

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by Senator Paul Hess at
Chairperson11:00 a.m./p.m./on January 25, 1984, 19__ in room 123-S of the Capitol.All members were present except:
Senators Doyen and Harder

Committee staff present:

Research Department: Ed Ahrens, Mary Galligan, Lynne Holt
Revisor's Office: Norman Furse, Jim Wilson
Committee Office: Mark Skinner, Doris Fager

Conferees appearing before the committee:

HB 2678 - Group Health Insurance for State Employees

It was noted by the Chairman that some additional questions had been raised concerning HB 2678, and that the committee would be reconsidering the proposal at this meeting.

Mr. Wilson indicated that the act in question is styled toward state employees, and in the absence of specific authority or implied authority the bill doesn't include employees of counties, cities and other local entities. Senator Gaines said he feels it is desirable to include the latter group, and suggested that the amendment be drafted and included in the bill.

During ensuing discussion, Senator Hein asked about permitting retirees to remain in the group, and wondered if that provision would have an impact on the rate applicable to the state for the entire program. Mr. Wilson said he assumed it would have an impact, but had no way of determining that.

Mr. Wilson referred to an amendment he had prepared for HB 2678 (Attachment A) and explained that the Commission would need to adopt rules and regulations under this amendment to bring certain persons into the plan. The amendment would not automatically bring them into the plan.

There was a brief discussion concerning conversion privileges for persons enrolled in the state health insurance plan. Mr. Wilson said this privilege is dealt with by general statute, which provides that employees have a right to convert their policy to another group type policy. This is a group of all persons outside their established group plans, such as retirees, etc. The premium on this group plan is paid for by the individual.

Senator Talkington referred to an amendment suggested by him at a previous meeting concerning including retired state officers and employees who receive retirement benefits. He asked Mr. Wilson if the amendment is necessary to take care of the retirees. Mr. Wilson answered that it was his opinion this can be done by rules and regulations. He added that others have the right under the present statute to convert by reason of the State's group contract.

Motion was made by Senator Talkington and seconded by Senator Gaines to reconsider HB 2678 and remove the amendment made by Senator Talkington at the previous meeting. The motion carried by voice vote.

Motion was made by Senator Gaines and seconded by Senator Steineger to adopt the amendment on Attachment A. The motion carried by voice vote.

Motion was made by Senator Talkington and seconded by Senator Steineger to report HB 2678 favorably as amended. The motion carried by roll call vote.

HB 2678 - Continued

Senator Talkington requested that these minutes reflect that it is the intent of this committee that retirees and their conversion privileges should be by rules and regulations contemplated by the bill.

STAFF REVIEW OF GOVERNOR'S BUDGET

Mr. Ahrens distributed a series of tables (See Attachment B). He first addressed the difference between the 2.0% increase in total expenditures and the 10.3% increase in State General Fund Expenditures (Tables 1 and 2). Subsequently, he reviewed the remaining tables and answered questions from members of the committee.

The meeting was adjourned by the Chairman.

PROPOSED AMENDMENT TO HB 2678
As Amended by House Committee of the Whole

Be amended:

On page 5, following line 175, by inserting the following material to read as follows:

"(c) In the event that the Kansas state employees health care commission designates by rules and regulations persons on the payroll of a county, township, special district or other local governmental entity as qualified to participate in the state health care benefits program, periodic deductions from payrolls of the local governmental entity may be made to cover the costs of the state health care benefits program payable by such persons when authorized by such persons. All such moneys deducted from payrolls shall be remitted to the Kansas state employees health care commission in accordance with the directions of the commission.";

On page 6, in line 210, after "(a)" by inserting "(1)"; following line 218, by inserting the following material to read as follows:

"(2) In the event that the Kansas state employees health care commission designates by rules and regulations persons on the payroll of a county, township, city, special district or other local governmental entity as qualified to participate in the state health care benefits program, each local governmental entity which has on its payroll persons participating in the state health care benefits program shall pay from any moneys available to the local governmental entity for such purpose an amount specified by the commission. The commission may charge each local governmental entity a uniform amount per person as the cost to the local governmental entity for the local governmental entity's contribution for persons participating in the state health care benefits program. Such amounts may include the costs of administering the program.";

AAA
1-25-84
11:00a.m.

