

Approved

Jan. 24, 1983
Date

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Bill Bunten at _____
Chairperson

1:15 ~~am~~ p.m. on Wednesday, January 19, 1983 in room 514-S of the Capitol.

All members were present except: John Solbach, Ed Rolfs -- both excused.

Committee staff present: Marlin Rein -- Legislative Research Dept.
Lyn Entrikin-Goering -- Legislative Research Dept.
Bill Gilmore -- Legislative Research
Jim Wilson -- Revisors' Office
LewJene Schneider -- Administrative Assistant
Charlene Wilson -- Committee Secretary

Conferees appearing before the committee:
Ed Ahrens -- Legislative Research Dept.
Sherry Brown -- Legislative Research Dept.

Others Present: (See Attachment 1)

The meeting was called to order by Chairman Bunten at 1:35 p.m.

Chairman Bunten informed the committee that the time today would be spent reviewing the effects of the allotments that have been proposed by the Governor. The lapse bill, SB 54, has been introduced in the Senate and a hearing on it will be held at 11:00 a.m. in the Senate Ways and Means Committee tomorrow and hopefully it will be introduced in the House by Monday and will be heard in the House Ways and Means Committee on Tuesday, January 25th. It is scheduled for hearing on the floor of the House on Thursday, January 26th.

Ed Ahrens, of the Legislative Research Department, was called upon by the Chairman to review Budget Memo 83-1, Expenditure Reductions in FY 1983 Imposed by Allotment. (Attachment II).

Chairman Bunten commented, for the information of the committee, that the Legislative Branch and the Judicial Branch, as indicated in the memo, are not required to make reductions but the Legislative Branch has agreed to take the 4% cut and Mr. Muchmore, Director of the Budget, has negotiated with the Judicial Branch to take the cut voluntarily as well. So those lapses are included in the lapse bill.

Chairman Bunten stated that it would appear that some agencies had to make an effort to reduce their spending by 4% while others were hardly disturbed at all. Mr. Ahrens commented that this was an accurate assumption, especially with regards to state operations, because of the allowance to, in effect, give credit for reductions. Chairman Bunten suggested that members of the committee keep this in mind as they are going through the budgets. Some of the agencies have taken a direct reduction in their appropriations while others, for example the Department of Corrections, didn't have to do much at all.

Mr. Rein agreed and commented that subcommittees, as they look at these agency budgets, should examine the current year. As you look at how the funds were cut out of institutions and agency budgets, it is obvious that some agencies made little or no adjustments while others were fairly severe depending on individual circumstances. Also, he indicated that with regard to Fee Agencies, the bill that has been introduced does not adjust expenditure limitations but certain of those budgets have funds for merit increases that should not be spent and they also have funds that were allotted because of higher travel and subsistence allowances for which savings should be realized. The point that needs to be understood is that the manner in which the reductions were made were, in large part, perhaps the most expedient manner in which it could be done.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,
room 514-S, Statehouse, at 1:15 ~~xxx~~ p.m. on Wednesday, January 19, 1983.

The next item on the agenda for the day was the review of a Budget Memo, Unemployment Compensation Management, (Attachment III), by Sherry Brown of the Legislative Research Department. Chairman Bunten commented that businesses have already gotten some bad news in the speed-up of the income tax and sales tax collections and that it now appears that they are going to get further bad news because of the drain on the Unemployment Compensation Program.

Representative Wisdom questioned whether the state itself was a negative account employer. Ms. Brown indicated that we have been in the past year or two. Chairman Bunten commented that we are self-insured and that, at present, .004% of the payroll for each state agency is contributed to the state unemployment compensation account. This budget memo indicates that we are putting the money in and it is being paid out for claims without review of whether or not everyone who comes in and makes a claim is in fact eligible.

The Chairman reminded the committee that tomorrow's meeting would be held in the Old Supreme Court Room.

The Chairman urged the members of the committee to look at what budgets they have and when they are due.

The meeting was adjourned at 2:45 p.m.

NAME	ADDRESS	REPRESENTING
1. <u>Jerry Sh</u>	301 W. 10 th	Judicial Administration
2. <u>Lynn Busby</u>	1732 Louisiana Avenue	Antism-Rep Support
3. <u>Herby T. Dince</u>	State House	Budget Division
4. <u>Symon M. ...</u>	"	"
5. <u>Maurin Burris</u>	1416 Merchants Bank	Board of Regents
6. <u>Chris Graves</u>	1700 College Topeka	A.S.K.
7. <u>Cathy Estes</u>	1615 W. 28 th St., Topeka	St Bd Indignito Def Soc
8. <u>Charles W. ...</u>	Topeka	KNEA
9. <u>Ken Rogg</u>	Paola	S Q E
10. <u>James L. Smith</u>	Wichita	
11. <u>Scott Brown</u>	Wichita	EAST High School
12. <u>Brian Riordan</u>	Wichita	EAST HIGH SCHOOL
13. <u>Cathy O'K -</u>	Topeka	KDED
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Budget Memo No. 83-1
Legislative Research Department

SUBJECT: Expenditure Reductions in FY 1983 Imposed by Allotment

Introduction

Effective January 1, 1983, the Governor, through his Secretary of Administration and Director of the Budget, invoked the allotment system as set forth in K.S.A. 75-3722 through 3725 which were enacted in 1953 as part of the law which created the Department of Administration. As invoked by the Governor, the allotment system reduced by \$51.0 million the amounts which state agencies were otherwise authorized to spend in FY 1983 from State General Fund appropriations and reappropriations made by acts of the 1982 Session of the Legislature. Nearly all major state agencies and most of the hundreds of line items of appropriation from the State General Fund are affected by the allotment system. In the previous 30 years of their existence, the allotment system statutes had been used only twice; and in each instance only one agency and one item of appropriation were affected.

The allotment system imposes no reductions on expenditures from any fund other than the General Fund. Therefore, agencies or programs financed entirely from special revenue funds are not affected. Major agencies unaffected by the allotment system include the Department of Transportation, the Fish and Game Commission, the Kansas Corporation Commission, and the Highway Patrol (except that portion of its Capital Security program which is financed by General Fund appropriation).

The financial circumstances which led to the corrective measures proposed by the Governor, of which the allotment system is only one, are outlined in the Budget Overview. The purpose of this memo will be to summarize the reductions imposed by the allotment system and to highlight major features.

