

Approved: March 8, 2010  
Date

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 4, 2010, in Room 548-S of the Capitol.

All members were present.

### Committee staff present:

J. G. Scott, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Dylan Dear, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Cody Gorges, Kansas Legislative Research Department  
Aaron Klaassen, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
Jonathan Tang, Kansas Legislative Research Department  
Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Melinda Gaul, Chief of Staff  
Shirley Jepson, Committee Assistant  
James Fisher, Intern

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### Conferees appearing before the Committee:

Wayne Bollig, Director of the Veterans Service Program, Kansas Commission on Veterans' Affairs  
Samuel Speed, Assistant Attorney General, Office of the Attorney General  
Steve Swaffar, Director of Natural Resources, Kansas Farm Bureau

### Others attending:

See attached list.

### **Subcommittee report on Kansas Historical Society, Kansas Arts Commission, Kansas State Library**

Senator Apple presented the Subcommittee report on the Governor's budget recommendation for the Kansas Historical Society for FY 2011 and moved for the adoption of the Subcommittee report on the Kansas Historical Society for FY 2011 (Attachment 1). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

The Committee noted that it is important to make the public aware that the state's sesquicentennial will take place to be funded by private donations.

Senator Apple presented the Subcommittee report on the Governor's budget recommendation for the Kansas Arts Commission for FY 2011 and moved for the adoption of the Subcommittee report on the Kansas Arts Commission for FY 2011 (Attachment 1). The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

The Committee voiced their appreciation to the Kansas Arts Commission for stepping forward to pursue renovation of the Dillon House through private funds.

Senator Apple presented the Subcommittee report on the Governor's budget recommendation for the Kansas State Library for FY 2011 and moved for the adoption of the Subcommittee report on the Kansas State Library for FY 2011 (Attachment 1). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

### **Subcommittee report on Kansas Commission on Veterans' Affairs**

Senator Taddiken presented the Subcommittee report on the Governor's budget recommendation for the Kansas Commission on Veterans' Affairs for FY 2011 and moved for the adoption of the Subcommittee report on the Kansas Commission on Veterans' Affairs for FY 2011 (Attachment 2). The motion was seconded by Senator Schodorf.

## CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 4, 2010, in Room 548-S of the Capitol.

The Committee voiced concern that the required 2.5 percent reduction was not taken by the Subcommittee on the Kansas Commission of Veterans' Affairs budget.

Responding to questions from the Committee, Wayne Bollig, Director of the Veterans Service Program, Kansas Commission of Veterans' Affairs, stated that it is important for the agency to receive certification in order for the Kansas Veterans' Home and the Kansas Soldiers Home to begin drawing Medicare and Medicaid funding for their residents. The certification process is being addressed by the Department on Aging and the Department of Health and Environment. Mr. Bollig stated that the agency will get Medicare and Medicaid funding upon completion of the certification process.

The Committee noted the importance of the Veterans Commission working with the Department of Social and Rehabilitation Services (SRS) and Department of Commerce to coordinate veterans' benefits so that those seeking benefits can obtain information from one source. Mr. Bollig noted that some of the present problem is the shortage of staff. Mr. Bollig indicated that some veterans' spouses have moved from the veterans' homes because the veterans' homes do not provide funding for their medications.

Senator Vratil made a substitute motion to (1) strike Item No. 1 and 2 from the Subcommittee report on the Kansas Commission on Veterans' Affairs for FY 2011 and replace with language that reduces the Governor's budget recommendation by \$185,702 which is equal to a 2.5 percent reduction in the budget to be reviewed at Omnibus and (2) review at Omnibus the statutory requirement complying the Veterans' Commission to use funds appropriated from the veterans scratch lotto program for the veterans enhanced service delivery program. The motion was seconded by Senator McGinn. The motion passed on a vote of 7-6.

The Subcommittee noted that Kansas is behind most other states in the number of veteran service representatives available to assist veterans with benefits.

Senator Taddiken moved for the adoption of the Subcommittee report on the Governor's recommendation for the Kansas Commission on Veterans' Affairs for FY 2011 as amended. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

### **Subcommittee report on the Health Care Stabilization Fund Board of Governors**

Senator Emler presented the Subcommittee report on the Governor's budget recommendation for the Health Care Stabilization Fund Board of Governors for FY 2011 (Attachment 3).

Senator Vratil moved to amend the Subcommittee report on the Health Care Stabilization Fund Board of Governors for FY 2011 by adding a provision to instruct the agency to reimburse the capital outlay budget for funds shifted to salaries and wages in FY 2011 from fees collected from those who request reports under the Kansas Open Records act. The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Senator Emler moved for the adoption of the Subcommittee report on the Governor's budget recommendation for the Health Care Stabilization Fund Board of Governors for FY 2011 as amended. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

### **Hearing on SB 558 - Interstate water litigation fund; not subject to allotment, transfer.**

Leah Robinson, Legislative Research Department, provided an explanation of **SB 558**.

Samuel Speed, Assistant Attorney General, Office of the Attorney General, provided testimony in support of **SB 558** (Attachment 4). Mr. Speed stated that the intent of the legislation is to prevent the inadvertent removal of funds from the Interstate Water Litigation Fund and represents the original intent in establishing the fund. The legislation would also allow the fund to accumulate interest.

Steve Swaffar, Director of Natural Resources, Kansas Farm Bureau, provided testimony in support of **SB 558** (Attachment 5). Mr. Swaffar noted that the Kansas Farm Bureau supports the legislation in an effort to clarify the intent of legislature to stabilize and secure funding for the Interstate Water Litigation Fund.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 4, 2010, in Room 548-S of the Capitol.

Written testimony in support of **SB 558** was received from:

- Joshua Svaty, Secretary, Department of Agriculture (Attachment 6).
- Leslie Kaufman, Executive Director, Kansas Cooperative Council (Attachment 7).
- John Donley, Kansas Livestock Association (Attachment 8).
- Mary Jane Stankiewicz, Kansas Grain & Feed Association (Attachment 9).
- Wayne Bossert, Northwest Groundwater Management District No. 4 (Attachment 10).
- Mark Rude, Southwest Groundwater Management District No. 3 (Attachment 11).

There were no other proponents, neutrals or opponents to appear before the Committee.

**The hearing on SB 558 was closed.**

**Adjournment**

The next meeting is scheduled for March 8, 2010.

The meeting was adjourned at 12:00 p.m.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE: March 4, 2010

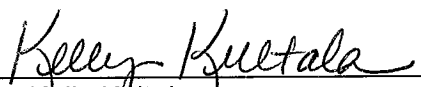
NAME	REPRESENTING
Phil Stevenson	STO
Scott Gates	STO
Chip Wheeler	ACSF Board of GOVS
Sara Haworth	Intern for Sen. Vicki Schmidt
Jenny Holley	KS American Legion
Rosanne Siemens	Kansas Library Association
Barb Lewison	Fr Rep Don Myers Chair of House Com VM#25
Joy D. Moser	Commissioner, KEVA
Amy Perrod	DOB
Sean Miller	CAPITAL STRATEGIES
Chad Austin	KHA
DAN SKODA	AMERICAN LEGION
Jerome L. Hanson	American Legion, Post 14 Lawrence
HANK SIPP	AMERICAN LEGION, POST 14 LAWRENCE
Mike LeFeb	AG
SAM SPEED	AG
Burke Griggs	KDA - DWR
Dana Benford	KS Dept of Ag - Div. of Water Resources
Will Lawrence	Intern

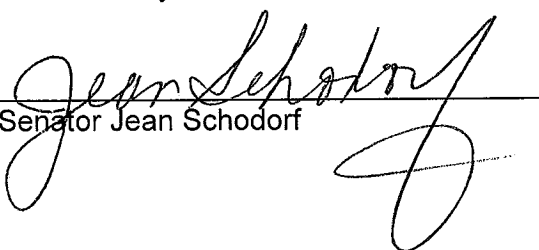
FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas State Historical Society  
Kansas Arts Commission  
Kansas State Library

