

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by Senator Paul Hess at _____
Chairperson9:00 a.m./p.m. on April 19, 1983, 19__ in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Marlin Rein; Sherry Brown, Mary Galligan, Ed Ahrens, Louis Chabira, Julian Efird, Carolyn Rampey, Bill Gilmore, Louis Chabira
 Revisor's Office: Norman Furse
 Committee Office: Mark Skinner, Doris Fager

Conferees appearing before the committee:

Kenneth E. Bahr, Director, Crime Victims Reparations Board
 Bill Edds, Department of Revenue
 Jerry Sloan, Judicial Department
 Lenice L. Massey, Department of Health and Environment
 David Dallam, Budget Division
 David Barclay, Department of Corrections
 Michael Lennen, Secretary, Department of Revenue
 James Dennison, State Treasurer's Office

SB 282 - Medical Scholarships

Staff distributed amendments proposed by the committee at an earlier meeting, in order that language could be approved. (See Attachment A). It was the consensus of the committee that the language of the amendments was proper and the committee report could be turned in to the Secretary of the Senate.

Introduction of Bills

It was noted by staff that there were certain technical adjustments which needed to be made in statutes, and that two bills are needed to take care of these adjustments. The two bills related to the Kansas dental board and issuance of licenses; and to the Kansas register and certain orders of the board of tax appeals.

Motion was made by Senator Hein and seconded by Senator Harder that the two proposals be introduced and referred to Committee of the Whole. The motion carried by roll call vote.

OMNIBUS BILL (To be introduced as a House Bill)

Staff distributed the following: Governor's Budget Amendment No. 7, dated April 18, 1983; Kansas Legislative Research Department memo dated April 18, 1983; and Kansas Legislative Research Department memo dated April 19, 1983. All are attached.

Mr. Rein explained to the Committee that the following issues are included for committee consideration: (1) Technical issues; (2) Issues which have been deferred by mutual agreement between the House and the Senate; (3) Fiscal notes on bills passed during the 1983 session, including those pending which have not been signed by the Governor; (4) Governor's budget amendments; (5) Requests from agencies for consideration of additional items or reconsideration of decisions made by both committees.

Department of Revenue (Page 33, Memo dated April 18, 1983)A. K-BITS Deferrals.

Staff presented details on this item, and answered questions. It was noted that Representative Sandy Duncan had been working with DISC and the Department of Revenue, and is in the process of preparing a report for the Ways and Means Committees. In view of this, the committee temporarily deferred its decision on the matter.

Omnibus Bill - Continued

Department of Revenue - Continued

B. Bills Enacted (Other than Severance Tax).

1. House Bill No. 2023. Staff explained the contents of the memo. Following the explanation, Senator Hein asked about the three F.T.E. who were reassigned when state administration of the tax was discontinued in 1982. Mr. Laing said there are three tax examiners working under SB 35 and SB 36 (Accelerated collection of taxes). During the year they have amended and corrected returns. When asked by Senator Hein why these people cannot be absorbed, Mr. Laing answered that without funding that is what will take place. He added that when these positions were shifted in 1982, this helped the Department of Revenue catch up on some of its backlog. He noted that some things will be delayed if the new positions are not approved.

2. House Bill No. 2110. During the explanation of this item, it was noted that it is on antique plates only where numbers are not permitted.

3. House Bill No. 2154. There was a brief discussion concerning this item.

C. Governor's Tax Bills

1. Senate Bill No. 436 (Pending). During discussion of this item, it was revealed that personnel costs as a result of passage of this measure would be ongoing, and most O.O.E. would also be ongoing.

2. House Bill No. 2567 (Pending). It was noted that additional auditing will be needed if this bill is passed, because of additional technicalities involved.

D. Other Bills Pending

1. Senate Bill No. 154 (Pending). There was a brief discussion concerning this item.

2. Senate Bill No. 401 (Pending). There were questions and discussion concerning this item.

3. Senate Bill No. 404 (Pending). Committee members briefly discussed this item.

4. Senate Bill No. 429 (Pending). It was noted by staff that the fiscal note for this was revised to \$89,000.

5. House Bill No. 2566 (Pending). There was a brief discussion concerning this item.

6. House Bill No. 2569 (Pending). It was noted that no authority is needed in the omnibus bill because of this item.

E. Bills with Administrative Cost if Not Passed.

1. Senate Bill No. 307 and House Bill No. 2560 (Pending.) It was noted by staff that there will be a cost impact if these bills are not passed.

F. Budget Amendment No. 7-14. (Page 3, Governor's Budget Amendment No. 7)

There was a brief discussion concerning this item.

Severance Tax Proposal (Letter from Michael Lennen to the Governor dated April 14, 1983).

Senator Hess called the committee's attention to this memorandum and asked that they consider the contents and the impact on administration of the severance tax proposal. (See Attachment B)

Omnibus Bill - Continued

Department of Revenue - Continued

Motion was made by Senator Harder and seconded by Senator Gaines that the subcommittee which had worked on the Department of Revenue budget look at all of the above proposals except the severance tax proposal, and make recommendations to the full committee. The motion carried by voice vote.

Department of Human Resources (Page 37, April 18 Memorandum)

A. Senate Bill No. 140. The committee approved the savings of \$1,253 for FY 1983 resulting from an amendment to the bill noted in the memorandum; and the savings of an estimated \$7,518 in FY 1984 as a result of passage of this bill.

B. House Bill No. 2221. Items discussed in connection with this measure were approved by the committee.

Budget Amendment 7-3. This item was approved by members of the committee.

Kansas Adult Authority (Page 1, April 18 Memorandum)

A. Senate Bill No. 312. It was noted by staff that the amount noted in this item is not needed; consequently, the committee need take no action.

State Fire Marshal

A. Senate Bill No. 427 (Pending). Senator Hess noted that the committee is committed to making this a General Fund agency. The House is holding back on increasing the fees. There was discussion concerning Senate Bill 412, and it was suggested that the Senate might concur with the House version of 1.25% (the Senate version was a maximum of 1.75%.) Senator Steineger stressed that he felt there should be a 1.75% maximum in order to eliminate discussion on the same subject at the 1984 session of the Legislature.

It was the decision of the committee to approve changing the appropriations with the expectation that SB 412 passes.

Industrial Reformatory

A. Governor's Budget Amendment No. 7-11.

The committee approved savings noted in this item.

Department of Corrections

A. House Bill No. 2570 (Pending)

It was noted by staff that this bill is in the first committee of the House. In spite of that information, the committee approved the item, pending passage of the measure.

State Penitentiary

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

The Committee approved deletion of funds as suggested in this budget amendment.

Omnibus Bill - Continued

Kansas Public Employees Retirement System

A. House Bill No. 2244 (Pending).

Senator Hess said he is committed to trying to solve the problem concerning the portion of this bill relating to judges. There was discussion concerning the various aspects of the bill. The item was approved, pending passage of the bill.

Insurance Department

A. Senate Bill No. 8.

The committee approved requests of the department noted in this item.

B. Senate Bill No. 440 (Pending).

C. Senate Bill No. 442 (Pending).

Following discussion on the two items above, it was the consensus of the committee to approve the request, and to assume the two bills will be passed.

Secretary of State

A. Substitute for Senate Bill No. 7

Following explanation of this item by staff, and questions from committee members, it was decided to approve the suggestions of the Secretary of State.

B. House Bill No. 2327 (Pending)

It was the decision of the committee to make no appropriations for changes made if this bill becomes law.

Department of Revenue - School District Income Tax Fund

Governor's Budget Amendment No. 7, Item 5.

The committee approved suggestions in Item 1 of this Budget Amendment.

The committee approved Governor's recommendations in Item 2 of this Budget Amendment pending passage of Senate Bill No. 436.

State Historical Society

A. Senate Bill No. 398 (Pending).

The committee approved transfer of the appropriation for the All-Sports Hall of Fame Fund if this measure is passed.

Department of Administration

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

There was a brief discussion concerning this item, and questions from committee members.

Motion was made by Senator Bogina and seconded by Senator Hein to approve the department's suggestion, but to add a proviso that the \$75,000 from the State General Fund for FY 1983 be repaid during FY 1984 from the fee fund. The motion carried by voice vote.

Omnibus Bill - Continued

Department of Administration - Continued

B. Social Security Deposits. (Governor's Budget Amendment No. 7)

Following a brief discussion, the committee deleted \$15,658 for an additional Central Accountant II; but left the remainder of the recommendation in the bill.

Kansas Commission on Civil Rights

A. House Bill No. 2523 (Pending).

There was an extended discussion concerning this proposal, and questions from the committee.

Motion was made by Senator McCray and seconded by Senator Steineger to approve \$38,707 from State General Fund, and offset S.G.F. funds with available reimbursement from federal funds.

A substitute motion was made by Senator Harder and seconded by Senator Bogina to provide one-half F.T.E. with the offset as suggested above. The substitute motion carried, with Senators Steineger and McCray voting "No."

Motion was made by Senator Hein and seconded by Senator Harder to provide half of the Other Operating Expenditures requested by the agency, or approximately \$4,500. The motion carried by show of hands.

HB 2562 - Attorneys for Department of Revenue

Mr. Edds stated that the Secretary of Revenue strongly endorses classification of the corporate tax attorneys, but takes no position so far as other attorneys are concerned. In answer to questions from committee members, he said that basically the attorneys in the Department of Revenue are now unclassified. Mr. Edds again stressed that there are good arguments for maintaining continuity in the corporate tax attorneys, and would like to see those positions classified.

No action was taken on HB 2562.

