

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:10 a.m. on February 16, 2011, in Room 346-S of the Capitol.

All members were present

Committee staff present:

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 FY 2012 Budget Committee Report – Department of Revenue
- Attachment 2 FY 2012 Budget Committee Report – Department of Credit Unions and Securities Commissioner
- Attachment 3 FY 2012 and FY 2013 Budget Committee Report – State Bank Commissioner
- Attachment 4 Fee Fund Report
- Attachment 5 FY 2012 Budget Committee Report – Behavioral Sciences Regulatory Board, Board of Healing Arts, Kansas Arts Commission, State Historical Society and State Library
- Attachment 6 Mid-America Arts Alliance and National Endowment for the Arts Communication

Chairman Rhoades welcomed committee members and students shadowing committee members. He reviewed the committee agenda, and stated that the Court of Tax Appeals FY 2012 Budget Committee Report will be continued in committee when additional information becomes available.

Representative McLeland, Chair, House General Government Budget Committee, presented the Department of Revenue FY 2012 Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation.

Representative McLeland made a motion to adopt the Department of Revenue FY 2012 Budget Committee Report. The motion was seconded by Representative Mast. Motion carried.

Representative Schwartz, Chair, House Agriculture and Natural Resources Budget Committee, presented the Department of Credit Unions FY 2012 Budget Committee Report (Attachment 2). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$200,000 from the agency's special revenue funds, suspend the 20% or up to a maximum of \$200,000 for the agency' fee receipts to the State General Fund, and revisit increased agency's fee fund expenditure limitation for FY 2012 at Omnibus.

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

Representative Carlin, Member, House Agriculture and Natural Resources Budget Committee, presented the Department of Credit Unions FY 2013 Budget Committee Report (Attachment 2). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$200,000 from the agency's special revenue funds, suspend the 20% or up to a maximum of \$200,000 for the agency' fee receipts to the State General Fund, and revisit increased agency's fee fund expenditure limitation for FY 2013 at Omnibus.

Representative Carlin made a motion to adopt the Department of Credit Unions FY 2013 Budget Committee Report. The motion was seconded by Schwartz. Motion carried.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on February 16, 2011, in Room 346-S of the Capitol.

Representative Lane, Member, House Agriculture and Natural Resources Budget Committee, presented the Kansas Securities Commissioner FY 2012 Budget Committee Report (Attachment 2). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$200,000 from the agency's special revenue funds, suspend the 20% or up to a maximum of \$200,000 for the agency's fee receipts to the State General Fund, and revisit increased agency's fee fund expenditure limitation for FY 2012 at Omnibus.

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

Representative Lane, Member, House Agriculture and Natural Resources Budget Committee, presented the Kansas Securities Commissioner FY 2013 Budget Committee Report (Attachment 2). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$200,000 from the agency's special revenue funds, suspend the 20% or up to a maximum of \$200,000 for the agency's fee receipts to the State General Fund, (SGF), and revisit increased agency's fee fund expenditure limitation for FY 2013 at Omnibus.

Representative Lane made a motion to adopt the Kansas Securities Commissioner FY 2013 Budget Committee Report. The motion was seconded by Representative Schwartz.

Discussion followed by committee members. It was noted that the suspension of the statutory requirement of 20% fee fund remittance would reduce the overall SGF ending balance and the need to replace this funding loss was emphasized. The statute was read by a committee member. Fee fund utilization and opportunities to save money by outsourcing was discussed.

The motion was renewed. Motion carried.

Representative Schwartz, Chair, Agriculture and Natural Resources Budget Committee, presented the Office of the State Bank Commissioner FY 2012 Budget Committee Report (Attachment 3). The Budget Committee concurred with the Governor's recommendation with the following additions: add \$200,000 for the agency's special revenue funds; add \$196,958 to the Bank Commissioner Fee Fund for salaries and wages, add \$150,000 to the Bank Commissioner Fee Fund for contractual services, suspend the statutory remittance of 20% of the agency's fee receipts up to a maximum of \$200,000 from the SGF for FY 2012, and revisit the replacement request for a vehicle at Omnibus.

Representative Schwartz made a motion to adopt the Office of the State Bank Commissioners FY 2012 Budget Committee Report. The motion was seconded by Representative Lane.

Discussion followed by committee members and a copy of the status of fee funds document, (Attachment 4) was distributed. A review of the Consumer Education Settlement Fund and the Bank Commissioner Fee Fund Analysis followed. It was noted that the Budget Committee's recommendation will reduce the the ending balance of the Governor's recommendation and will remain at the agency's request for funding level. The recommendation was made for the committee to review the agency's fee structure at Omnibus. Fees are governed by agency board members, and fourth quarter revenues may also have an impact on budget, it was noted.

Chairman Rhoades encouraged members to work a majority of the budget issues in committee, as opposed to addressing them at Omnibus.

The motion to adopt the Office of the State Bank Commissioners FY 2012 Budget Committee Report was renewed. The motion carried.

Representative Lane, Member, Agriculture and Natural Resources Budget Committee, presented the Office of the State Bank Commissioner FY 2013 Budget Committee Report (Attachment 3). The Budget Committee concurred with the Governor's recommendation with the following additions: add \$200,000 from the agency's special revenue funds, add \$205,902 to the Bank Commissioner Fee Fund for salaries and wages, add \$150,000 to the Bank Commissioner Fee Fund for contractual services, suspend the statutory 20% or up to a maximum of 42000, of the fee receipts to the SGF for FY 2013, and revisit replacement of two agency vehicles for FY 2013 at Omnibus.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on February 16, 2011, in Room 346-S of the Capitol.

Representative Lane made a motion to adopt the Office of the State Bank Commissioner FY 2013 Budget Committee Report. The motion was seconded by Representative Schwartz. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Behavioral Sciences Regulatory Board FY 2012 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendation with the following adjustments and notations: suspend the statutory requirement of 20% or a maximum of \$200,000 of the agency's fee receipts to the SGF, add \$172,716 from agency fee funds, and recommended the agency pursue private contractual services.

Representative Gordon made a motion to adopt the Behavioral Sciences Regulatory Board FY 2012 Budget Committee Report. The motion was seconded by Representative Feuerborn.

Discussion was held regarding the need to reconcile all agency budgets that reflect the statutory 20% fee fund receipts for reporting consistency. It was noted that if the 20% was not deducted, agency's would need the flexibility to raise expenditure limits for private contractual services.

Alan Conroy responded budget reports can be reported individually or reconciled prior to distributing the Mega bill. Chairman Rhoades stated this decision would be determined by the committee after all budget reports have been presented.

Discussion followed by committee members. It was noted that changes in the Governor's recommendation, would require that language would need to be added authorizing agency's use of fee funds. Clarification on the impact of the 20% from fees funds was provided by a committee member, and the need for a policy that would not encourage agencies to raise their expenditures by the 20% sweep. A bill is currently being drafted to propose better solutions, and it was noted that a clearer understanding of the internal budgeting process would be helpful from the Department of Administration on the use of fee funds.

The motion was renewed. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Behavioral Sciences Regulatory Board FY 2013 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendation with the following adjustments and notations: suspend the statutory requirement of 20% or a maximum of \$200,000 of the agency's fee receipts to the SGF, add \$15,927 from agency fee funds, and recommended the agency pursue private contractual services.

Representative Gordon made a motion to adopt the Behavioral Sciences Regulatory Board FY 2013 Budget Committee Report. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Board of Healing Arts FY 2012 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendations with the following adjustments and notations: add \$200,000 from the agency fee fund, recommended that the agency pursues private contractual services, and projected renewal fees calculated in order to contract with a part-time medical director and report back to the Budget Committee prior to Omnibus.