  
\_\_\_\_\_  
Senator Pat Apple, Chair

  
\_\_\_\_\_  
Senator Kelly Kuitala

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

Senate Ways & Means Cmte  
Date 3-04-2010  
Attachment 1

## House Budget Committee Report

**Agency:** Kansas State Historical Society

**Bill No.** HB 2706

**Bill Sec.** 74

**Analyst:** Tang

**Analysis Pg. No. - -**

**Budget Page No.** 321

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 5,787,221	\$ 5,349,110	\$ 0
Other Funds	3,148,369	3,436,480	0
Subtotal	<u>\$ 8,935,590</u>	<u>\$ 8,785,590</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 209,477	\$ 125,000	\$ 0
Other Funds	92,000	176,477	0
Subtotal	<u>\$ 301,477</u>	<u>\$ 301,477</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 9,237,067</u></u>	<u><u>\$ 9,087,067</u></u>	<u><u>\$ 0</u></u>
FTE positions	134.0	134.0	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
<b>TOTAL</b>	<u><u>137.5</u></u>	<u><u>137.5</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests FY 2011 operating expenditures of \$8,935,590, which is an increase of \$76,060, or 0.9 percent above the revised FY 2010 estimate. Requested State General Fund expenditures total \$5,787,221, which is an increase of \$243,760, or 4.4 percent above the revised FY 2010 estimate. The request includes enhancements totaling \$165,000, including \$150,000 from the State General Fund for the purpose of commemorating the State's Sesquicentennial in calendar year 2011.

The agency requests FY 2011 capital improvement expenditures of \$301,477, which is a decrease of \$405,698, or 57.4 percent below the revised FY 2010 estimate. The request includes State General Fund expenditures of \$209,477, with \$125,000 for emergency repair and rehabilitation projects.

### Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$8,785,590, which is a decrease of \$150,000, or 1.7 percent below the agency's FY 2011 request. The entire decrease is attributed to the Governor not recommending the agency's enhancement requests. Recommended State General Fund operating expenditures total \$5,349,110, which is a decrease of \$438,111, or 7.6 percent below the agency's FY 2011 request. The Governor recommends the agency's reduced resources budget, which reduces the State General Fund

amount by \$288,111. However, the Governor recommends using the agency's special revenue funds to replace the State General Funds in the reduced resources budget.

The Governor's FY 2011 operating expenditures recommendation is a decrease of \$73,940, or 0.8 percent below the Governor's FY 2010 recommendation. Recommended State General Fund operating expenditures are a decrease of \$46,625, or 0.9 percent below the Governor's FY 2010 recommendation.

The Governor concurs with the agency's FY 2011 capital improvements request of \$301,477, but recommends State General Fund expenditures of \$125,000, all for emergency repair and rehabilitation projects. The Governor recommends using special revenue funds for projects that the agency had requested State General Funds.

### **House Budget Committee Recommendation**

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

1. The Budget Committee discussed the possibility of using the State Institutions Building Fund (SIBF) for the agency's emergency repair and rehabilitation projects. Currently, the Historical Society uses State General Fund appropriations for emergency repair and rehabilitation, approximately \$125,000 per year. The Budget Committee was informed that the types of institutions that can receive SIBF is authorized by the State Constitution and can not be altered without a constitutional amendment.

### **House Committee Recommendation**

The **House Committee** concurs with the House Budget Committee.

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## Senate Subcommittee Report

**Agency:** Kansas State Historical Society

**Bill No.** SB 556

**Bill Sec.** 74

**Analyst:** Tang

**Analysis Pg. No.** --

**Budget Page No.** 321

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 5,787,221	\$ 5,349,110	\$ (134,530)
Other Funds	3,148,369	3,436,480	0
Subtotal	<u>\$ 8,935,590</u>	<u>\$ 8,785,590</u>	<u>\$ (134,530)</u>
<b>Capital Improvements</b>			
State General Fund	\$ 209,477	\$ 125,000	\$ 0
Other Funds	92,000	176,477	0
Subtotal	<u>\$ 301,477</u>	<u>\$ 301,477</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 9,237,067</u></u>	<u><u>\$ 9,087,067</u></u>	<u><u>\$ (134,530)</u></u>
FTE positions	134.0	134.0	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
<b>TOTAL</b>	<u><u>137.5</u></u>	<u><u>137.5</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests FY 2011 operating expenditures of \$8,935,590, which is an increase of \$76,060, or 0.9 percent, above the revised FY 2010 estimate. Requested State General Fund expenditures total \$5,787,221, which is an increase of \$243,760, or 4.4 percent, above the revised FY 2010 estimate. The request includes enhancements totaling \$165,000, including \$150,000 from the State General Fund for the purpose of commemorating the state's sesquicentennial in calendar year 2011.

The agency requests FY 2011 capital improvement expenditures of \$301,477, which is a decrease of \$405,698, or 57.4 percent, below the revised FY 2010 estimate. The request includes State General Fund expenditures of \$209,477, with \$125,000 for emergency repair and rehabilitation projects.

### Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$8,785,590, which is a decrease of \$150,000, or 1.7 percent, below the agency's FY 2011 request. The entire decrease is attributed to the Governor not recommending the agency's enhancement requests. Recommended State General Fund operating expenditures total \$5,349,110, which is a decrease of \$438,111, or 7.6 percent, below the agency's FY 2011 request. The Governor recommends the agency's reduced resources budget, which reduces the State General Fund amount by \$288,111. However, the Governor recommends using the agency's special revenue

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funds to replace the State General Funds recommended to be reduced in the reduced resources budget.

The Governor's FY 2011 operating expenditures recommendation is a decrease of \$73,940, or 0.8 percent below the Governor's FY 2010 recommendation. Recommended State General Fund operating expenditures are a decrease of \$46,625, or 0.9 percent, below the Governor's FY 2010 recommendation.

The Governor concurs with the agency's FY 2011 capital improvements request of \$301,477, but recommends State General Fund expenditures of \$125,000, all for emergency repair and rehabilitation projects. The Governor recommends using special revenue funds projects that the agency had requested be funded from the State General Fund.

### **Senate Subcommittee Recommendation**

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

1. Delete \$134,530, all from the State General Fund, to apply a 2.5 percent reduction for FY 2011.
2. The Senate Subcommittee notes that the agency has had significant budget reductions in FY 2009 and FY 2010 that carry forward into FY 2011, and that the agency took the following actions to meet the budget challenges:
  - Laid off 12 employees;
  - Closed Potawatomi Mission (Topeka) to the public;
  - Closed Cottonwood Ranch (Studley) to the public;
  - Closed Iowa and the Sac & Fox (Highland) buildings to the public;
  - Reduced the hours at Hollenberg Station (Hanover) to seasonal hours;
  - Reduced the hours at Mine Creek Battlefield (Pleasanton) to seasonal hours;
  - Discontinued purchasing non-Kansas books;
  - Reduced the federal depository status;
  - Decreased the number of periodicals purchased;
  - Withdrew as the Kansas sponsor for National History Day (grades 6-12);
  - Discontinued *Kansas Kaleidoscope*, a magazine for kids (grades 3-5);
  - Increased admission fees at the Kansas Museum of History;

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- Reduced the number of special exhibits scheduled at the Kansas Museum of History (Topeka);
  - Canceled seasonal events and festivals; and
  - Reduced the number of issues of the magazine, *Kansas Preservation*.
3. The Senate Subcommittee expresses appreciation of the agency's efforts on the state's sesquicentennial which will take place in calendar year 2011. The agency is working with the Kansas Arts Commission, Kansas Humanities Council, Kansas Division of Travel and Tourism, Kansas State Library, and the Kansas State Department of Education to create programs, support grant programs, and promote the state's sesquicentennial. The agency states that the effort is a grassroots commemoration primarily funded through private donations.
  4. The Senate Subcommittee notes that the agency served more than seven million people in FY 2009. This is an increase of 11.3 percent from FY 2008 to FY 2009. The agency notes that as the economy has worsened, more people have visited the State Historical Society and its numerous historic sites, taking advantage of the agency's programs.

