

SENATE SUBCOMMITTEE REPORT

H.B. 2140 AND H.B. 2135

FY 1983 AND FY 1984 APPROPRIATIONS
SECTIONS PERTAINING TO:

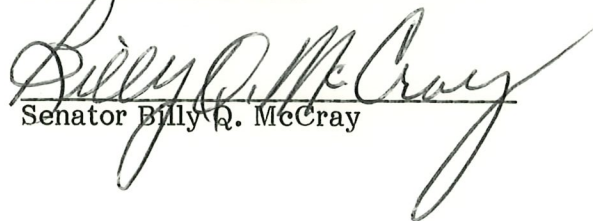
Securities Commission



Senator Joseph Harder, Chairman



Senator Ronald Hein



Senator Billy Q. McCray

SUBCOMMITTEE REPORT

Agency: Office of Securities Commissioner Bill No. 2135 Bill Sec. 10
 Analyst: Galligan Analysis Pg. No. 387 Budget Pg. No. 1-177

| <u>Expenditure Summary</u> | <u>Agency Req. FY 83</u> | <u>Governor's Rec. FY 83</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|----------------------------------|-------------------------------------|
| State Operations: | | | |
| All Funds | \$ 500,028 | \$ 459,814 | \$ (4,500) |
| State General Fund | — | — | — |
| F.T.E. Positions | 15.0 | 15.0 | — |

Agency Request/Governor's Recommendation

The Commissioner's request for FY 1983 operating expenditures totaled \$465,028 for continuation of the current scope of activities. A supplemental request of \$35,000 for legal fees was also made.

The Governor's recommendation is less than the Commissioner's estimate by the amount of the FY 1983 merit pool. The Governor did not recommend the supplemental.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. A reduction of \$2,000 from the amount budgeted for communications.
2. A reduction of \$2,500 from the amount budgeted for travel and subsistence of the regulatory staff.
3. Reduction of the agency's expenditure limitation by \$9,714 to implement the Governor's recommendations and the reductions cited above.

The Subcommittee encourages the agency to explore the possibility of purchasing a copier rather than continuing to lease the equipment. If cost savings can be achieved by purchasing, the Subcommittee recommends that the agency do so.

House Committee Recommendations

The House Committee concurs with the Subcommittee recommendations.

Senate Subcommittee Recommendation

The Subcommittee notes that the latest information available indicates that the law suit, for which the Commissioner requested supplemental funding for attorney's fees, has been dropped. However, if this is not the case the Legislature may have to address this request at a later date.

SUBCOMMITTEE REPORT

Agency: Office of Securities Commissioner Bill No. 2140 Bill Sec. 19

Analyst: Galligan Analysis Pg. No. 387 Budget Pg. No. 1-177

| <u>Expenditure Summary</u> | <u>Agency Req. FY 84</u> | <u>Governor's Rec. FY 84</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|----------------------------------|-------------------------------------|
| State Operations: | | | |
| All Funds | \$ 522,324 | \$ 493,698 | \$ (22,638) |
| State General Fund | — | — | — |
| F.T.E. Positions | 15.0 | 15.0 | — |

Agency Request/Governor's Recommendation

The Commissioner's request is for continuing operation at the current staffing level and scope of activities. The Commissioner also requested \$12,947 for purchase of police radios and undercover investigatory equipment.

The Governor's recommendation for FY 1984 includes a cost-of-living adjustment for existing personnel, deleted funding for the investigatory equipment and radios, eliminated funding requested for legal services and reduced communications and printing.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. In accordance with Committee policy, deletion of the \$14,476 budgeted for cost-of-living adjustments.
2. Deletion of \$3,662 for removal of FY 1983 merit pool and technical adjustments to fringe benefits.
3. Reduction of travel and subsistence by \$2,500.
4. Reduction of communications by \$2,000.

House Committee Recommendation

The House Committee concurs with the Subcommittee recommendations.

Senate Subcommittee Recommendation

The Subcommittee recommends removal of this section from H.B. 2140 pending the outcome of H.B. 2550. This latter bill would make the office a General Fund agency rather than a fee funded agency as is currently the case. The appropriation for the agency is to be included in the Omnibus bill. The Subcommittee concurs with the expenditure recommendations made by the House Committee.

