


SUBCOMMITTEE REPORT

S.B. 153 Department of Administration

S.B. 109 Department of Administration
State Finance Council



Senator Ron Hein, Chairman



Senator Joe Warren

SUBCOMMITTEE REPORT

Agency: Department of Administration Bill No. 153 Bill Sec. 3
 Analyst: Brown Analysis Pg. No. 249 Budget Pg. No. 1-57

<u>Expenditure Summary</u>	<u>Agency Req. FY 83</u>	<u>Governor's Rec. FY 83</u>	<u>Committee Adjustments</u>
All Funds:			
State Operations	\$ 15,911,076	\$ 15,698,184	\$ 40,000
Aid to Local Units	525,000	525,000	--
Other Assistance	15,775	15,775	--
Capital Improvements	937,831	937,831	--
TOTAL	<u>\$ 17,389,682</u>	<u>\$ 17,176,790</u>	<u>\$ 40,000</u>
State General Fund			
State Operations	\$ 15,110,597	\$ 14,897,705	\$ 40,000
Other Assistance	15,775	15,775	--
Capital Improvements	--	--	--
TOTAL	<u>\$ 15,126,372</u>	<u>\$ 14,913,480</u>	<u>\$ 40,000</u>

Agency Request/Governor's Recommendations

The Department requested \$53,542 in supplemental funding for utility costs at the Statehouse and expenditure limitation increases of \$54,301 for 535 Kansas and \$33,900 for 5th and Kansas, also for utilities. The Governor recommends the expenditure limitation increases, but reduces the amounts slightly due to the availability of funds previously budgeted for merit increases. The Governor has not recommended the supplemental for Statehouse utility costs but indicates his intention to do so at a later time.

Senate Subcommittee Recommendations

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

1. Deletion of \$35,000 in the Telecommunications Office for evaluation of alternative proposals to a state-owned telecommunications system. Regulatory and judicial decisions regarding the telephone industry have delayed submission of an alternative proposal.
2. Addition of \$75,000 for implementation of S.B. 12, which gives the Secretary of Administration authority to develop a health care benefit program for state employees. If this bill is passed the Department would like to begin implementation as soon as possible. The FY 1984 funding recommendation has been reduced by this amount.
3. The agency requests a \$53,542 supplemental appropriation for Statehouse utility costs. The Subcommittee recommends such funding pursuant to receipt of a Governor's budget amendment which is apparently forthcoming.

SUBCOMMITTEE REPORT

Agency: Department of Administration Bill No. 109 Bill Sec. 2

Analyst: Brown Analysis Pg. No. 249 Budget Pg. No. 1-57

<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	\$ 20,203,026	\$ 18,215,928	\$ (1,072,750)
Aid to Local Units	550,000	550,000	--
Other Assistance	30,000	30,000	--
Capital Improvements	3,492,546	653,600	(185,000)
TOTAL	<u>\$ 24,275,572</u>	<u>\$ 19,449,528</u>	<u>\$ (1,257,750)</u>
State General Fund:			
State Operations	\$ 19,507,380	\$ 17,359,330	\$ (865,127)
Other Assistance	30,000	--	--
Capital Improvements	3,492,546	503,600	(185,000)
TOTAL	<u>\$ 23,029,926</u>	<u>\$ 17,862,930</u>	<u>\$ (1,050,127)</u>
F.T.E. Positions	926.5	893.5	1.0

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following adjustments and recommendations:

1. A \$130,000 reduction in the amount provided in FY 1984 for the cost of implementing S.B. 12 (if passed), which gives the Secretary of Administration the responsibility of implementing a state health care benefits program. Part of this reduction results from a shift of \$75,000 to FY 1983 to allow implementation to begin as early as possible. The Subcommittee further recommends that the FY 1984 cost be financed from a portion of the amount that each state agency has already budgeted for FY 1984 health insurance, an estimated amount that Blue Cross-Blue Shield has indicated will be revised downward. The Subcommittee suggests that an additional dollar per month for each employee be budgeted by all state agencies in FY 1984, collected in conjunction with the regular payment for health insurance benefits and transferred to the Health Care Benefits Program Fund from which an appropriation of \$295,000 would be made to the Department of Administration.

The agency requests addition of two F.T.E. positions in conjunction with this funding. The Subcommittee recommends the addition of one position and reallocation of the position of Special Assistant, which is currently vacant. This shift includes deletion of \$34,563 for the salary and fringe benefits budgeted for the Special Assistant in FY 1984.