## House Budget Committee Report

**Agency:** Kansas Arts Commission

**Bill No.** HB 2706

**Bill Sec.** 71

**Analyst:** Tang

**Analysis Pg. No.** -- **Budget Page No.** 319

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,735,880	\$ 1,204,047	\$ (65,110)
Other Funds	747,304	747,304	0
Subtotal	<u>\$ 2,483,184</u>	<u>\$ 1,951,351</u>	<u>\$ (65,110)</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 2,483,184</u></u>	 <u><u>\$ 1,951,351</u></u>	 <u><u>\$ (65,110)</u></u>
 FTE positions	 8.0	 8.0	 0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>9.0</u></u>	<u><u>9.0</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests FY 2011 expenditures of \$2,483,184, which is an increase of \$134,119, or 5.7 percent above the revised FY 2010 estimate. Requested State General Fund expenditures total \$1,735,880, which is an increase of \$474,358, or 37.6 percent above the revised FY 2010 estimate. The request includes enhancements totaling \$468,462, all from the State General Fund, mostly to restore grant funding to the FY 2009 level.

### Governor's Recommendation

The **Governor** recommends FY 2011 expenditures of \$1,951,351, which is a decrease of \$275,129, or 12.4 percent below the Governor's FY 2010 recommendation. The Governor's FY 2011 State General Fund recommendation of \$1,204,047 is an increase of \$65,110, or 5.7 percent above the State General Fund expenditures in the Governor's FY 2010 recommendation. The majority of the State General Fund increase is attributed to other assistance in grant programs. The all other funds decrease from FY 2010 is attributed to the receipt of one-time federal American Recovery and Reinvestment Act (ARRA) funds that were available in FY 2010 but are not available in FY 2011.

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## House Budget Committee Recommendation

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

1. Delete \$65,110, all from the State General Fund, to reduce the Governor's FY 2011 recommended State General Fund expenditures to the Governor's FY 2010 recommended State General Fund level.
2. The Budget Committee notes the negative impact that 2010 HB 2437 will have on the Kansas Arts Commission if the bill is enacted into law. The 2009 Legislature enacted HB 2134 to grant the Kansas Arts Commission the ability to create a license plate and collect a royalty fee between \$25 and \$100 for the use of its logo on the license plate. The fee would be credited to the Kansas Arts Commission Special Gifts Fund to provide funds to communities with arts programming. HB 2134 exempted the "Support Kansas Arts" license plate from a personalized license plate reservation fee. HB 2437 would remove that exemption and require those who receive the license plate to pay a \$40 license plate fee in addition to other applicable fees. The Kansas Arts Commission estimates it will lose \$20,000 in the first year the license plate is available, expected to be FY 2011, due to the removal of the exemption.

## House Committee Recommendation

The **House Committee** concurs with the House Budget Committee.

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### Senate Subcommittee Report

**Agency:** Kansas Arts Commission

**Bill No.** SB 556

**Bill Sec.** 71

**Analyst:** Tang

**Analysis Pg. No. –**

**Budget Page No.** 319

<u>Expenditure Summary</u>	<u>Agency Request FY 2011</u>	<u>Governor Recommendation FY 2011</u>	<u>Senate Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 1,735,880	\$ 1,204,047	\$ (93,100)
Other Funds	747,304	747,304	0
Subtotal	<u>\$ 2,483,184</u>	<u>\$ 1,951,351</u>	<u>\$ (93,100)</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 2,483,184</u></u>	<u><u>\$ 1,951,351</u></u>	<u><u>\$ (93,100)</u></u>
FTE positions	8.0	8.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>9.0</u></u>	<u><u>9.0</u></u>	<u><u>0.0</u></u>

#### Agency Request

The **agency** requests FY 2011 expenditures of \$2,483,184, which is an increase of \$134,119, or 5.7 percent, above the revised FY 2010 estimate. Requested State General Fund expenditures total \$1,735,880, which is an increase of \$474,358, or 37.6 percent, above the revised FY 2010 estimate. The request includes enhancements totaling \$468,462, all from the State General Fund, mostly to restore grant funding to the FY 2009 level.

#### Governor's Recommendation

The **Governor** recommends FY 2011 expenditures of \$1,951,351, which is a decrease of \$275,129, or 12.4 percent, below the Governor's FY 2010 recommendation. The Governor's FY 2011 State General Fund recommendation of \$1,204,047 is an increase of \$65,110, or 5.7 percent, above the State General Fund expenditures in the Governor's FY 2010 recommendation. The majority of the State General Fund increase is attributed to other assistance in grant programs. The all other funds decrease from FY 2010 is attributed to the receipt of one-time federal American Recovery and Reinvestment Act (ARRA) funds that were available in FY 2010 but are not available in FY 2011.

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## Senate Subcommittee Recommendation

The **Senate Subcommittee** concurs with the Governor's recommendation with the following adjustment and notation:

1. Delete \$93,100, all from the State General Fund, to apply a 2.5 percent reduction for FY 2011.
2. The Senate Subcommittee expresses appreciation for the agency's work on the Dillon House. The agency is a potential operating tenant for the Dillon House and has presented operating and fundraising plans to the Joint Committee on State Building Construction. If the project moves forward, the agency expects to raise \$4.6 million in private funds to renovate and operate the building, which would be available for legislative use, public rental, and public programming.

# House Budget Committee Report

**Agency:** Kansas State Library

**Bill No.** HB 2706

**Bill Sec.** 70

**Analyst:** Tang

**Analysis Pg. No. –**

**Budget Page No.** 323

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 5,227,980	\$ 4,482,054	\$ 0
Other Funds	1,910,465	1,910,465	0
Subtotal	<u>\$ 7,138,445</u>	<u>\$ 6,392,519</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 7,138,445</u></u>	<u><u>\$ 6,392,519</u></u>	<u><u>\$ 0</u></u>
<b>FTE positions</b>			
FTE positions	25.0	25.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>26.0</u></u>	<u><u>26.0</u></u>	<u><u>0.0</u></u>

## Agency Request

The **agency** requests FY 2011 expenditures of \$7,138,455, which is an increase of \$525,648, or 7.9 percent above the revised FY 2010 estimate. This amount includes \$5,227,980 from the State General Fund, which is an increase of \$537,731, or 11.5 percent above the revised FY 2010 State General Fund estimate. The State General Fund increase is almost entirely attributed to the agency's FY 2011 enhancement requests of \$510,028. The request shifts 1.0 FTE position to a non-FTE unclassified permanent position.

Without the enhancement requests, requested expenditures would total \$6,628,427, which is an increase of \$15,620, or 0.2 percent above the revised FY 2010 estimate. State General Fund expenditures would total \$5,700,325, which is a decrease of \$25,975, or 0.5 percent below the revised FY 2010 estimate.

## Governor's Recommendation

The **Governor** recommends FY 2011 expenditures of \$6,392,519, which is a decrease of \$79,581, or 1.2 percent below the Governor's FY 2010 recommendation. State General Fund expenditures total \$4,482,054, which is a decrease of \$67,488, or 1.5 percent below the Governor's FY 2010 recommendation. The Governor does not recommend the enhancement requests totaling \$510,028, all from the State General Fund. The Governor accepts the agency's proposed reduced resources budget of \$235,898, all from the State General Fund.

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The Governor's FY 2011 recommendation is a decrease of \$745,926, or 10.4 percent below the agency's FY 2011 request. The Governor's State General Fund recommendation is a decrease of \$745,926, or 14.3 percent below the agency's State General Fund request. The difference is attributed to the Governor's acceptance of the agency's reduced resources budget and not recommending the enhancement requests for FY 2011.

**House Budget Committee Recommendation**

The **House Budget Committee** concurs with the Governor's FY 2011 recommendation.

**House Committee Recommendation**

The **House Committee** concurs with the House Budget Committee.