SUBCOMMITTEE REPORT

Agency: Dept. of Economic Development Bill No. 2140 Bill Sec. 9
 Analyst: Stanfield Analysis Pg. No. 351 Budget Pg. No. 1-113

| <u>Expenditure Summary</u> | <u>Agency Reg. FY 84</u> | <u>Governor's Rec. FY 84</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|----------------------------------|-------------------------------------|
| All Funds: | | | |
| State Operations | \$ 3,108,262 | \$ 2,524,392 | \$ (103,466) |
| Aid to Local Units | 1,190,460 | 1,190,460 | — |
| Other Assistance | 270,000 | — | 20,000 |
| TOTAL | <u>\$ 4,568,722</u> | <u>\$ 3,714,852</u> | <u>\$ (83,466)</u> |
| State General Fund: | | | |
| State Operations | \$ 2,788,096 | \$ 2,208,169 | \$ (112,487) |
| Aid to Local Units | — | — | — |
| Other Assistance | 270,000 | — | 20,000 |
| TOTAL | <u>\$ 3,058,096</u> | <u>\$ 2,208,169</u> | <u>\$ (92,487)</u> |
| F.T.E. Positions | 55.0 | 48.0 | (3.0) |

House Subcommittee Recommendations

FY 1983. The Subcommittee concurs with the Governor's recommendation, except for the following:

1. Delete \$12,000 in state funding for travel costs based on historical data and expenditures to date.
2. Reduce the Kansas Industrial Training Program Account by \$25,000 of state funds with the savings reappropriated to the Industrial Development Division in FY 1984.

FY 1984. The Subcommittee concurs with the Governor's recommendation, except for the following:

1. Delete the 4.0 percent salary adjustment which includes \$47,056 in state funds.
2. Endorse Community Resource Act grants in the amount of \$20,000 with an additional \$19,600 for technical assistance to be financed from the State General Fund and placed in the KDED Administration Division.
3. Delete all State General Fund financing of \$44,389 from the Housing Division, thereby reducing the staff by 2.0 F.T.E. positions and substituting in lieu thereof a Univac terminal for CASK and KIPPS systems access at a cost of \$4,320 from the State General Fund. The latter amount is to be an addition to the Administration Division.
4. Delete \$12,900 in state funds for publication of the Governor's Annual Socio-Economic Report budgeted in the Industrial Development Division.

5. Reduce state subsidy payments to the Fort Scott and Liberal Tourist Information Centers by \$2,000, which will retain funding at the FY 1983 level of \$7,200, in the Travel and Tourism Division.
6. Establish an expenditure limitation of \$1,238,816 in place of the \$1,229,795 line item for Housing Assistance program — federal fund.
7. Delete \$6,500 in state funds from printing and advertising of the Travel and Tourism Division with a further proviso that the expenditures for the printing of the KDED Report and the Ah. . . Kansas Newsletter be limited to \$10,000.
8. Delete the Research Analyst III position being transferred to the Industrial Development Division, resulting in a \$23,562 reduction of state funds.

In addition, the Subcommittee believes that the Legislature should address the question of whether the state should assume administrative responsibility for the federal Community Development Block Grant Small Cities program, and seeks to bring that policy question before this Committee using the Subcommittee report. Congress gave the states the option of either administering the program or allowing HUD to continue to handle this program. All states except Hawaii, New York, and Kansas have opted for state take over of the block grant. In past years, the program has provided funding for community projects involving construction of public facilities and improvements, economic development, rehabilitation and preservation, handicapped activities and barrier removal, and local government administration. In FY 1982, some 43 Kansas cities of less than 50,000 population received federal grants totaling over \$16 million as part of this program. The Subcommittee feels that the Legislature should authorize the state to receive federal planning funds in FY 1984 in the amount of \$108,000 to study the feasibility of state takeover of the administrative responsibilities of the federal block grant program.

The Subcommittee would point out that the state may opt out of the block grant for FY 1985 and therefore does not wish to recommend F.T.E. positions be established at this time. Furthermore, the Subcommittee acknowledges that federal law imposes several requirements on states seeking to administer the block grant. A statement explaining goals and how the money would be spent must be prepared. Several stages of public participation are required, both before and after the announcement of intent. If the state opts to takeover the program, then federal statutes direct the Governor to certify that:

1. the state will engage in community development planning;
2. the state will provide local governments with technical assistance for community development;
3. the state will consult with local elected officials regarding the distribution of federal funds; and
4. the state will provide community development funds that are at least 10 percent of the federal funds allocated to the state for the Small Cities program, which may be fulfilled by a soft match.

