

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 8:45 a.m. on March 17, 2009, in Room 143-N of the Capitol.

All members were present.

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes
 Jim Wilson, Office of the Revisor of Statutes
 Christina Butler, Kansas Legislative Research Department
 Audrey Dunkel, Kansas Legislative Research Department
 J.G. Scott, Kansas Legislative Research Department
 Kelly Cure, Chief of Staff
 Kathy Holscher, Committee Assistant

Conferees appearing before the Committee:

None

Others attending:

See attached list.

- Attachment 1 **HB 2369** Overview and Budget Committee Recommendations
- Attachment 2 Summary of Major Budget Recommendations for FY 2010
- Attachment 3 FY 2010 Alternative Budget proposal
- Attachment 4 Alternative Proposal - Status of the State General Fund FY 2009-FY 2012
- Attachment 5 House Committee Tentative Action - Status of the State General Fund FY 2009-FY 2012
- Attachment 6 Education and American Recovery and Reinvestment Act Funding Calculation
- Attachment 7 Title XIV - State Fiscal Stabilization Fund, Department of Education
- Attachment 8 School Finance Estimates Including Title I Revenue
- Attachment 9 School Finance Estimates
- Attachment 10 Comparison of FY 2009 Recommended Expenditures Including House Substitute for Substitute SB 23 and Committee Action as of March 16, 2009
- Attachment 11 Children's Initiative Fund FY 2009 & FY 2010, State Water Plan Fund and Economic Development Initiatives Fund
- Attachment 12 **HB 2373** Amendment on State Water Plan Fund
- Attachment 13 Kansas Board of Regents Plan Regarding Federal Stimulus Funding
- Attachment 14 Information Technology Projects

Representative DeGraaf moved to introduce legislation to encourage schools to voluntarily set aside money for FY 2012. The motion was seconded by Representative Watkins. Motion carried.

Representative Schwartz introduced legislation to: 1) increase the state contribution rate for schools only from 6.1 percent using stimulus dollars; and 2) use of federal stimulus dollars to fund KPERS payments for schools.

Representative Watkins moved to introduce legislation as presented by Representative Schwartz. The motion was seconded by Representative Whitham. Motion carried.

Representative Henry moved to introduce legislation for land transfer from Juvenile Justice Authority to Kansas Wildlife and Parks. The motion was seconded by Representative Feuerborn. Motion carried.

HB 2369 - Appropriations for FY2010 and FY2011 for capital improvements for various state agencies.

Audrey Dunkel, Legislative Research Department staff, presented an overview of the Capital Improvement process, and stated that all recommendations go through the Joint Committee on State Building Construction. Audrey Dunkel presented the Governor's recommendations, Joint Committee on State Building Construction, and House Budget Committee recommendations for FY 2010, (Attachment 1).

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Audrey Dunkel responded to questions from Committee members regarding: bond repayments by universities;
and long term maintenance included in new construction projects.

Representative Feuerborn made a motion to include the Postsecondary Education Systemwide projects 1 - 9, as part of the bill, (Attachment 1). The motion was seconded by Representative Watkins. Motion carried.

Debra Priedeau, Ft. Hays State University, responded to questions by Committee members regarding the Wind Power Generation Facility.

Representative Watkins made a motion to move the passage of HB 2369 with the affective technical amendments. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Yoder referred to the Summary of Major Budget Recommendations for FY 2010, (Attachment 2) and the FY 2010 Alternative Budget Proposal, (Attachment 3). This information will be reviewed by Alan Conroy, Director, Legislative Research Department. Motions, substitute motions and amendments may be made during this presentation, it was noted. If there are no substitute motions adopted, the additional changes could be made on the full bill.

HB 2373 - Appropriations for FY 2010 through FY 2013 for various state agencies.

Alan Conroy, Director, Legislative Research Department, presented the Summary of Major Budget Recommendations for FY 2010, (Attachment 2). This summary compared the total adjustments of: the Governor's recommendation of \$1,052.5 billion; House Committee recommendation of \$885.4 million; and the Alternative proposal of \$854.5 million, (Attachment 3). The Alternative Proposal for FY 2009 through FY 2012 was reviewed, (Attachment 4), which reflects revenue adjustments. The House Committee Tentative Action for FY 2009-FY 2012 was distributed, (Attachment 5).