Representative Gordon made a motion to adopt the Board of Healing Arts FY 2012 Budget Committee Report. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Board of Healing Arts FY 2013 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendations with the following adjustments and notations: suspension of the statutory 20% or up to a maximum of \$200,000 of the agency's fee receipts to the SGF, add \$200,000 from the agency fee fund, recommended that the agency pursue private contractual services, and projected renewal fees calculated in order to contract with a part-time medical director and report back to the Budget Committee prior to Omnibus.

Representative Gordon made a motion to adopt the Board of Healing Arts FY 2013 Budget Committee Report. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the Kansas Arts

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on February 16, 2011, in Room 346-S of the Capitol.

Commission FY 2012 Budget Committee Report, (Attachment 5). She noted that information has been provided to committee members regarding Communications with the Mid-America Arts Alliance and National Endowment for the Arts (Attachment 6). The Budget Committee concurred with the Governor's recommendation with the following adjustments: add \$797,980 from the SGF to restore funding, add \$790,599 in all other funds, add 6 FTE positions, and recommended keeping the Kansas Arts Commission in place as a state agency.

Representative Gordon made a motion to adopt the Kansas Arts Commission FY 2012 Budget Committee Report. The motion was seconded by Representative Feuerborn.

Discussion followed by committee members. It was noted that this recommendation does not concur with the Governor's FY 2011 recommendations with adjustments. The importance of meeting critical needs was emphasized.

Representative Mast made a motion to adopt the Governor's Recommendation. The motion was seconded by Representative Brown.

Committee members continued discussion on the impact on federal funding, economic development, the opportunity for matching funds and the need for additional clarification regarding 501(c)3 requirements and the community impact. It was noted by a committee member that reviewing Budget Committee recommendations at Omnibus does not imply that additional funding would necessarily be recommended, but the opportunity to look at agency issues and the impact on peoples lives through social services agencies.

The substitute motion was renewed. Motion carried.

Representative Gordon made a substitute motion to table the FY 2012 Kansas Arts Commission Budget Committee Report pending further information. The motion was seconded by Representative Lane. Motion failed.

Discussion continued by committee members regarding funding priorities and the need to maintain consistency in all agency budgets.

The motion to adopt the Kansas Arts Commission FY 2012 Budget Committee Report as amended was renewed. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the State Historical Society FY 2012 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendation with the following adjustment: delete \$200,000 for SGF to be passed through to a 501(c)(3) Kansas Arts Council and recommended the restoration of the Kansas Arts Commission.

Representative Gordon made a motion to adopt the State Historical Society FY 2012 Budget Committee Report. The motion was seconded by Representative Feuerborn.

Representative Crum made a substitute motion to restore \$200,000 to the 501(c)(3) Kansas Arts Council. The motion was seconded by Representative Gordon.

It was noted that language would need to be added to restore the Governor's recommendation.

The substitute motion was renewed. Motion carried.

Representative Gordon made a motion to adopt the FY 2012 State Historical Society Budget Committee Report as amended. The motion was seconded by Representative Mast. Motion carried.

Representative Gordon, Chair, House Education Budget Committee, presented the State Library FY 2012 Budget Committee Report, (Attachment 5). The Budget Committee concurred with the Governor's recommendations.


Representative Gordon made a motion to adopt the State Library FY 2012 Budget Committee Report. The motion was seconded by Representative Crum. Motion carried.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on February 16, 2011, in Room 346-S of the Capitol.

Chairman Rhoades reviewed the next committee meeting agenda and stated that Budget Committee Reports will be distributed in advance of the committee meeting presentation.

The meeting was adjourned at 10:46 a.m.



Marc Rhoades, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: February 16, 2011

NAME	REPRESENTING
Jennie Chinn	Historical Society
Melissa Ward	Hein Law Firm
Michael Baugh	KDCU
Therese Monroe	State Bank Commissioner's Office
Emily Caudell	Washburn MSN
Anna Voorhes	Washburn MSN
John P. Smith	KDCU
Rob Mealy	KEMMER & Assoc.
Jim Ror	KES Ks. Lib. Assoc.
Kathy Olson	Ks Bankers Assoc
Doug Whitman	"
Jo Busch	KS State Library
Leigh Keck	Capitol Strategies
Jamie Wall	Shadow.
Matthew Florlage	Shadow
Drake Koops	
Chad Austin	FHA
Debbie A. Whip	KSHS
Dodie Wellstear	CSCU

FY 2012

HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

Court of Tax Appeals
Department of Revenue



Representative Joe McLeland, Chairperson



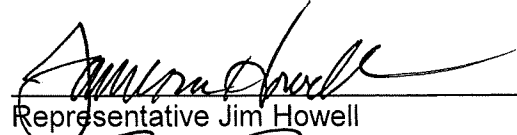
Representative Pete DeGraaf, Vice-Chair

Representative Tom Burroughs

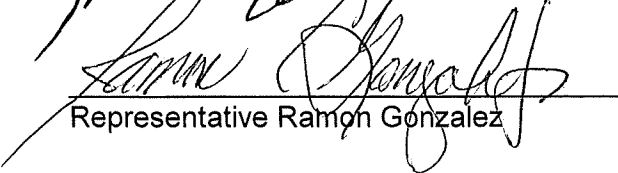
Representative Don Hineman



Representative Kyle Hoffman



Representative Jim Howell



Representative Ramon Gonzalez



Representative Ron Ryckman

Representative Nile Dillmore

Appropriations Committee

Date February 16, 2011

Attachment 1

House Budget Committee Report

Agency: Kansas Court of Tax Appeals

Bill No. --

Bill Sec. --

Analyst: Steiner

Analysis Pg. No. --

Budget Page No. 91

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,372,374	\$ 653,756	\$ 0
Other Funds	694,030	1,344,030	0
Subtotal	\$ 2,066,404	\$ 1,997,786	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 2,066,404	\$ 1,997,786	\$ 0
FTE positions	26.0	20.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	26.0	20.0	0.0

Agency Request

The **agency's** FY 2012 request is \$2,066,404, including \$1,372,374 from the State General Fund. Included in the agency's estimate is \$5,000 from the Duplicating Fees Fund and \$689,030 from the Filing Fee Fund. The request is an all funds increase of \$29,982, or 1.5 percent, and a State General Fund increase of \$23,916, or 1.8 percent, above the FY 2011 revised estimate. The increase is largely attributable to increased contributions for group health insurance and Kansas Public Employees Retirement System (KPERS) contributions.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$1,997,786, including \$653,756 from the State General Fund. The recommendation is an all funds increase of \$1,818, or 0.1 percent, and a State General Fund decrease of \$654,248, or 50.0 percent, from the Governor's FY 2011 recommendation. The Governor's recommendation offsets the State General Fund reduction by increasing filing fees for applications and appeals where amount at issue is in excess of \$10,000. The Governor also recommended eliminating 6.0 vacant FTE positions.

Appropriations Committee

Date February 16, 2011

Attachment 1-2

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustment:

1. Add language authorizing the creation of a commission to study the loser-pay option in regards to decisions rendered by the Court of Tax Appeals. Under a loser-pay option if a legal claim is filed, the loser pays all of the expenses. The commission would have nine members comprised of the following: Director of the Division of the Budget, Speaker of the House or designee, President of the Senate or designee, Minority Leader of the Senate or designee, Minority Leader of the House of Representatives or designee, the Executive Director of the Court of Tax Appeals or designee, and three members of the business community appointed by the Governor. The commission would be funded within existing resources from the Court of Tax Appeals.

