

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on February 11, 2011, in Room 548-S of the Capitol.

Senator Emler, absent

### Committee staff present:

Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
David Wiese, Office of the Revisor of Statutes  
Alan Conroy, Director, Legislative Research Department  
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department  
Aaron Klaassen, Senior Fiscal Analyst, Legislative Research Department  
Dorothy Hughes, Fiscal Analyst, Legislative Research Department  
Brea Short, Intern, Senator McGinn's Office  
Jan Lunn, Committee Assistant  
Josh Lewis, Chief of Staff

### Others attending:

See attached list.

### Bill Introductions

Senator Vratil moved introduction of a bill (#rs0897) related to qualifying correctional inmates for Medicaid; Senator Schmidt seconded the motion, which passed on a voice vote.

Senator Steineger requested introduction of a bill authorizing a study related to county consolidation. Senator McGinn moved introduction (#rs0712); Senator Kelly seconded the motion, which passed on a voice vote.

Senator Steineger requested introduction of a bill that would downsize the Kansas Senate and House of Representatives. Senator McGinn moved introduction (#rs0597); Senator Masterson seconded the motion, which passed on a voice vote.

### Follow-Up Information

Chairperson McGinn called attention to a follow-up response from Elaine Frisbie, Deputy Director, Division of the Budget, who answered a question posed at the January 13 Ways and Means Committee meeting concerning how many FTEs were filled versus unfilled at the time the budget was put together and how many FTEs were filled versus unfilled at the current time (Attachment 1).

### Subcommittee Reports

#### Department of Administration

Subcommittee Chairperson Teichman reviewed the agency request and the Governor's recommendations (Attachment 2). The Department of Administration Subcommittee concurred with the Governor's recommendation with the following adjustments and recommendations:

- Delete \$1,484,995 from the "Systems Account" Department of Administration (DofA) for FY 2012. The subcommittee recommended the agency explore alternative sources of revenue other than the State General Fund (SGF) for contractual services fees.
- Add \$1,484,995 from the SGF to Public Broadcasting Council Grants.
- The point was made that the reduction could be shifted "off-budget," allowing the DofA to reduce overall expenditures or charge other state agencies for these expenses.
- The Subcommittee emphasized the importance of the Public Broadcasting Council Grants program in disseminating public and emergency information throughout Kansas, particularly in rural and western regions.
- The Subcommittee recognized that if **SB 50**, the Kansas 911 Act, becomes law, the role of the DofA in distributing these funds will be curtailed; if **SB 50** is passed, the DofA will receive \$7.3 million in Wireless Enhanced 911 grants that will be distributed by the Attorney General's office for FY 2012.

CONTINUATION SHEET  
MINUTES OF THE WAYS AND MEANS COMMITTEE on February 11, 2011, 10:30 a.m. 548-S

Senator Teichman moved to accept the Subcommittee Report; Senator Francisco seconded the motion, which passed on a voice vote. Senator Taddiken requested his vote be recorded as "No" in the permanent record.

Veterans' Affairs FY 2011

Subcommittee Chairperson Taddiken reviewed the agency estimate including supplemental requests (Attachment 3); he also reviewed the Governor's recommendation, which excludes supplemental funding in FY 2011.

The Subcommittee concurred with the Governor's recommendation for expenditures and FTE positions in FY2011 and made the following recommendations:

- Expenditure limitations for FY 2011 for the Kansas Soldiers' Home Medicaid Fund, the Kansas Soldiers' Home Medicare Fund, the Kansas Veterans' Home Medicaid Fund, and the Kansas Veterans' Home Medicare fund be increased to "no limit."
- Grant authority to the Executive Director of the Kansas Commission on Veterans' Affairs to transfer funds between SGF accounts and between special revenue accounts in FY 2011.
- Request the Senate Ways and Means Committee consider the agency's FY 2011 supplemental funding request in the amount of \$81,320 for Medicare billing software and training at the Kansas Veterans' Home.

Considerable discussion ensued relative to supplemental funding for software and training given the fact that the software (billing and clinical) is currently operational at the Kansas Soldiers' Home. Steve Dunkin, Superintendent of both facilities, elaborated that the total funding request is for approximately \$21,000 for purchase of the billing software and \$60,000 in training expenditures for the Veterans' Home. The clinical software is operational at the Veterans' Home. Senator Schmidt suggested that since one home (Soldiers' Home) is performing the billing function for that facility, efficiencies could be realized if the billing function at the Veterans' Home were assumed by the staff at the Soldiers' Home, saving \$60,000 in training expenditures. Mr. Dunkin indicated he would seek answers to these questions from the software vendor.

