

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 7:12 a.m. on March 21, 2011, in Room 346-S of the Capitol.

All members were present

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 House Committee Adjustments as of March 18, 2011
- Attachment 2 Proposed Amendment to Reduce Selected State Employees Salaries
- Attachment 3 Kansas Corporation Commission – AARA update

Chairman Rhoades welcomed committee members and reviewed the meeting agenda. He stated that the Senate will be working the Mega Bill next week. With the committee recommendation to date the ending balance is \$44 million for FY 2012 or \$22 million below the Governor's recommendation, he added. Committee members received copies of the House Committee Adjustments as of March 18, 2011 for FY 2011, FY 2012 and FY 2013 (Attachment 1)

HB 2383: An act making and concerning appropriations for fiscal years ending June 30, 2011, 2012, 2013, 2014, 2015, and 2016.

Representative Gatewood made a motion for an amendment to reinstate the funding for KAN-ED for FY 2012. The motion was seconded by representative Schwartz.

Representative Gatewood stated that USF funds that have been unspent and KAN-ED connects to over 440 members throughout the state and primarily in rural communities.

The motion was renewed. Motion failed.

Representative Gatewood made a motion for an amendment to remove \$5 million from the Fair Fares Program into SGF. The motion was seconded by Representative Schwartz.

Discussion followed by committee members regarding the program's economic impact in the state. Representative Schwartz stated that the Budget Committee Report recognized a lack of over-sight and accountability as a result of the performance audit, and recommended that the Legislature enact new procedures to ensure greater accountability and oversight of REAP.

The motion was renewed. Motion carried.

Representative Crum reported that \$2.3 million in the Governor's Ambulatory Health Plan from FY 2011 into the State General Fund (SGF) was the same action approved by the committee when the Social Rehabilitation Services budget was worked. This would require committee action to withdraw the committee's prior action and would not reflect a duplicate adjustments, he stated.

Representative Crum made a motion to withdraw the \$2.3 million savings in FY 2011 from SGF for Ambulatory Health Plan for FY 2011 and would accept the Governor's recommended allotment. The motion was seconded by Representative Kelley. Motion carried.

Representative Peck made a motion for an amendment to reduce legal services for prisoners to \$200,000.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 7:12 a.m. on March 21, 2011, in Room 346-S of the Capitol.

pg. 41 – line 24 of **HB 2383**. The motion was seconded by Representative Donohoe.

Representative Peck noted that legal services for Prisoner's, Inc. is a non-profit organization receiving SGF funding.

The motion was renewed. Motion carried.

Representative Kelley made a motion for an amendment to delete the expenditure for state issued cell phones by 50%, resulting in a \$1.75 million savings. The motion was seconded by Representative DeGraaf.

Discussion followed by committee members on determining agency needs and any impact the reduction would have on programs or services.

The motion was renewed. Motion carried.

Committee members received a copy of the Proposed Amendment to reduce Selected State Employees Salaries (Attachment 2), which was reviewed by Representative DeGraaf. He stated the amendment would reduce SGF portion of salaries of state officers by 7.5% and all other employees with salaries in excess of \$100,000 for FY 2012, employees making less than \$40,000 would receive no salary reduction, and employees making \$40,000 to \$100,000 would receive a salary (straight line) reduction from zero to 7.5%. He noted SGF savings for the amendment would be \$19 million for FY 2012.

Representative DeGraaf made a motion to approve the proposed amendment. The motion was seconded by Representative Peck.

Discussion followed by committee members regarding the proposed formula. It was noted that the effective date is upon approval of **HB 2383** and would continue through FY 2012.

J.G. Scott, Legislative Research Department, responded to questions from committee members. He stated that the reduction for an employee making \$45,000 would be \$281 or .06% for the year.

The motion was renewed. Motion carried.

Representative Ballard, Representative Carlin, Representative Feuerborn, Representative Gatewood and Representative Gordon requested the recording of their votes in opposition of the motion to be included in the minutes.

Representative McLeland made a motion for an amendment that reflects all salaried dollars are used for salaries and any salaried dollars that are not used for salaries would go into the SGF. The motion was seconded by Representative Brown.

Discussion followed by committee members regarding the issue of shrinkage, agency flexibility and adequate time for agencies to prepare budgets. It was noted that the amendment would allow for budgeted salaries that are not expended for a position that remains open but unfilled would go into the SGF.

The motion was renewed. Motion carried.

Representative Brown made a motion that would amend the language to exempt the Judiciary Branch. The motion was seconded by Representative DeGraaf.

Representative Brown responded to questions from committee members. He stated that the courts were concerned for furloughs and the need to keep the courts open with the flexibility to do so.

The motion was renewed. Motion failed.

Representative Ballard made a motion for an amendment to restore \$300,000 from the SGF for the Nutrition program if other funding sources are not identified by the secretary. The motion was seconded by Representative Feuerborn.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 7:12 a.m. on March 21, 2011, in Room 346-S of the Capitol.

Discussion followed by committee members and it was suggested that a funding update would be reviewed at Omnibus.

The motion was renewed. Motion failed.

Representative Sullentrop made a motion for an amendment to delete \$778,518 from the Judicial Council for performance reviews and transfer \$278,518 to the Department on Aging, and transfer \$500,000 to the Judicial Branch which would be transferred to the SGF and eliminate 3 FTE positions. The motion was seconded by Representative Donohoe.

Discussion followed by committee members regarding the impact of the elimination of the Judicial Performance Review Board.

Alan Conroy, Legislative Research Department, responded to questions by committee members. He stated that by statute some fees are collected, placed in SGF and allocated to the Judicial Branch. It was noted that 3.5% of the docket fees collected to into this program.

The motion was renewed. Motion carried.

Representative Lane made a motion for an amendment to reduce employee contribution for health care contributions by 10% for non-tobacco users. The motion was seconded by Representative Feuerborn. Motion failed.

Representative McLeland made a motion for an amendment that would reduce the Municipal University Operating Grant to \$5.543 million or by 50% . The motion was seconded by Representative Mast.

Representative McLeland responded to questions by committee members. He responded that this grant funding is for Washburn University, with is the only municipal university in the state. The savings captured would go into the SGF, he added.

The motion was renewed. Motion carried.

Representative Brown made a motion for an amendment that would take the FY 2012 budget of the SGF portion to the FY 2011 budget, representing a zero increase over FY 2011. The motion was seconded by Representative Donohoe.

Alan Conroy, Legislative Research Department, responded to questions from committee members. He responded that this amendment would hold the caseloads harmless in order to get to a 6.2% reduction. The Governor's budget recommendation from FY 2012 over FY 2011 represents a \$245 million increase and the proportionately the balance of the SGF agencies would be reduced to get back to zero. The total for FY 2012 would at the FY 2011 level and zero increase in SGF spending. He stated that the FY 2016 Governor's projection reflects a 6% growth in revenue and a budget shortfall of \$502 billion.

Discussion followed by committee members. It was noted this amendment would impact all agencies and reducing budgets to get to a zero balance. Committee members suggestions included additional information in order to understand the full impact this reduction would have on agencies. It was noted that reductions of this size could be addressed on the House floor and importance of the budget committee process was emphasized.

The motion was renewed. Motion failed.

Representative Kelley made a motion for an amendment that state employee travel arrangements are to be made on state issued credit cards allowing the state to capture travel rewards for use towards future travel. The motion was seconded by Representative Peck.

Representative Kelley responded to questions from committee members. She stated that sales tax is not charged to state issued credit cards, and that the points would be tracked by the Department of Administration.

The motion was renewed. Motion carried.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 7:12 a.m. on March 21, 2011, in Room 346-S of the Capitol.

Representative DeGraaf made a motion for an amendment for a global change to all fee funded agencies where spending authority was increased solely to capture the 20% surcharge, this same amount would be reduced back so that the spending authority has not been granted to the fee funded agencies for the 20% surcharge. The motion was seconded by Representative McLeland.

Representative DeGraaf responded to committee members questions. He stated that the money would stay with the agency. The amendment would be a consistent and a global change for the fee funded agency's and would limit their spending authority. He noted that there was confusion at the time budget reports were presented and a consistent application of this process was not in place at the time of budget committee reports. This amendment has no impact on the SGF only to define that the agency's spending authority is not necessary, the agency keeps the money in their account, and encourages the agency to lower fees, he added.

The motion was renewed. Motion carried.

Representative Schwartz reviewed information regarding American Recovery and Reinvestment Act (ARRA) funding for deferred maintenance capital improvement projects. Members received a copy of the response from the Kansas Corporation Commission (Attachment 3). It was noted that a project list for committee review has been requested.