Appropriations Committee

Date February 16, 2011

Attachment 1-3

House Budget Committee Report

Agency: Kansas Department of Revenue

Bill No. --

Bill Sec. --

Analyst: Steiner

Analysis Pg. No. --

Budget Page No. 90

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 16,607,719	\$ 16,607,719	\$ 0
Other Funds	89,931,464	89,613,364	0
Subtotal	\$ 106,539,183	\$ 106,221,083	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 106,539,183	\$ 106,221,083	\$ 0
FTE positions	1,096.0	1,046.0	0.0
Non FTE Uncl. Perm. Pos.	20.0	20.0	0.0
TOTAL	1,116.0	1,066.0	0.0

Agency Request

The **agency** requests FY 2012 operating expenditures of \$106,539,183, including \$16,607,719 from the State General Fund. The request is an all funds decrease of \$9,490,796, or 8.2 percent, and a State General Fund increase of \$410,793, or 2.5 percent, from the FY 2011 estimate. The request includes one enhancement to replace 21 agency vehicles. The enhancement totals \$318,000 and is funded entirely through the Division of Vehicles Operating Fund. Without the enhancement, the request would be an all funds decrease of \$9,808,796, or 8.5 percent, below the FY 2011 estimate.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$106,221,083, including \$16,607,719 from the State General Fund. The recommendation is an all funds decrease of \$9,808,896, or 8.5 percent, and a State General Fund increase of \$410,793, or 2.5 percent, from the Governor's FY 2011 recommendation. The all funds decrease is attributable to a decline in revenues from the Division of Vehicles Modernization Fund which is expected to be implemented by January 2012. The State General Fund increase is a result of the Governor recommending the agency not reduce its salaries and wages shrinkage rate by 5.0 percent in order to minimize personnel reductions in the Tax Operations Division. The Governor also recommended the elimination of 50.0 vacant FTE positions.

Appropriations Committee

Date February 16, 2011

Attachment 1-4

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation.

Appropriations Committee

Date February 16, 2011

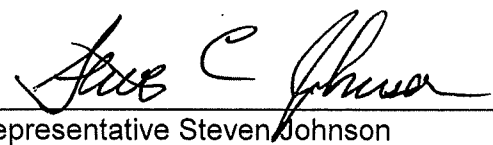
Attachment 1-5

FY 2012
FY 2013

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

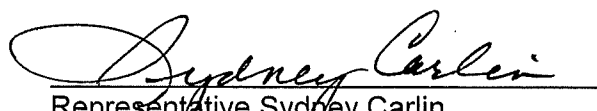
Department of Credit Unions
Securities Commissioner

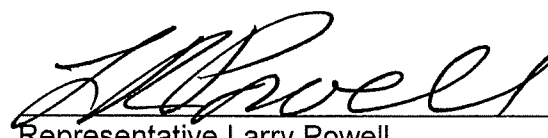

Representative Sharon Schwartz, Chair

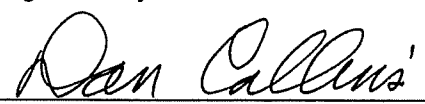

Representative Steven Johnson

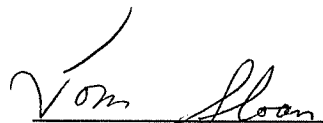

Representative Don Schroeder, Vice-Chair


Representative Harold Lane


Representative Sydney Carlin,
Ranking Minority Member


Representative Larry Powell


Representative Dan Collins


Representative Tom Sloan


Representative Carl Holmes

Appropriations Committee

Date February 16, 2011

Attachment 2

House Budget Committee Report

Agency: Department of Credit Unions

Bill No. --

Bill Sec. --

Analyst: Weir

Analysis Pg. No. --

Budget Page No.488

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,013,165	997,965	200,000
Subtotal	\$ 1,013,165	\$ 997,965	\$ 200,000
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 1,013,165	\$ 997,965	\$ 200,000
FTE positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Request

The **agency** requests FY 2012 operating expenditures of \$1,013,165, an increase of \$63,725, or 6.7 percent, above the agency's FY 2011 revised estimate. This is attributable to an increase of \$49,147, or 6.2 percent, in salaries and wages, an increase of \$12,495, or 9.9 percent, in contractual services, and an increase of \$2,083, or 10.5 percent, in commodities. The increase in salaries and wages is due to eliminating agency salaries and wages shrinkage of \$36,219, or 13.4 percent, and increased state contributions related to the public employee retirement system and group health insurance. The agency's request maintains the 12.0 FTE position limitation.

The agency requests an enhancement of \$15,200, all from the Credit Union Fee Fund, for the replacement of one agency vehicle. The agency states that the vehicle requested for replacement will have over 100,000 miles by the purchase date in FY 2012.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$997,965, all from the Credit Union Fee Fund, a decrease of \$15,200, or 1.5 percent, below the agency's FY 2012 request. The decrease is attributable to the Governor not recommending the agency's enhancement request in the amount of \$15,200 for the purchase of an agency vehicle.

Appropriations Committee

Date February 16, 2011

Attachment 2-2

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation for FY 2012, with the following adjustments:

1. Add \$200,000, all from the agency's special revenue funds, to increase the agency expenditure limitation by the amount of the revenue transfer reduction to the State General fund in FY 2012.
2. The House Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent, up to a maximum of \$200,000, of the agency's fee receipts to the State General Fund for FY 2012. This would result in an estimated decrease of \$200,000 to the State General Fund for FY 2012.
3. The House Budget Committee recommends that the Legislature revisit the decision to increase the agency's fee fund expenditure limitation for FY 2012 at Omnibus.

Appropriations Committee

Date February 16, 2011

Attachment 2-3

House Budget Committee Report

Agency: Department of Credit Unions

Bill No. --

Bill Sec. --

Analyst: Weir

Analysis Pg. No. --

Budget Page No. 488

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,054,052	1,038,452	200,000
Subtotal	\$ 1,054,052	\$ 1,038,452	\$ 200,000
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 1,054,052	\$ 1,038,452	\$ 200,000
FTE positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Request

The **agency** requests FY 2013 operating expenditures of \$1,054,052, an increase of \$40,887, or 4.0 percent, above the agency FY 2012 request. This is attributable to an increase of \$27,889, or 3.3 percent, in salaries and wages, an increase of \$10,606, or 7.7 percent, in contractual services, an increase of \$1,992, or 9.1 percent, in commodities, and an increase of \$400, or 2.6 percent, in capital outlay. The increase in salaries and wages is due to increased expenditures in state contributions to the public employee retirement system and group health insurance. The agency's request maintains the 12.0 FTE position limitation.

The agency requests an enhancement of \$15,600, all from the Credit Union Fee Fund, for the replacement of one agency vehicle. The agency states that the vehicle requested for replacement will have over 100,000 miles by the purchase date in FY 2013.

Governor's Recommendation

The **Governor** recommends FY 2013 operating expenditures of \$1,038,452, all from the Credit Union Fee Fund, a decrease of \$15,600, or 1.5 percent, below the agency's FY 2013 request. The decrease is attributable to the Governor not recommending the agency's enhancement request in the amount of \$15,600 for the purchase of an agency vehicle.

Appropriations Committee

Date February 16, 2011

Attachment 2-4

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation for FY 2013, with the following adjustments:

1. Add \$200,000, all from the agency's special revenue funds, to increase the agency expenditure limitation by the amount of the revenue transfer reduction to the State General fund in FY 2013.
2. The House Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent, up to a maximum of \$200,000, of the agency's fee receipts to the State General Fund for FY 2013. This would result in an estimated decrease of \$200,000 to the State General Fund for FY 2013.
3. The House Budget Committee recommends that the Legislature revisit the decision to increase the agency's fee fund expenditure limitation for FY 2013 at Omnibus.

