

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by BILL BUNTEN at  
Chairperson1:30 ~~xxx~~ p.m. on Monday, April 18, 1983 in room 514-S of the Capitol.All members were present except: Representative Chronister, Representative Miller and  
Representative Hoy -- all excusedCommittee staff present: Marlin Rein, Legislative Research  
Lyn Entrikin Goering, Legislative Research  
Bill Gilmore, Legislative Research  
Jim Wilson, Office of the Revisor  
Charlene Wilson, Committee Secretary  
LewJene Schneider, Administrative Assistant

Conferees appearing before the committee:

Legislative Research staff appeared as necessary to address  
the committee on the various sections being considered for  
inclusion in the Omnibus Bill.Mr. Barkely, Department of Corrections  
Mr. Todd, Insurance Department  
Arden Ensley, Office of the RevisorOthers present: (Attachment Ia and Ib)

The meeting was called to order by Chairman Buntten at 1:30 p.m.

The Chairman commented to the committee that they were assembled today to  
begin constructing an Omnibus Bill. He informed the committee that the propo-  
sals being brought up for consideration were to be presented by Marlin Rein  
and his staff. Decisions on these proposals would be addressed as they are  
presented, where ever possible.Regarding the Department of Revenue, Kansas Corporation Commission and Bunker  
Hill T.V., the Chairman indicated that he would be appointing subcommittees  
to study these areas further at some point later in the meeting today.The Chairman recognized Mr. Marlin Rein, Chief Fiscal Analyst in the Legisla-  
tive Research Department, to make several comments to the committee regarding  
the Omnibus Bill. Material to be reviewed by the committee was provided at  
this time. (Attachment II and Attachment III).

Louis Chabira, Legislative Research Department, reviewed the following sections:

KANSAS ADULT AUTHORITY

- A.
- Senate Bill No. 312
- 
- No committee discussion.

STATE FIRE MARSHALL

- A.
- Senate Bill No. 427 (Pending).
- 
- Representative Shriver moved that the staff take care of any necessary
- 
- adjustments in this area pending the passage or non passage of the legislation.
- 
- Seconded by Representative Duncan. The motion carried.

INDUSTRIAL REFORMATORY

- A.
- Governor's Budget Amendment No. 7-11.
- 
- No committee discussion. The \$148,558 savings was agreed to by the
- 
- committee.

DEPARTMENT OF CORRECTIONS

- A.
- House Bill No. 2570 (Pending)
- 
- Pending passage of the legislation, the staff is permitted to make the
- 
- necessary adjustments. No further committee discussion.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,  
room 514-S, Statehouse, at 1:30 ~~xxx~~p.m. on Monday, April 18, 1983.

Mr. Chabira indicated that it had been brought to his attention that the Department does have an additional request and referred to Mr. Barkley to explain the request. (Attachment IV). He explained that it would allow them to re-code and do some additional work with their records on inmate populations. This would place state policy makers in a much better position to make decisions about the future of Kansas' corrections. They are requesting an additional \$22,272 be put into the Omnibus Bill to fund this. He indicated that this request will be included in the Governor's Budget Amendment No. 7.

No committee action was taken on this request at this time.

STATE PENITENTIARY

A. Governor's Budget Amendment No. 7-8

The committee agreed to delete the proposed \$123,475. No further committee discussion.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. House Bill No. 2244 (Pending)

No committee objection was voiced on this section regarding taking the money out.

Mr. Ed Ahrens, Legislative Research Department, reviewed the following sections:

INSURANCE DEPARTMENT

A. Senate Bill No. 8

Mr. Todd of the Insurance Department informed the committee that this request would not come out of any general revenue but would only be the for the authorization of the positions. At this time it is not known whether the additional positions will be needed.

Representative Wisdom moved that the positions and associated expenses for a Policy Examiner I and Clerk Stenographer II be approved and that it be a no limit fund. Seconded by Representative Holderman. The motion carried.

B. Senate Bill No. 440 (Pending).

This bill is pending in this committee at the present time and is set for a hearing on Wednesday of this week.

C. Senate Bill No. 442 (Pending)

This bill is pending in this committee at the present time and is set for a hearing on Wednesday of this week.

Mr. Ahrens indicated that Omnibus Bill action will not be required if these two bills pass. If, on the other hand, they do not pass, the Senate subcommittee recommendation was that additional general fund appropriations be provided.

Chairman Buntin indicated that he hoped that this committee will allow the administrative costs to be paid from the \$11,6 million in the Firemen's Relief Fund rather than from the general fund.

Representative Mainey opposed the comments of the Chairman and indicated that he felt it is wrong to start funding programs that effect the people of this state from the fee funds when it is a statewide operation that should be a general fund responsibility.

Mr. Ahrens questioned if it was the desire of the committee that appropriate language be placed in the Omnibus Bill and then be removed if the bills don't pass or to wait and see if the bills pass to address these items. The Chairman ruled that the money would be put in pending the passage of one or both bills.

Representative Duncan objected to putting in the money if the bills don't pass and requested being recorded in the minutes of his opposition.

In light of comments made by Representative Duncan, the Chairman suggested not doing anything at this time and wait to see the outcome of the Page 2 of 5  
two pieces of legislation.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,

room 514-S, Statehouse, at 1:30 ~~xxx~~ p.m. on Monday, April 18, 1983.

SECRETARY OF STATE

A. Substitute for Senate Bill No. 7

Representative Arbuthnot moved to approve the 7.5 new positions for 7 months with no general fund money and further moved that all monies be funded from the Uniform Commercial Code Fee Fund on a no limit basis. Seconded by Representative Rolfs. The motion carried.

B. House Bill No. 2327 (Pending)

No committee discussion.

DEPARTMENT OF REVENUE - SCHOOL DISTRICT INCOME TAX FUND  
GOVERNOR'S BUDGET AMENDMENT NO. 7, ITEM 5

1. No committee objections were expressed to lowering the expenditure limitation on these funds in accordance with the Governor's budget amendment.

2. The committee agreed to adjust the expenditure limitation and have this section included in the Omnibus Bill with the understanding that should SB 436 pass, or any other legislation which would impact individual income tax receipts, the staff would be permitted to adjust the limitation by 20% of the estimated receipts.

Carolynn Rampey, Legislation Research, reviewed the following section:

STATE HISTORICAL SOCIETY

A. Senate Bill No. 398 (Pending)

No committee objections were voiced with regard to transferring administrative authority for the All-Sports Hall of Fame from the Department of Administration to the Historical Society.

At this time, the Chairman broke from the review of the Omnibus Bill and recognized Arden Ensley, who was present before the committee to request the introduction of a bill. (Attachment V). He explained that the bill deals with the Kansas Commission on Interstate Cooperation regarding its membership, purpose, duties and functions concerning the advisory committee on uniform state laws.

Representative Shriver moved that the bill be introduced and be referred to the Committee of the Whole. Seconded by Representative Duncan. The motion carried.

The Committee resumed consideration of items for the Omnibus Bill.

Sherry Brown, Legislative Research reviewed the following sections:

DEPARTMENT OF ADMINISTRATION

A. House Substitute for Senate Bill No. 12 (Pending)

Representative Rolfs moved to authorize one position for 1983 and 1984 and to allow the \$75,000 to stay in for the consultant study in 1983 and \$15,000 for salaries for that same period and that the fee fund be no limit with a proviso indicating that the operating dollars of that fund should not exceed the \$130,000, plus the dollar figures determined necessary for the one position. The motion was seconded by Representative Meacham. The motion carried.

B. Social Security Deposits

Representative Solbach moved that the \$26,708 be included in the Omnibus Bill. Seconded by Representative Shriver. The motion lost.

Representative Rolfs expressed that he didn't feel that the extra position was justified in this request but commented that the interest earnings obtained from the trip to Denver are very significant and moved that the item be included in the Omnibus Bill, minus the dollars for the position. Seconded by Representative Meacham. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,  
room 514-S, Statehouse, at 1:30 ~~xxx~~/p.m. on Monday, April 18, 1983.

KANSAS COMMISSION ON CIVIL RIGHTS

A. House Bill No. 2523 (Pending)

Representative Holderman moved that two positions and associated expenses be approved and be included in the Omnibus Bill, pending passage of the legislation. Seconded by Representative Myers. The motion carried.

JUDICIAL BRANCH

A. House Bill No. 2114

The Chairman ruled that this section would be contained in the Omnibus Bill as no committee objections were expressed.

OFFICE OF THE SECURITIES COMMISSIONER

A. FY84 Appropriation

The committee recommended that the appropriation be placed in the Omnibus Bill.

CRIME VICTIMS REPARATION BOARD

A. Budget Amendment No. 7-12

Representative Shriver moved that the Governor's recommendation for an additional \$75,000 for payment of crime victim's claims be approved and be placed in the Omnibus Bill. The motion was seconded by Representative Solbach. The motion carried.

At this time the Chairman appointed three subcommittees and instructed them to look at the problem areas of the budgets of the agencies they were assigned to review. The subcommittee were assigned as follows:

Department of Revenue:

Representative Duncan, Chairman  
Representative Heinemann  
Representative Shriver

Kansas Corporation Commission

Representative Chronister, Chairperson  
Representative Holderman  
Representative Myers

Bunker Hill T.V.

Representative Meacham, Chairman  
Representative R. H. Miller  
Representative Wisdom

Lyn Entrikin Goering, Legislative Research, reviewed the following sections:

KANSAS WATER OFFICE

A. Senate Bill No. 61

Representative Heinemann moved that the State Conservation Storage Water Supply Fund be put into the Omnibus Bill with a zero expenditure limitation. Seconded by Representative Arbuthnot. The motion carried.

B. Senate Bill No. 62 (Pending)

No committee action.

C. Senate Bill No. 311

No committee action.

BOARD OF AGRICULTURE

A. House Bill No. 2533

Representative Arbuthnot moved to use the increased fees generated by the Feeding Stuffs Fee Fund to enhance activities in the anhydrous ammonia regulatory program and further moved to lapse the \$29,750 resulting from the fee increase in the Meat and Poultry Inspection Fee Fund. Seconded by Representative Hamm. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,  
room 514-S, Statehouse, at 1:30 ~~a.m.~~/p.m. on Monday, April 18, 1983, 19    .

B. House Bill No. 2534

No committee action. Adjustments will be included in the Omnibus Bill.

C. Senate Bill No. 62 (Pending)

Representative Farrar moved that no money be put into this area at this time. Seconded by Representative Solbach. The motion carried.

D. Senate Bill No. 107 (Pending)

No committee action.

DEPARTMENT OF HEALTH AND ENVIRONMENT

A. Relocation of Vital Statistics Activities

Representative Shriver moved that the program be relocated from Building 321 to the agency's main facility (Building 740) and that costs necessary to facilitate the move, in an amount of \$17,000, be approved. Seconded by Representative Farrar. The motion carried.

B. House Bill No. 2474

Representative Solbach moved to include the appropriation of \$3,500 for contractual agreements in the Omnibus Bill. Seconded by Representative Shriver. The motion carried.

C. House Bill No. 2294

The Chairman ruled, with the consent of the committee, that the additional \$1,400 would not be included in the Omnibus Bill.

D. Senate Bill No. 247 (Pending)

Representative Luzzati moved to include the \$2,899 necessary for the development and administration of continuing education guidelines in the Omnibus Bill, pending the passage of this legislation. Seconded by Representative Solbach. The motion lost.

E. Senate Bill 62 (Pending)

In keeping with prior committee action concerning Senate Bill No. 62, no adjustments were recommended.

F. Senate Bill No. 414 (Pending)

This bill currently appears on General Orders and the Chairman ruled that no action would be taken at this time.

DEPARTMENT OF EDUCATION

A. Budget Amendment 7-4

No committee action.

B. Senate Bill No. 177

Representative Myers moved that the \$5,000 be included in the Omnibus Bill. Seconded by Representative Luzzati.

Representative Arbuthnot commented that it was his feeling that the \$2,000 figure was the only justifiable one of those outlined in the request and in view of these comments, Representative Arbuthnot made a substitute motion that only the \$2,000 for Consultant and Advisory Council Members travel and subsistence be placed in the Omnibus Bill. Seconded by Representative Farrar. The motion carried.

At this time the Chairman asked for a motion on the minutes of March 28, 29, 30, 31 and April 4, 5, 6 and 8th. Representative Hamm moved that the minutes be approved as written. Seconded by Representative Meacham. The motion carried.

The Chairman announced that the committee would adjourn for today and resume consideration of the Omnibus Bill tomorrow at 8:30 a.m.

The meeting adjourned at 4:45 p.m.

GUESTS

DATE 4-18-83

NAME	ADDRESS	REPRESENTING
1. Chas Graves	Topeka	Assoc Students of Ks.
2. David Barclay	Topeka	DOC
3. Jeff Day	Lawrence	Daily Kansan
4. Nancy Ross	Topeka	KSN TV
5. Ken Bahr	"	CVRB
6. Ruth Freedrich	"	American Association of University Professors
7. Charles W. Johns	"	KWEA
8. Larry Tanager	"	SFM Atty.
9. Jerry Sloan	"	Office of Jud. Admin.
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## GUESTS

DATE 4-19-83

NAME	ADDRESS	REPRESENTING
1. Mark Callins	Topeka	ASK
2. Chris Graves	Topeka	ASK
3. Bob Marquis	Winfield	AFSCME #64
4. Michael Walsh	Wichita	AFSCME #64
5. Tom Becker	Topeka	Add Gov's Dept
6. Jay D. Cole	Topeka	The Adj. Gen. Dept.
7. Jim Green	Topeka	KREI
8. Richard Koepf	Topeka	Budget
9. Gary Kephik	Topeka	Board of Regents
10. D. B. Dallen	Topeka	Division of Budget
11. Denise Talwer	Topeka	OJA
12. Ruth Friedrick	Topeka	American Association of University Professors
13. Dede N. Anders	Topeka	KTWW/11
14. Robert C. Hansen	Topeka	SRS
15. Dick Koepf	Topeka	Budget
16. Jan Johnson	Topeka	Budget
17. Robert D. Fugge	K.C.	KCPT/119
18. Paul Amstutz	Wichita	KPTS
19. Cynthia Smith	Topeka	Budget
20. Norma Neumann	Topeka	KCC
21. Charles Schwartz	"	" DED
22. T. C. Anderson	Topeka	KSCPA
23. Tom P.	Topeka	KDSD
24.		
25.		

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Kansas Adult Authority

A. Senate Bill No. 312 requires the Kansas Adult Authority to give written notice of any decision to parole an inmate to the county or district attorney of the county where the inmate was sentenced. The KAA estimates that the copying and postage cost for each notice would be \$.40 and that 1,560 notices would be sent out during the year. The total cost therefore is \$624, an amount which the agency indicates cannot be absorbed by authorized expenditures for FY 1984.

