

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:07 a.m. on January 25, 2011, in Room 346-S of the Capitol.

All members were present except:
Representative Ballard - excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
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 Amendment to **HB 2014** - Kansas Real Estate Commission
- Attachment 2 Amendment to **HB 2014** – Kansas Real Estate Commission
- Attachment 3 Amendment to **HB 2014** – State Employee Pay Plan
- Attachment 4 Amendment to **HB 2014** - Post Secondary Education Savings
- Attachment 5 Amendment to **HB 2014** – Kansas Technology Enterprise Corporation
- Attachment 6 Amendment to **HB 2014** – Kansas Technology Enterprise and Kanss, Inc.
- Attachment 7 Amendment to **HB 2014** – Special Education Services
- Attachment 8 Amendment to **HB 2014** – Dues and Subscriptions
- Attachment 9 Amendment to **HB 2014** – Revisor of Statutes Technical Amendment
- Attachment 10 Amendment to **HB 2014** – Attorney General-Kansas Bureau of Investigation

Chairman Rhoades welcomed committee members.

HB 2014: An Act concerning appropriations for the fiscal year ending June 30, 2011

Representative Kelley made a motion to approve **HB 2014** favorable for passage. The motion was seconded by Representative DeGraaf.

Representative Lane made a substitute the motion to **HB 2014** that would strike the recommendation that would delete \$94,864 from the Real Estate Commission, (Attachment 1). The motion was seconded by Representative Crum. Motion carried.

Representative DeGraaf reviewed six remaining amendments to adjust **HB 2014**, (Attachment 2).

Representative DeGraaf made a motion to approve the amendments to **HB 2014**. The motion was seconded by Representative Brown.

Chairman Rhoades stated that each section of the remaining six amendments would be divided.

Representative DeGraaf and Elaine Frisbie, Office of the Governor, and J.G. Scott, Kansas Legislative Research Department, and Jim Wilson, Office of the Revisor of Statutes, responded to committee questions regarding the Kansas Post Secondary Education Savings Program Trust Fund. To date there are \$340,000 in certified matching dollars, **HB 2014** would remove the cap of \$265,000 and the amendment to adjust **HB 2014** would delete the increase in expenditure authority within the State Treasurer's Office and limit funds. The statute and legal issues were discussed by Jim Wilson. J.G. Scott noted that this amendment could be reviewed and discussed further when the Mega bill and Omnibus bill are worked in committee. Alan Conroy, Kansas Legislative Reserach Department, added that when the General Budget Committee works the Treasurer's Office budget these recommendations could also be made and brought back to the committee. It was noted that \$346,000 dollars represents staff and agency operations for the Learning Quest Program.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:07 a.m. on January 25, 2011, in Room 346-S
Representative DeGraaf closed the motion. Motion failed.

Representative DeGraaf reviewed the second amendment that adds language to limit the Kansas Health Policy Authority salaries and wages, and to convert contractual employees to state employees.

Discussion by committee members followed. Elaine Frisbie, Office of the Governor, and Scott Bruener, Health Policy Authority, responded to questions from committee members regarding moving contractual employees to permanent state employees. It was noted that these were authorized full time employee (FTE) budgeted positions, and there are 47 FTE budgeted positions that have not been filled to date. It was noted that this agency is included in the Governor's reorganization orders.

Representative DeGraaf renewed the motion. Motion carried.

Representative DeGraaf reviewed the third amendment that would reduce salary and wages by 7.5% for state officers over the last six payroll periods; reduce agency salaries and wages by 7.5% with flexibility to achieve these savings, and transfer salary savings for Board of Regents and institutions to deferred maintenance to maintain the State General Fund (SGF) maintenance of effort for stimulus funding. This amendment would be a 16.5 million savings and \$8.2 million would remain with the Board of Regents and a savings of \$8.3 in SGF, he stated.

Discussion followed by committee members.

Representative DeGraaf renewed the motion. Motion carried.

Representative DeGraaf reviewed the fourth amendment that would add language requiring the Secretary of Administration to begin the process of prioritizing the sale of 10% of state assets. He noted a change in the report date which should be March 8 as opposed to April 15th.

Representative DeGraaf renewed the motion. Motion carried.

Representative DeGraaf reviewed the fifth amendment to that would add language banning expenditures for overtime, with exceptions approved by the Governor, Chief Justice, Legislative Coordinating Council, or their designees.

Discussion followed by committee members regarding the cost savings to the state, eligibility and guidelines for overtime wages and flexibility to meet the need of the agencies. J.G. Scott, Legislative Research, noted that 40% of the overtime wages were from the State General Fund and 60% from All Funds. Representative DeGraaf reviewed the amendment.

