

SUBCOMMITTEE REPORT ON  
H.B. 2140 AND H.B. 2135

Attorney General  
Governor's Department  
Insurance Department  
Lieutenant Governor  
Secretary of State  
State Treasurer

  
\_\_\_\_\_  
Senator Joseph Harder  
Chairman

  
\_\_\_\_\_  
Senator Ronald Hein

  
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Senator Billy Q. McCray

SUBCOMMITTEE REPORT

Agency: Attorney General Bill No. 2140 Bill Sec. 3  
 Analyst: Ahrens Analysis Pg. No. 327 Budget Pg. No. 1-1

<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	\$ 1,969,663	\$ 1,900,981	\$ (65,762)
State General Fund	1,867,300	1,798,618	(95,606)
F.T.E. Positions	54.5	54.5	--

FY 1983 Subcommittee Recommendation

The Governor's recommendation for FY 1983 is the same as the agency request. Estimated expenditures reflect the reduction of \$78,124 which was first imposed by allotment and subsequently lapsed by S.B. 54. Additional reductions of \$2,735 were not lapsed by S.B. 54 and the Subcommittee recommends their reappropriation to FY 1984 in H.B. 2140.

FY 1984 Subcommittee Recommendations

The Governor's recommended expenditures, as well as the agency's request, would continue in FY 1984 the present level of operation of the Attorney General's Office, except for the addition of 1.5 F.T.E. positions, supporting expenses and professional fees to pursue specialized legal matters pertaining to interstate water rights. The Governor recommends \$103,980 for the new program, which is the amount requested by the Attorney General less the adjustment of salary increases from the 7 percent requested to 4 percent.

The Subcommittee concurs with the recommendations of the Governor except for the following:

1. Delete the \$52,257 set aside for the 4 percent cost-of-living increase.
2. Delete \$13,505 representing a 1 percent reduction from salaries and wages for estimated turnover savings which can reasonably be anticipated.
3. Shift \$29,844 of financing for the Anti-Trust Subprogram from the General Fund to the Attorney General's Anti-Trust Special Revenue Fund. Because of accomplished settlements of anti-trust cases, principally highway bid-rigging cases, such additional special revenue fund resources can now be identified and utilized in financing the subprogram.
4. Retain the current legislative practice of appropriating General Fund line items for salaries and wages, other operating expenditures, and for litigation costs, in lieu of the program line items contained in H.B. 2140, as introduced. The agency representative appearing before the Subcommittee stated agency preference for current appropriation practices and also suggested a separate item for the new program in water rights, and the Subcommittee so recommends.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House Subcommittee.

SUBCOMMITTEE REPORT

Agency: Governor's Department Bill No. 2140 Bill Sec. 7

Analyst: Ahrens Analysis Pg. No. 341 Budget Pg. No. 1-13

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Committee Adjustments</u>
State Operations:			
All Funds	\$ 1,135,250	\$ 1,096,000	\$ (30,331)
State General Fund	1,135,250	1,096,000	(30,331)
F.T.E. Positions	33.9	33.9	—

Agency Request/Governor's Recommendation

The Governor's recommendation of expenditures for FY 1984 total \$1,096,000 and would finance 33.9 F.T.E. positions. Staffing changes are recommended at the Governor's Residence which result in a net increase of .35 of a position from the FY 1983 staffing level. Not included in the expenditure total is the Governor's recommendation of \$75,000 for contingencies, an increase of \$50,000 above the current year's level. The contingency recommendation includes funds for possible expenses of special projects and task forces.

House Subcommittee Recommendations

The Subcommittee concurs with the recommendations of the Governor except that, in accordance with the action of the full Committee, the \$30,331 for 4 percent cost-of-living increases is recommended to be deleted.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House Subcommittee.

**SUBCOMMITTEE REPORT**

Agency: Insurance Department Bill No. 2140 Bill Sec. 10

Analyst: Ahrens Analysis Pg. No. 359 Budget Pg. No. 1-137

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY84</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 5,906,552	\$ 5,782,913	\$ (126,596)
Aid to Local Units	2,234,647	2,234,647	(32,740)
Other Assistance	12,110,000	12,110,000	—
<b>TOTAL</b>	<u>\$ 20,251,199</u>	<u>\$ 20,127,560</u>	<u>\$ (159,336)</u>
<b>State General Fund:</b>			
State Operations	\$ 3,812,128	\$ 3,708,288	\$ (317,468)
F.T.E. Positions	136.0	136.0	—