State Fire Marshal

A. Senate Bill No. 427 (Pending). This bill requires that all receipts derived from the fire insurance premium tax for support of the Fire Marshal's Office be credited to the State General Fund, instead of the Fire Marshal Fee Fund. The fee fund would be abolished and all funds in it transferred to the State General Fund at the end of FY 1983. All operating expenditures for the State Fire Marshal, beginning with FY 1984, would be financed from the State General Fund. If S.B. 427 is passed, 1983 S.B.92 would need to be amended to establish an FY 1984 State General Fund operating expenditures account in the same amount of \$1,111,659 as is currently authorized for the fee fund. In addition, because the bill removes the necessity for the temporary transfer of funds from the State General Fund to the fee fund to overcome cashflow problems, the \$800,000 authorized for this purpose in S.B. 92 could be deleted.

Industrial Reformatory

A. Governor's Budget Amendment No. 7-11. A year ago the Legislature appropriated \$246,203 for installation of fire safety systems in cellhouses and \$93,655 for electrical switching changes and load distribution. The Department of Corrections has indicated that the bids accepted for these two projects are well below the amounts appropriated: \$153,300 for the fire safety systems and \$38,000 for the electrical changes. Consequently, the Governor is amending his FY 1983 budget to delete the savings of \$148,558, all of which is from the State General Fund.

Department of Corrections

A. House Bill No. 2570 (Pending). This bill abolishes the Correctional Industries Equipment Replacement Fund and transfers the balance in the fund to the Correctional Industries Fund (CIF), the main operating fund for the Prison Industries Program. All expenditure liabilities of the Equipment Replacement Fund would also be transferred to the CIF. If H.B. 2570 passes, 1983 S.B. 92 would need to be amended to increase the FY 1984 expenditure limitation of the CIF by \$176,880 or the same amount authorized for expenditure from the Equipment Replacement Fund.

State Penitentiary

A. Governor's Budget Amendment No. 7-8. The approved FY 1984 budget for KSP includes funding for 76 new security positions for the last month of FY 1984 to staff the new medium custody facilities currently under construction. The positions were approved on the assumption that the new facilities would be ready for occupancy

Atch. II



at the beginning of FY 1985. The revised construction schedule based on the bid ultimately accepted for construction of the facilities indicates that occupancy will be delayed until October 1984. The Governor is therefore amending his FY 1984 budget by \$127,286 from the State General Fund to delete salary expenditures for the 76 positions (\$106,257) and related clothing costs (\$21,029). Other related funds totaling \$49,882 for security equipment and vehicles would remain in the FY 1984 budget. Because the Legislature has already deleted \$3,811 in connection with the Governor's proposed salary increase of 4 percent, only \$123,475 needs to be deleted from the budget as currently approved.

#### Kansas Public Employees Retirement System

A. House Bill No. 2244 (Pending). This bill concerns a number of retirement matters under the Kansas Public Employees Retirement System. The estimated savings that would result by transferring judges to the KPERS group life insurance plan under Sections 2 and 3 would be offset by the retirement benefit increase that provides for a participating service rate of 4 percent of final average salary for up to ten years of participating service under Section 1. Section 18 increases the maximum benefit for payment of funeral and burial expenses from \$750 to \$1,000 and eliminates the Social Security offset. KPERS estimates that the fiscal impact of this section is \$943,200 for KPERS Nonschool (state and local), School, KP&F, and Judges Retirement Systems, which would be reflected in FY 1986 employer contribution rates, and \$1.5 million for the Kansas School Retirement System, assuming this amount is added to the final level transfer payment on July 1, 1985, to amortize the state's funding liabilities for school service annuities.

Under Section 10, the state and local nonschool contribution rate for FY 1984 is 4.6 percent of covered payroll, instead of the 4.8 percent previously certified. The .2 percent savings for the state is estimated to be \$825,838, of which \$495,503 would be from the State General Fund. The contribution rate for members of TIAA/CREF is 1.4 percent, instead of 1.6 percent, or an estimated State General Fund savings of \$345,115. The contribution rate for school employees becomes 4.4 percent, instead of 4.5 percent. Compared to the Governor's budget recommendation, the .1 percent savings would be \$658,392 (all from the State General Fund). It should be noted that the Governor's budget recommendation is based on basic budget controls applicable to school districts of 4 to 8 percent plus 1.5 percent for teachers' salaries, which assume for budgeting purposes that covered payroll will increase by 8 percent. In the event no School Finance bill is enacted and budget controls revert to the statutory 5 and 15 percent, it would seem that the assumption for salary increases would be 8.5 percent, the agency's original request. However, the State Department of Education indicates that the Governor's recommendation remains the best estimate from which to calculate the savings for the reduced contribution rate because of the unlikelihood that school districts will maximize their use of the statutory budget controls.

Savings from the reduced employer rates for KPERS nonschool state and TIAA/CREF could be realized when salary increases for state employees are considered in the salary bill. Savings from the reduced employer contribution rate for school employees could be effectuated by lapsing in the Omnibus Bill \$658,392 of the \$38,771,960 already authorized for this purpose.

## Insurance Department

A. Senate Bill No. 8 authorizes certain qualified employers to form self-insurance pools to underwrite their workers' compensation coverage. Five or more employers, regardless of domicile, may form a self-insurance pool as long as the employers are members of the same trade or professional association and are engaged in the same or similar type of business. The pools would be regulated by the Kansas Insurance Department. The Department must determine if a proposed pool fulfills the statutory criteria before approving any application to operate as a pool in Kansas. Each pool would be subject to periodic inspections by the Insurance Department to insure that the pool is financially able to meet its obligations under the Workers' Compensation Act. Payroll records, accident experience and compensation reports and such other reports as the commissioner may require are to be filed periodically by each pool.

Self-insurance pools would be subject to the same taxes and assessments as an insurance company doing business in Kansas. In addition to the taxes and assessments imposed on insurance companies, self-insurance pools are to be assessed the expenses necessary for the administration of the group-funded workers' compensation pools as determined by the Insurance Commissioner.

Assessments for administrative expenses are to be deposited in the Group-funded Workers' Compensation Pools Fee Fund created by S.B. 8.

To implement, administer and monitor the new program authorized by S.B. 8, the Commissioner of Insurance requests authorization for two additional positions, a Policy Examiner I and a Clerk Stenographer II at a salary cost of \$36,016 plus \$2,825 for equipment. The Insurance Department provided no estimate of other operating costs, but requested the new Fee Fund to be appropriated on a no limit basis to accommodate any such additional costs. All expenditures associated with S.B. 8 would be financed from the Group-funded Workers' Compensation Pools Fee Fund.

B. Senate Bill No. 440 (Pending). S.B. 440 authorizes the Commissioner of Insurance to charge to the Firemen's Relief Fund the reasonable and necessary expenses incurred in the administration of the Fund. Historically, such administrative expenses have been financed from the agency's General Fund appropriations. Appropriations for the agency for FY 1984 as contained in H.B. 2140 assume passage of S.B. 440, in that estimated expenditures of \$32,740 are shifted from the General Fund to the Firemen's Relief Fund. The estimated expenditures include salaries of \$26,945 (a .7 F.T.E. Policy Examiner III and a .3 F.T.E. Clerk III) plus \$5,795 of other operating expenditures. Estimated expenditures for grants to firemen's relief associations are reduced by an equal amount to \$2,201,907 for FY 1984, compared with \$2,156,943 estimated for FY 1983.

Should S.B. 440 fail to pass, the Senate Subcommittee has recommended that the FY 1984 General Fund appropriations be increased by the \$32,740 of shifted funds.

C. Senate Bill No. 442 (Pending). S.B. 442 authorizes the Commissioner of Insurance to charge to the Workers' Compensation Fund the expenses incurred for administering the Fund. Historically, such administrative expenses have been financed from the agency's General Fund appropriations. Appropriations for the agency for FY 1984 as contained in H.B. 2140 assume the passage of S.B. 442, in that estimated expenditures of \$109,896 are shifted from the General Fund to the Workers'

Compensation Fund. The estimated expenditures include \$87,345 of salaries (4.0 F.T.E. positions) and \$22,551 of other operating expenditures. Such expenditures would be financed by assessments to workers' compensation insurance carriers, including the self-insured.

Should S.B. 442 fail to pass, the Senate Subcommittee has recommended that the FY 1984 General Fund appropriations be increased by the \$109,896 of shifted funds.

### Secretary of State

A. Substitute for Senate Bill No. 7 amends the Uniform Commercial Code (U.C.C.) to require the filing of financing statements covering farm equipment, farm products and accounts or general intangibles relating thereto in the Secretary of State's Office rather than in the offices of county registers of deeds. The new responsibilities of the Secretary of State are effective January 1, 1984. The transfer of duties from registers of deeds will take place over a period of five years. By January 1, 1986, the Secretary of State is required to establish procedures to provide information on filings by telephone. Substitute for S.B. 7 establishes the Uniform Commercial Code Fee Fund for the purpose of financing present U.C.C. responsibilities of the Secretary of State, as well as the new agricultural filings. Fees for filing and information reports are to be credited 20 percent to the State General Fund and 80 percent to the new Fee Fund.

The Office of the Secretary of State is estimating a range of new filings and requests for information which varies from 41,250 to 82,500 for the six months of FY 1984 during which the new law will be in effect. In comparison, filings and information statements related to present U.C.C. responsibilities are expected to total 65,800 for the entire fiscal year.

The Office of the Secretary of State estimates the following additional expenditures for FY 1984 all of which would be financed from the Uniform Commercial Code Fee Fund:

7.5 new positions for 7 months (2.5 Clerk Typists II, 2.0 Clerks III, and 3.0 Data Entry Operators II for 7 months equals 4.4 F.T.E.)	\$ 53,958
Seasonal and temporary help for six months	3,900
Communications	19,720
Computer Rental	8,205
Equipment Maintenance	700
Microfilm Processing	2,705
Office Supplies	1,550
One-time costs:	
Systems Analyst Fees	15,000
Computer Terminals	9,900
Office Furniture and Equipment	6,000
Seasonal and temporary help con- tingent upon workload	<u>8,500</u>
TOTAL	<u>\$130,138</u>

Because of the uncertain nature of the new workload, the Secretary of State requests that the Uniform Commercial Code Fee Fund be appropriated on a no limit basis.

The financing plan submitted by the Office of the Secretary of State assumes no change in FY 1984 General Fund appropriations contained in H.B. 2140. These appropriations include approximately \$152,862 for the full year's operation of the present U.C.C. program, of which \$150,112 is financed from the General Fund. By continuing General Fund financing of these costs for the remainder of FY 1984, fee receipts from the existing U.C.C. operations of approximately \$84,000 are made available to provide start-up costs for the new program and working capital for the new fee fund. In FY 1985, the entire U.C.C. operations of the Secretary of State would be financed from the fee fund.

Projections of financing for FY 1985 and beyond indicate that the General Fund's 20 percent share of U.C.C. receipts will equal or exceed the \$50,000 to \$60,000 by which receipts have exceeded expenditures for the present U.C.C. program. However, there will be in FY 1984 a one-time loss of receipts to the General Fund of from \$40,000 to \$60,000 depending upon the level of activity associated with the new program.

The Secretary of State points out that additional positions will be requested in future fiscal years as the telephone information service is implemented and as filing volume grows.

B. House Bill No. 2327 (Pending). H.B. 2327 would enact, effective January 1, 1984, the "Kansas Open Records Act." In its fiscal note on the introduced version of the bill, the Division of the Budget reported that, in response to its requests for fiscal impact statements, some agencies stated that passage of the act would have no foreseeable impact, while others stated that additional costs would be incurred. The latter group of agencies, according to the fiscal note, identified a need for 23.5 additional positions and approximately \$193,000 of additional expenditure authority should the bill be enacted in its introduced form. Since introduction, H.B. 2327 has been amended extensively, especially with respect to allowing the full recovery of agency costs from individuals desiring access to or copies of public records. These amendments, including those made by the Senate Committee Report, could be expected not only to finance any increases resulting from the act, but also to affect the volume of requests for records searches and copying. Since H.B. 2327 makes no specific imposition of additional workload on any individual agency, the budget impact on agencies can only be a matter of speculation as to the increased volume of requests for records access and copying, if any, which might result from passage of the bill.

Department of Revenue - School District  
Income Tax Fund

Governor's Budget Amendment No. 7, Item 5. Item 5 of Governor's Budget Amendment No. 7 pertains to revised FY 1983 and FY 1984 estimates of income tax rebates to school districts, as follows:

1. Revised consensus estimates of income tax receipts indicate that distributions to schools will be \$4,379,927 less than previously estimated for FY 1983 and \$590,000 less than previously estimated for FY 1984; and the Governor amends his budget recommendations accordingly. Although it would not be necessary to do so, the Legislature may wish to lower the expenditure limitations placed on the School District Income Tax Fund for FY 1983 and FY 1984, inasmuch as the Legislature has endorsed the Governor's recommendation to place an expenditure limitation on this previously "No limit" fund in H.B.'s 2135 and 2064.
2. Senate Bill No. 436 (Pending) enacts the Governor's proposal to place limitations on deduction of federal income tax liability in computing state individual income tax liability. In Item 5 of Governor's Budget Amendment No. 7, the Governor amends his budget recommendations to include the additional FY 1984 school district income tax rebates of \$2,000,000 which are estimated to result from passage of S.B. 436. The net change in FY 1984 rebates under Item 5 of Amendment No. 7 is an increase of \$1,410,000.

State Historical Society

A. Senate Bill No. 398 (Pending). S.B. 398 transfers administrative authority for the All-Sports Hall of Fame from the Department of Administration to the State Historical Society. Passage of this measure would require that the current \$12,800 appropriation from the All-Sports Hall of Fame Fund be stricken from the Department of Administration's appropriation and added to the Historical Society.

Department of Administration

A. House Substitute for Senate Bill No. 12 (Pending). This bill creates a new State Employees Health Insurance Committee which is authorized to develop and provide for implementation of a state health care benefits program. The Committee is comprised of the Commissioner of Insurance, the Secretary of Administration, a state employee appointed by the Governor and two legislative members to be appointed by the Speaker of the House and the President of the Senate respectively. Substitute for S.B. 12 attaches the Committee to the Department of Administration for budget purposes and creates a position of technical administrator within the Department to provide primary staffing to the new Committee.

The 1983 Legislature has appropriated \$75,000 from the State General Fund in FY 1983 and \$130,000 from the Health Care Benefits Fund in FY 1984 for implementation of S.B. 12 as amended by the Senate Ways and Means Committee. That version of the bill placed authority for implementation of a health care benefits program with the Secretary of Administration and also created a new position, administrator of the state health care benefits program. As introduced, S.B. 12 also gave the Secretary of Administration specific authority to self-fund or self-administer all or part of the program; such authority for the State Employees Health Insurance Committee is not included in Substitute for S.B. 12.