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**Senate Subcommittee Report**

**Agency:** Kansas State Library

**Bill No.** SB 556

**Bill Sec.** 70

**Analyst:** Tang

**Analysis Pg. No. –**

**Budget Page No.** 323

<u>Expenditure Summary</u>	<u>Agency Request FY 2011</u>	<u>Governor Recommendation FY 2011</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 5,227,980	\$ 4,482,054	\$ (110,150)
Other Funds	1,910,465	1,910,465	0
Subtotal	\$ 7,138,445	\$ 6,392,519	\$ (110,150)
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 7,138,445</b>	<b>\$ 6,392,519</b>	<b>\$ (110,150)</b>
FTE positions	25.0	25.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<b>26.0</b>	<b>26.0</b>	<b>0.0</b>



## Agency Request

The **agency** requests FY 2011 expenditures of \$7,138,455, which is an increase of \$525,648, or 7.9 percent, above the revised FY 2010 estimate. This amount includes \$5,227,980 from the State General Fund, which is an increase of \$537,731, or 11.5 percent, above the revised FY 2010 State General Fund estimate. The State General Fund increase is almost entirely attributed to the agency's FY 2011 enhancement requests of \$510,028. The request shifts 1.0 FTE position to a non-FTE unclassified permanent position.

Without the enhancement requests, requested expenditures would total \$6,628,427, which is an increase of \$15,620, or 0.2 percent, above the revised FY 2010 estimate. State General Fund expenditures would total \$5,700,325, which is a decrease of \$25,975, or 0.5 percent, below the revised FY 2010 estimate.

## Governor's Recommendation

The **Governor** recommends FY 2011 expenditures of \$6,392,519, which is a decrease of \$79,581, or 1.2 percent below the Governor's FY 2010 recommendation. State General Fund expenditures total \$4,482,054, which is a decrease of \$67,488, or 1.5 percent below the Governor's FY 2010 recommendation. The Governor does not recommend the enhancement requests totaling \$510,028, all from the State General Fund. The Governor accepts the agency's proposed reduced resources budget of \$235,898, all from the State General Fund.

The Governor's FY 2011 recommendation is a decrease of \$745,926, or 10.4 percent, below the agency's FY 2011 request. The Governor's State General Fund recommendation is a decrease of \$745,926, or 14.3 percent, below the agency's State General Fund request. The difference is attributed to the Governor's acceptance of the agency's reduced resources budget and not recommending the enhancement requests for FY 2011.

## Senate Subcommittee Recommendation

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

1. Delete \$110,150, all from the State General Fund, to apply a 2.5 percent reduction for FY 2011.
2. The Senate Subcommittee appreciates the work of the State Library in coping with the budget reductions amidst an increase in circulation and library visits. The agency states that in the current recession, circulation is up nearly 6.0 percent and library visits have increased by almost 8.0 percent on average.
3. The Senate Subcommittee is concerned about the budget reductions that negatively impact direct services to Kansans, especially those with special needs. Reductions to the agency's budget have affected the agency's Talking Books program which provides services to the visually impaired and handicapped. The Subcommittee recommends that the agency not take budget reductions in the Talking Books program or any other program that provides services to Kansans with special needs.

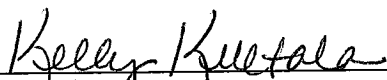
FY 2010 & FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas Commission on Veterans' Affairs



Senator Mark Taddiken, Chair



Senator Kelly Kuitala

Senate Ways & Means Cmte

Date 3-04-2010

Attachment 2

## Senate Subcommittee Report

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

**Bill No.** SB 556

**Bill Sec.** 21

**Analyst:** Dear

**Analysis Pg. No.**

**Budget Page No.** 39

Expenditure Summary	Agency Estimate FY 2010	Governor Recommendation FY 2010	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 9,146,139	\$ 8,204,907	\$ 0
Other Funds	11,351,158	11,351,158	0
Subtotal	<u>\$ 20,497,297</u>	<u>\$ 19,556,065</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	440,813	440,813	0
Subtotal	<u>\$ 440,813</u>	<u>\$ 440,813</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 20,938,110</u></u>	<u><u>\$ 19,996,878</u></u>	<u><u>\$ 0</u></u>
FTE positions	513.0	513.0	0.0
Non FTE Uncl. Perm. Pos.	9.0	9.0	0.0
<b>TOTAL</b>	<u><u>522.0</u></u>	<u><u>522.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate

The **agency** estimates current year operating expenditures of \$20,497,297, an all funds decrease of \$416,379 or 2.0 percent, below the amount approved by the 2009 Legislature. The estimate includes FY 2010 State General Fund operating expenditures of \$9,146,139, an increase of \$926,344, or 11.3 percent, above the FY 2010 State General Fund approved amount. The estimate includes supplemental requests of \$580,956, including \$122,956 from the State General Fund. Without the supplemental requests, the agency estimate is \$19,916,341, a decrease of \$997,335, or 4.8 percent, below the FY 2010 approved amount.

### Governor's Recommendation

The **Governor** recommends current year operating expenditures of \$19,556,065, a decrease of \$1,357,611, or 6.5 percent, below the amount approved by the 2009 Legislature. The Governor recommends FY 2010 State General Fund expenditures of \$8,204,907, a decrease of \$14,888, or 0.2 percent, below the FY 2010 approved amount. The FY 2010 special revenue fund Governor's Recommendation is equivalent to the FY 2010 agency request. The reduction from the approved amount is attributable to special revenue fund reductions in the agency request and the replacement of State General fund dollars by Medicaid and Medicare funds in the amount of \$458,000. The majority of the special revenue fund reduction in the agency request is due to \$1,263,929 in expenditure decreases at the Kansas Soldiers' Home in the physical plant, primarily housekeeping and general maintenance.

## Senate Subcommittee Recommendation

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

1. The subcommittee recommends that the following funds be appropriated with a no-limit expenditure limitation: The Soldiers' Home Fee Fund, the Veterans' Home Fee Fund, the VA Burial Reimbursement Fund, the Veterans' Home Federal Fund, the Soldiers' Home Federal Fund, and the Commission on Veterans' Affairs Federal Fund. The committee notes that this is to provide the agency with maximum flexibility to expend special revenue funds in order to meet their budget reduction targets.
2. The subcommittee recommends providing the Executive Director of the Kansas Commission on Veterans' Affairs the authority to transfer funds between programs under the authority of Kansas Commission on Veterans' Affairs in order to assist in the best allocation of resources within the agency in FY 2010.

## House Budget Committee Report

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

**Bill No.** HB 2706

**Bill Sec.** 62

**Analyst:** Dear

**Analysis Pg. No. --**

**Budget Page No. 39**

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 10,299,113	\$ 7,556,323	\$ 648,584
Other Funds	11,849,935	11,849,935	0
Subtotal	<u>\$ 22,149,048</u>	<u>\$ 19,406,258</u>	<u>\$ 648,584</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,999,322	1,035,414	0
Subtotal	<u>\$ 1,999,322</u>	<u>\$ 1,035,414</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 24,148,370</u></u>	<u><u>\$ 20,441,672</u></u>	<u><u>\$ 648,584</u></u>
FTE positions	513.0	498.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
<b>TOTAL</b>	<u><u>521.0</u></u>	<u><u>506.0</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests FY 2011 operating expenditures of \$22,149,048 an increase of \$1,651,751, or 8.1 percent, above the FY 2010 agency estimate. The request includes \$10,299,113 from the State General Fund, an increase of \$1,152,974, or 12.6 percent, above the FY 2010 estimate. The majority of the increase is attributed to enhancements totaling \$1,309,296. **Without the enhancements**, the request totals \$20,839,752, an increase of \$342,455, or 1.7 percent, above the agency's FY 2010 agency estimate.

### Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$19,406,258, a decrease of \$149,807, or 0.8 percent, below the Governor's FY 2010 recommendation. The Governor recommended FY 2011 State General Fund expenditures of \$7,556,323, a decrease of \$648,584, or 7.9 percent, below the Governors FY 2010 recommendation.

The Governor's FY 2011 recommendation is a decrease of \$2,742,790, or 26.6 percent, below the FY 2010 agency request. The decrease is attributable to a recommendation against the enhancement packages totaling \$1,309,296 and partial implementation of the agency reduced resources package for a savings of \$327,494. The governor further recommends that the agency shift \$1,106,000 in State General fund expenditures at the Kansas Soldiers' Home and the Kansas Veterans' Home to Medicare and Medicaid and reduce the State General fund appropriation by the same amount.