Senator Taddiken moved to adopt the Veterans' Affairs FY 2011 Subcommittee Report; Senator Kultala seconded the motion, which passed on a voice vote.

Veterans' Affairs FY 2012

Senator Taddiken reviewed the agency request for FY 2012 and the Governor's recommendations (Attachment 4) which included a 158.0 FTE reduction. All FTE positions are currently vacant.

Chairperson Taddiken reported the Subcommittee concurred with the Governor's recommendation for FY 2012 expenditures and FTEs accompanied by the following additional recommendations:

- For FY 2012, expenditure limitations for Kansas Soldiers' Home Medicaid Fund, Kansas Soldiers' Home Medicare Fund, Kansas Veterans' Home Medicaid Fund, and the Kansas Veterans' Home Medicare Fund become "no limit" funds.
- Grant authority to the Executive Director of the Kansas Commission on Veterans' Affairs to transfer funds between the SGF and special revenue funds for FY 2012.
- Request U.S. Army Command and General Staff College at Fort Leavenworth collaborate with a Kansas higher education institution to conduct a study and make recommendations to the 2012 Legislature regarding the delivery of services to veterans, veterans' access to benefits, and possible benefits that the State could provide to Kansas veterans.

Senator Taddiken moved adoption of the Subcommittee Report; Senator Teichman seconded the motion, which carried on a voice vote.

Lottery

Chairperson Teichman reviewed the FY 2012 agency request and the Governor's recommendations (Attachment 5).

CONTINUATION SHEET  
MINUTES OF THE WAYS AND MEANS COMMITTEE on February 11, 2011, 10:30 a.m. 548-S

The Subcommittee concurred with the Governor's recommendation with the following recommendations and adjustments:

- The Subcommittee recommends the decision on the purchase of replacement vehicles for FY 2012 be delayed until the vehicles have exceeded 100,000 miles
- The Subcommittee encourages the development and pursuit of marketing partnerships between the State Lottery and private business to encourage instant lottery sales and promote Kansas businesses.
- The Subcommittee recommends the transfer of \$18.04 million from the Expanded Lottery Act Revenue Fund to the State General Fund for FY 2012.

Senator Teichman moved the committee adopt the Subcommittee Report with the recommendations and adjustments presented; Senator Vratil seconded the motion, which carried on a voice vote.

**Racing and Gaming Commission**

Senator Teichman reviewed the agency request and the Governor's recommendation (Attachment 6). Senator Teichman reported the Subcommittee concurred with the Governor's recommendation with the following notations and recommendations:

- The Subcommittee noted the appropriation of the Illegal Gaming Enforcement Fund in FY 2011 and commended the agency for increasing regulation enforcement.
- It was recommended that the Commission provide regular updates to the Legislature regarding the progress of gaming facility construction in the Northeast and Southcentral zones.

Senator Schmidt inquired how revenue from the Illegal Gaming Enforcement Fund comes into the state. Senator Teichman clarified funds come directly from the Illegal Gaming Enforcement Fund to SRS. Ed Van Petten, Director of the Kansas Lottery Commission, verified 2 percent of the net win daily is swept into the Illegal Gaming Enforcement Fund which is transferred to SRS for distribution. Senator Schmidt requested the SRS Subcommittee report on the disposition of these funds.

Senator Teichman moved adoption of the Subcommittee report and its notations and recommendations; Senator Huntington seconded the motion, which carried by voice vote.

The meeting was adjourned at 11:57 a.m.

**SENATE WAYS AND MEANS  
GUEST LIST  
February 11, 2011**

[illegible]

Jan Lunn

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**From:** Frisbie, Elaine [Budget] [Elaine.Frisbie@budget.ks.gov]  
**Sent:** Friday, February 11, 2011 10:14 AM  
**To:** Jan Lunn  
**Subject:** RE: Question from previous meeting  
**Attachments:** 02-10-11 FTE Table.pdf

Jan, I am attaching what Legislative Research has compiled on the subject of eliminating FTE positions. JG and I discussed the question when it was first brought up. Because I knew KLRD was gathering the information, I did not want to duplicate their efforts.

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**From:** Jan Lunn [mailto:Jan.Lunn@Senate.ks.gov]  
**Sent:** Wednesday, February 09, 2011 5:17 PM  
**To:** Frisbie, Elaine [Budget]  
**Subject:** Re: Question from previous meeting

Good afternoon, Elaine!