Appropriations Committee

Date February 16, 2011

Attachment 2-5

House Budget Committee Report

Agency: Kansas Securities Commissioner

Bill No. --

Bill Sec. --

Analyst: Weir

Analysis Pg. No. --

Budget Page No: 512

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	3,347,176	2,971,825	200,000
Subtotal	\$ 3,347,176	\$ 2,971,825	\$ 200,000
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 3,347,176	\$ 2,971,825	\$ 200,000
FTE positions	34.1	32.1	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	34.1	32.1	0.0

Agency Request

The **agency** requests FY 2012 operating expenditures of \$3,347,176, an increase of \$270,009, or 8.8 percent, above the agency's FY 2011 revised estimate. This is primarily attributable to an increase of \$216,413 in salaries and wages, and an increase of \$51,125 in capital outlay. The increase in salaries is due to a reduction in the salaries and wages shrinkage rate, to maintain existing state employee fringe benefits, and an enhancement request for two State Auditor II positions; and the increase in capital outlay is the result of computer hardware and software updates, and an enhancement request for two agency vehicles. The agency's request includes 34.1 FTE positions, an increase of 2.0 FTE positions, due to the agency's enhancement request.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$2,971,825, an all funds decrease of \$375,351, or 11.2 percent, below the agency's FY 2012 request. The all funds decrease is attributable to the Governor's recommendation of \$128,902 in additional salaries and wages shrinkage, a reduction of \$15,000 in advertising, a reduction of \$55,000 in other assistance, which includes funding for the Stock Market Game, and the Governor not recommending \$176,449 in enhancements for FY 2012. The Governor's recommendation includes 32.1 FTE positions, due to the Governor not recommending the agency's enhancement request.

Appropriations Committee

Date February 16, 2011

Attachment 2-50

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation for FY 2012, with the following adjustments:

1. Add \$200,000, all from the agency's special revenue funds, to increase the agency expenditure limitation by the amount of the revenue transfer reduction to the State General fund in FY 2012.
2. The House Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent, up to a maximum of \$200,000, of the agency's fee receipts to the State General Fund for FY 2012. This would result in an estimated decrease of \$200,000 to the State General Fund for FY 2012.
3. The House Budget Committee recommends that the Legislature revisit the decision to increase the agency's fee fund expenditure limitation for FY 2012 at Omnibus.

Appropriations Committee

Date February 16, 2011

Attachment 2-7

House Budget Committee Report

Agency: Kansas Securities Commissioner

Bill No. --

Bill Sec. --

Analyst: Weir

Analysis Pg. No. --

Budget Page No. 512

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	3,380,867	3,005,170	200,000
Subtotal	\$ 3,380,867	\$ 3,005,170	\$ 200,000
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	<u>\$ 3,380,867</u>	<u>\$ 3,005,170</u>	<u>\$ 200,000</u>
FTE positions	34.1	32.1	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>34.1</u>	<u>32.1</u>	<u>0.0</u>

Agency Request

The **agency** requests FY 2013 operating expenditures of \$3,380,867, an all funds increase of \$33,691, or 1.0 percent, above the FY 2012 agency request. The request includes \$3,096,096 from the Securities Act Fee Fund and \$284,771 from the Investor Education Fund. The change is predominantly attributable to an increase of \$49,104, or 1.8 percent, in salaries and wages, and a decrease of \$19,525, or 30.4 percent, in capital outlay. The request continues salaries and wages for the agency's enhancement request for 2.0 FTE State Auditor II positions from FY 2012, and an enhancement request of \$31,200 for two agency vehicles. Both enhancement requests are funded through the Securities Act Fee Fund. The agency's request includes 34.1 FTE positions, due to the continuation of the agency's enhancement request from FY 2012.

Governor's Recommendation

The **Governor** recommends FY 2013 operating expenditures of \$3,005,170, an all funds decrease of \$375,697, or 11.1 percent, below the agency's FY 2013 request. The all funds decrease is attributable to the Governor's recommendation of \$133,468 in additional salaries and wages shrinkage, a reduction of \$15,000 in advertising, a reduction of \$55,000 in other assistance, which includes funding for the Stock Market Game, and the Governor not recommending \$172,229 in enhancements for FY 2013. The Governor's recommendation

Appropriations Committee

Date February 16, 2011

Attachment 2-8

includes 32.1 FTE positions, due to the Governor not recommending the agency's enhancement request.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation for FY 2013, with the following adjustments:

1. Add \$200,000, all from the agency's special revenue funds, to increase the agency expenditure limitation by the amount of the revenue transfer reduction to the State General fund in FY 2013.
2. The House Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent, up to a maximum of \$200,000, of the agency's fee receipts to the State General Fund for FY 2013. This would result in an estimated decrease of \$200,000 to the State General Fund for FY 2013.
3. The House Budget Committee recommends that the Legislature revisit the decision to increase the agency's fee fund expenditure limitation for FY 2013 at Omnibus.

Appropriations Committee

Date February 16, 2011

Attachment 2-8

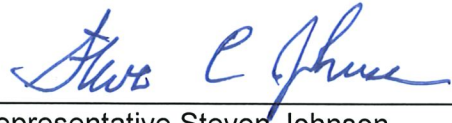
FY 2012
FY 2013

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

State Bank Commissioner



Representative Sharon Schwartz, Chair



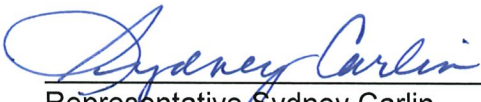
Representative Steven Johnson



Representative Don Schroeder, Vice-Chair



Representative Harold Lane



Representative Sydney Carlin,
Ranking Minority Member



Representative Larry Powell



Representative Dan Collins



Representative Tom Sloan



Representative Carl Holmes

Appropriations Committee

Date February 16, 2011

Attachment 3

House Budget Committee Report

Agency: Office of the State Bank Commissioner Bill No. --

Bill Sec. --

Analyst: Weir

Analysis Pg. No. --

Budget Page No. 480

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	9,590,272	9,222,414	546,958
Subtotal	\$ 9,590,272	\$ 9,222,414	\$ 546,958
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 9,590,272	\$ 9,222,414	\$ 546,958
FTE positions	99.0	99.0	0.0
Non FTE Uncl. Perm. Pos.	5.0	5.0	0.0
TOTAL	104.0	104.0	0.0

Agency Request

The **agency** requests FY 2012 revised operating expenditures of \$9,590,272, including \$9,308,522 from the Bank Commissioner Fee Fund, and \$281,750 from the Consumer Education and Settlement Fund. The request is an all funds increase of \$367,781, or 4.0 percent, above the FY 2011 revised estimate. This request includes \$20,900 for an enhancement request for the replacement of one agency van, all from the Bank Commissioner Fee Fund. Other increases include \$384,011 for salaries and wages, and \$96,414 for contractual services; while reductions include \$4,682 for commodities, and \$53,962 for capital outlay. The request includes 99.0 FTE positions, and 5.0 non-FTE unclassified permanent positions.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$9,222,414, including \$8,940,664 from the Bank Commissioner Fee Fund, and \$281,750 from the Consumer Education Settlement Fund. The recommendation is a decrease of \$367,858, or 3.8 percent, below the agency's FY 2012 request, and an increase of \$53,923, or 0.6 percent, above the Governor's FY 2011 recommendation. The decrease from the agency request is attributable to the Governor not recommending the agency's enhancement request totaling \$20,900 for the replacement of one agency van, and the following reductions: \$75,000 in travel expenditures in the Bank Regulation program, \$19,000 in employee tuition expenditures in the Bank Regulation

Appropriations Committee

Date February 16, 2011

Attachment 3-2

program, \$122,539 for salaries and wages shrinkage in the Bank Regulation program, \$4,302 for salaries and wages shrinkage in the Trust Regulation program, \$1,000 for travel in the Trust Regulation program, \$70,117 for salaries and wages shrinkage in the Consumer Mortgage Regulation program, \$35,000 for advertising in the Consumer Mortgage Regulation program, and \$20,000 in travel in the Consumer Mortgage Regulation program.

