

Approved 2-4-85
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Buntten at
Chairperson

1:30 ~~am~~/p.m. on Tuesday, January 29, 1985 in room 514-S of the Capitol.

All members were present except: Representative Louis (excused)

Committee staff present:

Gloria Timmer	-	Legislative Research
Laura Howard	-	Legislative Research
Jim Wilson	-	Office of the Revisor
Sharon Schwartz	-	Administrative Assistant
Nadine Young	-	Committee Secretary

Conferees appearing before the committee:

Art Griggs, Department of Administration
Alden Shields, Director of Budget for Department of
Administration

Others present: (Attachment I)

Chairman Buntten called the meeting to order at 1:40 p.m.

HB 2069 -- an act concerning state funds management; relating to issuance of state revenue anticipation notes and certificates of indebtedness under certain circumstances; prescribing powers, duties and functions for the state finance council and the pooled money investment board and imposing guidelines therefor; amending K.S.A. 75-3711c and 75-3725a and repealing the existing sections.

Representative Shriver moved that HB 2069 be recommended favorable for passage. Seconded by Representative Chronister. Chairman asked if there were any questions regarding the bill, to which there was considerable discussion, both pro and con concerning the bill.

Representatives Ott, King and Rolfs stated their opposition to the bill. The vote was tied nine to nine. Chairman Buntten broke the tie by voting aye. The motion carried.

Art Griggs appeared before the committee and requested introduction of nine (9) separate bills as follows: (Attachment II)

1. Insurance for DISC equipment.
2. Payment of tuition expenses.
3. Surplus property.
4. Pay Plan.
5. Kansas Civil Service Board.
6. Performance Evaluations.
7. Civil Service and other Personnel matters.
8. Certification of participation financing.
9. Educational building fund.

Representative Rolfs moved that these bills be introduced and referred back to this committee. Seconded by Representative Heinemann. Motion carried.

Alden Shields gave a presentation on the overall budget as proposed for FY 85-86. A 4-page handout was provided (Attachment III) which gives a summary of state general fund expenditures and a list of the major budget recommendations. Of the total projected budget of \$151 million, he pointed out that \$96 million of that amount is "being sent back home".

An additional request this year is a request of \$150,000 for an Honor's Academy which would provide additional educational opportunities to those deserving students and is designed to encourage them to excel in certain fields, primarily mathematics and science. It was proposed by Department of Education. Representative Lowther, who served on the committee, further explained it would be on a nomination basis throughout the state and would

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at 1:30 ~~am~~ p.m. on Tuesday, January 29, 1985.

encourage those students to pursue their goals. It's also a way to recognize the high achievers and stimulate them to continue.

A total of \$640,000 is projected for graduate teaching assistant improvements. Mr. Shields explained that the purpose of this recommendation is not to increase the number, but an effort to pay them better. The waiver would be increased from 60% to 75%.

There was discussion relating to Item 6 under Education pertaining to pre-school special education for 4-year old handicapped children. There is a budget request for \$600,000. Asked if this amount is in addition to what we are already spending, Shields replied that this is in addition to that asked for in No. 2, "Maintain special education effort at 75% of excess cost". He said \$300,000 would be distributed through the formula and \$300,000 would be in the form of categorical grants. Asked if this would cover all anticipated needs for 4-year old handicapped children, he said he would have to check it out and report back.

Representative Rolfs asked if there is any provision made for implementation of the internship program that the legislature recommended last year. Shields replied that he could not say for sure, but considering that the interim committee was working on this, he believes consideration is being given to those recommendations.

Mr. Shields briefly reviewed page 4 of the handout which is a table showing actual and recommended unappropriated cash balance and related several reasons why we need to build the balance. (1) has to do with the cigarette tax; (2) has to do with efforts of congress to come to grips with the deficit. He said we need to create an environment in terms of the ending balance to make a responsible reaction to the federal government decisions. He said the state might want to pick up on some of those. Number 3 has to do with the nursing home suit which is still with us. The industry refuses to settle for nine million plus.

Being no further business, Chairman adjourned the meeting at 2:50 p.m.

The next meeting will be Wednesday, January 30 at 1:30 p.m.

Date 1-29-85

Name	Address	Representing
Jam Burns	Topoka	ASK/PSA
Joris NAGEL	"	Div. of Budget
Ric Silber	"	"
A. J. ARMSTRONG	"	Ks Highway Patrol
GARY L. SWANLEY	Topoka	W.U.
Marilyn Bradt	Lawrence	Lawrence KIVH
Marian Starnes	Lawrence	LWV/K
Pete Wilbur	Topoka	HS - AAUP
Chris Graves	Topoka	ASK
Mark Callman	"	"
Donna Clark	Wichita	Schumberger
Buck Lechman	Wichita	Boeing Computer Res.
Richard Funk	Topoka	KASO
Steven Hirsch	Topoka	State Treasurer
Doug Armfield	Seaside	KANSAS Crop Service
Darwin Kleiber	Hillsboro	Ag-Service Inc - KECA
Marsha Hutchinson	Hutchinson	K Fertilizer & Chemical Assn.

