

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator August "Gus" Bogina at
Chairperson

11:00 a.m./p.m. on January 31, 1985 in room 123-S of the Capitol.

All members were present except:
Senator Gaines

Committee staff present:

Research Department: Richard Ryan, Ed Ahrens, Lynne Holt, and Robin Hunn
Revisor's Office: Norman Furse
Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

Alden Shields, State Budget Director
Dr. Mike Harder, Secretary of Administration

REVIEW OF THE GOVERNOR'S BUDGET

Secretary Harder introduced Mr. Shields to the Committee, and stated that he would give a comprehensive review of the Governor's budget for fiscal year 1986.

Mr. Shields distributed copies of his presentation (See Attachment A). He proceeded through the outline of the budget increases, and members were given opportunity to question him. It was noted that Education and Research receives the largest percentage of increase of any of the areas of state government. During the discussion concerning education, there was agreement that the Legislature can do nothing about teachers' salaries at the local level unless additional legislation is enacted.

Senator Bogina noted that the total increase shown by Attachment A is in excess of available funds, and would require increases in taxes, fees, etc. He asked if a budget had been prepared within limits of funds currently available. Mr. Shields said two parallel projections were made, but that the Budget Division did not prepare a budget without the tax increase at the same level of detail. He added that it was determined there would be only approximately \$30 million added to school districts without a tax increase.

Mr. Shields explained that proposed ending balances have been estimated to be higher for each projected budget year for the following reasons: (1) The Governor would like to be in the position next year to sustain the budget increases he has proposed this year; (2) In spite of the kind of revenue estimates which are done in Kansas, it is quite possible these may need to be revised downward, so the Governor does not want to build balances artificially high; (3) It is necessary to create for Kansas an environment what makes it easier to react to Federal budget cuts; (4) There are nursing home problems that will be a liability in the future.

During subsequent discussion, Mr. Shields said the current Governor has one more budget to prepare, but he does not want to leave the cupboard bare for the next person.

Following a period in which committee members were given opportunity to ask questions, the Chairman adjourned the meeting.

Summary of State General Fund Expenditures

	<u>FY 85</u>	<u>% of</u>	<u>FY 86</u>	<u>% of</u>	<u>\$ Inc.</u>	<u>% Inc.</u>
	<u>GBR</u>	<u>Total</u>	<u>GBR*</u>	<u>Total</u>	<u>Prior</u>	<u>Prior</u>
					<u>Year</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	200.5	12.2	205.5	11.4	5.0	2.5
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

Major Budget Recommendations
(State General Fund)

I.	Education	
A.	Elementary and Secondary	#78.6 TOTAL
	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.