Regarding follow-up:

*"Senator Teichman questioned how many positions will be eliminated as a result of the information presented under the Governor's Budget proposal (excluding the 2,000 positions currently unfilled) which will be eliminated."*

Senator McGinn would like to know your process for how and when you respond to outstanding questions.

I appreciate your time, and thank you very much!

Jan Lunn, Committee Secretary  
Senate Ways and Means Committee  
[jan.lunn@senate.ks.gov](mailto:jan.lunn@senate.ks.gov)  
785-296-3775

Senate Ways and Means Committee  
Date: 02/11/11  
Attachment: 1

FTE Positions Eliminated in the FY 2012 Governor's Recommendation and Projected Layoffs				
Agency	Eliminated Positions	How many people will be laid off?	Any layoffs due to an ERO?	Footnotes
	FY 2012	FY 2012	FY 2012	
Abstracters Board	0.0	0.0	No	
Adjutant General	20.0	0.0	No	
Animal Health	0.0	25.0	Yes	1
Arts Commission	8.0	6.0	Yes	
Atchison Juvenile Correctional Facility	0.0	0.0	No	
Attorney General	3.0	0.0	No	
Behavioral Sciences Regulatory Board	0.0	0.0	No	
Beliot Juvenile Correctional Facility	0.0	0.0	No	
Board of Accountancy	0.0	0.0	No	
Board of Barbering	0.0	0.0	No	
Board of Cosmetology	1.0	0.0	No	
Board of Healing Arts	2.0	2.0	No	
Board of Indigent's Defense	10.0	0.0	No	
Board of Nursing	3.0	2.0	No	
Board of Optometry	0.0	0.0	No	
Board of Pharmacy	0.0	0.0	No	
Board of Regents System	0.0	0.0	No	
Board of Regents Universities	n/a	n/a	n/a	
Board of Technical Professions	0.0	0.0	No	
Board of Vet. Medical Examiners	0.0	0.0	No	
Commerce	40.0	22.0	Yes	2
Conservation Commission	0.0	11.0	Yes	3
Corrections System	48.0	7.0	No	
Court of Tax Appeals	6.0	0.0	No	4
CURB	2.0	0.0	No	
Dental Board	0.0	0.0	No	
Department of Administration	189.8	0.0	No	
Department of Agriculture	21.0	0.0	No	
Department of Credit Unions	0.0	0.0	No	
Department of Education	37.3	0.0	No	
Department of Labor	53.0	0.0	No	
Department on Aging	50.0	0.0	No	
Division of Post Audit	0.0	0.0	No	
Emergency Medical Services Board	1.0	0.0	No	
Fire Marshal	5.0	0.0	No	
Governmental Ethics Commission	0.0	0.0	No	
Health Care Stabilization Fund	1.0	0.5	No	
Hearing Instruments Board	0.0	0.0	No	
Home Inspection Registration Board	0.0	0.0	No	
Insurance Department	15.0	0.0	No	
Judicial Branch	0.0	0.0	No	
Judicial Council	0.0	0.0	No	
Juvenile Justice Authority	13.0	3.0	No	
Kansas Commission on Veterans' Affairs	160.0	0.0	No	
Kansas Department of Health and Environment	20.0	1.0	No	5
Kansas Department of Wildlife and Parks	0.0	0.0	No	
Kansas Development Finance Authority	0.0	0.0	No	
Kansas Guardianship Program	0.0	0.0	No	
Kansas Highway Patrol	8.0	0.0	No	
Kansas Historical Society	15.0	3.0	No	
Kansas Human Rights Commission	12.0	3.0	Yes	
Kansas Inc.	0.0	3.0	Yes	6
Kansas Juvenile Correctional Complex	6.0	0.0	No	
Kansas Parole Board	3.0	3.0	Yes	
Kansas Real Estate Commission	2.0	0.0	No	
Kansas Securities Commission	0.0	0.0	No	
Kansas Water Office	2.0	2.0	No	
KBI	24.0	0.0	No	
KCC	2.0	0.0	No	
KCPOST	0.0	0.0	No	
KDOT	197.0	0.0	No	