The Secretary of Administration initially requested the addition of two F.T.E. positions in conjunction with the program, for which the Governor had recommended \$425,000 in FY 1984. The Senate Ways and Means Committee shifted \$75,000 of the amount to FY 1983 to allow start up as early as possible and reduced the FY 1984 appropriation to \$295,000 with the recommendation that the FY 1984 amount be financed by collecting an additional dollar per employee per month for the state's contribution to employee health insurance benefits. The Senate Committee also added one position and recommended that the second position come through reallocation of the Secretary's Special Assistant position, which is currently vacant. The House Committee further reduced the FY 1984 appropriation to \$130,000 with the intent that funds be used only for the initial consulting and actuarial services required, noting that the Department could request additional funding in FY 1984 at the time it presented program options to the 1984 Legislature. Accordingly, the House Committee also deleted the two positions to be associated with program development and implementation, but restored the Special Assistant position. As the appropriations now stand, the Department has a \$75,000 State General Fund supplemental appropriation in FY 1983 and a \$130,000 appropriation in FY 1984 to be financed through charges to state agencies, with no additional personnel.

Since Substitute for S.B. 12 offers a fairly significant departure from the bill upon which previous decisions were based, the Legislature may wish to reexamine the financing and staffing of the Department of Administration with respect to the health care benefit program. It may be appropriate to question the need for current year funding of \$75,000, or at least to clarify its use. It has also been questioned whether Substitute for S.B. 12 authorizes the financing mechanism, i.e., charges to state agencies for administrative costs, that is currently contemplated for the Department of Administration's FY 1984 budget. Finally, the expenditure limitation on the Health Care Benefits Program Fund would have to be raised to accommodate payments to insurers, health maintenance organizations and other benefit providers.

B. Social Security Deposits. Governor's Budget Amendment No. 7 recommends additional FY 1984 funding of \$26,708 from the State General Fund and one F.T.E. position in the Division of Accounts and Reports to handle changes required by the 1983 Social Security Reform Bill which has passed Congress and which the President is expected to approve. One provision of the bill changes the deposit schedule for state and political subdivision contributions to Social Security from monthly to semimonthly, effective January 1, 1984. The Governor recommends an additional Central Accountant II for seven months (\$15,658 including fringe benefits), \$8,800 for travel and subsistence associated with training seminars and trips to Denver to deposit the Social Security check, \$720 for an additional computer terminal, and \$1,530 for communications and supplies related to collecting contributions from political subdivisions.

### Kansas Commission on Civil Rights

A. House Bill No. 2523 (Pending). This bill prohibits discrimination on the basis of age, defined as at least 40 but less than 70 years, in certain employment related practices. The Kansas Commission on Civil Rights (KCCR) is empowered to process complaints alleging age discrimination as it does any other employment-related complaint.

The Budget Division estimated that complaints filed would increase by 50 to 80 per year as a result of H.B. 2523 and cited a need for an additional investigator and one clerical staff member, plus \$2,500 in other operating expenditures, or a total of \$33,500. Subsequent estimates by the agency indicated an increased caseload of from 70 to 180 per year and the agency noted that a period of 12 to 24 months would be required before the full impact would be felt. The agency requests funds for the addition of two investigators (\$29,182), one to be hired when the act becomes effective and the second one six months later if increased caseload dictates. The agency also requests \$3,750 for communications, \$5,175 for travel and \$600 for office supplies, for a total of \$38,707.

The Commission notes that age discrimination cases are eligible for reimbursement under contract with the U.S. Equal Employment Opportunity Commission and estimates additional revenues of \$18,000 to \$26,000 as a result. These federal revenues would be available to finance a part of the additional costs, contingent upon the ability to demonstrate a maintenance of effort on the part of the state in financing KCCR activities.

### Judicial Branch

A. House Bill No. 2114 creates a new, 31st, judicial district, provides for elimination of associate district judge positions in January, 1987, replacing them with district judges and provides for elimination of the two district magistrate judge positions in Atchison County, when they are vacated, replacing them with a district judge position. Establishment of the new judicial district is the only provision with a measurable fiscal impact in FY 1984.

The 31st judicial district will be composed of Allen, Neosho, Wilson and Woodson counties. Currently Allen and Woodson counties are part of the fourth district. Neosho and Wilson counties are currently part of the 11th judicial district. The current configuration of district and associate district judges in the affected counties will not be changed by the bill. The district magistrate judge position in Wilson County will be eliminated. This position is currently vacant. The Court projects the costs of establishing the new district as follows:

Administrative Judge	\$ 590*
Chief Court Services Officer	1,658*
Chief Court Clerk	1,725*
Computer Program Modifications	<u>1,000</u>
Total	<u>\$4,973</u>

\* Upgrades of existing positions.

The costs will be offset by a savings of \$23,776 budgeted for the eliminated magistrate judge position. The costs and savings require adjustment of certain State General Fund accounts, and the position limitation for district court judges.

#### Office of the Securities Commissioner

A. FY 1984 Appropriation. The Senate Ways and Means Committee recommended removing this office from the regular appropriation bill (H.B. 2140) pending the outcome of H.B. 2550. The latter bill, which has been tabled by the House Ways and Means Committee, would abolish the Securities Act Fee Fund and make the office a General Fund agency with all fees deposited in the General Fund. Operation of the office at the level approved by both Ways and Means Committees will require appropriation of \$471,060 and establishment of a 15.0 F.T.E. position limitation.

#### Crime Victims Reparation Board

A. Budget Amendment No. 7-12. The amendment recommends an additional \$75,000 State General Fund appropriation for FY 1983 for payment of crime victims' claims. Of the \$257,920 available for claims payments in the current fiscal year, \$147,920 is State General Fund and \$110,000 is General Fee Funds. As of April 14, a total of \$248,437 had been expended for payment of claims.

The agency estimates that the balance of \$9,483 will be expended to pay currently pending claims in April and May.

#### Kansas Water Office

A. Senate Bill No. 61 amends the State Water Plan Storage Act by substantially revising the state's water pricing policies. The bill will allow the state, over the long term, to accelerate recovery of State General Fund expenditures associated with water conservation supply capacity in federal reservoirs.



The Kansas Water Office plans to negotiate new water sales contracts during FY 1984, but does not anticipate that any new contracts will be actually executed. Nevertheless, proceeds from current contracts would no longer be credited entirely to the State General Fund. Passage of S.B. 61 is anticipated to result in the diversion of an estimated \$303,167 (of the total of \$893,657) in projected FY 1984 revenues to the newly-created State Conservation Storage Water Supply Fund, rather than to the State General Fund as anticipated in the Governor's FY 1984 budget recommendation. The bill specifies that the new fund is to be used for acquisition and development of conservation storage water supply capacity in impoundments named in the State Water Plan. Expenditures from the fund are to be made in accordance with appropriation acts.

The Governor has not recommended FY 1984 expenditures for such acquisition and development. In order to implement S.B. 62, it would be necessary to add the new fund to the FY 1984 appropriations for the Kansas Water Office. The Legislature could choose to appropriate all moneys in the fund without limitation, if maximum flexibility is desired for the Office to proceed with acquisition and development. As an alternative, the Legislature may wish to place an expenditure limitation of zero on the fund in order to ensure that any expenditure of money from the new fund during FY 1984 would be reviewed by the State Finance Council or the 1984 Legislature.

B. Senate Bill No. 62 (Pending). This bill establishes a statutory procedure for the review and approval of certain water transfers. S.B. 62 establishes a Water Transfer Hearing Panel, to be comprised of the Chief Engineer of the Division of Water Resources, the Director of the Kansas Water Office, and the Secretary of Health and Environment. The panel would consider a variety of issues in the determination of whether the benefits of approving such a transfer outweigh the benefits of not approving the transfer.

Participation by the Director of the Kansas Water Office could require nominal additional expenditures for travel and subsistence to attend hearings on water transfer applications. However, based on the agency's projection that fewer than ten applications would be filed in any one fiscal year, the Office does not anticipate the need for expenditures beyond those recommended by the Governor for FY 1984. It should be noted, however, that both the Board of Agriculture and the Department of Health and Environment have estimated additional amounts deemed necessary to implement new responsibilities resulting from S.B. 62.

C. Senate Bill No. 311 (Pending). Passage of S.B. 311, currently in the House Ways and Means Committee, would amend current law to allow payment of per diem compensation at the rate of \$35 per day, plus mileage, subsistence, and other expenses, to appointed members of the Kansas Water Authority for "conducting official business of the Authority." Such payments for regular and special meetings of the Authority are authorized by present law and would continue to be allowable under S.B. 311.

The agency had requested sufficient funding for FY 1984 to provide per diem compensation and travel expenses for each of three Authority members to attend 20 days of legislative hearings. Also, the agency requested funds to finance such payments

to the Chairman for attending 12 days of meetings of other water-oriented organizations. The Governor's FY 1984 budget recommendation for the Office included \$1,050 for per diem compensation associated with attendance by each of three members at ten days of legislative hearings. The Governor's recommendation of \$34,013 for travel and subsistence expenditures of the Authority also appears to include adequate amounts for reimbursement of mileage and subsistence for attendance at such activities.

The House Ways and Means Subcommittee reduced the Governor's recommended amount for per diem compensation by \$2,682 plus \$189 in fringe benefits. This adjustment deleted the increased amount for FY 1984 recommended by the Governor for per diem compensation pending passage of S.B. 311. No FY 1984 reductions were made in the recommended amount for travel and subsistence reimbursements.

If S.B. 311 passes, the Legislature may wish to consider restoration of the \$2,871 deleted by the House Ways and Means Subcommittee. In addition, \$1,470 plus \$104 in fringe benefits would be required to allow sufficient funds to finance the original agency request for attendance by each of three Authority members at 20 days of legislative hearings (rather than ten as recommended by the Governor) plus attendance by the Chairman at 12 days of meetings of other water-related organizations (not recommended by the Governor). The total to be considered for restoration would be \$4,445 in State General Fund appropriations.

In summary, the actual fiscal impact of S.B. 311 is dependent upon the extent to which the Authority would authorize such official activities, and the extent to which the Legislature wishes to limit State General Fund expenditures for such purposes by appropriation acts.

#### Board of Agriculture

A. House Bill No. 2533 increases inspection fees assessed on commercial feeding stuffs tonnage, and increases registration fees assessed to meat and poultry plants. The bill was introduced at the recommendation of the House Ways and Means Subcommittee which reviewed the agency's FY 1984 budget.

The increase in feeding stuffs fees is anticipated by the agency to generate an additional \$63,293 annually to the Feeding Stuffs Fee Fund, which presently finances the Administrative Services subprogram and the Control subprogram of the Board of Agriculture. The Legislature may wish to consider expenditure of all or part of the additional revenues, allowing offsetting reductions in State General Fund appropriations for the agency. Another option would be to utilize the increased revenues to offset an equal amount of Control subprogram expenditures currently financed from the Fertilizer Fee Fund. Savings in Fertilizer Fee Fund moneys could be used in turn to support enhanced activities in the anhydrous ammonia regulatory program. This option had been discussed by the House Ways and Means Subcommittee. Still another option would be to take no action, allowing the additional revenues to accrue to the fund's uncommitted balance for possible use in financing the agency's FY 1985 budget.

The legislation also doubled annual fees for registration of Kansas meat and poultry plants, not all of which are state inspected. The House Ways and Means Subcommittee recommended this increase as a means of offsetting in part State

General Fund support for continuation of the state's meat and poultry inspection program. The Board of Agriculture anticipates that passage of H.B. 2533 will result in an additional \$29,750 in annual revenues to the Meat and Poultry Inspection Fee Fund. Should the Legislature wish to maximize expenditures in FY 1984 from this special revenue fund, thereby decreasing State General Fund appropriations by a like amount, an adjustment would be necessary in the Omnibus Bill to increase fee fund expenditures from \$50,000 to \$79,750 and to lapse \$29,750 in State General Fund appropriations. The alternative would be to take no action, in which case approximately \$30,000 will accrue to the special revenue fund balance for use in supporting the program during future years.

B. House Bill No. 2534, recommended by the House Ways and Means Subcommittee, repeals statutory responsibilities of the Board of Agriculture in regard to the regulation of agricultural binder twine. Authority for the Binder Twine Fee Fund, and the associated authority to levy such fees, are abolished by the bill. H.B. 2107 included FY 1984 expenditure authority of \$350 for the fund pending passage of H.B. 2533. The appropriate Omnibus Bill action would be to strike the fund and associated expenditure authority from Section 2 of H.B. 2107, appropriate an additional \$350 in State General Fund moneys to the agency, and add a paragraph which would transfer any balances in the special revenue fund to the State General Fund on July 1, 1983. The fee fund's carryforward balance projected by the Governor as of June 30, 1983, is \$345.

C. Senate Bill No. 62 (Pending). S.B. 62 establishes procedures for review and approval of water transfers by a newly created Water Transfer Hearing Panel. The panel would be comprised of the Chief Engineer of the Division of Water Resources, the Director of the Kansas Water Office, and the Secretary of Health and Environment. The Chief Engineer would serve as chairperson of the panel, and records of hearings would be required to be maintained for public inspection in the Chief Engineer's office. Costs associated with retention of a court reporter for the hearing and preparation of the hearing transcript would be assessed to the water transfer applicant.

The Board of Agriculture expects 10 water transfer hearings will be held during FY 1984. The agency anticipates additional expenditures in FY 1984 of \$6,600 associated with S.B. 62, of which \$6,480 would finance travel and subsistence costs of the Chief Engineer and members of his staff for attendance at water transfer hearings, and \$120 would finance supplies. Any additional appropriations made by the Legislature in anticipation of such costs would be financed from the State General Fund.

It should be noted that the Kansas Water Office has requested no additional funding associated with S.B. 62, and the Department of Health and Environment has estimated that an additional \$1,930 would finance travel and subsistence costs for the Secretary to attend 10 panel hearings during FY 1984, each estimated to last three days and to be located an average of 200 miles from Topeka. The actual fiscal impact of this legislation is highly dependent upon the number, duration, and location of hearings held in response to an indeterminate number of applications to be filed for water transfers.

D. Senate Bill No. 107 (Pending). This bill had previously been referred to the House Judiciary Committee and was reported favorably as amended by that Committee on March 18, 1983. However, on April 4, the bill was withdrawn from the calendar and referred to the House Ways and Means Committee.

Current law requires filing of a written statement, within 60 days after the date of discovery of civil damages resulting from application of pesticides, with the appropriate county attorney. S.B. 107, as passed by the Senate, deleted the 60 day requirement for filing such a statement, but continued to provide for the filing of a statement in not only civil but also criminal actions with the appropriate county or district attorney. Upon receipt of such statement, the attorney would continue to be required to file a duplicate copy with the Secretary of Agriculture.