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### **House Budget Committee Recommendation**

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

1. Add \$648,584, all from the State General Fund, to the Kansas Commission on Veterans Affairs in order to maintain the FY 2011 State General Fund appropriation at the same level as FY 2010. The Committee further states that the addition of funds is due the decision by the Governor to reduce the agency State General Fund appropriation by the amount of the Medicare and Medicaid funds which the agency and the Governor projects as being available. The Committee notes that the availability and amount of those funds is substantially uncertain.
2. The Committee recommends that the Kansas Department on Aging and the Kansas Department of Health and Environment report to the Social Services Budget Committee prior to Omnibus regarding the status of the certification process for the Kansas Veterans' Home and the Kansas Soldiers Home so that the facilities can begin to draw Medicare and Medicaid funding.

### **House Appropriations Committee Recommendation**

The **Committee** concurs with the Budget Committee recommendations.

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## Senate Subcommittee Report

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

**Bill No.** SB 556

**Bill Sec.** 62

**Analyst:** Dear

**Analysis Pg. No.**

**Budget Page No.** 39

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 10,299,113	\$ 7,556,323	\$ 1,137,271
Other Funds	11,849,935	11,849,935	0
Subtotal	<u>\$ 22,149,048</u>	<u>\$ 19,406,258</u>	<u>\$ 1,137,271</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,999,322	1,035,414	0
Subtotal	<u>\$ 1,999,322</u>	<u>\$ 1,035,414</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 24,148,370</u></u>	<u><u>\$ 20,441,672</u></u>	<u><u>\$ 1,137,271</u></u>
FTE positions	513.0	498.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
<b>TOTAL</b>	<u><u>521.0</u></u>	<u><u>506.0</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests FY 2011 operating expenditures of \$22,149,048 an increase of \$1,651,751, or 8.1 percent, above the FY 2010 agency estimate. The request includes \$10,299,113 from the State General Fund, an increase of \$1,152,974, or 12.6 percent, above the FY 2010 estimate. The majority of the increase is attributed to enhancements totaling \$1,309,296. **Without the enhancements**, the request totals \$20,839,752, an increase of \$342,455, or 1.7 percent, above the agency's FY 2010 agency estimate.

### Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$19,406,258, a decrease of \$149,807, or 0.8 percent, below the Governor's FY 2010 recommendation. The Governor recommends FY 2011 State General Fund expenditures of \$7,556,323, a decrease of \$648,584, or 7.9 percent, below the Governor's FY 2010 recommendation.

The Governor's FY 2011 recommendation is a decrease of \$2,742,790, or 26.6 percent, below the FY 2010 agency request. The decrease is attributable to a recommendation against the enhancement packages totaling \$1,309,296 and partial implementation of the agency reduced resources package for a savings of \$327,494. The Governor further recommends that the agency shift \$1,106,000 in State General Fund expenditures at the Kansas Soldiers' Home and the Kansas Veterans' Home to Medicare and Medicaid and reduce the State General fund appropriation by the same amount.

## Senate Subcommittee Recommendation

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

1. Add \$648,584, all from the State General Fund, to the Kansas Commission on Veterans Affairs in order to maintain the FY 2011 State General Fund appropriation at the same level as FY 2010. The Subcommittee notes the Governor reduced the agency State General Fund appropriation by the amount of the Medicare and Medicaid funds which the agency and the Governor projects as being available. The Subcommittee believes that the availability and amount of those funds is substantially uncertain.
2. Add \$488,687, all from the State General Fund, to the Veterans Services Program of the Kansas Commission on Veteran's affairs in order to implement the veterans enhanced services delivery program including the purchase of two mobile office vans. The Subcommittee believes that the addition of funds is necessary to comply with the intent of the Legislature expressed in KSA 74-8724(3)(b) which states that the funds appropriated from the veterans scratch lotto program will be used for the veterans enhanced service delivery program. Absent this appropriation, a proviso will be necessary to excuse the agency from this statutory duty. The committee further notes that the Kansas Commission on Veterans Affairs has been forced to close three veterans services offices in the last year leaving one veterans services representative for every 11,000 veterans, as opposed to the national average of one veterans service representative for every 3,500 veterans. Kansas ranks last in the number of Veterans' Service Representatives per Veteran nationwide.
3. The Subcommittee recommends that the Kansas Department on Aging and the Kansas Department of Health and Environment report to the Ways and Means Subcommittee for Veteran's Affairs prior to Omnibus regarding the status of the certification process for the Kansas Veterans' Home and the Kansas Soldiers Home so that the facilities can begin to draw Medicare and Medicaid funding.
4. The Subcommittee recommends that the Kansas Commission on Veterans' affairs report at Omnibus regarding the status of the certification process and the legislature review the appropriation of additional funds dependent upon whether Medicare and Medicaid monies have been received by the agency and to what extent.
5. The Subcommittee recommends that a bill be introduced reducing the mandatory commission meetings of the Kansas Commission on Veterans' Affairs from monthly to bi-monthly. The agency indicates that this will save the state approximately \$6,000 per year in travel and per-diem costs.
6. The Subcommittee recommends that the following funds be appropriated with a no-limit expenditure limitation: The Soldiers' Home Fee Fund, the Soldiers' Home Medicare Fund, the Soldiers' Home Medicaid Fund, the Veterans' Home Medicare Fund, the Veterans' Home Medicaid Fund, the Veterans' Home Fee Fund, the VA Burial Reimbursement Fund, the Veterans' Home Federal Fund, the Soldiers' Home Federal Fund, and the Commission on Veterans' Affairs Federal Fund. The Subcommittee notes that this is to provide the agency with maximum



flexibility to expend special revenue funds in order to meet their budget reduction targets.

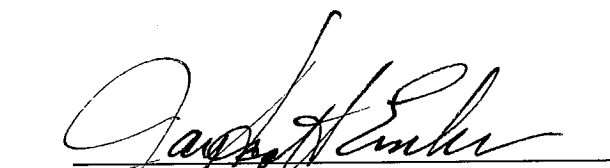
7. The Subcommittee recommends providing the Executive Director of the Kansas Commission on Veterans' affairs the authority to transfer funds between the programs under the authority of Kansas Commission on Veterans' Affairs in order to assist in the best allocation of resources within the agency, in FY 2011.
8. The Subcommittee recommends that a bill be introduced authorizing the sale of 572 acres of pasture and farm land located adjacent to the Fort Dodge facility and the funds be held in trust for the benefit of the veterans homes. The Subcommittee notes that the land is currently being leased at \$13,618 per year and the leases will expire on May 1, 2014. The Subcommittee further notes that any such sale should be contingent upon an examination of any legal encumbrances upon the land or federal regulations governing the transfer of ownership.
9. The Subcommittee recommends that the following measures be weighed for future consideration to provide additional revenue for the Kansas Commission on Veterans' Affairs, including:
  - o The state sell "Invest in Kansas Veterans" bonds through the State Treasurer's Department to pay for additional service delivery options;
  - o The state establish another veterans lotto game for the benefit of Kansas veterans;
  - o The state allow a limited number of video lottery games in Class A Veterans of Foreign Wars clubs with a percentage of proceeds going to the veterans service clubs;
  - o The state add veterans to the list of contributions currently on the state income tax form;
  - o The state provide the agency with authority to make home loans to veterans with a VA home loan guarantee and use the interest income to fund veterans programs as is done in other states; and
  - o The Kansas Soldiers' Home explore alternate uses such as drug treatment and rehabilitation or long-term care.
10. The Subcommittee recommends that the Kansas Commission on Veteran's Affairs pursue a closer relationship with the Governor's Military Council. The Subcommittee notes that the Governor or Military Council could appoint a military liaison to work between the two organizations, which could help with attaining federal dollars and additional partnerships.
11. The Subcommittee notes that the addition of funds to the Kansas Commission on Veterans Affairs is to offset \$818,276 in allotment reductions made by the Governor on November 2, 2010 and \$648,584 in State General Fund reductions recommended by the Governor from FY 2010 to FY 2011. The Subcommittee further notes that the majority of these reductions are dependent on projected

new Medicare and Medicaid revenue at the Kansas Soldiers' Home and the Kansas Veterans' Home, the amount of which the committee feels remains uncertain.