Senate Subcommittee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation for FY 2012, and makes the following additions:

1. Add \$200,000, all from the agency's special revenue funds, to increase the agency expenditure limitation by the amount of the revenue transfer reduction to the State General fund in FY 2012.
2. Add \$196,958, all to the Bank Commissioner Fee Fund, for salaries and wages. The House Budget Committee reduced the agency's shrinkage rate from 5.0 percent to 2.5 percent for FY 2012.
3. Add \$150,000, all to the Bank Commissioner Fee Fund, for contractual services. The majority of expenditures in this category are for travel to examination locations and training for examination staff.
4. The House Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent, up to a maximum of \$200,000, of the agency's fee receipts to the State General Fund for FY 2012. This would result in a decrease of \$200,000 to the State General Fund for FY 2012.
5. The House Budget Committee recommends that the Committee revisit the agency's enhancement request for \$20,900, for the replacement of one agency vehicle for FY 2012 at Omnibus.

Appropriations Committee

Date February 16, 2011

Attachment 3-3

House Budget Committee Report

Agency: Office of the State Bank Commissioner Bill No. --

Bill Sec. --

Analyst: Weir

Analysis Pg. No. --

Budget Page No. 480

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	10,024,652	9,625,550	555,902
Subtotal	\$ 10,024,652	\$ 9,625,550	\$ 555,902
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	<u>\$ 10,024,652</u>	<u>\$ 9,625,550</u>	<u>\$ 555,902</u>
FTE positions	99.0	99.0	0.0
Non FTE Uncl. Perm. Pos.	5.0	5.0	0.0
TOTAL	<u>104.0</u>	<u>104.0</u>	<u>0.0</u>

Agency Request

The **agency** requests FY 2013 revised operating expenditures of \$10,024,652, including \$9,742,902 from the Bank commissioner Fee Fund, and \$281,750 from the Consumer Education and Settlement Fund. The request is an all funds increase of \$434,380, or 4.5 percent, above the FY 2012 request. Most of the increase is in salaries and wages (\$340,986). The request also includes an enhancement request for \$43,200, all from the Bank Commissioner Fee Fund, for the replacement of two agency vans. The request includes 99.0 FTE positions, and 5.0 non-FTE unclassified permanent positions.

Governor's Recommendation

The **Governor** recommends FY 2013 operating expenditures of \$9,625,550, including \$9,343,800 from the Bank Commissioner Fee Fund, and \$281,750 from the Consumer Education Settlement Fund. The recommendation is a decrease of \$399,102, or 4.0 percent, below the agency's FY 2013 request, and an increase of \$403,136, or 4.4 percent, above the Governor's FY 2012 recommendation. The decrease from the agency's request is attributable to the Governor not recommending the agency's enhancement request totaling \$43,200 for the replacement of two agency vans, and the following reductions: \$75,000 in travel expenditures in the Bank Regulation program, \$19,000 in employee tuition expenditures in the Bank Regulation program, \$127,752 for shrinkage in the Bank Regulation program, \$4,371 for shrinkage in the Trust Regulation program, \$1,000 for travel in the Trust Regulation program, \$73,779 for

Appropriations Committee

Date February 16, 2011

Attachment 3-4

shrinkage in the Consumer Mortgage Regulation program, \$35,000 for advertising in the Consumer Mortgage Regulation program, and \$20,000 in travel in the Consumer Mortgage Regulation program.

Senate Subcommittee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation for FY 2013, and makes the following additions:

1. Add \$200,000, all from the agency's special revenue funds, to increase the agency expenditure limitation by the amount of the revenue transfer reduction to the State General fund in FY 2012.
2. Add \$205,902, all to the Bank Commissioner Fee Fund, for salaries and wages. The House Budget Committee reduced the agency's shrinkage rate from 5.0 percent to 2.5 percent for FY 2013.
3. Add \$150,000, all to the Bank Commissioner Fee Fund, for contractual services. The majority of expenditures in this category are for travel to examination locations and training for examination staff for FY 2013.
4. The House Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent, up to a maximum of \$200,000, of the agency's fee receipts to the State General Fund for FY 2013. This would result in a decrease of \$200,000 to the State General Fund for FY 2013.
5. The House Budget Committee recommends that the Committee revisit the agency's enhancement request for \$43,200, for the replacement of two agency vehicles for FY 2013 at Omnibus.

Appropriations Committee

Date February 16, 2011

Attachment 3-5

Y2010							
				AGENCIES FUND	SGF		
				STARS ACTUAL	STARS ACTUAL		
TITLE	AGY	FUND	RSO	YTD AMT	YTD AMT	20/80 STATUS	Comments
Abstracter's fee fund	016	2700	2110	\$ 17,408.00	\$ 4,352.00	met 20%	
Board of Accountancy fee fund	028	2701	2110	299,731.60	74,932.90	met 20%	
Bank commissioner fee fund	094	2811	2010	4,841,717.98	200,000.00	met maximum	
BCFF-consumer credit	094	2811	2111	4,830,491.75	0.00		
Board of Barbering fee fund	100	2704	2010	30,384.00	7,596.00	met 20%	
Board of Barbering fee fund	100	2704	2110	111,868.00	27,967.00	met 20%	
Behavioral sciences regulatory board fund	102	2730	2110	649,123.02	163,883.40	met 20%	
Healing arts fee fund	105	2705	2110	4,058,282.91	200,000.00	met maximum	
Public service regulation fund	143	2019	2010	6,183,195.36	200,000.00	met maximum	
Gas pipeline inspection fee fund	143	2023	2010	29,820.80	7,455.20	met 20%	
Conservation fee fund	143	2130	2010	8,273,617.20	200,000.00	met maximum	
Cosmetology fee fund	149	2706	2110	541,946.60	136,425.85	met maximum	
Cosmetology fee fund	149	2706	2111	263,123.08	66,339.03		
Credit union fee fund	159	2026	2010	923,918.30	200,000.00	met maximum	
Dental board fee fund	167	2708	2110	400,348.64	100,347.65	met 20%	
Mortuary arts fee fund	204	2709	2110	253,637.77	63,409.45	met 20%	
Insurance Dept	331	1000	1332	NA	200,000.00	met maximum	Agency 331 and 234 below go together
Fire marshal fee fund	234	2330	1332	4,017,449.61	0.00		
Mined-Land conservation& reclam fee fund	264	2233	2111	9,544.00	2,386.00	met 20%	PCA 75020 only
Mined-Land conservation& reclam fee fund	264	2233	5409	13,840.00	3,460.00	met 20%	PCA 75020 only
Hearing aid board fee fund	266	2712	2110	29,625.06	7,406.26	met 20%	
Land survey fee fund	288	2234	2040	35,781.83	8,945.46	met 20%	
Workmen's compensation fee fund	296	2124	5130	11,831,731.16	200,000.00	met maximum	
Boiler inspection fee fund	296	2128	2010	194,995.00	49,400.00	met 20%	
Wage claims assignment fee fund	296	2204	5409	2,807.42	706.86	met 20%	
Athletic fee fund	300	2599	1390	30,372.53	0.00		Fund 2599 and budget unit 2500
Athletic fee fund	300	2599	2010	13,623.00	19,045.07		Fund 2599 and budget unit 2500
Athletic fee fund	300	2599	2119	30,588.65	1,512.00	met 20%	Fund 2599 and budget unit 2500
Board of nursing fee fund	482	2716	2040	105,178.96	12,536.78	met maximum	
Board of nursing fee fund	482	2716	2110	1,772,546.78	185,794.22		
Board of nursing fee fund	482	2716	2099	20,930.00	1,670.00		
Optometry fee fund	488	2717	2110	122,985.00	33,664.00	met 20%	
State board of pharmacy fee fund	531	2718	2040	1,213.00	292.00	met maximum	
State board of pharmacy fee fund	531	2718	2099	11,056.00	2,754.00		
State board of pharmacy fee fund	531	2718	2110	99,345.00	25,112.00		
State board of pharmacy fee fund	531	2718	2111	836,939.20	171,842.00		
Appraiser fee fund	543	2732	2110	271,367.36	69,918.06	met 20%	
Real Estate fee fund	549	2721	2110	845,020.98	200,000.00	met maximum	
Uniform commercial code fee fund	622	2664	2040	172,976.80	43,324.20	met 20%	
ies act fee fund	625	2162	2111	6,212,909.22	160,257.00	met maximum	
as act fee fund	625	2162	2110	6,205,342.00	39,743.00		