Agency Request/Governor's Recommendation

The agency request and Governor's recommendation are based upon the continuation of the present staffing level of 136 F.T.E. positions. Reflected in FY 1984 requested and recommended expenditures is the full-year cost of the agency's new offices located in the former Woman's Club Building. In FY 1983, rental costs of the new offices are subsidized by the Department of Administration to the extent of \$146,626, and Administration also paid \$20,291 of moving and telephone and partition installation costs.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations for the Insurance Department except for the following adjustments which the Subcommittee recommends:

1. Delete \$122,528, of which \$104,987 is from the General Fund, which is the 4 percent cost-of-living salary increases included in the Governor's recommendation.
2. Shift the financing of \$208,413 of expenditures from the State General Fund to three special revenue funds, the administration of which has previously been subsidized by the Department from its general operating budget. Amounts recommended to be shifted include salaries and wages of \$157,792 for 7.5 F.T.E. positions and supporting other operating expenditures of \$50,621. The amounts are as estimated by the Department of Insurance; and the concept of charging expenses to the funds has been endorsed by the Insurance Commissioner. Shifting of the financing is dependent upon passage of authorizing legislation. S.B. 284 authorizes payment of administrative expenses from the Health Care Stabilization Fund; H.B. 2436 authorizes the same to be paid from the Firemen's Relief Fund; and H.B. 2462 authorizes payment of expenses from the Workers' Compensation Fund. Administrative expenses would be additional expenditures from the Health Care Stabilization Fund and the Workers' Compensation Fund. In the case of the Firemen's Relief Fund, administrative expenses would be offset by an equal reduction of payments to the various firemen's relief associations.

3. Delete \$4,068 recommended by the Governor for a CASK-KIPPS terminal for the Department of Insurance. The Subcommittee believes that, based upon discussion with the Department, such a terminal, at best, would be of marginal benefit for an agency of its size.

The Subcommittee notes that the Governor has recommended \$18,688 for various office equipment and furniture items. Based upon Subcommittee discussion with the agency, equipping of a large conference room is now the major priority and the Subcommittee has no objections to the agency's change of plans.

H.B. 2140, as introduced, provides for a single line item of appropriation from the State General Fund. The Subcommittee recommends retention of previous practice of appropriating line items for salaries and wages, other operating expenditures and official hospitality.

The Subcommittee brings to the full Committee's attention the fact that claims expenditures from the Workers' Compensation Fund continue to grow rapidly. Indeed, FY 1983 expenditures are exceeding estimates by such a degree that the Department plans to have insurers pay up to \$2 million of new claim awards in FY 1983 and be reimbursed from the Workers' Compensation Fund in FY 1984.

The Subcommittee was informed by the Insurance Commissioner of four matters of particular concern to him and which he intends to have his existing staff pursue vigorously. The Commissioner stated that if existing departmental resources proved insufficient to get the job done to the standards he deemed essential, he would request additional resources next year. The matters of concern to the Commissioner are as follows: (1) health care cost containment; (2) improved surveillance of casualty insurance companies; (3) the transfer of federal regulatory and supervisory responsibilities to the states; and (4) development of reinsurance resources particularly in application to insurance claims for medical malpractice and product liability. The Subcommittee brings this to the attention of the full Committee and recommends that the Insurance Commissioner report to the 1984 Session concerning progress and needs.

The agency request and Governor's recommendation include additional amounts for printing and developing consumer brochures — \$15,600 for a special printing to initially stock 500 display cases being distributed statewide by the Kansas Insurance Education Foundation and \$13,300 for other reprinting and new development of brochures. The Subcommittee has some concern about such an increased volume of printing all in one year; but rather than recommending any reduction, the Subcommittee suggests that the agency carefully review its priorities, especially with regard to the four matters of particular concern expressed by the Commissioner, and utilize funds to the state's best advantage.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House Subcommittee adjustments. Your Subcommittee should reiterate that the shifting of \$208,413 of expenditures from the State General Fund to three special revenue funds, as contemplated by the House amendment to H.B. 2140, requires passage of substantive legislation. The House Subcommittee recommendations pointed out that S.B. 284 would authorize payments of administrative expenses from the Health Care Stabilization Fund (a shift of \$65,777); H.B. 2436 would authorize payment of administrative expenses from the Firemen's Relief Fund (a shift of \$32,740); and H.B. 2462 would authorize such payments from the Workers' Compensation Fund (a shift of \$109,896). While S.B. 284 remains in our Committee, H.B. 2436 and H.B. 2462 have been killed in the House. If such authorizing legislation is not eventually passed, your Subcommittee would have to recommend that the State General Fund appropriations to the Insurance Department be increased by \$208,413.

