspection requirements to allow the agency more flexibility to inspect lodging establishments based on complaints received from the public.

9. The House Budget Committee makes the following statement:

Agriculture is extremely important to our Kansas economy, our rural communities, and the people it employs and feeds. Kansas is synonymous with farming and the center of the bread basket of America. We must protect this resource and ensure that we create an environment in which it can thrive.

Part of this effort is maintaining the Department of Agriculture, who through its mission protects and promotes agriculture. Its programs, while regulatory in nature, serve not only consumers, but farmers and ranchers. Its Division of Water Resources monitors compliance with our interstate water compacts, thus ensuring that regions of the state receive the essential water they are due from Colorado and Nebraska.

The agency's Dairy Inspection Program keeps the industry in compliance with the interstate milk shipper's agreement so that our dairy farmers have a "Grade A" dairy market beyond our borders. Kansas only consumes 20 percent of the milk we produce, so we need that export market to keep our dairies, both small and large, operating.

Kansas has had considerable success attracting dairies from other states in the past few years. If the dairies lose their "Grade A" status, even for a while, it would end that potential to attract other large dairies to rural Kansas.

Without funding for staff and programs not only will these services cease, but there will be no one to administer the US Department of Agriculture's (USDA) specialty crop grant that provides funding to Kansas businesses to develop new businesses or expand existing ones. Grant funds also are provided to our universities and community colleges. The agency received over \$214,000 to award this past fall and has an opportunity for an additional \$281,914 this year.

Wheat production in 2008 was 356 million bushels with a value of production in excess of \$2.5 billion and the value of production for corn is over \$2 billion. The cash receipts from the sale of cattle totaled \$6.24 billion.

Beyond the number of dollars that agriculture generates for the state; beyond the number of jobs, both direct and indirect it creates, agriculture is our heritage and it deserves our support. The best way to do that is by supporting and funding our Department of Agriculture so it can continue to serve agriculture and all Kansans through its programs. Otherwise, the agency's programs will disappear. This would be unfortunate under any circumstance, but especially unfortunate considering that with just some minor budget adjustments, these programs can be preserved. The agency's programs are consumer protection-oriented and make sure there is a fair and level playing field for all farms, ranches, and businesses in the state of Kansas. Kansas farmers depend on the stable, predictable regulatory framework that the Department of Agriculture provides.

House Budget Committee Report

Agency: Animal Health Department

Bill No. --

Bill Sec. --

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 435

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 840,266	\$ 798,253	\$ 0
Other Funds	1,786,989	1,829,002	0
Subtotal	<u>\$ 2,627,255</u>	<u>\$ 2,627,255</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,627,255</u></u>	<u><u>\$ 2,627,255</u></u>	<u><u>\$ 0</u></u>
FTE positions			
	33.0	33.0	0.0
Non FTE Uncl. Perm. Pos.			
	1.0	1.0	0.0
TOTAL	<u><u>34.0</u></u>	<u><u>34.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2011 budget of \$2.6 million, which is a decrease of \$139,113, or 5.0 percent, below the agency's revised FY 2010 estimate. The FY 2011 request includes a State General Fund budget of \$840,266, which is a reduction from the revised FY 2010 estimate of \$45,700, or 5.2 percent. The decrease is attributed to one-time funding for computers and related technology in FY 2010, which is partially offset by slight increases in salaries and wages and contractual services for FY 2011.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2011 request; however, the Governor recommends a State General Fund budget totaling \$798,253, which is a decrease of \$42,013, or 5.0 percent, below the agency's FY 2011 request, and a decrease of \$61,133, or 7.1 percent, below the Governor's FY 2010 recommendation. The Governor recommends adding \$42,013 from the agency's special revenue funds to replace the State General Fund dollars recommended by the Governor to be reduced.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2011 recommendation, with the following notation:

1. The House Budget Committee notes that House Bill 2666 was introduced during the 2010 Legislative Session, which would allow the agency to increase its fees for the Animal Disease Control Program. The agency has not raised its fees in this program since 1995 and at that time, the fees were raised to the maximum amount allowed by statute. In addition, the agency has expressed its concerns over increasing expenditures and a decreasing ending balance in the Animal Disease Control Fund, the fund into which fees from the program's activities are deposited. The bill would increase the maximum fee amounts listed in statute for the Animal Disease Control Program and if raised, the fees would provide additional revenue for the program. In the Governor's FY 2011 recommendation, the program is recommended to receive funding totaling \$1,394,611, including \$502,879 from the State General Fund, for program operations. The Governor's recommendation for the program includes a State General Fund decrease of \$42,013, or 5.0 percent and replaces it with the same amount from the agency's Animal Disease Control Fund.

House Budget Committee Report

Agency: Kansas State Fair

Bill No. --

Bill Sec. --

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 439

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 294,854	\$ 294,854	\$ 0
Other Funds	5,494,910	5,324,910	0
Subtotal	<u>\$ 5,789,764</u>	<u>\$ 5,619,764</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 1,255,000	\$ 1,255,000	\$ 0
Other Funds	116,592	116,592	0
Subtotal	<u>\$ 1,371,592</u>	<u>\$ 1,371,592</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 7,161,356</u></u>	<u><u>\$ 6,991,356</u></u>	<u><u>\$ 0</u></u>
FTE positions	24.0	24.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>24.0</u></u>	<u><u>24.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests \$5.8 million, including \$294,854 from the State General Fund, for FY 2011 operating expenditures. The FY 2011 request is an increase of \$106,734, or 1.9 percent, above the revised FY 2010 estimate. The increase is primarily attributed to the agency's request for enhancement funding, which totals \$120,000 from the Economic Development Initiatives Fund (EDIF). Absent the enhancement funding, the FY 2011 request totals \$5,669,764, which is a decrease of \$13,266, or 0.2 percent, below the revised FY 2010 estimate. The decrease is reflected in the agency's contractual services budget.

Governor's Recommendation

The **Governor** recommends a FY 2011 operating budget of \$5.6 million, which is a decrease of \$170,000, or 2.9 percent, below the agency's FY 2011 request, and a decrease of \$63,266, or 1.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend the agency's enhancement requests, which total \$120,000. The Governor recommends transferring \$50,000 from the agency's State Fair Fee Fund to the State Fair Capital Improvement Fund in FY 2011, which would increase the agency's total transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund from \$300,000 to \$350,000. The transfer decreases the agency's expenditures by \$50,000.

House Budget Recommendation

The **House Budget Committee** concurs with the Governor's FY 2011 recommendation, with the following notations:

1. The House Budget Committee believes that the State Fair is an important part of the state's agricultural community, which showcases and represents the significance of the agriculture industry in the Kansas economy. The Budget Committee recommends that the State Fair invite legislators from all over the state, focusing on legislators from urban areas, to visit the State Fair and take part in an educational opportunity with 4-H exhibitors to learn how to show animals that are typically exhibited at the State Fair. The Budget Committee suggests that the legislators, after receiving training from the 4-H exhibitors on animal showmanship, take part in a friendly showmanship contest.
2. The House Budget Committee notes that House Bill 2658 and Senate Bill 364 have been introduced during the 2010 Legislative Session. Both bills would allow the agency to pursue workers compensation coverage through the private market, rather than paying for coverage through the state. In its testimony to the House Budget Committee, the agency stated that by exploring workers compensation coverage in the private market, they received a quote that could potentially save the agency \$101,000 in FY 2011. According to the agency, the agency is experiencing an increase of \$70,000 for workers compensation coverage in FY 2010 and anticipates another increase of \$20,000 in FY 2011. The House Budget Committee requests a review of the progress of this legislation and of the agency's workers compensation coverage costs at Omnibus.