The Subcommittee would like to note that because the proposed financing mechanism shifts this expenditure off-budget, the above table reflects a reduction of \$425,000.

2. Deletion of \$9,000 budgeted for acquisition of a word processor by the Office of Telecommunications. The Subcommittee questions the need for this equipment, which was requested primarily for production of bid specifications, because of the planned acquisition of eight word processors by the Division of Purchases, which should accommodate the needs of the Telecommunications Office.
3. A \$12,500 reduction in the amount provided for acquisition of word processors by the Division of Purchases. The Subcommittee supports automation of the Division's activities, but learned that the Division may be able to take advantage of a favorable price offering in the current fiscal year if FY 1984 funding is assured. The Subcommittee therefore encourages the Department to report on this item in more detail to the House Subcommittee.
4. A number of concerns were raised during consideration of the budget for the Division of Information Systems and Computing (DISC). No adjustments to the Governor's budget have been recommended, but the Subcommittee would like to address the following:
 - a. The Department of Administration should provide a report on the possible advantages of lease versus outright purchase of computer equipment. Long-term cost savings that might result from purchase should not be ignored because of pressure to reduce current expenditures. The Legislature should be provided with sufficient cost details to evaluate available options.
 - b. DISC plans to upgrade the Univac computer in FY 1984, primarily as a result of the increasing demands placed on the system through implementation of the Kansas Integrated Personnel/Payroll System (KIPPS). While the upgrade appears to be unavoidable, it raises several concerns. The Subcommittee requests that DISC explore a time management approach to accessing the Univac so that the equipment would not necessarily need the capacity to meet all user needs simultaneously. Other subcommittees should carefully scrutinize the need that agencies have for Univac terminals; it appears that smaller agencies could probably not justify installation of a terminal. Conversely, very large agencies might be able to realize personnel reductions because of KIPPS. Finally, the Subcommittee learned that the University of Kansas apparently plans to pursue its own automated personnel system in addition to KIPPS. Given the magnitude of this state's investment in KIPPS, any effort by any state agency to develop a parallel system instead of adapting to KIPPS should be questioned.
 - c. The Subcommittee would like to bring to the Committee's attention the significant change in financing data processing activities within the Department of Administration. Previously, the Legislature has appropriated funds to the individual divisions for their respective data processing applications and each is billed by DISC in the same manner that other state agencies are

charged. The Governor recommends that a single appropriation to DISC be made in FY 1984 to finance all of the Department's State General Fund supported data processing costs. The Subcommittee concurs with this approach but believes it to be of sufficient import to bring to the full committee's attention. The Subcommittee also requests a full accounting of the individual projects for which this appropriation is used be provided to future subcommittees.

5. The Governor proposes to finance a portion (\$200,000) of the FY 1984 operating costs of the Division of Architectural Services by charging other state agencies for the in-house design work performed by the Division. The Subcommittee supports this proposal in concept, but notes that it does not necessarily endorse the specific provisions of the proposed legislation without an opportunity to review the bill itself. The Subcommittee also notes that if legislation of this nature is not passed, additional State General Fund support would be needed to continue staff at the proposed level. The Subcommittee would also like to point out that the \$200,000 in fees collected for services to state agencies should appropriately be an off-budget expenditure and it has adjusted the summary table to reflect that shift.
6. The Governor has also proposed to transfer the Institutional Energy Conservation Program and two associated positions from the Division of Architectural Services to a new Energy Grants Management Office. The Subcommittee withholds a specific recommendation on this item pending legislative disposition of the proposal to establish the Energy Grants Management Office.
7. The Subcommittee endorses introduction of legislation proposed by the Governor to establish a separate fund for cancelled warrant claims, credits to which are to be made from actual cancelled warrants. Heretofore the Legislature has made a State General Fund appropriation for the payment of cancelled warrant claims and has frequently had to deal with supplemental requests to meet actual demands. The proposed legislation would establish a no-limit fund, but receipts to that fund above \$100,000 would, according to the Department, be transferred to the State General Fund. The Subcommittee notes that its endorsement is conceptual and conditional upon study of the proposed legislation.
8. The Subcommittee recommends, in concurrence with the Governor, transfer of the All-Sports Hall of Fame to the State Historical Society and supports legislation to that effect.
9. The Committee should note that the Subcommittee's concurrence with the Governor's recommendations include consolidation of the separate operating funds for state-owned property at Forbes, the State Office Building, and the two office buildings in the 500 block of Kansas Avenue into a single State Buildings Operating Fund.