EXPENDITURES BY MAJOR PURPOSE

All Funds

(Millions of Dollars)

	<u>Actual</u>			Est. FY 1984	%	Rec. FY 1985	<u>Difference</u>	
	<u>FY 1982</u>	<u>FY 1983</u>	<u>% Diff.</u>					
State Operations	\$1,065.1	\$1,104.8	3.7%	\$1,183.8	7.2%	\$1,293.5	\$109.8	9.3%
Aid to Local Units	758.5	776.2	2.3	919.6	18.5	984.8	65.2	7.1
Other Assistance	655.8	829.3	26.5	810.9	(2.2)	732.4	(78.5)	(9.7)
Total Operating	<u>2,479.4</u>	<u>2,710.3</u>	9.3	<u>2,914.3</u>	7.5	<u>3,010.8</u>	96.5	3.3
Capital Improvements	161.8	199.3	23.2	347.6	74.3	317.6	(30.0)	(8.6)
Total Expenditures	<u>\$2,641.2</u>	<u>\$2,909.6</u>	10.2%	<u>\$3,261.9</u>	12.1%	<u>\$3,328.4</u>	<u>\$ 66.5</u>	2.0%

EXPENDITURES BY MAJOR PURPOSE

State General Fund

(Millions of Dollars)

	<u>Actual</u>			Est.	%	Rec.	<u>Difference</u>	
	<u>FY 1982</u>	<u>FY 1983</u>	<u>% Diff.</u>					
State Operations	\$ 512.9	\$ 538.4	5.0%	\$ 566.5	5.2%	\$ 651.3	\$ 84.9	15.0%
Aid to Local Units	611.4	635.9	4.0	709.7	11.6	783.8	74.1	10.4
Other Assistance	206.7	229.3	10.9	226.7	(1.1)	215.5	(11.2)	(5.0)
Total Operating	<u>1,331.0</u>	<u>1,403.6</u>	5.5	<u>1,502.9</u>	7.1	<u>1,650.6</u>	<u>147.7</u>	9.8
Capital Improvements	2.5	2.2	(10.6)	12.2	443.5	20.7	8.6	70.7
Total Expenditures	<u>\$1,333.5</u>	<u>\$1,405.9</u>	5.4%	<u>\$1,515.1</u>	7.8%	<u>\$1,671.4</u>	<u>\$156.3</u>	10.3%

Note: Expenditures shown for FYs 1982 and 1983 are only partially updated to reflect liquidated encumbrances.

ANALYSIS OF DIFFERENCES BETWEEN THE REVISED ESTIMATE
AND ACTUAL EXPENDITURES FOR FY 1983 AND BETWEEN
THE ORIGINAL AND REVISED ESTIMATES FOR FY 1984

(Parentheses Denote Reductions)

	Millions of Dollars	
	All Funds	State General Fund
<u>FY 1983</u>		
Estimate of Expenditures Based on Actions of 1983 Session	\$ 2,959.5	\$ 1,414.2
Actual Expenditures Reported in Governor's Budget	2,909.6	1,405.9
Differences	\$ (49.9)	\$ (8.3)
<u>Analysis of Differences</u>		
Capital Improvements		
Highways	\$ 1.8	\$ —
All Other	(7.1)	(1.5)
Aid to Local Units		
Education	(8.5)	(1.0)
All Other	(2.3)	(.4)
Other Assistance		
Employment Security	(4.7)	—
Social and Rehabilitation Services	(3.3)	.3
All Other	4.9	(1.9)
State Operations	(30.6)	(4.0)
Total Differences	\$ (49.9)	\$ (8.3)
 <u>FY 1984</u>		
Estimated Expenditures Based on Actions of the 1983 Session	\$ 3,125.9	\$ 1,515.7
Governor's Budget Report Revised Estimate	3,261.9	1,515.1
Differences	\$ 136.0	\$ (.6)
<u>Analysis of Differences</u>		
Capital Improvements		
Highways	\$ 68.6	\$ —
All Other	13.0	3.6
Aid to Local Units		
Education	(6.1)	(2.4)
All Other	36.7	(1.4)
Other Assistance		
Employment Security	17.3	—
Social and Rehabilitation Services	6.3	—
All Other	10.8	(.2)
State Operations	(10.6)	(.3)
Total Differences	\$ 136.0	\$ (.6)

Note: Detail may not add to totals due to rounding.

