

SENATE SUBCOMMITTEE REPORT ON H.B. 2140

1984 Appropriations

Sections Pertaining to:

Board of Tax Appeals
Department of Human Resources



Senator Joe Harder
Subcommittee Chairman



Senator Ron Hein



Senator Billy McCray

SUBCOMMITTEE REPORT

Agency: Board of Tax Appeals Bill No. 2140 Bill Sec. 13
 Analyst: Efird Analysis Pg. No. 368 Budget Pg. No. 1-179

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 612,026	\$ 563,995	\$ (39,251)
F.T.E. Positions	15.0	15.0	(1.0)

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommended expenditure, except for the following:

1. Delete the cost-of-living adjustment of \$24,172.
2. Increase salary turnover savings from \$8,837 to \$12,350, an increase of \$3,513, to reflect additional savings attributed to hiring two new attorneys in FY 1983 at lower than budgeted salaries.
3. Abolish 1.0 F.T.E. position and delete funding of \$11,566 for salary and benefits of one Clerk Typist II position. The Board is authorized to employ eight clerical staff in the current fiscal year, but has not filled one of the eight positions the past two years. Other clerical positions include another Clerk Typist II, two Clerk III's, two Secretary II's, one Secretary III, and one Official Reporter.

The Subcommittee also wishes to address four other areas of concern:

1. S.B. 132 would require the Board to only publish orders which have statewide application, modifying K.S.A. 1982 Supp. 75-430 which requires all orders to be published in the Kansas Register. The Subcommittee recommends passage of the bill since the fiscal impact of publishing all orders is estimated at \$5,000 in FY 1984, and the Board would have to amend its budget since funding was not requested for this expenditure.
2. The Subcommittee notes the budgeted travel expenditures and the supporting narrative justification do not reflect the actual pattern of holding meetings throughout the state. In preparing the revised FY 1984 and requested FY 1985 budgets next year, the Committee recommends that the Board should give more accurate details about travel plans.
3. The Subcommittee recommends that the Board undertake a study, in cooperation with DISC, of possible automated data reporting capabilities and make a report available to the 1984 Legislature on January 9, 1984. The Subcommittee notes that this is not a recommendation for such a system and reflects only a desire for additional information.

4. The Subcommittee notes that in 1981, the salaries of Board members were tied to salaries of associate and district court judges. Following an FY 1983 adjustment to those levels, future salary increases for Board members will be consistent with increases for the judges. The Subcommittee recommends no cost-of-living increases be granted the Board in FY 1984, and further recommends that the policy of tying salary adjustments for Board members to increases granted associate and district court judges be discontinued. The Subcommittee recommends that legislation be introduced to implement this recommendation.

House Committee Recommendations

The Committee concurs with the Subcommittee recommendation and authorizes the introduction of a bill to implement the Subcommittee recommendation that cost-of-living increases for Board members not be linked to increases for judges.

Senate Subcommittee Recommendation

The Subcommittee concurs with the House adjustments of the Governor's recommended expenditures in items 1, 2 and 3. The Subcommittee would note that H.B. 2536 which would decouple cost-of-living increases for Board members from increases of judges has not passed the House and consequently was not reviewed by the Subcommittee. In addition, S.B. 132 has passed the Senate.

SUBCOMMITTEE REPORT

Agency: Department of Human Resources Bill No. 2140 Bill Sec. 8Analyst: Efird Analysis Pg. No. 343 Budget Pg. No. 2-13

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84*</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 32,541,434	\$ 30,847,487	\$ (3,071,614)
Aid to Local Units	9,505,086	9,505,086	(7,089,361)
Other Assistance	173,307,432	173,290,932	(16,500)
Subtotal	<u>\$215,353,952</u>	<u>\$213,643,505</u>	<u>\$(10,177,475)</u>
Capital Improvements	\$ 391,969	\$ 391,969	\$ --
TOTAL	<u>\$215,745,921</u>	<u>\$214,035,474</u>	<u>\$(10,177,475)</u>
State General Fund:			
State Operations	\$ 2,517,319	\$ 2,266,505	\$ (146,297)
Other Assistance	48,000	31,500	(16,500)
TOTAL	<u>\$ 2,565,319</u>	<u>\$ 2,298,005</u>	<u>\$(162,797)</u>
F.T.E. Positions	1,124.0	1,120.0	(125.0)