Constraints on the Allotment System

In response to a request from the Governor, the Attorney General issued Opinion No. 82-16 on July 26, 1982, which provided for the first time formal legal interpretation of major provisions of the state allotment system statutes. The opinion states that the Governor (through the Secretary of Administration and Director of the Budget) has broad discretion in the application of the allotment system in order to avoid a situation where expenditures in a fiscal year would exceed the resources of the General Fund (or a special revenue fund). Allotments need not be applied equally or on a prorata basis to all appropriation items for a given fund. However, the statutes directly or as interpreted in Opinion No. 82-16 place certain important constraints on the Governor's discretion with respect to allotments:

1. The Legislature and the courts are specifically exempted from the allotment system by K.S.A. 75-3722.
2. Demand transfers from the State General Fund to another fund are not subject to the allotment inasmuch as they are not the subject of

Atch. II

General Fund appropriations even though they are reported as expenditures of the General Fund in the state's accounting and budgeting systems. (Under state law as it existed on January 1, 1983, demand transfers would total approximately \$135 million in FY 1983.)

3. The allotment system cannot be used in any fiscal year for the purpose of increasing the year-end balance of a fund nor for controlling cash shortages that might occur at any time within a fiscal year.

The last-named constraint has an important consequence with respect to the agenda of the 1983 Session. Because the January 1, 1983, allotments are part of a package of proposals that would increase the FY 1983 ending balance above the break-even point, the Governor proposes that the Legislature lapse by appropriation act the amounts identified as allotment reductions to assure that the expenditure reductions will be made.

Because judicial and legislative agencies are exempted by law from allotments, expenditures of these agencies are excluded from the data shown in this Budget Memo. However, as pointed out in the Budget Overview, voluntary expenditure reductions were made by both groups.

Summary of Allotment Reductions

Allotment reductions made January 1, 1983, total \$51.0 million or 3.6 percent of the \$1,433.4 million then authorized for expenditure from the General Fund (\$44.7 million of approved expenditures for legislative and judicial agencies are excluded). Reductions by major purpose for all functions of government are summarized in the following table. Detail of this and all other tabulations may not add to totals due to rounding; and percentages are calculated from unrounded amounts.

	<u>Millions of Dollars</u>		<u>As Percent</u>	<u>As Percent</u>
	<u>Authorized</u>	<u>Reductions</u>	<u>of Authorized</u>	<u>of Total Reductions</u>
State Operations	\$ 520.4	\$22.6	4.3%	44.4%
Aid to Local Units	691.6	27.5	4.0	54.0
Other Assistance	217.2	.5	.3	1.1
Capital Improvements	4.2	.3	7.2	.6
TOTAL	<u>\$1,433.4</u>	<u>\$51.0</u>	<u>3.6%</u>	<u>100.0%</u>

The amounts of authorized expenditures used in this memo include demand transfers, despite the fact that allotments were not applicable to them. Inclusion of demand transfers in the authorized expenditures reduce the percentages of reduction for aid to local units and other assistance, but provides an insight as to the overall impact of reductions on local units and other recipients of state aid. If demand transfers are excluded, reductions in aid to local units would be 4.8 percent of the remaining program of aid to local units; but the percentage reduction in other assistance would be unchanged, due to rounding. Excluding demand transfers, allotment reductions amount to 3.9 percent of total operating expenditures and the same percentage of expenditures including capital improvements.

Allotment reductions as now imposed are strongly influenced by the decisions made in response to the July Governor's directive that cabinet agencies were to reduce FY 1983 expenditures by a targeted amount equal to 4 percent of their authorized expenditures for state operations. The Governor called upon agencies not under his direct control to make voluntary cuts of the same magnitude. The target of 4 percent of state operations would have produced expenditure reductions amounting to approximately \$22.5 million.

Assuming that FY 1983 receipts to the General Fund would be equal to the April, 1982, consensus estimates (despite the fact that FY 1982 receipts fell substantially below the consensus estimate for that year), the \$22.5 million of targeted reductions would have resulted in General Fund expenditures being approximately the same as receipts.

In a memorandum addressed to each state agency, the Director of the Budget provided guidelines as to how the reduction might be achieved. Although each agency's reduction target was calculated on the basis of General Fund expenditures for state operations only, the guidelines stated that expenditures could be made in other categories — aid to local units; other assistance, grants and benefits; and capital improvements. However, the Director stated that, "It is the Governor's policy to avoid any reduction in aid to local units or other assistance unless it can be demonstrated that because of exceptional circumstances those reductions will not adversely affect local governmental units or other recipients of state aid." Another guideline stated that, although merit increases authorized by the 1982 Legislature were suspended, such merit pool moneys were not to be included in the reductions. Because rules and regulations establishing budgeted increases in travel allowances and mileage rates were withdrawn by the Secretary of Administration, savings resulting from the lower than budgeted rates could be used to meet the reduction target.

Within these guidelines, agencies were allowed broad discretion in reducing expenditures by program and by item. Moreover, reduction targets were set at all-inclusive amounts for agencies which had jurisdiction over groups of institutions, such as the Board of Regents, the Division of Mental Health and Retardation Services, and the Department of Corrections.

Agency budget requests as submitted on or after September 15, 1982, generally incorporate these directed or voluntary reductions of expenditures.

When consensus estimates were arrived at in November, 1982, which drastically reduced previous revenue estimates for FY 1983, proceedings for invoking the allotment system were begun. To the reductions called for in July, the allotment system imposed additional reductions which represented, with exceptions, 4 percent of state aid to local units of government (excluding demand transfers) and the pool of moneys for employee merit salary increases. Additional reductions include the imposition of 4 percent reductions in state operations on affected agencies which had not completely complied with the July guidelines, as well as specific expenditure reductions which have the appearance to be the result of review of agency budgets by the Division of the Budget.

Affected agencies were notified of the allotments by letters from the Secretary of Administration which were dated November 30, 1982. Following a 30-day period for appeals to the Governor, as provided by law, the allotments became effective

January 1, 1983. Appeals resulted in some shifts among accounts of a few agencies, but no changes were made in the total for any agency.

Detailed budget estimates submitted by state agencies do not reflect the changes which the allotment system made in the July reductions. Therefore, complete information as to reductions by program and detailed object of expenditure is available only in the detailed agency recommendations of the Governor submitted to the Legislature by the Division of the Budget.

The many individual decisions concerning expenditure reductions resulted in the revised summary of expenditures for FY 1983 presented in this report. Expenditures for state operations are by allotment reduced by 4.3 percent and state aid to local units by 4.0 percent (despite the fact that demand transfers of \$122 million for local aid are exempt from allotment), while minor dollar reductions are made in other assistance and in capital improvements.

Allotment reductions are summarized in more detail by major purpose of expenditure and by function of government in the table appearing on the next page. The reductions are compared with expenditures authorized by the appropriation acts of the 1982 Session of the Legislature, including any reappropriated balances agencies are authorized to spend. No requests for supplemental appropriations are included.