SUMMARY OF THE PLAN FOR FINANCING OF
THE STATE'S EXPENDITURES

(Millions of Dollars)

Fund Class	FY 1983	FY 1984 Est.	Change		FY 1985 Rec.	Change		
			\$	%		\$	%	
<u>Operating Expenditures</u>								
State General Fund	\$1,403.6	\$1,502.9	\$ 99.3	7.1%	\$1,650.6	\$147.7	9.8%	
Special Revenue	743.2	820.3	77.2	10.4	831.9	11.6	1.4	
Employment Security	284.9	246.1	(38.8)	(13.6)	166.3	(79.8)	(32.4)	
Highway	152.1	187.1	35.1	23.1	192.5	5.4	2.9	
All Other	126.5	157.8	31.3	24.7	169.4	11.6	7.3	
Total Operating	<u>2,710.3</u>	<u>2,914.3</u>	<u>204.0</u>	<u>7.5</u>	<u>3,010.8</u>	<u>96.5</u>	<u>3.3</u>	
<u>Capital Improvements</u>								
State General Fund	2.2	12.2	9.9	443.5	20.7	8.6	70.7	
Federal Revenue Sharing	9.2	2.6	(6.7)	(72.3)	—	(2.6)	(100.0)	
Highway	160.8	297.2	136.3	84.8	269.5	(27.6)	(9.3)	
Building Funds	20.9	26.0	5.1	24.5	19.4	(6.6)	(25.4)	
All Other	6.1	9.6	3.5	57.3	7.9	(1.7)	(18.1)	
Total Capital	<u>199.3</u>	<u>347.6</u>	<u>148.2</u>	<u>74.3</u>	<u>317.6</u>	<u>(30.0)</u>	<u>(8.6)</u>	
Total Expenditures	<u>\$2,909.6</u>	<u>\$3,261.9</u>	<u>\$352.2</u>	<u>12.1%</u>	<u>\$3,328.4</u>	<u>\$ 66.5</u>	<u>2.0%</u>	

EXPENDITURES FOR STATE OPERATIONS BY MAJOR COMPONENT

All Funds

(Millions of Dollars)

	FY 1983	FY 1984	Change		FY 1985	Change	
	<u>Actual</u>	<u>Est.</u>	<u>\$</u>	<u>%</u>	<u>Rec.</u>	<u>\$</u>	<u>%</u>
Salaries and Wages	\$ 775.0	\$ 821.9	\$ 46.9	6.1%	\$ 901.0	\$ 79.2	9.6%
Contractual Services	200.5	225.1	24.6	12.3	244.0	18.9	8.4
Commodities	86.4	96.5	10.1	11.7	103.8	7.4	7.6
Capital Outlay	33.9	32.5	(1.4)	(4.2)	37.1	4.6	14.0
All Other	9.1	7.9	(1.2)	(13.1)	7.7	(.2)	(2.6)
Total State Operations	<u>\$1,104.8</u>	<u>\$1,183.8</u>	<u>\$ 79.0</u>	7.2%	<u>\$1,293.5</u>	<u>\$109.8</u>	9.3%

EXPENDITURES FOR STATE OPERATIONS BY FUNCTION OF GOVERNMENT

All Funds

(Millions of Dollars)