With the consent of the second to the motion, Representative DeGraaf retracted the motion for approval of the amendment.

Representative DeGraaf reviewed the last amendment that would add \$100,000 SGF to the Stan Clark Pregnancy Maintenance Initiative Fund.

Representative DeGraaf renewed the motion. Motion carried.

Representative Carlin provided information on the Employee Pay Plan, (Attachment 3). She reviewed the composition of this committee, and stated that not everyone has received a pay raise since the pay plan began two years ago. The study is on-going, she noted.

Representative Carlin made a motion to delete \$16.4 million, including \$8.5 million in SGF, in FY 2012 and again in FY 2013 to lapse funding previously appropriated for undermarket pay adjustments. The motion was seconded by Representative Feuerborn.

Discussion followed by committee members regarding market pay study and the current economic climate.

Representative Carlin renewed the motion. Motion failed.

Representative McLeland made a motion for an amendment to **HB 2014** that would reimplement \$44,000 for the Legislative Post Audit of school districts, (Attachment 4). The motion was seconded by Representative Brown.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:07 a.m. on January 25, 2011, in Room 346-S

Discussion by committee members followed and the importance of school efficiencies through the audit process was emphasized. As requested, a list of schools requesting an audit will be provided.

Scott Frank Legislative Post Auditor, responded to questions from committee members. He reviewed the results of audits which have been conducted.

Representative McLeland renewed the motion. Motion carried.

Representative Gatewood made a motion for an amendment to **HB 2014** to delete the reduction of \$371,426 from the Kansas Technology Enterprise Corporation, (KTEC), (Attachment 5). The motion was seconded by Representative Feuerborn.

Discussion followed by committee members.

Chairman Rhoades stated that the committee will recess and resume the meeting and reconvene following the adjournment of the House.

The meeting recessed at 10:57 a.m.

Chairman Rhoades called the meeting to order at 11:25 a.m.

Representative Gatewood reviewed the amendment for KTEC.

Discussion by committee members followed. Representative Gatewood stated that \$71,426 was for the contractual obligation for the Pipeline Project through FY 2011, and \$300,000 for product development. He noted that the federal dollars are at a match of \$18 to \$1. Discussion continued regarding the impact of consolidating KTEC into the Department of Commerce and shifting funds into the Board of Regents.

Representative Gatewood renewed the motion. Motion failed.

Representative Brown made a motion for an amendment to **HB 2014** that would reduce the number of personnel at KTEC and Kansas, Inc. (Attachment 6). The motion was seconded by Representative Peck.

Discussion followed by committee members regarding eliminating positions and consolidating Kansas, Inc. into the Department of Administration and KTEC into the Department of Commerce.

Representative Brown renewed the motion. Motion failed.

Representative Henry made a motion for an amendment to **HB 2014** that would transfer \$16,710,878 from general state aid of the SGF to the special education services aid of the SGF, (Attachment 7). The motion was seconded by Representative Lane.

Discussion followed by committee members regarding federal funding for special education services.

J.G. Scott, Kansas Legislative Research Department, reviewed the 2006 base funding level to meet the American Recovery and Investment Act requirements.

Landon Fulmer, Office of the Governor, discussed the penalty imposed by the Department of Education that could effect the Special Education budget in FY 2013. He reviewed the timeline to meet the maintenance of effort guidelines and federal audit procedures.

Discussion continued regarding capital improvements and statutes under the equalization law.

Representative Henry renewed the motion. Motion failed.

Representative Brown made a motion for an amendment to **HB 2014** that would eliminate fees or dues or subscriptions for professional or trade magazines for state officers or employees, (Attachment 8). The motion was seconded by representative Mast. Motion carried.

Representative Lane made a motion for an amendment to **HB 2014** that would remove the recommendation to delete licenses and park permits reimbursement to Disabled Veterans and National

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:07 a.m. on January 25, 2011, in Room 346-S
Guard Members accounts. The motion was seconded by Representative Carlin.

Discussion followed by committee members regarding reduced park fees, and the recommendation was made to review this in budget committee.

Christina Allen, Kansas Legislative Research Department, discussed the account balance that was not used but has been lapsed.

Representative Lane renewed the motion. Motion failed.

Discussion was held regarding the extended 10-year food service contract with Aramark and the Department of Corrections. Landon Fulmer, the Office of the Governor, stated that \$3.5 million from Aramark was captured in SGF for FY 2012.

Representative Peck made a conceptual motion to amend HB 2014 that would lapse \$65,000 for the Disabled Veterans and National Guard Members accounts. Representative Crum seconded the motion.