10. The Subcommittee learned that some problems have been encountered in the past with budgeting salary increases for the bargaining unit at the Printing Plant. The memorandum of agreement with the bargaining unit is negotiated annually, beginning in February, and the timing of the budget process does not accommodate negotiated salary increases. The Subcommittee recommends consideration of the manner in which these salary increases should be financed.
11. The budget for the Central Motor Pool includes expenditures for gasoline based on a projected price of \$1.40 per gallon. Revised estimates of \$1.15 per gallon should reduce expenditures from \$1,260,000 to \$1,035,000 in FY 1984. The Subcommittee recommends a reduction of \$192,700, which allows \$32,300 for increased rents which are not provided for in the Governor's recommendations. The Subcommittee recognizes that charges to agencies are based on the higher price but recommends that any accumulated balances in the Motor Pool Services Fund be used to finance vehicle purchase or, if needed, to relocate the Motor Pool fleet, as has been suggested in conjunction with other proposed capital improvements. This item may also need reconsideration by the 1984 Legislature if gasoline prices should increase above current expectations.
12. The Subcommittee would like to express its concern regarding the use of copy machines by state agencies. The Subcommittee believes that considerable savings might be possible if agencies were encouraged to share equipment.
13. A reduction of \$400,687, of which \$393,064 is from the State General Fund, to remove the recommended 4 percent cost-of-living increase. An additional reduction of \$317,519 removes that increase from off-budget salaries.
14. The Subcommittee understands that a Governor's Budget Amendment will be forthcoming to provide an additional \$31,300 for the Division of Accounts and Reports for lease of remote job entry equipment. The Subcommittee would like to indicate its concurrence with that amendment when it is received.
15. The Subcommittee notes that it is making no recommendation on the State General Fund item of \$450,000 for Telecommunication Systems development, but referring that matter to the full Committee for consideration.
16. Although KIPPS was mentioned earlier in this report, the Subcommittee would like to emphasize the need to further investigate the justification for the state's investment of over \$1 million in this project. The complexity of the issues, combined with the early reporting date for this Subcommittee, did not allow for as detailed an examination of this item as the Subcommittee would have liked. The Subcommittee is willing to undertake further consideration of this matter if the Committee desires or, as an alternative, urges careful consideration by the House Committee.

17. The Subcommittee concurs with the recommendations of the Joint Committee on State Building Construction regarding capital improvements, which deletes funding (\$713,000) for the Capital Complex Heating Plant pending further consideration of the proposed financing and adds \$100,000 for exterior stone repair at the Statehouse

SUBCOMMITTEE REPORT

Agency: State Finance Council Bill No. 109 Bill Sec. 3

Analyst: Brown Analysis Pg. No. 261 Budget Pg. No. 1-133

<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	\$ 2,500	\$ 2,500	--

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation.

SUBCOMMITTEE REPORT

Agency: Kansas Corporation Commission Bill No. 109 Bill Sec. 6
 Analyst: Rein Analysis Pg. No. 273 Budget Pg. No. 1-97

<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	\$ 9,245,004	\$ 8,740,894	\$ (566,273)
State General Fund	--	--	--
F.T.E. Positions	233.5	233.5	(3.0)

Summary of Agency Request/Governor's Recommendations

The agency's FY 1984 request totals \$9,245,004; the Governor's recommendation \$8,740,894. The FY 1984 request provides for 13.0 F.T.E. additional positions, 10.0 F.T.E. of which are recommended by the Governor. Three of the additional positions are to continue funding for new positions added by the agency in FY 1983. Recommended new positions include a Hearing Examiner, a Research Assistant to the Chairman of the Commission, two additional gas pipeline inspectors, and seven half-time clerical positions for the Conservation Division. Additionally, a Fuels Allocation Officer position is recommended by the Governor to be transferred from the Kansas Energy Office. The recommended budget also assumes expenditure of \$500,000 for plugging of abandoned wells and allows \$482,000 for consultants for the Utilities Division.

Senate Subcommittee Recommendations

The Subcommittee recommends the following adjustments to the budget recommended by the Governor.