* Includes funding recommended in Governor's Budget Amendment Nos. 1 and 2.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, except for the following adjustments:

1. Reduce the recommended F.T.E. levels in the CETA program to more accurately reflect the pattern of employment by the Department. The CETA program ends September 30, 1983, except for a six-months wind-down period of administrative activity and will be replaced by the Job Training Partnership Act which is addressed later in this report. The Governor's recommended F.T.E. complement for CETA in FY 1984 is 140.0. The Subcommittee recommends authorizing 140 positions for three months to coincide with the last three months of the CETA program, or a total of 35.0 F.T.E. positions. In addition, the Subcommittee recommends another 15 positions be authorized for six months of wind-down activities of an administrative nature, or 7.5 F.T.E. The net reduction in the recommended F.T.E. for FY 1984 would be 97.5, with an authorized level of 42.5 for the phase-out of the CETA program.
2. Reduce the expenditure estimate for the CETA program from \$13,428,912 to \$4,586,041 for FY 1984 to more adequately reflect spending for the last three program months and the six months of administrative wind-down activities. Since there is no-limit expenditure authority for CETA, the Subcommittee's recommendation affects only the estimated expenditures. The Subcommittee estimates the net reduction would be \$8,842,871 in FY 1984 of which \$1,753,510 is in state operations and \$7,089,361 is in aid to local units. The Senate should reexamine these estimates after the March 1, 1983 phase-out plan becomes available.

3. Delegate authority to the Legislative Budget Committee to review the Governor's State Plan for the new Job Training Partnership Act and the job training plans for each service delivery area (as required by the federal law in regard to there being a legislative review of such plans), along with the plan for financing and the estimate of state employees needed to carry out the state's role in implementing the new program, and for the Legislative Budget Committee to recommend to the State Finance Council the level of expenditure authority and number of F.T.E. employees required for nine months of operating the Job Training Program in FY 1984. The Subcommittee recommends the establishment of three line items in the FY 1984 appropriation bill with \$0 limitations for activities associated with the new Job Training Program:

Job Training Partnership Act — Title II-A (Disadvantaged Training)

Job Training Partnership Act — Title II-B (Summer Youth Training)

Job Training Partnership Act — Title III (Dislocated Workers)

The Subcommittee would suggest that all members might refer to Budget Memo No. 83-10 for a detailed overview of the state implementation of the federal Job Training Partnership Act since it has not been presented orally to the Committee. Because the formulation of the State Plan is currently underway, the Subcommittee was unable to review any program details or expenditure estimates since they were not part of the Governor's recommended budget for the Department.

4. Reduce the recommended F.T.E. levels in the Administration and Staff Services Division to more accurately reflect the pattern of employment by the Department. The ratio of central management personnel in the Administrative and Staff Services Division is one for every 6.6 employees in other program areas based on data in the Governor's recommendations for staffing. The ratio of current vacant positions in central management to vacancies in all other other program areas is one for every two other positions. The Governor recommends 198.5 F.T.E. positions for Administrative and Staff Services Division in FY 1984. For the first six months of FY 1983 the average F.T.E. was 141.8. The Subcommittee recommends abolishing 25.5 positions, leaving a net of 173.0 F.T.E. positions for the Division in FY 1984.
5. Reduce the estimated expenditures in the Administration and Staff Services Division for the 25.5 staff positions in FY 1984 by \$341,001. The Subcommittee would note that a no-limit expenditure line item authorizes payment of salaries and benefits out of the Administration Fee Fund, so the Subcommittee recommendation would reduce the estimate of expenditures rather than adjusting the expenditure limitation.