1:15 p.m. meeting

Judicial Branch

A. House Bill No. 2114.

The committee approved changes in funding resulting from the passage of House Bill 2114.

At this point, Senator Hein said it was his understanding that there was a fiscal note on SB 263, which provides for direct appeals to the Court of Appeals on Board of Tax Appeals cases. Mr. Sloan said a position had been requested to handle bonding. Senator Hess suggested that Mr. Sloan check with the Budget Division to find why they did not write a fiscal note on the bill.

Office of the Securities Commissioner

A. FY 1984 Appropriation.

There was discussion concerning the reason for holding HB 2550 in House Committee. Staff said the Commissioner appeared before the committee and strongly opposed making the agency a general fund agency. The committee finally concluded there may be some constitutional problems. There was an extended discussion about this matter.

Omnibus Bill - Continued

Office of the Securities Commissioner - Continued

Motion was made by Senator Bogina and seconded by Senator Hein to reinstate the appropriation of \$471,060 and establishment of a 15.0 F.T.E. position limitation in the Securities Commissioner's Office. The motion carried by voice vote.

Crime Victims Reparation Board

A. Budget Amendment No. 7-12.

It was noted by staff that FY 1983 is a transition year for fee fund income for this agency, and that next year all reparations will come from fees. Mr. Bahr said if all reparations must be taken from fees for FY 1983, it will have an adverse effect on the FY 1984 budget. He added that claims had been averaging \$2,000, but this year they average \$3,100. He explained that the additional funding is needed to pay claims which are now pending.

There was discussion concerning the history of this Board, the wording of the statute, and the fact that the Board gives 100% reparation.

Motion was made by Senator Stenieger and seconded by Senator Werts to approve the additional \$75,000, but to take the money from the fee fund instead of from the State General Fund for FY 1983, and to reduce the expenditure limitation for FY 1984 by the additional amount spent in FY 1983. The motion carried by voice vote.

Kansas Water Office

A. Senate Bill No. 61

Following explanation by staff concerning this item, there was discussion concerning the issue. It was the consensus of the committee to place an expenditure limitation of zero on the fund.

B. Senate Bill No. 62 (Pending)

It was noted by staff that the material in the memorandum was informational only, and that no action need be taken by the committee.

C. Senate Bill No. 311 (Pending)

Following an extended discussion concerning this item, motion was made by Senator Hein and seconded by Senator Harder to add \$2,500 from the State General Fund for FY 1984 to finance per diem compensation and associated fringe benefits. The motion carried by show of hands.

Board of Agriculture

A. House Bill No. 2533

Motion was made by Senator Werts and seconded by Senator Warren to allow funds accrued under HB 2533 to carry over until FY 1985. The motion carried by voice vote.

B. House Bill No. 2534.

The committee agreed to following suggestions in the memorandum dated April 19, 1983.

Omnibus Bill - Continued

Board of Agriculture - Continued

C. Senate Bill No. 62 (Pending)

The Committee agreed to disapprove the request of the agency for funds to be spent if SB 62 is passed.

D. Senate Bill No. 107 (Pending)

There was no action on this item, because there is purportedly no fiscal impact if the bill is passed.

Department of Health and Environment

A. Relocation of Vital Statistics Activities.

There was discussion concerning the condition of Building No. 321 at Forbes Field, and the options available for relocating vital statistics. Senator Bogina said it might be necessary to add to Building No. 740 in the future, but it would be difficult to do that this year.

Motion was made by Senator Bogina and seconded by Senator Talkington to appropriate \$17,000 from State General Fund for FY 1984 to relocate the vital statistics from Building 321 to Building 740. The motion carried by voice vote.

B. House Bill No. 2474

It was the consensus of the committee that the funds requested as a result of passage of this bill not be approved.

C. House Bill No. 2294

The committee did not approve the request of the agency for funds in this item.

D. Senate Bill No. 247

Funds requested under this item were not approved by the committee.

E. Senate Bill No. 62 (Pending)

Funds requested by the agency should SB 62 be passed were not approved by the committee.

F. Senate Bill No. 414 (Pending)

The committee agreed to make their decision to abide by the Senate version of the bill, which would have no expenditure impact.

Department of Education

A. Budget Amendment 7-4

It was the decision of the committee to concur with earlier action of the Legislature which included a total of \$376,056,000 in State General Fund appropriations for the School District Equalization Act.

Omnibus Bill - Continued

Department of Education - Continued

B. Senate Bill No. 177

Funding for FY 1984 resulting from passage of Senate Bill 177 was not approved.

Board of Regents

A. Student Work-Study Program.

Motion was made by Senator Hein and seconded by Senator Gaines that \$562,000 for student Work-Study Programs be appropriated as a line item with appropriate proviso that these funds be expended with an equal cost match from the private sector; and that the funds be distributed among the six Regents' universities and Washburn University based on full time equivalent enrollment data of those institutions. The motion carried by voice vote.

Motion was made by Senator Bogina and seconded by Senator Warren to appropriate student salaries as a separate line item; with a proviso to allow for expenditure of any student salary funds for off-campus work-study programs provided the expenditure is equally matched from the private sector. The motion carried by voice vote.

B. Senate Bill No. 445 (Pending)

The transfer of funds needed if Senate Bill 445 is passed was approved by the committee.

C. Senate Bill No. 444 (Pending)

Following explanation of the item by staff, motion was made by Senator Bogina and seconded by Senator Talkington to shift expenditures for Kansas Technical Institute for FY 1984 in the amount of \$250,000 to FY 1985. The motion carried by voice vote.

D. Presidential Search Expenses

Motion was made by Senator Gaines and seconded by Senator Bogina to approve a line item appropriation in the amount of \$25,000 in spite of the Governor's budget amendment recommending \$15,000. The motion carried by voice vote.

Wichita State University

A. Budget Amendment No. 7-6(d)

Motion was made by Senator Gaines and seconded by Senator Talkington to allow the request of the university under this item. The motion carried by voice vote.

Pittsburg State University

A. Legal Fees.

Motion was made by Senator Talkington and seconded by Senator Gaines to allow the \$65,000 for payment of legal fees requested by the university. There followed an extended discussion concerning the accumulated cost of the negotiations taking place between Pittsburg State University and KNEA. Senator Gaines noted that this is KNEA's first step toward the state university system, and that is why it is so important to continue the negotiations. The motion carried by voice vote.

Omnibus Bill - Continued

Kansas Technical Institute

A. Budget Amendment No. 7-6(b).

The committee approved the request of Kansas Technical Institute for the transfer of salaries funding to other operating expenditures for FY 1983.

Regents' Systemwide - Utilities

A. Budget Amendment No. 7-6(a).

The committee approved funding set out in this item as scheduled on page 21 of the memorandum dated April 18.

B. Fiscal Year 1984 Utilities

There was a long discussion concerning cost of utilities and incentives for utilities savings. It was noted by some members that rates and temperatures vary at the various institutions.

Motion was made by Senator Gaines and seconded by Senator Steineger to appropriate funds for utilities at the revised 1983 level, plus funds for utilities in new buildings; with the proviso that any savings may be used as each institution chooses. The motion carried by voice vote.

Adjutant General

Senate Bill No. 72 (Pending)

The committee approved an appropriation in the amount of \$36,380 pending passage of this bill.

B. Utility Supplemental Appropriation

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

Introduction of Bills

Motion was made by Senator Doyen and seconded by Senator Bogina to introduce a bill to increase the motor fuels tax by 4¢ per gallon, and to request that the bill be referred back to this committee. The motion carried by voice vote.

Motion was made by Senator Doyen and seconded by Senator McCray to introduce two bills requested by Senator Steineger, as follows:

To provide a 1% surcharge on corporations who have a taxable income of more than \$25,000.

To provide for an increase in bank privilege tax.

The motion carried by voice vote.

Motion was made by Senator Hein and seconded by Senator Doyen to introduce a bill to increase the state sales tax by one cent, with certain credits provided. The motion carried by voice vote.

Omnibus Bill - Continued

Department of Corrections

A. Governor's Budget Amendment No. 7-18

Staff discussed this item, which appears on Research Department memorandum dated April 19, 1983. Mr. Barclay was present to answer questions from committee members. It was decided to allow the recommendation of the Governor for an additional \$22,272 from the State General Fund for FY 1984 for development of a computer program to more accurately project inmate population.

Kansas Public Employees Retirement System

A. Legal Expenses

Motion was made by Senator Gaines and seconded by Senator McCray to approve the suggestions by the agency regarding legal expenses in the case of Orr v. KPERS. (See memorandum dated April 19, 1983) The motion carried by voice vote.

State Treasurer

Substitute for Senate Bill No. 265 (Pending)

There was an extended discussion concerning this item following presentation by staff. Mr. Dennison, State Treasurer's Office, was present to answer questions.

Motion was made by Senator Gaines and seconded by Senator Steineger to adopt the Treasurer's request for an expenditure of \$250,043 (including \$115,403 of startup costs) in a new Bond Registration Fee Fund for FY 1984; an increase of 4 F.T.E. positions; and a transfer of \$100,000 from the State General Fund to the Fee Fund on July 1, 1983, with the requirement that the \$100,000 be returned to the State General Fund on May 1, 1984. The motion carried by voice vote.

INTRODUCTION OF BILL

Senator Talkington explained to the committee that the original severance tax bill introduced and passed by the Legislature may be unconstitutional because of some technical problems during legislative action. He presented a bill (3 RS 1448) which he indicated is the same as the original bill, with some technical changes only. He stressed that the new proposal has been reviewed by the Revisor of Statutes, the Attorney General, the Governor and the Department of Revenue.

