

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by Senator Paul Hess at  
Chairperson8:30 a.m./p.m./on April 21, 1983, 19\_\_ in room 123-S of the Capitol.

All members were present except:

Senator Steineger

Committee staff present:

Research Department: Marlin Rein, Sherry Brown, Mary Galligan, Richard Ryan  
Chris Stanfield, Bill Gilmore, Ray Hauke, Julian Efirid  
Revisor's Office: Norman Furse  
Committee Office: Doris Fager

Conferees appearing before the committee:

Dr. Robert Harder, Secretary, Department of Social and Rehabilitation Services  
Richard Brown, Legislative Post AuditorOmnibus Bill - HB 2576Legislature - A. House Bill No. 2012

The committee approved expenditures for meetings of the Health Planning Review Commission as noted in Research Department memorandum dated April 18, 1983 (Page 24).

Social and Rehabilitation ServicesA. Substitute for House Bill No. 2132

Explanation by staff was followed by a short discussion concerning this item. It was noted that the House Committee had provided authorization of \$22,631 and 1 F.T.E. position for FY 1984 from the newly created fund; authorization of \$7,264 out of the Private Club Licensure Fund to resolve expenditure obligations in the current fiscal year; and deleted the Administrative Officer position from the Governor's recommendations and expenditure authority from the old fund during FY 1984. It was the consensus of the Senate committee to agree with House recommendations.

B. Senate Bill No. 105 (Pending)

Following staff explanation of this item, it was agreed by the committee to take no action, but to review the situation during the 1984 session of the Legislature if problems arise with funding.

C. Budget Amendment 7 - Reroof Chanute SRS Office

There was general discussion concerning this item. Staff indicated that the suggested cost has been reduced by SRS to \$241,000. When a committee member questioned the cost per square, Senator Bogina said this cost includes insulation and sloping the roof. He further indicated he felt this cost should come from the Institutional Building Fund instead of the State General Fund.

Motion was made by Senator Bogina and seconded by Senator Talkington to appropriate \$241,000 for this roofing project from the Institutional Building Fund. The motion carried by voice vote.D. Budget Amendment 7 - Federal WIN Funds for Public Service Employment

The Governor's recommendation for expenditures under this item was approved by the committee.

Omnibus Bill - Continued

Social and Rehabilitation Services - Continued

E. Budget Amendment 7 - Child Support Enforcement

B. Budget Amendment 7 - Child Support Enforcement - Wichita (Separate Sheet)

Staff explained the items included in these two sections of the Research Department memoranda. There was discussion and questions from committee members. Dr. Harder distributed a memorandum dated April 20, 1983, concerning the Child Support Program (See Attachment A).

The committee approved the \$286,560 in Item E, including the 13 positions; and FY 1984 budget authority for SRS to operate collection activities which were formerly conducted by the District Attorney in Wichita and an increase of 7 F.T.E. positions.

A. Budget Amendment No. 7 - Aid to Dependent Children (ADC) (Separate Sheet)

There were questions about the recommended additional funding for FY 1984. Dr. Harder explained that the case load is increasing at the present time, in spite of the fact that there are signs of the economy turning around. He said there is a lag time of six or seven months in change in case load; consequently, it is expected that the number will decrease in 1984 but not as much as it increased in 1983. This is the reason for the request for additional funds. He noted that these children are children of unemployed parents.

The committee agreed to authorize additional funding for FY 1984 in the amount of \$6,051,760, of which \$2,957,646 would be from the State General Fund. It was stressed that if this money is not used for the purpose authorized, it could be used for General Assistance, Medical assistance and Aid to Dependent Children, but should not be used for anything else. Dr. Harder promised to follow these guidelines.

Mental Health and Retardation Services

A. Senate Bill No. 429 (Pending)

Staff called the committee's attention to the fact that there had been a floor amendment to HB 2576 in the House which added \$264,996 during FY 1984 for state aid to Community Mental Health and Mental Retardation programs, of which \$165,316 would be for mental retardation and \$99,680 for Mental health. Following a brief discussion, the Senate Committee agreed to delete that floor amendment.