Representative Schwartz made a motion to for an amendment to review ARRA funding for regent deferred maintenance capital improvement projects at Omnibus. The motion was seconded by Representative Kelley. Motion carried.

Chairman Rhoades stated that the committee will reconvene following the recess of the House.

Meeting adjourned at 10:57 a.m.

Chairman Rhoades called the meeting to order at 12:27 p.m.

Representative Schwartz made a motion to move **HB 2383** favorable for passage as amended. The motion was seconded by Representative Pottorff.

Representative Sullentrop made a substitute motion to restore \$105,378 from the SGF to fund 1 FTE position for the Judicial Council. The motion was seconded by Representative Gatewood. Motion carried.

Discussion followed by committee members regarding continued amendments to **HB 2383**.

Representative Kelley made a motion for an amendment to add \$8.4 million in FY 2011 and \$9 million in FY 2012 in all funds to be moved back on budget for the correctional industries. The motion was seconded by Representative Donohoe.

Representative Kelley stated some of this is a new money stream that needs to be added to the bottom line, as this was an off-budget item in the Governor's recommendation that should be reviewed.

The motion was renewed. Motion carried.

Representative Kelley made a motion for an amendment to move \$5 million for EDIF for the Fair Fares program to the SGF. The motion was seconded by Representative Brown. Motion carried.

Representative Kelley made a motion for an amendment to adjust the transfer to the Kansas Bio Science Authority of \$35 million to \$30 million. The motion was seconded by Representative Donohoe.

Representative Kelley noted that there have been concerns raised with this department. Discussion followed by committee members regarding the importance of this department and its ability to help build the economy. A list of questions submitted by the subcommittee have not been responded to by this department and would be helpful to review at Omnibus, it was noted.

Representative Kelley withdrew the motion, which was approved by the second to the motion.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 7:12 a.m. on March 21, 2011, in Room 346-S of the Capitol.

Chairman Rhoades made a motion for an amendment to close government at 3:00 p.m. on Fridays. The motion was seconded by Representative Brown.

Chairman Rhoades stated this would represent a \$21.1 million savings to the state in salaries and wages, and \$1.5 million savings to the state for utility use.

Discussion followed by committee members regarding all of the reductions to date that have been made to employee salary and benefits, scheduling flexibility for agencies and employees.

Chairman Rhoades withdrew the motion, which was approved by the second to the motion.

Chairman Rhoades stated that he will be meeting with department secretaries to look at cost savings ideas, i.e. shorten work weeks, KPERS and overtime.

Representative Schwartz renewed the motion to move **HB 2383** as amended. The motion was seconded by Representative Pottorff.

Discussion followed by committee members. It was noted that additional budget cuts could be made on the floor and further amendments will be forthcoming.

The motion was renewed. Motion failed.

Representative Brown made a motion for an amendment that would reduce the Base State Aid Per Pupil by \$75 or \$50 million of base. The motion was seconded by Representative Donohoe.

Representative Brown responded to questions from committee members regarding the impact on individual school districts. He stated that this recommendation would effect the FY 2012 budget and allows districts adequate time to plan for the reduction. It was noted that the Governor's recommendation would take the base to \$3780.

Reagan Cussimano, Legislative Research Department, responded to questions from committee members. The EduJobs funds of \$85.9 million was used to supplant SGF. In previous year's budgets approximately \$55 million was in Special Education in Part B ARRA funds, which was used FY 2010 to supplant SGF again. \$16 million added in FY2012 to meet maintenance of effort requirements. She stated that Special Education dollars cannot be used for other purposes and has no flexibility for use other than for Special Education purposes.

The motion was renewed. Motion failed.

Representative Kelley reviewed a tax recommendation for the House Transportation Budget Committee Report.

Representative Kelley made a motion for an amendment that the \$20 million for FY 2011 and beyond years projected in state highway tax dollars would go back into the SGF. Representative Brown seconded the motion.

Representative Kelley responded to questions from committee members. She stated that the amendment is \$20 million in addition to reductions already recommended.

Discussion followed by committee members. It was noted that \$325 million was approved in committee for bonding authority for the TWORKS program, and this would reduce the ability to handle the debt service. A proviso was passed last week allowing \$50 million in bonding authority in FY 2012 with the approval of the State Finance Council. The transfer of \$200 million to the SGF was a borrowed amount, with \$50 million in bonding authority with the approval of the Finance Council. The current debt for the Kansas Department of Transportation is \$1.7 million.

The motion was renewed. Motion failed.

Representative DeGraaf made the motion to table further discussion and action on **HB 2383** until tomorrow's committee meeting. The motion was seconded by Representative Sullentrop. Motion carried.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 7:12 a.m. on March 21, 2011, in Room 346-S of the Capitol.

The meeting adjourned at: 2:32 p.m.


Marc Rhoades, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3-21-11

[illegible]

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3/24/11

NAME	REPRESENTING
Marilyn Jacobsen	Dept of Admin
May Foster	SEC
Kim Fowler	Judicial Branch
Stephanie Banter	Judicial Branch
Nancy Bryant	SOS
Ron Zuber	KHFA / KAIRA
Mary Jane Hankiewicz	KHFP
Kimber Crow	Children's Alliance
Melissa Ngata	Saint Francis Comm Services
Jerry Jorgensen	KHCHC
Debra Klein	HEIN LAW FIRM
ROS MENTY	KEMMER & Assoc.
Janis Rora	KCSL
Jane Carter	KOSE
R J Wilson	KOSE
Rep. Jennifer Gregory	Dist 10
Wishbeck	Capitol Strategies
Lydia Buster	Fedenco Consulting
Natalie Gibson	MS Judicial Council
Dodie Weishear	Ad Astra Group

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3-22-11

NAME	REPRESENTING
May Foster	SCC
Heather Morgan	UW
Mary Jacobson	Dept of Adm
Derek Kern	Hem Lin Kiam
Kelly Navinsky-Wenzel	Keamey & Assoc.
Kim Fowler	Judicial Branch
Brandi Hendrix	Technology Excellence in Education
Dang Penner	KICA
Rep Steve Spr's Gregory	DIST 10
John Rose	KCSL
Kelly Meyer	District 17
Amanda Swerzosh	DIST 16
Brett Hildebrand	District 23
Dan Allum	110
Jim Furett	65
Nancy Tharun	62
Leslie Osterman	DIST 97
Ramon Gonzalez	47 DIST
Jane Carter	KOSE
Amy Gayful	KMHC
DAVID HUTCHINGS	KBI

House 2011 Appropriations Bills, HB 2382, HB 2383
(Reflects House Committee Adjustments as of March 18, 2011 for FY 2011, FY 2012, and FY 2013)

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
FY 2011				
<u>Real Estate Commission</u>				
1. Transfer \$200,000, all from the Real Estate Revolving Recovery Fund, to the Real Estate Fee Fund, in FY 2011 to allow the agency to have sufficient carry over balance to start FY 2013.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Securities Commissioner</u>				
1. Delete the Governor's recommended transfer of \$800,000, all from the Investor Education Fee Fund, to the State General Fund in FY 2011. The Investor Education Fee Fund is a no-limit fund that is financed by civil penalties received from settlements in enforcement cases.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Legislature</u>				
1. Delete language that would lapse funding initially appropriated to the Legislative Coordinating Council for FY 2010, which reappropriated to the Legislature's budget in FY 2011 (Technical amendment).	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Division of Post Audit</u>				
1. Add \$44,000, all from the State General Fund, and 3.0 FTE positions in FY 2011 to reinstate a school district audit team.	44,000	0	44,000	3.0
<i>Agency Subtotal</i>	<i>\$44,000</i>	<i>\$0</i>	<i>\$44,000</i>	<i>3.0</i>
<u>Department of Administration</u>				
1. Add language requiring the Secretary of Administration to prioritize the sale of 10.0 percent of state assets and report to the Governor and Legislature on those priorities by March 31, 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Technology Enterprise Corp.</u>				
1. Add \$71,426, all from the Economic Development Initiatives Fund (EDIF), in FY 2011. This would restore funding for the PIPELINE Program in FY 2011. The PIPELINE program is a mentoring program for emerging entrepreneurs.	0	71,426	71,426	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$71,426</i>	<i>\$71,426</i>	<i>0.0</i>
<u>Commission on Veterans Affairs</u>				
1. Increase the expenditure limitations on the Kansas Soldiers' Home Medicaid Fund and the Kansas Soldiers' Home Medicare Fund to no limit to allow for expenditure of federal funds received in FY 2011.	0	0	0	0.0
2. Increase the expenditure limitations on the Kansas Veterans' Home Medicaid Fund and the Kansas Veterans' Home Medicare Fund to no limit to allow for expenditure of federal funds received in FY 2011.	0	0	0	0.0
3. Add language in FY 2011 to allow the Executive Director to transfer funds between State General Fund accounts and also between special revenue accounts.	0	0	0	0.0
4. Transfer \$25,000 from the Scratch Lotto-Veterans Services account to the Vietnam War Era Veterans' Recognition Award Fund. Require the agency, by June 30, 2011, to acquire and send all appropriate medallions and certificates to all qualifying veterans whose applications have been received by June 1, 2011.	0	0	0	0.0
5. Add language requiring the agency to expend \$20,000, all from existing resources, in FY 2011 to purchase Medicare billing software.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Dept. of Health and Environment - Health</u>				
1. Add \$100,000, all from the State General Fund, in FY 2011 for the Senator Stan Clark Pregnancy Maintenance Initiative. The 2010 Legislature directed the agency to expend \$199,113 from existing resources in FY 2011 to fund the program. The addition increases the total available for the program to \$299,113.	100,000	0	100,000	0.0