The Board of Agriculture filed a fiscal note dated February 3, 1983, stating that the Senate version of the bill would result in a substantial increase in the number of pesticide misuse investigations conducted in response to receipt of written statements alleging not only civil, but also criminal damages. The agency projected additional State General Fund expenditures of \$34,892 to implement the Senate version of S.B. 107, including the following:

1.0 F.T.E. Ecological Specialist - Salaries and Wages	\$25,272
Mileage and Subsistence	5,120
Printing and Distribution Costs - New Complaint Forms	4,500
Total	<u>\$34,892</u>

The House Judiciary Committee amended S.B. 107 to retain language requiring a statement of damages to be filed with the Secretary of Agriculture within 60 days, although exceeding this time frame would not bar any civil or criminal action, nor would failure to file such statement within 60 days be construed as a violation of the Kansas Pesticide Law.

In response to the House Committee amendments, the agency filed a revised fiscal note on March 24, 1983, noting that in its current form, the bill no longer has a fiscal impact on the State Board of Agriculture.

#### Department of Health and Environment

A. Relocation of Vital Statistics Activities. The House Ways and Means Subcommittee recommended that funding for relocation of the vital statistics program be considered for inclusion in the Omnibus Bill. The activity is presently housed in Building 321, which is leased from the Metropolitan Topeka Airport Authority. The facility's deteriorating condition has caused concern regarding the potential for damage to vital statistics documents and associated computer hardware.

The Department has developed cost summaries for two relocation options. The first would transfer the program from Forbes Field, currently the location of all agency programs in the Topeka area, to downtown space. The Division of Architectural Services prepared a preliminary estimate for downtown relocation as follows:

Moving Costs (Furniture and Fixtures)	\$ 3,462
Telephone (Instruments Only)	2,835
Rent (Est. 6,450 sq. ft. at \$7.50)	48,375
Remodeling/Partitioning	<u>25,760</u>
Total	<u>\$80,432</u>

The above estimate for telephone instrumentation does not include costs for a new telephone switch, special telephone lines to Forbes Field for computer purposes, or dedicated computer terminal circuitry, all of which could be necessary.

The second option, suggested for consideration by the House Ways and Means Subcommittee, would relocate the program from Building 321 to the agency's main facility (Building 740) which is leased from the Department of Administration. The agency's estimate for such relocation, which would displace other agency activities to Building 321, is as follows:

Moving Costs (Furniture and Fixtures)	\$ 7,000
Minor Remodeling and Telephone Relocation	<u>10,000</u>
Total	<u>\$17,000</u>

Either option would require additional FY 1984 State General Fund appropriations for other operating expenditures.

B. House Bill No. 2474 requires unlicensed adult care home employees who provide direct, individual care to residents to complete 40 hours of training in basic resident care and treatment skills. The training is to be supervised by a registered professional nurse and may be prepared and administered by an adult care home. However, the content and administration of the training program must comply with rules and regulations adopted by the Department of Health and Environment.

The Department anticipates that the development of specific training requirements as well as a trainee competency evaluation tool will require the agency to contract with qualified nurse instructors on a one-time basis. The agency anticipates that such contractual agreements will require an additional FY 1984 appropriation of \$3,500. Other provisions of the bill could be implemented by existing staff within the currently approved operating budget for FY 1984.

C. House Bill No. 2294 creates a new category for emergency medical services attendants who, within one year of certification as an emergency medical technician, have completed a training program approved by the University of Kansas Medical Center of at least 40 clock hours of additional training, to include training in intravenous therapy and patient assessment.

The agency has submitted a fiscal note which estimates that an additional \$800 annually will be necessary for examination supplies associated with the new "emergency medical technician - intermediate" certification category. This estimate is based on an anticipated 40 applicants annually at an estimated cost of \$20 per examinee. The Department also anticipates that \$600 will be required for capital outlay to purchase intravenous therapy training equipment, presumably for use in the practical component of the examination.

The responsibility for examining EMS attendants for certification purposes was shifted effective FY 1983 from KUMC to the Department of Health and Environment by the 1982 Legislature. To finance examination costs, the Legislature provided for a \$25,000 annual transfer of restricted fees, paid to KUMC by EMS trainees, to the Department of Health and Environment. During consideration of S.B. 110, the House Ways and Means Subcommittee increased the transfer recommended for FY 1984 by the Governor from \$25,000 to \$27,500 in order to provide an inflationary increase in examination administration costs. If it is assumed that this \$2,500 increase would finance any additional costs to the Department of administering examinations for the newly created certification category, no additional action would be required in the Omnibus Bill.

D. Senate Bill No. 247 pertains to unlicensed personnel employed by adult care homes who have completed a program in medication administration. The bill provides that no person may act as a medication aide after July 1, 1983, unless such person has completed a program of continuing education as required by rules and regulations adopted by the Secretary of Health and Environment. In order to retain certification as a medication aide, the continuing education requirement must be met at least every two years.

The legislation requires the Department of Health and Environment to update certificates upon completion of the continuing education requirement, and to assess a fee in an amount sufficient to cover the agency's cost of administering the continuing education requirements. The agency has estimated that the following additional expenditures will be necessary for the development and administration of continuing education guidelines:

Consultant Fees	\$ 1,000
Travel and Subsistence - Advisory Committee	500
Subtotal - First Year Costs	<u>\$ 1,500</u>
Communications	\$ 389
Printing	200
Xerox Expenses	50
Travel and Subsistence	200
Data Processing Services	460
Office Supplies	100
Subtotal - Ongoing Operating Costs	<u>\$ 1,399</u>
TOTAL	<u>\$ 2,899</u>

To meet the anticipated increase in costs, an FY 1984 State General Fund appropriation would be required in the amount of \$2,899. It should be noted that no additional staff would be required to implement provisions of S.B. 247, as existing personnel would be reassigned to administer the continuing education program. The Department anticipates that \$15,634 in additional State General Fund revenues will accrue in FY 1984 from fees assessed to recover the staff and other operating costs of the program, based on \$7.50 each for an estimated 2,085 certifications during FY 1984.

E. Senate Bill No. 62 (Pending). Passage of S.B. 62 would establish a Water Transfer Hearing Panel, to be comprised of the Chief Engineer of the Division of Water Resources, the Director of the Kansas Water Office, and the Secretary of Health and Environment (or the Director of the Division of Environment, if designated by the Secretary). The panel is required by the bill to hold hearings on applications for certain water transfers.

The Department of Health and Environment estimates that \$1,930 in additional State General Fund expenditures will be necessary to finance travel and subsistence expenses of the Secretary in order to attend panel hearings. The estimate is based on the assumption that ten hearings, each with an average three day duration, will be held during FY 1984, and that hearings would be held in the general location of the proposed water transfer. The mileage estimate assumes that each hearing would require an average of 400 miles of round trip travel in order for the Secretary to attend.

The actual fiscal impact of S.B. 62 is highly dependent upon the number of water transfer applications received by the Chief Engineer, and the length, number, and location of hearings held in response to such applications. It should be noted that the other agencies which would participate in panel hearings have also filed fiscal notes regarding S.B. 62. Although the Kansas Water Office estimates that no additional amount will be necessary to finance participation on the panel, the Board of Agriculture has estimated that an additional \$6,600 will be required, primarily to finance travel costs for the Chief Engineer and members of his staff to attend an estimated 10 hearings during FY 1984.

F. Senate Bill No. 414 (Pending). Currently on the House calendar, S.B. 414 would authorize a number of new fees, as well as increases in existing fees, to be assessed by the Department of Health and Environment.

The Senate version of the bill would have no expenditure impact on the agency, as virtually all increases in revenues authorized by the bill would be deposited in the State General Fund. The only exception would be increases authorized for fees assessed to waterwell contractors, 80 percent of which is credited to a special revenue fund. However, the FY 1984 budget, as recommended by the Governor and approved by the 1983 Legislature, is predicated on increased revenues to this fund which are expected to result from passage of S.B. 414.

The House version of the bill includes certain amendments which would eliminate four separate special revenue funds of the agency, and instead provide that such fee revenues would be deposited in the State General Fund effective FY 1984. If these amendments receive approval by the Senate, appropriate adjustments would be required in the Omnibus Bill to eliminate the four special revenue funds and associated expenditure authority, provide for the transfer of any balances in the funds as of July 1, 1983 to the State General Fund, and appropriate sums from the State General Fund in amounts which are equal to the aggregate currently approved expenditure authority for the special revenue funds. The special revenue funds cited in the amendments, together with the expenditure authority for each of the funds as currently authorized by S.B. 110, and the anticipated balances in the funds as of June 30, 1983 which would be transferred to the State General Fund, are summarized in the following table:

<u>Special Revenue Fund</u>	FY 1984 Authorized Expenditures S.B. 110	June 30, 1983 Projected Balance to be Transferred to SGF
Food Service and Lodging Fee Fund	\$ 449,888	\$156,340
Waterwell Contractors Licensing Fund	23,402	13,104
Vital Statistics Fee Fund	1,202,139	36,932
Certification of Water Supply and Wastewater Facility Operators Fee Fund	24,800	17,558
TOTAL	<u>\$ 1,700,229</u>	<u>\$223,934</u>

Additional State General Fund appropriations of \$1,700,229 would be offset by an increase of approximately the same amount in new fee revenues to the State General Fund during FY 1984. The transfer of the projected \$223,934 to the State General Fund on July 1, 1983, would be a one-time gain which has not been incorporated into currently projected FY 1984 State General Fund revenues.

Also amended into S.B. 414 by the House Committee is a provision for reimbursement of certain fees collected from air pollution sources to the local air pollution monitoring entity which directly regulates those sources. The amendment establishes a new fund to which a proportion of fee collections would be deposited, and from which reimbursements to local entities would be paid. To incorporate the new fund into the Department's appropriations for FY 1984, the fund should be included in the Omnibus Bill without expenditure limitation.

Department of Education

A. Budget Amendment 7-4. The Governor has recommended a reduction of \$8,448,000 in the amount of \$403,068,000 originally recommended to finance the School District Equalization Act. The reduction is recommended in order to conform with the Governor's revised total school aid package, which includes an increased estimate of distributions from the School District Income Tax Fund based upon proposed changes in state income tax liability. Of the recommended reduction for the Department of Education, \$1,410,000 is attributable to increased income tax rebates to school districts. The remaining amount of reduction (\$7,038,000) was proposed by the Governor in his Legislative Message presented subsequent to the release of the latest consensus revenue estimates.

In comparison to the amended recommendation of \$394,620,000 in State General Fund appropriations to the Department of Education for the School District Equalization Act, the 1983 Legislature has included a total of \$376,056,000 for such purposes in 1983 H.B. 2064. In order to concur with the Governor's amended recommendation, an additional appropriation of \$18,564,000 would be required for inclusion in the Omnibus Bill for the Department of Education, together with necessary adjustments for the School District Income Tax Fund.



B. Senate Bill No. 177. Passage of this legislation requires the State Board of Education, in consultation with the Advisory Council for Special Education, to (1) establish standards and criteria for qualifications of special education hearing officers, (2) establish standards and criteria for conducting and approving training programs for hearing officers, and (3) compile a list of hearing officers qualified in accordance with such standards and criteria. The State Board of Education is directed by the bill to adopt rules and regulations for implementation of the bill's provisions, and to incorporate such regulations into the State Plan for Special Education Services.

In order to be considered a qualified hearing officer, the bill requires one to have satisfactorily completed a training program conducted or approved by the State Board of Education. The Department anticipates that first year costs for conducting training of hearing officers would be as follows:

Training Materials (Procedures, Court Cases, Etc.)	\$ 500
Rental of Facilities	1,000
Consultant Fees	1,500
Consultant and Advisory Council Members' Travel and Subsistence	<u>2,000</u>
TOTAL	<u>\$5,000</u>

It should be noted that nothing contained in S.B. 177 requires the Department to conduct such training, although the bill is permissive in this regard. The requirements imposed by the bill upon the State Board are limited to the development of standards and criteria, and the development and maintenance of a list of qualified hearing officers. The Legislature could choose to assume that other entities are available to actually conduct such programs. If so, it would appear that the agency could implement the mandates of S.B. 177 with as little as \$2,000 in additional State General Fund expenditures to finance travel and subsistence of the Advisory Council on Special Education.

#### Board of Regents

A. Student Work-Study Program. The Governor recommended an FY 1984 appropriation of \$700,000 to the Board of Regents to create a student work-study program. The House recommended a total of \$562,000 for this program and the Senate recommended that all funding be deleted pending decisions as to the nature and scope of the program.

B. Senate Bill No. 445 (Pending). S.B. 445 creates the National Direct Student Loan Dispute Fund and provides for transfers into this fund from the State General Fund. The dispute fund is required because of the failure of the state to deposit interest earned on idle National Direct Student Loan (NDSL) funds to the credit of those funds. The bill provides for the crediting of such interest in the future and for repayment of a negotiated amount of interest earned in prior years.

The transfers to the dispute fund for settlement of previous years' earned interest are: FY 1984 - \$93,472; FY 1985 - \$96,276; FY 1986 - \$99,164; and FY 1987 - \$102,139. These amounts are in addition to the required future crediting of interest

earned to the NDSL funds rather than the State General Fund. A conservative estimate of the lost revenue to the State General Fund is \$200,000 annually (based upon projected interest earnings of \$142,708 from November 1, 1982 to June 30, 1983).

Passage of this bill will require creation of the National Direct Student Loan Dispute Fund in the Board of Regents' office and provision for transfer from this fund to the NDSL funds on each of the campuses.

Governor's Budget Amendment No. 7, Item 6(c) recommends the FY 1984 transfer of \$93,472 from the State General Fund to the NDSL Dispute Fund as authorized by S.B. 445.

C. Senate Bill No. 444 (Pending). This bill would authorize a one year increase of 0.1 mill in the statewide tax levy for the Educational Building Fund (EBF) and a corresponding reduction of 0.1 mill in the levy for the State Institutions Building Fund (SIBF). This shift keeps the total statewide levy on real property at 1.5 mills while increasing the levy for the EBF from 1.0 to 1.1 mills and decreasing the levy for the SIBF from 0.5 mills to 0.4 mills. The estimated impact of this shift is to increase the resources available for the EBF by \$1.2 million in FY 1984 and FY 1985 combined and to lower the resources to the SIBF by a like amount over the same period.

Based upon current estimates of revenues (assuming passage of S.B. 444) and expenditures (as enacted in H.B. 2156) it appears that expenditures will exceed revenues by \$164,000 in FY 1984 and that the uncommitted balance available for FY 1985 will be \$2,772,000. In order to allow some latitude in the revenue estimates, it appears that previously approved expenditures for FY 1984 need to be reduced by at least \$250,000. This would allow for a minimal estimated ending balance of \$96,000 at the end of FY 1984.

D. Presidential Search Expenses. In April, the President of Pittsburg State University announced his resignation. Additionally, Wichita State University was involved in a presidential search during much of FY 1983 with \$25,000 in supplemental funding provided by the Legislature in H.B. 2135 after the search was completed.