1/29/85

I

STATE OF KANSAS
DEPARTMENT OF ADMINISTRATION
JOHN CARLIN, Governor
Marvin A. Harder, Secretary of Administration
Room 263-E, Capitol Building
(913) 296-3011

MEMORANDUM

TO: House Ways and Means Committee

FROM: Arthur H. Griggs, Department of Administration

DATE: January 29, 1985

SUBJECT: Request for Introduction of Legislation

The Department of Administration is requesting the Committee to introduce the bills summarized below.

1. Insurance for DISC Equipment -- This bill would authorize the Department of Administration to purchase property and casualty insurance for data processing and telecommunications equipment.
2. Payment of Tuition Expenses -- In cases where a state agency agrees to pay the tuition expenses of an employee, current law requires that the payment be made directly to the educational institution. Because some state agencies prefer to reimburse an employee after successful completion of the course, the bill allows tuition payments to be made either directly to the educational institution or reimburse the employee.
3. Surplus Property -- This bill establishes a state surplus property program and prescribes general powers and duties relating thereto.
4. Pay Plan -- This bill provides for the pay plan revision, secretarial reclassification, performance awards and other matters pertaining to compensation of state officers and employees.
5. Kansas Civil Service Board -- This bill would permit the reappointment of Board members in cases where Congressional district redistricting has resulted in two Board members being in the same new district. The bill also increases compensation from \$35 to \$70 per day and provides compensation for certain travel days.

1/29/85

II

6. Performance Evaluations -- This bill amends civil service statutes relating to performance evaluations and paves the way for timely changes in personnel regulations relating to performance evaluations.
7. Civil Service and Other Personnel Matters -- This bill modifies several Civil Service Act statutes and related personnel statutes. The majority of the changes were suggested by the Division of Personnel Services and constitute minor revisions.
8. Certification of Participation Financing -- This bill would expressly provide for the Secretary of Administration to be the centralized authority to arrange for certificate of participation financing for all state agencies.
9. Educational Building Fund -- This bill is designed to address the recent cash flow problems of the Educational Building Fund. The bill permits the director of accounts and reports to treat anticipated revenues to the Educational Building Fund and Institutional Building Fund on an accrual basis.

AHG:cm

Summary of State General Fund Expenditures

	<u>FY 85</u> <u>GBR</u>	<u>% of</u> <u>Total</u>	<u>FY 86</u> <u>GBR*</u>	<u>% of</u> <u>Total</u>	<u>\$ Inc.</u> <u>Prior</u> <u>Year</u>	<u>% Inc.</u> <u>Prior</u> <u>Year</u>
General Gov't.	\$ 153.8	9.3	\$ 163.7	9.1	\$ 9.9	6.4
Public Welfare	234.6	14.2	244.9	13.6	10.3	4.4
Education & Research	1,041.9	63.3	1,153.5	64.2	111.6	10.7
Public Safety	82.4	5.0	88.9	4.9	6.5	7.9
Ag & Nat'l Resources	14.1	.9	17.0	1.0	2.9	20.6
Health & Hospitals	93.7	5.7	102.7	5.7	9.0	9.6
Recreational & Hist.	8.2	.5	7.8	.4	(.4)	(4.9)
Transportation	18.0	1.1	19.7	1.1	1.7	9.4
Total	<u>\$1,646.7</u>	<u>100.0</u>	<u>\$1,798.2</u>	<u>100.0</u>	<u>\$151.5</u>	<u>9.2</u>
State Operations	\$ 647.4	39.3	\$ 697.9	38.8	\$ 50.5	7.8
Aid to Local Units	782.9	47.5	879.6	48.9	96.7	12.4
Other Assistance	<u>200.5</u>	<u>12.2</u>	<u>205.5</u>	<u>11.4</u>	<u>5.0</u>	<u>2.5</u>
Subtotal -						
Operating Exp.	\$1,630.8	99.0	\$1,783.0	99.1	\$152.2	9.3
Capital Improvements	15.9	1.0	15.2	.9	(.7)	(4.4)
Total Expenditures	<u>\$1,646.7</u>	<u>100.0</u>	<u>\$1,798.2</u>	<u>100.0</u>	<u>\$151.5</u>	<u>9.2</u>

* Adjusted to include estimated distribution of the Governor's salary plan recommendation and Budget Amendment No. 1

1/29/85

III

Major Budget Recommendations
(State General Fund)