Appropriations Committee

Date February 16, 2011

Attachment 4

Appropriations Committee

Date February 16, 2011

Attachment 4-2

2010							
TITLE	AGY	FUND	RSO	AGENCIES FUND STARS ACTUAL YTD AMT	SGF STARS ACTUAL YTD AMT	20/80 STATUS	Comments
SRS	629	2220	2111	19,920.00	4,980.00	met 20%	Fund 2220 BU 2070 PCA 33210 only
Technical professions fee fund	663	2729	2110	647,694.40	161,923.60	met 20%	
Bar admission fee fund	677	2724	2110	250,240.00	67,295.00	met 20%	
Court reporter fund	677	2725	2110	19,040.00	0.00		
Veterinary examiners fee fund	700	2727	2110	214,276.00	53,569.50	met 20%	
Not 20/80 but 2/3 or	046	2550	2010	756,691.96	0.00		Line 50 & 51 go together
<100,000.00	565-01	1000	2010	0.00	100,000.00	met maximum	even though different agencies
20/80 GENERAL FUND YTD TOTALS					\$ 3,480,245.49		

FY 2012

HOUSE EDUCATION BUDGET COMMITTEE

Behavioral Sciences Regulatory Board
Board of Healing Arts
Kansas Arts Commission
State Historical Society
State Library



Representative Lana Gordon, Chair



Representative Bill Feuerborn



Representative Clay Aurand, Vice-Chair

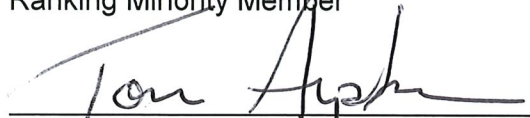
Representative Brenda Landwehr



Representative Valdenia Winn,
Ranking Minority Member



Representative Connie O'Brien



Representative Tom Arpke



Representative Sheryl Spalding



Representative Ward Cassidy

Appropriations Committee

Date February 16, 2011

Attachment 5

House Budget Committee Report

Agency: Behavioral Sciences Regulatory Board

Bill No. --

Bill Sec. --

Analyst: Hughes

Analysis Pg. No. --

Budget Page No. 484

<u>Expenditure Summary</u>	<u>Agency Request FY 2012</u>	<u>Governor Recommendation FY 2012</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	622,657	622,657	172,716
Subtotal	\$ 622,657	\$ 622,657	\$ 172,716
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 622,657	 \$ 622,657	 \$ 172,716
 FTE positions	 8.0	 8.0	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	8.0	8.0	0.0

Agency Request

The **agency** requests \$622,657 for FY 2012, all from special revenue funds, which is a decrease of \$21,583, or 3.4 percent, from the revised FY 2011 estimate. The decrease is mainly due to one-time computer equipment purchases during FY 2011; this was partially offset by an increase in group health insurance and KPERS employer retirement contributions. The request includes 8.0 FTE positions, which is the same as the approved amount. The agency is fully fee funded and is not requesting any State General Funds in FY 2012.

Governor's Recommendation

The **Governor** concurs with the agency request.

House Budget Committee Recommendation

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

1. The Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent up to a maximum of \$200,000 of the agency's fee receipts to the

Appropriations Committee

Date February 16, 2011

Attachment 5-2

State General Fund for FY 2012. This would result in an estimated decrease of \$172,716 to the State General Fund for FY 2012.

2. Add \$172,716, all from the agency fee fund, for FY 2012. This amount is approximately the same as the suspended remittance to the State General Fund, which would total approximately \$172,716 for FY 2012.
3. The Budget Committee recommends the agency pursue private contractual arrangements to provide for services arranged previously or currently by the agency.

Appropriations Committee

Date February 16, 2011

Attachment 5-3

House Budget Committee Report

Agency: Behavioral Sciences Regulatory Board

Bill No. --

Bill Sec. --

Analyst: Hughes

Analysis Pg. No. --

Budget Page No. 484

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	636,586	636,586	153,927
Subtotal	\$ 636,586	\$ 636,586	\$ 153,927
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 636,586	 \$ 636,586	 \$ 153,927
FTE positions	8.0	8.0	0.0
Non FTE Uncl. Perm. <u>Pos.</u>	0.0	0.0	0.0
TOTAL	8.0	8.0	0.0

Agency Request

The **agency** requests \$636,586 for FY 2013, all from special revenue funds, which is an increase of \$13,929, or 2.2 percent, above the FY 2012 request. The increase is primarily due to group health insurance, KPERS employer retirement contributions, increased contractual services, and an increase in capital outlay. The request includes 8.0 FTE positions, which is the same as the approved amount. The agency is fully fee funded and is not requesting any State General Funds in FY 2013.

Governor's Recommendation

The **Governor** concurs with the agency request.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following exceptions:

1. The Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent up to a maximum of \$200,000 of the agency's fee receipts to the

Appropriations Committee

Date February 16, 2011

Attachment 5-4

State General Fund for FY 2013. This would result in an estimated decrease of \$153,927 to the State General Fund for FY 2013.

2. Add \$153,927, all from the agency fee fund, for FY 2013. This amount is approximately the same as the suspended remittance to the State General Fund, which would total approximately \$153,927 for FY 2013.
3. The Budget Committee recommends the agency pursue private contractual arrangements to provide for services arranged previously or currently by the agency.

Appropriations Committee

Date February 16, 2011

Attachment 5-5

House Budget Committee Report

Agency: Board of Healing Arts

Bill No. --

Bill Sec. --

Analyst: Hughes

Analysis Pg. No. --

Budget Page No. 494

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	4,131,924	4,131,924	200,000
Subtotal	\$ 4,131,924	\$ 4,131,924	\$ 200,000
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 4,131,924	\$ 4,131,924	\$ 200,000
FTE positions	45.0	43.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	45.0	43.0	0.0

Agency Request

The **agency** requests an FY 2012 budget of \$4,131,924, all from special revenue funds, which is an increase of \$87,610, or 2.2 percent, above the revised FY 2011 estimate. The request includes 45.0 FTE. The increase is primarily due to capital outlay for new licensure software. No State General Funds are requested.

Governor's Recommendation

The **Governor** concurs with the agency request. The Governor also recommends a reduction of 2.0 FTE for a total of 43.0 FTE in FY 2012.

House Budget Committee Recommendation

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

1. The Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent up to a maximum of \$200,000 of the agency's fee receipts to the State General Fund for FY 2012. This would result in an estimated decrease of \$200,000 to the State General Fund for FY 2012.