Larned State Hospital

A. House Bill No. 2064

B. Senate Bill No. 284

It was noted by staff that these two items pertaining to Larned State Hospital would also pertain to the remainder of the state hospitals. The committee approved the suggestions in the memorandum.

Other hospitals to which the above action applies are: Osawatomie State Hospital, Topeka State Hospital, Rainbow Mental Health Facility, Norton State Hospital, Winfield State Hospital and Training Center, Parsons State Hospital and Training Center, Kansas Neurological Institute and the Youth Centers.

Omnibus Bill (HB 2576) - Continued

Reconsideration of Previous Motion

Senator Hein called the committee's attention to the first paragraph on Page 8 of the Research Department memorandum dated April 18. Because of a communication from Mr. Cobler, Director of the Division of Accounts and Reports, he said he believed the committee should reconsider their action of deleting \$15,658 noted in this paragraph. The committee agreed to re-insert \$15,658, but not to increase the position limitation.

Low Income Energy Assistance Program

Senator McCray reminded the committee that there had been discussion concerning allocation of \$1 million from the severance tax for the low income energy assistance program. Senator Talkington agreed that he had understood some or all of the suggested \$1 million would be reinserted at some time.

There was discussion concerning the balance in the program and the expected revenues during FY 1984. Dr. Harder said the use of the funds varies, according to the severity of weather both in winter and summer.

It was agreed by the committee that no action would be taken at this time, but to suggest that the subject be discussed during conference committee deliberations.

Judicial Department - Fourth Judicial District

Senator Talkington said he had received a letter concerning the need for a Court Reporter in the Fourth Judicial District. He explained that this need had been made known to him two years ago, before consideration had been given to formation of a new judicial district.

Motion was made by Senator Talkington and seconded by Senator Gaines to insert \$22,901 for salary and benefits for a court reporter in the Fourth Judicial District. The motion carried by voice vote.

SB 451 - State Board of Regents, manufacture of parking permits authorized to be issued by institutions under control and supervision thereof.

Motion was made by Senator Gaines and seconded by Senator McCray to report SB 451 favorably for passage. The motion carried by roll call vote.

Omnibus Bill - Center Industries

Motion was made by Senator Gaines and seconded by Senator McCray to authorize an appropriation of \$52,770 from the State General Fund for FY 1984 for equipment grant to Center Industries Corporation to enable them to manufacture parking permits as provided in SB 451 above. The motion carried by voice vote.

Department of Revenue - Subcommittee Report on items recommended or requested as indicated by Research Department memorandum dated April 18.

A. K-BITS Deferrals

The committee approved appropriation of \$695,000 from the State General Fund in FY 1984 to finance implementation of programming for the Kansas Business Integrated Tax System, including \$423,000 for consultants and \$272,000 for DISC fees, with release of funds for consultants contingent upon prior approval by the State Finance Council.

Omnibus Bill (HB 2576) - Continued

B. Bills Enacted (Other than Severance Tax)

1. House Bill No. 2023

No action was taken on this item, as suggested by the subcommittee in their oral report.

2. House Bill No. 2110

The subcommittee recommended to include FY 1984 administrative costs of \$6,310 for programming changes in computer software as a result of passage of HB 2110. The full committee agreed with this recommendation.

House Bill No. 2154

The subcommittee recommended appropriations for FY 1983 of \$2,007 for mailing of notifications to local governments of the change in the law. The full committee accepted the recommendation and approved the \$2,007.

House Bill No. 2569 (Pending)

Senator Talkington noted that HB 2569 had been defeated on the Senate floor; consequently, no action is needed on this item.

Senate Bill No. 436 (Pending)

The subcommittee recommended acceptance of recommendations and requests as set out in the Research Department memorandum dated April 18 (page 35). The committee approved this recommendation, pending passage of SB 436.

The subcommittee noted that the House had deleted two obsolete special revenue fund line items contained in HB 2086. The full committee concurred with this deletion.

It was noted by Senator Talkington that the subcommittee recommended deferring action on other bills listed in the Research Department memorandum, since all are pending at this time.

Motion was made by Senator Gaines and seconded by Senator Doyen to adopt recommendations of the subcommittee. The motion carried by voice vote.

