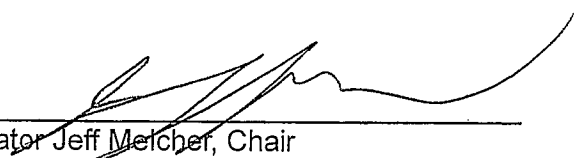


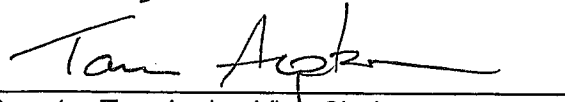
FY 2013, FY 2014, and FY 2015

Senate Ways and Means Subcommittee

Kansas Department of Commerce
Kansas Department of Labor
Kansas Department of Revenue
State Court of Tax Appeals

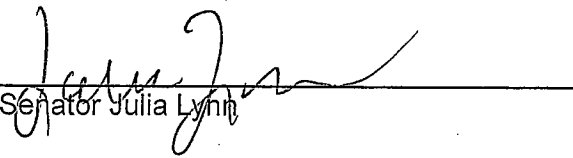


Senator Jeff Melcher, Chair



Senator Tom Arpke, Vice-Chair

Senator Tom Holland, Ranking Minority
Member



Senator Julia Lynn

Senate Ways and Means Committee
Date: 03-13-2013
Attachment #: 12

House Budget Committee Report

Agency: Kansas Department of Commerce **Bill No.** HB 2088

Bill Sec. 25

Analyst: Steiner

Analysis Pg. No. 543

Budget Page No. 74

Expenditure Summary	Agency Estimate FY 2013	Governor Recommendation FY 2013	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 15,500,000	\$ 15,500,000	\$ 0
Other Funds	136,883,468	136,883,468	0
Subtotal	\$ 152,383,468	\$ 152,383,468	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	185,000	185,000	0
Subtotal	\$ 185,000	\$ 185,000	\$ 0
TOTAL	\$ 152,568,468	\$ 152,568,468	\$ 0
FTE positions	203.5	192.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	203.5	192.0	0.0

Agency Estimate

The **agency's** estimate for FY 2013 operating expenditures is \$152,383,468. Included in the estimate is \$15,500,000 from the State General Fund and \$19,083,708 from the Economic Development Initiatives Fund (EDIF). The estimate is an all funds increase of \$7,884,137, or 5.5 percent and EDIF increase of \$3,768,183, or 24.6 percent, above the amount approved by the 2012 Legislature. The State General Fund estimate remained the same. The EDIF increase is mostly attributable to a reappropriation of \$3,766,689 in FY 2013 that was not spent in FY 2012. The additional EDIF increase is a result of the undermarket pay approved by the 2012 Legislature and distributed by the State Finance Council. The all funds increase is due to a revised estimate of several special revenue funds, including the Workforce Investment Act Federal Fund, the Wagner Peyser Federal Fund, and the Community Development Block Grant.

Governor's Recommendation

The **Governor** concurs with the agency's request for FY 2013 with the following exception. The Governor recommends the deletion of an additional 11.5 FTE and 3.0 Non-FTE positions from the FY 2013 agency revised estimate.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2013.

House Committee Recommendation

The **Committee** concurs with the Budget Committee recommendation for FY 2013.

Senate Subcommittee Report

Agency: Kansas Department of Commerce **Bill No.** SB 76

Bill Sec. 25

Analyst: Steiner

Analysis Pg. No. 543

Budget Page No. 74

Expenditure Summary	Agency Estimate FY 2013	Governor Recommendation FY 2013	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 15,500,000	\$ 15,500,000	\$ 0
Other Funds	136,883,468	136,883,468	0
Subtotal	<u>\$ 152,383,468</u>	<u>\$ 152,383,468</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	185,000	185,000	0
Subtotal	<u>\$ 185,000</u>	<u>\$ 185,000</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 152,568,468</u></u>	<u><u>\$ 152,568,468</u></u>	<u><u>\$ 0</u></u>
FTE positions	203.5	192.0	0.0
Non FTE Uncl. Perm. Pos.	69.0	66.0	0.0
TOTAL	<u><u>272.5</u></u>	<u><u>258.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** estimate for FY 2013 operating expenditures is \$152,383,468. Included in the estimate is \$15,500,000 from the State General Fund and \$19,083,708 from the Economic Development Initiatives Fund (EDIF). The estimate is an all funds increase of \$7,884,137, or 5.5 percent and EDIF increase of \$3,768,183, or 24.6 percent, above the amount approved by the 2012 Legislature. The State General Fund estimate remained the same. The EDIF increase is mostly attributable to a reappropriation of \$3,766,689 in FY 2013 that was not spent in FY 2012. The additional EDIF increase is a result of the undermarket pay approved by the 2012 Legislature and distributed by the State Finance Council. The all funds increase is due to a

revised estimate of several special revenue funds, including the Workforce Investment Act Federal Fund, the Wagner Peyser Federal Fund, and the Community Development Block Grant.

