

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

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

10:00 a.m./p.m. on April 22, 1985 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Ed Ahrens, Mary Galligan, Richard Ryan, Julain Efird
Laura Howard, Carolyn Rampey, Lynne Holt, Paul West

Revisor's Office: Norman Furse

Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

Harley Duncan, Secretary, Department of Revenue
John Lamb, Director, Alcoholic Beverage Control Division
Fred Weaver, Board of Tax Appeals
Larry Wolgast, Secretary, Department of Human Resources
Richard Hanger, Fish and Game Commission
Jamie Schwartz, Secretary, Department of Economic Development
Roger Lovett, Chief Legal Counsel, Civil Rights Commission
Rick von Ende, University of Kansas

OMNIBUS APPROPRIATIONS BILL

Mr. Ahrens explained to the committee the detailed account of possible adjustments to appropriations. (See "ITEMS FOR OMNIBUS CONSIDERATION" dated April 22, 1985). He stated that there are four types of items to consider: (1) Technical adjustments; (2) Fiscal impact of legislation; (3) Governor's budget amendments; and (4) Letters received by Chairmen of the Ways and Means Committees.

Review of the compilation by the Research Department began on page 23, with Mr. Efird explaining the detail. No action was taken by the committee on any item.

Department of Revenue

A. Technical Adjustment

There was a brief discussion of the technical adjustment noted in the compilation.

B. Statewide Reappraisal (SB 164)

A memorandum prepared by the Legislative Research Department, and dated April 22, 1985, was distributed to the committee. (Attachment A) This document noted possible administrative costs of statewide reappraisal. It was noted by Mr. Duncan that the Governor will not sign SB 164 unless a classification amendment is passed by the Legislature.

There were questions concerning the increased amount of estimated expenditures within a six month period. Mr. Duncan explained two basic reasons for the increase: (1) a greater knowledge on the part of the Department as to what systems are available; and (2) a change in the configuration of the project, particularly the computer system. He elaborated on the different systems which might be used in statewide reappraisal, and answered questions from members of the committee.

In answer to a question from Senator Werts, Mr. Duncan said he felt the bulk of the personnel used in the initial reappraisal would need to be retained in order to help keep the records up to date.

The ensuing discussion included the proposed mapping service, current compliance of assessed values because of drop in land prices, and possible

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

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room 123-S, Statehouse, at 10:00 a.m./p.m./ on April 22, 1985

OMNIBUS APPROPRIATIONS BILL - Continued

inequities in assessed values. At this point, Attachment B, a memorandum to Alden Shields from the Kansas Department of Revenue, was distributed. This memorandum referred to SB 164, including a brief of the bill and detail of possible administrative costs.

C. Liquor Legislation (SB 126, SB 187 and HB 2067)

Mr. Efird distributed a compilation by the Kansas Legislative Research Department of ABC Enforcement Costs (Attachment C). Mr. Lamb was present to answer questions. During committee discussion, he indicated that the vast share of enforcement (if the legislation becomes law) would be picked up by local units. However, it is anticipated that there will be an increase in the amount of requests received by ABC for enforcement assistance on the drinking age. He said that local police chiefs have already indicated they will have increased enforcement burdens without additional resources. (See also Attachment E)

D. Bills Passed

1. SB 95. Following explanation of this legislation by Mr. Efird, committee members questioned Mr. Duncan concerning consolidation of forms, as noted in the explanation. He indicated the first opportunity for this would be in FY 1987.

2. SB 321. During discussion of this item, Senator Bogina asked if there is any estimate of funds generated by fees. Mr. Duncan answered that he does not have any way to guess, except to survey some vehicle dealers. He further noted that the FY 1987 budget could be increased for added enforcement after one year's experience.

3. HB 2333. There were questions concerning cost savings resulting from passage of this measure. Mr. Duncan said there would be no cost savings the first year, but after changes have been made there would be savings in purchase of bond paper.

4. HB 2333. There was a brief discussion concerning the costs involved as a result of passage of HB 2333.

E. Bills in Conference

1. SB 84. In answer to a question concerning the need for 75,000 mailings, Mr. Duncan said it is difficult to identify how many businesses will be affected under the act, and there is need to notify all retailers to make that identification.

2. HB 2159. There were no questions following Mr. Efirds' presentation of the explanation for this measure.

F. Governor's Budget Amendment No. 3, Item 11.

Committee members asked questions of Mr. Duncan to obtain clarification of the need for expenditures noted in the Governor's Budget Amendment.

G. Records Shelving

It was noted that the explanation in the Research Department document is for the purpose of clarification of the need for records shelving, and the cost of various options available to the Department of Revenue. Mr. Duncan distributed his memorandum dated April 17, 1985, addressed to Senator Bogina and Representative Buntin. (Attachment D) The memorandum provides details of the options available. There was extended discussion concerning this item, and Mr. Duncan answered questions from members of the committee.

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OMNIBUS APPROPRIATIONS BILL - Continued

State Board of Tax Appeals

A. House Bill 2434. There were no questions from committee members regarding this bill.

B. Data Processing Equipment. There was discussion concerning the problems involved with the possible recall of an Exxon microcomputer. Mr. Weaver said the Board is not certain if or when the recall will occur. During the discussion, he said he would be more comfortable with the Zenith system mentioned in the detailed report.

The meeting was recessed for lunch.

AFTERNOON SESSION

Department of Human Resources

A. Technical Adjustment

There were no questions from committee members concerning this adjustment.

B. Wage Claim Litigation. (Governor's Budget Amendment 2-12 and SB 352)

Secretary Wolgast was present to answer questions about this item. He noted that, in the past, the Legislature has not approved the amount requested and recommended in the Governor's budget amendment. When asked what the Department had done when the request was not granted, he stated the funds had been taken from other areas. However, at the present time it would be necessary to stop the service to claimants if additional funds are not appropriated.

C. Governor's Budget Amendment No. 3-2

There was a brief discussion concerning the Title III Dislocated Workers fund and the amounts noted in the Research Department explanation.

D. Mediation and Fact-Finding Services

During explanation of this item, it was noted by staff that the Senate Bill referred to in the document should be SB 363 instead of SB 352.

E. OSHA Financing

Secretary Wolgast indicated that the Department would like to leave this item as it is, and not to include it in the omnibus appropriations bill. He said that if federal funding is reduced the Department will look at other possibilities. In answer to a question from Senator Bogina, he indicated that the \$23,317 noted in the explanation will be sufficient funding at the present time.

Letter dated April 18, 1985 (Attachment F)

Secretary Wolgast referred to his letter requesting funds for replacement of the PBX telephone system at the Wichita office. He explained that no action had been taken in SB 86, the appropriations bill containing the Department of Human Resources budget.

Letter dated April 18, 1985 (Attachment G)

Secretary Wolgast noted that his letter is self-explanatory. There were questions from committee members.

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OMNIBUS APPROPRIATIONS BILL - Continued

Attorney General

A. SB 118. There were no questions during the explanation of the request in connection with SB 118.

B. Governor's Budget Amendment No. 3, Item 14. In connection with this item, it was noted by Ms. Howard that when evidence is all available concerning illegally obtained Medicaid funds the Attorney General's office feels criminal prosecution can be started.

Board of Nursing

A. House Bill No. 2082. There was no discussion among committee members during the explanation of this item.

Letter from State Board of Nursing (Attachment H). There was a brief discussion concerning the request contained in the letter for reclassification of certain positions.

Kansas State Historical Society

A letter was distributed which was signed by Joseph Snell, and dated today. This letter requested reappropriation of certain funds from FY 1985 to FY 1986, and explained the reason for the request (Attachment I)

Highway Patrol

A. Governor's Budget Amendment 3-13 - FY 1985 Salaries and Wages Shortfall

Mr. West explained the request and recommendation relating to this item. He distributed Attachment J as additional information for the committee. There were questions from the committee concerning reference to unanticipated retirement. Mr. West stated the Highway Patrol must comply with the law, which allows two weeks' notice before retirement.