Legislative Division of Post Audit

A. House Bill No. 2057 (see detail on page 24 of Research Department memo).

The House subcommittee, according to staff, had recommended continuance of the Post Audit Division as a separate agency with 15 positions after the October pay period; and also recommended the specific positions to be deleted.

The House Committee on Ways and Means recommended that the Post Audit Division be continued as a separate division through the end of September, and in October fourteen positions would be transferred to the Legislative Research Department. This recommendation did not include specific positions to be eliminated. The recommendation did double the initial budget for contractual services.

It was noted by staff that the decision on the floor of the House was basically the same as that recommended by the House Committee, and that separate legislation is being introduced in the House to provide the transfer as set out above.

Omnibus Bill (HB 2576) - Continued

Division of Legislative Post Audit - Continued

There followed an extended discussion concerning the Division of Post Audit, including the number of employees presently authorized (40) and the number of positions presently filled (38). It was the general consensus of the committee that there should be a separate Post Audit Division.

Motion was made by Senator Talkington and seconded by Senator Gaines to continue to fund the Division of Post Audit as a separate division, with a total of 25 employees; the Post Auditor; and that fiscal audits be contracted out to the private sector.

Dr. Brown indicated that the House is discussing making certain changes before September; and he requested that he might be given a little more time to make staff reductions. Senator Hess said that can be adjusted in the Conference Committee. There was discussion concerning how to go about eliminating positions when posting the budget; and it was suggested by Mr. Rein that the staff pick out a sum of money under the Senate version and let Dr. Brown identify positions under the proposed budget--thus leaving it to him and not to the fiscal staff.

The above motion carried by voice vote.

Motion was made by Senator Talkington and seconded by Senator Doyen to report HB 2576 as amended favorably for passage. The motion carried by roll call vote.

The meeting was adjourned by the Chairman.

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

M E M O R A N D U M

PCX

FROM: Robert C. Harder

DATE : April 20, 1983

TO : Ways and Means Members

SUBJECT: Child Support Program

A question has arisen concerning the advisability of contracting for child support work in Wichita or handle the program with SRS staff. If done by SRS staff, the number would be 7 and would be paid out of the collections; consequently, no General Fund money would be required.

SRS does not think the Wichita contract program has been as effective as it should have been. We think that contracting is effective only if the production is meeting effectiveness standards.

COLLECTIONS

The Child Support Enforcement Program is a results-oriented program with a rather obvious result, dollars collected. In an effort to involve staff in the collection goal, each area committed itself to an ADC dollar collection goal for FY82. Overall, 95.09% of the ADC collection goal set was accomplished. This represented a 10% increase in ADC collections over the previous year.

For FY 1982, collections for both ADC and Non-ADC were at the highest levels since the beginning of the program. The overall total for the fiscal year was \$7,545,860. Of this amount, \$5,725,389 was collected on behalf of families receiving Aid to Dependent Children, and \$1,820,471 was passed on to Non-ADC clients. Of the ADC collection, \$2,459,237 was retained by the state to reimburse ADC expenditures.

COST EFFECTIVENESS

The Child Support Enforcement Program is intended to be a revenue generating program therefore, one of the measures of achievement is to compare the collections against the costs of collection. Due to the various subparts and the funding mixture, a number of measures can be developed.

Kansas Ratio - - - - - \$3.71 for every \$1 spent

a. General Revenue Retained

1. Collections (state share)	\$2,459,237
2. Incentives (state share)	364,749
	<u>\$2,823,986</u>

b. State Share of Expenditures

761,196

ATA 4-21-83  
8:30 a.m.

Overall Program Ratio - - - - - \$1.62 for every \$1 spent

a. Total Collections (ADC + Non-ADC)	\$7,308,551
b. Total Expenditure (Federal, State, & County)	4,507,615

Overall ADC Program Ratio - - - - - \$1.22 for every \$1 spent

a. Total ADC Collection Retained	\$5,488,079*
b. Total Expenditures	4,507,615

\*Refunds to ADC families not included

Collections in the urban counties:

	<u>Collected</u>	<u>Spent</u>
Johnson County	\$2.00	\$1.00
Shawnee County	1.95	1.00
Wyandotte County	1.65	1.00
Sedgwick County	1.39	1.00

The SRS budget is built on the expectation that a 2.0 million dollars will be raised over and above what the Department had projected.