Agency/Item	State General Fund	All Other Funds	All Funds	
2. Add \$100,000, all from the State General Fund, in FY 2011 for the Teen Pregnancy Prevention Program. The 2010 Legislature appropriated \$199,113, all from the State General Fund, in FY 2011 for the program. The addition increases the total available for the program to \$299,113 in FY 2011.	100,000	0	100,000	0.0
<i>Agency Subtotal</i>	<i>\$200,000</i>	<i>\$0</i>	<i>\$200,000</i>	<i>0.0</i>
<u>Department on Aging</u>				
1. Add language authorizing the Secretary of Aging, acting as the agency of the Kansas Health Policy Authority, to collect the quality care assessment under K.S.A. 2010 Supp. 75-7435, and deposit the revenue into the Quality Care Fund.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Health Policy Authority</u>				
1. Add language to limit increased operating expenditure limitations in the State Workers Compensation Self-Insurance Fund, the Cafeteria Benefits Fund, and the Dependent Care Assistance Program Fund from being utilized for salaries and wages and limit the ability to convert contract employees to state employees in FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Parsons State Hospital</u>				
1. Delete \$63,618, all from the State General Fund, for capital improvement debt service payments for an energy conservation program on the Parsons State Hospital and Training Center campus and replace it with State Institutions Building Fund in FY 2011.	(63,618)	63,618	0	0.0
<i>Agency Subtotal</i>	<i>(\$63,618)</i>	<i>\$63,618</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas State University</u>				
1. Add \$5.3 million, all from special revenue funds, for the construction of an animal suite at the Large Animal Research Center in FY 2011.	0	5,300,000	5,300,000	0.0
2. Add \$5.2 million, all from special revenue funds, for the construction of the Justin Hall Addition in FY 2011.	0	5,200,000	5,200,000	0.0
3. Add \$300,000, all from special revenue funds, for the first stage of a project to remove the Old Chemical Waste Landfill in FY 2011.	0	300,000	300,000	0.0
4. Add \$1.2 million, all from special revenue funds, for upgrades to West Hall in FY 2011.	0	1,200,000	1,200,000	0.0
5. Add \$2.0 million, all from special revenue funds, to construct the Southeast Research-Extension Center in Parsons, Kansas in FY 2011.	0	2,000,000	2,000,000	0.0
6. Add \$2.0 million, all from special revenue funds, for the renovation of chemical engineering lab space in Durland Hall in FY 2011.	0	2,000,000	2,000,000	0.0
7. Add \$600,000, all from special revenue funds, to remodel the Technology Assistance Center on the Salina Campus in FY 2011.	0	600,000	600,000	0.0
8. Add \$550,000, all from special revenue funds, for upgrades to the John C. Pair Center in Wichita in FY 2011.	0	550,000	550,000	0.0
9. Add language allowing the university to enter into a lease purchase agreement with the Kansas State University Foundation for a new Grain Science Center Feed Mill in FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$17,150,000</i>	<i>\$17,150,000</i>	<i>0.0</i>
<u>University of Kansas</u>				
1. Add language transferring \$300,000 from the Water Data Repository Fund to the State Water Plan Fund and abolish the Water Data Repository Fund in FY 2011.	0	(300,000)	(300,000)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$300,000)</i>	<i>(\$300,000)</i>	<i>0.0</i>
<u>Department of Education</u>				
1. Add \$21.2 million, all from the State General Fund, to ensure the state meets federal Special Education maintenance of effort in FY 2011.	21,240,000	0	21,240,000	0.0
2. Add language in FY 2011 allowing the federal maintenance of effort amount for special education to be adjusted by certification of the Commissioner of Education, the Director of the Budget, and the Director of Legislative Research. If more than the \$21.2 million appropriated above is necessary, the increased amount would be transferred from the KPERS-School account.	0	0	0	0.0

/Item		State General Fund	All Other Funds	All Funds	
Delete \$69.2 million, all from the State General Fund, to delay the April 15th KPERS-School payment in FY 2011 to FY 2012.		(69,237,942)	0	(69,237,942)	0.0
<i>Agency Subtotal</i>		<i>(\$47,997,942)</i>	<i>\$0</i>	<i>(\$47,997,942)</i>	<i>0.0</i>
<u>School for the Blind</u>					
1.	Delete \$30,509, all from the State General Fund, in FY 2011 and replace it with State Institutions Buildings Fund for principal payments on the Facilities Conservation Improvement project.	(30,509)	30,509	0	0.0
<i>Agency Subtotal</i>		<i>(\$30,509)</i>	<i>\$30,509</i>	<i>\$0</i>	<i>0.0</i>
<u>School for the Deaf</u>					
1.	Concur with GBA No. 1, Item 3 to add \$279,449, all from the State Institutions Building Fund, in FY 2011 for architect fees associated with the renovation of the west wing of the Roth Dormitory in order to accommodate an anticipated increase in the number of students.	0	0	0	0.0
2.	Delete \$63,850, all from the State General Fund, in FY 2011 and replace it with State Institutions Buildings Fund for principal payments on the Facilities Conservation Improvement project.	(63,850)	63,850	0	0.0
<i>Agency Subtotal</i>		<i>(\$63,850)</i>	<i>\$63,850</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Bureau of Investigation</u>					
1.	Concur with GBA No. 1, Item 4, to add \$150,000, all from the State General Fund, to provide funding for meth lab cleanup in FY 2011.	0	0	0	0.0
2.	Add language creating the Project Safe Neighborhoods Fund, with an expenditure limitation of \$114,408 in FY 2011. This will allow the agency to expend federal grant funds received for the Project Safe Neighborhoods grant. Grant funds will be used for one Special Assistant US Attorney position, with the goal to continue to prevent a backlog of indictable gang and firearms related cases across the state.	0	114,408	114,408	0.0
3.	Add language creating the Social Security Administration Reimbursement - Federal Fund, with a no limit expenditure authority in FY 2011. The agency has two special agent positions that are working with the Social Security Administration, and are receiving reimbursement for their services. This will allow the agency to expend any reimbursements received in FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$114,408</i>	<i>\$114,408</i>	<i>0.0</i>
<u>Department of Wildlife and Parks</u>					
1.	Add \$60,542, all from the State General Fund, in the Reimbursement for Annual Licenses Issued to Kansas Disabled Veterans account, to adjust the Governor's recommended lapse from \$73,240 to \$12,698 in FY 2011.	60,542	0	60,542	0.0
2.	Add \$4,290, all from the State General Fund, in the Reimbursement for Annual Licenses Issued to National Guard Members account, to adjust the Governor's recommended lapse from \$11,290 to \$7,000 in FY 2011.	4,290	0	4,290	0.0
3.	Add \$2,748, all from the State General Fund, in the Reimbursement for Annual Park Permits Issued to National Guard Members account, to adjust the Governor's recommended lapse from \$6,748 to \$4,000 in FY 2011.	2,748	0	2,748	0.0
4.	Add language to appropriate \$473,000, including \$70,950 from the Parks Fee Fund, \$378,400 from the Wildlife Fee Fund, and \$23,650 from the Boating Fee Fund, for the Pratt Operations Office sewer line upgrade in FY 2011 (Technical amendment).	0	0	0	0.0
5.	Add language to appropriate \$260,000, for FY 2012 all from the Wildlife Restoration Fund, for rehabilitation and repair for Clark State Fishing Lake dam repair in FY 2011 (Technical amendment).	0	0	0	0.0
<i>Agency Subtotal</i>		<i>\$67,580</i>	<i>\$0</i>	<i>\$67,580</i>	<i>0.0</i>
<u>Title X Family Planning Funds</u>					
1.	Add language for FY 2011 to provide that, subject to federal law, any grants of money from federal Title X moneys for family planning services be made according to the following priorities: first priority to public entities (state, county, local health departments and health clinics) and if any moneys remain, second priority to non-public entities which are hospitals or federally qualified health centers that provide comprehensive primary and preventative care in addition to family planning services.	0	0	0	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