Representative DeGraaf made a substitute motion to lapse the \$65,000 to the Kansas Department of Wildlife and Parks. The motion was seconded by Representative Brown. Motion failed.

Representative Donahoe made a motion to lapse \$65,000 from the SGF in the Reimbursement for Annual Licenses for Disabled Veterans Account, lapse \$7,000 from the SGF in the Reimbursement for Annual Licenses issued to National Guard Members account and lapse \$4,000 from SGF in the Reimbursement for Annual Park Permits for National Guard Members accounts. The motion was seconded by Representative Peck. Motion carried.

It was noted that the concern continues for sweeping fee funds.

Jim Wilson, Office of the Revisors of Statutes, reviewed the Proposed Technical Amendment for **HB 2014**, (Attachment 9) and the Proposed Amendment to HB 2014 as related to the Attorney General-Kansas Bureau of Investigation, (Attachment 10).

Representative Kelley made a motion to approve the proposed technical amendment to HB 2014. The motion was seconded by Representative Schwartz. Motion carried.

Representative Kelley made a motion to approve the proposed amendment to HB 2014, (Attachment 10) regarding the Attorney General-Kansas Bureau of Investigation. The motion was seconded by Representative DeGraaf.

Aaron Claussen, Kansas Legislative Research Department, reviewed the amendment and discussed the funding for Project Safe Neighborhood fund and the Social Security Administration Reimbursement-Federal fund.

Representative Kelley renewed the motion. Motion carried.

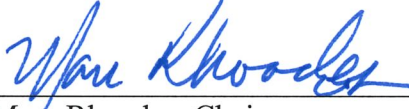
Discussion followed by committee members regarding the State Highway Fund.

Christina Allen, Kansas Legislative Research Department discussed the transfer of \$3,081 from the State Highway Fund of the Department of Transportation to the Water Structures State Highway Fund of the Department of Agriculture to fund for undermarket increases for FY 2011.

Representative Kelley made a motion for favorable passage of HB 2014 as amended. The motion was seconded by Representative DeGraaf. Motion carried.

Chairman Rhoades stated that a summation of the amendments to **HB 2014** will be forthcoming, and he reviewed the agenda for tomorrow's committee meeting.

The meeting was adjourned at 12:46 p.m.



Marc Rhoades, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 1-25-11

NAME	REPRESENTING
Dodie Wellshar	USA/Kansas
Lois Weeks	SRS
Kathy Dammann Justin Stum	AO Post Audit
Heather Morgan	Youthville
Derek Hen	HEN LAW FIRM
Bernie Lock	KEPC
STEVE SUTTON	ICBENS
PATTI ARTZER	ICBENS
Marilyn Jacobs	DOA
ALAN BURT	SECRETARY OF STATE
Kevin Siele	TILRC
Luke Bell	KAR
Kim Fowler	Judicial Branch
Stephanie Buntgen	Judicial Branch
Debby [unclear]	Kansa. Tre
Bob [unclear]	Greater KC Chamber
ML Dyck	KS BTP
Jean Bohin	KS BTP

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 1-25-11

NAME	REPRESENTING
Leigh Klock	Capitol Strategies
Don Goules	GBA
Shannon Little	LGR
Earl Lewis	ISLD
Dawn Palmberg	KWD
Robin Clout	Public Solutions
MARK DES ETI	KMEF
Jerry Kroeker	Guest
Andy Schlapp	WSU
RS Wilson	KOSE
Jane Carter	KOSE
Steve Wasson	KSC
John Faber	PEAK
Brian R Thompson	PEAK
Tracy Russell	SQE
Diane Daltz	Ks Branch of Regents
James McCready	Replenishers
Kathleen Schlerhumpert	ICSBHA
Bob Edleston	KATC

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 1-25-11

[illegible]

Real Estate Comm.

1 established for the fiscal year ending June 30, 2011, by section 11(b) of
 2 chapter 165 of the 2010 Session Laws of Kansas on the home inspectors
 3 registration fee fund of the Kansas home inspectors registration board is
 4 hereby decreased from \$35,750 to \$16,800.

5 Sec. 5.

6 BOARD OF NURSING

7 (a) On the effective date of this act, the expenditure limitation
 8 established for the fiscal year ending June 30, 2011, by the state finance
 9 council on the board of nursing fee fund of the board of nursing is hereby
 10 increased from \$1,904,365 to \$1,952,425.