Allotment reductions vary widely among the functions of government. State operations expenditure reductions vary between 1.8 percent and 5.2 percent of the amounts agencies were authorized to spend. Aid to local units reductions vary from zero (General Government demand transfers) to 36.8 percent for the Public Safety function — although by far the most significant dollar reduction is for education. Only minor dollar amounts are involved in other assistance and capital improvement reductions.

Variations in the impact of allotment reductions among individual agencies or groups of related agencies within each function of government also vary widely and examples will be presented in some detail in the following sections.

Reductions in State Operations

Summary. The \$22.6 million of allotment reductions in state operations expenditures consists of approximately \$18.3 million of general reductions, which largely reflect the July response of agencies to the Governor's direction or request for reductions equivalent to 4 percent of state operations, and approximately \$4.3 million set aside for merit salary increases, which were first suspended by the Governor and are now generally removed by allotment. The following table distributes the two components of state operations reductions by function of government.

STATE GENERAL FUND
FISCAL YEAR 1983 EXPENDITURE REDUCTIONS BY ALLOTMENT
EFFECTIVE JANUARY 1, 1983
SUMMARY BY MAJOR PURPOSE AND FUNCTION OF GOVERNMENT

(Thousands of Dollars)

<u>Major Purpose of Expenditures and Function of Government</u>	<u>Amount of Reduction</u>	<u>Authorized Expenditures</u>	<u>Percent of Reduction</u>
State Operations			
General Government (Excluding Judicial and Legislative Agencies)	\$ 2,631	\$ 53,240	\$ 4.9%
Public Welfare	2,095	40,531	5.2
Education and Research	13,644	291,426	4.7
Public Safety	941	53,131	1.8
Agriculture and Natural Resources	522	10,154	5.1
Health and Hospitals	2,481	65,763	3.8
Recreational and Historical	302	6,110	4.9
Subtotal - State Operations	<u>\$ 22,615</u>	<u>\$ 520,354</u>	4.3%
State Aid to Local Units of Government			
General Government	\$ —	\$ 39,137	—%
Education and Research	23,689	633,871	3.7
Public Safety	1,946	5,285	36.8
Agriculture and Natural Resources	19	1,391	1.3
Health and Hospitals	1,860	11,890	15.6
Subtotal - Aid to Local Units	<u>\$ 27,513</u>	<u>\$ 691,573</u>	4.0%
Other Assistance, Grants, and Benefits			
General Government	\$ 5	\$ 511	1.0%
Public Welfare	118	194,838	.1
Education and Research	372	20,251	1.8
Public Safety	—	148	—
Agriculture and Natural Resources	48	1,308	3.7
Health and Hospitals	—	148	—
Recreational and Historical	—	29	—
Subtotal - Other Assistance	<u>\$ 544</u>	<u>\$ 217,233</u>	.3%
Subtotal - Operating Expenditures	<u>\$ 50,673</u>	<u>\$ 1,429,161</u>	3.5%
Capital Improvements			
General Government	\$ 100	\$ 100	100.0%
Public Welfare	—	17	—
Education and Research	—	382	—
Public Safety	183	2,700	6.8
Agriculture and Natural Resources	—	217	—
Recreational and Historical	22	789	2.8
Subtotal - Capital Improvements	<u>\$ 305</u>	<u>\$ 4,205</u>	7.2%
TOTAL EXPENDITURES	<u><u>\$ 50,978</u></u>	<u><u>\$ 1,433,366</u></u>	3.6%

(Millions of Dollars)

<u>Function of Government</u>	<u>General Reductions</u>		<u>Merit Pool Reductions</u>	
	<u>Amount</u>	<u>Percent of General Fund</u>	<u>Amount</u>	<u>Percent of General Fund</u>
General Government	\$ 2.0	3.8%	\$.6	1.2%
Public Welfare	1.4	3.5	.7	1.7
Education and Research	12.1	4.2	1.5	.5
Public Safety	.6	1.1	.4	.7
Agriculture and Natural Resources	.4	4.4	.1	.7
Health and Hospitals	1.5	2.3	1.0	1.5
Recreational and Historical	.2	4.0	.6	.9
TOTAL	<u>\$18.3</u>	<u>3.5%</u>	<u>\$4.3</u>	<u>.8%</u>

Merit Pool Reductions. The amounts identified as merit pool reductions were compiled by legislative staff from agency budget requests which, in accordance with Division of the Budget instructions, separately identified the amounts (including fringes) for merit step increases in FY 1983. Merit pools are the amounts, equivalent to a one-half step increase for all eligible employees, from which step increases could be awarded to employees on the basis of merit. Because merit steps in the state pay plan vary in terms of percentage increase, an agency's merit pool, stated as a percent of total payroll, would be higher or lower than another agency depending upon the relative mix of higher paid and lower paid employees. Thus, removal of merit pool funds impacts agencies differently in terms of relative amounts of expenditure reduction. Variations in percent of reduction are also the result of differences among agencies because of the varying mix of salary expenditures and nonsalary expenditures in state operations budgets.

Substitutions for State Operations Reductions. As previously noted, the allotment reductions reflect to a large extent decisions previously made in meeting the targets established in the July directive or request of the Governor that expenditures be reduced from authorized levels. July guidelines allowed agencies to substitute reductions in other categories for reductions in state operations, as long as reductions would not adversely affect local governmental units or other recipients of state aid. The fact that some agencies took advantage of the substitution guideline is largely responsible for the variation in relative severity of allotment reductions among functions of government and among individual agencies. The following examples are illustrative:

1. Because community correction grants would fall short of the budgeted level (primarily because of delayed startup of the Sedgwick County program), the Department of Corrections and its institutions are required to reduce state operations expenditures, other than merit pool, by only .6 percent.
2. Discretion allowed the Department of Social and Rehabilitation Services to determine how reductions would be spread resulted in allotments for the three youth centers in the Public Safety Function which require on the average a 1 percent reduction in General Fund expenditures in addition to their merit pools.
3. General reductions of state operations expenditures for agencies in the Health and Hospitals Function are not as severe on the average as agencies in five other functions of government. The Department of Health and Environment and the Division of Mental Health and Retardation and its institutions were able to credit reductions in local aid programs toward their targeted reductions, and thus lessened substantially the severity of allotment reductions for state operations.
4. The State Department of Education and its two institutions, as well as the Board of Regents Central Office, also lessened the severity of state operations expenditure reductions by utilizing savings in other categories of expenditure. No further reductions beyond the merit pool reductions are made for the Board of Regents Office and the School for the Visually Handicapped; and reductions other than merit pool amount to .2 percent for the Department of Education and .1 percent for the School for the Deaf.