/Item		State General Fund	All Other Funds	All Funds	
<u>Statewide Adjustments</u>					
1.	Add language for the remaining months in FY 2011 prohibiting State General Fund expenditures by any state agency for membership dues and subscriptions and lapse any resulting State General Fund savings.	0	0	0	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>State Employee Pay</u>					
1.	Delete \$1,335,861, including \$964,864 from the State General Fund, for a 7.5 percent pay reduction for state officers (legislators, justices, judges, statewide elected officials, statutory agency heads and other constitutional officers of the state) for an estimated six pay periods in FY 2011.	(964,864)	(370,997)	(1,335,861)	0.0
<i>Agency Subtotal</i>		<i>(\$964,864)</i>	<i>(\$370,997)</i>	<i>(\$1,335,861)</i>	<i>0.0</i>
TOTAL		(\$48,809,203)	\$16,822,814	(\$31,986,389)	3.0

FY 2012

Board of Accountancy

1.	Add \$51,920, 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 for FY 2012, contingent upon passage of 2011 HB 2368.	0	51,920	51,920	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$51,920</i>	<i>\$51,920</i>	<i>0.0</i>

State Bank Commissioner

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 for FY 2012, contingent upon passage of 2011 HB 2368.	0	200,000	200,000	0.0
2.	Add \$196,958, all from special revenue funds, for salaries and wages for FY 2012. The increase in salaries and wages is to reduce the agency's shrinkage rate from 5.0 percent, to 2.5 percent for FY 2012	0	196,958	196,958	0.0
3.	Add \$150,000, all from special revenue funds, for contractual services for FY 2012. The majority of expenditures in this category are for travel to examination locations and training for examination staff.	0	150,000	150,000	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$546,958</i>	<i>\$546,958</i>	<i>0.0</i>

Behavioral Sciences Regulatory Board

1.	Add \$172,716, 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 for FY 2012, contingent upon passage of 2011 HB 2368.	0	172,716	172,716	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$172,716</i>	<i>\$172,716</i>	<i>0.0</i>

Board of Healing Arts

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 for FY 2012, contingent upon passage of 2011 HB 2368.	0	200,000	200,000	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$200,000</i>	<i>\$200,000</i>	<i>0.0</i>

Department of Credit Unions

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 for FY 2012, contingent upon passage of 2011 HB 2368.	0	200,000	200,000	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$200,000</i>	<i>\$200,000</i>	<i>0.0</i>

Board of Nursing

1.	Add \$25,943, all from special revenue funds, to increase the expenditure limitation to the agency FY 2012 request of \$2,068,954.	0	25,943	25,943	0.0
2.	Add 3.0 FTE positions, for a total of 24.0 FTE positions, to increase the number of FTE positions to the agency FY 2012 request. These positions are for an Education Specialist, an Assistant Attorney General, and a Senior Administrative Assistant.	0	0	0	3.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$25,943</i>	<i>\$25,943</i>	<i>3.0</i>

Appropriations Committee

Date March 21, 2011

Attachment 1-4

Item	State General Fund	All Other Funds	All Funds	
<u>Legislative Coordinating Council</u>				
1. Delete \$43,680, all from the State General Fund, and 1.0 FTE position to eliminate the position of Director of Computer Services for FY 2012. The Governor recommended a reduction of \$69,288 from the agency's requested budget. The net reduction of \$43,680 restores the Governor's reduction of \$69,288 (which allows the remaining positions to be fully funded) and then deletes the total salaries and benefits for the Director of Computer Services of \$112,968.	(43,680)	0	(43,680)	(1.0)
<i>Agency Subtotal</i>	<i>(\$43,680)</i>	<i>\$0</i>	<i>(\$43,680)</i>	<i>(1.0)</i>
<u>Legislative Research Department</u>				
1. Add \$220,000, all from the State General Fund, to fund the costs associated with redistricting, excluding additional computer equipment for FY 2012.	220,000	0	220,000	0.0
<i>Agency Subtotal</i>	<i>\$220,000</i>	<i>\$0</i>	<i>\$220,000</i>	<i>0.0</i>
<u>Revisor of Statutes</u>				
1. Add \$100,000, all from the State General Fund, to staff the agency in order to provide the drafting of legislation in a timely manner with the amount not restored to be reduced in contractual services for FY 2012.	100,000	0	100,000	0.0
<i>Agency Subtotal</i>	<i>\$100,000</i>	<i>\$0</i>	<i>\$100,000</i>	<i>0.0</i>
<u>Division of Post Audit</u>				
1. Add \$337,587, all from the State General Fund, to staff the agency in order to provide the audits in a timely manner for FY 2012.	337,587	0	337,587	0.0
<i>Agency Subtotal</i>	<i>\$337,587</i>	<i>\$0</i>	<i>\$337,587</i>	<i>0.0</i>
<u>Attorney General</u>				
1. Concur with GBA No. 1, Item 1 and delete \$1,627,111, including \$1,189,084 from the State General Fund, and 22.0 FTE positions for FY 2012 to eliminate funding for the transfer of the duties of the Kansas Human Rights Commission to the Attorney General's Office. The Governor's original recommendation transferred the functions of the Kansas Human Rights Commission, with associated funding and FTE positions, to the Office of the Attorney General. The Governor's amendment retains the Human Rights Commission as a separate agency.	0	0	0	0.0
2. Add \$150,000, all from the Crime Victims Assistance Fund, for FY 2012 for grants to domestic violence prevention programs. This brings total domestic violence prevention grants in the agency's budget to \$350,000, including \$200,000 from the State General Fund.	0	150,000	150,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$150,000</i>	<i>\$150,000</i>	<i>0.0</i>
<u>State Treasurer</u>				
1. Add 2.0 FTE positions, for a total of 46.5 FTE positions for FY 2012, so that only unfilled positions are eliminated from this agency. One position processes bonds, and the other is an IT specialist.	0	0	0	2.0
2. Delete \$300,000, all from special revenue funds, to eliminate funding for the Kansas Investment Development Scholars (KIDS) matching grants in the Postsecondary Education Savings Program for FY 2012.	0	(300,000)	(300,000)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$300,000)</i>	<i>(\$300,000)</i>	<i>2.0</i>
<u>Health Care Stabilization Fund Board</u>				
1. Add 1.0 FTE position, for a total of 18.0 FTE positions for FY 2012, to increase the number of FTE positions to the agency request. The FTE position is currently occupied by a paralegal responsible for processing Open Records Act requests.	0	0	0	1.0
2. Increase the expenditure limitation on official hospitality to no limit for FY 2012.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>1.0</i>
<u>Judicial Council</u>				
1. Delete \$105,378, all from the agency fee funds, and 1.0 FTE position for FY 2012 due to the retirement of the executive director for the agency. The agency noted in testimony that the judicial performance assessment program is now fully operational and can operate with a reduced number of employees.	0	(105,378)	(105,378)	(1.0)
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$105,378)</i>	<i>(\$105,378)</i>	<i>(1.0)</i>