Appropriations Committee

Date February 16, 2011

Attachment 5-6

2. Add \$200,000, all from the agency fee fund, in FY 2012. This amount is equal to that of the suspended remittance to the State General Fund, which totals \$200,000 for FY 2012.
3. The Budget Committee recommends the agency pursue private contractual arrangements to provide for services arranged previously or currently by the agency.
4. The Budget Committee requests that the Board of Healing Arts calculate the revenue that would be generated by increasing paper renewal fees, online renewal fees, and late renewal fees to their statutory maximums for FY 2012. The Budget Committee recommends the Board calculate whether this additional revenue would be sufficient to contract with a physician who would serve as a part-time medical director. The Budget Committee requests that the Board provide this report prior to omnibus.

Appropriations Committee

Date February 16, 2011

Attachment 5-7

House Budget Committee Report

Agency: Board of Healing Arts

Bill No. --

Bill Sec. --

Analyst: Hughes

Analysis Pg. No. --

Budget Page No. 494

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	4,371,859	4,171,859	200,000
Subtotal	\$ 4,371,859	\$ 4,171,859	\$ 200,000
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 4,371,859	\$ 4,171,859	\$ 200,000
FTE positions	46.0	43.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	46.0	43.0	0.0

Agency Request

The **agency** requests an FY 2013 budget of \$4,371,859, all from special revenue funds, which is an increase of \$239,935, or 5.8 percent, above the FY 2012 request. The request includes 46.0 FTE. This includes an enhancement of \$200,000 for 1.0 FTE, a medical director. **Absent the enhancement**, the request would be \$4,171,859, all from special revenue funds, or an increase of \$39,935, or 1.0 percent. The increase absent the enhancement is due to capital outlay for new licensure software and expenditures related to health insurance and other benefits. No State General Funds are requested.

Governor's Recommendation

The **Governor** recommends an FY 2013 budget of \$4,171, 859, which is a decrease of \$200,000, or 4.6 percent, below the agency request. This amount is the same as the agency request absent the enhancement request. The Governor does not recommend the \$200,000 enhancement, nor the additional 1.0 FTE for the medical director position. For FY 2013, the Governor recommends 43.0 FTE.

Appropriations Committee

Date February 16, 2011

Attachment 5-8

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following notations:

1. The Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent up to a maximum of \$200,000 of the agency's fee receipts to the State General Fund for FY 2013. This would result in an estimated decrease of \$200,000 to the State General Fund for FY 2013.
2. Add \$200,000, all from the agency fee fund, in FY 2013. This amount is equal to that of the suspended remittance to the State General Fund, which totals \$200,000 for FY 2013.
3. The Budget Committee recommends the agency pursue private contractual arrangements to provide for services arranged previously or currently by the agency.
4. The Budget Committee requests that the Board of Healing Arts calculate the revenue that would be generated by increasing paper renewal fees, online renewal fees, and late renewal fees to their statutory maximums for FY 2013 and beyond. The Budget Committee recommends the Board calculate whether this additional revenue would be sufficient to contract with a physician who would serve as a part-time medical director. The Budget Committee requests that the Board provide this report prior to omnibus.

Appropriations Committee

Date February 16, 2011

Attachment 5-9

House Budget Committee Report

Agency: Kansas Arts Commission

Bill No. ---

Bill Sec. ---

Analyst: Morrow

Analysis Pg. No. ---

Budget Page No. 320

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,115,413	\$ 0	\$ 797,980
Other Funds	790,599	0	790,599
Subtotal	\$ 1,906,012	\$ 0	\$ 1,588,579
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 1,906,012	\$ 0	\$ 1,588,579
FTE positions	8.0	0.0	6.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	8.0	0.0	6.0

Agency Request

The **agency** requests a FY 2012 budget of \$1,906,012, an increase of \$255,248, or 15.5 percent, above the revised FY 2011 estimate. Requested State General Fund expenditures total \$1,115,413, an increase of \$304,123, or 37.5 percent, above the revised FY 2011 estimate. The request includes enhancement funding of \$300,000, all from the State General Fund. The enhancement is to replace grant funding that has been lost due to previous budget reductions.

Governor's Recommendation

The **Governor** recommends that the agency become a 501(c)(3) to be known as the Kansas Arts Foundation. In acknowledgment of the Commission's valuable role in sponsoring the arts in Kansas and to provide aid during the transition from State agency to private organization, the Governor recommends \$200,000, all from the State General Fund, be passed through the Kansas State Historical Society to the newly formed Kansas Arts Foundation in FY 2012.

House Budget Committee Recommendations

The **Budget Committee** concurs with the Governor's recommendation with the following adjustments:

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1. Add \$797,980, all from the State General Fund, to restore funding to the Kansas Arts Commission for FY 2012. This increase is the same as the Governor's recommendation for FY 2011.
2. Add \$790,599, all in other funds. This is the amount the agency requested for FY 2012.
3. Add 6.0 FTE positions for the Kansas Arts Commission.
4. The Committee states they are in favor of keeping the Kansas Arts Commission in place as a state agency. The Committee obtained information from the National Endowment for the Arts and Mid-America Arts Alliance that states the federal funds currently available to fund grants and arts projects in Kansas may be in jeopardy with the formation of a 501(c)(3) organization receiving pass-through funding by the State to the State Historical Society.

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House Budget Committee Report

Agency: State Historical Society

Bill No. ---

Bill Sec. ---

Analyst: Morrow

Analysis Pg. No. ---

Budget Page No. 322

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 5,609,239	\$ 5,271,630	\$ (200,000)
Other Funds	3,240,616	3,410,616	0
Subtotal	\$ 8,849,855	\$ 8,682,246	\$ (200,000)
Capital Improvements			
State General Fund	\$ 255,500	\$ 125,000	\$ 0
Other Funds	171,900	171,900	0
Subtotal	\$ 427,400	\$ 296,900	\$ 0
TOTAL	\$ 9,277,255	\$ 8,979,146	\$ (200,000)
FTE positions	134.0	117.0	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
TOTAL	137.5	120.5	0.0

Agency Request

The **agency** requests FY 2012 operating expenditures totaling \$8,849,855, an increase of \$294,910, or 3.4 percent, above the revised FY 2011 estimate. The request includes State General Fund expenditures of \$5,609,239, an increase of \$364,507, or 6.9 percent, above the revised FY 2011 estimate. The request includes 134.0 FTE positions and an operating enhancement of \$264,102, all from the State General Fund. The enhancement includes reclassifying and funding 2.0 existing FTE positions.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$8,682,246, including \$5,271,630 from the State General Fund, a decrease of \$167,609, or 1.9 percent, below the agency's request. It is a State General Fund decrease of \$337,609, or 6.0 percent, below the agency's request. The recommendation is an increase of \$127,301, or 1.5 percent, above the FY 2011 revised estimate. The increase is attributable to the Governor's recommendation for an additional \$200,000, all from the State General Fund, as a pass through to the 501(c)(3) Kansas Arts Foundation, partially offset by the Governor's acceptance of the agency's reduced resource budget. The Governor also recommends a decrease of 17.0 FTE positions.

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House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation with the following adjustment:

1. Delete \$200,000, all from the State General Fund, to be passed through to a 501(c)(3) Kansas Arts Council. The House Budget Committee recommends the restoration of the Kansas Arts Commission as a stand alone agency. By doing so, it requires the deletion of the \$200,000 added by the Governor for the Kansas Arts Foundation.