B. Governor's Budget Amendment 3-13 - FY 1986 MCSAP Match

Following explanation of this item by Mr. West, there were questions from committee members. In answer to these questions, Mr. West indicated that the funds requested will provide a 20% match, with the Federal Government providing 80% of the funds.

Kansas Highway Patrol letter dated April 17, 1985 (Attachment JJ)

Senator Bogina indicated that this letter is in response to a requested study. The request was made by this committee, and the Highway Patrol is seeking funding to comply with the committee request. (See also Attachments K, L and M)

Fish and Game Commission

A. Governor's Budget Amendment 3-3.

The committee discussed the list of suggested expenditures to be made from Dingell-Johnson funds. When asked by the Chairman if the Joint Committee on State Building Construction had reviewed any of the items, especially at Pratt, Senator Harder said they had not.

Mr. Hanger, a member of the Fish and Game Commission, was present and was questioned by the committee. He noted that an attempt is being made to bring all of the hatcheries up to date. He indicated that someone could make a presentation before the Committee on State Building Construction.

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OMNIBUS APPROPRIATIONS BILL - Continued

Kansas Department of Economic Development

A. SB 177. There were no questions from committee members following the explanation of this item.

Attachment N - Formulation of a Plan for Economic Development in Kansas

Senator Winter distributed Attachment N, and indicated that he has become aware that other states have specific plans for economic development. Since Kansas has no specific plan, he suggested that \$40,000 be appropriated to KDED to develop strategy for recruiting specific industries to locate in Kansas.

Secretary Schwartz said his Department would be willing to look at this item. He said a number of smaller studies have been done, but there has been no coordinated effort to develop an economic strategy for the state. He indicated that, at the present time, the Department is in the process of raising \$40,000 for the Main Street program; and that there are also other projects for which private sector funds are being solicited.

Senator Winter said he felt there are people who know the state who could be used on a consulting basis in this project. He noted that there may not be enough information available this year, but he felt it was important to call it to the committee's attention. Secretary Schwartz said it may be well to have a study completed by January, 1987, for the new administration.

There followed an extended discussion concerning promotion of products on the international market. Some members of the committee felt it important that more emphasis be placed in that area.

Attachment O - Letter from Park and Resources Authority

A letter dated April 17, 1985, from the Park and Resources Authority was distributed to members of the committee (Attachment O). The Chairman asked Senator Harder to have his committee review the request.

At this point there was discussion concerning a recent Supreme Court decision (Garcia vs. San Antonio) concerning payment of overtime to non-professional employees.

Attachment P - Letter to Senator Gaines from Park and Resources Authority

In connection with this letter, which was distributed by Senator Gaines (Attachment P), Senator Bogina indicated that the request needs to be considered by the Building Construction Committee.

Civil Rights Commission - SB 145 - Attachments Q and R

Mr. Lovett stressed the need to have SB 145 passed during this session. It was noted that it has been referred to the House Federal and State Affairs Committee, and it is not too late for that committee to act on the measure. Mr. Lovett said he thought it could be raised during budget consideration, because it is very important to the Commission.

Grain Inspection Department

A. Senate Bill 300. Ms. Holt explained the request contained in this item. Following her explanation, Senators Gannon and Gaines noted that inspections of warehouses, as provided in SB 300, are good for no more than 12 hours. There were questions from committee members concerning the need for more employees in the Grain Inspection Department.

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OMNIBUS APPROPRIATIONS BILL - Continued

Kansas Wheat Commission

A. Governor's Budget Amendment No. 3, Item 12. There were no questions from committee members concerning this item.

Department on Aging

Senate Concurrent Resolution No. 1618. There was a brief discussion concerning the requested funds in this item. Senator Kerr Commented that a study of Alzheimer's and related diseases is very much needed.

State Library

A. Interlibrary Loan Development Plan. A copy of an editorial from The Kansas City Times was distributed to Committee Members (Attachment S). There was a brief discussion concerning the request of the State Library.

Public Television Board

A. House Bill No. 2007. There was discussion concerning this item. Senator Gaines wondered if it would be possible to appropriate funds to the Kansas Public Television Board and let them operate a grant system. He suggested that the Legislature knows so little about this area that it may be well to allow the Board to divide the funding as they see the need.

Department of Education

A. House Bill No. 2165. Ms. Rampey explained the Research Department document concerning this item. She noted that community colleges have revised enrollment estimates for next year, and there are changes in figures resulting from those estimates. In addition, Washburn University estimates have been revised. This results in a lapse in funding for FY 1985 of \$1,162,000.

B. Senate Bill No. 366. There were questions concerning this item.

C. House Bill No. 2040. During discussion of this item, it was noted by Senator Harder that the amount of the proposed appropriation would not go into the base budget.

D. Senate Concurrent Resolution No. 1619. There were questions from committee members and discussion of this item.

E. Inservice Education. There was discussion concerning this item, with some members of the committee commenting that it might be important to use this in connection with SCR 1619.

Insurance Department

A. Senate Bill No. 267. There were questions from committee members concerning this item.

Regents Systemwide

FY 1985 Supplemental Utilities Appropriation. There were questions about the deficit at Kansas State University, compared to surpluses at other universities. It was noted that that University closed buildings during the Christmas vacation in order to conserve, but had a deficit anyway. One suggestion was that KSU may be north of a dividing line where rates increase, thus making its total utilities bill higher than other institutions.

State Board of Regents

Technical Adjustment. This was explained thoroughly to the committee by Ms. Galligan.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S, Statehouse, at 10:00 a.m./p.m. on April 22, 1985.

OMNIBUS APPROPRIATIONS BILL - Continued

University of Kansas

A letter was distributed to members of the committee dated April 22, 1985, and signed by the Chancellor of the University of Kansas. (Attachment T) Mr. von Ende was present to discuss the contents of the letter and answer questions from committee members. Attachment U was distributed in connection with discussion on Item 5 of Lawrence Campus requests.

Item presented by Senator Harder concerning Building Construction Committee

Senator Harder indicated that the Building Construction Committee would like to obtain a second opinion on the need for buildings at state institutions being demolished. He said he feels the decision to raze buildings is sometimes made without proper background. He said the committee had discussed requesting an appropriation for that purpose of either \$6,000 or \$10,000.

BILLS PENDING WHICH CONCERN REGENTS' INSTITUTIONS

HB 2616. Ms. Galligan said this bill would raise compensation and per diem for the Board of Regents to the legislative level, and the fiscal note would be approximately \$13,000.

HB 2267. This bill would provide a new tuition grant program for students attending certified job training schools and would be in the same amounts, etc., as other grants.

SB 237. This concerns a teacher education scholarship program, and would have a fiscal note of \$450,000 for FY 1986 if it were passed.

Emporia State University - Technical Adjustment.

The university would like to reduce student salaries by \$27,804 and increase the regular salaries line item by a like amount, according to Ms. Galligan. This would be for FY 1986, and does not change the total appropriation. The funds would transfer to either classified or unclassified.

The meeting was adjourned by the Chairman.

ITEMS FOR OMNIBUS CONSIDERATION

Social and Rehabilitation Services

A. Senate Bill No. 69 amends adoption procedures concerning social assessments and registry of information. The bill provides that a copy of certain information (including the final adoption orders, social history, and social assessment) be forwarded by clerks of the district court to SRS. Further, such information on adoptions granted after July 1, 1983 but prior to the effective date of the act must be filed with SRS. The agency has submitted a FY 1986 request of \$60,200 to implement provisions of this bill. Of that amount, \$50,000 would be for a microfiche camera and retrieval system. The remaining \$10,200 would be for a Clerk Typist II. It should be noted that most of the information, required by S.B. 69, was maintained by the agency prior to 1983 legislative changes to K.S.A. 59-2278. No staffing was deleted due to those 1983 changes. Approximately 1,000 to 1,500 adoptions would be registered annually, through provisions of the bill. Approximately 2,000 to 3,000 records will be submitted to SRS, resulting from provisions of S.B. 69 that mandate SRS record information on adoptions occurring between July 1, 1983 and July 1, 1985.