Appropriations Committee

Date March 21, 2011

Attachment 1-5

<u>Item</u>	<u>State General Fund</u>	<u>All Other Funds</u>	<u>All Funds</u>	
<u>Office of Indigents' Defense Services</u>				
1. Add \$558,000, all from the State General Fund, to adopt the agency enhancement requests to offset the reduction in federal American Reinvestment and Recovery Act (ARRA) and federal Justice Assistance Grant (JAG) monies with State General Fund dollars for FY 2012.	558,000	0	558,000	0.0
<i>Agency Subtotal</i>	<i>\$558,000</i>	<i>\$0</i>	<i>\$558,000</i>	<i>0.0</i>
<u>Judicial Branch</u>				
1. Delete \$588,839, all from the State General Fund, to remove the operating (\$389,340) and capital improvement (\$199,499) expenditures for implementation of the 14th Court of Appeals judge and staff for FY 2012.	(588,839)	0	(588,839)	(3.0)
2. Delete \$5,955,735, all from the State General Fund, for FY 2012 to hold the agency FY 2012 budget to the FY 2011 approved amount.	(5,955,735)	0	(5,955,735)	0.0
<i>Agency Subtotal</i>	<i>(\$6,544,574)</i>	<i>\$0</i>	<i>(\$6,544,574)</i>	<i>(3.0)</i>
<u>Kansas Human Rights Commission</u>				
1. Concur with GBA No. 1, Item 1, to add \$1,627,111, including \$1,189,084 from the State General Fund, to keep the Commission as a separate agency with 25.0 FTE positions for FY 2012.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Corporation Commission</u>				
1. Add language to provide that the fines and penalties associated with the civil assessment program be deposited directly into the State General Fund. The agency estimates that it will collect \$766,499 in fines and penalties associated with the civil assessment program for FY 2012. Add language reducing the transfer from the Kansas Corporation Commission's Motor Carrier Fee Fund to the Kansas Highway Patrol's Motor Carrier Safety Assistance Program State Fund from \$1.3 million to \$533,501.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Citizens' Utility Ratepayer Board</u>				
1. Add 2.0 FTE to Governor's recommendation to correct for the deletion of filled rather than vacant positions to maintain the current staffing level for FY 2012.	0	0	0	2.0
2. Delete language to eliminate a fund transfer process no longer needed for FY 2012 (Technical amendment).	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>2.0</i>
<u>Department of Administration</u>				
1. Delete \$666,211, all from the Department of Administration Systems Account of the State General Fund, for FY 2012.	(666,211)	0	(666,211)	0.0
2. Add, \$18,000, all from the State General Fund, for the General Administration program to reflect a technical adjustment to the bill (Technical amendment).	0	0	0	0.0
<i>Agency Subtotal</i>	<i>(\$666,211)</i>	<i>\$0</i>	<i>(\$666,211)</i>	<i>0.0</i>
<u>Court of Tax Appeals</u>				
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. The Commission would have nine members consisting of the following: Director 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.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Commerce</u>				
1. Add language requiring the Regional Economic Area Partnership (REAP) to submit an annual report to the Legislature before May 1, 2012. The proviso would also require the Kansas Department of Commerce to conduct an independent review of the financial reports submitted by REAP and submit a report to the Legislature before May 1, 2012.	0	0	0	0.0

Appropriations Committee

Date March 21, 2011

Attachment 1-6

/Item		State General Fund	All Other Funds	All Funds	
and \$30,029, 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 for FY 2012, contingent upon passage of 2011 HB 2368.		0	30,029	30,029	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$30,029</i>	<i>\$30,029</i>	<i>0.0</i>
<u>Department of Labor</u>					
1.	Add \$2,000 to the operating expenditures account of the State General Fund for FY 2012 (Technical amendments).	0	0	0	0.0
2.	Delete the language to establish a pilot program of alternatives to layoffs, in accordance with the provisions of the Kansas Administrative Regulation No. 1-1-5, which establishes alternatives to layoffs for FY 2012 (Technical amendment).	0	0	0	0.0
3.	Delete the language allowing expenditures from the employment security administration fund for capital improvements from moneys made available to the state under 903(d) of the federal Social Security Act for FY 2012 (Technical amendment).	0	0	0	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Commission on Veterans Affairs</u>					
1.	Increase the expenditure limitations on the Kansas Soldiers' Home Medicaid Fund and the Kansas Soldiers' Home Medicare Fund to no limit to allow for expenditure of federal funds received for FY 2012.	0	0	0	0.0
2.	Increase the expenditure limitations on the Kansas Veterans' Home Medicaid Fund and the Kansas Veterans' Home Medicare Fund to no limit to allow for expenditure of federal funds received for FY 2012.	0	0	0	0.0
3.	Add language for FY 2012 to allow the Executive Director to transfer funds between State General Fund accounts and also between special revenue accounts.	0	0	0	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Dept. of Health and Environment - Health</u>					
1.	Delete \$2.2 million, all from the State General Fund, for FY 2012 to reduce the agency's State General Fund expenditures, excluding expenditures used to match federal funding or for federal maintenance of effort issues, by 15.0 percent. The agency-wide total deletion (including the Division of Environment) is \$2.7 million.	(2,218,986)	0	(2,218,986)	0.0
<i>Agency Subtotal</i>		<i>(\$2,218,986)</i>	<i>\$0</i>	<i>(\$2,218,986)</i>	<i>0.0</i>
<u>Dept. of Health and Environment - Environment</u>					
1.	Delete \$480,511, all from the State General Fund, for FY 2012 to reduce the agency's State General Fund expenditures, excluding expenditures used to match federal funding or for federal maintenance of effort issues, by 15.0 percent. The agency-wide total deletion (including the Division of Health) is \$2.7 million.	(480,511)	0	(480,511)	0.0
2.	Add language for FY 2012 which requires the Department of Health and Environment to work with the City of Eudora to solve a sewer water contamination problem on certain property in the city.	0	0	0	0.0
<i>Agency Subtotal</i>		<i>(\$480,511)</i>	<i>\$0</i>	<i>(\$480,511)</i>	<i>0.0</i>
<u>Department of Health and Environment - Health Care Finance</u>					
1.	Add language for FY 2012 directing the agency and the Kansas Department of Revenue to design and implement a process to verify income eligibility for each income-based program operated by the Department Health and Environment for FY 2012. This would include the Medicaid and Children's Health Insurance programs. The process should include confirmation of the income level reported for tax purposes to the Department of Revenue and information provided by the recipient to the Department of Health and Environment. In addition, authorize up to \$50,000 from existing resources to fund an audit of the process.	0	0	0	0.0
2.	Add language prohibiting the establishment of a preferred drug list for mental health medication for FY 2012.	0	0	0	0.0
3.	Impose a five percent surcharge on state employee health premiums for the 2012 plan year which begins January 2012 and transfer the estimated proceeds of \$3,147,686 to the State General Fund.	0	0	0	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

Appropriations Committee

Date March 21, 2011

Attachment 1-7

Item	State General Fund	All Other Funds	All Funds	
<u>Department on Aging</u>				
1. Delete \$1,879,699, including \$800,000 from the State General Fund, for the Home and Community Based Service for the Frail Elderly (HCBS/FE) waiver for FY 2012.	(800,000)	(1,079,699)	(1,879,699)	0.0
<i>Agency Subtotal</i>	<i>(\$800,000)</i>	<i>(\$1,079,699)</i>	<i>(\$1,879,699)</i>	<i>0.0</i>
<u>Social and Rehabilitation Services</u>				
1. Delete \$1.0 million, all from the State General Fund, for FY 2012 to reduce Administration Program expenditures.	(1,000,000)	0	(1,000,000)	0.0
2. Delete \$3.5 million, all from the Children's Initiatives Fund, for FY 2012 by creating a new \$21.0 million Early Childhood and Literacy Investment Grant in place of the \$24.5 million for the following three separate line items: Early Childhood Block Grant, Smart Start, and Reading Roadmap.	0	(3,543,435)	(3,543,435)	0.0
3. Add \$11.3 million, including \$1.5 million from the Children's Initiatives Fund, for the Early Head Start Program for FY 2012. The remainder of the funding is from the federal Temporary Assistance for Needy Families block grant.	0	11,342,397	11,342,397	0.0
4. Delete \$1.0 million, all from the State General Fund, from the Adoption Support Program for FY 2012, and add the same amount from federal funds.	(1,000,000)	1,000,000	0	0.0
5. Delete \$17.0 million, including \$7.2 million from the State General Fund, from the Prepaid Ambulatory Health Plan (PAHP) for FY 2012 as a result of cost saving efforts.	0	0	0	0.0
6. Add \$7.2 million, all from the State General Fund, for Mental Health State Aid for FY 2012.	7,240,000	0	7,240,000	0.0
7. Delete \$6.8 million, including \$2.3 million from the State General Fund, from the Prepaid Ambulatory Health Plan (PAHP) for FY 2012. These are savings that occur in FY 2011, which are reappropriated into FY 2012 where the savings are captured.	0	0	0	0.0
8. Delete \$9.9 million, all from the State General Fund, for FY 2012 to reflect a five percent reduction on State General Fund expenditures excluding human services consensus caseload programs and the Medicaid Home and Community Based Services waivers.	(9,896,582)	0	(9,896,582)	0.0
9. Delete \$3,197,688, including \$2,827,606 from the State General Fund, for FY 2012 associated with maintaining foster care contract rates at the FY 2011 level.	(2,827,606)	(370,082)	(3,197,688)	0.0
10. Delete \$3.1 million, all from the Child Care Development Federal Fund, for FY 2012 for the child care assistance program.	0	(3,106,020)	(3,106,020)	0.0
<i>Agency Subtotal</i>	<i>(\$7,484,188)</i>	<i>\$5,322,860</i>	<i>(\$2,161,328)</i>	<i>0.0</i>
<u>Board of Regents</u>				
1. Delete \$10.0 million, all from special revenue funds, to remove funding for KAN-ED for FY 2012.	0	(10,000,000)	(10,000,000)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$10,000,000)</i>	<i>(\$10,000,000)</i>	<i>0.0</i>
<u>Kansas State University</u>				
1. Add \$3.7 million, all from special revenue funds, for the second stage of the project to remove the Old Chemical Waste Landfill for FY 2012.	0	3,700,000	3,700,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$3,700,000</i>	<i>\$3,700,000</i>	<i>0.0</i>
<u>Fort Hays State University</u>				
1. Add \$1.3 million, all from housing revenue funds, for replacement of exterior doors and windows for FY 2012.	0	1,300,000	1,300,000	0.0
2. Add \$4.0 million, all from special revenue funds, for an indoor practice facility for FY 2012.	0	4,000,000	4,000,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$5,300,000</i>	<i>\$5,300,000</i>	<i>0.0</i>
<u>Pittsburg State University</u>				
1. Add \$1.5 million, all from special revenue funds, for the demolition of the existing President's Home and to replace it with a new University House for FY 2012.	0	1,500,000	1,500,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,500,000</i>	<i>\$1,500,000</i>	<i>0.0</i>