Motion was made by Senator Steineger and seconded by Senator Talkington that the new severance tax bill be introduced and that a request be made that it be referred to Committee of the Whole. The motion carried by roll call vote.

Kansas Department of Economic Development

A. Budget Amendment No. 7-1

Motion was made by Senator Hein and seconded by Senator Talkington to adopt the proposal in the Governor's Budget Amendment No. 7 regarding this office. The motion carried by voice vote.

Animal Health Department - Technical Correction

After reviewing the explanation of this item on page 29 of April 18 memorandum, it was the concensus of the committee to approve the technical correction.

Omnibus Bill - Continued

State Library

A. Library Construction

Reference was made by staff to a letter from the State Librarian dated April 18, 1983 (See Attachment B) in connection with this request. The committee approved the authorization of FY 1984 expenditures of \$421,071 in federal funds for local library construction and remodeling projects.

B. Official Hospitality

This request was also included in Attachment B. The Committee approved the request for the addition of two provisos in FY 1984 to allow \$500 for official hospitality from both the State General Fund and the Federal Library Services and Construction Act Fund.

Department of Revenue

Budget Amendment No. 7-3

The discussion on this item centered around explanation contained in the Research Department memorandum dated April 19 and a memorandum from Michael Lennen to Governor Carlin dated April 14, 1984 (See Attachment C).

Mr. Lennen was present to answer questions, and there was an extended discussion concerning the need for the amount of funds requested by the Department for administration of the severance tax. Mr. Lennen said his department had examined the administration of the tax in Oklahoma and had reached the conclusions set forth in his memorandum on that basis. Senator Gaines stressed that he did not feel the need for the number of employees or the amount of money being requested for this purpose. He suggested that the oil industry is regulated very well; that reports can easily be duplicated to be sent to the Department of Revenue; and the Department can audit returns in that manner.

No decision was made on this item, and the meeting was adjourned by the Chairman.

REPORTS OF STANDING COMMITTEES

Recommends that Senate Bill No. 282

"AN ACT concerning scholarships available to medical students; placing limitations on the awarding thereof."

Be amended:

On page 1, by striking all of lines 19 to 33, inclusive, and by inserting in lieu thereof the following:

"Section 1. K.S.A. 1982 Supp. 76-376 is hereby amended to read as follows: 76-376. (a) (1) Except as otherwise provided in paragraph (2) of this subsection (a) or in K.S.A. 1982 Supp. 76-377, upon the failure of any person to satisfy the obligation to engage in the full-time practice of medicine and surgery within the appropriate service commitment area of this state for the required period of time under any agreement entered into pursuant to K.S.A. 1982 Supp. ~~76-377a~~ and 76-373 to ~~76-377~~ 76-377a, inclusive, and amendments thereto, such person shall repay to the university of Kansas school of medicine an amount equal to the total of ~~(+)~~ (A) the amount of money received by such person pursuant to such agreement, or the amount of money determined under rules and regulations of the university of Kansas plus ~~(+)~~ (B) annual interest at a rate of 10%, if the agreement was entered into prior to January 1, 1982, or 15%, if the agreement was entered into after Decemoer 31, 1981, from the date such money was received.

(2) If a person fails to satisfy an obligation to engage in the full-time practice of medicine and surgery within a service commitment area I for the required period of time under an agreement entered into pursuant to K.S.A. 1982 Supp. 76-373 to 76-377a, inclusive, and amendments thereto, but is engaged in the

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full-time practice of medicine and surgery within this state in a service commitment area II which would have applied to such person had such person received a type II scholarship under an agreement entered into pursuant to K.S.A. 1982 Supp. 76-373 to 76-377a, inclusive, and amendments thereto, and if the chancellor of the university of Kansas, or the designee of the chancellor, and the secretary of health and environment, or the designee of the secretary of health and environment, find that exceptional circumstances caused the failure of such person to engage in such practice in a service commitment area I, such person shall repay to the university of Kansas school of medicine an amount equal to the total of (A) the amount of money received by such person for living expenses pursuant to such agreement plus (B) annual interest at a rate of 10%, if the agreement was entered into prior to January 1, 1982, or 15%, if the agreement was entered into after December 31, 1981, from the date such money was received.

(b) Except as otherwise provided in this section, if the person first entered into an agreement under K.S.A. 1982 Supp. 76-374 and amendments thereto prior to January 1, 1982, the person shall make 10 equal annual installment payments totaling the entire amount to be repaid under all such agreements for which such obligations are not satisfied, including all amounts of interest at the rate prescribed.

(c) If the person first entered into an agreement under K.S.A. 1982 Supp. 76-374 and amendments thereto after December 31, 1981, the person shall repay an amount totaling the entire amount to be repaid under all such agreements for which such obligations are not satisfied, including all amounts of interest at the rate prescribed. Except as otherwise provided in this section, such repayment shall be in installment payments and each such installment shall be not less than the amount equal to 1/5 of the total amount which would be required to be paid if repaid in five equal annual installments.

(d) All installment payments under this section shall

commence six months after the date of the action or circumstance that causes the failure of the person to satisfy the obligations of such agreements, as determined by the university of Kansas school of medicine based upon the circumstances of each individual case. In all cases where the person first entered into an agreement under K.S.A. 1982 Supp. 76-374 and amendments thereto after December 31, 1981, if an installment payment becomes 91 days overdue, the entire amount outstanding shall become immediately due and payable, including all amounts of interest at the rate prescribed.

(e) The total repayment obligation imposed under all agreements entered into under K.S.A. 1982 Supp. 76-374 and amendments thereto may be satisfied at any time by any person who first entered into an agreement under such statute prior to January 1, 1982, and at any time prior to graduation from the university of Kansas school of medicine by any persons who first entered into an agreement under such statute after December 31, 1981, by making a single lump sum payment equal to the total of (1) the entire amount to be repaid under all such agreements upon failure to satisfy the obligations under such agreements to practice in Kansas, plus (2) all amounts of interest thereon at the rate prescribed to the date of payment.

(f) There is hereby created in the state treasury the medical scholarship repayment fund. The university of Kansas school of medicine shall remit all moneys received under this section to the state treasurer at least monthly. Upon receipt of each such remittance the state treasurer shall deposit the entire amount thereof in the state treasury, and such amount shall be credited to the medical scholarship repayment fund. All expenditures from the medical scholarship repayment fund shall be for scholarships awarded under K.S.A. 1982 Supp. 76-373 to 76-377a, inclusive, and amendments thereto, and for the expenses of administration of these sections and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by

the chancellor of the university of Kansas or by a person designated by the chancellor.

Sec. 2. K.S.A. 1982 Supp. 76-377a is hereby amended to read as follows: 76-377a. (a) Within the limits of appropriations therefor ~~and:~~ (1) Commencing with the class of students enrolled in or admitted to the university of Kansas school of medicine in a course of instruction leading to the degree of doctor of medicine for the first time during the academic year first commencing after ~~the effective date of this act, and for each such class thereafter~~ July 1, 1983, not more than 100 scholarships shall be awarded under K.S.A. 1982 Supp. 76-373 to 76-377, inclusive, and amendments thereto, during ~~any~~ the year to students of such class; (2) commencing with the class of students enrolled in or admitted to the university of Kansas school of medicine in a course of instruction leading to the degree of doctor of medicine for the first time during the academic year first commencing after July 1, 1984, not more than 75 scholarships shall be awarded under K.S.A. 1982 Supp. 76-373 to 76-377, inclusive, and amendments thereto, during the year to students of such class; and (3) commencing with the class of students enrolled in or admitted to the university of Kansas school of medicine in a course of instruction leading to the degree of doctor of medicine for the first time during the academic year first commencing after July 1, 1985, and for each academic year commencing thereafter, not more than 50 scholarships shall be awarded under K.S.A. 1982 Supp. 76-373 to 76-377, inclusive, and amendments thereto, during each such year to students of such class.

(b) If the scholarships allocated under ~~this~~ subsection (a) for one class of students are not all awarded to members of such class, such scholarships may be awarded to eligible students in other classes, within the limits of appropriations therefor. Any person awarded a scholarship subject to the limitations of ~~this~~ subsection (a) may be awarded additional scholarships under K.S.A. 1982 Supp. 76-373 to 76-377, inclusive, and amendments

thereto, so long as such person is eligible to receive such a scholarship. Scholarships subject to the limitations of ~~this~~ subsection (a) shall be awarded subject to criteria established by rules and regulations of the university of Kansas.

~~(b)~~ (c) Any person who, prior to the commencement of the first academic year commencing after the effective date of this act, was a recipient of a scholarship awarded under K.S.A. 1982 Supp. 76-373 to 76-377, inclusive, may be awarded additional scholarships under K.S.A. 1982 Supp. 76-373 to 76-377, inclusive, so long as such person is eligible under K.S.A. 1982 Supp. 76-373 to 76-377, inclusive, to receive a scholarship.

~~(c)~~ (d) Nothing in this section shall be construed to modify or limit in any way the terms or conditions of any agreement entered into under K.S.A. 1982 Supp. 76-373 to 76-377, inclusive.

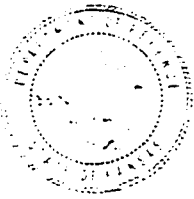
Sec. 3. K.S.A. 1982 Supp. 76-376 and 76-377a are hereby repealed.";

Also on page 1, in line 34, by striking "2" and inserting in lieu thereof "4";

On page 1, in the title, line 17, by inserting before the period the following: "; concerning repayment obligations; creating the medical scholarship repayment fund; amending K.S.A. 1982 Supp. 76-376 and 76-377a and repealing the existing sections";

And the bill be passed as amended.