FY 2011

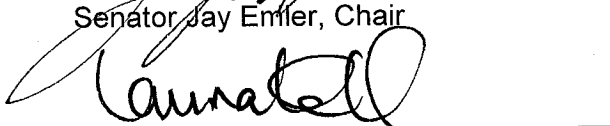
SENATE WAYS AND MEANS SUBCOMMITTEE

Health Care Stabilization Fund Board of Governors



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Senator Jay Emmer, Chair



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Senator Laura Kelly

Senate Ways & Means Cmte  
Date 3-04-2010  
Attachment 3

# House Budget Committee Report

**Agency:** Health Care Stabilization Fund  
Board of Governor's

**Bill No.** HB 2706

**Bill Sec.** 43

**Analyst:** Dear

**Analysis Pg. No. --**

**Budget Page No. 43**

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	36,542,940	35,130,178	0
Subtotal	<u>\$ 36,542,940</u>	<u>\$ 35,130,178</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 36,542,940</u></u>	<u><u>\$ 35,130,178</u></u>	<u><u>\$ 0</u></u>
FTE positions	17.0	17.0	1.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>17.0</u></u>	<u><u>17.0</u></u>	<u><u>1.0</u></u>

## Agency Request

The **agency** requests FY 2011 operating expenditures of \$36,542,940 from the Health Care Stabilization Fund, an increase of \$1,377,369 or 3.9 percent, above the revised FY 2010 agency estimate. Of the request, \$2,256,290 is for the Administrative Program, while the remaining \$34,286,650 is for the payment of claims and claims related expenses. The increase in expenditures is primarily attributable to increased legal defense costs and proposed information technology upgrades at the agency.

## Governor's Recommendation

The **Governor** recommends \$35,130,178 in operating expenditures for FY 2011, an amount equivalent to the FY 2010 Governor's recommendation. The Governor's recommendation is \$1,412,762, or 3.9 percent, below the agency's FY 2011 request. The decrease from the agency's requested budget is attributable to a recommendation against implementation of the proposed enterprise management system and an elimination of the projected increases in legal fees for the claims program. The Governor also recommends that the transfers to the Health Care Stabilization Fund from the State General Fund for payments to the KU residents, faculty and graduate medical education students be stopped. The total impact of stopping these transfers is estimated to be approximately \$2.5 million.

## House Budget Committee Recommendation

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

1. Add 1.0 FTE position to the Health Care Stabilization Fund position limitation in order to add an employee to respond to Kansas Open Records requests. The position is currently filled by a temporary legal assistant and that position would be made permanent. The agency suggested and the Budget Committee recommends that \$40,046 be shifted from agency capital outlay budget to salaries and wages in FY 2011. This action will accommodate the new expense with no change in the expenditure limitation for the administration program.
2. The Budget Committee has grave concerns regarding the impact of discontinuing reimbursements to the Health Care Stabilization Fund from the State General Fund for claims paid on behalf of Kansas University Medical Center residents and faculty. The Budget Committee notes that a continuation of this practice will create an unfunded liability within the Health Care Stabilization fund of an additional \$2.5 million.
3. The Budget Committee recommends that the Legislature revisit the issue of reimbursements to the Health Care Stabilization Fund at Omnibus to determine if funds are available in the State General Fund in the amount of \$2.5 million to once again begin paying these claims.

## House Appropriations Committee Recommendations

The **Committee** concurs with the Budget Committee recommendations.

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### Senate Subcommittee Report

**Agency:** Health Care Stabilization Fund  
Board of Governor's

**Bill No.** SB 556

**Bill Sec.** 43

**Analyst:** Dear

**Analysis Pg. No. --**

**Budget Page No. 43**

<u>Expenditure Summary</u>	<u>Agency Request FY 2011</u>	<u>Governor Recommendation FY 2011</u>	<u>Senate Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	36,542,940	35,130,178	0
Subtotal	<u>\$ 36,542,940</u>	<u>\$ 35,130,178</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 36,542,940</u></u>	<u><u>\$ 35,130,178</u></u>	<u><u>\$ 0</u></u>
FTE positions	17.0	17.0	1.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>17.0</u></u>	<u><u>17.0</u></u>	<u><u>1.0</u></u>

#### Agency Request

The **agency** requests FY 2011 operating expenditures of \$36,542,940 from the Healthcare Stabilization Fund, an increase of \$1,377,369, or 3.9 percent, above the revised FY 2010 agency estimate. Of the request, \$2,256,290 is for the Administrative Program, while the remaining \$34,286,650 is for the payment of claims and claims related expenses. The increase in expenditures is primarily attributable to increased legal defense costs and proposed information technology upgrades at the agency. The agency requests 17.0 FTE positions.

#### Governor's Recommendation

The **Governor** recommends \$35,130,178 in operating expenditures for FY 2011, an amount equivalent to the FY 2010 Governor's recommendation. The Governor's recommendation is \$1,412,762, or 3.9 percent, below the agency's FY 2011 request. Of the request, \$1,658,928 is for the Administrative Program, while the remaining \$33,471,250 is for the payment of claims and claims related expenses. The decrease from the agency's requested budget is attributable to a recommendation against implementation of the proposed enterprise management system and an elimination of the projected increases in legal fees for the claims program. The Governor also recommends that the transfers to the Health Care Stabilization Fund for payments to KU residents, faculty and graduate medical education students be

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stopped and any payments made to date reversed. The total impact of stopping these transfers is estimated to be approximately \$2.5 million.

### **Senate Subcommittee Recommendation**

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

1. Add 1.0 FTE position to add an employee to respond to Kansas Open Records requests. The position is currently filled by a temporary legal assistant and that position would be made permanent. The agency suggested and the Subcommittee recommends that \$40,046 shift from agency capital outlay budget to salaries and wages in FY 2011. This action will accommodate the new expenditure with no change in the expenditure limitation for the administration program.
2. The Subcommittee recommends that the legislature review the status of SB 414 at omnibus, which amends the Health Care Provider Insurance Affordability Act to provide that the funds required to be transferred to the Health Care Stabilization Fund for the payments specified in law (KSA 2009 Supp. 40-3403(j) for state Fiscal Years 2010, 2011, 2012, and 2013 shall not be transferred prior to July 1, 2013. The bill establishes a process for the repayment of the deferred State General Fund payments, as follows: beginning on July 1, 2013 and on an annual basis through July 1, 2017, twenty percent of the total amount of the SGF deferred transfers are to be transferred to the Health Care Stabilization Fund. No interest will be allowed to accrue on the deferred payments. In the event that SB 414 has been passed favorably by the House, the Subcommittee further recommends that legislature include language in the omnibus appropriations bill negating section 109 of SB 556 and HB 2706 which suspends State General Fund transfers to the Health Care Stabilization fund in FY 2011 and FY 2012.

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Senate Ways & Means Committee  
Testimony Regarding SB 558  
Assistant Attorney General Samuel Speed  
March 4, 2010

Mr. Chairman and members of the committee, thank you for allowing me to comment on the proposed amendments to K.S.A. 82a-1802 and K.S.A. 2009 Supp. 82a-1804 as provided in SB 558.

For over 100 years, Kansas has defended its interest in water through litigation. *See Kansas v. Colorado*, 182 U.S. 125 (1902); *Kansas v. Colorado*, 206 U.S. 46 (1907); and *Kansas v. Colorado*, 514 U.S. 673 (1995). The legislature has stated as a matter of policy that the State of Kansas will continue defending its interstate water rights through litigation, when necessary. The legislature has established and funded this mandate through the Interstate Water Litigation Fund. K.S.A. 82a-1801 *et seq.*

The proposed amendments to the Interstate Water Litigation Fund statutes will not change that mandate but will in many ways reinforce it. In general terms, the amendments would prevent the inadvertent removal of funds from the Interstate Water Litigation Fund. This amendment is prudent and more clearly represents the original intent in establishing the Fund.

The amendments would also allow the Interstate Water Litigation Fund to accumulate interest. This is a forward-thinking response to the need to fund long-term litigation. Interstate water disputes are a permanent concern of the state. Due to water scarcity, the state needs to put itself in a position to defend all of its water rights. This provision reaffirms the state's commitment to protecting those rights.