Appropriations Committee

Date March 21, 2011

Attachment 1-8

<u>Item</u>	<u>State General Fund</u>	<u>All Other Funds</u>	<u>All Funds</u>	
<u>State University</u>				
1. Add language for FY 2012 allowing the expenditure from the Economic Development Initiatives Fund Aviation Infrastructure account for both training and equipment for the National Center for Aviation Training.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Education</u>				
1. Add \$69.2 million, all from the State General Fund, for FY 2012 for the April 15, 2011 KPERS-School payment which was deleted in FY 2011.	69,237,942	0	69,237,942	0.0
2. Add \$52,287, all from the State General Fund, for school food assistance for FY 2012. The state match allows approximately \$97.0 million in national school lunch funds to be drawn down from the U.S. Department of Agriculture.	52,287	0	52,287	0.0
3. Delete \$11.9 million, all from the State General Fund, in the General State Aid account for FY 2012. This is the \$21.2 million anticipated to be certified for Special Education maintenance of effort in FY 2011, less savings of \$9.3 million which were identified in various agencies. This reduction would equate to approximately a \$18 reduction in the Base State Aid Per Pupil.	(11,917,245)	0	(11,917,245)	0.0
<i>Agency Subtotal</i>	<i>\$57,372,984</i>	<i>\$0</i>	<i>\$57,372,984</i>	<i>0.0</i>
<u>School for the Blind</u>				
1. Delete \$31,979, all from the State General Fund, for FY 2012 and replace it with State Institutions Buildings Fund for principal payments on the Facilities Conservation Improvement project.	(31,979)	31,979	0	0.0
<i>Agency Subtotal</i>	<i>(\$31,979)</i>	<i>\$31,979</i>	<i>\$0</i>	<i>0.0</i>
<u>School for the Deaf</u>				
1. Concur with GBA No. 1, Item 3 to add \$1.9 million, all from the State Institutions Building Fund, to renovate the west wing of the Roth Dormitory for FY 2012.	0	0	0	0.0
2. Delete \$66,520, all from the State General Fund, for FY 2012 and replace it with State Institutions Buildings Fund for principal payments on the Facilities Conservation Improvement project.	(66,520)	66,520	0	0.0
<i>Agency Subtotal</i>	<i>(\$66,520)</i>	<i>\$66,520</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Corrections</u>				
1. Add \$750,000, all from the State General Fund, for FY 2012 for offender programming.	750,000	0	750,000	0.0
2. Add \$500,000, all from the State General Fund, for FY 2012 for community corrections grants.	500,000	0	500,000	0.0
<i>Agency Subtotal</i>	<i>\$1,250,000</i>	<i>\$0</i>	<i>\$1,250,000</i>	<i>0.0</i>
<u>Juvenile Justice Authority</u>				
1. Add \$500,000, all from the State General Fund, for tertiary community programs for FY 2012. Tertiary community programs are designed for juveniles who have touched the juvenile justice system, but were not adjudicated as an offender.	500,000	0	500,000	
2. Delete \$57,998, all from the State General Fund, for salaries and wages, and 1.0 FTE position for FY 2012.	(57,998)	0	(57,998)	(1.0)
3. Delete \$10,000, all from the State Institutions Building Fund, for FY 2012, from the enhancement request to raze the pig barn at the Kansas Juvenile Correctional Complex.	0	(10,000)	(10,000)	0.0
4. Delete \$328,139, all from the State Institutions Building Fund, for FY 2012, from the enhancement request for construction of a warehouse at the Larned Juvenile Correctional Facility.	0	(328,139)	(328,139)	0.0
5. Delete \$2,000,000, all from the State General Fund, and add the same amount from the Children's Initiatives Fund, for FY 2012 for Prevention and Graduated Sanctions Community Grants.	(2,000,000)	2,000,000	0	0.0
<i>Agency Subtotal</i>	<i>(\$1,557,998)</i>	<i>\$1,661,861</i>	<i>\$103,863</i>	<i>(1.0)</i>
<u>State Fire Marshal</u>				
1. Delete \$80,748, all from the Fire Marshal Fee Fund, to reduce budgeted purchases for paper based supplies from \$150,748 to \$70,000 for FY 2012.	0	(80,748)	(80,748)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$80,748)</i>	<i>(\$80,748)</i>	<i>0.0</i>

Item	State General Fund	All Other Funds	All Funds	
<u>State Highway Patrol</u>				
1. Add \$862,000, all from the State General Fund, to provide for a trooper trainee class of 15 for FY 2012. This would increase the transfer from the State Highway Fund to the State General Fund by a corresponding amount for FY 2012.	862,000	0	862,000	0.0
<i>Agency Subtotal</i>	<i>\$862,000</i>	<i>\$0</i>	<i>\$862,000</i>	<i>0.0</i>
<u>Kansas Bureau of Investigation</u>				
1. Concur with GBA No. 1, Item 4, to add \$450,000, all from the State General Fund, to provide funding for meth lab cleanup for FY 2012.	0	0	0	0.0
2. Add \$326,670, all from the State General Fund, to replace federal American Reinvestment and Recovery Act: Federal Edward Byrne Memorial Justice Assistance Grant (ARRA/JAG) funding, to retain 3.0 special agent and 1.0 special investigator FTE positions for FY 2012.	326,670	0	326,670	0.0
3. Add \$167,000, all from the State General Fund, to restore funding for 2.0 of the 3.0 unclassified FTE investigative polygraph and digital forensic examination positions that were part of agency's reduced resources budget that was recommended by the Governor for FY 2012.	167,000	0	167,000	0.0
4. Add 12.0 FTE positions for FY 2012, to add back half of the FTE positions reduced under the Governor's FY 2012 recommendation. This would allow the agency to keep 3.0 newly hired FTE positions and increase the agency's FTE limitation from the Governor's recommended 197.0 FTE positions to 209.0 FTE positions for FY 2012.	0	0	0	12.0
<i>Agency Subtotal</i>	<i>\$493,670</i>	<i>\$0</i>	<i>\$493,670</i>	<i>12.0</i>
<u>Emergency Medical Services Board</u>				
1. Add 1.0 FTE position, for a total of 14.0 FTE positions, to increase the number of FTE positions to the agency FY 2012 request. This is to maintain a Deputy Director position that was eliminated in the Governor's recommendation.	0	0	0	1.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>1.0</i>
<u>Kansas Commission on Peace Officers' Standards and Training (KCPOST)</u>				
1. Add \$5,500, all from the KCPOST Fund, for FY 2012 to partially restore operating expenditure reductions recommended as part of the Governor's FY 2012 recommendation (partial restorations included: gasoline, hospitality, out-of-state travel, and subsistence for out-of-state travel for FY 2012).	0	5,500	5,500	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$5,500</i>	<i>\$5,500</i>	<i>0.0</i>
<u>Department of Agriculture</u>				
1. Add \$179,785, including \$89,910, from fee funds, and \$89,875, from federal funds, for the replacement of vehicles for FY 2012.	0	179,785	179,785	0.0
2. Add \$75,000, all from the Grain Warehouse Inspection Fund, for grain warehouse inspections for FY 2012.	0	75,000	75,000	0.0
3. Add \$55,000, all from the State Water Plan Fund, for FY 2012 for streamgage monitoring in western Kansas to assure that Colorado is in compliance with the Arkansas River Compact.	0	55,000	55,000	0.0
4. Add \$20,000, all from the Livestock Market Reporting Fund, for FY 2012 for livestock market reporting.	0	20,000	20,000	0.0
5. Add \$175,000, all from the Feral Swine Eradication Fund, for FY 2012 for feral swine eradication.	0	175,000	175,000	0.0
6. Add language that requires the agency to make every effort to ensure services performed in the Grain Warehouse Inspection Program will not be compromised by budget reductions for FY 2012.	0	0	0	0.0
7. Add language that allows the agency to pro-rate license fees and/or alter license due dates as needed in order to transition to online license applications and renewals for FY 2012.	0	0	0	0.0
8. Add language for FY 2012 creating the Compliance Education Fee Fund, where civil penalties and fines may be deposited for the purpose of compliance education.	0	0	0	0.0