B. House Bill No. 2012 enacts the Kansas Parentage Act. The bill contains several major provisions concerning the parent-child relationship and the establishment of paternity. Most of these provisions have no fiscal impact. However, Sec. 8 has an impact upon SRS, specifying that the child shall be a party in court proceedings and shall be represented by a guardian ad litem. SRS estimates that it will bring approximately 150 paternity actions among recipients of Aid to Dependent Children (ADC) and approximately 300 paternity actions among non-ADC recipients. Actions on behalf of ADC clients are estimated to involve expenditure of \$42,000 (of which \$13,020 is from state funds) and non-ADC actions are estimated to cost \$82,000 (of which \$26,040 is from state funds), for a total expenditure of \$124,000 (of which \$39,060 would be from state funds). Either the State General Fund or the SRS Fee Fund could finance the state's share of expenditures authorized. Actual costs associated with this bill will largely depend upon the number of paternity actions and whether the court assesses SRS for the cost of the guardian ad litem.

C. House Bill No. 2510 would permit the Secretary of SRS to request financial institutions located in Kansas to provide information relating to deposits, withdrawals, and interest transactions by applicants for or recipients of public assistance. The bill would grant financial institutions permissive authority to respond to such requests. The bill also allows public assistance administrators from other states to make similar requests of Kansas financial institutions, if those states make such information available to Kansas SRS.

The Department is requesting two additional positions (\$51,740, including fringe benefits) and other operating expenditures of \$5,100 for those positions, for a total expenditure of \$56,840. These positions would process the inquiries and responses allowed by the bill. Inasmuch as Legislative amendments to H.B. 2510 make financial institution response to SRS inquiries permissive, it is questionable whether H.B. 2510 would generate sufficient workload to justify two additional positions. Further, FY

1986 SRS appropriations contain ten new positions for investigation of fraud and abuse, which could be utilized in concert with the authority granted in H.B. 2510.

D. House Bill No. 2613 authorizes a \$12.0 million appropriation to settle the nursing home lawsuit, known as Country Club Home v. Robert C. Harder. The bill authorizes a special revenue fund, the Adult Care Homes Lawsuit Settlement Fund, to which \$12.0 million would be transferred. Whether further action is necessary on this matter, depends upon whether it is legislative intent for \$12.0 million to be transferred from the General Fund on July 1, 1985 or whether it is legislative intent to obtain a loan from the Pooled Money Investment Board (PMIB). If it is intended that \$12.0 million be transferred on July 1 from the State General Fund, then no further action is necessary. If it is legislative intent to finance this settlement through a PMIB loan, then the Legislature may wish to discuss FY 1986 appropriations for repayment of this loan. Relevant factors to be included in such discussions would include: (1) the repayment schedule; (2) assumptions concerning receipt of the federal share of this settlement; and (3) the interest rate of 8.18 percent, which will prevail during the period for which the loan is authorized.

H.B. 2613 mandates total repayment of any loan prior to July 1, 1988. Interest expense would total approximately \$1.9 million, if three equal installments of \$4.0 million were made and approximately \$2.9 million if a single \$12.0 million repayment was made on July 1, 1988. Decisions on this item also impact legislative response to Governor's Budget Amendment No. 3, which recommends \$12.0 million expenditure during FY 1985 for settlement of this case.

E. Governor's Budget Amendment No. 3, Item 4 — Client Assistance Project. GBA No. 3 recommends a \$36,000 increase during FY 1985 on the federal client assistance project. The agency proposes using these additional federal funds for acquisition of rehabilitation services data processing software and for attorney training.

F. Governor's Budget Amendment No. 3, Item 4 — Child Abuse Funds. GBA No. 3 recommends a FY 1986 increase of \$28,000 in federal child abuse and neglect funds. These funds are used for the purpose of making grants to local projects for child abuse prevention. This requested increase is the result of additional federal funds for these child abuse programs.

G. Governor's Budget Amendment No. 3, Item 4 — Social Services Training. GBA No. 3 recommends a FY 1986 increase of \$258,560 on the Social Service Block Grant Fund. This funding would be used for the purpose of training child care service providers and state licensing officials. The proposed training results from new federal requirements and the federal funding was allocated to the state for the purpose of financing the additional federal requirements.

H. Governor's Budget Amendment No. 3, Item 4 — Part-Time Employees. The Governor is recommending that part-time intermittent positions used in the nursing home alternative program be converted to part-time regular employees. The agency is not requesting additional funding for this conversion; although, it would involve payment of health insurance on additional personnel. GBA-3 recommends a proviso be attached to SRS appropriations allowing use of part-time regular positions for the nursing home alternative program, known as Home and Community Based Services.

I. Governor's Budget Amendment No. 3, Item 4 — Capital Improvements. The approved FY 1985 budget for SRS includes use of \$60,000 in federal vocational rehabilitation funds for capital improvements at blind services facilities. Federal auditors have subsequently indicated that such use of federal funds would result in a federal audit exception. Consequently, the Governor recommends shifting State General Fund money from the operating budget to these capital improvements and shifting the federal funds to the operating budget to replace the subsequent State General Fund shortfall.

Kansas Bureau of Investigation

A. Senate Bill No. 127. S.B. 127 contains new procedures and penalties for driving under the influence of alcohol or drugs. Section 3 of the bill amends K.S.A. 8-1001 to allow tests of blood, breath, or urine for the presence of alcohol or drugs. Present statute only addresses tests of breath or blood. The Kansas Bureau of Investigation (KBI) indicates that this provision has a fiscal impact upon the Bureau. The urine sample has relevance only when driving under the influence of drugs is suspected, as blood or breath tests are typically sufficient when alcohol intoxication is suspected. Therefore, unknowns are: (1) the percentage of cases in which urine tests will be done; (2) the degree to which local law enforcement agencies will require urine tests; and (3) the degree to which local law enforcement will depend upon the KBI for laboratory analysis. The KBI is of the opinion that their laboratory will be utilized extensively, as its services are provided to local law enforcement agencies without charge. The agency requests \$87,188 to implement this bill. In submitting this request, the agency assumes that 25 percent of DUI arrests (13,428 during 1984) would involve urine sampling. Their request is based upon: one Criminalist I position (\$23,876) and supplies for drug testing (\$63,312). The Division of the Budget had estimated costs of \$44,758, if 10 percent of DUI arrests were sampled (one Criminalist I, \$23,876, and supplies, \$20,882). Samples would initially be tested for the presence of drugs, a procedure that involves supplies totaling \$14 for each test. Positive findings would be further tested for the presence and concentration of specific drugs. These procedures range in cost from \$1.00 to \$5.00. The Highway Patrol has not requested additional raincoats to implement Section 3 of S.B. 127.

B. House Bill No. 2145 (Pending). H.B. 2145 amends K.S.A. 65-516 related to licensure of child care facilities. The bill contains several provisions and is designed to clarify 1984 amendments concerning licensure. For purposes of administering the act, H.B. 2145 grants the Secretary of Health and Environment access to criminal history record information in the possession of the Kansas Bureau of Investigation (KBI). To process this additional workload, the KBI is requesting two additional positions in the records and identification unit, for a total cost of \$28,000, including fringe benefits. The KBI indicates that it would do a name check of its criminal history records files and that approximately 30,000 records checks would be required. Although present statute authorizes the Secretary of Health and Environment access to KBI records, staff of the KBI indicates that the workload in the records unit does not allow timely response to DHE requests. H.B. 2145 increased fees charged for licensure of child care facilities to partially finance costs associated with administration of the bill. Those collections are deposited in the State General Fund. If fees were increased by the increases authorized in H.B. 2145, additional revenue of \$9,935 would be generated.