Function of Government	FY 1983	FY 1984	Change		FY 1985	Change	
	Actual	Est.	\$	%	Rec.	\$	%
General Government	\$ 122.7	\$ 135.4	\$ 12.8	10.4%	\$ 149.6	\$ 14.2	10.5%
Public Welfare	116.1	126.4	10.3	8.9	136.7	10.3	8.2
Education	535.7	566.3	30.6	5.7	610.3	44.0	7.8
Public Safety	58.3	66.0	7.7	13.2	78.1	12.2	18.4
Agriculture	21.8	23.7	1.9	8.8	25.1	1.4	5.7
Health and Hospitals	107.3	114.2	6.9	6.4	127.9	13.8	12.1
Recreation & Historical	16.4	17.2	.9	5.3	19.6	2.4	14.0
Highways	126.6	134.6	8.0	6.3	146.2	11.6	8.6
Total State Operations	<u>\$1,104.8</u>	<u>\$1,183.8</u>	<u>\$ 79.0</u>	7.2%	<u>\$1,293.5</u>	<u>\$109.8</u>	9.3%

EXPENDITURES FOR STATE OPERATIONS BY FUNCTION OF GOVERNMENT

State General Fund

(Millions of Dollars)

Function of Government	FY 1983	FY 1984	Change		FY 1985	Change	
	Actual	Est.	\$	%	Rec.	\$	%
General Government	\$ 91.9	\$ 99.8	\$ 7.9	8.6%	\$ 110.1	\$ 10.2	10.3%
Public Welfare	38.2	40.2	2.0	5.3	48.4	8.3	20.6
Education	279.1	283.8	4.7	1.7	307.6	23.8	8.4
Public Safety	52.5	60.2	7.7	14.7	69.7	9.5	15.7
Agriculture	9.3	9.1	(.2)	(2.6)	10.7	1.6	17.5
Health and Hospitals	61.5	67.5	6.1	9.9	79.9	12.4	18.3
Recreation & Historical	5.6	5.5	(.1)	(1.3)	6.9	1.4	25.7
Highways	.4	.3	—	(8.3)	18.0	17.7	*
Total State Operations	<u>\$ 538.4</u>	<u>\$ 566.5</u>	<u>\$ 28.0</u>	5.2%	<u>\$ 651.3</u>	<u>\$ 84.9</u>	15.0%

* The increase is over 5,000 percent.

EXPENDITURES FOR OTHER ASSISTANCE, GRANTS, AND
BENEFITS BY FUNCTION OF GOVERNMENT

State General Fund

(Millions of Dollars)

	FY 1983	FY 1984	Change		FY 1985	Change	
	<u>Actual</u>	<u>Est.</u>	<u>\$</u>	<u>%</u>	<u>Rec.</u>	<u>\$</u>	<u>%</u>
Public Welfare	\$ 206.4	\$ 204.0	\$ (2.3)	(1.1)%	\$ 192.8	\$(11.2)	(5.5)%
Education	20.6	20.5	(.1)	(.4)	20.5	(.1)	(.3)
All Other	2.3	2.2	(.1)	(5.0)	2.2	—	1.4
Total State Operations	<u>\$ 229.3</u>	<u>\$ 226.7</u>	<u>\$ (2.5)</u>	<u>(1.1)%</u>	<u>\$ 215.5</u>	<u>\$(11.2)</u>	<u>(5.0)%</u>

STATE GENERAL FUND EXPENDITURES AS
PERCENT OF TOTAL STATE EXPENDITURES

	<u>Actual</u> <u>FY 1982</u>	<u>Actual</u> <u>FY 1983</u>	<u>Est.</u> <u>FY 1984</u>	<u>Rec.</u> <u>FY 1985</u>
State Operations	48.2%	48.7%	47.9%	50.4%
Aid to Local Units	80.6	81.9	77.2	79.6
Other Assistance	31.5	27.6	28.0	29.4
Total Operating	53.7	51.8	51.6	54.8
Capital Improvements	1.5	1.1	3.5	6.5
Total Expenditures	50.5%	48.3%	46.4%	50.2%