SUBCOMMITTEE REPORT

Agency: Lieutenant Governor Bill No. 2140 Bill Sec. 12

Analyst: Ahrens Analysis Pg. No. 367 Budget Pg. No. 1-21

<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	\$ 93,988	\$ 90,788	\$ (2,400)
State General Fund	—	—	—
TOTAL	<u>\$ 93,988</u>	<u>\$ 90,788</u>	<u>\$ (2,400)</u>
 F.T.E. Positions	 3.0	 3.0	 —

House Subcommittee Recommendations

The Governor recommends FY 1984 expenditures of \$90,788 for the Lieutenant Governor, a personal secretary, and an administrative assistant. The Subcommittee concurs with the Governor's recommendation with the exception of \$2,400 which represents the 4 percent cost-of-living increase.

The Subcommittee has also learned that the Lieutenant Governor is requesting legislative authorization to pay from his appropriation for operations, travel and subsistence expenditures for security personnel when traveling with him. Similar authorization has been contained in the appropriations for the Governor for some years. The Subcommittee recommends the amendment of H.B. 2135 for FY 1983 and H.B. 2140 for FY 1984 to pay security personnel when traveling with the Lieutenant Governor.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House Subcommittee.



**SUBCOMMITTEE REPORT**

Agency: Secretary of State Bill No. 2135 Bill Sec. 2

Analyst: Ahrens Analysis Pg. No. 370 Budget Pg. No. 1-23

<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	\$ 1,523,877	\$ 1,453,514	\$ --
State General Fund	1,377,158	1,306,795	--
F.T.E. Positions	45.0	45.0	--

Agency Request/Governor's Recommendation

The Governor's recommendation for expenditures from the State General Fund for FY 1983 is \$101,543 below the amount authorized by the 1982 Session of the Legislature. Of total reductions, \$67,408 represent allotment reductions which have now been lapsed due to passage of S.B. 54. Additional reductions of \$34,135 include \$33,170 of salaries and wages and \$965 of other operating expenditures. Most of the additional salaries and wages reductions result from the shifting of \$29,189 from General Fund financing to the Register Fee Fund, and an expenditure limitation increase in the Fee Fund is recommended by the Governor. The agency's request included the shifting in financing but proposed the expenditure of the State General Fund moneys for other purposes.

House Subcommittee Recommendations

The Subcommittee concurs with Governor's recommendations and recommends the reappropriation to FY 1984 of the \$33,170 of salaries and wages and \$965 of other operating expenditures.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House Subcommittee.

SUBCOMMITTEE REPORT

Agency: Secretary of State Bill No. 2140 Bill Sec. 14  
 Analyst: Ahrens Analysis Pg. No. 370 Budget Pg. No. 1-23

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY84</u>	<u>Committee Adjustments</u>
State Operations:			
All Funds	\$ 1,671,741	\$ 1,574,718	\$ (33,916)
State General Fund	1,483,955	1,380,792	(46,979)
F.T.E. Positions	45.0	45.0	--

Agency Request/Governor's Recommendation

The agency request and Governor's recommendation are based upon continuation of present levels of operation and the existing staff of 45 F.T.E. positions.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations except for the following recommended changes:

1. Delete the \$33,916, of which \$31,979 is from the State General Fund, for 4 percent cost-of-living salary increases.
2. Shift financing of \$15,000 of other operating expenditures from the State General Fund to the Information Services Fee Fund. The Governor's recommendation contemplates carrying forward a portion of the resources of the special revenue fund to FY 1985. The Subcommittee recommends the use of the resources in FY 1984.
3. Retain the present method of appropriating General Fund line items for salaries and wages, other operating expenditures and official hospitality.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House Subcommittee.