_____Chairperson



Kansas
DEPARTMENT OF REVENUE

State Office Building
TOPEKA, KANSAS 66625

MEMORANDUM TO: The Honorable John Carlin, Governor

FROM: Michael Lennen
Secretary of Revenue

DATE: April 14, 1983

This is a request for an amendment to the Governor's Budget for fiscal year 1984 which is relative to Severance Tax on Mineral Production, beginning in fiscal year 1983. This agency will experience additional costs which are related to Senate Bill 384, Session of 1983.

<u>EXPENDITURES:</u>	<u>Fiscal Year</u> <u>1983</u>	<u>Fiscal Year</u> <u>1984</u>
Salary and Wages	\$ 28,226	\$ 638,200
Other Operating Expenditures	<u>38,697</u>	<u>252,335</u>
Total	<u>\$ 66,923</u>	<u>\$ 890,535</u>

Funding: State General Fund, Fiscal Year 1983 - 1000-3-0300-0000
State General Fund, Fiscal Year 1984 - 1000-~~3~~⁴-0300-0000

cc: Lynn Muchmore,
Budget Director

4-19-83
ATT B

1. ary and Wages

	<u>Date to Fill</u>	<u>FY 1983</u>	<u>FY 1984</u>
a - Mineral Tax Bureau			
Revenue Manager II	May 18	\$ 2,614	\$ 32,309
Secretary I	May 18	1,123	14,062
Revenue Manager I	May 18	2,332	28,864
Clerk Typist II - 2	May 18	1,958	24,596
Revenue Auditor III	June 18	-	28,864
Revenue Auditor II	June 18	-	26,645
Tax Examiner III	June 18	-	19,795
Tax Examiner II - 2	June 18	-	34,602
Tax Specialist I	May 1	3,093	25,556
Tax Examiner III	July 18	-	18,176
Revenue Auditor II - 2	August 18	-	44,575
Revenue Auditor I - 2	August 18	-	40,976
Tax Examiner II - 2	August 18	-	28,940
Revenue Auditor II - 2	September 18	-	40,217
Revenue Auditor I - 2	September 18	-	36,971
Tax Examiner II	September 18	-	13,055
Clerk Typist II	September 18	-	9,278
Revenue Auditor II	December 18	-	13,573
Revenue Auditor I - 3	December 18	-	37,429
Tax Examiner II - 2	December 18	-	17,618
30 - Full Time Employees		<u>\$ 11,120</u>	<u>\$536,101</u>
b. - Records Services Bureau			
Clerk II	July 18	\$ -	\$ 10,810
Clerk II	November 18	-	6,955
2 - Full Time Employees		<u>\$ -</u>	<u>\$ 17,765</u>
c. - Quality Control			
Clerk III	August 18	\$ -	\$ 11,760
1 - Full Time Employee		<u>\$ -</u>	<u>\$ 11,760</u>
d. - Data Processing Services			
Analyst II - 3 months	April 4	\$ 5,775	\$ -
Programmer I - 3 months	April 4	3,740	-
Programmer II - 2 months	April 18	3,060	-
Analyst II	May 18	2,415	27,775
Programmer II	May 18	2,116	24,495
Data Entry Operator II - 2	September 18	-	20,304
4 - Full Time Employees		<u>\$ 17,106</u>	<u>\$ 72,574</u>
e. - Planning and Research			
*Petroleum Tax Specialist	June 18	\$ -	\$ 9,914
1 - Full Time Employee		<u>\$ -</u>	<u>\$ 9,914</u>
Total Salary and Wages		<u>\$ 28,226</u>	<u>\$648,114</u>

	<u>FY 1983</u>	<u>FY 1984</u>
I. Capital Outlay		
a. - Furniture and Equipment		
Desks -- 15 Executive Double Pedestal	\$ 4,500	\$ -
4 Secretarial	1,500	-
17 Junior Executive	3,400	-
Chairs-- 15 Executive Posture	3,750	-
4 Secretarial	1,200	-
17 Junior Executive	2,550	-
Typewriter-- 2 Electronic	1,750	-
2 Automated	2,400	-
Calculator -- 29	3,585	-
File Cabinets -- 5	822	-
Bookcases -- 8	1,192	-
Tables -- 5	1,300	-
Terminal Workstations - 9	<u>-</u>	<u>7,200</u>
Total Capital Outlay	<u>\$27,949</u>	<u>\$7,200</u>
III. Commodities		
Miscellaneous Office Supplies	\$ 500	\$ 2,000
Folders	-	4,000
Registration Forms	<u>750</u>	<u>-</u>
Total Commodities	<u>\$ 1,250</u>	<u>\$ 6,000</u>
IV. Contractual Services		
Contract Programming	\$ 5,000	\$ 35,000
Travel	-	28,576
Subsistence	-	43,120
Telephones - 14 @ \$75 month	225	9,450
Telephone installation - @ \$91	273	1,001
Floor Space - 5,000 sq. ft. @ \$8.75 sq. ft.	-	43,750
Forms	2,000	6,000
Postage	2,000	10,000
Video Terminal Rental - 9 @ \$125 month	-	10,125
Video Terminal Installation	-	3,450
DISC Test Time - 8 hours @ \$1,168	-	8,544
DISC Charges	-	29,000
Electrical Outlets - 33 @ \$36.50	<u>-</u>	<u>1,205</u>
Total Contractual Services	<u>\$ 9,498</u>	<u>\$229,221</u>
Total Salary and Wages	\$ 28,226	\$648,114
Total Capital Outlay	27,949	7,200
Total Commodities	1,250	6,000
Total Contractual Services	<u>9,498</u>	<u>229,221</u>
	<u>\$ 66,923</u>	<u>\$890,535</u>

	<u>FY 1983</u>	<u>FY 1984</u>
Total Additional Monies Requested	\$ 66,923	\$890,535
Supplimented by Fiscal Year 1984 Appropriation		<u>25,000*</u>
Total Anticipated Expenditures	<u>\$ 66,923</u>	<u>\$915,535</u>

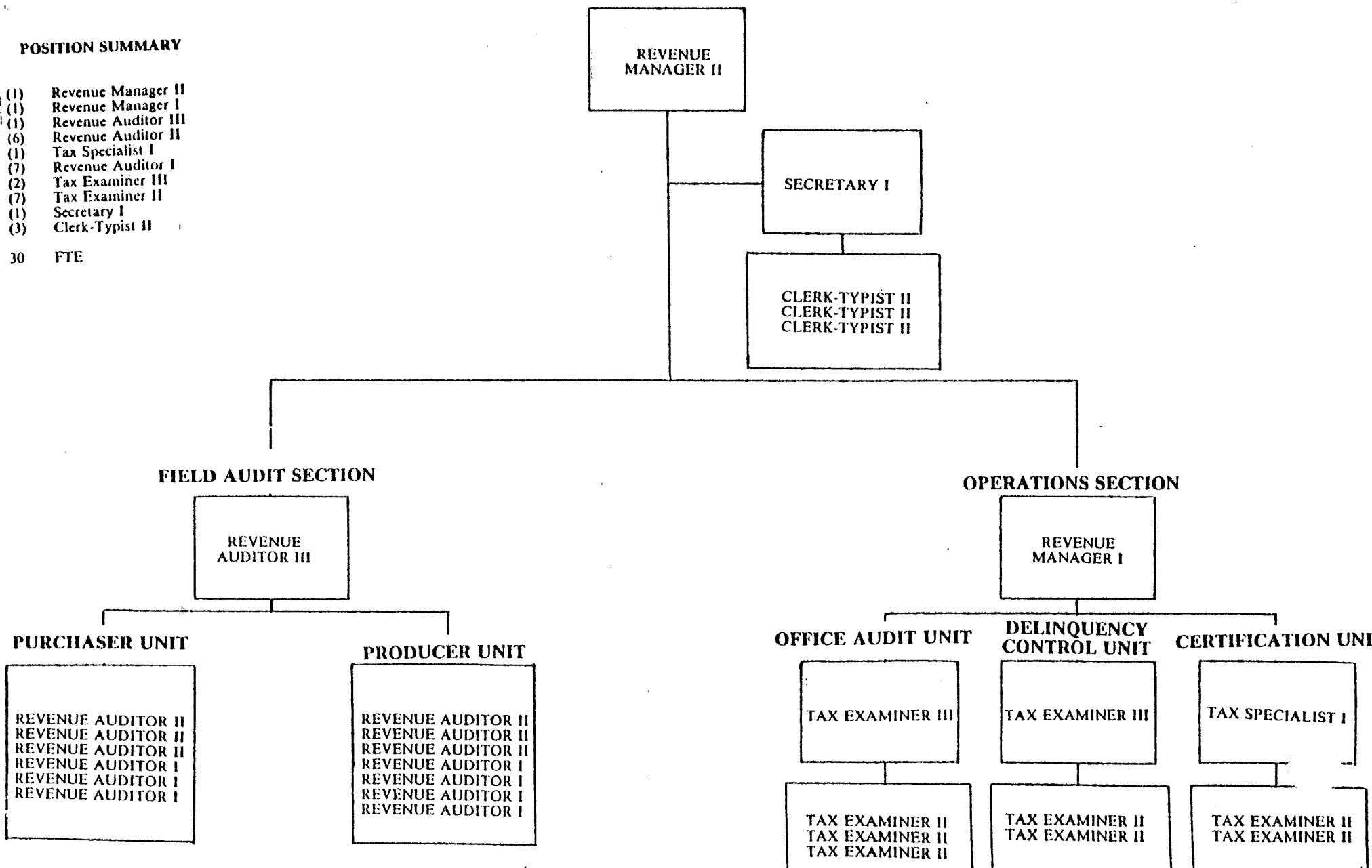
* - The amount of \$25,000 has been appropriated for consulting services within the Department. This position is to be used in the operations of the Division of Property Valuation and the Minerals Tax Bureau.