Appropriations Committee

Date March 21, 2011

Attachment 1-10

Item	State General Fund	All Other Funds	All Funds	
9. Add language for FY 2012 to allow for up to 6.0 percent of the appropriated amount for FY 2012 from the Water Resources Cost Share account be expended for contractual technical expertise and/or non-salary State Conservation Commission administration expenditures. This language was included in the FY 2011 appropriation bill.	0	0	0	0.0
10. Add language for FY 2012 detailing specific expenditures within items funded by the State Water Plan Fund. This language was included in the FY 2011 appropriation bill.	0	0	0	0.0
11. Add language to allow any unencumbered balance in items funded from the State Water Plan Fund, in excess of \$100 as of June 30, 2011, to be reappropriated to those items for FY 2012 (except funding for Conservation Reserve Enhancement Program (CREP)). This language was included in the FY 2011 appropriation bill.	0	0	0	0.0
12. Transfer \$75,000, all from the State Water Plan Fund, to the Grain Warehouse Inspection Fund for FY 2012.	0	0	0	0.0
13. Transfer \$20,000, all from the State Water Plan Fund, to the Livestock Market Reporting Fund for FY 2012.	0	0	0	0.0
14. Transfer \$175,000, all from the State Water Plan Fund, to the Feral Swine Eradication Fund for FY 2012.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$504,785</i>	<i>\$504,785</i>	<i>0.0</i>
<u>Kansas Water Office</u>				
1. Add 2.0 FTE positions for FY 2012; the agency inadvertently submitted a request for funded FTE positions instead of approved FTE positions.	0	0	0	2.0
2. Add \$88,610, all from the State Water Plan Fund, for FY 2012 for Storage and Operations Maintenance (MOU), which are annually contracted costs with the Corps of Engineers at the lakes where the state owns storage.	0	88,610	88,610	0.0
3. Delete \$88,610, all from the State Water Plan Fund, for FY 2012 for the Wichita Aquifer Storage and Recovery Project, which brings the amount equal to the funding in FY 2011.	0	(88,610)	(88,610)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>2.0</i>
<u>Department of Wildlife and Parks</u>				
1. Add \$310,000, all from the Sport Fish Restoration Fund, for FY 2012 to enhance the Fishing Impoundments and Stream Habitats public access for fishing program.	0	310,000	310,000	0.0
2. Add \$70,000, all from the Sport Fish Restoration Fund, for FY 2012 to fund a study for enhanced fishing opportunities at the Rocky Ford Wildlife Area.	0	70,000	70,000	0.0
3. Add \$600,000, including \$150,000 from the Wildlife Fee Fund and \$450,000 from the Wildlife Restoration Fund, for FY 2012 to construct a system to prevent zebra mussels from entering the raceways from the reservoir at the Milford Fish Hatchery.	0	600,000	600,000	0.0
4. Add \$100,000, all from the Sport Fish Restoration Fund, for FY 2012 for minor repairs to three state fishing lake dams in Leavenworth, Shawnee, and Douglas counties.	0	100,000	100,000	0.0
5. Add \$40,000, all from the Wildlife Fee Fund, for FY 2012 for the Stream Monitoring Program.	0	40,000	40,000	0.0
6. Add \$620,000, all from the Wildlife Restoration Fund, for FY 2012 to enhance the Walk-in Hunter Area public access for hunting program.	0	620,000	620,000	0.0
7. Delete \$40,000, all from the State Water Plan Fund, for FY 2012 for the Stream Monitoring Program.	0	(40,000)	(40,000)	0.0
8. Delete \$1.7 million, including \$850,000 from the Wildlife Fee Fund, and \$850,000 from the Wildlife Restoration Fund, for FY 2012 for land acquisition.	0	(1,700,000)	(1,700,000)	0.0
9. Add \$11,977, all from the State General Fund, for the Kansas City district office debt service-interest for FY 2012 (Technical amendment).	11,977	0	11,977	0.0
10. Delete \$11,977, all from the State General Fund, for the Kansas City district office debt service-principal for FY 2012 (Technical amendment).	(11,977)	0	(11,977)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

Appropriations Committee

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Attachment 1-11

Item	State General Fund	All Other Funds	All Funds	
<u>Kansas Department of Transportation</u>				
1. Delete \$2.7 million, all from the State Highway Fund, to reduce by half the recommended enhancement funding for replacement of 281 agency vehicles for FY 2012. Allow the agency to determine which vehicles are most in need of replacement.	0	(2,723,036)	(2,723,036)	0.0
2. Add language for FY 2012 that require that the agency seek approval from the State Finance Council prior to issuing any bonds for FY 2012.	0	0	0	0.0
3. Add language for FY 2012 stating that the \$200.0 million being transferred from the State Highway Fund to the State General Fund for FY 2012 is a borrowed amount and will start to be repaid in FY 2013.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$2,723,036)</i>	<i>(\$2,723,036)</i>	<i>0.0</i>
<u>Suspend Administrative Services Fee Fund Transfer to the State General Fund</u>				
1. Suspend the statutory requirement to remit 20.0 percent, up to a maximum of \$200,000, of an agency's fee receipts to the State General Fund for FY 2012. This would result in an estimated decrease of \$3.4 million to the State General Fund for FY 2012, contingent upon passage of 2011 H.B. 2368.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Other Statewide Adjustments</u>				
1. Add language requiring a 10.0 percent reduction to information technology expenditures for FY 2012. Allow Legislative and Judicial branch agencies to keep these funds but require that they use them for programming or other personnel costs.	(8,645,361)	(14,555,306)	(23,200,667)	0.0
2. Add language for FY 2012 prohibiting State General Fund expenditures by any state agency for membership dues and subscriptions and lapse any resulting State General Fund savings.	(5,354,025)	0	(5,354,025)	0.0
<i>Agency Subtotal</i>	<i>(\$13,999,386)</i>	<i>(\$14,555,306)</i>	<i>(\$28,554,692)</i>	<i>0.0</i>
<u>State Employee Pay</u>				
1. Delete \$5.3 million, all from the State General Fund, and require state agencies to self-fund state employee longevity bonus payments for FY 2012. This action affects only the State General Fund financed longevity bonus payments. No special revenue funds are adjusted.	(5,300,000)	0	(5,300,000)	0.0
<i>Agency Subtotal</i>	<i>(\$5,300,000)</i>	<i>\$0</i>	<i>(\$5,300,000)</i>	<i>0.0</i>
TOTAL	\$22,000,208	(\$9,373,096)	\$12,627,112	17.0
FY 2013				
<u>State Bank Commissioner</u>				
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 for FY 2013, contingent upon passage of 2011 HB 2368.	0	200,000	200,000	0.0
2. Add \$205,902, all from special revenue funds, by reducing the agency's salaries and wages shrinkage rate to 2.5 percent, from the Governor's recommended rate of 5.0 percent, for FY 2013.	0	205,902	205,902	0.0
3. Add \$150,000, all from special revenue funds, for contractual services for FY 2013. The majority of expenditures in this category are for travel to examination locations and training for examination staff.	0	150,000	150,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$555,902</i>	<i>\$555,902</i>	<i>0.0</i>
<u>Behavioral Sciences Regulatory Board</u>				
1. Add \$153,927, 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 for FY 2013, contingent upon passage of 2011 HB 2368.	0	153,927	153,927	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$153,927</i>	<i>\$153,927</i>	<i>0.0</i>
<u>Board of Healing Arts</u>				
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 for FY 2013, contingent upon passage of 2011 HB 2368.	0	200,000	200,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$200,000</i>	<i>\$200,000</i>	<i>0.0</i>