Department of Administration

A. House Bill No. 2129, as amended, would establish a state surplus property program. The bill would permit the director of purchases to dispose of surplus property by sale at fixed prices, sale at negotiated prices, or by public auction or sealed bid. State agencies would have the first opportunity to purchase the property. Then, any political subdivisions and tax-exempt not-for-profit organizations would be permitted to acquire the property. If no purchaser is found, public auctions or sealed bids could be used to dispose of the property. The bill also provides for net proceeds to be credited to the fee fund of the agency disposing of the property. The State Surplus Property Fee Fund is established for fees, charges, and other revenue from the program. This fund would be utilized by the Director of Purchases to finance expenditures for advertising, auctions, or other expenses incurred by the Secretary. These expenses would partially offset revenues from sale of the surplus property. As a technical matter the Legislature should appropriate the State Surplus Property Fee Fund, which is established by H.B. 2129. This Fund could be appropriated either with or without an expenditure limit.

B. Computer Software. The Conference Committee on H.B. 2134 deferred until the Omnibus appropriation bill consideration of financing for computer software. Earlier discussion of this item had surrounded: (1) appropriations for purchase (\$300,000) and modification (\$350,000) of computer software; (2) possible phase out of the state's Sperry Univac computer; and (3) possible interim study of computer issues, including appropriation of funding for consultants (\$150,000) to assist in the interim study.

C. Santa Fe Building. Previous action on H.B. 2566 deleted all funding for renovation of the Santa Fe Building. The capital improvements were deleted pending decision of whether to buy the Santa Fe Building or sell it to a developer, with the state leasing the building. The Governor's recommendations were predicated upon ownership of the building, with multi-year capital improvements totaling \$4,506,250 included in H.B. 2566. If the Legislature decides to purchase the Santa Fe Building, then consideration may be given to restoring these capital improvements. If the Legislature decides to sell the Santa Fe Building to a developer, then adjustments are necessary to both existing statutes and several funds, including the Property Contingency Fund, the State Buildings Operating Fund, and the Santa Fe Escrow Account.

D. Health Care Benefits. The Conference Committee on H.B. 2134 deferred to the Omnibus bill consideration of disposition of the Fund Balance in the Health Care Benefits Program Fund. A part of this deferral was to allow receipt of updated data. It had originally been estimated that the balance in the Health Care Benefits Program Fund would be \$1,370,379 at the end of FY 1985 and \$2,695,382 at the end of FY 1986. The Senate had recommended allowing the fund balances to remain in the Health Care Benefits Program Fund, while the House had recommended using \$2,669,698 from this fund to reduce General Fund expenditures associated with the civil service salary plan adjustment by \$1,788,698. Based upon revised receipts estimates, it would appear that in the absence of any action of the Legislature or the State Employee Health Care Commission, the FY 1986 ending balance in this fund could be as much as \$7.2 million. Four factors would seemingly govern this balance.

1. The FY 1985 Ending Balance was projected to be \$1,370,379. As of April 18, the balance was \$628,059. The actual fund balance on June 30 may not total \$1.3 million. However, ultimately receipts for fiscal 1985 should be deposited to the fund making \$1.1 million a reasonable projection.

2. FY 1986 Receipts to the Fund were projected at \$1,480,000, an amount projected based upon FY 1985 revenues. Negotiations with Blue Cross-Blue Shield have tentatively resulted in a projected monthly single member insurance rate of \$79.19. Consequently, \$5.81 monthly (the difference between \$85 and \$79.19) would be deposited in the Fund. At this rate the fund's receipts would be at least \$2,300,000, and would probably be higher, depending upon the rates in Health Maintenance Organizations. Consequently, FY 1986 receipts will be at least \$820,000 above the original projections.
3. FY 1985 Claims Experience. The present contract with Blue Cross-Blue Shield provides for refund of certain surpluses to the state, when premium income exceeds claims. It appears that when all claims experience is complete the "surplus" on January 31, 1986 could be approximately \$4.0 million, of which \$1.0 million is attributable to reduced claims among family plan members. The exact amount of this surplus is not yet known and would not be transferred to the state until mid-1986.
4. Recommendations of State Employee Health Care Commission. The Commission has made programmatic recommendations concerning health care benefits during FY 1986, which would impact the above-mentioned balances. Specific recommendations of the Commission include:
 - a. Family Member Surplus. The Commission has recommended that of the estimated \$4.0 million surplus, due to reduced claims experience, the portion attributable to family plan members (\$1.0 million) be utilized to reduce family member contributions.
 - b. Wellness Program. The Commission has recommended establishing a wellness program, in which cash incentives would be offered to participants in programs known to reduce utilization of medical services. Examples would be incentives for non-smokers or weight loss. (No fiscal estimate is available for this recommendation.)
 - c. Physical Examinations. The Commission has recommended financing the cost of a basic physical examination for participants, as a method of promoting wellness care. Under this recommendation, an average \$40 of a physical examination would be financed from the Health Care Benefit Fund. (No fiscal estimate is available for this recommendation.)

- d. Utilization Review. The Commission has recommended contractual utilization review arrangements for hospital admissions. Such contracted arrangements have been utilized in the SRS Medical Assistance Program and are credited with reduction of SRS expenditures for hospitalization. (The cost of this contract would be approximately \$240,000.)
- e. Self Insurance. The Commission is not recommending state self insurance of the health care benefits program at this time. A major reason is that estimated fund balances would not be sufficient to meet actuarial estimates of the reserves necessary for self insurance. It has been estimated that a reserve of approximately \$6.0 million would be necessary to finance self insurance of the state benefit program.

State Finance Council

A. House Bill No. 2218 establishes a KPERs employer contribution rate of 4.3 percent during FY 1986. As agency budgets had been developed assuming a 4.9 percent contribution rate, reductions are possible to the statewide salary and wage budget. The reductions could be made in the form of lapses to appropriations for employee salary revisions, contained in H.B. 2615. State General Fund lapses totaling \$1,380,000 are possible, of which \$33,455 is attributable to legislative agencies, \$165,938 is attributable to Judicial agencies and \$1,180,607 is attributable to the appropriation for executive agencies. Expenditures for KPERs from all other funds could likewise be reduced by \$1,380,000.

B. Unemployment Insurance. Subcommittee reports on the Department of Administration as adopted by both Ways and Means Committees contained the recommendation that excess reserves identified in the State Agency Unemployment Claims Audit Fund be applied to reducing the payroll assessment of .04 percent now contained in agency FY 1986 budgets. The audit assessment would thus be reduced to an estimated 0.1 percent. The estimated expenditure reductions would be \$222,000 of which \$147,400 would be financed from the State General Fund. The reductions to the State General Fund could be made in the form of lapses to appropriations for salary plan revision contained in H.B. 2615. Of the \$147,400 identified for claims audit, \$1,160 is attributable to legislative agencies, \$7,136 to judicial agencies, and \$139,104 to executive branch agencies.

C. Health Insurance. If it is the Legislature's decision to adjust agency FY 1986 expenditures for single member health insurance premiums (Item C, Department of Administration) reductions could similarly be made by lapsing appropriate amounts of the appropriations contained in H.B. 2615.

Secretary of State

A. House Bill No. 2488. H.B. 2488 provides for a lien on agricultural production inputs which would allow input suppliers to request a priority security interest, in certain circumstances, over lenders or other secured parties. To receive this superior interest, the lien must be filed with the Secretary of State, a lien

notification statement outlining the supplier's interest must be provided to the lender, and a letter of commitment must be signed by the lender agreeing to the supplier's terms. The Secretary of State's office estimates that additional revenues of \$12,000 to \$42,000 will accrue annually to the Uniform Commercial Code Fee Fund. In addition, the State General Fund will receive approximately \$3,000 to \$10,500 annually, or 20 percent of the total collections. The Secretary of State's office also estimates additional expenditures of \$13,307 for the latter eight months of FY 1986, including \$9,207 for an additional Account Clerk and \$4,100 to cover mailing, printing, copying, and necessary office supplies. The agency bases its need for an additional position on an estimate of 5,000 to 17,500 new lien filings per year.