**SUBCOMMITTEE REPORT**

Agency: State Treasurer Bill No. 2140 Bill Sec. 16  
 Analyst: Ahrens Analysis Pg. No. 380 Budget Pg. No. 1-181

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Committee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 1,411,890	\$ 1,276,892	\$ (39,175)
Aid to Local Units	<u>50,058,140</u>	<u>46,755,140</u>	<u>(198,000)</u>
TOTAL	<u>\$ 51,470,030</u>	<u>\$ 48,032,032</u>	<u>\$ (237,175)</u>
<b>State General Fund:</b>			
State Operations	\$ 1,374,290	\$ 1,171,735	\$ (37,233)
Aid to Local Units	<u>42,858,000</u>	<u>39,387,000</u>	<u>(198,000)</u>
TOTAL	<u>\$ 44,232,290</u>	<u>\$ 40,558,735</u>	<u>\$ (235,233)</u>
 F.T.E. Positions	 50.0	 47.0	 —

FY 1983 House Subcommittee Recommendations

The Subcommittee concurs with the recommendations of the Governor for FY 1983 except for two adjustments recommended by the Subcommittee, neither of which involves any change in FY 1983 appropriations:

1. Delete the \$8,132 for the FY 1983 merit pool and reappropriate the amount to FY 1984.
2. Revise downward by \$64,160 State General Fund aid to local units of government on the basis of current law. The Governor's Budget Report contained an estimate of General Fund aid of \$37,607,000, less \$18,900,000 resulting from passage of S.B. 24 and 27, for a net of \$18,707,000. Distributions are actually \$18,642,840. Presently before the House Ways and Means Committee is S.B. 85 which would provide additional aid of an estimated \$810,555 for one-time payments to community colleges and Washburn University as recommended by the Governor as an addition to his original recommendation.

FY 1984 Agency Request/Governor's Recommendation

The Governor's recommendation for FY 1984 provides for the existing staff of 47.0 F.T.E. positions. The State Treasurer had requested three additional positions, two of which were tentatively requested to meet operating requirements arising out of the federal law which requires all public bonds issued commencing July 1, 1983, to be in registered form. The Governor stated that he would make a revised recommendation if the review of the new federal requirements reveals the need for additional operating expenditures. The Governor recommends replacement by installment purchase over five years of the agency's warrant reader/sorter at an annualized cost of \$23,234. The FY 1984 recommendation includes \$11,617 for the first six month's cost. The Governor also recommended \$12,595 (\$7,000 less than the agency request) for a special notification of obligation to potential holders of unclaimed property.

### FY 1984 House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation except for the following recommended adjustments:

1. Delete the \$33,174, of which \$31,232 is from the State General Fund, recommended by the Governor for 4 percent cost-of-living salary increases.
2. Delete the \$8,200 for the FY 1983 merit pool which was retained in the Governor's recommendation, presumably to be used for other purposes.
3. Add \$2,199 for seasonal and temporary help (\$2,103 plus \$164 fringes less \$68 turnover). The Governor's recommendation of \$21,790 for seasonal and temporary help in FY 1984 compares with \$23,893 estimated for FY 1983 and the Subcommittee recommends retention of the present level.
4. Revise downward by \$198,000 estimated General Fund expenditures for aid to local units based upon consensus estimates adjusted for passage of S.B. 24 , 27 and 36 (the latter being the acceleration of sales tax receipts). The Governor's Budget Report contained the original consensus estimate of \$40,087,000 less \$700,000, reflecting proposed legislation, for a net estimate of \$39,387,000. Based upon the final form of S.B. 36 and actual calendar year 1982 sales tax receipts, distributions are now estimated to be \$39,189,000.

The Subcommittee concurs with the Governor's recommendation that the warrant reader/sorter be replaced. The Subcommittee believes that replacement is a high priority which should not be deferred on the basis of some other need perceived by the agency.

The State Treasurer reported to the Subcommittee her strong desire to remain in the present quarters occupied by the agency in the 535 Kansas Building. However, the Subcommittee believes that the matter of office location is beyond the Subcommittee's jurisdiction.

### Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the House Subcommittee with the following adjustments:

1. Add \$12,000 for replacement of the microfilm recorder used by the Cashier and Securities Division.
2. Delete the \$2,199 added by the House Subcommittee for seasonal and temporary help.
3. Delete \$5,000 of the \$15,000 recommended for attorney fees in the Unclaimed Properties Program.

<u>Expenditure Summary</u>	<u>House Adjustments FY 1984</u>	<u>House Total Rec. FY 1984</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (39,175)	\$ 1,237,717	\$ 4,801
Aid to Local Units	(198,000)	46,557,140	--
TOTAL	<u>\$ (237,175)</u>	<u>\$ 47,794,857</u>	<u>\$ 4,801</u>
State General Fund:			
State Operations	\$ (37,233)	\$ 1,134,502	\$ 9,801
Aid to Local Units	(198,000)	39,189,000	--
TOTAL	<u>\$ (235,233)</u>	<u>\$ 40,323,502</u>	<u>\$ 9,801</u>
F.T.E. Positions	--	47.0	--