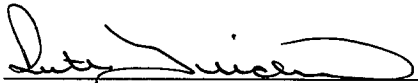
Agency	Eliminated Positions	How many people will be laid off?	Any layoffs due to an ERO?	Footnotes
	FY 2012	FY 2012	FY 2012	
KHPA	71.1	38.8	Yes	7
KPERS	1.0	0.0	No	
KTEC	9.0	9.0	No	
Larned Juvenile Correctional Facility	8.0	0.0	No	
Legislative Coordinating Council	0.0	0.0	No	
Legislative Research Department	0.0	0.0	No	
Legislature	0.0	0.0	No	
Lottery Commission	0.0	0.0	No	
Mortuary Arts Board	0.0	0.0	No	
Office of Administrative Hearings	0.0	0.0	No	
Office of the Governor	0.4	0.0	No	8
Office of the Lieutenant Governor	0.0	0.0	No	
Racing and Gaming Commission	26.0	0.0	No	
Real Estate Appraisal Board	0.0	0.0	No	
Revenue	50.0	0.0	No	
Revisor of Statutes	0.0	0.0	No	
School for the Blind	11.0	0.5	No	
School for the Deaf	23.0	5.5	No	9
Secretary of State	3.0	0.0	No	
Sentencing Commission	0.0	0.0	No	
SRS	550.0	0.0	No	
SRS Hospitals (5)	294.0	0.0	No	10
State Bank Commissioner	0.0	0.0	No	
State Fair	0.0	0.0	No	
State Library	1.0	0.0	No	
State Treasurer	8.0	2.0	No	
<b>Totals</b>	<b>2035.6</b>	<b>149.3</b>		
1) Animal Health and the Department of Agriculture are affected by an ERO eliminating 33.0 FTE, but there are 8.0 FTE vacant; the reorganization plan is not yet complete.				
2) Commerce was impacted by three EROs; 22.0 FTE represents the maximum layoffs that could occur; the agency has not yet completed its reorganization plan.				
3) The Conservation Commission is affected by an ERO eliminating 11.0 FTE positions, but there are 2.0 vacant. The reorganization plan is not yet complete.				
4) For the Court of Tax Appeals, the Governor's recommended budget may result in future layoffs absent statutory changes.				
5) KDHE reorganization-related changes are reflected in KHPA numbers.				
6) For Kansas Inc., the ERO would be enacted in FY 2011; three layoffs would occur as of June 30, 2011.				
7) For KHPA, 38.8 FTE positions represents the maximum number of layoffs that there could be in this transition; KDHE has not yet completed its reorganization plan.				
8) In the Governor's Office, the reduction of 0.4 FTE positions is due to an ERO, but there are no layoffs.				
9) At the School for the Deaf, 23.0 eliminated FTE positions are vacant; the 5.5 layoffs were positions recommended by the Governor to be 'vacated.'				
10) In SRS Hospitals, each individual hospital has yet to complete a revised staffing plan; new staffing plans could result in layoffs at individual hospitals even though the overall system-wide FTE level may remain the same.				

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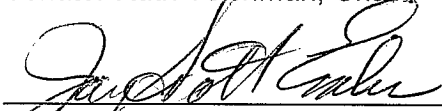
FY 2012

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Administration



Senator Ruth Teichman, Chair



Senator Jay Emler



Senator Marci Francisco



# Senate Subcommittee Report

Agency: Department of Administration

Bill No. --

Bill Sec. --

Analyst: Dear

Analysis Pg. No. --

Budget Page No. 18

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 77,203,006	\$ 74,460,206	\$ 0
Other Funds	11,182,047	11,541,037	0
Subtotal	\$ 88,385,053	\$ 86,001,243	\$ 0
Capital Improvements			
State General Fund	\$ 28,778,465	\$ 18,972,774	\$ 0
Other Funds			0
Subtotal	\$ 28,778,465	\$ 18,972,774	\$ 0
TOTAL	\$ 117,163,518	\$ 104,974,017	\$ 0
FTE positions	747.0	568.3	0.0
Non FTE Uncl. Perm. Pos.	80.5	81.5	0.0
TOTAL	827.5	649.8	0.0

## Agency Request

The **agency** requests FY 2012 operating expenditures totaling \$88.4 million, an increase of \$8.4 million, or 10.5 percent, above the current year revised estimate. The request includes \$77.2 million from the State General Fund, an increase of \$9.4 million, or 13.9 percent, above the current year revised estimate.

The agency's request includes \$65.1 million, all from the State General Fund, for debt service payments. The request is an increase of \$9.0 million, or 16.0 percent, above the current year revised estimate. The increase is attributable to additional interest payments of \$6.7 million for the statehouse renovation and a \$2.8 million interest payment on the bond for the National Bio and Agro Defense Facility. **Without debt service**, the agency requests FY 2011 State General Fund operating expenditures totaling \$12.1 million, an increase of \$440,769, or 3.8 percent, above the current year revised estimate.