Similar opportunities for reducing the impact of allotments on state operations budgets were not available to most other agencies.

Regents' Institutions. The institutions under the State Board of Regents account for almost 55 percent of state operations expenditures which are subject to allotment. Allotment reductions total \$13.5 million of which \$1.5 million represents their merit pools. Excluding merit pool reductions, general allotment reductions represent 4.3 percent of their authorized General Fund budgets for state operations and 66.0 percent of total state operations reductions for all agencies. Utilizing the discretion allowed in meeting July target reductions, the Board of Regents distributed among the institutions reductions amounting to less than 4 percent for the University of Kansas Medical Center and more than 4 percent for the other institutions. However, under the reductions imposed by allotment, the Medical Center has lost the authority to spend approximately \$1.2 million of salary and wages moneys reappropriated from FY 1982. These were moneys shifted from FY 1983 to FY 1982 by the Legislature to provide a contingent amount for possible shortfalls in hospital revenues. The amount was reappropriated for FY 1983 with the expectation that the unspent amount would be used to finance FY 1983 salaries and wages. All but \$18,000 was so reappropriated. However, the agency inadvertently excluded the reappropriation from its estimated FY 1983 budget and authority to spend the amount has now been removed by allotment. As the result, the Medical Center must reduce its authorized state operations expenditures by 4.4 percent in addition to its merit pool.

Financing From Other General Use Funds. A factor responsible for variations in relative severity of allotment reductions among the agencies, especially as to impact on state operations, is the availability of other sources of funding for general use. The allotment reductions do not take into account the availability of such general use resources, which include such items as student tuition, hospital receipts, federal block grants, and some other fee receipts which are interchangeable with the General Fund in financing agency budgets. Staff has estimated such general use receipts and they are summarized by function in the following table. For agencies with such additional general use funds, the General Fund reductions have a relatively lower impact on total agency operations. For example, the Regents' institutions allotment reductions, exclusive of merit pool, represent 4.3 percent of total General Fund expenditures for state operations. However, such reductions amount to 3.1 percent of total general use funds. The already relatively lesser impact of reductions for institutions for the mentally ill and retarded is further reduced when measured against total general use funds, which include large amounts of hospital charges and federal Title XIX support. In contrast, expenditure authority of agencies totally financed by the General Fund is totally impacted in direct proportion to the allotment reductions.

<u>Function of Government</u>	<u>State Operations</u> <u>Authorized Expenditures</u>		<u>Allotment Reductions</u> <u>As a Percent Of:</u>	
	<u>General Fund</u>	<u>General Use</u>	<u>General Fund</u>	<u>General Use</u>
General Government	\$ 53.2	\$ 54.9	4.9%	4.8%
Public Welfare	40.5	59.2	5.2	3.5
Education and Research	291.4	404.7	4.7	3.4
Public Safety	53.1	53.9	1.8	1.7
Agriculture and Natural Resources	10.2	11.4	5.1	4.6
Health and Hospitals	65.8	106.8	3.8	2.3
Recreational and Hist.	6.1	7.5	4.9	4.0
Total	<u>\$520.4</u>	<u>\$698.4</u>	4.3%	3.2%

As indicated by the data in the above table, General Government agencies and Public Safety agencies have relatively little such support from other general use funds.

Other Reductions for State Operations. Detailed analysis of allotment reductions in state operations expenditures for individual agencies reveals that reductions beyond the July targets, in addition to the merit pools, have been incorporated into the allotments. The most significant example is the Medical Center reappropriation described earlier. In at least one instance information that was available at the time of allotment was not available in July. The \$100,000 appropriated to the Department of Administration for gubernatorial transition expenses is eliminated by the allotment system. Other reductions by allotment appear to be the outcome of review of agency budgets by the Division of the Budget. They are too numerous and relatively too minor to be detailed in this summary memo, but information in the individual agency section of the Fiscal Year 1984 Budget Analysis will report such detail, as well as any other changes that might be made in the Governor's budget recommendations.

State Aid to Local Units of Government

Allotment reductions in state aid to local units of government total \$27.5 million, a 4.0 percent decrease from authorized amounts. Allotment methodology was generally to reduce each line item by 4.0 percent. As previously noted, demand transfers of approximately \$122 million could not be reduced. The appropriation for employers' contributions for KPERS school employees was excluded in recognition of the state's obligations for actuarial soundness. Some other aid programs were not reduced by allotment, including library aid for the blind and physically handicapped, adult basic education aid, Fort Leavenworth school aid, and aid to conservation districts. As a matter of fact all or most of the moneys had already been disbursed. Watershed construction aid was reduced by 3.5 percent. However, enough allotment reductions in excess of 4 percent were made in some programs to raise the overall reduction to 4 percent. However, it is again noted that if demand transfers are excluded from authorized aid to local units, the percentage reduction would be 4.8 percent.

Much of the reduction in certain aid programs in excess of 4 percent originated from the July reductions, when in some instances revised estimates for certain aid programs were used to meet targeted reductions based on 4 percent of state operations.

The transportation portion of aid for special education programs was underspent by \$3.0 million in FY 1982, and a similar underexpenditure appears likely to occur again in FY 1983. The Department of Education used a portion of these savings as a substitute for reducing state operations expenditures. The revised estimate of \$60.9 million for special education aid is further reduced by 4.0 percent to \$58.5 million, an overall 8.6 percent decrease from the original appropriation. Eleven other education aid programs were each reduced by an even 4 percent and two educational aid programs were not reduced in any amount.

As noted previously, estimated underspending of community correction grants was used to substitute for reduction of state operation of the Department of Corrections and its institutions. Such underspending of grants was estimated to be \$1.2

million, primarily due to delay in the start of Sedgwick County's program. The allotment reduction is now \$1.9 million. The additional reduction is at least in part attributable to a revised estimate of chargebacks. The overall reduction from the originally authorized amount for community corrections grants is almost 37 percent.

The Division of Mental Health and Retardation and its institutions met \$1.2 million of the \$2.5 million of July reductions by reducing Special Community Projects Grants 83 percent below the level authorized by the 1982 Legislature. The allotment system imposes no further change in the special grant program, but it reduces by 4.0 percent the formula grants for local mental health centers and mental retardation programs.