1. Administration and Legal Division

- a. Deletion of \$53,116 for the 4 percent cost-of-living salary increase.
- b. Delete \$61,713 for three research assistants to Commission members.
- c. The Subcommittee concurs with the recommended addition of an Attorney and a Hearing Examiner.
- d. Delete \$1,250 for purchase of a video camera.

2. Conservation Division

- a. Delete \$56,133 for a 4 percent cost-of-living salary increase.
- b. Addition of \$2,277 for health insurance to correct a technical error in the Governor's budget recommendation.
- c. Addition of \$20,000 for communications. Although the Subcommittee recommended a \$44,190 supplemental for FY 83 to provide for telephone service for field personnel, the Subcommittee feels a more efficient and economical means to provide such service could be

obtained. The \$20,000 is recommended as a reserve to finance such an improvement; it is not adequate to fund the current system. (The Governor's recommendation provides no funding for the current service so the \$20,000 recommended by the Subcommittee is an addition to the Governor's budget.)

- d. Delete \$25,000 of the \$50,000 budgeted for a consultant on the Hugoton gas field.
- e. The agency requested an additional \$20,000 to upgrade telephone service at the Wichita Office. No recommendation is made on this request. The agency appeal would indicate a need for improved telephone service. However, the Subcommittee did not have sufficient time to examine the proposal in detail and would urge the agency to bring it to the attention of the House Committee.
- f. The agency requested \$44,968 to provide standby pay for field personnel for evenings and weekends. Persons on standby would be compensated at \$1 per hour. The Subcommittee makes no recommendation on this item.
- g. Reduction of \$75,000 for travel and subsistence.

3. Utilities Division

- a. Delete \$42,416 for a 4 percent cost-of-living salary increase.
- b. Reduce by \$100,000 funding for consultants (recommendation allows \$382,000).
- c. Delete \$12,000 for compustat subscription.
- d. Delete \$7,500 for contracting for Hearing Examiner Services.
- e. Reduction of \$3,000 for communications.
- f. Reduction of \$34,286 for travel and subsistence.
- g. Reduction of \$6,000 in funding for training lecturers and speakers.

4. Transportation Division

- a. Delete \$21,255 for a 4 percent cost-of-living increase.
- b. Delete \$8,500 for contracting for hearing examiner services.

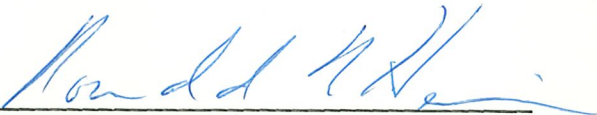
5. Mined-Land Division

- a. Delete \$6,522 for a 4 percent cost-of-living salary increase.
- b. Reduction of \$2,239 in travel and subsistence.

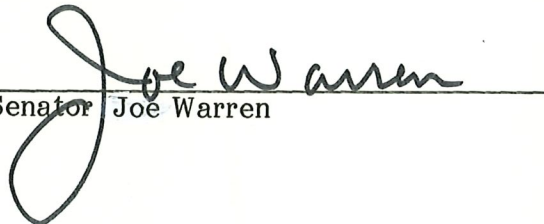
6. Special Projects Division

- a. Delete \$16,930 for a 4 percent salary increase.
- b. Reduction of \$50,000 for consultants.
- c. Reduction of \$5,690 in travel and subsistence.

The subcommittee notes that several positions approved a year ago were intended to be unclassified positions. Without specific legislative authorization, the agency has had difficulty establishing the positions as unclassified. Positions involved are a Nuclear Engineer and Electrical Engineer in the Special Projects Division and a Geologist/Hydrologist and Petroleum Engineer in the Conservation Division. These positions, together with the Attorney and Hearing Examiner recommended for FY 1984, should be in the unclassified service. Authority should be incorporated in the appropriations bill (S.B. 109) to carry out this intent.



Senator Ronald Hein, Subcommittee
Chairman



Senator Joe Warren

Agency: Kansas Corporation Commission Bill No. 153 Bill Sec. 2Analyst: Rein Analysis Pg. No. 273 Budget Pg. No. 1-97

<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	\$ 8,230,066	\$ 8,183,413	\$ (522,283)
F.T.E. Positions	222.5	222.5	(4.0)

Summary of Agency Request/Governor's
Recommendations

The agency's revised FY 1983 budget request would require expenditure limitation increases totaling \$611,471. The additional expenditures are requested in spite of the fact that the agency was not subject to the 4 percent budget reductions. The largest individual item is a \$195,000 request for consultant services for the Utilities Division. Other budget adjustments sought include \$70,401 for adding two Research Assistants and an Attorney for the Administration and Legal Division; \$99,120 for consulting services for updating telephone maps; and \$17,699 for consultant services for the Mined-Land Division for environmental assessments. The Governor's recommendation funds the above items as requested except that the funding for the additional staff is reduced to reflect delays in filling the positions and only \$50,000 is provided for updating the telephone maps.