11 Sec. 6.

12 STATE BOARD OF PHARMACY

13 (a) On the effective date of this act, there is appropriated for the
 14 above agency from the following special revenue fund or funds for the
 15 fiscal year ending June 30, 2011, all moneys now or hereafter lawfully
 16 credited to and available in such fund or funds, except that expenditures
 17 other than refunds authorized by law shall not exceed the following:

18 Harold Rogers prescription federal fund.....No limit

19 NASPER grant federal fund.....No limit

20 Non-federal gifts and grants fund.....No limit

21 *Provided*, That the state board of pharmacy is authorized to apply for and
 22 to accept grants and may accept donations, bequests or gifts from any
 23 non-federal source: *Provided, however*, That all moneys received for such
 24 grants, donations, bequests or gifts shall be remitted to the state treasurer
 25 in accordance with the provisions of K.S.A. 75-4215, and amendments
 26 thereto: *Provided further*, That, upon receipt of each such remittance, the
 27 state treasurer shall deposit the entire amount in the state treasury to the
 28 credit of the non-federal gifts and grants fund: *And provided further*, That
 29 all expenditures from this fund shall be made in accordance with
 30 appropriation acts upon warrants of the director of accounts and reports
 31 issued pursuant to vouchers approved by the president of the state board
 32 of pharmacy or a person designated by the president.

33 Sec. 7.

34 ~~KANSAS REAL ESTATE COMMISSION~~

35 ~~(a) On the effective date of this act, the expenditure limitation~~
 36 ~~established for the fiscal year ending June 30, 2011, by the state finance~~
 37 ~~council on the real estate fee fund of the Kansas real estate commission is~~
 38 ~~hereby decreased from \$1,123,206 to \$1,028,342.~~

39 Sec. 8.

40 OFFICE OF THE SECURITIES COMMISSIONER OF KANSAS

41 (a) On the effective date of this act, or as soon thereafter as moneys
 42 are available, notwithstanding the provisions of K.S.A. 17-12a601, and
 43 amendments thereto, or any other statute, the director of accounts and

Appropriations Committee

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Attachment 1

Amendment to Adjust HB 2014

- Delete the reduction of \$94,864 from the Real Estate Commission.
 - This would eliminate the 10.0 percent salary and wages shrinkage recommended by the Governor and would fund the agency at the amount approved by the 2010 Legislature
- Delete the increase in expenditure authority in the State Treasurer for the Kansas Postsecondary Education Savings Program Trust Fund and the Kansas Postsecondary Education Expense Fund to no limit funds
 - The trust fund is funded by a transfer from the State General Fund and removing these limitations could have a negative impact on the State General Fund
- Add language to limit Kansas Health Policy Authority salaries and wages and the ability to convert contract employees to state employees
- Add language requiring the Secretary of Administration to begin the process of prioritizing the sale of 10 percent of state assets
 - Requires a report to the Governor, chief clerk of the House, Senate Secretary, and Chairs of House Appropriations and Senate Ways and means from the Secretary of Administration on the priorities by April 15, 2011
- Reduce salary and wages expenditures by 7.5 percent
 - Would reduce "state officers" salaries by 7.5 percent (Legislators, Judges, Justices, Statewide Elected Officials, Statutory Agency Heads, etc.)
 - Estimated to affect the last six payroll periods
 - Reduce all agencies salaries and wages by a total of 7.5 percent, but allow the agency the greatest amount of flexibility to achieve savings
 - Transfer salary savings for Regents and Institutions to deferred maintenance in order to maintain State General Fund maintenance of effort for federal stimulus funding (ARRA)
- Add language banning expenditures for overtime
 - Would allow exceptions if approved by the Governor, Chief Justice, Legislative Coordinating Council, or their designees
- Add \$100,000 State General Fund to the Stan Clark Pregnancy Maintenance Initiative Fund

Appropriations Committee

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Attachment 2

FY 2008 State Employee Pay Plan

Conference Committee Agreement Authorize appropriations totaling \$86.5 million, including \$44.3 million from the State General Fund to finance the FY 2008 state employee plan. 2.0 percent base increase for classified employees. Unclassified employees' appointing authority will receive a salary pool equivalent to the base increase. Increase would apply to temporary employees, justices and judges, legislators, and state-wide elected officials. The increase is effective at the beginning of FY 2008. 5.0 percent targeted base increase for classified employees that are more than 25 percent below market, based on the recent Hay Compensation Study. The increase will move targeted classified employees up one pay grade, while remaining on the same pay step. The increase would apply to 1,533 classified employees. Job classes include: microbiologists, environmental technologists, legal assistants, graphic designers, rehabilitation support workers, storekeepers, grounds maintenance supervisors, power plant operators, plumbers, electricians, lock systems specialists, automotive driver, computer operator, network control technicians, food service workers and supervisors, cooks, custodial workers and supervisors, and utility workers. The targeted increase is effective at the beginning of FY 2008. One-time bonus payment of \$860 for all classified employees.