The agency's request includes a supplemental operating enhancement of \$524,900, all from the State General Fund, for public broadcasting improvements. **Eliminating both the enhancement and debt service**, the agency State General Fund request is a decrease of \$84,131, or less than 0.7 percent, below the FY 2011 revised request.

## **Governor's Recommendation**

The **Governor** recommends FY 2012 operating expenditures totaling \$86.0 million, including \$74.5 million from the State General Fund. The recommendation is a State General Fund increase of \$7.0 million, or 10.4 percent, above the FY 2011 Governor's recommendation and a special revenue fund reduction of \$655,051, or 5.4 percent, below the FY 2011 Governor's recommendation.

The recommendation is decrease of \$2.4 million, or 2.7 percent, below the FY 2012 agency estimate, including a State General Fund reduction of \$2.7 million, or 3.6 percent. The State General Fund reduction is attributable to the following factors:

- Adoption of the agency reduced resources plan for an operating reduction of \$579,776 or 5.0 percent.
- Deletion of Public Broadcasting Operating Grants of \$1.7 million, the debt service payments for the digital transition remain part of the Governor's recommendation; and
- A reduction in operating expenditures of \$100,000 in order to offset expenditures for the new budget director
- Addition of \$132,078 in order to fund the salary of the new Director of the Division of the Budget. The former director, occupied the role of both the Secretary of Administration and Director of the Division of budget but only drew a salary for the Secretarial role.

The recommendation is a special revenue fund increase of \$358,990, or 3.2 percent, above the FY 2012 agency estimate. These recommendations are dependent on the Legislature adopting the Governor's Executive Reorganization Order. The special revenue fund increase is attributable to:

- Addition of \$200,000 in Economic Development Initiative Funds (EDIF), to the Administration Program and creation of the Governor's Economic Council. The Governor's Economic Council is recommended to replace Kansas, Inc. and the program objectives of that agency would be transferred to the Department of Administration along with 2.0 FTE positions.
- Addition of \$158,990 in EDIF funds to the Administration Program and the incorporation of the Information Network of Kansas (INK) into the Department of Administration along with 1.0 FTE positions.

The Governor further recommended deleting 181.2 vacant and non-funded FTE positions in the Department of Administration, for a total FTE limitation of 107.6 reportable and 449.6 non-reportable.

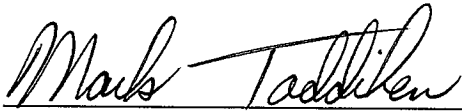
## **Senate Subcommittee Recommendation**

The **Senate Subcommittee** concurs with the Governor's recommendations with the following adjustments and recommendations:

FY 2011  
FY 2012

**SENATE WAYS AND MEANS SUBCOMMITTEE**

**Veterans' Affairs**



Senator Mark Taddiken, Chair



Senator Kelly Kultala

# Senate Subcommittee Report

**Agency:** Kansas Commission on Veterans' Affairs

**Bill No. --**

**Bill Sec. --**

**Analyst:** Hughes

**Analysis Pg. No. --**

**Budget Page No. 256**

Expenditure Summary	Agency Estimate FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,744,694	\$ 8,330,406	\$ 0
Other Funds	10,304,751	10,304,751	0
Subtotal	\$ 19,049,445	\$ 18,635,157	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,940,149	1,940,149	0
Subtotal	\$ 1,940,149	\$ 1,940,149	\$ 0
TOTAL	\$ 20,989,594	\$ 20,575,306	\$ 0
FTE positions	498.0	498.0	0.0
Non FTE Uncl. Perm. <u>Pos.</u>	6.0	6.0	0.0
TOTAL	504.0	504.0	0.0

## Agency Estimate

The **agency** estimates a revised operating budget of \$19,049,445, an all funds decrease of \$1,131,179, or 5.6 percent, below the amount approved by the 2010 Legislature. The estimate includes \$8,744,694 from the State General Fund, an increase of \$414,321, or 5.0 percent, above the approved State General Fund amount.

The estimate includes supplemental requests totaling \$414,288, all from the State General Fund. **Absent the supplemental requests**, the estimate is \$18,635,157, which is a decrease of \$1,545,467, or 7.7 percent. Also absent the supplemental requests, the revised State General Fund estimate is \$8,330,406, an increase of \$33, or less than 0.1 percent, above the State General Fund amount approved by the 2010 Legislature.