Youth Center at Topeka

A. New Addition. The Joint Committee on State Building Construction recommends that a section be included in the Omnibus appropriation bill which will allow the Division of Mental Health and Retardation Services to transfer up to \$167,700 from the Division's Major Maintenance Account to the Youth Center at Topeka for the purpose of razing the old power plant located on the youth center campus. The Division of Mental Health and Retardation Services currently has approved \$1,495,800 from the State Institutions Building Fund for various projects at all SRS institutions and the Committee's recommendation would not result in any additional funding. A new power plant will begin operation on October 1, 1985. The Joint Committee has expressed concern about the safety of the old power plant.

State Board of Agriculture

A. House Bill No. 2004 requires licensure of large-capacity scale testing and service companies which operate in Kansas. Each company is required to pay an annual license fee of \$50. Revenues generated from the fee will be credited to the Weights and Measures Fee Fund. The agency anticipates that 30 companies will be required to obtain licenses, generating an estimated \$1,500 in additional revenues to the Weights and Measures Fee Fund.

The bill also requires registration of "technical representatives" employed by large-capacity scale testing companies. Each representative is required to pass an examination which is to be prescribed by the State Sealer, a statutory position within the agency's Weights and Measures Inspection subprogram.

The State Sealer is also authorized by the bill to suspend or revoke licenses under certain conditions. For most license suspensions, an administrative hearing would be required.

The agency believes its current field staff is adequate to administer and enforce H.B. 2004. However, the agency requests additional part-time clerical assistance to process the annual licenses and to maintain records. The total request of \$13,905 is itemized as follows:

Salaries and Wages:

0.5 FTE Clerk-Typist II (including fringe benefits)	\$ 6,265
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Other Operating Expenditures:

Communications	\$ 660
Repairing and Servicing	50
Travel and Subsistence	4,373
Professional Supplies	750
Office Supplies	750
Capital Outlay	1,057
Subtotal	<u>\$ 7,640</u>
TOTAL	<u>\$13,905</u>

The Legislature may wish to consider whether a permanent half-time clerical position is necessary to process licenses and maintain records for an estimated 30 licensees. The Weights and Measures Inspection subprogram currently includes funding for 1.0 FTE Secretary I position and 12 professional positions. Prior to the current fiscal year, 1.0 FTE Clerk-Typist II and some temporary salary funding for clerical assistance were also budgeted in that subprogram. Effective FY 1985, however, the Clerk-Typist and temporary salary funding were transferred to the Administrative Services and Support subprogram in conjunction with agency reorganization to centralize certain support functions.

B. House Bill No. 2335 establishes minimum desirable streamflow levels for five Kansas streams, in addition to those for four streams which were adopted a year ago by the 1984 Legislature as the initial component of the State Water Plan. The Chief Engineer of the Division of Water Resources would be required to administer and enforce the new minimum streamflow standards.

The agency had requested 2.0 FTE positions in its FY 1986 budget for this purpose. Those positions, however, were not recommended by the Governor. The House and Senate Ways and Means Subcommittees were apprised of the need for these two positions if this legislation were to be passed. The agency requests funding for salaries of the two professional positions requested in its FY 1986 budget, along with other operating expenditures, itemized as follows:

<u>Salaries and Wages:</u>		
2.0 FTE Hydrologists - salaries and fringe benefits		\$51,684
<u>Other Operating Expenditures:</u>		
Communications		\$ 910
Travel		5,640
Clothing		150
Engineering Supplies		300
Stationery and Office Supplies		400
Other Supplies		300
<u>Capital Outlay:</u>		
2 Desks at \$300	\$600	
2 Chairs at \$160	320	
2 File Cabinets at \$115	230	
1 Pygmy Meter	<u>750</u>	
		<u>1,900</u>
Subtotal - Other Operating		<u>\$ 9,600</u>
TOTAL		<u>\$61,284</u>

The agency appears to have overestimated the amount necessary for fringe benefits for the new positions. Assuming the positions would be filled by persons without state employment experience, the KPERS contributions by the state for FY 1986 would be limited to 0.6 percent of the base salaries. Therefore, it would appear that the agency's salary estimate could be reduced by \$2,017 by recomputing fringe benefits. By doing so, the fiscal impact of the bill would be \$59,267 for FY 1986. It should also be noted that S.B. 87 included \$1,500 for two pygmy meters. Additional costs for implementing H.B. 2335 would be financed from the State General Fund.

C. House Bill No. 2470 eliminates from existing statutes a provision which exempts from the Kansas Pesticide Law pesticide businesses which apply general use pesticides by nonaerial means to agricultural land, crops, or livestock. The bill also requires the Secretary of the Board of Agriculture to suspend, without a hearing, the license of any pesticide business if its required surety bond or liability insurance is cancelled or terminated. Under current law, a license suspension without a hearing is authorized only if the licensee fails to furnish acceptable proof of surety bond or liability insurance coverage within 20 days from the date the Secretary receives notice that the licensee's surety bond or insurance is to be cancelled or terminated.

The bill subjects pesticide businesses which apply general use pesticides by nonaerial means to agricultural land, crops, or livestock to regulation by the State Board of Agriculture. The agency anticipates that 200 additional businesses will be required to obtain an annual license under the Kansas Pesticide Law, for which a minimum fee of \$75 is imposed. Elimination of the present exemption will also require payment of a \$10 fee for each of an estimated 200 uncertified pesticide applicators who are employed by newly-licensed pesticide businesses. The agency assumes that all 200 newly-licensed pesticide businesses will also apply for commercial certification so that they may also apply restricted use pesticides or use pesticide application equipment. For this additional certification, an application fee of \$35 is imposed. Finally, applicants for commercial certification must take an examination, for which a fee of \$25 is charged. The agency's estimate of additional revenue as a result of H.B. 2470's passage is as follows:

No.	Category	Minimum	Projected Revenue
200	Pesticide Business License Fee	\$ 75	\$ 15,000
200	Uncertified Pesticide Applicator Fee	10	2,000
200	Commercial Applicator Certificate Application Fee	35	7,000
200	Commercial Applicator Examination Fee	25	5,000
TOTAL PROJECTED REVENUE			<u>\$ 29,000</u>

All revenues would be deposited in the existing Pesticide Use Fee Fund.

In order to carry out the additional regulatory responsibilities associated with eliminating the exemption, the agency estimates that an additional \$20,400 will be required for travel and subsistence expenditures for existing field staff to perform investigative checks and follow-up inspections. In addition, the agency believes that employment of an additional part-time temporary Clerk-Typist II will be necessary at a cost of \$3,658, including fringe benefits. Also requested to implement the bill are \$700 for communications, \$642 for stationery and office supplies, and \$600 for professional supplies. In summary, the agency requests a total of \$3,658 for salaries and wages and \$22,342 for other operating expenditures, for a total of \$26,000. Any additional expenditures approved by the Legislature to implement the bill could be financed from the additional revenues anticipated for the Pesticide Use Fee Fund.

It should be noted that only the pesticide business and uncertified pesticide applicator license fees are required to be renewed annually. Fees for commercial applicator certificate applications and examinations are imposed on a three-year renewal cycle. The following table projects revenues forthcoming from H.B 2470 through FY 1990:

No.	Category	Minimum Fee	Projected Revenue			
			FY 1987	FY 1988	FY 1989	FY 1990
200	Pesticide Business License Fee	\$ 75	\$15,000	\$15,000	\$15,000	\$15,000
200	Uncertified Pesticide Applicator Fee	10	2,000	2,000	2,000	2,000
200	Commercial Applicator Certificate Application Fee	35	—	—	7,000	—
200	Commercial Applicator Examination Fee	25	—	—	5,000	—
TOTAL			<u>\$17,000</u>	<u>\$17,000</u>	<u>\$29,000</u>	<u>\$17,000</u>

To the extent that additional ongoing expenditures for implementation of the bill exceed the estimated revenue of \$17,000, the difference would be financed from the State General Fund in FYs 1987 and 1988. The agency predicts that expenditures associated with passage of the bill will total \$20,900 for each of these years. The reduction from the FY 1986 estimate is primarily a result of a reduced level of travel expenditures deemed necessary for future fiscal years.