Unclassified employees' appointing authority will receive a salary pool equivalent to the bonus payment. The bonus payment will be made on December 14, 2007. The bonus payment will be included in the employees' retirement calculations. Increase longevity bonus payment \$10 a year from \$40 a year to \$50 a year of service. The minimum years of service remains at ten years, with a maximum of 25 years of service. The payment for the minimum years of service will increase from \$400 to \$500 and the maximum years of service from \$1,000 to \$1,250. The requirement that classified employees maintain a satisfactory or better performance evaluation to receive the longevity bonus remains in place. Creation of a State Employee Pay Philosophy Task Force. Create an 11-member task force that will establish a pay philosophy for the State of Kansas. The pay philosophy will provide the philosophical framework for the development of a new state employee pay plan. The Task Force will be staffed by legislative staff agencies.

The Speaker will appoint the Chairperson of the Task Force and the President will appoint the Vice-Chairperson. The Task Force is required to have its work finalized by June 15, 2007. The 11-member Task Force will be composed of the following members: Three members from the Senate (two members appointed by the Senate President and one member appointed by the Senate Minority Leader); " Three members from the House (two members appointed by the Speaker and one member appointed by the House Minority Leader); " Three members appointed by the Governor.

Appropriations Committee

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Attachment 3

Market Adjustments

Recommendations for market adjustments for jobs within any Group will be part of each year's activities. Market alignment among classes varies substantially at this time and it may take several years of providing adjustments to bring some occupations to market while others may be achieved over a much shorter time period. Employees in some classes which are in Group 2 or 3 will receive market adjustments prior to the first year of their 3-year study cycle. The intent is to bring each class up to market, or as close to market as possible, by the time the class moves to full implementation on the new plan. Once the plan is fully implemented, annual market studies will be conducted on 1/3 of the State's workforce to identify any need for adjustment in order to maintain market alignment.

First Year Activities

The first year of each Group's 3-year cycle will involve a great deal of preparation. The most important component of this year will be a comprehensive review of each classification assigned to the Group which will involve the review of every position description of each class assigned to the Group. Based on the review, reallocations will be made to the proper classification and modifications will be made to recommended classifications, when necessary. This step is necessary to insure that employees are properly classified as implementation of the new pay plans proceeds, which is crucial to the development of accurate compensation recommendations.

Employees will continue to be compensated under the State's current system during the first year of the 3-year cycle for their Group.

Second Year Activities

The second year of each Group's 3-year cycle will involve a "dry run" of the new system. Employees will be evaluated using the new Performance Management system and agencies will provide the Division of Personnel Services (DPS) with a report detailing the performance evaluation experience, so that any issues or problems can be addressed before being fully implemented. In addition, agencies will also report to DPS how the agency would have allocated their annual classified employee salary budget if the new pay plans were in place, the results of such actions, and any proposed changes to the system they believe are needed. Once again, employees will continue to be paid under the current employee compensation system.

Third Year Activities

The third year of each Group's 3-year cycle will involve full implementation of the new pay plans for the classifications assigned to that Group. Employees will be evaluated using the new Performance Management system and compensation will be provided on the basis of the new pay plans. Agencies will work with DPS to identify areas requiring further modification and actions.

Appropriations Committee

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Attachment 3-2

Beyond the Third Year

After a Group is implemented on the new pay plans, annual market studies will be conducted to identify any need for adjustments to ensure continued market alignment.

The new employee compensation system and Performance Management system will continue to be reviewed and evaluated to identify any needs for change.

The process of providing market adjustments is based on the data provided by salary surveys, and the implementation must therefore reflect the methodology of the salary survey that is being used. In our case, the Hay Group's salary survey was based on the actual average wages of employees and was intended to show how the State of Kansas compared with those of other employers.

By using the average pay as the primary comparison, the data captures the pay of all employees at every level of length of service and performance. This allows for the wide range of different salary levels that occur within the relevant labor market for each job class. For example, using the average means that the salaries of brand new employees are captured as are the salaries of an employer's most seasoned or productive employee. By comparing this data to the average from the State of Kansas, which also includes all employees, the comparison can be made on an "apples to apples" basis.