The state faces many challenges in defending its water rights. It is useful to consider our position now and what it may be in the future.

Kansas has water rights in the Republican and the Arkansas Rivers. These rights are protected by federal statutes, known as Compacts, and court decrees. [ARKANSAS RIVER: 63 Stat. 145-152 (1949) and *Kansas v. Colorado*, 556 U.S. \_\_\_\_ (2009); REPUBLICAN RIVER: 57 Stat. 86 (1943) and *Kansas v. Nebraska and Colorado*, 538 U.S. 720 (2003)]. The states upstream of Kansas in those Compacts and decrees are Colorado and Nebraska. Both have powerful economic and political incentives to take Kansas' water. The value of water is understood in those states, and that value drives them to test the limits of Kansas' commitment to defending its



rights.

Colorado and Nebraska have overused their annual allocations of the Republican River on multiple occasions. This is in direct violation of the decree and the Compact. The only method of redress Kansas has is to file suit in the Supreme Court of the United States. As it stands today, the political leadership of both Colorado and Nebraska would rather violate the decree than comply in water short years. The reasons for this have to do with economic issues in the basin.

The Federal Reserve released a study that among other things projected population growth as well as the real costs of water conservation in the Republican basin. See "Can Water Markets Improve Water Allocation in Rural America," Jason Henderson and Maria Akers, *Economic Review (Kansas City)*, Fourth Quarter 2008 (<http://www.kc.frb.org/PUBLICAT/ECONREV/PDF/4q08Henderson.pdf> last accessed on March 3, 2010)("Federal Reserve Study")

As shown in the Federal Reserve Study, depending on how Nebraska achieved compliance with the decree, the reduction in annual economic activity in Nebraska could be between \$73 million to \$280 million. Federal Reserve Study, p. 133, App A. It should also be noted that the annual cash rent of irrigated land in Nebraska could decline between \$61 and \$234 per acre. *Id.* This demonstrates the value of irrigation to land values and indicates, in some ways, the value of Kansas' water rights as applied in Nebraska.

The situation in Colorado is equally grim. Colorado's population is growing much faster than Kansas'. See Federal Reserve Study, p. 102, Table 1. It is also a much wealthier state. (2008 Colorado GDP: \$248, 603, 000, 000 and 2008 Kansas GDP: \$122, 731, 000, 000 <http://www.bea.gov/regional/gsp/> last accessed on March 3, 2010). Rapid population growth is occurring on Colorado's front-range and should continue for the next thirty years. This will put great pressure on the State of Colorado to control the water supplies originating there and prevent as much as possible from leaving the state.

Added to this is the incontrovertible fact that unchecked water withdrawals can damage the hydrology of a river system irreversibly. Both the Republican River and the Arkansas River depend on adequate groundwater aquifer levels to maintain stream flow. Excessive pumping and diverting leads to unsustainable groundwater depletion, and eventually the rivers will lose significant stream flow for the foreseeable future. In short, the threat exists in both basins for Colorado and Nebraska to take the short-term water profits at the expense of the long-term health of the river systems.

This combination of factors has the potential to greatly exacerbate disputes with Colorado and Nebraska. Water supplies will decline based on past overuse thereby driving up the price of water and making it more politically and economically unpalatable for those states to voluntarily comply. The only method Kansas will have to redress this situation is the Attorney General's pursuit of long-term litigation against upstream states.



**Kansas Farm Bureau**  
**POLICY STATEMENT**

**Senate Ways and Means Committee**  
**Senate Bill 558, an act concerning interstate water**

**March 4, 2010**  
**Submitted by:**  
**Steve M. Swaffar**  
**Director of Natural Resources**

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Chairman Emler and members of the committee, thank you for this opportunity to provide testimony on Senate Bill 558, addressing the interstate water litigation fund. I am Steve Swaffar, Director of Natural Resources for the Kansas Farm Bureau.

Kansas Farm Bureau stands in support of SB 558 in its efforts to clarify the intent of the legislature to stabilize and secure funding for the Interstate Water Litigation Fund (IWLF). Our members have been negatively impacted by upstream states being out of compliance with river compacts. If allowed to continue, agriculture and the state economy as a whole will continue to suffer from past and future compact violations. Therefore we believe this fund is necessary to promote restraint in upstream states.

What happened during FY 2007 that transferred the remaining balance of the reserve account into the State General Fund was unfortunate and potentially compromises some of Kansas' leverage against upstream States. Consequently, anything we can do to sustain and protect the IWLF will bolster the Attorney Generals' efforts to monitor and enforce compact compliance. Without an adequate and consistent revenue source to help fund these efforts, Kansas water users are in jeopardy of their water supplies being depleted by upstream use that exceeds values agreed upon by all of the states involved.

Providing a safe haven for the litigation war chest is imperative to the success of compact compliance. Unfortunately, a compact is not enough to hold all parties accountable to living up to the agreed upon stipulations. It takes a considerable amount of money on hand to expeditiously and effectively enforce our river compacts. A sizeable litigation war chest serves as a litigation deterrent that garners the respect of our compact partners.

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Date 3-04-2010  
Attachment 5

We realize this bill will not restore the lost funds however KFB encourages you to take that step when financial times are better. Even a gradual restoration of those funds will send a message to our neighboring States.

Thank you for this opportunity to provide testimony, I would be happy to answer questions at the appropriate time.

**Testimony on Senate Bill 558  
to  
The Senate Committee on Ways and Means**

**Kansas Department of Agriculture**

**March 4, 2010**

Chairman Emler and members of the committee, the Kansas Department of Agriculture is submitting this written testimony in support of Senate Bill 558.

The 1996 Legislature enacted K.S.A. 82a-1801 through 82a-1803 to provide for the reserve and disposition of monies the state anticipated would be recovered from its suit against Colorado on the Arkansas River (*Kansas v. Colorado*, No. 105 Orig., 1985-2009).

Kansas prevailed in the landmark case. The U.S. Supreme Court ruled that although the Arkansas River Compact does not mention groundwater, it does include alluvial groundwater insofar as groundwater pumping in Colorado impaired state line flows. Moreover, this is the first case in the history of interstate water litigation to result in money damages—more than \$34 million. Pursuant to K.S.A. 82a-1802, most of that money was placed in the interstate water litigation fund.

In 1998, Kansas again filed suit in the U.S. Supreme Court, suing Nebraska for its violations of the Republican River Compact (*Kansas v. Nebraska & Colorado*, No. 126 Orig., 1998-2003). Kansas again prevailed when it secured a ruling from the court that groundwater was part of the compact and obtained a favorable settlement as a result of that ruling. The Final Settlement Stipulation sets forth detailed terms for compliance with the compact. Unfortunately, Nebraska has generally failed to abide by its terms. This has forced Kansas to protect its interests through litigation. As necessary, Kansas will return to the U.S. Supreme Court to enforce the court's decree.

As the downstream state in these compacts, Kansas suffers from a fundamental disadvantage: it is at the mercy of upstream states and whether or not they comply with the compacts. Consequently, Kansas' only effective method of defending its interests on these rivers is through litigation. That litigation originates in, and is exclusive to, the United States Supreme Court. Litigation has secured permanent benefits for Kansas: it has secured the waters to which Kansas is entitled, and it has made clear that Kansas' upstream neighbors cannot pump groundwater without regard to its downstream effects.

The litigation fund allows Kansas to protect its interests through monitoring and, as necessary, through litigation. In litigation, the U.S. Supreme Court uses a special master. Litigation before the court's special master requires intense, sustained preparation for trial. For example, *Kansas v. Colorado* resulted in more than 270 days of trial. That means there were substantial legal costs, as well as costs associated with extensive expert assistance and testimony in the fields of engineering, hydrology and groundwater modeling.

As the committee is no doubt aware, the Legislature approved a lapse of \$1 million in funding in the litigation fund at the end of fiscal year 2007. The language in the appropriations bill as introduced by the governor had the intent to lapse only \$1 million in expenditures, but it was written too broadly. The entire balance in the account lapsed at the end of fiscal year 2007 and the money transferred to the state general fund. So, in essence, no money has been in this fund for three years.