D. House Bill No. 2469 amends existing statutes which authorize the agency, if sufficient funds are available for that purpose, to make a biennial report to the Legislature. H.B. 2469 authorizes such a report to be published on an annual basis and requires that each legislator is to receive a copy of the report.

The agency sought necessary funding in its FY 1986 budget request to enable publication of such a report. This request implicitly assumed publication on an annual basis, since funding was made available in FY 1985 to publish a biennial report. However, the Governor's budget recommendations deleted the requested sum for printing a report in FY 1986.

The agency wishes to publish 7,500 copies of the annual report in FY 1986 at a total cost for printing of \$29,250. In addition, the agency states that \$2,720 would be necessary for postage costs associated with mailing approximately 4,000 copies of the report. The total amount estimated by the agency for publication and distribution of an annual report beginning FY 1986 is therefore \$31,970. Any amount approved by the Legislature to finance the bill would be from the State General Fund.

E. House Bill No. 2003 requires that those motor-vehicle fuel and liquid fuel dispensing pumps, meters, or other similar measuring devices which at present are not being inspected by the Director of Taxation are to be tested and inspected annually. The bill also requires that liquid fuel meter servicing and testing companies which operate in Kansas are to annually obtain a license from the State Sealer. A fee of \$50 is imposed for applications and for annual renewals for each place of business of the licensee. Each licensee would be required, by September 1, 1985, to employ at least one individual who has passed an examination which is to be prescribed by the State Sealer.

As a prerequisite for initial licensure and renewal, each testing and servicing company will be required to have its weights and measures tested for accuracy and sealed by the State Sealer, unless acceptable substitute verification is submitted. The State Board of Agriculture is authorized by the bill to adopt rules and regulations to implement the licensing program. Licensed testing companies would be required to furnish a copy to the State Sealer of the report issued to the owner or operator of the pump, meter, or measuring device. The annual tests and inspections of the devices are to be at the expense of the owner or the operator.

If the State Sealer is notified that a fuel measuring device does not comply with the state agency's tolerances and specifications, the State Sealer would be authorized to perform a follow-up test for accuracy after repairs have been made. The bill authorizes revocation or suspension of licenses under certain circumstances, in most cases subject to an administrative hearing.

The State Board of Agriculture estimates that 15 service companies will become licensed under H.B. 2003. At an annual fee of \$50, an estimated additional \$750 in revenue would be credited to the Weights and Measures Fee Fund.

To implement the bill, the agency requests 1.5 F.T.E. positions and a total of \$78,477, of which \$750 could be financed from the additional revenues to the Weights and Measures Fee Fund. The remaining \$77,727 would be financed from the State General Fund. The agency itemizes its request as follows:

<u>Salaries and Wages</u>	
1.0 Agricultural Inspector I	\$16,092
0.5 Clerk-Typist II	5,082
Fringe Benefits	4,336
Subtotal	<u>\$25,510</u>
 <u>Other Operating Expenditures</u>	
Communications	\$ 1,060
Repairing and Servicing	50
Travel and Subsistence	23,000
Professional Services	800
Professional Supplies	750
Office Supplies	750
Capital Outlay:	
File Cabinet	\$ 180
Electric Typewriter	877
Forklift	10,000
100-gallon Prover	10,000
Laboratory Equipment	<u>5,500</u>
	26,557
TOTAL	<u>\$78,477</u>

The Legislature may wish to consider whether the major equipment items requested are necessary to implement provisions of H.B. 2003.

F. Senate Bill No. 331 requires annual registration with the State Board of Agriculture of any person who sells a pesticide to another person for application. The bill requires applicants for pesticide dealer registration to pay an annual fee of \$25. Fee revenue is to be credited to the Pesticide Use Fee Fund. The State Board of Agriculture anticipates that 9,000 pesticide dealers will register in FY 1986, generating an estimated \$225,000 in additional receipts to the Pesticide Use Fee Fund.

The agency anticipates that it will require an additional \$138,200 in expenditures and 4.0 F.T.E. positions as a result of the bill's passage. Itemized expenditures as estimated by the agency are as follows:

<u>Salaries and Wages</u>		
2.0 F.T.E. Ecological Specialists		\$ 47,832
2.0 F.T.E. Clerk-Typists II		20,328
Fringe Benefits		13,110
Subtotal		<u>\$ 81,270</u>
 <u>Other Operating Expenditures</u>		
Communications		\$ 18,620
Printing and Advertising		6,000
Travel and Subsistence		25,000
Stationery and Office Supplies		2,020
Professional Supplies		200
Capital Outlay:		
Clerical Staff:		
2 desks at \$275	\$ 550	
2 chairs at \$125	250	
2 file cabinets at \$180	360	
2 typewriters at \$765	1,530	
2 calculators at \$140	280	
2 desk lamps at \$100	200	
		<u>3,170</u>
Field Staff:		
2 desks at \$300	\$ 600	
2 chairs at \$160	320	
Cameras	1,000	
		<u>1,920</u>
Subtotal - Other Operating		<u>\$ 56,930</u>
TOTAL		<u><u>\$138,200</u></u>

It should be noted that the provisions of the bill itself do not expand the responsibilities of the State Board of Agriculture. However, by amending provisions of the Kansas Pesticide Law, the bill extends the agency's existing regulatory authority to include pesticide dealers.

Since the imposition of a \$25 registration fee would generate revenues in excess of the FY 1986 expenditure requested by the agency to implement the bill, the Legislature may wish to consider use of the all or part of the excess revenues to offset State General Fund appropriations. The agency's request assumes that the expenditures of \$138,200 would be financed from the Pesticide Use Fee Fund and proposes that the excess revenues of \$86,800 would accrue to the balances of that fund and remain available for spending in FY 1987.

G. Senate Bill No. 330 requires any person who applies any chemical by the chemigation process in an irrigation system to register with the Secretary of the State Board of Agriculture, make use of anti-pollution devices, and keep records and make reports as deemed appropriate by the Secretary. Prior to December 31, 1985, any person who uses the chemigation process must register and obtain a chemigation user's permit before using that process, and pay an application fee of \$50. The permit may be renewed annually upon application and payment of a \$50 fee.

The bill sets out criteria for use of anti-pollution devices to be used in the chemigation process and makes operators holding permits to use chemigation equipment

responsible for its safe operation. The Secretary of the Board of Agriculture is to provide certain safety information to chemigation user permit holders periodically. The Secretary is also charged with enforcing all noncriminal provisions of the Act. The agency is required to adopt rules and regulations to administer the Act within 60 days after its July 1, 1985 effective date. The bill authorizes the Secretary to revoke or suspend chemigation users' permits under certain conditions following an administrative hearing. The Secretary is authorized to appoint a hearing officer for investigations and hearings, and to employ qualified persons deemed necessary to carry out this legislation.

The revenues anticipated to be generated from the \$50 permit fee are to be credited to the Chemigation Fee Fund, which is a new special revenue fund for the State Board of Agriculture. The agency expects to issue 1,250 permits in FY 1986, which would generate a total of \$62,500 in revenues for the fiscal year. Since the permits would be issued for a one-year period, receipts for future years would be comparable.

To administer the Act, the agency requests 2.0 F.T.E. positions and \$59,732 in expenditure authority for the new Chemigation Fee Fund. The agency's itemized expenditure estimate is reflected below:

<u>Salaries and Wages</u>	
1.0 F.T.E. Ecological/Chemigation Specialist	\$ 23,916
1.0 F.T.E. Clerk-Typist II	10,164
Fringe Benefits	6,555
Subtotal - Salaries	<u>\$ 40,635</u>
 <u>Other Operating Expenditures</u>	
Communication	\$ 3,820
Printing and Advertising	5,000
Travel and Subsistence	6,250
Stationery and Office Supplies	310
Professional Supplies	100
Computer Expenses	1,500
Capital Outlay:	
2 desks at \$300	\$ 600
2 chairs at \$160	320
2 file cabinets at \$115	230
1 12-column calculator	140
1 electric typewriter	877
Subtotal - Other Operating	<u>\$ 19,147</u>
TOTAL	<u>\$ 59,782</u>

The agency had requested 1.0 F.T.E. Ecological Specialist for FY 1986 to establish a statewide chemigation safety program, although no clerical positions were requested for this purpose. The position was not recommended by the Governor or by either the House or Senate.