Since this is a five year implementation, salaries will not be fully aligned until year three for each implementation group. In the interim, since the State is so far behind market in many positions, market adjustments are being proposed for those classes determined to be most in need. This adjustment reduces the current inequity in wages between state employees and non-state employees but it will not bring the employees' wage rates up to the market. The practice of moving entire classes preserves what little distribution we currently have within the system while providing an equal adjustment to employees performing the same or similar work. As the result of this adjustment, all employees in that class, regardless of their current position within the pay grade to which that class is assigned, will receive an increase as part of a market adjustment. This is the same methodology used for the increases provided last year.

It is important to remember that this is only the first phase of aligning to market. As additional salary surveys are completed, and more specific job data is obtained, increases will become more strategic. At this point, it is simply not feasible to provide market adjustments on an individual basis. Not only could this potentially amount to 22,000 separate pay adjustments, but it would also result in even more wage compression as employees would all be grouped around the identified market average. Pay grades and ranges provide for rates on either side of the market rate because it is expected, and in fact desirable, that there will be a natural distribution throughout the range.

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Attachment 3-3

While the term "market rate" is commonly used to refer to the average rate paid, it also includes those wage rates above and below the average which are competitive for both new, less than fully-proficient employees as well as those outstanding, long-term, highly valued employees. If all employees were paid a single wage rate, lower functioning new employees and highly performing long-term employees would receive the same wage rate which would not reflect the value that they bring to the organization and may in fact create high employee turnover among higher performing employees.

FY2009 Market Adjustments

Effective with the beginning of the first payroll period chargeable to FY2009 (starting June 15, 2008) market adjustments were provided to approximately 7,800 employees in 181 classifications. Employees in these classifications received at least a 5% increase in addition to the 2.5% general increase received by all classified employees. Market adjustments were accomplished through a combination of pay grade adjustments, in grade increases and class consolidation. The details of the FY2009 market adjustments can be seen at the following link: <http://www.da.ks.gov/newpayplans/marketadj09.pdf>

The same methodology utilized by the Legislature in providing market adjustments in FY2008 was used to determine which classifications would receive market adjustments in FY2009, so market position as identified in the Hay Group's salary survey was the primary basis. The results of the Hay Group's survey can be seen at the following link: <http://www.da.ks.gov/newpayplans/haysurveyresults.pdf>

In general, market adjustments were provided to classifications identified as being at least 10% or more behind market, although there were some exceptions due to issues of internal equity within occupational groups or between related occupational groups.

Internal equity issues must be considered along with market position as the process of implementation moves forward. Fortunately, the Legislature's commitment to a five-year funding plan means that the process can be implemented strategically, rather than reacting piecemeal and creating more problems than they solve. Although this will require some employees to be more patient than others, the State of Kansas did not get into the situation it now faces with respect to employee compensation overnight, so employees must understand that the situation cannot be fixed overnight.

The 2008 Legislature included a provision that provides for five years of funding for market adjustments starting in the bill that authorizes the adoption of the new pay plans and performance management process. This multi-year funding commitment is the first of its kind for State employee compensation and we believe it demonstrates the strong commitment of the Legislature to this project. There is a clear understanding that this new plan will not work without, as the Hay Group put it, "a healthy dose of funding" and we are confident that the Administration and the Legislature will work together to continue to make funding of this initiative a priority.

Appropriations Committee

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Attachment 3-4

DEPARTMENT OF REVENUE

(a) On the effective date of this act, the director of accounts and reports shall transfer \$124,265 from the Kansas qualified biodiesel fuel producer incentive fund of the department of revenue to the state economic development initiatives fund.

Sec. 22.

STATE COURT OF TAX APPEALS

(a) On the effective date of this act, of the \$1,348,927 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 63(a) of chapter 165 of the 2010 Session Laws of Kansas from the state general fund in the operating expenditures account, the sum of \$40,454 is hereby lapsed.

Sec. 23.

ATTORNEY GENERAL

(a) On the effective date of this act, of the \$2,020,652 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 49(a) of chapter 165 of the 2010 Session Laws of Kansas from the state general fund in the operating expenditures account, the sum of \$1,801 is hereby lapsed.

(b) On the effective date of this act, of the \$310,522 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 49(a) of chapter 165 of the 2010 Session Laws of Kansas from the state general fund in the internet training education for Kansas kids account, the sum of \$36,734 is hereby lapsed.

Sec. 24.

SECRETARY OF STATE

(a) On the effective date of this act, the director of accounts and reports shall transfer \$82,010 from the HAVA ELVIS fund of the secretary of state to the democracy fund of the secretary of state to provide matching funds to implement Title II of the federal help America vote act of 2002, public law 107-252, as prescribed under that act.

Sec. 25.