In a letter to the Chairman of the House Ways and Means Committee dated April 12, 1983, the Board of Regents requests that a permanent line-item appropriation be made to the Board for presidential recruitment and selection. The request is for \$25,000 for FY 1983 with a proviso allowing for reappropriation. The intent is that additional funding would be requested only when necessary to restore the balance to \$25,000. The request would avoid the problems encountered in seeking appropriations for expenditures already made. In keeping with past practice, such a line item should probably include a proviso allowing expenditures for official hospitality and a proviso allowing for payment of expenses for applicants' spouses when accompanying applicants on official business. Finally, consideration may wish to be given to constructing the line-item so as to allow payment of search expenses for presidents, the Chancellor of the University of Kansas, and the Executive Officer of the Board of Regents.

Regardless of legislative action on this request, consideration may wish to be given to the specific issue of expenses associated with a presidential search for Pittsburg State University.

Governor's Budget Amendment No. 7, Item 6(e) recommends an FY 1983 supplemental appropriation of \$15,000 to the Board of Regents for presidential search expenses. The recommendation includes reappropriation language and continuation of this line item as requested by the Board.

Wichita State University

A. Budget Amendment No. 7-6(d). The Governor recommends a \$1,600 appropriation to Wichita State University for FY 1984 from the Construction Defects Recovery Fund. The purpose of the recommendation is to finance the "in-house" costs of correcting the "swing" on three classroom doors in the Liberal Arts and Sciences Building. These doors open outward in such a fashion which obstructs the main exits in violation of fire codes. These items were included in a \$8,576 settlement from the associate architect in March, 1983. The other problems have been corrected and Wichita State can correct this remaining problem with the \$1,600 recommended.

Pittsburg State University

A. Legal Fees. By way of a letter to the Ways and Means Committee Chairmen dated March 25, 1983, the University requests \$65,000 for payment of legal fees associated with meet and confer responsibilities and assistance in prohibited practices charges, lawsuits, and grievance decisions. The request is for a one-time supplemental appropriation for other operating expenditures which does not become part of the University's base budget.

Kansas Technical Institute

A. Budget Amendment No. 7-6(b). The Governor recommends a \$30,000 transfer from salaries to other operating expenditures for FY 1983. This transfer was requested by the institution to allow it to expend any uncommitted salary funds for other operating expenditures. At present the Institute does not share this flexibility with other Regents' institutions as its salaries are totally funded from the State General Fund. This transfer will allow a portion (\$30,000) of the salary budget to be funded from the General Fees Fund which will provide the opportunity to expend these resources for other operating expenditures if they are not required for salaries.

Regents' Systemwide - Utilities

A. Budget Amendment No. 7-6(a). The Governor recommends FY 1983 supplemental appropriations totaling \$1,979,353 to provide supplemental utility funding for the Regents' institutions. The recommendation also includes transfer from other operating expenditures to utilities at Wichita State (\$35,000) and Emporia State (\$28,738) to reflect restoration of utility funding lapsed pursuant to FY 1983 budget allotments.

Shown below are the approved FY 1983 expenditures, the recommended transfers and supplemental funding adjustments, and revised utility expenditures as recommended for FY 1983.

<u>Institution</u>	<u>Approved FY 83</u>	<u>Rec. Transfers From O.O.E.</u>	<u>Rec. Supplemental Funding Adjustments</u>	<u>Revised FY 83</u>	<u>Percent Increase From FY 82 Act.</u>
FHSU	\$ 768,660	\$ —	\$ —	\$ 768,660	14.2%
KSU	3,582,874	—	123,030	3,705,904	17.5
VMC	1,187,303	—	(206,678)	980,625	(14.6)
ESU	689,708	28,738	68,554	787,000	16.4
PSU	667,296	—	96,000	763,296	13.4
KTI	66,400	—	11,000	77,400	16.4
KU	4,689,982	—	616,775	5,306,757	11.6
KUMC	3,908,223	—	929,669	4,837,892	0.3
WSU	1,689,321	35,000	341,003	2,065,324	25.9
<b>TOTAL</b>	<u>\$17,249,767</u>	<u>\$ 63,738</u>	<u>\$ 1,979,353</u>	<u>\$19,292,858</u>	<u>9.6%</u>

The recommended funding adjustments are based upon actual utility expenditures through March and estimated expenditures for the remainder of the fiscal year. The original request of \$2,452,774 on March 21, 1983 was revised downward to reflect actual costs for another month of operation.

B. Fiscal Year 1984 Utilities. The Legislature deleted all utilities funding from the Regents' budgets for FY 1984 (H.B. 2148) pending consideration of FY 1984 funding in light of FY 1983 supplemental requests. The original recommendation of the Governor was for a 20.0 percent increase in the base budget (\$3,462,702) and \$1,022,546 for servicing new buildings. This resulted in total recommended utility expenditures of \$21,798,753 for FY 1984 and it was this amount which was deleted by the Legislature from H.B. 2148.

Shown below are FY 1982 actual expenditures, recommended expenditures for FY 1983 (see Item A), and the originally recommended 20.0 percent base increase for FY 1984 (excluding new buildings).

<u>Institution</u>	<u>FY 1982 Actual</u>	<u>FY 1983 Revised</u>	<u>FY 1984 Original Rec.</u>	<u>% Inc. From FY 83 Revised</u>	<u>New Buildings</u>
FHSU	\$ 672,946	\$ 768,660	\$ 922,392	20.0%	\$ —
KSU	3,155,210	3,705,904	4,299,449	16.0	269,093
VMC	1,147,799	980,625	1,424,764	45.3	—
ESU	676,293	787,000	862,135	9.5	—
PSU	672,820	763,296	800,755	4.9	66,668
KTI	66,500	77,400	79,680	2.9	—
KU	4,755,621	5,306,757	5,627,979	6.1	332,675
KUMC	4,821,497	4,837,892	4,689,868	(3.1)	153,208
WSU	1,640,025	2,065,324	2,069,185	0.2	200,902
<b>TOTAL</b>	<u>\$17,608,711</u>	<u>\$19,292,858</u>	<u>\$20,776,207</u>	<u>7.7%</u>	<u>\$1,022,546</u>

Based upon the revised estimates for FY 1983, the originally recommended 20.0 percent increases to the base will reflect only a 7.7 percent increase systemwide. Further, the institutional changes range from a reduction of 3.1 percent at the Medical Center to an increase of 45.3 percent at the Veterinary Medical Center.

A primary rationale for the Legislature removing FY 1984 utility funding was to revise the FY 1984 levels in light of more complete information on FY 1983 expenditures. If no changes are made to the original FY 1984 recommendations, the base percentage increases for each institution will be those shown in the above table.

There are several options open to the Legislature. One is to make no change in the original recommendations for FY 1984 which will result in the differential effects on the institutions noted above. A second option is to adopt a 7.7 percent increase in utility expenditures (over the revised FY 1983 estimate) and to distribute it proportionately to each campus. A third approach would be to lower the recommendations for new buildings and to redistribute a portion of these funds (along with the base increase) to provide a uniform percentage increase for each campus. These three options all assume that FY 1984 expenditures will be within the \$21,798,753 originally recommended for base increases and servicing new buildings. A final option is to provide additional resources for utilities (over the original recommendation) in order to provide a uniform percentage increase which more closely approximates the original 20.0 percent recommendation.

The Governor, in Budget Amendment No. 7, recommends the addition of \$1,410,378 in order to provide a 15.0 percent base increase for each campus. The recommendation retains utility funding for new buildings at \$1,022,546 and results in total recommended utility expenditures of \$23,209,131 for FY 1984.

Shown below are the Governor's revised recommendations for FY 1984 including a 15.0 percent base increase over FY 1983 revised estimates and the servicing of new buildings. Also shown is the total increase recommended over the revised FY 1983 base and the total increase over the original recommendation for FY 1984.

<u>Institution</u>	<u>Base With Rec. 15% Incr.</u>	<u>New Buildings</u>	<u>FY 1984 Rec.</u>	<u>Diff. From FY 1983 Revised</u>	<u>Diff. From Original FY 84 Rec.</u>
FHSU	\$ 883,959	\$ —	\$ 883,959	\$ 115,299	\$ (38,433)
KSU	4,261,789	269,093	4,530,882	824,978	(37,660)
VMC	1,127,718	—	1,127,718	147,093	(297,046)
ESU	905,050	—	905,050	118,050	42,915
PSU	877,790	66,668	944,458	181,162	77,035
KTI	89,010	—	89,010	11,610	9,330
KU	6,102,771	332,675	6,435,446	1,128,689	474,792
KUMC	5,563,376	153,208	5,716,584	878,692	873,508
WSU	2,375,122	200,902	2,576,024	510,700	305,937
TOTAL	<u>\$ 22,186,585</u>	<u>\$ 1,022,546</u>	<u>\$ 23,209,131</u>	<u>\$3,916,273</u>	<u>\$1,410,378</u>

C. Summary. The Governor, in Budget Amendment No. 7, recommends additional utility funding of \$1,979,353 for FY 1983 and \$1,410,378 for FY 1984. The recommendations fully fund utility costs for FY 1983 and provide for a 15 percent increase for FY 1984 over the revised estimates for FY 1983. Regardless of legislative action regarding the Governor's recommendations, legislative action will be required concerning FY 1984 utilities as no utility funding is presently authorized for FY 1984.

### Adjutant General

A. Senate Bill No. 72 (Pending). S.B. 72 creates a program to provide tuition grants for persons who are members of the Kansas Army or Air National Guard. The program would be administered by the Adjutant General's Office and would be open to National Guard members attending any postsecondary educational institution in the state which is an eligible institution under the federal guaranteed student loan program.

The amount of the award shall not exceed the appropriate percentage of tuition at the Regents' institutions. Thus, students attending private institutions would receive the same size grant as those attending Regents' institutions, while students attending community colleges and area vocational-technical schools would receive lower grants due to lower tuitions. As amended by the Senate Committee, grants would be 10 percent of tuition in FY 1984, 20 percent in FY 1985, 30 percent in FY 1986, 40 percent in FY 1987, and 50 percent in FY 1988.

The Adjutant General identifies no additional administrative costs for the program. It is estimated that approximately 10 percent (850) of the National Guard members would participate with approximately 80 percent enrolled part-time (680) and 20 percent enrolled full-time (170). Tuition rates for FY 1984 are estimated at \$331 per year for part-time students and \$821 for full-time students. These represent tuition at the University of Kansas and are based on a 20 percent increase over FY 1983 tuition levels. University of Kansas tuition rates are used because they represent the maximum tuition on which grant awards would be determined. Assuming 680 part-time students at 10 percent tuition (\$33), the cost is \$22,440. Assuming 170 full-time students at 10 percent tuition (\$82), the cost is \$13,940. The total fiscal impact is estimated at \$36,380.

B. Utility Supplemental Appropriation. The agency requests \$40,000 for FY 1983 to provide supplemental funding for current year utility costs. The request was submitted in March to provide full funding for utilities at armories and other facilities administered by the Adjutant General. Both the House and Senate Committees noted the need for a supplemental utility appropriation in their review of the department's budget. The requested supplemental appropriation is based on actual expenditures through March 11 and estimates for the balance of the fiscal year. The request takes into account savings in other areas, and as a result, the total projected shortfall in utilities of \$98,508 is reduced by \$48,508 to the requested \$40,000. Total utility appropriations for the current year are \$691,441 with actual expenditures through March 11 of \$521,298.

Governor's Budget Amendment No. 7, Item 7(a) recommends an FY 1983 supplemental appropriation for utilities of \$40,445 and an additional appropriation of \$76,900 for utilities in FY 1984 to reflect the impact of actual FY 1983 expenditures in FY 1984.

## Legislature

A. House Bill No. 2012 would create an 11-member Health Planning Review Commission. The Commission would consist of five appointees of the Governor and six legislators. Assuming the Commission held a two-day meeting monthly from May through December, expenditures would be approximately \$4,910 during FY 1983 and \$15,978 during FY 1984. These expenditures would presumably be from appropriations for the Legislature. Depending upon the number of interim committees authorized by the Coordinating Council, the abovementioned expenditures could possibly be absorbed. The statutory authority for this Commission would expire on December 31, 1983.

## Legislative Division of Post Audit

A. House Bill No. 2057, an appropriations bill for legislative agencies, did not contain financing for the Legislative Division of Post Audit. House Committee action deleted the FY 1984 budget of \$1,783,640 (of which \$1,647,640 was from the State General Fund), pending further review of the Division and its operation. The Senate concurred with that action. Consequently, no financing for the Division is contained in any FY 1984 appropriation bill, which has passed the Legislature as of April 9, 1983.

## Social and Rehabilitation Services

A. Substitute for House Bill No. 2132 amends statutes which require SRS to establish a state alcohol and drug safety action program (ADSAP). Substitute for H.B. 2132 largely places authority for certifying ADSAPs with the administrative judge of the judicial district, served by the program. SRS involvement is limited to certifying programs among judicial districts in which the administrative judge declines to do so. The bill continues an \$85 fee, assessed of persons convicted of or pleading no contest to DUI charges. These assessments will be retained by local courts to cover costs associated with evaluation and diversion monitoring efforts. The bill provides for SRS to receive 15 percent of the assessments from judicial districts in which SRS certified the community evaluation program. Substitute for H.B. 2132 becomes effective upon publication in the Kansas Register, at which time the unencumbered balance of funds collected by SRS, under existing statute (approximately \$163,000) would be returned to local courts. The bill abolishes the SRS Alcohol and Drug Safety Action Program Fund and creates the Certification of Community Based Alcohol and Drug Safety Action Programs Fee Fund, to which funds accruing to SRS would be deposited.

Omnibus Bill action is necessary to: (1) determine the staffing to be authorized for administration of the act; (2) delete expenditure authority from the previous fund, which was appropriated in S.B. 110; (3) authorize expenditures from the newly created fund; and (4) resolve expenditure obligations during the current fiscal year.

The 1982 Legislature authorized two positions in SRS to administer 1982 DUI legislation, 1 - Administrative Officer I and 1 - Alcohol/Drug Abuse Consultant I. The Administrative Officer was to manage financial aspects of the program, while the Consultant I was to develop program standards and certify programs. Inasmuch as SRS

would no longer be collecting fees and making grants, there appears to be no need for the Administrative Officer I. SRS requests continuance of the Alcohol/Drug Abuse Consultant I position, to license ADSAP programs and certify those programs seeking SRS certification. This position would involve expenditures of \$22,631 during FY 1984. Seemingly one option would be to authorize this position with financing from the newly created Certification of ADSAPs Fee Fund. If sufficient districts request SRS certification, then funds should be available to finance the position. If sufficient funds are not available in the newly created Fee Fund, then the necessity of the position would seemingly be questionable, an issue which could be addressed by the 1984 Legislature.