Any expenditure approved by the Legislature for purposes of administering the Act could be financed from the new Chemigation Fee Fund. In addition, to appropriate moneys which will be credited to the fund, it will be necessary to do so in the Omnibus appropriations bill since it is a new and separate special revenue fund.

H. House Bill No. 2471 transfers from the Department of Health and Environment to the State Board of Agriculture responsibilities for administering the Grade A milk survey rating program. Federal regulations require that any Grade A milk shipped interstate must attain a 90 percent survey rating according to requirements of the federal Food and Drug Administration. Under H.B. 2471, the responsibility for certifying Grade A milk for purposes of the Interstate Milk Shippers' Program is transferred to the State Dairy Commissioner.

The State Board of Agriculture requested an increase in travel expenditures for its laboratory in order to carry out its new responsibilities. No new staff were requested. The House Ways and Means Subcommittee removed the increase of \$2,181 for travel costs from S.B. 87 pending passage of this legislation. In order to adequately finance the agency's increased costs, the \$2,181 in State General Fund appropriations would need to be included in the Omnibus bill.

I. Water Appropriation Field Inspections. The Conference Committee on S.B. 87 agreed to remove all funding for contracts with private engineering firms for performing audits of developed water rights. The Committee agreed to consider this issue further, with any funding to be included in the Omnibus bill.

The 1982 Legislature initially authorized funding to allow the Division of Water Resources to contract for water right inspections. The funding was made available to supplement the Division's in-house effort to reduce the backlog of water rights awaiting final inspection, which is a statutory prerequisite to the creation of a perfected water right for the appropriator. For FY 1985, \$160,000 was appropriated from the State General Fund for this purpose. For FY 1986, the agency requested an increase of \$288,000, or a total of \$448,000 to finance contractual water right field audits. The Governor concurred with the agency's request, and recommended \$448,000 from the State General Fund for this purpose.

The Senate recommended that half (\$224,000) of the total funding for the contracts be shifted from the State General Fund to a new special revenue fund. By proviso attached to the new fee fund, the Senate recommended that water appropriation permit holders be required to pay 50 percent of the Division's costs of performing field inspections of the developed water right. The balance of the cost would be financed from State General Fund moneys, for which purpose the Senate recommended \$224,000. The total funding level of \$448,000 recommended by the Senate was at the level requested by the agency and recommended by the Governor.

The House Committee of the Whole deleted the special revenue fund expenditure authority of \$224,000 and the attached proviso which would have authorized the new fee. The House recommendation reduced the recommended funding level for contracted field inspections to \$224,000, which would have been financed entirely from the State General Fund.

Should the Legislature decide to continue financing contractual field inspections, it would be necessary to include funding in the Omnibus bill.

State Conservation Commission

A. House Bill No. 2578 establishes a Multipurpose Small Lakes Program, which is to be administered by the State Conservation Commission. The bill requires the Conservation Commission to:

1. adopt all rules and regulations necessary to implement the provisions of the act;
2. review and consider approval of applications from potential local sponsors of small lake projects in accordance with rules and regulations which must be consistent with the State Water Plan;
3. request appropriations for specific projects from the Legislature;
4. administer any funds appropriated for the Multipurpose Small Lakes Program; and
5. perform the following responsibilities if the Legislature approves funding for a multipurpose small lake project:
 - a. require land treatment implementation to protect the project site from silting and pollution; and
 - b. administer state cost-sharing funding for land treatment which must be included in the total state funding for the project.

The Act will be effective July 1, 1985.

The Conservation Commission requests a total of \$33,679 from the State General Fund for FY 1986 administrative costs which the agency considers necessary as a result of the new Small Lakes Program as well as the state aid programs authorized in S.B. 87. These expenditures would be in addition to amounts previously approved in S.B. 87 for the agency, which included funding for 1.0 F.T.E. new unclassified Conservation Coordinator position and added .5 F.T.E. classified position to convert the existing half-time Clerk-Typist II to full-time.

<u>Salaries and Wages (Including Fringe Benefits)</u>	
1.0 F.T.E. Account Clerk II	\$16,136
Conservation Coordinator — Salary Differential	4,053
Program Administrator — Salary Upgrade	6,007
Temporary Salaries — Special Project to Update <u>The Government of Soil Conservation Districts in Kansas</u>	7,041
Subtotal — Salaries	<u>\$33,237</u>
 <u>Other Operating Expenditures</u>	
Capital Outlay (desk, chair, and calculator for Account Clerk II)	<u>\$ 442</u>
 TOTAL	 <u>\$33,679</u>

All of the above expenditures were requested by the agency in its original FY 1986 budget request, but were not recommended by the Governor. The \$4,053 requested to finance a higher salary for the new Conservation Coordinator than the Governor had recommended was added by the House Ways and Means Subcommittee, but was removed in Conference Committee. Neither house provided funding for the other items listed above. The agency believes that these additional expenditures are necessary in order to administer the state aid programs authorized in S.B. 87 and the responsibilities delegated by H.B. 2578 for the Multipurpose Small Lakes Program. The Legislature may wish to consider separately each component of the request to determine its relationship to implementation of H.B. 2578.

Health and Environment

A. Senate Bill No. 297 requires that local health departments which contract with the Department of Health and Environment to do inspections of food and lodging establishments be reimbursed at a rate of 60 percent of the state license fee revenues. The bill also creates the food service inspection reimbursement fund. In order to implement the provisions of this bill, the State General Fund appropriation for Aid to Local Units — food service and lodging inspections, as contained in H.B. 2102 sec. 4, should be lapsed and the Food Service Inspection Reimbursement Fund established as a no limit fund.

B. Senate Bill No. 48 (Pending) authorizes the governing body of any municipality to issue general obligation bonds or temporary notes for the removal or encapsulation of friable asbestos containing material. The bill also requires that the Secretary of Health and Environment provide technical assistance to the municipalities if requested and provide assistance to municipalities in reviewing entities bidding on asbestos contracts to determine their ability to comply with state and federal standards. In order to provide this assistance, the agency indicates the following will be required:

Environmental Engineer III	\$39,340
Communication Expenses	700
Travel and Subsistence	4,240
Office Supplies	200
Professional Supplies	400
Office Equipment	400
TOTAL	<u>\$45,280</u>

All funding is requested from the State General Fund.

C. Senate Bill No. 113 relates to the regulation of persons and business entities engaging in the removal or encapsulation of asbestos and requires the Secretary of Health and Environment to:

1. License all business entities seeking to engage in asbestos removal or encapsulation. (Businesses which use their own employees to remove or encapsulate asbestos in their own facilities are exempted.)
2. Certify all individuals seeking to engage in an asbestos removal or encapsulation project.
3. Establish, by rules and regulations, a reasonable fee schedule for licensure and certification.
4. Conduct at least one on-site inspection annually of an actual asbestos project to review procedures being used for such projects by a licensee.
5. Inspect and approve asbestos disposal sites.
6. Adopt rules and regulations for the administration of this act.

The agency indicates that the following positions, operating funds and equipment would be required to implement this bill. All funding would be from the State General Fund.