The Department of Health and Environment met more than half of its July reduction target by a \$252,000 reduction in authorized aid to local units of government. The allotment system reduces aid by another \$75,000. As a result, authorized aid has been reduced overall by 25 percent. Total allotment reductions for the Department of Health and Environment equal the merit pool plus 4.0 percent of authorized General Fund expenditures. Reductions in aid allow the agency to reduce state operations by only 1.8 percent plus the merit pool.

The allotment system totally eliminates the \$264,500 line item for extension of the service area of public television station KTWU (Washburn University).

Other Assistance, Grants, and Benefits

Authorized expenditures for other assistance, grants, and benefits were not targeted for reduction by either the July guidelines or the allotment system. Other assistance reductions total \$544,000 or .25 percent below the authorized level. Of total reductions in other assistance, \$372,000 (nearly 70 percent) is accounted for by the Board of Regents and the University of Kansas Medical Center. In July, the Board of Regents estimated a \$167,000 or 4.0 percent underspending of private college tuition grants, and thus needed no reduction in its office expenses to meet the target level. The allotment system imposes that reduction in tuition grants, as well as reductions of \$15,750 in osteopathic and optometric student loans and contracts and \$189,490 of medical scholarships. All of these reductions were made on the basis of known or anticipated underexpenditure due to lower than estimated participation in the programs.

Capital Improvements

The allotment system imposes only \$305,000 of reductions in authorized expenditures for capital improvements. Authorized capital improvement expenditures total only \$4.2 million, \$2.3 million of which consists of reappropriations from FY 1982 and \$1.9 million consists of new appropriations for FY 1983. Reductions include all of the \$100,000 Department of Administration contingency for agency relocations which could have been spent only upon approval of the State Finance Council. Such relocations costs are now planned to be paid from proceeds of the sale of the 500 block of Kansas Avenue. The Adjutant General met in part its July targeted reductions by deferring \$67,069 of armory repairs for which \$100,000 had been appropriated. The Industrial Reformatory appropriation of \$265,992 to replace sewer lines was reduced

\$115,992 on the basis that replacement of the sewer line to one dormitory could be deferred to FY 1984. The July target reduction for the State Historical Society included a \$21,808 or 4.0 percent reduction (excluding reappropriations) in capital improvements. The agency met \$17,900 of the target by deferring historic properties special maintenance and repairs for which \$96,018 was appropriated by the 1982 Legislature.

Legislative Review and Action

It has been the purpose of this budget memo to summarize the extent and nature of the reductions imposed on most state agencies by the allotments effective January 1, 1983.

Comprehensive though it is with respect to agencies financed from the General Fund, the allotment system has not been applied to budgets financed from other funds, including the Department of Transportation, the Fish and Game Commission, and the Kansas Corporation Commission (although the freeze on merit salary increases affects expenditures from special revenue funds).

For those agencies subject to the allotment system, the relative severity of the reductions varies considerably. In some instances, reductions consist of moneys that would not have been spent for the purposes for which they were appropriated because needs have changed. The impact of reductions for some agencies' operations relative to others was substantially reduced by reductions in other categories of expenditure or by the existence of other sources of revenue for financing operations.

It is the Governor's proposal that an omnibus appropriation bill be enacted which lapses that portion of each affected line item of appropriation from the General Fund which by allotment has been withdrawn from use. By such enactment, expenditure reductions would be assured; and no challenge could be made concerning the use of the allotment system to increase the year-end General Fund balance which would result if the proposed delay of demand transfers and acceleration of income withholding and sales and use tax collections are enacted.

Should it be necessary, a second phase of allotments is to become effective on February 1, 1983. Notice of this second phase allotment was given to each agency in the letters notifying them of the first phase. The general methodology applied in determining second phase allotments is apparently the difference between the first-phase reductions and 8.02 percent of authorized expenditures for state operations and aid to local units (exclusive of demand transfers). According to summary figures provided by the Division of the Budget in a document dated December 1, 1982, Phase 1 and Phase 2 allotment reductions would total \$84.4 million.

There has been little time for staff review of the impacts of the January 1 allotments. As noted earlier, budget requests submitted by the agencies do not reflect the full amount of allotment reductions. Detailed Governor's recommendations for each agency and program are provided by the Division of the Budget following presentation of the Governor's Budget Report to the Legislature. It is assumed that the allotment reductions will be detailed by program and object of expenditure. Review by the two Ways and Means Committees of such budget detail and underlying policy decisions may reveal a need for revisions.

SUBJECT: Unemployment Compensation Management

A recession and accompanying high unemployment rates have served to increase legislative concern about unemployment compensation. Several measures were considered during the 1982 Session with the focus both on imposing more stringent eligibility criteria and on improving the financial status of the Employment Security Fund through changes in the base upon which contributions to the Fund are calculated. During the last interim, the Special Committee on Labor and Industry was charged with a study of proposed amendments to the Employment Security Law to guarantee the financial integrity of the Fund. That Committee recommended revision to the current experience rating system, by which employer contribution rates are calculated, and concluded that further data was needed to determine the impact of other measures.

Relatively little attention has been given, however, to the manner in which the state of Kansas acts as an employer with respect to unemployment compensation claims made by former state employees. It is the purpose of this memorandum to examine briefly the qualifications for receipt of unemployment compensation, the procedure for processing claims, the financing of the program and the potential for reducing the amount paid by the state for claims charged to its account. The rate of the state's contribution to unemployment compensation insurance has risen steadily in recent years. In FY 1982, the rate was 0.2 percent of covered payroll. That rate increases to 0.7 percent in FY 1984, an amount conservatively estimated to be in excess of \$6.7 million. While economic conditions and qualification criteria have the most significant impact on how many dollars the state will pay out in claims it has been suggested that more diligence on the part of state agencies in reviewing and contesting claims could reduce state expenditures. It is the latter premise that this memorandum explores.

Eligibility for Unemployment Compensation

Unemployment compensation insurance is a joint federal-state program and state laws conform to federal requirements. Conceptually, unemployment compensation is designed to replace part of lost earnings for workers who are unemployed through no fault of their own. However, there are few federal laws governing eligibility and Kansas establishes its own requirements which an unemployed worker must meet.

K.S.A. 44-705 specifies basic conditions that must be met by an unemployed worker before becoming eligible to receive unemployment benefits. An unemployed worker shall be eligible only if the Secretary of Human Resources or his designee finds that:

1. the claimant has registered for work with a state employment office;
2. the claimant has made a valid claim for benefits;
3. the claimant is able to perform the duties of his or her customary occupation or the duties of other occupations for which the claimant is reasonably fitted by training or experience and is available for work;

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4. the claimant has been unemployed for a waiting period of one week and that week must be in the benefit year for which the claimant is claiming benefits; and
5. the claimant has been paid total wages for insured work in the base period of not less than 30 times his or her weekly benefit amount and has been paid wages in more than one quarter of the base period.