Representative Watkins, made a motion to adopt the Alternate Proposal, (Attachment 2). The motion was seconded by Representative Kelley.

Discussion by Committee members followed. The projected ending balance with the Alternate proposal for FY 2010 would be \$6.4 million. Committee recommendations reflect an ending balance of \$210.4 million, which does not include the revenue adjustments. Profile estimates were based on the November through January consensus revenue with an average monthly shortfall of \$20 million. April consensus revenue estimates may have an impact on this profile for April through June projected revenues.

Alan Conroy, Director, Legislative Research Department, responded to questions from Committee members. He explained the revenue adjustments, which included \$50 million for expanded gaming, \$17 million for the Bio Science Authority and \$3 million for the Water Fund transfer. The base reduction would be carried forward to FY 2010, FY 2011 and FY 2012.

The Committee discussed the expanded gaming issue in the Governor's budget, which is inconsistent with the state laws. Three zones that had been approved for casino operations that do not have a contract. The Dodge City Casino is the only contract that has been approved. A \$25 million privilege fee is in escrow, pending the outcome of a lawsuit in Cherokee County.

The Education and American Recovery and Reinvestment Act Funding Calculation was reviewed by Committee members, (Attachment 6). The federal requirement states that spending is based on the FY 2006 level to arrive at the FY 2008/09 funding level for public education. Provisional shortfalls will be made up in accordance with **SB23**, with adjustments consistent in K-12 and Higher Education. The Department of Education, State Fiscal Stabilization Fund was reviewed by Committee members, (Attachment 7). The attached memo from David Shreve, Federal Affairs Counsel; Education, National Conference of State Legislatures was reviewed.

Caucus - 9:55 - 10:15 a.m.

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Committee members continued discussion of the Education and American Recovery and Reinvestment Act Funding Calculation, (Attachment 6), which returns the funding that was vetoed by the Governor's budget recommendations.

Committee members reviewed the Governor's office projected \$60 million in revenue from the Bio Science Authority, noting that \$40 million was capped and \$20 million was for budget stabilization. It was noted that the KBA can operate under the Governor's request. WIGME was discussed with the \$2.5 million Governor's cut that was re-proposed in **SB 23**. The proposal to shift in the Parole Board to the Department of Corrections proposal was reviewed. It was noted that proposed changes under the passage of a certain Act, could be addressed by the Committee.

Committee members received a copy of the School Finance Estimates including Title 1 revenue, ([Attachment 8](#)), and the School Finance Estimates with the BSAPP and Special Education reductions, ([Attachment 9](#)). The number of changes to the Alternative proposal was noted in bold on ([Attachment 2](#)).

Representative Watkins renewed the motion to adopt the Alternative proposal. Motion carried.

Committee Recessed - 10:55 a.m.

Committee Reconvened - 12:20 a.m.

Committee members received handouts on Comparison of FY 2009 Recommended Expenditures, which includes House Substitute for Substitute **SB 23** and Committee Action as of March 16, 2009, ([Attachment 10](#)), and Children's Initiative Fund for FY 2009 and FY 2010, ([Attachment 11](#)).

Representative Gatewood made a motion to amend **HB 2373** to strike the shift of the Parole Board to the Department of Corrections. The motion was seconded by Representative Tafanelli. Motion carried.

Committee members expressed concern for bed space issues and the lack of flexibility for the Secretary, and the need to revisit, at the end of April, to possibility of capturing funding for a bill which has not passed.

Committee members discussed the suspension of the Highway Patrol New Trooper Class and public safety issues.

Representative Watkins made a motion to strike the suspension of the of the Highway Patrol New Trooper class from **HB 2373**. The motion was seconded by Representative Feuerborn. Motion carried.

Committee members discussed the federal poverty guidelines and SCHIP funding.

Representative Kelley made a motion to strike \$1.2 million for SCHIP funding from the revised budget. The motion was seconded by Representative DeGraaf.

Discussion by Committee members followed. It was noted that the intent of the motion was not to strike the language in the bill, but to review eligibility guidelines by the Social Services Budget Committee, prior to Omnibus.

Representative Kelley renewed the motion to strike \$1.2 million from SCHIP funding from the revised budget. Motion carried.