Governor's Recommendation

The **Governor** concurs with the agency's request for FY 2013 with the following exception. The Governor recommends the deletion of an additional 11.5 FTE and 3.0 Non-FTE positions from the FY 2013 agency revised estimate.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2013 revised estimate.

House Budget Committee Report

Agency: Kansas Department of Commerce **Bill No.** HB 2231

Bill Sec. 69

Analyst: Steiner

Analysis Pg. No. 543

Budget Page No. 74

Expenditure Summary	Agency Request FY 2014	Governor Recommendation FY 2014	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 15,500,000	\$ 15,000,000	\$ (1,500,000)
Other Funds	129,646,265	128,921,428	(325,000)
Subtotal	\$ 145,146,265	\$ 143,921,428	\$ (1,825,000)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	190,000	190,000	0
Subtotal	\$ 190,000	\$ 190,000	\$ 0
TOTAL	\$ 145,336,265	\$ 144,111,428	\$ (1,825,000)
FTE positions	203.5	192.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	203.5	192.0	0.0

Agency Request

The **agency's** request for FY 2014 operating expenditures is \$145,146,265. Included in the request is \$15,500,000 from the State General Fund and \$14,829,029 from the Economic Development Initiatives Fund (EDIF). The request is an all funds decrease of \$7,237,203, or 4.7 percent, and an EDIF decrease of \$4,254,612, or 22.3 percent, below the agency's FY 2013 request. The State General Fund request remains the same as the agency's FY 2013 estimate. The EDIF decrease is attributable to the large reappropriation that was carried forward in FY 2013 but was not carried forward to FY 2014. Additionally, the agency's EDIF operating grant does reflect the agency's allocated budget in FY 2014. The all funds decrease is due to the Air Service Incentive Fund not being included in the agency's budget for FY 2014. Additionally, the decrease is partially due to a revised estimate of several special funds, including the Workforce Investment Act Federal Fund, and the Wagner Peyser Federal Fund, and the Community Development Block Grant.

Governor's Recommendation

The **Governor** recommends FY 2014 operating expenditures of \$143,921,428, including \$15,000,000 from the State General Fund and \$14,117,010 from the Economic Development Initiatives Fund. The Governor's recommendation is an all funds decrease of \$1,224,837, or 0.8 percent, a State General Fund decrease of \$500,000, or 3.2 percent, and an EDIF decrease of \$712,086, or 4.8 percent, below the agency's FY 2014 request. The State General Fund

decrease is attributable to replacing the State General Fund appropriation for the Medicaid Reform Employment Incentive Program with an EDIF appropriation. The EDIF decrease is partially offset as a result of the Governor recommending the agency's reduced resources. Additionally, the EDIF reduction is also offset by \$275,000 in additional EDIF spending for the Accelerate Entrepreneurship Program which is a new program designed to help emerging entrepreneurs.

The Governor's recommendation includes a decrease of \$17,081, including \$4,330 from the EDIF, to reflect the Governor's recommendation to reduce the Kansas Public Employees Retirement System (KPERs) death and disability employer contribution rate from the statutory 1.0 percent to 0.85 percent for FY 2014.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2014 with the following adjustments.

1. Delete \$500,000, all from the State General Fund, for the University of Kansas Medical Center. This represents funding for cancer research cancer at the University of Kansas Medical Center.
2. Delete \$500,000, all from the State General Fund, for the Animal Health Research Grant at Kansas State University. This represents funding for animal health research at Kansas State University.
3. Delete \$500,000 all from the State General Fund, for Aviation Research Grant at Wichita State University. This represents funding for aviation research at Wichita State University.
4. Delete \$50,000, all from Economic Development Initiatives Fund, for the Medicaid Reform Employment Incentive Program. This program provides incentives for companies that employ and train individuals with disabilities. The pilot program began in FY 2013 and was previously funded from the State General Fund.
5. Delete \$275,000, all from the Economic Development Initiatives Fund, for the Accelerate Entrepreneurship Program, for FY 2014 and direct the agency to self-fund the program from existing resources.

House Committee Recommendation

The Committee concurs with the Budget Committee recommendation for FY 2014 with the following adjustments:

1. Delete recommendations 1, 2 and 3 made by the Budget Committee for FY 2014. This will restore funding to the original \$5.0 million, all from the State General Fund, for cancer research cancer at the University of Kansas Medical Center, \$5.0 million, all from the State General Fund, for animal health research at Kansas State University, and \$5.0 million, all from the State General Fund, for aviation research at Wichita State University.