Finally, a technical problem arises during FY 1983, as Substitute for H.B. 2132 would become effective upon publication in the Kansas Register. Consequently, the bill would terminate the funding mechanism by which the two existing employees are financed. Further, money would not instantly be available in the newly created ADSAP Fee Fund to finance FY 1983 continuance of one position (\$5,560) and one month termination notice for the other (\$1,704). This would have a combined cost of \$7,264 to be financed from some other funding mechanism (either the State General Fund or special revenue funds which are dedicated to alcohol and drug abuse programs).

B. Senate Bill No. 105 (Pending). Several provisions contained in S.B. 105 have the potential for fiscal impact upon the SRS foster care budget. The bill modifies the Code for Care of Children to specify that SRS can be requested to pay for the care of a child, taken into custody by a law enforcement officer, between the time custody begins and the hearing for an order of temporary or protective custody (a maximum of 48 hours, excluding weekends). SRS has estimated the annual cost of such placements at \$176,000, an estimate that appears valid. However, those costs are technically a part of the base foster care budget. Prior to implementation of the new juvenile code, judges were backdating court orders to the time custody began, a procedure that has subsequently been eliminated. Nevertheless, due to that former procedure, SRS was paying for such care in prior years and that care would have consequently been included in their base budget. The absence of payment for this care can be viewed as a temporary financial savings, during three months of FY 1983, rather than an additional fiscal liability for future fiscal cycles.

The House version of S.B. 105 deletes a Senate provision (Section 22) allowing certain 24-hour detention placements of Children in Need of Care. The House version would have some fiscal impact (approximately \$40,000), as SRS would be paying for the care of certain juveniles who formerly were detained in jails (where no SRS payment is made).

Finally, due to uncertainties associated with the new juvenile codes and amendments being considered, the Legislature increased the Governor's FY 1984 foster care recommendations by \$345,592 in General Fund monies. This addition was in the form of a reappropriation of anticipated FY 1983 savings to FY 1984. Seemingly, this addition could offset any unfunded financial obligations associated with S.B. 105.

C. Budget Amendment 7 - Reroof Chanute SRS Office. The Governor is recommending \$523,959 from the State General Fund, during FY 1983, to reroof the Chanute SRS office. This building was the former Chanute Tuberculosis Hospital. It presently houses the Chanute Area SRS Office and the Area Health Education Center of K.U.M.C.



The estimate for this project was provided by the Division of Architectural Services as follows:

Reroofing costs (955 squares at \$448 per square)	\$427,840
Inflation at 9%	38,505
Architect's Fee at 7%	32,644
Contingency at 5%	24,970
TOTAL	<u>\$523,959</u>

D. Budget Amendment 7 - Federal WIN Funds for Public Service Employment. The Governor is recommending expenditure of \$511,628 (\$170,543 during FY 1983 and \$341,085 during FY 1984) in federal Work Incentive (WIN) money to finance public service employment of ADC clients. The employment would be in SRS offices throughout the state. Funding would be expended in the following areas:

Topeka Area Office	\$114,589
Topeka Central Office	85,046
Wichita Area Office	133,515
Hutchinson Area Office	33,635
Kansas City Area Office	<u>144,843</u>
	\$511,628

E. Budget Amendment 7 - Child Support Enforcement. The Governor is recommending \$268,560 to finance 13 F.T.E. additional positions in the Child Support Enforcement activity. The 13 positions are: 4 - Attorneys I; 4 - Secretaries II; 3 - Location and Support Specialists I; 1 - Program Technician; and 1 - Programmer I.

#### Mental Health and Retardation Services

A. Senate Bill No. 429 (Pending). This bill would amend statutes pertaining to collection of taxes on beverages served in private clubs. S.B. 429 has no direct impact upon Mental Health and Retardation Services. However, the Conference Committee on S.B. 135 agreed to reconsider financing of state aid to community mental health and community mental retardation programs, given passage of legislation to increase revenue from alcoholic beverage taxation.

#### Larned State Hospital

A. House Bill No. 2064 specifies a categorical aid rate of \$10,339 per eligible teaching unit for special education services. Larned's educational budget, as approved in S.B. 135, presumed categorical aid at the rate of \$9,979 per eligible teaching unit. Adjustment of Larned's budget, due to the \$10,339 aid rate, would allow a reduction of \$7,506 to the General Fund appropriation contained in S.B. 135.

B. Senate Bill No. 284 establishes a minimum health care provider insurance premium surcharge of 25 percent to support the Health Care Stabilization Fund. The bill allows the Commissioner of Insurance to assess a maximum premium surcharge of

65 percent. Present statute includes the maximum 65 percent surcharge but prescribes no minimum surcharge. Further, present statute prescribes that the surcharge shall be reduced to maintain the fund at \$10.0 million, a provision that is eliminated in S.B. 284. During FY 1983 Larned paid no surcharge. Provisions of S.B. 284 will increase the medical malpractice insurance premium by a minimum of \$29,570, according to information supplied by the Commissioner of Insurance.

#### Osawatomie State Hospital

A. House Bill No. 2064 specifies a categorical aid rate of \$10,339 per eligible teaching unit for special education services. Osawatomie's educational budget, as approved in S.B. 135, presumed categorical aid at the rate of \$9,979 per eligible teaching unit. Adjustment of Osawatomie's budget, due to the \$10,339 aid rate, would allow a reduction of \$4,464 to the General Fund appropriation contained in S.B. 135.

B. Senate Bill No. 284 establishes a minimum health care provider insurance premium surcharge of 25 percent to support the Health Care Stabilization Fund. The bill allows the Commissioner of Insurance to assess a maximum premium surcharge of 65 percent. Present statute includes the maximum 65 percent surcharge but prescribes no minimum surcharge. Further, present statute prescribes that the surcharge shall be reduced to maintain the fund at \$10.0 million, a provision that is eliminated in S.B. 284. During FY 1983 Osawatomie paid no surcharge. Provisions of S.B. 284 will increase the medical malpractice insurance premium by a minimum of \$25,555, according to information supplied by the Commissioner of Insurance.

#### Topeka State Hospital

A. House Bill No. 2064 specifies a categorical aid rate of \$10,339 per eligible teaching unit for special education services. The Topeka State Hospital educational budget, as approved in S.B. 135, presumed categorical aid at the rate of \$10,839 per eligible teaching unit. Adjustment of Topeka State Hospital's budget, due to the \$10,339 aid rate, would require an increase of \$17,658 to the General Fund appropriation contained in S.B. 135.

B. Senate Bill No. 284 establishes a minimum health care provider insurance premium surcharge of 25 percent to support the Health Care Stabilization Fund. The bill allows the Commissioner of Insurance to assess a maximum premium surcharge of 65 percent. Present statute includes the maximum 65 percent surcharge but prescribes no minimum surcharge. Further, present statute prescribes that the surcharge shall be reduced to maintain the fund at \$10.0 million, a provision that is eliminated in S.B. 284. During FY 1983 Topeka State Hospital paid no surcharge. Provisions of S.B. 284 will increase the medical malpractice insurance premium by a minimum of \$22,019, according to information supplied by the Commissioner of Insurance.

#### Rainbow Mental Health Facility

A. House Bill No. 2064 specifies a categorical aid rate of \$10,339 per eligible teaching unit for special education services. Rainbow's educational budget, as approved in S.B. 135, presumed categorical aid at the rate of \$9,979 per eligible

teaching unit. Adjustment of Rainbow's budget, due to the \$10,339 rate, would allow a reduction of \$6,786 to the General Fund appropriation contained in S.B. 135.

B. Senate Bill No. 284 establishes a minimum health care provider insurance premium surcharge of 25 percent to support the Health Care Stabilization Fund. The bill allows the Commissioner of Insurance to assess a maximum premium surcharge of 65 percent. Present statute includes the maximum 65 percent surcharge but prescribes no minimum surcharge. Further, present statute prescribes that the surcharge shall be reduced to maintain the fund at \$10.0 million, a provision that is eliminated in S.B. 284. During FY 1983 Rainbow paid no surcharge. Provisions of S.B. 284 will increase the medical malpractice insurance premium by a minimum of \$3,376, according to information supplied by the Commissioner of Insurance.

#### Norton State Hospital

A. Senate Bill No. 284 requires the Insurance Commissioner to levy an annual premium surcharge on self-insurers for support of the Health Care Stabilization Fund. Under current statutory authority, the hospital is not required to pay a premium surcharge unless the Health Care Stabilization Fund falls below \$10 million. S.B. 284 replaces that provision with a minimum 25 percent annual surcharge premium. The bill will require a minimum of \$11,246 from the State General Fund, according to estimates provided by the Commissioner of Insurance.

#### Winfield State Hospital and Training Center

A. House Bill No. 2064 specifies a categorical rate of \$10,339 per eligible teaching unit to finance special education services during FY 1984. The educational budget, contained in S.B. 135, was based on a rate of \$9,979. The rate adjustment, provided in H.B. 2064, will allow a reduction in State General Fund expenditures by \$21,374.

B. Senate Bill No. 284 requires the Insurance Commissioner to levy an annual premium surcharge on self-insurers for support of the Health Care Stabilization Fund. Under current statutory authority, the hospital is not required to pay a premium surcharge unless the Health Care Stabilization Fund falls below \$10 million. S.B. 284 replaces that provision with a minimum 25 percent annual surcharge premium. The bill will require a minimum of \$29,613 from the State General Fund, according to estimates provided by the Commissioner of Insurance.

#### Parsons State Hospital and Training Center

A. House Bill No. 2064 specifies a categorical rate of \$10,339 per eligible teaching unit to finance special education services during FY 1984. The educational budget, contained in S.B. 135, was based on a rate of \$9,979. The rate adjustment, provided in H.B. 2064, will allow a reduction in State General Fund expenditures by \$16,489.

B. Senate Bill No. 284 requires the Insurance Commissioner to levy an annual premium surcharge on self-insurers for support of the Health Care Stabilization Fund. Under current statutory authority, the hospital is not required to pay a premium surcharge unless the Health Care Stabilization Fund falls below \$10 million. S.B. 284 replaces that provision with a minimum 25 percent annual surcharge premium. The bill will require a minimum of \$19,225 from the State General Fund, according to estimates provided by the Commissioner of Insurance.

#### Kansas Neurological Institute

A. House Bill No. 2064 specifies a categorical rate of \$10,339 per eligible teaching unit to finance special education services during FY 1984. The educational budget, contained in S.B. 135, was based on a rate of \$9,979. The rate adjustment, provided in H.B. 2064, will allow a reduction in State General Fund expenditures by \$15,048.

B. Senate Bill No. 284 requires the Insurance Commissioner to levy an annual premium surcharge on self-insurers for support of the Health Care Stabilization Fund. Under current statutory authority, the hospital is not required to pay a premium surcharge unless the Health Care Stabilization Fund falls below \$10 million. S.B. 284 replaces that provision with a minimum 25 percent annual surcharge premium. The bill will require a minimum of \$24,312 from the State General Fund, according to estimates provided by the Commissioner of Insurance.

#### Kansas Animal Health Department

A. Technical Correction. In consideration of the FY 1984 budget, both the House and the Senate approved the creation of a new Animal Scabies Fee Fund. However, the fund was inadvertently omitted from the appropriations bill (H.B. 2107). Authority is requested to make this correction.

#### Youth Centers

A. House Bill No. 2064 specifies state categorical aid at \$10,339 per certified teaching unit. This is a reduction from the \$10,471 per certified teaching unit as established by the House Committee and approved in S.B. 135. Therefore, adjustments to the State Youth Center budgets will be an increase from the State General Fund as follows: \$1,980 to YC at Atchison; \$1,617 to YC at Beloit; and \$3,267 to YC at Topeka.

Further, the elementary and secondary funds — federal established at each institution should be increased to their original expenditure limitation, as a technical adjustment. S.B. 135 had reduced this line item in each of the three youth center budgets to reflect the increase in categorical aid, pursuant to H.B. 2064.

Kansas Department of Economic Development

A. Budget Amendment No. 7-1. Governor's Budget Amendment No. 7 recommends that the KDEED budget be increased by \$38,505 for additional operating expenditures in FY 1984. This amount includes \$10,133 from the State General Fund for a new clerical position in the Travel and Tourism Division; \$3,372 from the Publications Fee Fund for reallocation of an EDR II position in the Travel and Tourism Division to an EDR III; and \$25,000 from the Economic Development Planning Assistance Grant Fund - Federal to continue a special projects position associated with the high technology strategy project.

Additionally, the Governor recommends that the expenditure limitation on the official hospitality fund be increased in the current fiscal year from \$2,500 to \$4,000.

University of Kansas Medical Center

A. Wichita Housestaff Positions. The University provides financial support for 74 hospital-based residents in Wichita. The level of funding has traditionally been in the same amount per resident as the approved state-funded stipend for University residents based at Kansas City. In the current fiscal year state support for the 74 residents totals \$1,198,467. In the FY 1984 Medical Center budget approved in H.B. 2563, no allowance is made for increasing the level of state payments pending a determination by the Legislature of its FY 1984 salary policy for state employees, including residents. To increase the level of payments to the hospitals by 4 percent would require an additional \$47,939; a 2 percent increase, \$23,969.

B. Utilities. The University has submitted an FY 1983 supplemental request of \$1,183,825. By budget amendment, the Governor is recommending an additional \$929,669 be provided for FY 1983. No funding has as yet been authorized by the Legislature for FY 1984. The Governor recommended \$4,843,076 in his initial budget recommendations for FY 1984. In Budget Amendment No. 7, the Governor increased his FY 1984 recommendation to \$5,716,584. This level of funding allows a 15 percent increase above the revised FY 1983 base plus \$153,208 for the new medical library. (See the separate analysis on utilities for all Regents' institutions.)

C. Senate Bill No. 282 (Pending). This bill authorizes creation of a Medical Scholarship Repayment Fund. Payments by former scholarship recipients who fail to satisfy their service commitments would be credited to the fund. Fund proceeds would, in turn, be used to offset State General Funds in financing future scholarships. In order to establish the fund, provision should be made in the Omnibus Bill with a zero expenditure limitation. This would allow payments received during FY 1984 to be credited to the fund and be available for authorization for FY 1985.

D. Senate Bill No. 284 requires the Insurance Commissioner to levy an annual premium surcharge on self-insurers for support of the Health Care Stabilization Fund. Under current statutory authority, the hospital is not required to pay a premium surcharge unless the Health Care Stabilization Fund falls below \$10 million. S.B. 284 replaces that provision with a minimum 25 percent annual surcharge premium. The bill will require a minimum of \$41,313 from the State General Fund, according to estimates provided by the Commissioner of Insurance.