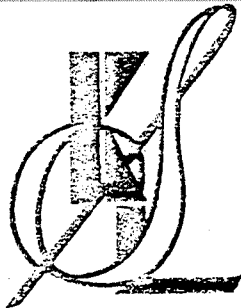
**KANSAS DEPARTMENT OF REVENUE
DIVISION OF TAXATION
MINERAL TAX BUREAU
(Proposed Fiscal Year 1984)**

POSITION SUMMARY

- (1) Revenue Manager II
- (1) Revenue Manager I
- (1) Revenue Auditor III
- (6) Revenue Auditor II
- (1) Tax Specialist I
- (7) Revenue Auditor I
- (2) Tax Examiner III
- (7) Tax Examiner II
- (1) Secretary I
- (3) Clerk-Typist II

30 FTE





State Library of Kansas

(913) 296-3296

Third Floor, State Capitol,

Topeka, Kansas 66612

April 18, 1983

Senator Paul Hess, Chairman
Ways and Means Committee
Room 123-S
BUILDING MAIL

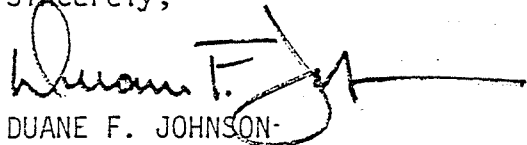
Dear Senator Hess:

There are two additional items related to the F.Y. 1984 appropriations statement for the State Library for which we are asking the consideration of the Ways and Means Committee:

- 1) We are requesting the addition of a proviso to allow the library to use a portion of its travel funds for official hospitality. The requests are for \$500 in "Other operating expenditures," at about line 0066 of H.B. 2064, and \$500 in the "Federal library services and construction act fund," at about line 0088 of H.B. 2064.
- 2) The recently enacted Federal Emergency Jobs Bill contains an appropriation under Title II of the Library Services and Construction Act which will bring to the State Library additional funds of \$421,071. This Kansas allocation is to be distributed to local library construction projects throughout the state and is to be under contract with qualifying libraries by September 30 of this calendar year. We are requesting a F.Y. 1984 budget and expenditure authority amendment increase in the amount of \$421,071.

We appreciate the committee's consideration of these requests.

Sincerely,



DUANE F. JOHNSON
State Librarian

DFJ/bs

4-19-83

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

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.

Institution	Approved FY 83	Rec. Transfers From O.O.E.	Rec. Supplemental Funding Adjustments	Revised FY 83	Percent Increase From FY 82 Act.
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
TOTAL	<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).

Institution	FY 1982 Actual	FY 1983 Revised	FY 1984 Original Rec.	% Inc. From FY 83 Revised	New Buildings
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
TOTAL	<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%	<u>24,970</u>
TOTAL	\$523,959

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 KDED 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.

Department of Corrections

OK
A. Governor's Budget Amendment No. 7-18. The Governor is amending his FY 1984 recommendation for the Department of Corrections to add \$22,272 from the State General Fund for development of a computer program in connection with DISC to enable the Department to more accurately project inmate population levels and determine the impact of sentencing and parole practices on the inmate population. Specifically, the additional funds would provide for the hiring of three temporary data technicians for four months of FY 1984 to recode data on the current inmate population, provide data base design costs, and fund a remote computer terminal and printer that would connect to the DISC main frame computer. The Committee may want to consider what relationship this request has to the agency's original FY 1984 request for replacement of its existing IBM Computer System 34 with an IBM System 38. The replacement has been requested for the last two years and has not been recommended by the Governor or approved by the Legislature.

Kansas Public Employees Retirement System

OK
A. Legal Expenses. KPERS indicates that the matter of attorney fees and other legal expenses related to the sex discrimination case Orr v. KPERS is about to be resolved in which it is anticipated that KPERS will be required to pay from the KPERS Fund an amount higher than what could be absorbed in the authorized budget. In the absence of a definite amount and because the judge could make the decision in FY 1983 or FY 1984, the agency proposes that proviso language be added to authorized expenditures for both fiscal years to allow for the payment of these legal expenses in addition to the authorized expenditure limitation. The State Finance Council could increase the expenditure limitation at a later date when the exact amount is known; however, KPERS indicates that interest might need to be paid from the date the decision is made to the date the Finance Council meets to consider it.

State Treasurer

Substitute for Senate Bill No. 265 (Pending). Substitute for S.B. 265 enacts the Kansas Bond Registration Law, which authorizes the state and its political subdivisions to establish a system of registration for bond issues. The 1982 Federal Tax Equity and Fiscal Responsibility Act mandates that all tax-exempt municipal bonds issued on and after July 1, 1983, be in registered form. Historically, nearly all municipal bonds have been issued in bearer form. As fiscal agent for many municipalities' bond issues, the State Treasurer will be required to establish and administer new procedures for recording bond registration and accomplishing the transfer of registration between persons. To administer the registration procedures established by Substitute for S.B. 265, the State Treasurer requests a State General Fund appropriation of \$250,043 for FY 1984.

The request includes \$66,189 of salaries and wages for five new positions (3 for 12 months and 2 for 6 months), a one range increase for the Supervisor of Bond Registration, and reclassification of an existing Account Clerk I to Securities Officer I (a 3 range increase). If the Legislature approves the State Treasurer's request, an

F.T.E. position limitation of 4 would be needed. In addition, the State Treasurer requests authority from the Legislature to employ the additional 5 positions in the unclassified service and to shift the existing Account Clerk I (classified) to the unclassified service. The Supervisor is one of the 11 positions now placed in the unclassified service pursuant to K.S.A. 75-2935 of the Civil Service Act.

Additional other operating expenditures requested by the State Treasurer total \$183,854, of which \$115,403 represents one-time startup costs. Startup costs include \$75,000 for a software package, \$28,403 of office equipment and other capital outlay, \$8,000 for systems analysis fees and \$4,000 for staff training in the new software system. Regular nonsalary operation costs total \$68,451. The major items are \$46,500 for postage (certified mail with return receipts for registration transfer notices, 30,000 items at \$1.55 each) and \$10,062 for office space rental.

Substitute for S.B. 265 authorizes the State Treasurer to charge a fee for each transfer of ownership of a registered bond. The State Treasurer states that the anticipated fee will be \$6.50 for the first year. On the basis of the Treasurer's estimate of 30,000 transfers, \$195,000 would be new income to the State General Fund.

Department of Revenue

Budget Amendment No. 7-3. The Governor estimates that implementation of a severance tax will require the following expenditures and personnel:

	<u>FY 1983</u>	<u>FY 1984</u>
Salaries and Wages	\$28,226	\$635,677
Contractual Services	9,498	229,221
Commodities	1,250	6,000
Capital Outlay	<u>27,949</u>	<u>7,200</u>
TOTAL	<u>\$66,923</u>	<u>\$878,098</u>
F.T.E. Positions	—	31.25

The Department plans to hire 38 new, regular staff to administer the severance tax and to establish a new Mineral Tax Bureau, staffed by 30 of the new employees. New staff would be added between May 1, 1983 and December 18, 1983 to reduce initial personnel costs, requiring an additional 31.25 F.T.E. positions in FY 1984 to allow the Department to employ 38 staff as requested (see separate handout delineating personnel). Recalculation of salaries and benefits would further reduce expenses to phase-in 38 employees. An additional \$25,000 for salary of a petroleum tax specialist would be funded by a previous appropriation for consulting services in FY 1984, with \$9,914 of new funding required.

Other operating expenses recommended by the Governor include \$43,750 for 5,000 square feet of space (131.6 square feet per new staff), \$71,696 for travel and subsistence primarily to audit mineral producers and first purchasers, and \$87,324 for data processing and contract programming in FY 1984. Furniture and equipment for new staff is estimated at \$35,149 in FY 1983 and 1984. All capital outlay for equipping new personnel is requested in FY 1983, except for nine terminal workstations, even though some staff will not be hired until mid-FY 1984. The Governor's recommendation for \$12,575 in FY 1983 for salaries and wages of data processing personnel appears to be based on either contracting for consultants or paying part-time employees and might be considered an other operating expense if funds are appropriated for consultants.

A credit against the tax equal to 3.67 percent of value for oil and 1 percent of value for gas would be allowed. After refunds, 7 percent of the tax collected would be returned to producing counties and school districts and the remainder would be credited to the State General Fund. The Governor previously recommended establishing a rebate of 5 percent to the county of production and estimated \$6,217,000 of refunds. Sub. for S.B. 384 will generate an additional \$982,300 in refunds according to consensus estimates.

State Library

A. Library Construction. The State Librarian in a letter to the Ways and Means Chairman requests for FY 1984 the addition of \$421,071 in federal funds under Title II of the Library Services and Construction Act. The recently passed Emergency Jobs Bill contains an appropriation of \$50 million for library construction and renovation. The Kansas allocation must be obligated at the state level by September 30, 1983. Federal funds would be used as aid to local units for construction grants.

Public library construction funds may be used solely for the purpose of paying the federal share of the cost of (1) construction of public libraries, (2) remodeling of public libraries necessary to meet handicapped accessibility standards, and (3) remodeling designed to conserve energy in the operation of public libraries. Local libraries will have to provide a match in order to receive federal funds under the Title II program, probably on a dollar for dollar basis.