The burden of proving that the conditions of eligibility have in fact been met is placed with the claimant. Unless the claimant can establish that he or she has met each of the five eligibility conditions, that individual may not receive unemployment benefits.

K.S.A. 44-706 sets forth a number of conditions that disqualify an individual from making a valid claim. Particularly significant is the requirement that the employer prove by a preponderance of evidence that the person does not qualify for benefits. The circumstances under which an individual would be disqualified are outlined as follows:

1. An individual who leaves work voluntarily without good cause shall be disqualified for benefits beginning with the week in which a valid claim is filed plus the following ten consecutive weeks. The unemployed worker also forfeits benefit entitlements equal to ten times the individual's full weekly benefit amount. The 1982 Legislature construed a person as having left work with good cause if:
 - a. after pursuing all reasonable alternatives, the circumstances were of such urgent, compelling or necessitous nature as to provide the individual with no alternative but to leave work voluntarily; or
 - b. a reasonable and prudent individual would separate from the employment under the same conditions.
2. The same period of disqualification applies for a person who has been discharged for breach of duty reasonably owed an employer. The period of disqualification is made even more punitive if the disqualification is for gross misconduct which is defined as "conduct evincing willful and wanton disregard of an employer's interest or a carelessness or negligence of such degree or recurrence as to show an intentional or substantial disregard of the employer's interest." If gross misconduct is proved, then the period of disqualification continues until the person is reemployed and has earned eight times such individual's weekly benefit amount.
3. If an unemployed worker fails, without good cause, to apply for work or to accept suitable work, the worker shall be disqualified for benefits beginning with the week in which the failure occurred and the following ten weeks. Benefit entitlements equal to ten times the full weekly benefit amount are also forfeited.

4. A worker shall be disqualified for benefits for any week in which the Secretary determines that the worker's unemployment is due to a stoppage of work which exists because of a labor dispute or would have existed had normal operations not been maintained with other personnel previously and currently employed by the same employer.
5. A worker is disqualified from unemployment benefits for any week in which the worker is receiving benefits from another state or the United States.
6. A worker is disqualified from unemployment benefits for any week in which a person receives unemployment compensation from the United States based on the person's prior service with the military.
7. If the person has knowingly made a false statement or representation or has knowingly failed to disclose a material fact to obtain or increase benefits, the individual is disqualified for a one year period beginning the first day following the last week of unemployment for which the individual received benefits or from the date the act was committed, whichever is later.
8. A worker is disqualified for benefits for any week in which the worker receives temporary total disability or permanent total disability under the worker's compensation law of any state or the United States.
9. Generally, employees of educational institutions are disqualified between successive academic years or terms and during established vacation or holiday recesses when the individual has a reasonable assurance of returning to work after the period in question.
10. A worker is disqualified for any week of employment on the basis of any services, substantially all of which consist of participating in sports or athletic events or training or preparing to participate if the week falls between two successive sport seasons. This category basically refers to the professional athlete.
11. An alien is disqualified from unemployment benefits unless the alien is one who (1) was lawfully admitted for permanent residence at the time the services were performed and for which the wages were paid are used as wage credits; (2) was lawfully present in the United States to perform the services for which the wages paid are used as wage credits; (3) was permanently residing in the United States.
12. Finally, certain persons may not receive unemployment benefits if those persons are also receiving pension amounts. Generally, only that portion of the pension that is attributable to contributions made by the employer will be offset against the unemployment compensation.

Claims Procedure

K.S.A. 44-709 prescribes the procedures for filing a claim for unemployment compensation, which are further defined through regulations adopted by the Secretary of Human Resources. The claimant must initiate the process by filing with a local

Unemployment Insurance Office. An examiner designated by the Secretary of Human Resources determines the claimant's eligibility and the amount payable and notifies the last employer of the claim and the basis for the claim. The employer may provide information to the examiner at this point if the employer believes that the reason for separation would disqualify the employee. Both the last employer and the claimant are notified of the examiner's determination and either party may appeal the decision within 16 days, in which case the determination is referred to a referee for hearing and a decision to affirm or modify the examiner's finding. Both parties are again afforded an opportunity to appeal the referee's decision to a Board of Review, two members of which are appointed by the Governor with a third member appointed by the first two. Appeal of the Board's decision must be pursued in District Court.

Financing

Employers fall into a number of categories for the purpose of determining the amount they contribute annually to the Employment Security Fund. Kansas statutes establish a special category for the state that requires payments at a fiscal year rate based upon the balances in the state's account, the unemployment experience of covered state agencies, estimated covered wages in the ensuing year and actuarial and other information.

For purposes of the discussion that follows, it is important to emphasize that the cost to the state for unemployment compensation is directly affected by the ability of state agencies to stabilize their workforce, minimize use of seasonal and temporary workers (who qualify for benefits at the end of their employment), avoid lay-offs and carefully document terminations. Of course, an unemployment claim will not amount to the cost of retaining a salaried employee, but it is an off-setting cost of reducing the workforce that can easily be overlooked. It is also important to note that, while management of the workforce affects the cost of unemployment compensation, not all of those costs are attributable to the state's actions as an employer. For example, if an individual leaves state employment for another job from which he is subsequently laid off, the state may still be responsible for paying a proportionate share of his unemployment compensation, depending on the duration of the second job. Benefits paid are based on the individual's wages during the first four of the last five completed calendar quarters immediately preceding the week in which a claim is filed. The employer or employers during those first four quarters are charged on a pro rata basis according to the wages that were paid.

Management by State Agencies

While not all of the costs associated with unemployment benefits are controllable, it is possible that more control could be exerted than has been the case in the past. Few statistics are available, but one indication may be the preliminary results of a study conducted by the National Commission on Unemployment Compensation which revealed that almost 19 percent of overpayments to claimants were attributable to employer error or inaction. Unfortunately, that study provided no data on percentage of total dollar payments that such overpayments represented.

The lack of statistical data by which to assess the state's handling of unemployment claims is acute. In FY 1982, the state's account was charged \$2,596,235 for claims, although the state made payments of only \$1,206,967 to its account in that period. The number of dollars attributable to each state agency and the number of

individuals to whom claims were paid in any quarter can be ascertained (Table I). But no centralized records are kept regarding the number of claims that were contested or appealed, the basis for the claims, the number of claims denied or dollar amount of benefits paid to individuals for whom the state was the last employer (as opposed to base year employer). It is possible only to speculate, based upon indirect inferences and informal discussions with agency officials, on the degree to which state agencies scrutinize the validity of claims made by former state employees or the magnitude of overpayments that may result from a lack of scrutiny.