Representative Mast requested an amendment for placing some of this money in the budget for children with autism and physically disabled services.

Committee members discussed the State Water Plan Fund, ([Attachment 12](#)).

Representative Faber made a motion to amend **HB 2373** with the additional language to the State Water Plan Fund, ([Attachment 13](#)). The motion was seconded by Representative Watkins. Motion carried.

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Representative Faber made a motion to amend **HB 2373** to spread proportionately the \$3 million allocated to the State Water Plan Fund throughout several areas. The motion was seconded by Representative Watkins. Motion carried.

Committee members discussed KAN Ed funding.

Representative McLeland made a motion to review Kan Ed funding at Omnibus. The motion was seconded by Representative Mast. Motion carried.

Committee members asked for the status of **SB 92** and **SB 94**. It was noted that these bills have not been worked in Committee, but were in areas that Don Jordan, Secretary, Social and Rehabilitation Services, (SRS) was going to cut in the SRS budget, as identified in **SB 23**.

Committee members received a copy of the Kansas Board of Regents Plan Regarding Federal Stimulus Funding, (Attachment 13). It was noted that the fund distribution would be applied equitably for universities, community colleges, and vo-technical schools for FY 2010.

Representative Tapanelli made a motion to utilize federal stimulus funding for deferred maintenance for universities, community colleges and vo-technical schools. The motion was seconded by Representative Gatewood. Motion carried.

Representative Henry discussed adding funding to Human Services. This would include the following adjustments: \$2 million to restore cuts to the Community Mental Health Centers; \$2 million to restore cuts to the Community Developmental Disability organizations; \$8 million in SGF to ensure no waiting list for the physically disabled; \$1 million to serve additional children on the autism waiver; \$2 million for general assistance program; \$2 million for the medikan mental health general assistance program; \$500 thousand for the alcohol and drug treatment funding, (which was cut \$800 thousand); and \$2.5 million for the Developmental Disability waiting list. This totals \$20 million in SGF which would be taken out of the flexible funding from the federal stimulus package, which the Committee would discuss with the Senate.

Representative Henry made a motion to add \$20 million back into SGF for Human Services and take \$20 million for Human Services from the flexible funding in the federal stimulus package. The motion was seconded by Representative Ballard.

Committee members discussed the motion. Concerns were expressed for a negative ending balance, and the importance of protecting the most vulnerable. The flexible funding from the stimulus dollars was spent on the Medicaid side and placed in SGF. Placing the state in physical stability and balancing dollars with priorities was emphasized.

Representative Henry renewed his motion. Motion failed.

Representative McLeland made a motion to remove the FY 2010 funding for Seven Information Technology projects, and reports provided to the Committee which would be reviewed at Omnibus, (Attachment 14). The motion was seconded by Representative Mast. Motion carried.

It was noted that all Information Technology projects have not been reviewed, which is a requirement for projects of \$225,000 thousand or more.

Representative Mast made a motion to review Emergency Preparedness funding at Omnibus. The motion was seconded by Representative Ballard. Motion carried.

Representative Burroughs made a motion to move \$30.3 million into the Alternative Proposal for Corporate Franchise Tax, Estate Tax, Community Service Credit, Severance Tax and Liquor Tax. The motion failed.

Discussion followed by Committee members regarding the Tax Committee review of the Committee recommendation the revenue adjustments would only be reflected on the Profile the reduction of 3.8 million in the SRS budget

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Representative Sawyer made a motion for the House Committee Recommendation to support the action of the debt restructuring in the amount of \$10.4 million. The motion was seconded by Representative Burroughs. Motion failed.

Committee members discussed concerns for additional debt the motion would pose and further Committee action that would be required was discussed.

Representative Feuerborn made a motion to strike the reduction in Base Aid and Special Ed. The motion was seconded by Representative Burroughs. Motion failed.

Committee members discussed the interpretation of the bill for funding education with stimulus dollars.

Representative Watkins made a motion to move **HB 2373** for favorable passage as amended with technical amendments. The motion was seconded by Representative Whitham. Motion carried.

The next meeting is scheduled for March 18, 2009.

The meeting was adjourned at 2:25 p.m.

Kevin Yoder, Chairman