B. Official Hospitality. The State Librarian in a letter to the Ways and Means Chairman requests for FY 1984 the addition of two items to allow the State Library to expend funds for official hospitality. A \$500 authorization is requested for the State General Fund other operating expenditures account and another \$500 authorization is requested for the federal library services and construction act fund account.

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Handwritten notes in red ink, including a calculation: $\frac{21}{5224}$ and the number 4325.

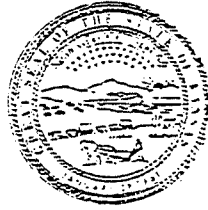
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Department of Social and Rehabilitation Services

A. Budget Amendment No. 7 - Aid to Dependent Children (ADC). The Governor is recommending additional funding of \$6,051,760, of which \$2,957,646 would be from the General Fund to supplement the ADC budget contained in S.B. 110. This recommendation would finance 880,000 person months (an average of 73,333 persons per month), rather than the 817,350 person months (an average of 68,113 persons per month) financed in S.B. 110. During February 71,788 persons received ADC.

B. Budget Amendment No. 7 - Child Support Enforcement - Wichita. The Governor is recommending shift of \$148,592 in State Operations to finance 7.0 F.T.E. Child Support Enforcement positions in the Wichita area. These positions would replace a contract with the Wichita District Attorney, which was financed in the S.B. 110 appropriation for SRS. The Governor's recommendation would not involve increased expenditures but would only involve shift of funding to state operations that was previously budgeted for aid to local units.

STATE OF KANSAS



OFFICE OF THE GOVERNOR

State Capitol
Topeka 66612

John Carlin Governor

April 18, 1983

Budget Amendment No. 7

The Honorable Paul Hess, Chairperson
Committee on Ways and Means
Senate Chamber
Third Floor, Statehouse

and

The Honorable William Bunten, Chairperson
Committee on Ways and Means
House of Representatives
Third Floor, Statehouse

Gentlemen:

This letter presents several amendments to my budget recommendations for fiscal years 1983 and 1984. On a net basis, the amendment affects recommended expenditures as follows:

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ (2,024,825)	\$ (2,059,679)
Special Revenue Funds	103,405,220	60,004,066
Total	<u>\$ 101,380,395</u>	<u>\$ 57,944,387</u>

Kansas Department of Economic Development

The Department of Economic Development has requested additional funds to finance the reallocation of an Economic Development Representative II to an Economic Development Representative III. The position is within the Travel and Tourism Division and was audited by the Division of Personnel Services last December. The audit concluded that the work performed by the incumbent is broader than that described in the class specifications. In particular the incumbent edits the KANSAS! magazine. The Division of Personnel Services recommended

the position be reallocated to an EDR III resulting in a change from range 24 to range 27. The reallocation would have a fiscal effect of \$3,372 in FY 1984 and would be financed from the KANSAS! Magazine Fee Fund. I amend my budget to include this reallocation.

The State of Kansas has been notified by the U.S. Economic Development Administration that additional Economic Development Planning Assistance Grant funds of up to \$25,000 are available to the state. These federal funds will be utilized by the Department of Economic Development to continue to finance salaries and wages and other operating expenses associated with a special projects position whose activities involve data collection for a high technology strategy development project in FY 1984. I amend my budget at this time to provide for the continued acceptance and expenditure of these grant funds.

In addition, I amend my FY 1984 budget recommendations for the Department of Economic Development to provide funds of \$10,133 for the addition of one clerical position in the Travel and Tourism Division. The Division currently receives 150 pieces of mail daily requesting tourist information. As summer approaches the volume of mail is expected to double, due in part to the Land of Ahs promotional campaign. The Division estimates the volume of mail will increase three-fold following the implementation of the out-of-state advertising campaign. The position is needed to allow existing staff to maintain its current level of service and to handle the additional workload resulting from requests. The recommended amount does not allow for a cost-of-living increase, since funds for cost-of-living increases for state employees have been deleted from agency budgets.

Also, I amend my budget recommendations for the current fiscal year to provide for an increase of \$1,500 in the amount of expenditures which can be made for official hospitality from the other operating expenditures account. This increase is needed to pay for expenses incurred by the High Technology Task Force established last September. The original limitation on the amount of official hospitality expenditures was established at \$3,000, but the agency reduced the amount by \$500 as part of its response to my request for four percent expenditure reductions. I now recommend that the amount be increased by \$1,500 to \$4,000. Since the additional amount would be financed by savings in other operating expenditures, there would be no net increase in State General Fund expenditures.

In total, these amendments will result in the following changes to my original recommendations:

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ --	\$10,133
Special Revenue Funds	--	28,372

Department of Administration

Congress has approved social security reform measures which require accelerated deposit of Old-Age and Survivors Insurance contributions. Beginning January 1, 1984, contributions will need to be deposited with the Federal Reserve Bank by the last day of the month for wages paid between the 1st and 15th of that month and by the 15th of the following month for wages paid between the 16th and the last day of the month. This procedure will cut in half the time allowed to process and file contributions. Currently, contributions must be deposited with the Federal Reserve Bank on or before 30 days from the pay date.

The new deposit schedule will place additional administrative burdens upon the Division of Accounts and Reports for processing state and political subdivision contributions. An additional position will be required to allow the Division of Accounts and Reports to process the increased number of deposits in the shortened schedule. Also, additional computer processing charges will be incurred and an additional computer terminal required.

I amend my FY 1984 budget recommendation for the Division of Accounts and Reports, Department of Administration, to add \$26,708 from the State General Fund and one position to assure the state's ability to comply with the revised procedures.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	--	\$26,708

Department of Revenue

I amend my fiscal year 1983 and 1984 budget recommendations for the Department of Revenue to provide the necessary positions and support costs to administer a severance tax, assuming passage of legislation with provisions similar to those contained in Senate Bill No. 384. I recommend that an additional FY 1983 appropriation of \$66,923 be made to the Department to finance 1.1 FTE positions (eight positions for one payroll period) at a cost of \$28,226 and other operating expenditures of \$38,697. Additionally, I recommend that for FY 1984, funds of \$878,098 be appropriated -- \$635,677 to finance a total of 38 new positions and \$242,421 for other operating expenditures. Your staff has been furnished with the detail of the additional amounts recommended.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ 66,923	\$878,098

Department of Revenue -- County Inheritance Tax Fund

Under the provisions of K.S.A. 1982 Supp. 79-1578, five percent of all inheritance tax collections are distributed to the counties. Due to downward revisions in the consensus estimates of inheritance tax receipts, it is now estimated that distributions to the counties will be reduced \$200,000 below the original estimates for fiscal years 1983 and 1984, resulting in revised distributions of \$1.3 million and \$1.4 million, respectively. I amend my budget recommendations to reflect the revised distributions.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$(200,000)	\$(200,000)

Office of the State Treasurer

The most recent revision of consensus revenue estimates dictates an adjustment of estimated disbursements from the Local Ad Valorem Tax Reduction Fund (LAVTRF). The January 1984, payment to local units of government will be based upon calendar year 1983 receipts of sales and compensating use taxes. The consensus revenue estimating group revised estimated FY 1983 receipts from these sources downward by \$8.0 million and estimated FY 1984 receipts are now expected to be \$10.0 million less than previously estimated, one-half of which is estimated to be attributable to calendar year 1983. Consequently, I amend my FY 1984 budget to reflect a \$293,000 decrease in expected payments to local units from the LAVTRF, based upon the amended statutory formula.

In addition to the above adjustment based on receipts, I further amend my budget to reflect recommendations contained in my special message of March 30, 1983. The repeal of the sales tax exemption on used farm equipment is expected to generate \$12.0 million in FY 1984, of which a 5/11 portion would be attributable to calendar year 1983 for purposes of computing disbursements from the LAVTRF. Since only the January 1984 payment is affected by this amendment, the amount to be distributed to local units is computed by dividing the 4.5 percent statutory annual distribution in half, yielding an estimated FY 1984 increase in LAVTRF payments of \$123,000.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ --	\$(170,000)

Department of Human Resources

I amend my budget recommendations for this agency to increase FY 1983 State General Fund expenditures by \$3,000. This amount will finance unanticipated costs in the Veterans Services Program for educational claims. K.S.A. 73-1216 thru 73-1218

require that financial benefits be paid to institutions of higher learning, vocational-technical schools or other post-secondary schools for children of prisoners of war, persons missing in action, or persons deceased as a result of service during the Vietnam conflict. These educational benefits are limited to 12 semesters. The additional amount is needed to make payments to educational institutions where students are currently enrolled.

Since the preparation of the 1984 Governor's Budget Report, unemployment in the state has remained at a level higher than anticipated. This has caused a rapid depletion of the Employment Security Trust Fund, a problem addressed by House Bill No. 2221 enacted earlier in this session. I amend my budget to reflect the additional expenditures necessary to pay unemployment benefits to those Kansans that are qualified to receive the same. Based on a projected unemployment rate of 6.2 percent, the additional amount needed for FY 1983 is \$103,552,379, of which \$74,388,117 would be for regular unemployment benefits, \$460,000 for ex-servicemen benefits and \$28,704,262 for federal supplemental compensation, which is available to those persons who have exhausted all other benefits. For FY 1984, based on a projected unemployment rate of 5.5 percent, the additional amount needed is \$56,151,047; of which \$55,691,047 would be for regular benefits and \$460,000 for ex-servicemen benefits.