Some agency officials, however, believe there is a problem. Claims personnel at the Department of Human Resources note that a significant number of state agencies either do not respond or respond inappropriately to notices of claims filed by former employees. Since eligibility for unemployment benefits depends in most instances on the reason an individual is out of work, only the former employer is in a position to verify or contest a claim on that basis. Determination on the validity of a claim is made solely on the basis of information provided by the claimant if the agency does not respond. When the former employer, in this case a state agency, is notified of that determination, it has 16 days to respond. If no response is received, the claim is considered valid. State agency personnel, therefore, must carefully document an employee's reason for leaving and be prepared to respond in a timely fashion if they disagree with the information provided by the claimant.

That a number of agencies do not respond has been attributed to several factors. First, there is no direct incentive for agencies to hold down the cost of unemployment benefits. Although the rate that agencies must budget for unemployment compensation varies directly with actual claims paid, the rate is uniform for all agencies. A single agency is not likely to realize savings, therefore, even though it may minimize its own costs. Another apparent problem is that agency personnel often do not understand the process or the circumstances under which they should legitimately contest a claim. As a result, claim notices are ignored or the agency response is irrelevant to the question of disqualification for benefits.

Because there is no statistical information of any kind by which to assess agency behavior in this area, Kansas Legislative Research Department staff contacted personnel officers in six of the larger state agencies to inquire informally about their process for handling unemployment claims. With one exception, these individuals felt they were doing a good job of monitoring and contesting claims and, interestingly, felt their agency was probably the only one in state government that was doing so. The one individual who admitted little effort on the part of the agency gave as the reason the bias on behalf of the claimant. He felt that appeals by the agency were so seldom successful that the effort was not worthwhile. In a similar vein, another personnel officer noted what he felt to be discrepancies between the Employment Security Law and Civil Service regulations in that an agency can discharge an employee under Civil Service regulations for reasons that would not disqualify him or her under the "breach of duty" provisions of the Employment Security Law. Officials at the Department of Human Resources took issue with this observation, however, noting that with the possible exception of "Inefficiency or incompetency in the performance of duties," the grounds for dismissal listed in K.A.R. 1-10-1 would also constitute a breach of duty.

If nothing else, the contradictory viewpoints expressed by personnel officers versus Department of Human Resources staff members indicate a lack of clarity in interpreting and implementing the Employment Security Law. That alone may be sufficient evidence that state agencies need to pay more attention to management of unemployment claims and to secure a thorough knowledge of the legal basis for claims,

of when to contest and of the appropriate procedure and documentation. Conversely, it should also be noted that this issue involves an area of law that necessarily requires some discretion and judgment on the part of the individual or individuals who must ultimately decide a claimant's eligibility. In such a circumstance, particularly when the burden of proof rests with the employer, differences of opinion are inevitable.

Possible Alternatives

Although it is impossible to estimate the savings to the state that might result if each agency insured that former employees were disqualified if appropriate, it can be assumed that state expenditures for unemployment benefits could be reduced through an aggressive program. There are a number of options the Legislature could consider.

First, it became apparent through the many discussions that Legislative Research staff held with agency personnel that any effort to train or educate personnel officers regarding the handling of claims is sporadic, fragmented and decentralized. Neither the Division of Personnel Services nor the Department of Human Resources conducts an organized program to keep personnel officers abreast of changes in legislation or to encourage them to contest claims when it appears the claimant is disqualified for benefits. While both organizations have provided training programs in the past, there is no on-going effort and benefits of training are lost as personnel officers turn over. Even modest efforts might prove beneficial. Many of the personnel officers referred to a workshop they had attended as a catalyst for the monitoring of unemployment claims in the last 18 months. As one personnel officer noted, "We've improved our success ratio considerably as we gain experience in documenting and presenting (to the examiner) reasons for dismissal." Further evidence of need for training, or at least for more information, was the fact that most of the persons contacted were unaware of actions by the 1982 Legislature which will reduce costs if claims are contested successfully. At this point in time, it seems safe to say that the degree to which state agencies are monitoring and contesting unemployment claims is a function of the individual initiatives and resources of each agency.

A second option might be development of a centralized staff who could both monitor and assist state agencies. Because of the access to personnel records, the Division of Personnel Services would be a logical place to house such a staff; however, other divisions within the Department of Administration could also perform this function. In conjunction with this approach, consideration might be given to building the costs into the rate agencies pay for unemployment compensation benefits. This form of financing would probably require enabling legislation, but it would alleviate total dependence on the State General Fund.

An alternative to improvement of state agency capacity to handle unemployment claims is to turn to private enterprise. Consulting firms offer unemployment compensation management services which may include claims handling, representation at hearings, benefit charge auditing as well as review and consultation on personnel practices that affect unemployment compensation claims. The obvious advantage to a private firm is the specialization they could potentially offer with respect to familiarity with procedures, documentation and presentation of evidence to ensure conformity with the law. The question to be raised is whether the cost of such services is equaled or exceeded by reduced benefits payments, or whether a relatively modest investment in training for agency personnel officers would comparably reduce costs. Given the lack of statistical data at this time, the possibility exists that either option

could cost more than the savings which could result, and the Legislature may wish to suggest a period of data gathering before further action is pursued. Or a private firm could be retained for a limited period of time to conduct a pilot project with one or two agencies to provide a basis for further decisions.

Conclusion

The area of unemployment compensation presents a somewhat unusual budget issue in that it cuts across all agency lines and represents an item of expenditure that has heretofore been only a matter of calculation. It has been an almost hidden expenditure in that legislative budget review has excluded any question of the rate assessed for unemployment compensation. Although a number of unanswered questions remain about the dollar magnitude of the issue this memorandum sought to raise, it seems apparent that not all state agencies are making a positive effort to contain costs. And even agencies that presently conduct an aggressive claims management program may have areas for improvement, as some of the personnel officers admitted. The significant cost increase in recent years and the potential for inadequate management provide a basis for some concern. While most of the cost is necessary, it would be unfortunate if neglect of claims management accounts for a significant portion of expenditures.