The all funds decrease is primarily due to reductions at the Kansas Soldiers' Home and Kansas Veterans' Home made due to lower revenues than previously estimated in the KSH and KVH fee funds, as well as the KSH Medicare fund.

## Governor's Recommendation

The **Governor** recommends a revised operating budget of \$18,635,157, an all funds decrease of \$414,288, or 2.2 percent, below the agency revised FY 2011 estimate. The recommendation includes \$8,330,406 from the State General Fund, which is \$414,288, or 4.7

percent, below the agency revised FY 2011 State General Fund estimate. The Governor does not recommend supplemental funding for this agency in FY 2011. ***Absent the supplemental requests***, the recommendation is the same as the agency revised estimate.

### **Senate Subcommittee Recommendation**

The **Subcommittee** concurs with the Governor's recommendations for expenditures and FTE positions in FY 2011 and makes the following additional recommendations:

1. The Subcommittee recommends that the expenditure limitations for FY 2011 for the Kansas Soldiers' Home Medicaid Fund, the Kansas Soldier's Home Medicare Fund, the Kansas Veterans' Home Medicaid Fund, and the Kansas Veterans' Home Medicare Fund be no limit.
2. The Subcommittee recommends that the Executive Director of the Kansas Commission on Veterans' Affairs be granted the authority to transfer funds between State General Fund appropriations and also between special revenue funds in FY 2011.
3. The Subcommittee requests that the Senate Ways and Means Committee consider the agency's FY 2011 supplemental request of \$81,320 for Medicare billing software and training at the Kansas Veterans' Home. The Subcommittee recognizes the need for fiscal responsibility and would like the Senate Ways and Means Committee to consider finding an offset for this increase in spending so that the supplemental request may be granted.

# Senate Subcommittee Report

**Agency:** Kansas Commission on Veterans' Affairs **Bill No. --**

**Bill Sec. --**

**Analyst:** Hughes

**Analysis Pg. No. --**

**Budget Page No. 256**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,601,322	\$ 7,878,879	\$ 0
Other Funds	10,709,897	10,734,332	0
Subtotal	\$ 19,311,219	\$ 18,613,211	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	848,090	848,090	0
Subtotal	\$ 848,090	\$ 848,090	\$ 0
<b>TOTAL</b>	<b>\$ 20,159,309</b>	<b>\$ 19,461,301</b>	<b>\$ 0</b>
FTE positions	500.0	340.0	0.0
Non FTE Uncl. Perm. Pos.	6.0	6.0	0.0
<b>TOTAL</b>	<b>506.0</b>	<b>346.0</b>	<b>0.0</b>

## Agency Request

The **agency** requests an operating budget of \$19,311,219 for FY 2012, an all funds increase of \$261,774, or 1.4 percent, above the revised FY 2011 estimate. The request includes \$8,601,322 from the State General Fund, a decrease of \$143,372, or 1.6 percent, below the State General Fund revised FY 2011 estimate. The request includes 500.0 FTE positions, an increase of 2.0 FTE above the revised FY 2011 estimate.

The request includes enhancements totaling \$307,765, all from the State General Fund. **Absent the enhancements**, the request is \$19,003,454, which is a decrease of \$45,991, or 0.2 percent, below the revised FY 2011 estimate. Absent the enhancements, the FY 2012 State General Fund request is \$8,293,557, which is a decrease of \$451,137, or 5.2 percent, below the revised FY 2011 State General Fund estimate. The enhancements include the addition of 2.0 FTE positions. Absent the FTE enhancement, the FY 2012 request would be 498.0 FTE positions, the same as the revised FY 2011 estimate.

## Governor's Recommendation

The **Governor** recommends an FY 2012 operating budget of \$18,613,211, an all funds decrease of \$21,946, or 0.1 percent, below the Governor's FY 2011 recommendation. It is also an all funds decrease of \$698,008, or 3.6 percent, below the agency FY 2012 request, with a State General Fund decrease of \$722,443, or 8.4 percent, below the agency FY 2012 State

General Fund request. The Governor does not recommend enhanced funding, which accounts for \$307,765 of the all funds reduction. The Governor also recommends the agency's reduced resources budget, which comprises the remaining \$414,678 of the all funds reduction. The \$24,435 difference between the all funds reduction and the State General Fund is the recommendation that the agency use an additional \$24,435 from the federal burial reimbursement fund in order to keep the Fort Dodge Cemetery open. The Governor also recommends 340.0 FTE positions, which is a 158.0 reduction from the agency FY 2012 request absent the enhancement, consistent with the Governor's goal to decrease unfilled FTE positions across state agencies. All 158.0 FTE positions are currently vacant.