RCH:mao  
1098E

## REPORT

April 19, 1983

TO: House and Senate Ways and Means Committees

FROM: J. Santford Duncan

RE: K-BITS

During the recess I met with representatives of the Department of Revenue, Department of Administration, and DISC to discuss the status of K-BITS and to develop specific recommendations for K-BITS for FY 1984.

### Current Status of K-BITS Program

The Department is concluding Phase III of the project, which was designed to develop program specifications, forms, reports, screens, and procedures for K-BITS, with the assistance of Deloitte, Haskins, and Sells as contractor. The bid specifications anticipated that Phase III would be approximately ten months in duration, although this phase is in its 18th month. The Department has reviewed and authorized payment of funds encumbered in FY 1982 for the systems external specifications of K-BITS, but is still reviewing the system internal specifications. The Department has not paid for all of this portion of Phase III, although the funds were encumbered in FY 1982 for the contract work.

In concluding Phase III, the Department must complete its review of the contractor's documentation and approve the needed corrections. An April 30 date has been indicated by the Department as the target for final approval of the contractor's work. Also, a project team comprised of agency users and technicians must finalize the conversion and implementation plans for Phase IV. The Department indicated that this material will be ready by June 15. Finally, an invitation for bid (IFB) must be completed in order to bid Phase IV, which the Department indicated will begin approximately September 1.

### Programmatic Recommendations

Based on discussions with those parties involved, I recommend that the Department of Revenue:

1. designate a single person to be full-time manager of Phase IV and make internal shifts of personnel to accomplish this action without adding additional positions;
2. prepare a summary document which reviews progress to date and anticipated milestones for Phase IV and make the report available to the 1984 Legislature on or before January 9, 1984;
3. compile a summary document during Phase IV which synthesizes the contents of all written documentation for Phase III of K-BITS;



4. hold regular consultations with DISC and insure that adequate communication about project developments, milestones, and problems takes place; and
5. develop more realistic cost and time estimates for other major data processing enhancements, including estimates which rely on ranges of costs and time periods rather than single figures and completion dates.

Recommendations Requiring Legislative Action

1. restore consultant fees of \$423,000 to implement coding and programming in FY 1984;
2. restore DISC fees of \$272,000 for data processing charges based on a DISC estimate range of use in FY 1984. This results in a savings of \$58,000 from the \$330,000 originally requested; and
3. defer until FY 1985 the \$33,138 for microfilm equipment.

83-120/JE

ATTACHMENT 1  
MEMORANDUM

April 13, 1983

TO: Representative J. Santford Duncan  
FROM: Kansas Legislative Research Department  
RE: K-BITS Development

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.

The development of K-BITS has been organized into four phases:

- Phase I - Information Systems Plan: 3 months (to June, 1980)
- Phase II - Conceptual Design: 9 months (to June, 1981)
- Phase III - Detail Design: 18 months (to date)
- Phase IV - Program Development, Testing, Conversion and Implementation:  
12-18 months

Developmental costs identified or projected by the Department in year of encumbrance are:

<u>Fiscal Year</u>	<u>Outside Consultants</u>	<u>Departmental Staff Costs</u>	<u>Computer Processing</u>	<u>Totals</u>
1981	\$ 155,000	\$ 49,000	\$ —	\$ 204,000
1982	429,845	152,000	191,000	772,845
1983	—	190,000	39,506	229,506
1984	695,000	295,000	330,000	1,320,000
1985	—	142,500	21,900	164,400
	<u>\$1,279,845</u>	<u>\$ 828,500</u>	<u>\$ 582,406</u>	<u>\$2,690,751</u>

The Conference Committee on H.B. 2086 agreed to postpone any decisions on K-BITS financing for FY 1984 until the Omnibus Appropriations Bill was considered. The following State General Fund items were deferred by the Conference report:

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, and the \$364,086 in State General Fund reductions were not addressed by the Conference Committee.

A 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.