Conservation Division requests included \$23,588 for a temporary attorney position, \$43,724 travel and subsistence, and \$42,750 for employing a consultant to investigate purchases from the Hugoton Gas Field. The Governor recommends funding as requested except that the amount provided for the Attorney is reduced to \$19,657.

The agency did submit additional requests for both FY 1983 and FY 1984 to the Subcommittee which were considered in the review of the budget.

Senate Subcommittee Recommendations

The Subcommittee recommends a number of modifications to the Governor's recommendations for FY 1983. Those adjustments are detailed by division. The Subcommittee wants to alert the Committee of the frustration it experienced in reviewing this budget, particularly the current year revisions. It is apparent that the agency adds staff or incurs other additional costs with little regard to the budget implications. In the current year, five additional positions were added as special project positions pursuant to K.S.A. 1982 Supp. 75-2935(1)(i). Four of the positions are intended to be permanent staff additions and their appointment under this statute would seem inappropriate. It is understood that other agencies also abuse this authority with the result that legislatively-imposed position limitations are effectively circumvented. The Legislature should consider its repeal.

The policy of review followed by the Subcommittee is to generally grant those cost increases which were unavoidable if the agency is to effectively carry out its regulatory responsibilities. However, the additional costs associated with other items that could have been deferred for legislative consideration prior to being implemented are deleted. In the opinion of the Subcommittee, to allow these costs merely encourages the agency to continue its practice of incurring costs for unbudgeted purposes and then presenting the Legislature with the bill.

1. Administration and Legal Division

- a. Delete \$39,936 for employing two Research Analysts to provide research support to the two Commissioners.
- b. Delete \$20,616 for employment of an additional attorney.

2. Conservation Division

- a. Delete \$19,657 for employment of a temporary attorney position.
- b. Addition of \$44,190 to finance increased telephone costs for field personnel.
- c. Reduction of \$60,000 for travel and subsistence.
- d. Reduction of \$20,000 in funds budgeted for employer retirement contributions.
- e. Reduction of \$250,000 in the estimated cost for plugging abandoned wells. (This is a no-limit account. The Subcommittee recommendation merely reduces the estimated expenditures from \$500,000 to \$250,000 for FY 1983).
- f. Reduce by \$12,000 the funds allowed for the consultant investigation in the Hugoton gas field.

3. Utilities Division

- a. Reduction of \$50,000 in the supplemental recommended by the Governor for consultant services.
- b. Subcommittee concurs with the \$50,000 supplemental for updating telephone maps but urges the Commission to maintain the maps with in-house staff.
- c. Deletion of the \$12,000 supplemental for subscription costs for Compustat, an economic data base software package.
- d. Reduction of \$20,000 in travel and subsistence.
- e. Reduction of \$3,000 in communications.
- f. Reduction of \$25,000 due to additional salary savings.

4. Transportation Division

- a. Reduction of \$16,264 for data processing (recommendation returns budget to the approved level).


5. Mined-Land Division

- a. Addition of \$12,000 for purchase of a vehicle for the Abandoned Mined Land program.
- b. Reduction of \$2,500 in travel and subsistence.
- c. Reduction of \$3,000 in professional service fees.
- d. Reduction of \$1,000 in motor vehicle supplies.
- e. Reduction of \$2,000 in salaries due to anticipated salary savings.

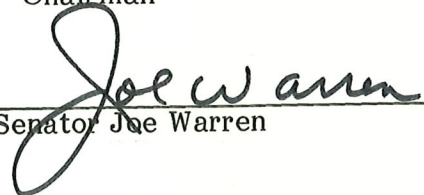
6. Special Projects Division

- a. Reduction of \$7,500 in travel and subsistence.
- b. Reduction of \$14,000 due to additional salary savings.

The FY 1983 budget adjustments recommended by the Subcommittee reduce the Governor's budget recommendations by \$532,283.



Senator Ronald Hein, Subcommittee
Chairman



Senator Joe Warren