The department supports this legislation to establish an enduring interstate water litigation fund. It will ensure that funds needed for litigation are available. It also will send a strong message to our neighboring states that Kansas is committed to defending its interstate entitlements.



**Kansas Cooperative Council**  
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The Mission of the Kansas Cooperative Council is to promote, support and advance the interests and understanding of agricultural, utility, credit and consumer cooperatives and their members through legislation and regulatory efforts, education and public relations.

## Senate Ways & Means Committee March 4, 2010

### SB 558 - Interstate Water Litigation Fund.

Chairman Emler and members of the Senate Ways & Means Committee, thank you for the opportunity to comment on SB 558 and share our support for the concepts contained within this measure. I am Leslie Kaufman, Executive Director for the Kansas Cooperative Council.

The Kansas Cooperative Council (KCC) represents all forms of cooperative businesses across the state -- agricultural, utility, credit, financial and consumer cooperatives. Approximately half of our members are grain warehouse and/or agribusiness retail/supply cooperatives and our utility segment represents another significant membership category. Interstate water issues are important to our members for a variety of reasons, thus we do have an interest in the interstate water litigation fund and this bill.

The KCC supports the purposes for which the Interstate Water Litigation Fund was created. The state made a significant investment in protecting our rights under and interstate water compact. Using some of the dollars collected through those actions to provide resources to carry-on these activities into the future was wise.

Obviously, we share the disappointment of many that a glitch in our budgeting process depleted the fund. But, we appreciate the legislature proposing changes to that system, like what is contained here within SB 558, to protect against such a future event.

It will take time to re-build the Interstate Water Litigation Fund. During this process, we see where the provision in SB 558 allowing interest earned by these monies to be added back into this fund will help it grow faster. We think this can be a positive benefit for the fund.

Protecting the state's rights under interstate water compacts is of critical importance to all Kansans. The state must have resources to protect and defend these rights. As such, we support the bill.

Thank you for this opportunity to comment on this measure and we hope your committee will take favorable action on SB 558.

Senate Ways & Means Cmte  
Date 3-04-2010  
Attachment 7

**KANSAS  
LIVESTOCK  
ASSOCIATION**

*Since 1894*

**TESTIMONY**

To: Senate Committee on Ways and Means  
Senator Jay Emler, Chairman

From: John Donley, Assistant General Counsel

Date: March 4, 2010

Re: SB 558 – Interstate water litigation fund; not subject to allotment, transfer

*The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing approximately 5,500 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf and stocker production, cattle feeding, dairy production, grazing land management and diversified farming operations.*

Thank you Mr. Chairman and members of the Committee. My name is John Donley, and I am Assistant General Counsel for the Kansas Livestock Association. I appreciate the opportunity to provide written testimony this morning in support of SB 558.

The Kansas Livestock Association is supportive of this legislation because it further clarifies the original intent of the legislation that created the interstate water litigation fund. This fund is designed to provide a significant amount of money that is available to protect Kansas's interests in interstate water issues.

This legislation will hopefully help to ensure that this litigation fund is kept fully funded in the future. While we recognize that no fund balances are ever completely safe, this bill clarifies the intent of the legislature to keep an adequate amount of funds in the litigation fund.

KLA believes it is important for the state to have adequate resources available at all times in order to hopefully discourage other states from pursuing interstate water litigation or violating agreements that have already been made. This bill will help reach that goal.

Thank you for your consideration of this bill. We encourage you to support SB 558.  
Thank you.

Senate Ways & Means Cmte

Date 3-04-2010

Attachment 8

*Kansas Grain & Feed Association*  
Kansas Agribusiness Retailers Association



816 SW Tyler, Suite 100  
Topeka, Kansas 66612

(785) 234-0461  
Fax (785) 234-2930  
www.KansasAg.org

**Senate Ways and Means Committee**

**March 4, 2010**  
**SB 558**

Good morning Chairman Emler and members of the Senate Ways and Means Committee. I am Mary Jane Stankiewicz, COO and Senior Vice President of the Government Affairs of the Kansas Grain and Feed Association (KGFA) and the Kansas Agribusiness Retailers Association (KARA). KGFA is a voluntary state association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA's membership includes over 700 agribusiness firms that are primarily retail facilities which supply fertilizers, chemicals, seed, petroleum and agronomic expertise to Kansas farmers.

I appear before you in support of SB 558. KGFA and KARA have long supported a strong water rights program in Kansas. Water litigation is a very lengthy and costly process. Unfortunately, litigation is a necessary evil in this situation to force and ensure that our neighboring states comply with the compacts or pay the appropriate damages. Therefore we need to have these litigation funds available to use when an issue arises. This bill would attempt to codify the intent established years ago that once we place money in this fund it must not be re-appropriated or spent on other projects or items unrelated to the interstate water litigation issues.

We urge you to support SB 558.

Senate Ways & Means Cmte  
Date 3-04-2010  
Attachment 9



**NORTHWEST KANSAS GROUNDWATER MANAGEMENT DISTRICT NO. 4**

**STATEMENT OF ISSUE – WRITTEN TESTIMONY**

**March 4, 2010**

**PO Box 905  
Colby, Kansas 67701-0905  
Phone: (913) 462-3915  
Fax: (913) 462-2693  
E-mail: wab@gmd4.org**

**ISSUE: SB 558**

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Proposing to amend the law such that the Interstate Water Litigation Fund is better protected for exclusive use as statutorily directed.

**CONCERNS:**

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None

**RECOMMENDATIONS:**

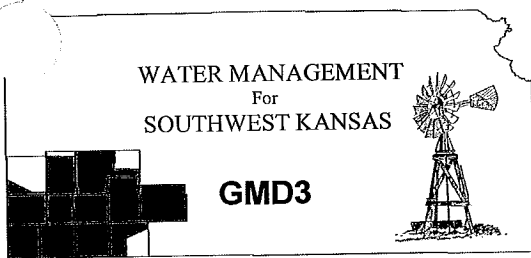
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The Northwest Kansas Groundwater Management District No. 4 supports this bill as protecting this fund is important to safeguarding the water resources and supplies of Kansas.

*Wayne A. Bossert*

Signed: Wayne A. Bossert, GMD 4 Manager

Senate Ways & Means Cmte  
Date 3-04-2010  
Attachment 10



**Southwest Kansas**  
**Groundwater Management District No. 3**  
2009 E. Spruce Street  
Garden City, Kansas 67846-6158  
(620) 275-7147 phone (620) 275-1431 fax  
www.gmd3.org

## **Testimony on Senate Bill 558**

to

The Senate Committee on Ways and Means

By

Mark E. Rude, Executive Director

Southwest Kansas Groundwater Management District No. 3

March 4, 2010

Chairman Emler and members of the committee, my name is Mark Rude. I am executive director of the Southwest Kansas Groundwater Management District No.3 (GMD3). I am writing in support of Senate Bill 558.

For most of the first half of the last century, local water project interests in southwest Kansas struggled to secure and protect the usable water supply into Kansas from expanding upstream diversions in Colorado. An agreeable working relationship between the Kansas ditch companies was formally worked out in 1910 to share the available supplies. However, the interstate nature of the users of the river supply made negotiations and litigation an expensive and ineffective process. Later, with the conclusion of the second Supreme Court Case and the ratification of the Kansas and Colorado Arkansas River Compact and Administration (ARCA), local interests could no longer seek resolution and enforcement on their own and must work through the state of Kansas.

In interstate matters, we have learned that with each state having one vote on any action of ARCA, the Kansas resolve to provide both the staff for skillful negotiations and the funding resources to litigate when necessary are the absolute investments the state must secure if Kansas is to protect the water supplies that have been allocated to it through much toil, personal local sacrifice and interstate agreements. In fact, the missing funds were, in part, quantified from actual losses from farms and fields in Southwest Kansas. We commend the efforts of the committee to restore the original purposes of the Interstate Litigation Fund and believe from our experience that this Fund will greatly assist the efforts of the Chief Engineer and the other interstate compact commissioners for Kansas in their efforts to effectively address the water supplies of interstate significance.

Thank you for this opportunity to provide these comments.

Senate Ways & Means Cmte

Date 3-04-2011

Attachment 11