~~STATE TREASURER~~

~~(a) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2011, by section 51(a) of chapter 165 of the 2010 Session Laws of Kansas on the Kansas post secondary education savings program trust fund of the state treasurer is hereby increased from \$265,000 to no limit.~~

~~(b) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2011, by section 51(a) of chapter 165 of the 2010 Session Laws of Kansas on the Kansas post secondary education savings program expense fund of the state treasurer is hereby increased from \$346,043 to no limit.~~

Postsecondary education savings

Appropriations Committee

Date January 25, 2011

Attachment 40

KTEC

Compressed air energy storage fee fund.....No limit

ARRA state electricity regulators assistance – federal fund.....No limit

(c) On the effective date of this act, the base state registration clearing fund of the state corporation commission is hereby redesignated as the unified carrier registration clearing fund of the state corporation commission, in accordance with K.S.A. 66-1,139a, and amendments thereto.

(d) On the effective date of this act, the pipeline damage prevention grant program – federal fund of the state corporation commission is hereby redesignated as the one call – federal fund.

Sec. 17.

KANSAS, INC.

(a) On the effective date of this act, of the \$346,904 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 68(a) of chapter 165 of the 2010 Session Laws of Kansas from the state economic development initiatives fund in the operations (including official hospitality) account, the sum of \$88,756 is hereby lapsed.

Sec. 18.

KANSAS LOTTERY

(a) On the effective date of this act, the aggregate of the amounts authorized by section 65(b) of chapter 165 of the 2010 Session Laws of Kansas to be transferred from the lottery operating fund to the state gaming revenues fund during the fiscal year ending June 30, 2011, is hereby increased from \$70,400,000 to \$70,800,000.

Sec. 19.

~~KANSAS TECHNOLOGY ENTERPRISE CORPORATION~~

~~(a) On the effective date of this act, of the \$5,990,000 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 69(a) of chapter 165 of the 2010 Session Laws of Kansas from the state economic development initiatives fund in the operations, assistance and grants (including official hospitality) account, the sum of \$371,426 is hereby lapsed.~~

Sec. 20.

KANSAS RACING AND GAMING COMMISSION

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2011, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Illegal gambling enforcement fund..... No limit

Provided, That expenditures may be made from the illegal gambling enforcement fund for direct or indirect operating expenditures incurred for investigatory activities, including, but not limited to, (1) conducting

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Attachment 5

PROPOSED AMENDMENT TO HB 2014

For Consideration by Committee on Appropriations

January 25, 2011

Amend HB 2014 to reduce the number of personnel at Kansas Technology Enterprise Corporation by 4.0 FTE for FY 2011 and to reduce the number of personnel at Kansas, Inc. by 1.0 FTE for FY 2011 by limiting expenditures from moneys authorized for expenditure for FY 2011 for such purposes

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HOUSE BILL No. 2014

By Committee on Appropriations

1-14

Requested by Rep. Henry
1-24-11

AN ACT making and concerning appropriations for the fiscal year ending June 30, 2011, for state agencies; authorizing certain transfers, imposing certain restrictions and limitations, and directing or authorizing certain receipts, disbursements and acts incidental to the foregoing.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) For the fiscal year ending June 30, 2011, appropriations are hereby made, restrictions and limitations are hereby imposed, and transfers, capital improvement projects, fees, receipts, disbursements and acts incidental to the foregoing are hereby directed or authorized as provided in this act.

(b) The agencies named in this act are hereby authorized to initiate and complete the capital improvement projects specified and authorized by this act or for which appropriations are made by this act, subject to the restrictions and limitations imposed by this act.

(c) This act shall not be subject to the provisions of subsection (a) of K.S.A. 75-6702, and amendments thereto.

(d) The appropriations made by this act shall not be subject to the provisions of K.S.A. 46-155, and amendments thereto.

Sec. 2.

ABSTRACTERS' BOARD OF EXAMINERS

(a) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2011, by the state finance council on the abstracters' fee fund of the abstracters' board of examiners is hereby decreased from \$24,088 to \$23,419.

Sec. 3.

GOVERNMENTAL ETHICS COMMISSION

(a) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2011, by the state finance council on the governmental ethics commission fee fund of the governmental ethics commission is hereby decreased from \$291,764 to \$263,176.

Sec. 4.

KANSAS HOME INSPECTORS REGISTRATION BOARD

(a) On the effective date of this act, the expenditure limitation

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ll not exceed the following:

ternity centers and child care facilities licensing fee fund.....No limit

Sec. 34.

DEPARTMENT OF HEALTH AND ENVIRONMENT – DIVISION
OF ENVIRONMENT

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2011, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Healthy watershed initiative – federal fund.....No limit

Sec. 35.