	<u>FY 1983</u>		<u>FY 1984</u>
State General Fund	\$ 3,000	\$	--
Special Revenue Funds	103,552,379		56,151,047

Department of Social and Rehabilitation Services

The Department of Social and Rehabilitation Services has informed my office of a need for additional funds in order to finance adequately the FY 1984 Aid to Dependent Children Program. My original FY 1984 budget recommendations provided for a total of 817,350 person-months for the ADC program at a total cost of \$78,991,440. These amounts were approved by the Legislature and included in Senate Bill No. 110. The Department and the Division of the Budget now estimate that the FY 1984 ADC program will require total expenditures of \$85,043,200 which would provide for 880,000 person-months, an increase of 62,650 person-months and \$6,051,760. The additional State General Fund demand would be \$2,957,646. I recommend that the additional funds be provided to the Department in order to finance the estimated FY 1984 ADC program.

The Department of Social and Rehabilitation Services operates a child support enforcement program for the purpose of collecting child support payments from individuals to be used as an offset to ADC assistance payments and to fulfill support obligations of absent parents. This program has consistently collected millions of dollars in child support payments that otherwise would have remained unpaid. In FY 1982, this program

collected \$5,725,389 in support payments for families receiving ADC payments and \$1,820,471 for non-ADC families.

For FY 1984, the Department of Social and Rehabilitation Services is requesting that additional positions and expenditure authority be granted to the child support enforcement program in order to increase efforts of the program. It should be noted that the Legislature has taken action which requires the Department to collect an additional \$2,000,000 in order to finance the FY 1984 Medical Assistance Program. The additional expenditures will be financed from increased collections above amounts currently budgeted.

I recommend that 13 additional positions and expenditures of \$286,560 be approved for FY 1984. These expenditures will be financed from the Social Welfare Fee Fund (\$85,968) and the Federal Title IV-D child support enforcement fund (\$200,592).

In addition, I recommend that the Department of Social and Rehabilitation Services be authorized to administer the Wichita area Child Support Enforcement Program in lieu of contractual arrangements with local authorities. The Secretary of Social and Rehabilitation Services has concluded that the program can be more effectively administered by the Department. In order to accomplish this, I recommend seven additional positions for FY 1984. The expenditures (\$148,592) associated with these positions will be financed with funds already included in my FY 1984 budget recommendations.

The Department of Social and Rehabilitation Services has contracted with the Department of Human Resources to conduct a public employment service program for ADC clients who are WIN program participants. This program will be conducted in Topeka, Wichita, Hutchinson, and Kansas City. The public service employment program will allow the Department of Social and Rehabilitation Services to utilize WIN program participants as supplemental work force in certain area offices. The contract between the two departments is effective from April 18, 1983, to September 17, 1983. Since the proposed program is of a limited duration, it is recommended that the positions to be financed with the federal funds made available through this contract be considered as special project positions. I recommend that the Department of Social and Rehabilitation Services be authorized to expend \$170,543 in FY 1983 and \$341,085 in FY 1984 of federal public service employment funds.

The Chanute area office of the Department of Social and Rehabilitation Services is located in an old facility which was formerly the Southeast Kansas Tuberculosis Hospital. The roof on that facility has now deteriorated to a point that major repairs are required to the roof in order to prevent interior damage. The Division of Architectural Services, Department of Administration has prepared an estimate of \$523,939 as the amount needed to repair the roof. Given the need to repair the roof as

soon as possible, I recommend that the repair project be authorized for FY 1983.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ 523,939	\$ 2,957,646
Special Revenue Funds	170,543	3,721,759

Department of Education

In my special address to the Legislature on March 30, 1983, I outlined a combination of revenue measures and spending recommendations as adjustments to my original FY 1984 budget. I indicated that I would support total expenditures of \$486.0 million for general aid under the School District Equalization Act and income tax rebate distributions. My original recommendations called for expenditures of \$493,038,000; SDEA general aid of \$403,068,000 and income tax rebate distributions of \$89,970,000. However, taking into account the net impact of individual income tax receipts under current law and my recent recommendation for changes in the individual income tax, the consensus estimate of school district income tax rebate distributions in FY 1984 has been revised upward to \$91,380,000. Therefore, to accommodate my revised recommended total of \$486.0 million, I amend my recommendation to provide general state aid appropriations of \$394,620,000. This is a reduction in State General Fund expenditures in the Department of Education in FY 1984 of \$8,448,000.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ --	\$ (8,448,000)

Department of Revenue -- School District Income Tax

As mentioned above, the amount of income tax distributions under my proposal for changes in the individual income tax in FY 1984 has been estimated to total \$91,380,000. My original recommendation, in accordance with the first consensus estimate, was for distributions of \$89,970,000. Therefore, this revised estimate will increase expenditures by \$1,410,000 in FY 1984. Together with the above change in recommended appropriations for general state aid, this increase causes a net reduction of \$7,038,000 in total school aid recommendations.

The consensus group has revised its estimate of FY 1983 distributions from \$83,241,284 to \$78,861,357, a reduction of \$4,379,927 in State General Fund demand transfers to the rebate fund.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ (4,379,927)	\$ 1,410,000

Utilities for Regents Institutions

Based upon revised estimates made by the Regents institutions, I recommend an increase of \$2,043,091 systemwide for additional utility costs over my initial recommendations for FY 1983. The recommended adjustments are summarized below:

	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Change</u>
Kansas State University	\$ 3,582,874	\$ 3,705,904	\$ 123,030
Kansas State University Veterinary Medical Center	1,187,303	980,625	(206,678)
Emporia State University	689,708	787,000	97,292
University of Kansas	4,689,982	5,306,757	616,775
University of Kansas Medical Center	3,908,223	4,837,892	929,669
Pittsburg State University	667,296	763,296	96,000
Wichita State University	1,689,321	2,065,324	376,003
Kansas Technical Institute	66,400	77,400	11,000
 Total			 \$ 2,043,091

A variety of factors, affecting each institution in varying degrees, account for the increased utility charges. However, the primary reason for the additional costs is an increase in the unit cost of natural gas. In most cases revised estimates are based upon actual usage through March and estimates for the remaining three months of the fiscal year. However, in some cases actual usage through February was the latest data available and in these cases the costs for the remaining four months of the fiscal year were estimated.

Wichita State University and Emporia State University reduced their original FY 1983 utilities budgets under the allotment system by \$35,000 and \$28,738, respectively. The Board of Regents has authorized those universities to request restoration of those reductions by a transfer of monies from their FY 1983 State General Fund other operating expenditures appropriation to their utilities appropriation. Therefore, of the \$376,003 of additional expenditure authority required for utilities at Wichita State University, \$341,003 would be financed with a supplemental appropriation and \$35,000 would be financed by a transfer from the university's other operating expenditures appropriation. Of the \$97,292 of additional expenditure authority for utilities required at Emporia State University, \$68,554 would be financed with a supplemental appropriation and \$28,738 would be financed by a transfer from the university's other operating expenditures appropriation.

The Kansas State University Veterinary Medical Center, through judicious use of the air handling system of the hospital, has been able to reduce its estimated expenditures for utilities by \$206,678 for FY 1983. I am recognizing the agency's downward

estimate in utility costs in my amendment, however, I recommend that none of the State General Fund appropriation for utilities for the Veterinary Medical Center be lapsed at this time in order to provide the facility with flexibility in case of extreme fluctuations in weather conditions.

As a consequence of the revision of utility expenditure estimates for FY 1983, I amend my budget for FY 1984. The recommended adjustments are summarized below:

	<u>Original</u> <u>Rec.</u>	<u>Revised</u> <u>Rec.</u>	<u>Change</u>
Fort Hays State University	\$ 922,392	\$ 883,959	\$ (38,433)
Kansas State University	4,568,542	4,530,882	(37,660)
Kansas State University Veterinary Medical Center	1,424,764	1,127,718	(297,046)
Emporia State University	862,135	905,050	42,915
Pittsburg State University	867,423	944,458	77,035
Kansas Technical Institute	79,680	89,010	9,330
University of Kansas	5,960,654	6,435,446	474,792
University of Kansas Medical Center	4,843,076	5,716,584	873,508
Wichita State University	2,270,087	2,576,024	305,937
Total			\$1,410,378

These adjustments permit a base increase of 15 percent in utility costs above the revised FY 1983 estimates and an increase of \$1,022,546 to cover utility costs for new buildings.

In total, the above adjustments result in a net increase of \$1,979,353 in State General Fund expenditures for the Regents system for FY 1983 and an increase of \$1,410,378 for FY 1984.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$1,979,353	\$1,410,378

Board of Regents

In a letter dated April 7, 1983, the Secretary of Administration has informed me of the results of an audit of national direct student loan programs that was conducted by the U.S. Department of Education. The Secretary states that the audit indicates that Kansas has been remiss in its handling of interest derived from investing of national direct student loan moneys. A recent state Attorney General's opinion confirmed that interest generated by NDSL moneys on deposit in the state treasury in various accounts of state regents' institutions should be credited to such accounts and not to the State General Fund. However, over the past 15 years NDSL moneys have not been invested separately and therefore interest earnings have been credited to the State General Fund.

To address past state liabilities as determined by the audit report and to revise investment procedures to place them in accordance with the Attorney General's opinion and U.S. Department of Education rules and regulations, the Senate Ways and Means Committee has introduced Senate Bill No. 445. The act establishes in the budget of the State Board of Regents the national direct student loan audit dispute fund. This fund would receive moneys transferred from the State General Fund under the provisions of a proposed settlement with the U.S. Department of Education concerning the past interest earnings. Such settlement provides that a total of \$391,051 be transferred to this fund over the next four years, of which \$93,472 would be transferred in FY 1984. This four-year payment program reflects a settlement of \$373,886 plus interest.

I support the manner in which the provisions of Senate Bill No. 445 would settle past state liabilities to the NDSL fund. Therefore, I amend my budget to include provision for a transfer of \$93,472 from the State General Fund to the national direct student loan audit dispute fund.