### **Senate Subcommittee Recommendation**

The **Subcommittee** concurs with the Governor's recommendations for expenditures and FTE positions in FY 2012 and makes the following additional recommendations:

1. The Subcommittee recommends that the expenditure limitations for FY 2012 for the Kansas Soldiers' Home Medicaid Fund, the Kansas Soldier's Home Medicare Fund, the Kansas Veterans' Home Medicaid Fund, and the Kansas Veterans' Home Medicare Fund be no limit.
2. The Subcommittee recommends that the Executive Director of the Kansas Commission on Veterans' Affairs be granted the authority to transfer funds between State General Fund appropriations and also between special revenue funds in FY 2012.
3. The Subcommittee requests that the U.S. Army Command and General Staff College at Fort Leavenworth collaborate with a Kansas higher education institution to conduct a study and make recommendations to the 2012 Legislature regarding the delivery of services to veterans, veterans' access to benefits, and possible additional benefits that the state could provide to Kansas veterans.

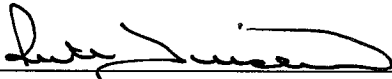
1. Delete \$1,484,995, all from the Department of Administration Systems Account of the State General Fund, in FY 2012. The Subcommittee notes that these contractual services fees are used by the Department of Administration for software contracts and encourages the agency to explore alternative sources of revenue other than the State General Fund to pay these expenses.
2. Add \$1,484,995, all from the State General Fund, to the Public Broadcasting Council Grants account of the Department of Administration, in FY 2012. This amount reflects an eighteen percent reduction from the FY 2011 agency request.
3. The committee notes that if this reduction is shifted off-budget the agency has the option reducing their overall expenditures or charging other state agencies for these expenses. Funding for DISC would increase sixteen percent between FY 2010 and FY 2012 without this reduction and will increase twelve percent between FY 2010 and FY 2012 even with this reduction.
4. The Subcommittee notes that the Public Broadcasting Council Grants program is vital to the dissemination of public and emergency information in western Kansas, where the low population density limits the viability of commercial radio and television. The subcommittee further notes that public broadcasting is a critical educational tool and its loss would be felt across the state but fall particularly heavily on the western region.
5. The Subcommittee recognizes that in the event SB 50, otherwise known as the Kansas 911 Act, becomes law that the role the Department of Administration currently has in distributing e-911 funds will be curtailed and the grant funds will be managed by the 911 Coordinating Council. If SB 50 does not become law, the Department of Administration will receive approximately \$7.3 million in Wireless Enhanced 911 grants to be distributed by the Attorney General's Office, in FY 2012.



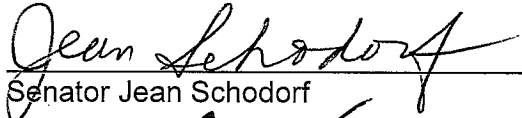
FY 2012

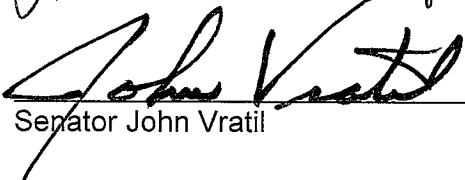
SENATE WAYS AND MEANS SUBCOMMITTEE

Lottery Commission  
Racing and Gaming Commission

  
\_\_\_\_\_  
Senator Ruth Teichman, Chair

  
\_\_\_\_\_  
Senator Kelly Kultala

  
\_\_\_\_\_  
Senator Jean Schodorf

  
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Senator John Vratil

# Senate Subcommittee Report

Agency: Kansas Lottery

Bill No. --

Bill Sec. --

Analyst: Dear

Analysis Pg. No. --

Budget Page No. 92

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	128,456,349	113,095,061	0
Subtotal	\$ 128,456,349	\$ 113,095,061	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 128,456,349	\$ 113,095,061	\$ 0
FTE positions	99.0	99.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	99.0	99.0	0.0

## Agency Request

The **agency** requests a FY 2012 budget totaling \$128.5 million, an increase of \$51.1 million, or 66.0 percent, above the FY 2011 revised request. All expenditures requested would come from special revenue funds. The majority of the increase, (\$47.5 million) is to cover Casino Management Facility Fees and increased staff costs for casino oversight (\$515,153). Under the contract with the Lottery Gaming Facility Managers the on-site administrator receives 73 percent of all expanded lottery revenue. The agency also requests enhanced funding for 7.0 replacement vehicles, totaling \$140,500. **Without the enhancements**, the agency's request is \$50.9 million, or 65.8 percent, above the agency's revised FY 2011 request. The request includes 99.0 FTE positions.