STATE AID TO LOCAL UNITS OF GOVERNMENT*

	Actual FY 83	Est. FY 84	Rec. FY 85	Change FY 84 to FY 85	
				Amount	Percent
<u>From State General Fund -</u>					
Education					
General State Aid	\$347.4	\$376.1	\$416.1	\$40.0	10.6%
Income Tax Rebate	78.7	89.3	103.6	14.3	16.0
Transportation	36.7	38.5	41.4	2.9	7.5
Subtotal, SDEA	462.8	503.8	561.0	57.2	11.4
Ft. Leavenworth	.8	.9	.9	.1	7.0
KPERS - School	36.3	38.3	41.2	2.9	7.6
Special Education	57.4	62.4	64.8	2.4	3.9
Voc. Ed.	.8	.9	.9	.1	6.1
Food Service	2.4	2.4	2.5	.1	4.2
In-Service Education	—	—	1.0	1.0	—
Other	.7	.8	.7	(.1)	(10.0)
Subtotal, USDs	561.1	609.5	673.2	63.7	10.4
Voc. Ed. - Postsecondary	9.1	10.0	11.0	1.0	10.0
Voc. Ed. - Area Schools	5.3	5.8	6.2	.3	6.0
Community Colleges	21.7	23.6	25.6	1.9	8.2
Washburn univ.	3.4	3.9	4.1	.2	5.8
Libraries	.7	.7	.8	—	3.4
Other	.2	.3	.4	.1	47.3
Total, Education	\$601.5	\$653.9	\$721.2	\$67.3	10.3%
Local Property Tax Reduction	11.3	22.5	24.0	1.6	6.9
County-City Revenue Sharing	8.1	16.5	18.4	1.9	11.6
Inheritance Tax to Counties	1.3	1.5	1.5	—	(2.0)
Community Corrections	2.5	3.7	4.8	1.1	30.3
Soil Conservation Districts	.7	.7	.7	—	2.3
Watershed Construction	.7	.7	.8	.1	12.6
Local Public Health	.7	.8	1.1	.3	37.1
Community Mental Health	5.4	5.6	6.7	1.1	19.0
Community Mental Retard.	3.4	3.7	4.5	.9	23.7
All Other	.4	.5	.5	.1	(13.9)
TOTAL, GENERAL FUND	\$636.0	\$710.1	\$784.3	\$74.2	10.4%
<u>From Other Funds</u>					
County Mineral Production Tax					
USDs Share	\$ —	\$ 3.3	\$ 3.8	\$.4	12.8%
Counties' Share	—	3.3	3.8	.4	12.8
Local Alcoholic Liquor Funds	6.4	7.2	7.3	.1	1.1
State Highway Fund					
City Maintenance	1.3	1.4	1.4	—	—
City-County Highway Fund and Equal. and Adj. Fund	41.5	63.2	65.2	2.0	3.1
Firemen's Relief Fund	2.1**	2.1**	2.2	.1	3.1
Driver Safety	1.3	1.5	1.5	—	—
Other	.6	.6	.7	.1	9.0
TOTAL, OTHER FUNDS	\$ 53.2	\$ 82.6	\$ 85.7	\$ 3.0	3.7%
GRAND TOTAL	\$689.2	\$792.7	\$869.3	\$77.2	9.7%

* In a few instances, the amounts contained in the Governor's Budget Report have been revised by the Research Department to reflect reporting differences and to adjust expenditures which are a factor of consensus revenue estimates. With one exception the differences are relatively minor (e.g., with respect to State General Fund expenditures, the amounts contained in this tabulation are, in rounded amounts, \$130,000, \$347,000 and \$433,000, respectively above expenditures shown for FY 1983, FY 1984, and FY 1985 in the Governor's Budget Report). The one major change is in the estimated amount of expenditures in FY 1984 from the combined City and County Highway Fund and the County Equalization and Adjustment Fund. The Governor's Budget Report amount is approximately \$6.9 million overstated, largely due to a miscalculation of the amount of FY 1984 receipts which are carried forward for expenditure in FY 1985.

** All but \$1,000 of Firemen's Relief Fund aid for FY 1983 was actually paid in FY 1984, as shown in the Governor's Budget Report.