KANSAS COMMISSION ON VETERANS AFFAIRS

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2011, the following:

Scratch lotto – veteran services.....\$2,972

Veterans claim assistance program – service grants.....\$22,894

(b) On the effective date of this act, of the \$457,394 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 72(a) of chapter 165 of the 2010 Session Laws of Kansas from the state general fund in the operating expenditures – administration account, the sum of \$15,241 is hereby lapsed.

(c) On the effective date of this act, of the \$1,173,050 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 72(a) of chapter 165 of the 2010 Session Laws of Kansas from the state general fund in the operating expenditures – veteran services account, the sum of \$26,050 is hereby lapsed.

Sec. 36.

DEPARTMENT OF EDUCATION

(a) On the effective date of this act, of the \$1,961,339,680 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 79(a) of chapter 165 of the 2010 Session Laws of Kansas from the state general fund in the general state aid account, the sum of ~~\$85,948,820~~ is hereby lapsed.

(b) On the effective date of this act, of the \$7,539,500 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 79(c) of chapter 165 of the 2010 Session Laws of Kansas from the children's initiatives fund in the parent education program account, the sum of \$183,370 is hereby lapsed.

(c) On the effective date of this act, of the \$5,000,000 appropriated for the above agency for the fiscal year ending June 30, 2011, by section 79(c) of chapter 165 of the 2010 Session Laws of Kansas from the children's initiatives fund in the Pre-K program account,

(1)

\$69,237,942

(2) On the effective date of this act, the director of accounts and reports shall transfer \$16,710,878 from the general state aid account of the state general fund to the special education services aid account of the state general fund.

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Sec. 52 (a) No expenditures shall be made from any moneys appropriated for the fiscal year ending June 30, 2011, from the state general fund or any special revenue fund by chapter 2, chapter 124 or chapter 144 of the 2009 Session Laws of Kansas, by chapter 6 or chapter 165 of the 2010 Session Laws of Kansas or by this or other appropriation act of the 2011 regular session of the legislature, by any state agency for any professional or trade associations membership fees or dues or subscriptions for professional or trade magazines for state officers or employees.

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PROPOSED TECHNICAL AMENDMENTS TO HB 2014

For consideration by Committee on Appropriations

On page 1, in line 8, by striking "year" and inserting "years"; in line 9, before "appropriations" by inserting "June 30, 2012, and June 30, 2013,";

On page 10, by striking all in lines 32 through 41;

And by renumbering sections accordingly;

On page 15, in line 32, by striking "\$183,370" and inserting "\$180,370";

On page 20, in line 18, before "DEPARTMENT" by inserting "KANSAS"; following line 33, by inserting the following:

"(d) In addition to the other purposes for which expenditures may be made by the above agency from the parks fee fund for fiscal year 2011, expenditures may be made by the above agency from the following capital improvement account or accounts of the parks fee fund for fiscal year 2011 for the following capital improvement project or projects, subject to the expenditure limitations prescribed therefor:

Pratt operations office sewer line upgrade\$70,950

(e) In addition to the other purposes for which expenditures may be made by the above agency from the wildlife fee fund for fiscal year 2011, expenditures may be made by the above agency from the following capital improvement account or accounts of the wildlife fee fund for fiscal year 2011 for the following capital improvement project or projects, subject to the expenditure limitations prescribed therefor:

Pratt operations office sewer line upgrade\$378,400

(f) In addition to the other purposes for which expenditures may be made by the above Appropriations Committee

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agency from the boating fee fund for fiscal year 2011, expenditures may be made by the above agency from the following capital improvement account or accounts of the boating fee fund for fiscal year 2011 for the following capital improvement project or projects, subject to the expenditure limitations prescribed therefor:

Pratt operations office sewer line upgrade\$23,650

(g) In addition to the other purposes for which expenditures may be made by the above agency from the wildlife restoration fund for fiscal year 2011, expenditures may be made by the above agency from the following capital improvement account or accounts of the wildlife restoration fund for fiscal year 2011 for the following capital improvement project or projects, subject to the expenditure limitations prescribed therefor:

Rehabilitation and repair.....\$260,000”;

On page 1, in the title, in line 1, by striking “year” and inserting “years”; in line 2, before “for” by inserting “June 30, 2012, and June 30, 2013,”;

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PROPOSED AMENDMENT TO HB 2014

For Consideration by Committee on Appropriations

On page 20, following line 38, by inserting the following:

“Sec. 52.

ATTORNEY GENERAL – KANSAS BUREAU OF INVESTIGATION

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2011, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Project safe neighborhood fund.....\$114,408

Social security administration reimbursement – federal fund.....No limit”;

And by renumbering sections accordingly

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