2. Delete \$1,500,000, all from the Economic Development Initiatives Fund, for FY 2014, from the Department of Commerce' Operating Grant and transfer the same amount to the State General Fund for FY 2014.

Senate Subcommittee Report

Agency: Kansas Department of Commerce **Bill No.** 110

Bill Sec. 69

Analyst: Steiner

Analysis Pg. No. 543

Budget Page No. 74

Expenditure Summary	Agency Request FY 2014	Governor Recommendation FY 2014	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 15,500,000	\$ 15,000,000	\$ (15,000,000)
Other Funds	129,646,265	128,921,428	(23,189)
Subtotal	<u>\$ 145,146,265</u>	<u>\$ 143,921,428</u>	<u>\$ (15,023,189)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	190,000	190,000	0
Subtotal	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 145,336,265</u></u>	<u><u>\$ 144,111,428</u></u>	<u><u>\$ (15,023,189)</u></u>
FTE positions	203.5	192.0	0.0
Non FTE Uncl. Perm. Pos.	69.0	66.0	0.0
TOTAL	<u><u>272.5</u></u>	<u><u>258.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency's** request for FY 2014 operating expenditures is \$145,146,265. Included in the request is \$15,500,000 from the State General Fund and \$14,829,096 from the Economic Development Initiatives Fund (EDIF). The request is an all funds decrease of \$7,237,203, or 4.7 percent, and an EDIF decrease of \$4,254,612, or 22.3 percent, below the agency's FY 2013 revised estimate. The State General Fund request remains the same as the agency's FY 2013 estimate. The EDIF decrease is attributable to the large reappropriation that was carried forward in FY 2013 but was not carried forward to FY 2014. Additionally, the agency's EDIF operating grant does reflect the agency's allocated budget in FY 2014. The all funds decrease is due to the Air Service Incentive Fund not being included in the agency's budget for FY 2014. Additionally, the decrease is partially due to a revised estimate of several special funds, which include the following a decrease of \$15,369,310 for Workforce Investment Act Federal Funds and the agency did not receive any ARRA Green Jobs Grant funds in FY 2014.

Governor's Recommendation

The **Governor** recommends FY 2014 operating expenditures of \$143,921,428, including \$15,000,000 from the State General Fund and \$14,117,010 from the Economic Development Initiatives Fund. The Governor's recommendation is an all funds decrease of \$1,224,837, or 0.8 percent, a State General Fund decrease of \$500,000, or 3.2 percent, and an EDIF decrease of \$712,086, or 4.8 percent, below the agency's FY 2014 request. The State General Fund decrease is attributable to replacing the State General Fund appropriation for the Medicaid Reform Employment Incentive Program with an EDIF appropriation. The EDIF decrease is partially offset as a result of the Governor recommending the agency's reduced resources. Additionally, the EDIF reduction is also offset by \$275,000 in additional EDIF spending for the Accelerate Entrepreneurship Program which is a new program designed to help emerging entrepreneurs.

The Governor's recommendation includes a decrease of \$17,081, including \$4,330 from the EDIF, to reflect the Governor's recommendation to reduce the Kansas Public Employees Retirement System (KPERs) death and disability employer contribution rate from the statutory 1.0 percent to 0.85 percent for FY 2014.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2014 revised estimate with the following adjustment and notations:

1. Delete \$15.0 million, all from the State General Fund, including \$5.0 million for FY 2014, for cancer research cancer at the University of Kansas Medical Center, \$5.0 million, for animal health research at Kansas State University, and \$5.0 million, for aviation research at Wichita State University.
2. Delete \$23,189, all from the Economic Development Initiatives Fund, for the \$1 rent reduction negotiated by the Department of Administration for FY 2014.
3. The Subcommittee directed the Department of Commerce, and all agencies in the General Government Budget Subcommittee, to construct a reorganization plan that allows the agency to provide the same level of services funded at 80.0 percent of its current level. The purpose was to allow the agency to reorganize as they saw fit without any of the normal constraints. Examples include restrictions placed by the Department of Administration such as rent and the monumental building surcharge and restrictions placed by the classified employment system.
4. The Subcommittee recommends the agency use a per transaction approach for all future Information Technology projects to mitigate the absorption of capital costs within the agency's budget.
5. The Subcommittee recommends the agency utilize outsourcing wherever possible to increase the quality and efficient delivery of services.