Kansas Corporation Commission

A. Unclassified Positions. The agency earlier requested authority to establish several unclassified positions. In the request, the agency noted that absent specific authorization, the Division of Personnel Services would require the positions be within the classified service. The Senate Subcommittee recommended approval of the request but the authorization was not included in S.B. 109 (FY 1984 appropriation bill). To implement the request and Senate recommendations, authorization should be provided in the Omnibus Bill to allow establishing as unclassified positions a Nuclear Engineer in the Special Projects Division and three positions in the Conservation Division: a Petroleum Engineer, Chief Engineer, and a Geologist/Hydrologist.

B. Research Assistants. The agency included funding in its FY 1984 budget request to authorize Research Assistants for each of the three Commissioners. Persons were actually employed during FY 1983 as special project workers pursuant to K.S.A. 1982 Supp. 75-2935(1)(i). The Governor recommended funding for the three positions for both fiscal years. The House Committee restored funding for FY 1983 and allowed \$61,713 for FY 1984 for the three positions. In turn, the House Committee deleted \$9,793 in FY 1984 to reflect savings from a recommended classification downgrade to Secretary I of the secretarial staff. Currently, the Chairman is supported by an Administrative Officer I and each of the Commissioners, a Secretary III.

The Conference Committee on S.B. 109 deleted the \$61,713 for the Research Analysts and restored the \$9,793 for the clerical positions. During the discussion of this item, the conferees agreed that if the agency would present a proposal offering meaningful budget savings of \$60,000-\$70,000 in other areas, the question of authorizing the Research Analyst positions would be reopened during Omnibus Bill consideration.

In a letter to the Chairman of the two Ways and Means Committees the agency has stated its intent to make budget reductions totaling \$61,713. However, no specific reductions are proposed by the agency other than to cite an intent to defer filling of vacant positions, eliminate or delay purchase of capital outlay, maintain closer inventory of office supplies, etc. Inasmuch as the agency proposes that the salary and wage expenditure limitations in S.B. 109 be increased by the amount of \$61,713, it could be assumed that the agency contemplates that little of the savings will occur in salary expenditures.

Relative to the secretarial positions, the agency suggests that the secretary to the Chairman be downgraded from an Administrative Officer to a Secretary III. The agency also believes that the other two secretarial positions should remain at the Secretary III level rather than be downgraded to Secretary I positions as recommended by the House Ways and Means Committee.

C. Mined Land Board. In the aforementioned letter, the agency also requests the additional expenditure authority of \$39,490 and one additional full-time position. An Attorney (\$32,052) is requested to initiate a thorough review of the Board's rules and regulations. An amount of \$3,000 is also requested for hearing examiner services and \$4,438 for travel and subsistence. The agency is currently authorized 16 attorneys and 2 hearing examiners for FY 1984.

D. Claim. In the same communication, the agency notes an agency employee was involved in an automobile accident on April 11. The preliminary estimate of damages is \$4,000. The agency apparently is requesting additional expenditure authority of that amount.

#### Fish and Game Commission

A. Emporia Facility. S.B. 109 authorizes the expenditure of \$104,000 to construct a research office facility at Emporia. That amount had been requested for FY 1984 by the agency and recommended by the Governor. The agency has now requested the project budget be increased to \$134,000. A similar increased request was made to the House Ways and Means Subcommittee but was not recommended favorably by the Subcommittee. The \$134,000 request has not been considered by the Senate Committee.

The facility is planned to be located on the north edge of the Emporia State University campus. The additional cost reflects an estimate of \$15,000 by the State Architect's Office to extend utilities to the site. The remaining additional \$15,000 is to provide exterior facing for the building which would improve its appearance. The Fish and Game Commission plans to construct a metal building and the original cost estimate (\$104,000) made no allowance for exterior finishing.

#### Attorney General - KBI

A. Senate Bill No. 105 (Pending). This bill establishes a Kansas Juvenile Justice Information Center within the KBI. This Center would be the repository of information on offenses committed by persons under 16 years of age. All juvenile justice agencies in the state would be required to report such information to the central repository. The bill delineates those occurrences deemed to be reportable events. The KBI reports implementing the legislation would require additional expenditures totaling \$45,989. Of that amount, \$27,021 is for salaries and fringe benefits for two positions: a Data Entry Operator and a Clerk III. The remaining costs are comprised of \$2,100 for a data entry terminal and \$1,290 for forms and other associated costs. Should the requirement that all juveniles be fingerprinted remain in the bill, the agency indicates an additional need for \$15,578 for a Fingerprint Technician.

#### Public Television Board

A. Grant to Smoky Hills Public TV. Funding for the grant to the Smoky Hills Public Television Corporation was deleted by the Conference Committee on H.B. 2064. The Governor had proposed a grant of \$263,996 with the House Committee concurring in that recommendation. The Senate Committee recommended reducing the grant to \$248,996 offsetting the \$5,000 increase recommended by the House Committee for each of the other three stations (Wichita, Topeka, Kansas City). The comparatively larger grant for Smoky Hills was in recognition of the high costs associated with starting a new station and the fact that private funding sources have not yet been fully developed. In the Conference Committee discussion, it was noted that the Legislative Division of Post Audit had been asked to perform a review of the financial condition of the Bunker Hill station. The conferees agreed to remove the \$248,996 pending receipt of that report.

## State Highway Patrol

A. Senate Bill No. 288 (Pending). As introduced, S.B. 288 would implement the Governor's recommendation to abolish the motor vehicle inspection program. In his recommended budget, the Governor proposed that the nine uniformed officers currently assigned to the vehicle inspection program be shifted to the regular patrol to augment the patrol's auto theft investigatory effort. The five current clerical positions are abolished. Nonsalary operating costs are eliminated other than those instances where abolition of the program would not permit the patrol to totally eliminate costs. Such costs (communications, rent, data processing) are shifted to the regular patrol budget. S.B. 60 (FY 1984 appropriations) implements the Governor's recommendation with the exception that four of the current nine patrol positions are eliminated and only five troopers are shifted to the regular patrol budget.

S.B. 288 is currently in Conference Committee. The House amendments essentially restore the program and provide for increased fees. If enacted in its current form, income to the Highway Fund would approximate \$37,000 from the \$25 annual fee assessed to inspection stations. Increasing the fee for the certificates of approval should result in income approximating \$768,000 annually (actual income in FY 1982 was \$192,000).

To restore the operating budget to its previous level would require expenditures of approximately \$453,726 and 14 additional positions. This increase could be offset in part by the \$65,066 in nonsalary expenditures previously shifted to the regular patrol budget. Were the five trooper positions shifted to the regular patrol for auto theft returned to the motor vehicle inspection program, the increase in expenditures could be further reduced by \$180,694.

In summary, the additional expenditures required would be \$388,660 assuming the five troopers remained in the regular patrol. If they were shifted back to vehicle inspection, the increase in expenditures above S.B. 60 would be \$207,966.

B. Governor's Budget Amendment. In Budget Amendment No. 7, the Governor is recommending expenditure of \$101,288 in FY 1984 for the replacement of 11 vehicles. In his original budget recommendation, the Governor recommended funding for replacement of 126 vehicles, or approximately one-third of the fleet. That level of funding was approved by the Legislature in S.B. 60. However, that level of funding assumed the purchase in FY 1983 of 22 passenger cars from a grant from the National Highway Traffic Safety Administration. The level of grant funding approved for the project was significantly reduced and the Patrol plans to abandon totally the grant application. The Governor's amended recommendation deletes the \$317,702 expenditure of federal funds in FY 1983.

## Department of Revenue

A. K-BITS Deferrals. Because of unresolved questions about the K-BITS project, the Conference Committee deleted FY 1984 financing from H.B. 2086 and recommended the matter be considered during Omnibus review. The Kansas Business Integrated Tax System (K-BITS) would integrate the taxation, regulation, and enforcement process for all businesses required to pay taxes or fees to the Department



of Revenue and produce a current account status by tax for each business. The Department currently maintains files on the basis of the individual taxes and each business has a separate file for each tax for which it is liable.

With the agreement to reconsider the issue, the Conference Committee concurred with the Senate recommendations. The Senate Committee had removed the following items from the budget as recommended by the House:

1. consultant fees of \$423,000 to implement coding and programming;
2. DISC fees of \$330,000 for data processing charges; and
3. microfilm equipment at \$33,138.

The Senate concurred with earlier reductions by the House which deleted three new positions and one temporary position (\$35,684), other microfilming and related equipment (\$48,402), and consultant fees for coding and programming (\$280,000) in FY 1984 because of project delays.

A Department of Administration report on K-BITS was prepared for the Senate Ways and Means Subcommittee. That report was provided by the Secretary of Administration on April 5, 1983 at the request of President Doyen. The report consists of a synopsis of the K-BITS project prepared by the Department of Revenue, a DISC analysis of K-BITS progress and recommendations, and the Secretary of Revenue's response to the DISC evaluation.

B. Bills Enacted (Other than Severance Tax). Three bills enacted to date have some administrative cost impact:

1. House Bill No. 2023. The bill would amend K.S.A. 12-1,100 et seq. relating to the intangibles tax. All taxing subdivisions would be required to file with the Department of Revenue certified copies of documents imposing, reimposing, or eliminating the intangibles tax. Additionally, this bill reestablishes the requirement that intangibles tax returns be filed with the Department of Revenue, which would be required to certify the taxable earnings to the county clerks. Under this bill, the Department would print and distribute with each income tax packet a listing of jurisdictions imposing gross earnings taxes. The Department of Revenue estimates administrative costs of \$8,121 for one-time expenses and annual costs of \$84,851 in FY 1984 to implement H.B. 2023. A total of 2.0 F.T.E. new positions at \$32,792 would be required, plus \$31,501 for three seasonal workers (two messengers and one clerk). The Department reassigned 3.0 F.T.E. to other duties when state administration of the tax was discontinued in 1982, but apparently does not plan to shift them back. Recalculation of salaries and benefits for 2.0 F.T.E. tax examiners would reduce the estimate by \$3,058. The salaries and benefits for part-time seasonal employees appear overstated by \$3,253. The request for 800 square feet of space would provide each tax examiner with 400 square feet, for total cost of \$7,000. Each of three part-time seasonal employees would be provided a new \$135 calculator and the clerk in Records Services other furniture costing \$451.

2. House Bill No. 2110. The bill, as amended, would permit the use of letters, numbers or both on personalized tags. Currently, only letters are permitted. In addition, the price of personalized tags is increased from \$25 to \$40 and the one-time registration fee is raised from \$5 to \$15. Other provisions allow for issuance of prisoner of war tags with payment of the regular license fee. The Department estimates FY 1984 administrative costs of \$6,310 for programming changes in computer software relative to all changes.
3. House Bill No. 2154. The bill, as amended, grants authority for the collection of local sales taxes on all services performed by retailers with a place of business in a city or county with such a tax, regardless of where the services are actually performed. Sale of services or furnishing of tangible property which exceeds \$10,000 would be subject to tax at the situs where such services are performed. The Department estimates an administrative impact in FY 1983 of \$2,007 for mailing of notifications to local governments of the change in law.

C. Governor's Tax Bills. The following two bills are part of the Governor's proposed tax legislation:

1. Senate Bill No. 436 (Pending). The bill would limit the deduction of federal taxes for purposes of computing state income tax liability to a maximum of \$10,000 for a joint return and \$5,000 for a single tax payer, or 50 percent of the federal tax liability, whichever is greater. Administrative costs to implement the provisions, as requested by the Department, total \$37,063 including \$29,075 for 2.0 F.T.E. positions and \$7,868 for other operating expenses in FY 1984. One Tax Examiner II at \$17,301 and one Clerk II at \$11,774 are requested as new positions. Recalculation of salaries and benefits would reduce their cost.
2. House Bill No. 2567 (Pending). The bill would provide that when determining the Kansas taxable income of a corporation that 15 percent of all federal deductions claimed for depreciation and accelerated cost recovery expenses must be added to the federal taxable income. Administrative costs to implement the provisions, as requested by the Department, include an additional Tax Examiner III for the Audit Services Bureau at \$21,096 in FY 1984 and capital outlay of \$683. Recalculation of salary and benefits would reduce the cost.

D. Other Bills Pending. The following bills have potential administrative cost impact if passed as currently drafted:

1. Senate Bill No. 154 (Pending). The bill, as amended by the House, provides that driver license lists shall be provided at least annually for use in preparation of jury lists. The Department estimates costs in FY 1983 of \$3,944 to develop two new programs for the generation of such lists and \$3,335 in FY 1984 for personnel and data processing time, based on the current version of the bill.

2. Senate Bill No. 401 (Pending). The bill, as amended, would modify many provisions of the state bingo laws and provide that one-third of the gross receipts derived from participation charges and admission fees be deposited in a state bingo regulation fund to be utilized for enforcement of the bingo laws. The Department of Revenue estimates new receipts of \$300,000 which would be deposited in the fund. The Department requests \$280,147 for enforcement costs in FY 1984, including \$199,494 for 11.0 F.T.E. and \$80,653 for other operating expenditures, including \$73,770 for travel, subsistence, and evidence expenses. The personnel cost estimate reflects savings from anticipated delays in adding the new positions. Recalculation of salaries and benefits would reduce the cost.
3. Senate Bill No. 404 (Pending). The bill amends the Private Club Act in regard to temporary memberships in class B clubs. Administrative costs requested in FY 1984 by the Department include \$24,000 for travel of ABC inspectors and \$9,000 to purchase evidence. H.B. 2086, as approved by the Legislature, included \$160,236 for the Division of Alcoholic Beverage Control travel and \$10,400 to purchase evidence in FY 1984.
4. Senate Bill No. 429 (Pending). The Substitute for S.B. 429 concerns the sale of liquor to clubs, the minimum mark-up, taxes, and delivery. Administrative costs in FY 1984 estimated by the Department total \$35,701, including \$28,234 for 2.0 F.T.E. positions and \$7,467 for other operating expenses. One new Account Clerk II at \$15,936 and one new Clerk Typist II at \$12,298 are requested, together with \$1,967 for capital outlay. Recalculation of salaries and benefits would reduce the cost.
5. House Bill No. 2566 (Pending). The bill would index fuel taxes and result in the computation of the tax per gallon on the basis of 12.5 percent of the average price of gasoline in January. Administrative costs requested by the Department include \$12,934 in FY 1983, of which \$11,603 would be for printing and postal expenses, and \$20,179 in FY 1984, of which \$3,867 would be for printing and postal expenses and \$15,376 for 1.0 F.T.E. Tax Examiner I. A year ago the Department estimated administrative costs for 1982 H.B. 2726 (a similar measure) of \$2,377 for data processing charges and \$525 for printing and mailing of inventory forms. Recalculation of salary and benefits would reduce the agency cost estimate for H.B. 2566.
6. House Bill No. 2569 (Pending). The bill would establish a revolving fund to finance the cost of printing and distributing certain sales tax and income tax publications used by tax preparers. Previously, a line item authorizing a no-limit Publications Fee Fund was added to the Department's FY 1984 appropriation bill. H.B. 2569 would allow the Secretary to sell publications and use funds to print additional copies. State General Fund financing of \$4,863 is included in the FY 1984 approved budget to produce 3,000 of the publications. The Department requests additional printing funds of \$6,931 for 3,500 additional copies, with financing derived from the sale of such publications. Because a Publications Fee Fund account was included in H.B. 2086, no items need to be added to the Omnibus Bill.