Appropriations Committee

Date MARCH 21, 2011

Attachment 1-12

/Item		State General Fund	All Other Funds	All Funds	
<u>Department of Credit Unions</u>					
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 for FY 2013, contingent upon passage of 2011 HB 2368.	0	200,000	200,000	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$200,000</i>	<i>\$200,000</i>	<i>0.0</i>
<u>Board of Nursing</u>					
1.	Add \$51,380, all from special revenue funds, to increase the expenditure limitation to the agency FY 2013 request of \$2,109,810.	0	51,380	51,380	0.0
2.	Add 3.0 FTE, for a total of 24.0 FTE, to increase the number of FTE positions to the agency FY 2013 request. These positions are for an Education Specialist, an Assistant Attorney General, and a Senior Administrative Assistant.	0	0	0	3.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$51,380</i>	<i>\$51,380</i>	<i>3.0</i>
<u>Board of Pharmacy</u>					
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 for FY 2013, contingent upon passage of 2011 HB 2368.	0	200,000	200,000	0.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$200,000</i>	<i>\$200,000</i>	<i>0.0</i>
TOTAL		\$0	\$1,361,209	\$1,361,209	3.0

March 18, 2011

Proposed Amendment to Reduce Selected State Employees Salaries

State Officers

- In FY 2012 reduce salaries of the state officers by 7.5 percent for the entire fiscal year. State officers include:
 - Legislators;
 - Justices and judges;
 - State-wide elected officials; and
 - Statutory agency heads.

All Other Employees

- For all other employees whose salaries are in excess of \$100,000, their salaries will be reduced 7.5 percent for the entire year. Only the State General Fund portion of the individual's salary will be reduced from the respective agency budget.
- For all employees who earn less than \$40,000 there will be no reduction in their salary. For all employees who earn over \$40,000, but less than \$100,000 their salary will be reduced in a "straight line" of zero reduction at \$40,000 up to a 7.5 percent reduction at \$100,000. This straight line methodology helps bring equity to the reduction with those individuals earning less, will have a smaller reduction than those individuals who are earning substantial salaries.
- The savings where possible in the Executive Branch will be captured from the State General Fund. Any State General Fund savings within the Judicial Branch or Legislative Branch will remain with those agencies to meet operating needs as determined by those respective agencies. Any savings in special revenue funds, fee funds, federal funds, grants, etc. will also remain with the agencies.
- Require the Director of the Budget to consult with the Director of the Legislative Research Department on the amount of the State General

Appropriations Committee

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Attachment 2

Fund lapse in each state agency for the pay reduction and then certify such amount to the Director of Accounts and Reports.

- The estimated State General Fund savings for this entire amendment are \$19.0 million in FY 2012.

Appropriations Committee

Date March 21, 2011

Attachment 27

1500 SW Arrowhead Road
Topeka, KS 66604-4027



phone: 785-271-3100
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<http://kcc.ks.gov/>

Thomas E. Wright, Chairman
Ward Loyd, Commissioner

Corporation Commission

Sam Brownback, Governor

March 17, 2011

Representative Marc Rhoades
Chairman, House Appropriations Committee
State Capitol, Office 351-S
Topeka, KS 66612

Dear Chairman Rhoades:

A question was raised in Committee yesterday concerning the availability of **American Recovery and Reinvestment Act (ARRA) of 2009** funding for regent deferred maintenance capital improvement projects. We have requested a copy of the project list for review. I would like to provide additional information about the Recovery Act funds.

Use of Recovery Act funds requires a lengthy approval process from the U.S. Department of Energy. Prior to any contracting with subgrantees, the DOE must first approve the scope of the activity, which must fall within certain market title categories (such as energy efficiency retrofits). This process has been taking a very long time. We submitted a new activity in October, and still do not have approval. This nearly 6 month turnaround is incredibly cumbersome and frustrating.

All projects that use Recovery Act funding must meet certain federal requirements. The first of these is the Davis-Bacon and Related Acts, requiring contractors to pay prevailing wages. This can dramatically increase the cost of a project. Additionally, Davis-Bacon requires that contractors submit weekly payroll reports to verify that they are paying contractors, and the subgrantee and Kansas Energy Office must review these and interview workers to verify that the appropriate wage was paid.

The National Environmental Policy Act (NEPA) requires that projects have their environmental impact assessed prior to approval by the U.S. Department of Energy. While not all projects require this approval, any project that will be breaking ground, or is of any substantial size, may trigger this requirement. In the most severe cases, a formal Environmental Assessment is required, which itself can take 6 months. Projects that don't require an Assessment still must be approved by DOE NEPA officials.

Projects using Recovery Act funds must also meet Buy American provisions of the Recovery Act and ensure that the equipment installed is Made in the U.S.A.

Finally, all projects must be approved by the Kansas State Historical Society for compliance with Historical Preservation Guidelines.

The Kansas Energy Office will work with universities to determine if there are deferred maintenance projects that will successfully and timely meet the Recovery Act requirements.

Appropriations Committee

Date March 21, 2011

Attachment 3

It is important to share with the Committee that more than \$50 million worth of **Facility Conservation Improvement Program (FCIP)** projects are currently under construction at KSU, KU & WSU. There is also a project under consideration at PSU.

FACILITY NAME	PROJECT STATUS	TOTAL PROJECT COST	ANNUAL SAVINGS
Pittsburg State University	Energy Audit		
	Under Construction	\$ 1,548,989	\$ 109,294
Wichita State University - Housing	Under Construction	\$ 25,596,490	\$ 2,017,439
University of Kansas - Deferred Maintenance	Under Construction	\$ 3,942,618	\$ 404,720
Kansas State University - Water	Under Construction	\$ 19,459,752	\$ 1,512,056
Kansas State University - Phase II	Complete	\$ 18,393,010	\$ 1,723,488
University of Kansas - Campus	Complete	\$ 4,500,000	\$ 385,152
Pittsburg State University	Complete	\$ 4,887,301	\$ 348,816
Fort Hays State University	Complete	\$ 2,418,169	\$ 356,097
Kansas State University - Housing	Complete	\$12,289,489	\$ 964,768
University of Kansas - Medical Center	Complete	\$ 1,550,401	\$ 90,425
Pittsburg State University - Nation Hall	Complete	\$ 21,090,000	\$ 1,629,935
Kansas State University - Campus	Complete	\$ 12,316,635	\$ 1,118,277
Wichita State University	Complete		
TOTAL		\$ 127,992,854	\$10,660,467

The FCIP is housed at the Kansas Energy Office and works on the principal of Energy Savings Performance Contracting. By working with Energy Service Companies (ESCOs), the FCIP can *guarantee* the avoided utility costs a facility will save as a result of energy efficiency improvements.

The FCIP is a program that allows Kansas municipalities, counties, public schools, community colleges and other public entities to enter into contracts with private companies quickly and confidently. The Kansas Energy Office provides oversight and consultation throughout the entire process – from the initial contact with the ESCOs, to the end of the energy savings verification period, as long as 30 years. The State of Kansas has negotiated contracts with ten ESCOs. These nationally recognized companies all have offices in Kansas, and all have extensive experience in Energy Performance Contracting

Projects implemented under the FCIP are guaranteed by the ESCO to cover the financing. If the savings don't materialize, the ESCO, not the customer, is obligated to make up the difference. The contract signed by the ESCO and the customer includes a guarantee of savings. Based on product performance, utility cost models, and detailed knowledge of the industry, ESCOs are able to know exactly how a building performs, how often the building is used, and how much money it will cost to run the equipment installed in the building.

Appropriations Committee

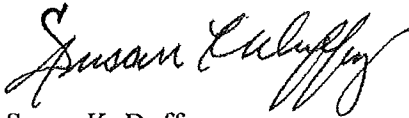
Date March 21, 2011

Attachment 3-2

The money saved from the utility bill is used as a means to pay for those improvements. The payments made on the debt incurred from the project matches the guarantee of savings. No up-front capital costs are required by the customer in most cases – payments made on the equipment comes from the avoided energy costs. After the debt has been retired by the customer, all additional savings are an added bonus to the customer.

I hope that this information is helpful to you. If we can provide additional information, please let me know.

Sincerely,

A handwritten signature in cursive script, reading "Susan K. Duffy".

Susan K. Duffy
Executive Director

Appropriations Committee

Date March 21, 2011

Attachment 3-3