The state may use federal block grant funds to cover up to half of all costs in administering the program, but the federal share cannot exceed 2 percent of the total state grant amount.

House Committee Recommendations

The Committee concurs with the Subcommittee's recommendations with the exception being:

1. Delete the \$108,000 of federal planning funds for possible state takeover of the federal Community Development Block Grant Small Cities program.

Senate Subcommittee Recommendations

FY 1983. The Subcommittee concurs with the House recommendations, with the following exceptions:

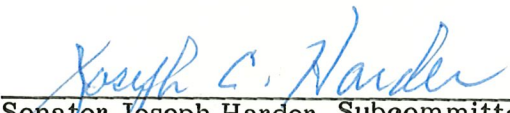
1. Reappropriate the \$12,000 of travel cost savings in FY 1983 into the Industrial Development Division in FY 1984.
2. Increase the expenditure limitation of the Economic Development Planning Assistance Grant - federal fund by \$7,800 pursuant to Governor's Budget Amendment No. 3-2.

| <u>Expenditure Summary</u> | <u>House Adjustments to Gov. Rec. FY 1984</u> | <u>House Total Rec. FY 1984</u> | <u>Senate Committee Adjustments to House Rec.</u> |
|----------------------------|---|---|---|
| All Funds: | | | |
| State Operations | \$ (103,466) | \$ 2,420,926 | \$ 88,714 |
| Aid to Local Units | — | 1,190,460 | — |
| Other Assistance | 20,000 | 20,000 | — |
| TOTAL | <u>\$ (83,466)</u> | <u>\$ 3,631,386</u> | <u>\$ 88,714</u> |
| State General Fund: | | | |
| State Operations | \$ (112,487) | \$ 2,095,682 | \$ (61,286) |
| Aid to Local Units | — | — | — |
| Other Assistance | 20,000 | 20,000 | — |
| TOTAL | <u>\$ (92,487)</u> | <u>\$ 2,115,682</u> | <u>\$ (61,286)</u> |
| F.T.E. Positions | (3.0) | 45.0 | 2.0 |


The Subcommittee concurs with the House recommendations except for the following:

1. Restore \$2,314 of state funds taken out for the 4.0 percent salary increase as a technical adjustment.

2. Amend Item No. 7 by deleting the \$10,000 of state funding for publication of the KDED Report and the Ah. . . Kansas Newsletter, plus deletion of an additional \$3,600 of state funds from the Administration Division for postage costs associated with those publications. The Subcommittee recommends that these publications be financed from the publication and other sales fund in the manner of the Kansas magazine.
3. An increase of \$100,000 from the State General Fund to the Planning and Community Development Division for the addition of a high technology czar and support staff positions including OOE.
4. Shift \$150,000 in state funds for the Kansas Industrial Training Program to federal funds. The Subcommittee recommends that federal funds from the Job Training Partnership Act be substituted in the amount at least equal to \$150,000. The Subcommittee understands that the Governor is authorized to use a portion of the funds set aside for state-administered activities for a variety of program efforts provided that they are described in the Governor's "coordination and special services plan," which will be reviewed by the Legislative Budget Committee and the State Finance Council this summer. The State Plan must provide the criteria to be used for coordinating job training activities within the state and must include an explanation of the Governor's special services activities. If they are to be provided, special services activities are formulated by the Governor. The Subcommittee recommends that KDED's Industrial Training Program be funded by the Governor as a special services activity. Should the Legislative Budget Committee, in reviewing the JTPA funding request, determine that federal funds cannot be used to fund the Kansas Industrial Training Program (KIT), the Subcommittee suggests that the agency might pursue a supplemental budget request through the Governor's office.
5. Finally, the Subcommittee considered the question of state assistance to the Agricultural Hall of Fame. The Subcommittee concurs with the interim committee study recommendations on Proposal No. 22 which was to reject the proposal that the state provide funds to retire the full amount of the facility's debt and further recommended that the Ag Hall of Fame officials explore in the private sector, other avenues of debt retirement and consider selling some of its land in order to reduce its debt.



Senator Joseph Harder, Subcommittee
Chairman



Senator Ron Hein



Senator Billy Q. McCray