TABLE I

BENEFITS CHARGED BY QUARTER AND NUMBER CLAIMANTS BY AGENCY

Fiscal Year Ending June 30, 1982

Agency	9-30-81		12-31-81		3-31-82		6-30-82		Total FY 1982	
	Benefits	No.	Benefits	No.	Benefits	No.	Benefits	No.	Benefits	Average
Adjutant General	\$ 825	3	\$ 1,210	2	\$ 868	2	\$ 675	2	\$ 3,578	2.25
Department on Aging	70	1	782	2	1,064	2	369	2	2,285	1.75
Board of Agriculture	2,904	5	1,668	4	236	2	2,446	5	7,254	4.00
Animal Health Department	17	1	0		0		0		17	.25
Commission on Civil Rights	1,043	1	2,496	3	1,721	3	589	1	5,849	2.00
Attorney General	1,170	2	332	3	1,401	2	1,015	3	3,918	2.50
Board of Healing Arts	11	1	0		0		0		11	.25
Corporation Commission	299	5	3,518	5	3,057	6	430	6	7,304	5.50
Correctional - Vocational Training Center	1,567	3	9	1	554	2	4,655	4	6,785	3.00
Corrections Ombudsman Board	1,177	1	321	1	0		0		1,498	.50
Crime Victims Reparations Board	596	1	1,077	1	0		0		1,673	.50
Department of Administration	12,069	30	10,344	32	8,432	31	16,476	36	47,321	32.25
Fish and Game Commission	436	3	1,720	4	953	3	103	2	3,212	3.00
Fort Hays State University	2,769	6	2,161	4	2,453	7	3,020	4	10,403	5.25
Governmental Ethics Committee	544	1	0		0		0		544	.25
Governor	1,632	1	2,272	2	175	2	0		4,079	1.25
Governor's Committee on Criminal Administration	3,536	2	2,312	2	0		0		5,848	1.00
Grain Inspection Department	8,722	16	10,444	15	16,784	31	21,694	52	57,644	21.75
Department of Health and Environment	6,951	13	5,715	13	6,643	12	7,018	13	26,327	12.75
Department of Transportation	22,252	62	31,499	72	43,071	72	38,230	69	135,052	68.75
Kansas Highway Patrol	3,010	9	3,036	18	6,047	6	3,261	5	15,354	9.50
Historical Society	4,307	7	3,185	4	1,899	5	2,308	3	11,699	4.75
Department of Human Resources	37,067	85	52,218	111	83,698	116	67,651	101	240,634	103.25
Department of Economic Development	1,623	3	136	1	0		237	1	1,996	1.25
Correctional Institution for Women	8,332	9	16,158	13	10,130	11	5,141	8	39,761	10.25
Industrial Reformatory	5,516	11	6,538	17	5,084	19	4,399	13	21,537	15.00
Youth Center at Topeka	10,738	23	10,052	19	6,708	15	3,500	10	30,998	16.75
Youth Center at Beloit	15*	1	909	1	3,720	3	1,252	3	5,866	2.00
Insurance Department	983	2	2	1	7	1	484	1	1,476	1.25
Youth Center at Atchison	2,120	9	4,079	8	6,284	9	4,039	11	16,522	9.25
Kansas Neurological Institute	20,307	51	22,764	51	20,606	48	20,306	36	83,983	46.50
Kansas Public Employees Retirement System	37	1	1,102	2	56*		110	1	1,193	1.00
Kansas State University	58,834	110	34,106	53	30,645	72	53,258	128	176,843	90.75
Board of State Fair Managers	2,193	3	729	2	667	1	0		3,589	1.50
Emporia State University	6,961	11	9,000	13	7,060	14	4,749	7	27,770	11.25

Agency	9-30-81		12-31-81		3-31-82		6-30-82		Total FY 1982	
	Benefits	No.	Benefits	No.	Benefits	No.	Benefits	No.	Benefits	Average
Pittsburg State University	\$ 7,471	16	\$ 8,228	14	\$ 11,155	17	\$ 6,537	14	\$ 33,391	15.25
Larned State Hospital	6,187	12	9,740	20	14,329	29	17,517	28	47,773	22.25
Legislature	0		52	1	302	3	693	4	1,047	2.00
State Library	984	1	578	1	532	1	759	2	2,853	1.25
Board of Nursing	0		0		3	1	0		3	.25
Osawatomie State Hospital	10,513	33	16,482	35	16,911	38	26,760	40	70,666	36.50
Park and Resources Authority	473	2	1,652	5	1,158	7	437	4	3,720	4.50
Parsons State Hospital	12,075	15	10,352	16	6,068	13	3,927	8	32,422	13.00
Department of Corrections	2,959	8	4,468	11	4,564	10	4,582	10	16,573	9.75
Adult Authority	0		0		131	1	149	1	280	.50
State Penitentiary	10,718	21	15,569	21	20,022	32	19,153	27	65,462	25.25
Legislative Division - Post Audit	0		0		0		1,438	2	1,438	.50
Real Estate Commission	1,733	2	382	1	21	1	239	2	2,375	1.50
Reception and Diagnostic Center	2,137	3	1,702	4	1,950	2	1,178	1	6,967	2.50
Rainbow Mental Health Facility	1,417	5	3,919	5	4,428	7	5,153	9	14,917	6.50
Department of Revenue	12,812	46	15,645	48	18,684	51	20,419	52	67,560	49.25
Revisor of Statutes Office	0		0		0		606	1	606	.25
Norton State Hospital	2,828	7	4,133	9	6,691	8	6,080	12	19,732	9.00
School for the Visually Handicapped	2,878	5	2,183	3	2,782	4	2,644	4	10,487	4.00
School for the Deaf	202	1	1,582	2	1,570	3	1,609	3	4,963	2.25
Department of Social and Rehabilitation Services	53,606	132	65,677	133	80,077	129	76,338	140	275,698	133.50
Mental Health and Retardation Services	502	1	1,088	1	586	1	0		2,176	.75
Soldiers Home	279	2	1,025	2	989	4	1,884	5	4,177	3.25
Department of Education	2,648	6	2,534	3	3,037	3	1,814	1	10,033	3.25
Kansas Technical Institute	708	2	2,214	5	1,616	3	297	4	4,835	3.50
Topeka State Hospital	15,207	23	11,258	26	14,034	27	12,632	22	53,131	24.50
State Treasurer	1,769	2	1,088	1	740	2	1,274	1	4,871	2.50
Judicial Department	13,739	19	11,436	19	11,783	18	11,124	20	48,082	19.00
Kansas University	163,053	309	177,193	313	164,883	298	154,618	271	659,747	297.75
Winfield State Hospital	8,682	24	12,870	28	14,235	33	12,372	31	48,159	29.00
Wichita State University	13,594	32	18,725	42	18,550	44	21,397	49	72,266	41.75
TOTAL BENEFITS CHARGED TO STATE OF KANSAS	\$ 579,777		\$643,669		\$ 691,742		\$681,045		\$2,596,233	

* Credit.

SOURCE: Division of Accounts and Reports.