I. Education

A.	Elementary and Secondary	
1.	General state aid	\$67.1 million
2.	Maintain special education effort at 95 percent of excess cost	7.3
3.	Washburn and Community College Aid increased from \$25 to \$26 per credit hour. Washburn law from \$25 to \$39	1.46
4.	In-Service training	1.5
5.	Capital Outlay - Area vocational technical schools	.5
6.	Pre-school special education to four year old handicapped	.6
7.	Honor's Academy	.15
B.	Higher Education	
1.	Faculty salaries at six percent	13.1
2.	Additional employer contribution for faculty retirement of one percent	1.7
3.	OOE at six percent (utilities at eight percent), plus add-ons for	6.7
	a. academic computing	.4
	b. equipment	.6
	c. library acquisition	.8
4.	Education Resource Center (ESU)	.3
5.	Education Research Center of Excellence (KU)	.7
6.	Academic Service Center (PSU)	.13
7.	Upgrade salaries-Veterinary Medical Center	.4
8.	Servicing new buildings	.85
9.	Improvement in teacher training and instruction-ESU	.17
10.	Graduate teaching assistants improvements	.64
11.	Distinguished Scholars Program	.25
12.	Tuition grant program	.2
C.	Other Education	
1.	Interlibrary resources development plan	1.2

II. Economic Development/Agriculture/Environment		
1.	International Advertising/ International representation	.1
2.	Kansas Industrial Training Program	.2
3.	International Marketing - Agriculture	.1
4.	Farmers Assistance, Counseling, and Training Service (FACTS)	.4
5.	Water Resources Cost Share	.5
6.	Watershed construction	.2
7.	Water appropriation backlog	.29

III. Human Services		
1.	Six percent increase in AFDC and GA grants	3.0
2.	10 percent increase in foster care and day care rates	1.7
3.	Medical Assistance Program	
	a. 24 hour nursing care - ICF	.9
	b. 1st day hospital	.6
	c. dental	.15
4.	Eliminate TGA (\$8.5), but move 25 percent of caseload to GAU	
	a. medical	1.6
	b. cash assistance	1.4
5.	649 aid to 50 percent of allowable costs	3.5
6.	Full match-federal vocational rehabilitation	.43
7.	ADAS	.35
8.	Aid to local health departments	.27
9.	Nutrition programs	.2
10.	Additional correctional staff	1.0

IV. State Employee Compensation		
1.	New pay matrix	17.8
2.	Performance awards	2.7
3.	Secretarial study	2.0
	Total	<u>22.5</u>

V. Other		
1.	Arts Commission	.15
2.	Expand Court of Appeals	.3
3.	Highway Patrol-meal and clothing allowance	.5

ACTUAL AND RECOMMENDED UNAPPROPRIATED CASH BALANCE

STATE GENERAL FUND

(Millions of Dollars)

	FY 1984 ACTUAL	FY 1985 ESTIMATE	FY 1986 RECOMMENDED
Beginning Unappropriated Balance	\$44.2	\$81.9	\$128.7
ADD: Released from Prior Year Encumbrances9 ¹	-	-
Reappropriations from Prior Year	6.9	13.6	-
Revenues from Current Sources	1,546.9	1,657.1	1,722.9
Acceleration of Current Collections	-	23.2 ²	3.7 ²
Revenues from Proposed Sources	-	-	86.8 ⁵
Recommended New Transfers	-	.2 ³	.6 ⁶
LESS: Recommended New Transfers	-	.6 ⁴	.2 ⁷
Additional Food Sales Tax Refund	-	-	2.8 ⁸
TOTAL RESOURCES	\$1,598.9	\$1,775.4	\$1,939.7
LESS: Reappropriations to Succeeding Year	13.6	-	-
Detailed Expenditures	1,503.4	1,646.7	1,775.8
Reserve for Salary Plan Revision	-	-	22.5
TOTAL DEMANDS	\$1,517.0	\$1,646.7	\$1,798.3
ENDING UNAPPROPRIATED BALANCE	\$81.9	\$128.7	\$141.4

1. Difference between prior year's encumbrances and expenditures charged to those encumbrances.
2. Estimated increase in receipts from changes in remittance of insurance premium tax as proposed by the governor.
3. Transfer of estimated FY 1985 year-end balances in the Federal Revenue Sharing Fund (\$204,903), the Animal Health Department's Tuberculosis Indemnification Fund (\$28,290) and Scabies Eradication Fund (\$5,000) to the State General Fund as recommended by the governor.
4. Reflects transfer of \$550,000 from the State General Fund to the Department of Administration — State Workmen's Compensation Fund.
5. Includes estimated receipts to be deposited in the State General Fund less amount to be transferred to the State Highway Fund from a one-half cent increase in the sales and compensating tax as recommended by the governor.
6. Reflects transfer of \$550,000 from the Department of Administration — State Workmen's Compensation Fund to the State General Fund to restore amount proposed for transfer from State General Fund in current year.
7. Reflects transfer of \$200,000 from the State General Fund to the Department of Health and Environment — Hazardous Waste Clean-up Fund as recommended by the governor.
8. Estimated increase in refunds related to enhanced food sales tax refunds as proposed by the governor.

REPORTS OF STANDING COMMITTEES

Your committee on Ways and Means

Recommends that HB 2069

"AN ACT concerning state funds management; relating to issuance of state revenue anticipation notes and certificates of indebtedness under certain circumstances; prescribing powers, duties and functions for the state finance council and the pooled money investment board and imposing guidelines therefor; amending K.S.A. 75-3711c and 75-3725a and repealing the existing sections.

be passed.

Bill Austin Chairman.