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Attachment 5-13

House Budget Committee Report

Agency: State Library

Bill No. ---

Bill Sec. ---

Analyst: Morrow

Analysis Pg. No. ---

Budget Page No. 324

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 5,258,150	\$ 4,174,511	\$ 0
Other Funds	1,899,222	1,899,222	0
Subtotal	\$ 7,157,372	\$ 6,073,733	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 7,157,372	\$ 6,073,733	\$ 0
FTE positions	25.0	24.0	0.0
Non FTE Uncl. Perm. Pos.	5.6	4.6	0.0
TOTAL	30.6	28.6	0.0

Agency Request

The **agency** requests FY 2012 expenditures of \$7,157,372, an all funds increase of \$708,976, or 11.0 percent, above the revised FY 2011 estimate. The request includes \$5,258,150 from the State General Fund, an increase of \$895,129, or 20.5 percent, above the revised FY 2011 State General Fund request. The increase is mainly attributable to the agency's FY 2012 enhancement request of \$863,928, all from the State General Fund, to be used for Grants.

Absent the enhancement, the request is \$6,293,444, an all funds decrease of \$154,952, or 2.4 percent, below the FY 2011 revised estimate. State General Fund expenditures total \$4,394,222, an increase of \$31,201, or 0.7 percent, above the revised FY 2011 estimate.

Governor's Recommendation

The **Governor** recommends FY 2012 expenditures of \$6,073,733, a decrease of \$374,663, or 5.8 percent, below the Governor's FY 2011 recommendation. State General Fund expenditures total \$4,174,511, a decrease of \$188,510, or 4.3 percent, below the Governor's FY 2011 recommendation. The Governor does not recommend the enhancement request of \$863,928, all from State General Fund. The Governor accepts the agency's reduced resource budget and recommends reducing the authorized FTE by 1.0 position.

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House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation.

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Communications with the Mid-America Arts Alliance and National Endowment for the Arts

The Legislative Research Department was asked by the Chair of the House Education Committee, to contact representatives from the National Endowment for the Arts and the Mid-America Arts Alliance to obtain clarification on the ability of a not-for-profit 501(c)(3) receiving pass-through monies from a state agency to qualify for federal programs in the same capacity that the Kansas Arts Commission is currently.

The following question was asked of Mary Kennedy McCabe, Executive Director of the Mid-America Arts Alliance: "The Governor of the State of Kansas has issued Executive Reorganization Order No. 39 abolishing the Kansas Arts Commission and providing funding as a pass through the Kansas State Historical Society to a 501(c)(3) arts organization. If the Kansas State Historical Society was a member of Mid-America Arts Alliance, could Kansas artists and art organizations receive grants and funding for programs as they are currently receiving with the Kansas Arts Commission as a member of your organization?"

MAAA Response: As the situation stands today, here is what I can share:

- The Executive Reorganization Order #39 abolishes the Kansas Arts Commission with no mention of a 501c3 created to take its place. While I understand it is the intention of the governor to replace the Kansas Arts Commission with a non-profit organization, that is not present in the ERO.
- Mid-America's bylaws prohibit membership in Mid-America so the Kansas State Historical Society cannot become a member of Mid-America Arts Alliance.
- Mid-America works in partnership with the six state arts agencies of our region, wherein we align our strategic plan with theirs to serve the arts and culture needs of the region. Since the KSHS's mission and vision make no mention of arts and culture it is difficult to ascertain how that partnership would occur. In the event a Kansas Arts Foundation is created as a 501c3 recipient of flow-through funds from the KSHS, we would need to understand the mission and vision of that 501c3 to determine if there is a partnership opportunity for Mid-America Arts Alliance and the newly formed entity.
- Since there is no indication of the purpose, plan, or budget of the Kansas Arts Foundation it is difficult to speculate what may, in fact, be the funding support and program impact Mid-America could provide in the state of Kansas. It is simply too hypothetical to comment at this time.

The following questions were asked of Laura A. Scanlan, Director of State and Regional Partnerships, of the National Endowment for the Arts: Can the newly formed (hypothetical) Kansas Arts Foundation as a 501(c)(3), housed within the state agency State Historical Society, receive funds from the NEA using the State Historical Society as the designated and financially supported state agency? This includes state funds passing through the State Historical Society to the Foundation to meet the requirements of the state financially supporting the Arts Foundation.

NEA Response

We have reviewed the Governor's Executive Order and without more specificity as to the role and purpose of the Historical Society vis a vis a 501c3 Kansas Arts Foundation, NEA is unable to respond explicitly to the questions posed. We can say, however, that the potential exists for

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Kansas to forfeit its ability to receive NEA funding depending on how the new entity is structured and how this restructure addresses the NEA requirements for a fully functioning State Arts Agency.

Some of our observations concerning the Executive Order which preclude our ability to provide a direct response include:

- The Executive Order is silent on a 501c3. For example, in section 2. of the Governor's Executive Order, the State Historical Society is designated as "the successor agency to which all powers, duties, and functions of the Kansas arts commission" pass on the effective date of the order.
- The relationship of the 501c3 to the State Historical Society is unclear.
- Is it unclear as to who will be the applicant to the NEA and who will be responsible for performing the responsibilities of the NEA Partnership Agreement and be accountable and responsible for appropriate use of federal funds.
- What staff will be responsible for developing and implementing the state plan, what will be their expertise, and to whom are they accountable?
- Will the funds received by the Historical Society be designated for the 501c3 or will management of the Historical Society determine what gets passed through to the 501c3 in any given year?
- How will the NEA be assured of appropriate oversight if the duties of the former state arts agency are transferred to the State Historical Society and yet the funding is simply passed-through this designated state agency to a separate nonprofit entity with different staff, separate bylaws and a separate board?

The bottom line is that without having the organizational structure, mission, and bylaws of the Historical Society and the 501c3 available for review by NEA's General Counsel, NEA is unable to comment as to whether the "hypothetical" 501c3 would be eligible to receive NEA funds.

The other question was: Must the matching 1:1 funds all come from the state government? For instance: If the State provides \$200,000 to the Arts Foundation (passed through the State Historical Society) and the Foundation is able to raise additional private funds in the amount of \$600,000. Is the match just to the state funds of \$200,000 or is the match to the entire amount of \$800,000?

NEA Response

- The funds utilized for the 1:1 match to NEA partnership agreement must be directly controlled and managed by the state and may include state appropriated, donated or trust funds.
- Private funds would qualify as donated funds but must be controlled by the designated state arts agency.
- In question here is which agency, the state agency or the 501c3, is controlling the funds.
- If the state does not provide state controlled funds for support of the State Arts Agency, all federal funds are at risk.

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- All of the issues raised above must be considered and addressed before NEA can make a determination as to whether or not an agency other than the Kansas Arts Commission is eligible to receive an NEA Partnership Agreement. That is, it is not just about match.
- We also have questions as to the board or council including whether it is independent.

Standards of Accountability for Receipt of an NEA State Partnership Agreement

The National Endowment for the Arts' investment in a state is predicated on a significant financial and programmatic commitment from state government to its arts council because in each case, state and federal funds are combined to support local programs and priorities.

Continued Federal investment is contingent on the State of Kansas providing financial support to its designated state arts agency. The agency must have the capacity to carry out the significant responsibilities of the NEA Partnership Agreement, including:

- The implementation of an NEA-approved state arts plan, developed as a result of a comprehensive and inclusive planning process that addresses the state's cultural priorities and those of the NEA, as stipulated in the Endowment's strategic plan.
- Fair funding decisions based on criteria that take into account artistic excellence and merit, as determined primarily through a panel process.
- Maintenance of sound fiscal and administrative procedures.
- Demonstration of leadership in arts education and in strategies for making the arts available and accessible to those in underserved communities throughout the state.

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