DEPARTMENT OF ADMINISTRATION  
Office of the Secretary

JOHN CARLIN,  
Governor  
PATRICK J. HURLEY,  
Secretary of Administration

Room 263-E  
State Capitol Building  
Topeka, Kansas 66612  
(913) 296-3011

April 18, 1983

The Honorable Santford Duncan  
Room 115-S, The Statehouse  
BUILDING MAIL

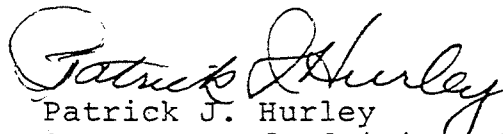
Dear Representative Duncan:

In response to your recent request, we have collected revised impact information on the Department of Revenue's KBITs program, based upon new usage figures provided by Revenue this morning.

The recalculation indicates estimated FY84 expenditures for DISC services of between \$252,000 and \$291,000 instead of the original \$330,000 described in our letter of March 14th. The difference between the two numbers is caused by the unknown impact the '83 holiday season may have on the contractor's performance. However, it is important to note that the mainframe computer acquisition will still occur early in the 2nd quarter of FY84, due to leasing concerns which all but require the acquisition during this timeframe.

If there is anything else you need, please let me know.

Sincerely,

  
Patrick J. Hurley  
Secretary of Administration

PJH:ee  
jcb13/JCB2

Attachment 3

M E M O R A N D U M

TO: Michael Lennen, Secretary of Revenue  
FROM: Gary A. Russell *GAR*  
DATE: April 18, 1983  
SUBJECT: K-BITS Implementation

As I discussed with you this morning, I met with Tom Foust and Carey Brown (DISC) to finalize the Department's K-BITS related costs for FY 1984.

The following schedule seems realistic:

· April 18 - May 15, 1983

1. Complete Phase III activities.
2. Begin and complete Phase IV Conversion/ Implementation Planning.
3. Begin Data Base Preparation activities for Phase IV.
4. Begin initial work on Phase IV IFB.

· May 16 - October 31, 1983

1. Complete Phase IV IFB and award contract to consultant firm.
2. Complete Conversion activities.
3. Complete Data Base preparation activities.
4. Complete some initial organizational changes in the Department.
5. Create Test Data Base for Phase IV.
6. Complete Design changes to K-BITS due to 1983 legislative changes (i.e. accelerated filing for sales tax).

· November 1 - November 30, 1983

1. Complete the detailed work plan for Phase IV (Consultants and State personnel).
2. Install CRT's for program development work.

· December 1, 1983 - July 31, 1984

1. Complete Phase IV - the implementation of K-BITS core and two (2) taxes.
2. Finalize organizational changes  
or

· December 1, 1983 - September 30, 1984

1. Complete Phase IV - the implementation of K-BITS core and two (2) taxes.
2. Finalize organizational changes.

Essentially the factors having the most impact on whether the Department completes Phase IV in July, 1984, or September, 1984 are:

1. The impact of Thanksgiving and Christmas holidays in project productivity.
2. The magnitude of design changes necessitated by 1984 legislative enactments.
3. Effectiveness of consultant selected.

Impact Upon Budget

· Implement K-BITS by August 1, 1984:

DISC           \$291,000 in FY 1984  
Consulting   \$487,000 in FY 1984

Assumes 20% holdback of the \$695,000 consulting money until project completion plus ten percent completed and paid in FY 1985.

· Implement K-BITS by October 1, 1984:

DISC           \$252,000 in FY 1984  
Consulting   \$427,000 in FY 1984

Assumes 20% holdback of the \$695,000 consulting money until project completion plus 20% completed and paid in FY 1985.

Therefore, with an August, 1984, completion, the Department would need \$208,000 in FY 1985 for consultants; with an October, 1984 completion, the Department would need \$278,000 in FY 1985 for consultants.

Meeting the schedules detailed above further assumes:

1. Full-time commitment by Charles Harden, Jody Colhouer, John Gartin, Michell Wilson, and Dave Williams.
2. Approximately half-time commitments by Ken Waters and Ray Rhoads.
3. Programming and clerical resources for conversion starting in June, 1983.
4. Eight or nine programmers full-time from December, 1983, until project completion.
5. Certain organizational changes.

Please advise if you wish additional information.

GAR:mks