E. Bills with Administrative Cost if Not Passed.

1. Senate Bill No. 307 and House Bill No. 2560 (Pending). Each bill would allow the Director of Motor Vehicles to determine when reissuance of license tags was necessary. FY 1984 expenditures recommended in the Governor's Budget Report are \$1,091,260 for replacement tags and decals. Savings of \$2,614,784 in FY 1984 are estimated by not reissuing all tags. No administrative costs would be incurred in FY 1984 if the bill passes, but failure to pass the bill would require an additional \$2,614,784 to begin manufacture of license tags in FY 1984 for reissuance in CY 1985.

F. Budget Amendment No. 7-14. The Governor reduces the estimated expenditures for the county inheritance tax refunds by \$200,000 in FY 1983 and \$200,000 in FY 1984 based on a revision in the consensus estimates. Since the refunds are authorized without limitation on expenditures, no adjustment need be added to the Omnibus Appropriation Bill.

Department of Human Resources

A. Senate Bill No. 140. The bill would allow the Department of Human Resources to use first class mail to notify parties involved in wage claim disputes. Current law requires certified mail. The bill also authorizes the Secretary to designate a hearing officer to act in the Secretary's behalf. The Department estimates savings of \$7,518 in State General Funds because of lower postal costs and reduced clerical expense. The Senate amendment changed the effective date to publication in the Kansas Register. Savings in FY 1983 would result, amounting to two months or \$1,253.

B. House Bill No. 2221. H.B. 2221 is intended to generate additional employer contributions in order to maintain solvency of the Employment Security Trust Fund during a period in which benefit payments exceed contributions. The Department estimates additional employer contributions of \$3,000,000 in FY 1983 and \$31,000,000 in FY 1984 above the levels contained in the Governor's Budget Report. The Department estimates expenditures for benefit payments in FY 1983 of \$103,564,262 and in FY 1984 of \$55,860,000 higher than estimated in the Governor's Budget Report. In addition, \$26,200 more in administrative costs for FY 1983 and \$52,000 for FY 1984 are projected by the Department. Ending fiscal year Trust Fund balances of \$109,000,000 for the current year and \$71,000,000 next year are projected by the Department in accounting for the fiscal impact of H.B. 2221.

Expenditures for employment security benefit payments and administrative costs are authorized without limitation on expenditures. Since the revised estimates will not result in an adjustment of expenditure limitations, they need not be added to the Omnibus Appropriations bill. Governor's Budget Amendment No. 7-3 recommends the expenditure estimate be increased by \$103,552,379 in FY 1983 and \$56,151,047 in FY 1984 for benefit payments.

Budget Amendment No. 7-3. The Governor recommends \$3,000 from the State General Fund be appropriated in FY 1983 for payment of educational grants provided by the Veterans Commission to children of military personnel either killed or missing in action. The current approved funding of \$12,241 is insufficient to pay all pending claims this year and both House and Senate Ways and Means Committee reports urged the Governor to forward a budget amendment.

# Budget Amendment #7

COLUMN WRITE

		LAF - FY 83	Other Funds - FY 83	LAF - FY 83	Other Funds - FY 83
1	1. Dept. of Economic Development				
2	a. Reallocation of positions in travel				
3	and tourism divisions (EDR II to	-	-	-	3,372
4	EDR III)				
5	b. Planning assistance grant funds				
6	to continue special projects position				
7	for high technology strategy	-	-	-	25,000
8	project.				
9	c. Clerical positions for travel and				
10	tourism division.	-	-	10,133	-
11	d. Increase in official hospitality			<del>---</del>	
12	for current year (from savings in				
13	other areas)	-	-	-	-
14					
15	2. State Treasurer				
16	a. Reduction in disbursements				
17	from LAVTRF due to reduction	-	-	(193,000)	-
18	in consensus estimate				
19	b. Increase in disbursements				
20	from LAVTRF due to repeal	-	-	123,000	-
21	of sales tax exemption on used				
22	farm equipment.				
23					
24	3. Dept. of Human Resources				
25	a. Payment of tuition in accord-				
26	ance with H.S.A. 73-1216 through	3,000	-	-	-
27	73-1218.				
28	b. Unemployment benefit pay-				
29	ments	-	103,552,379	-	56,151,047
30					
31	4. Department of Education				
32	a. Reduction in state aid to conform	-	-	(8,448,000)	-
33	with revised total aid package,				
34	including revised estimate for				
35	income tax rebate				
36					
37	5. School District Income Tax Fund				
38	a. Revised estimate of distributions (4,379,927)		-	1,410,000	-
39	under proposed income tax changes				
40					

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1	6. Regent's System				
2	a. Utilities	1,979,353	—	1,410,378	—
3	b. Transfer of \$30,000 from salaries				
4	and wages to OOE for KTI in				
5	current year.	—	—	—	—
6	c. NDSL interest settlement	—	—	93,472	—
7	d. Appropriation to WSU from				
8	construction defects recovery fund				1,600
9	e. Search money for board office	15,000	—	—	—
10					
11	7. Adjutant General				
12	a. Utilities	40,445	—	76,900	—
13					
14	8. Penitentiary				
15	a. Deletion of security positions				
16	and support costs for medium				
17	custody facilities	—	—	(127,286)	—
18					
19	9. Highway Patrol				
20	a. Deletion of federal grant to				
21	purchase 22 vehicles and				
22	addition of 11 regular fleet		(317,702)		101,288
23	vehicles				
24					
25	10. Dept. of Administration				
26	a. Position and support costs to				
27	administer requirements of new				
28	social security legislation	—	—	26,708	—
29					
30	11. Reformatory				
31	a. Savings in capital improve-	(148,558)	—	—	—
32	ment projects				
33					
34	12. Crime Victims Reparations Board				
35	a. Additional claims payments	75,000	—	—	—
36					
37					
38					
39					
40					

13. SRS

a. Positions (13) for child support enforcement

— — — 268,560

b. Additional funds for WIN/public service employment

— 170,543 — 341,085

c. New roof for Charuta office

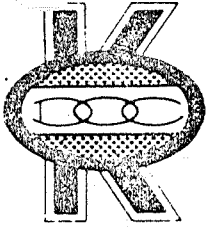
523,959 — — —

14. Dept. of Revenue

a. Reductions in county distributions bond inheritance tax due to revision in consensus estimates

(200,000) — (200,000) —

(7,091,728) 103,405,220 (5,917,695) 56,891,951



KANSAS DEPARTMENT OF CORRECTIONS

INTERDEPARTMENTAL MEMORANDUM

TO: House Ways & Means Committee      DATE: April 18, 1983

FROM: Michael A. Barbara, Secretary of Corrections

SUBJECT: Budget Amendment

REQUEST: The Department is requesting that \$22,272 be included in the Omnibus Bill and appropriated to the Department of Corrections for FY 1984.

BACKGROUND: In order to effectively plan the future of corrections in Kansas, it is essential to be able to project inmate population and to determine the impact of sentencing and parole practices on the inmate population. The ability to do this hinges upon the gathering and coding of data in a way that allows it to be computer analyzed using more sophisticated population and sentencing models than the Department now has.

These funds will enable the Department to recode the data it has on its 3,100 inmate population. The resulting information, when used in conjunction with better population models which the Department expects to begin using later this year, should place state policy makers in a much better position to make decisions about the future of Kansas corrections.

Specifically, the funds would provide:

- |   |          |
|---|----------|
| - Three 4-month temporary data technicians  | \$13,404 |
| - Data base design costs  | 4,500    |
| - A remote computer terminal & printer<br>that could interact effectively with the DISC<br>main frame computer. | 4,368    |

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TOTAL      \$22,272

NEED FOR INCLUSION IN THE OMNIBUS BILL: In my review of the Department since my appointment, I have found its methods of making population projections and analyzing the impact of changes in other criminal justice policies inadequate. I believe that this request is basic to the Department's ability to effectively plan for the future.

MAB:DB:dja

Atch. IV



BILL NO. \_\_\_\_\_

By

AN ACT relating to the Kansas commission on interstate cooperation; concerning its membership, purpose, duties and functions; concerning the advisory committee on uniform state laws; amending K.S.A. 46-404, 46-405, 46-406, 46-407a and 46-408 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 46-404 is hereby amended to read as follows: 46-404. There is hereby established the Kansas commission on interstate cooperation. This commission shall be composed of the seven (7) members of the senate committee on interstate cooperation, the seven (7) members of the house committee on interstate cooperation and the six (6) members of the governor's committee on interstate cooperation. In odd-numbered years, the speaker of the house of representatives shall be chairperson of the commission and the president of the senate shall be vice-chairperson thereof. In even-numbered years, the president of the senate shall be chairperson of the commission, and the speaker shall be vice-chairperson thereof. At any meeting at which the president or speaker is unable to be present, such officer may appoint another legislator of the same house and party to serve as a member of the commission in ~~his or her~~ such officers place but the member so appointed shall not act as chairperson or vice-chairperson thereof. The revisor of statutes shall serve as secretary of the commission.

Sec. 2. K.S.A. 46-405 is hereby amended to read as follows: 46-405. The standing committees of the senate and the house of representatives established under the provisions of this act shall function during the regular sessions of the legislature and also during the interim periods between such sessions, and

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their members shall serve until their successors are designated, and--they--shall--respectively--constitute--for--this--state--the--senate council--and--house--council---of---the---American---legislators+ asseiation appointed. The incumbency of each administrative member of this commission appointed by the governor shall extend until the first day of February next following his their appointment, and thereafter until his their successor is appointed.

Sec. 3. K.S.A. 46-406 is hereby amended to read as follows: 46-406. It shall be the function of this commission:

{1} (a) To carry forward the participation of this state as a member of the council of state governments-;

(b) to carry forward the participation of this state as a member of the national conference of state legislatures;

{2} (c) to encourage and assist the legislative, executive, administrative and judicial officials and employees of this state to develop and maintain friendly contact by correspondence, by conference, and otherwise, with officials and employees of the other states, of the federal government, and of local units of government-; and

{3} (d) to endeavor to advance cooperation between this state and other units of government whenever it seems advisable to do so by formulating proposals for, and by facilitating: {a} (1) The adoption of compacts; {b} (2) the enactment of uniform or reciprocal statutes; {c} (3) the adoption of uniform or reciprocal administrative rules and regulations; {d} (4) the informal cooperation of governmental offices with one another; {e} (5) the personal cooperation of government officials and employees with one another, individually; {f} (6) the interchange and clearance of research and information, and {g} (7) any other suitable process.

{4}--in--short,--to--do--all--such--acts--as--will,--in--the--opinion--of--this--commission,--enable--this--state--to--do--its--part-----or--more--than--its--part-----in--forming--a--more--perfect--union--among--the--various--governments--in--the--United--States--and--in--developing--the

~~eeuncil-of-state-governments-for-that-purpose-~~

Sec. 4. K.S.A. 46-407a is hereby amended to read as follows: 46-407a. There is hereby established an advisory committee to the Kansas commission on interstate cooperation. Such committee shall be composed of five (5) members. Three of such members shall be members of the Kansas bar to be appointed by the commission with the advice of the president of the bar association of the state of Kansas and the incumbency of each such member of the committee shall extend until the first day of February of the odd-numbered year following ~~his--ex--her~~ appointment and thereafter until ~~his--ex--her~~ a successor is appointed. The other two members shall be the chairpersons of the house and senate standing committees on judiciary, except that each such chairperson may appoint another member of the committee on judiciary of the same house who is an attorney to serve as a member in lieu of such chairperson for such member's then current term as a legislator. The members of such committee shall be the official representatives or delegates of the state of Kansas to the national conference of commissioners on uniform state laws. Such committee shall account to and advise with the Kansas commission on interstate cooperation and it shall be its duty to investigate and consider the advisability or uniformity of the laws of the several states and to make recommendations on all subjects where uniformity may be desirable and practical. Such committee shall report to the Kansas commission on interstate cooperation from time to time on its activities and make such recommendations as it deems advisable for appropriate legislation. Members of the committee shall be paid compensation and travel expenses and subsistence expenses or allowances for attendance at meetings of the committee as authorized by K.S.A. 75-3212. Any person who by reason of membership on such committee has been accredited by the national conference of commissioners on uniform state laws as a life member of that organization shall be an associate member of the committee and shall receive the same travel expenses and subsistence expenses for attendance at

meetings as regular members of the committee, but shall receive no per diem compensation. Whenever any regular member of the committee shall be so accredited by the national conference of commissioners on uniform state laws, ~~he or she~~ such member shall thereupon become an associate member and a vacancy shall exist in the regular membership of the committee. Such vacancy shall be filled by appointment by the commission with the advice of the president of the bar association of the state of Kansas. ~~The reviser---of---statutes---shall---be---an---associate---member---of---the committee,---and---shall---receive---the---same---travel---expenses---and subsistence---expenses---for---attendance---at---meetings---as---the---members---of the---committee,---but---shall---receive---no---per---diem---compensation.~~ All amounts authorized under this section shall be paid by the Kansas commission on interstate cooperation.

Sec. 5. K.S.A. 46-408 is hereby amended to read as follows:  
46-408. The commission shall report to the governor and to the legislature ~~within fifteen (15) days after the convening of each regular legislative session,~~ and at such other times as it deems appropriate. Its members, except the governor's committee, and the members of all delegations and committees which it establishes shall receive compensation and travel expenses and subsistence expenses or allowances for attendance at meetings of the commission authorized by the ~~chairman~~ chairperson or the commission as provided in K.S.A. ~~1973--Supp.~~ 75-3212 and amendments thereto. The secretary shall receive travel expenses and subsistence expenses as provided in K.S.A. ~~1973--Supp.~~ 75-3212 and amendments thereto for attendance at meetings, but he shall receive no per diem compensation. Members of the governor's committee shall receive travel expenses and subsistence expenses or allowances as provided in K.S.A. ~~1973--Supp.~~ 75-3212 and amendments thereto which shall be paid by the respective departments of such members. ~~The assistant reviser of statutes shall serve as secretary of the commission.~~ The commission may incur such expenses as may be necessary for the proper performance of its duties, and it may by contributions: (a) To

the council of state governments, participate with other states, in maintaining the said council's district and central secretariats, and its other governmental services; and (b) to the national conference of commissioners on uniform state laws, participate with other states, in maintaining and conducting the services of said the national conference; and (c) to the national conference of state legislatures, participate with other states in the maintenance and conduct of the programs and services of the conference.

Sec. 6. K.S.A. 46-404, 46-405, 46-406, 46-407a and 46-408 are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.