The Board of Regents has requested a supplemental appropriation of \$25,000 in State General Fund moneys to defray expenses associated with the search for a new president for Pittsburg State University. In past years an appropriation has been made to the Board of Regents for presidential recruitment and selection after the search process is underway. However, the Executive Officer of the State Board of Regents has requested that a policy be adopted which would provide a continuing line item appropriation in the Board of Regents budget for presidential recruitment. The Executive Officer proposes that this item carry a continuing balance of \$25,000 and be reappropriated annually if it is not expended. When the balance falls below \$25,000 the additional funds required to maintain the balance would be appropriated.

I concur with the Executive Officer's opinion that a line item for presidential recruitment should be included in the budget of the State Board of Regents at all times. Therefore, beginning with FY 1983 and with the search for a new president for Pittsburg State University, I amend my budget to include the amount of \$15,000 in a line item appropriation entitled "Expenses for recruiting, interviewing and selecting administrative personnel (including official hospitality)". This amount reflects a reduction of \$10,000 below the request submitted to me by the Executive Officer of the State Board of Regents on April 13, 1983.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ 15,000	\$ 93,472

Kansas Technical Institute

The Executive Officer of the Board of Regents requested that \$30,000 in State General Fund monies be transferred from the FY 1983 State General Fund salaries and wages appropriation of the Kansas Technical Institute to the State General Fund other operating expenditures appropriation. The Executive Officer indicates that when allotments were put in place in February through enactment of Senate Bill No. 54, the Kansas Technical Institute had not yet determined the amount of turnover savings it would experience during the spring semester. The Institute now estimates that an additional \$30,000 in turnover savings will occur and that this would permit the Institute to administer more effectively its FY 1983 budget by reducing salary and wage expenditures by \$30,000 and permitting the expenditure of an additional \$30,000 for other operating expenditures which would have to be deferred without the transfer. I amend my budget to permit such a transfer. This amendment will result in no increase in State General Fund expenditures in FY 1983 but will require necessary transfer language in the Omnibus Bill.

Wichita State University

The Office of the Attorney General has recommended that \$1,600 be appropriated from the construction defects recovery fund to Wichita State University for FY 1984. This appropriation would finance the correction of the "swing" on three classroom doors of the Liberal Arts and Science Building on the University's campus. At the present time the doors swing outward and obstruct the main exits in violation of fire codes.

The state has received \$8,577 for the settlement of a court case initiated in 1981 to recover funds from a contractor to correct various design defects in the Liberal Arts and Science Building. Since the case was initiated prior to the creation of the construction defects recovery fund, the University in most cases utilized other funds to repair the defects in the building. However, the door "swing" problem still exists and therefore I amend my budget to appropriate \$1,600 from the construction defects recovery fund to Wichita State University to finance the re-hanging and repair of three classroom doors in the Liberal Arts and Science Building.

	<u>FY 1983</u>	<u>FY 1984</u>
Special Revenue Funds	\$ --	\$1,600

Adjutant General's Department

With the receipt of most winter utility bills for the various armories and support facilities operated by the National Guard, the full extent of a needed supplemental appropriation has become clear. The Department has made every effort to adjust expenditures, both for utilities themselves and in other areas,

in order to compensate for utility cost increases and has indicated to me that an additional \$40,000 will be required to complete the current fiscal year. Deferring some minor maintenance items and delaying supply purchases will reduce the total need without irreparable harm. I do not, however, believe that the agency should have to resort to the closure of facilities for the remainder of FY 1983 in order to pay utility bills. Therefore, I amend my recommendations for FY 1983 to add a \$40,000 State General Fund supplemental appropriation. In addition, to this amount, I note that the Joint Committee on Claims Against the State has approved payment of a claim, resulting from a billing error by the utility, for \$444.71 from the Adjutant General's budget. I recommend that this amount also be appropriated to the agency.

Additional FY 1983 expenditures for utilities indicate the need for a revision to my recommendations for FY 1984. I anticipate that further steps toward improved energy utilization in the armories can be taken in FY 1984 and that total expenditures can be limited to an increase of 6 percent. This amount will require an increase in my recommended State General Fund appropriations for the Physical Plant Operations Program of \$76,900 in FY 1984.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$40,445	\$76,900

Crime Victims Reparations Board

The Crime Victims Reparations Board has expended its budget for the payment of reparations claims, due principally to a higher average claim than originally anticipated. Unless additional funds are made available, the Board will have to cease paying claims for the remainder of the fiscal year. This would only compound the number of claims that would need to be paid in FY 1984. In order to reduce the amount of claims that will be pending at the end of the current fiscal year, I recommend that additional State General Fund moneys of \$75,000 be appropriated to the Board for the payment of reparations claims. This amount is based upon the anticipated payment of 25 claims with an average claim amount of \$3,000. To the extent that the average claim amount would exceed or fall below the amount of \$3,000, the number of claims that could be paid for the remainder of the fiscal year would be affected accordingly.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ 75,000	\$ --

Kansas State Industrial Reformatory

The Department of Corrections has informed me that bids accepted for two capital improvement projects at the Reformatory

are substantially below the appropriations made for the projects by the 1982 Legislature. Consequently, I amend my budget to delete the funds that the Department anticipates will not be utilized for the projects.

The projects involved are summarized below:

<u>Project</u>	<u>Appropriation</u>	<u>Estimated Cost</u>	<u>Savings</u>
Fire Safety Improvements to Cellhouses	\$ 246,203	\$ 153,300	\$ 92,903
Electrical Switching Changes and Load Distribution	93,655	38,000	<u>55,655</u>
Total			\$148,558
	<u>FY 1983</u>	<u>FY 1984</u>	
State General Fund	\$ (148,558)	\$ --	

Kansas State Penitentiary

My initial FY 1984 recommendations for the Penitentiary included funds of \$106,257 to finance seventy-six security positions, effective May 18, 1984. The positions were to staff certain medium-custody and support facilities presently under construction at the institution. The initial recommendation was based upon the assumption that the new facilities would be ready for occupancy in the first quarter of FY 1985. The additional positions were funded for one payroll period in FY 1984 in order to provide sufficient lead time to recruit, hire, and train the new employees prior to occupying the new facilities.

In accordance with the recently signed contract for construction of the facilities, the anticipated completion date is now October 1984. Because of the later date anticipated for occupying the facilities, funding of all positions can be delayed until fiscal year 1985, and accordingly I amend my recommendations to delete the amount of \$106,257 for salary costs of the security positions. In addition, I recommend that \$21,029 included in my initial recommendations for uniforms for the new positions also be deleted.

This recommendation does not reflect a reduction in my commitment to provide adequate staffing for the new facilities. It simply reflects a revised schedule for occupying the new facilities. If construction proceeds faster than now anticipated, it may be necessary during the 1984 Legislature to assess again the need for the positions in FY 1984 and if necessary provide supplemental funds to authorize the positions for the latter part of that fiscal year.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ --	\$(127,286)

Department of Corrections

The Department of Corrections has requested additional funds of \$22,272 to finance costs attributable to recodification of its inmate files so that adequate analysis and projections of the inmates population can be made. The proposed amount would fund technical assistance in data base design, temporary employees to assist in recoding files, and a remote computer terminal and printer to interact with a DISC main-frame computer. Adequate examinations of the question of system capacity require that reasonable analysis and projections of the inmate population be made. Accordingly, I recommend that an additional appropriation of \$22,272 be made to the Department of Corrections for FY 1984.

	<u>FY 1983</u>	<u>FY 1984</u>
State General Fund	\$ --	\$ 22,272

Highway Patrol

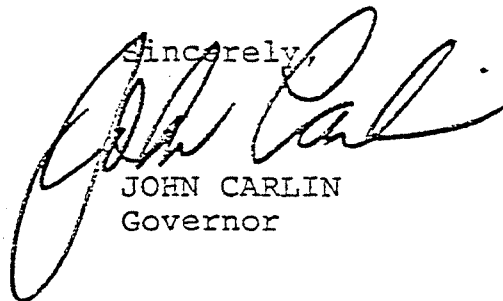
My initial recommendations for the Highway Patrol reflected the anticipated receipt of federal funds of \$317,702 in the current fiscal year for the acquisition of twenty-two unmarked vehicles to be utilized for enforcing speed limits and detecting and apprehending persons driving under the influence of alcohol and drugs. These vehicles would have been utilized by regular troopers, consequently reducing the mileage which would have accumulated on the troopers' assigned fleet vehicles since these vehicles would have been parked. Accordingly, I reduced the Highway Patrol's fiscal year 1984 request for annual replacement of fleet vehicles by eleven vehicles.

It has now come to my attention that due to the federal government's decision to fund only the acquisition of seven vehicles and the imposition of unreasonable and detailed requirements for the purchase and use of the seven vehicles, the Highway Patrol has withdrawn the grant request. Accordingly, I amend my recommendations for the current fiscal year to reflect withdrawal of the grant proposal. In addition, I recommend that additional fiscal year 1984 expenditure authority of \$101,288 be authorized for the Highway Patrol to allow for acquisition of the eleven vehicles which were not included in my initial recommendations based upon the anticipated awarding of the federal grant in the current fiscal year. The additional expenditures would be financed by a transfer from the State Highway Fund to the State Highway Patrol Fund.

	<u>FY 1983</u>	<u>FY 1984</u>
Special Revenue Funds	(\$317,702)	\$101,288

The Division of the Budget will provide you or your staff with any necessary additional information on these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "John Carlin". The signature is fluid and cursive, with a large initial "J" and "C".

JOHN CARLIN
Governor