6. Delete the cost-of-living adjustment amounting to \$73,494 in State General Funds and \$842,806 financed by all other funds.
7. Increase salary turnover savings relative to State General Funds by \$32,089 to reflect a 2 percent turnover rate in the following agencies: Mexican-American Affairs Committee (\$1,612), Employment of the Handicapped Committee (\$1,708), Industrial Safety (\$4,390), and Labor Relations (\$8,653). Because of anticipated retirements in FY 1983 and early FY 1984, hiring employees at lower steps will result in estimated turnover savings of \$15,726 for the Veterans Commission.
8. Abolish two secretarial positions which are vacant all of FY 1983 for State General Fund savings of \$24,301. The Subcommittee notes that these positions are located in two of the Veterans hospitals where the state Veterans Commission maintains offices staffed by field representatives and other secretarial staff positions which currently are filled.
9. Delete \$16,500 financed by the State General Fund for a grant to a nongovernmental organization for the handicapped. The Subcommittee recognizes a need for funding exists, but two organizations were requesting funds and only one was recommended for a grant.
10. Reduce by \$10,000 travel expenses for the Labor Relations program which is financed by the State General Fund in adjusting for FY 1982 rates.
11. Delete \$6,413 of additional rental expenses recommended in the Governor's Budget Amendment No. 2 for the Mexican-American Affairs Committee since the State General Fund expenditure would be for 50 percent more space than is needed by the Committee. The Subcommittee does not believe the move is justified since the Committee would have to move again in less than three years from the 503 Kansas Avenue site and the current location in the Mills Building is less expensive. The Subcommittee would reconsider its recommendation if permanent space were found at a cost equivalent to the Mills Building rental.
12. Add \$12,000 for travel expenses for the Boiler Inspection program, to be financed by its fee fund, so that adequate funds are available for inspections.
13. Include a utilities proviso in the appropriation bill limiting the use of funds budgeted for utilities to such purposes.

The Subcommittee also would like to address several other concerns:

1. A technical change in the WIN appropriations to coincide with the Governor's recommendation is required and has no fiscal impact.

2. The Governor should send a budget amendment which addresses a possible shortfall in funding required for educational grants provided by the Veterans Commission. The Subcommittee concurred with the Governor's recommendations of \$12,241 in FY 1983 and \$15,000 in FY 1984, but has been advised that the amounts may not be adequate.
3. The Subcommittee strongly suggests that the Department use funds from its capital outlay budget to purchase copy machines where such a procedure would prove cost-effective.
4. The Subcommittee reviewed the one reclassification budgeted in FY 1984 at a cost of \$3,132 to change a Special Investigator II to III in Labor Relations and concurs with the Governor's deletion of the funds for the upgrade.
5. The Subcommittee notes the passage of H.B. 2221 which impacts the Employment Security Trust Fund. The Governor's recommendations did not anticipate the level of activity in the current fiscal year nor the passage of H.B. 2221. Because of inadequate time, the Subcommittee is unable to make recommendations and would urge the Governor and Senate to consider the budgetary implications as more adequate data become available.
6. The Subcommittee suggests that the Department study the consolidation of its two computer operations since the main center in the 503 Kansas Avenue building must move in the next three years. The logical location would be the Employment Security Systems Institute building on Topeka Avenue where the backup computer facilities are currently located. Any interim study which examines relocation of agencies housed in the 503 building or state computer operations should review this situation.

House Committee Recommendations

The Committee concurs with the Subcommittee recommendations.

Senate Subcommittee Recommendations

1. Revise the bill to reflect salaries and wages and other operating expenditures and to include technical adjustments which correct appropriations.
2. Note the \$32,089 salary turnover savings added by the House equates to a 1.6 percent shrinkage factor for the Department.
3. Restore 1.0 F.T.E. and \$11,748 in State General Funds for a Clerk-Steno I in the Veterans Services program.

4. Restore \$3,848 for additional rental expenses of the Mexican-American Affairs Committee at 503 Kansas Avenue.
5. Delete the utilities proviso.
6. Write a letter to the Post Audit Committee requesting a performance audit of the Veterans Services program. Also, the Subcommittee believes the agency should insure that field representatives are adequately qualified and trained to advise veterans, including disabled persons, of all federal benefits, regardless of service affiliation.
7. Suggest that underfunding of Veterans Educational Grants be considered after a Governor's Budget Amendment is received and that the Governor revise the estimates for the Employment Security Trust Fund benefit payments and employer contributions based on H.B. 2221.
8. Note that the Subcommittee reviewed a request for restoration of \$6,000 out by the House from the Labor Relations program travel expenses and suggests a review next Session of this item in case a supplemental is needed.