## Governor's Recommendation

The **Governor** recommends a FY 2012 budget of \$113.1 million, all from special revenue funds, an increase of \$35.4 million, or 45.5 percent, above the FY 2011 Governor's recommendation. The Governor endorsed the agency requests for \$515,153 for increased staff for casino oversight with the opening of the Southcentral and Northeast casinos; however, the recommendation utilized the October Consensus Revenue Estimate for ELARF which reflects a delay in the opening of the Northeast Casino to April 1st with a commensurate reduction in revenue and projects flat revenue for the Dodge City casino from FY 2011 to FY 2012. These changes result in a lower projected contractual services payment to the Gaming Facility

Managers and to local units of government accounting for the smaller increase from FY 2011 as compared to the agency request.

The recommendation is a decrease of \$15.4 million, or 12.0 percent, below the FY 2012 agency request. The decrease from the agency request is attributable to the modified Consensus Revenue Estimate discussed above, and not recommending adoption of the enhancement request of \$140,500 for the purchase of six minivans for regular lottery and one vehicle for expanded lottery. The Governor recommends that the agency approach the Division of Budget on an ad-hoc basis to request approval to purchase a vehicle from within existing funds.

### **Senate Subcommittee Recommendation**

The **Senate Subcommittee** concurs with the Governor's recommendations with the following adjustments and recommendations:

1. The Subcommittee recognizes the need for replacement vehicles in FY 2012 but recommends the decision on the purchase of those vehicles be delayed until they have all exceeded 100,000 miles.
2. The Subcommittee notes the use of marketing partnerships between the State Lottery and private businesses to encourage instant lottery sales and promote Kansas businesses and encourages the Lottery to further pursue these partnerships in the future.
3. The Subcommittee concurs with the Governor's recommendation and recommends the Legislature transfer the balance of the Expanded Lottery Act Revenue Fund, \$18.04 million, to the State General Fund in FY 2012.

# Senate Subcommittee Report

**Agency:** Kansas Racing and Gaming  
Commission

**Bill No. --**

**Bill Sec. --**

**Analyst:** Dear

**Analysis Pg. No. --**

**Budget Page No. 94**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	8,488,001	8,490,501	0
Subtotal	\$ 8,488,001	\$ 8,490,501	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 8,488,001</b>	<b>\$ 8,490,501</b>	<b>\$ 0</b>
FTE positions	99.5	99.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>99.5</b>	<b>99.5</b>	<b>0.0</b>

## Agency Request

The **agency** requests a FY 2012 budget totaling \$8.5 million, all from special revenue funds and 99.5 FTE positions. The request is an increase of \$2.1 million, or 32.4 percent, above the agency's FY 2011 revised budget estimate. The agency made several enhancement requests totaling \$1,320,710 and 26.0 FTE positions. The enhancements are related to casino regulatory activity in the Northeast and South-central gaming zones. **Without the enhancements**, the agency's request is an increase of \$758,410, or 11.8 percent, above the current year revised estimate. The increase is attributable to a \$1.2 million debt service payment partially offset by reductions in contractual services costs incurred during the casino approval process (\$576,105) that will not reoccur in FY 2012.

The major changes from FY 2011 include: salaries and wages of \$977,974, primarily for 26.0 new FTE positions, capital outlay of \$209,900 for those positions and debt service of \$1.2 Million partially offset by two reduction in contractual services of \$359,386.

## Governor's Recommendation

The **Governor** recommends a FY 2012 budget totaling \$8.5 million, all from special revenue funds, an increase of \$2.1 million or 32.4 percent, above the FY 2011 Governor's recommended budget. With the exception of an additional \$2,500 appropriation for illegal

Senate Ways and Means Committee  
Date: 02/11/11  
Attachment: 6

gaming enforcement, the Governor concurs with the agency request including the enhancements of \$1.3 million and 26.0 FTE positions.

#### **Senate Subcommittee Recommendation**

The **Senate Subcommittee** concurs with the Governor's recommendations with the following notations and recommendations:

1. The Subcommittee notes the recommended appropriation of the Illegal Gaming Enforcement Fund in FY 2011 by the Governor and commends the agency for increasing enforcement of regulations against illegal internet gambling in Kansas.
2. The Subcommittee recommends the agency provide regular updates to the Legislature on the progress of gaming facility construction in the Northeast and Southcentral zones.