House Budget Committee Report

Agency: Kansas Department of Commerce **Bill No.** 2231

Bill Sec. 70

Analyst: Steiner

Analysis Pg. No. 543

Budget Page No. 74

Expenditure Summary	Agency Request FY 2015	Governor Recommendation FY 2015	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 15,000,000	\$ 0
Other Funds	--	129,020,538	(325,000)
Subtotal	\$ --	\$ 144,020,538	\$ (325,000)
Capital Improvements:			
State General Fund	\$ --	\$ 0	\$ 0
Other Funds	--	195,000	0
Subtotal	\$ --	\$ 195,000	\$ 0
TOTAL	\$ --	\$ 144,215,538	\$ (325,000)
FTE positions	--	192.0	0.0
Non FTE Uncl. Perm. Pos.	--	66.0	0.0
TOTAL	--	258.0	0.0

Agency Request

There were no agency budget requests made for FY 2015 by any state agencies other than those agencies designated in statute as biennial budget agencies. The Governor's budget recommendations to the 2013 Legislature do, however, include funding recommendations for each state agency for FY 2015.

Governor's Recommendation

The **Governor** recommends FY 2015 operating expenditures of \$144,020,538, including \$15,000,000 from the State General Fund and \$14,146,974 from the Economic Development Initiatives Fund. The recommendation is an all funds increase of \$99,110, or 0.1 percent, and an EDIF increase of \$29,964, or 0.2 percent, above the Governor's FY 2014 recommendation. The State General Fund appropriation remained the same.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2015 with the following adjustments.

1. Delete \$50,000, all from Economic Development Initiatives Fund, for the Medicaid Reform Employment Incentive Program for FY 2015. This program provides incentives for companies that employ and train individuals with disabilities. The pilot program began in FY 2013 and was previously funded from the State General Fund.
2. Delete \$275,000, all from the Economic Development Initiatives Fund, for the Accelerate Entrepreneurship Program, for FY 2015 and direct the agency to self-fund the program from existing resources.

House Committee Recommendation

The **Committee** concurs with the Budget Committee recommendation for FY 2015.

Senate Subcommittee Report

Agency: Kansas Department of Commerce **Bill No.** 110

Bill Sec. 70

Analyst: Steiner

Analysis Pg. No. 543

Budget Page No. 74

Expenditure Summary	Agency Request FY 2015	Governor Recommendation FY 2015	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 15,000,000	\$ (15,000,000)
Other Funds	--	129,020,538	(23,189)
Subtotal	\$ --	\$ 144,020,538	\$ (15,023,189)
Capital Improvements:			
State General Fund	\$ --	\$ 0	\$ 0
Other Funds	--	195,000	0
Subtotal	\$ --	\$ 195,000	\$ 0
TOTAL	\$ --	\$ 144,215,538	\$ (15,023,189)
FTE positions	--	192.0	0.0
Non FTE Uncl. Perm. Pos.	--	66.0	0.0
TOTAL	--	258.0	0.0

Agency Request

There were no **agency** budget requests made for FY 2015 by any state agencies other than those agencies designated in statute as biennial budget agencies. The Governor's budget recommendations to the 2013 Legislature do, however, include funding recommendations for each state agency for FY 2015.

Governor's Recommendation

The **Governor** recommends FY 2015 operating expenditures of \$144,020,538, including \$15,000,000 from the State General Fund and \$14,146,974 from the Economic Development Initiatives Fund. The recommendation is an all funds increase of \$99,110, or 0.1 percent, and an EDIF increase of \$29,964, or 0.2 percent, above the Governor's FY 2014 recommendation. The State General Fund appropriation remained the same.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2015 revised estimate with the following adjustment and notations:

1. Delete \$15.0 million, all from the State General Fund for FY 2015, including \$5.0 million, for cancer research cancer at the University of Kansas Medical Center, \$5.0 million, for animal health research at Kansas State University, and \$5.0 million, for aviation research at Wichita State University.
2. Delete \$23,189, all from the Economic Development Initiatives Fund, for the \$1 rent reduction negotiated by the Department of Administration for FY 2015.
3. The Subcommittee directed the Department of Commerce, and all agencies in the General Government Budget Subcommittee, to construct a reorganization plan that allows the agency to provide the same level of services funded at 80.0 percent of its current level. The purpose was to allow the agency to reorganize as they saw fit without any of the normal constraints. Examples include restrictions placed by the Department of Administration such as rent and the monumental building surcharge and restrictions placed by the classified employment system.
4. The Subcommittee recommends the agency use a per transaction approach for all future Information Technology projects to mitigate the absorption of capital costs within the agency's budget.
5. The Subcommittee recommends the agency utilize outsourcing wherever possible to increase the quality and efficient delivery of services.