Salaries and Wages:

Environmental Engineer IV	\$ 37,400
Environmental Technician V	24,686
Clerk III	14,316
	<u>76,402</u>

Operating Expenses:

Communication	1,800
Travel and Subsistence	5,000
Office Supplies	500
Professional Supplies	2,000
	<u>9,300</u>

Capital Outlay:

Powered Respirators	800
Air Sampling Pumps	4,000
Air Flow Management Instruments	1,200
Memory Typewriter (1)	1,500
Desks and Chairs (3)	1,200
	<u>8,700</u>

TOTAL \$ 94,402

(Staff Note: H. B. 2102, the appropriation bill for the Department of Health and Environment, contains funding of \$33,875 for one special projects position to develop a training manual for asbestos inspections and to provide technical assistance on the identification, encapsulation and removal of asbestos from public buildings.)

D. House Bill No. 2471 transfers all milk inspection and survey activities from the Department of Health and Environment to the Board of Agriculture. Health and Environment has traditionally had one position, a Milk Sanitation Rating Officer with a total annual salary of \$32,262 responsible for these milk surveys. The agency indicates, however, that this position has assumed some inspection and supervisory responsibilities pertaining to the Food, Drug, and Lodging inspection program.

Division of Mental Health and
Retardation Services

A. 649 Funding (State Aid to Community Mental Health and Mental Retardation Centers). Conferees on H.B. 2128, which contained appropriations for the Division of Mental Health and Retardation Services, agreed to further study the amount of funding for 649 aid (State Aid to Community Mental Health and Mental Retardation Centers). H.B. 2128 appropriates \$12,163,309 from the State General Fund for 649 aid or a funding level of 40.1 percent of eligible income of the community centers. This amount is a 4.3 percent increase over the FY 1985 appropriation of \$11,661,849.

Judicial Branch

A. Technical Adjustment. In the posting of H.B. 2615, the salary plan bill, the amount included for district magistrate judges' salaries was overstated by \$97,140 as a result of inclusion of funding for a 5.5 percent salary increase on the FY 1985 base salary. H.B. 2615 provides for an increase in the salary of a district magistrate judge from \$22,203 to \$26,000, and specifically excludes such positions from the 5.5 percent salary increase. This error should be corrected by lapsing \$97,140 from the appropriation for Administration of justice — district courts.

B. House Bill No. 2055. H.B. 2055 authorizes the district courts of the state to appoint volunteer special advocates to represent children involved in legal action under the Kansas Code for Care of Children. The primary duty of the special advocates would be to advocate the best interests of the child and to assist in obtaining a permanent, safe, and homelike placement for the child. The Supreme Court shall promulgate rules governing court appointed special advocate programs in the district courts no later than January 1, 1986. Assuming preparation of the program would be initiated on July 1, 1985, the Office of Judicial Administration estimates that the program would require State General Fund expenditures of \$95,676 in FY 1986. These expenditures would be for salaries and wages of three positions, \$65,682; other operating expenditures, \$25,494; and capital outlay expenditures of \$4,500. (The original fiscal estimate for this program was \$200,966. The revised estimate assumes three positions to administer the program: a Permanency Planning Administrator, a Volunteer Coordinator, and a Secretary II.)

C. Senate Bill No. 36 (Pending). The Conference Committee report on S.B. 29, the judicial branch appropriation bill, contains the following recommendation: "The Conference Committee believes that any funding for the proposed expansion of the Court of Appeals should be deferred for consideration in the Omnibus Bill." S.B. 36, as amended, expands the Court of Appeals from seven to eight judges on and after July 1, 1985 and before January 12, 1987, and to nine judges on and after the latter date. The Office of Judicial Administration estimates that the proposed expansion by one judge (one Judgeship, one Research Attorney, and one Judicial Secretary I) would require expenditures of \$143,701. Of this total, \$111,176 is for salaries and wages, \$30,467 for other operating expenditures, and \$2,058 for operation of the judicial nominating commissions during the selection process.

Crime Victims Reparations Board

A. Senate Bill No. 108 (Pending). S.B. 108, as amended, increases that portion of the docket fee collected by the district courts to be deposited in the Crime

Victims Reparations Fund from \$1 to \$2. S.B. 29, the appropriation bill for this agency, currently sets the expenditure limitation for the Crime Victims Reparations Fund at \$273,000. If S.B. 108 is enacted, estimated resources available for reparations would be \$546,000. The FY 1986 State General Fund appropriation for claims is \$80,006.

Kansas State Penitentiary

A. House Bill No. 2088 appropriated operating funds in FY 1986 to the Kansas State Penitentiary (KSP) and other state public safety agencies. The bill did not provide any specific funds for the academic and vocational education program at the new medium custody facility at KSP. The Governor's FY 1986 recommendation included \$534,328 from the State General Fund for the program. The 1985 Legislature deleted the \$534,328 from H.B. 2088 and directed the agency to aggressively pursue the use of federal Job Training Partnership Act (JTPA) funds to finance the education/vocation program at the new facility. The Department of Corrections has coordinated several meetings with the Department of Education and the Department of Human Resources on the possibility of using JTPA funds. After reviewing the issue the Department of Corrections has reiterated the request for State General Fund financing of the program. The Department now proposes a gradual phase-in of the new program at KSP and requests that \$367,857 from the State General Fund be added to the FY 1986 appropriation.

Kansas Correctional Institution at Lansing

A. Governor's Budget Amendment No. 2, Item 15. This budget amendment contains the Governor's recommendation that an additional \$58,065 be appropriated from the State General Fund in FY 1985 for the project to install an emergency electrical generator and necessary support equipment at KCIL.

The 1983 Legislature appropriated \$150,000 for installation of emergency electrical generating equipment to service KCIL and Outside Dormitory No. 2 at the Kansas State Penitentiary. It initially was assumed that a 500 KVA generator with a gasoline engine would be sufficient to provide emergency power for the two facilities. However, in assessing the need for emergency power, the engineering and architectural firm of Black and Veatch has recommended that a 650 KVA generator with a diesel engine be installed, due principally to the expansion which has occurred at Outside Dormitory No. 2. Because of the increase in the size of the generator, a slightly larger building will be required to house the generating equipment. In addition, Black and Veatch has recommended a larger underground fuel storage tank (the original project included a standard fuel tank) to increase the duration of time the generator could be operated without refueling. All of these factors have resulted in the request for an additional appropriation of \$58,065 to complete the project. The Division of Architectural Services concurs with the project revision and the estimate of additional cost. The additional cost is based upon Black and Veatch's estimate of \$175,874 for construction supplemented by \$18,027 for contingency and escalation costs, less \$135,836 remaining from the original appropriation of \$150,000 for the project (\$14,164 has been expended for engineering fees and miscellaneous costs).

B. Governor's Budget Amendment No. 3, Item 1. This budget amendment contains the Governor's recommendation that an additional appropriation of \$70,094 from the State General Fund in FY 1985 for higher than anticipated medical costs for

female inmates. To date, the institution has expended \$186,290 for medical costs. In reviewing the additional medical needs for the balance of the current fiscal year, including costs for cases already pending, the institution has estimated that additional costs will total \$58,200 — \$46,200 for hospital and physicians' costs and \$12,000 for drugs, medicines, and supplies, resulting in a total demand of \$244,490 for medical costs. The institution's currently authorized operating budget includes funds of \$139,396 for medical costs.

Department of Corrections

A. Hazardous Duty Pay. The Governor recommended \$219,711 for hazardous duty pay for an additional 87.6 F.T.E. positions throughout the correctional system. The recommendation would provide a two range salary increase for hazardous duty. The funds were deleted from H.B. 2088 pending a final decision on the state pay plan revision.

Kansas Public Employees Retirement System

A. House Bill No. 2218 accelerated the latest calculated KPERS employer contribution rate from FY 1987 to FY 1986. The FY 1986 school employer contribution rate, which is totally financed from the State General Fund, will decrease from 4.3 percent to 4.0 percent. Each 0.1 percent of the school employer contribution rate is equal to approximately \$1,000,000. Therefore, \$3,000,000 could be lapsed from the State General Fund appropriation for employers' contribution.

Department of Revenue

A. Technical Adjustment. The Division of Vehicles Operating Fund is financed by a transfer from the State Highway Fund. The FY 1986 transfer in S.B. 78 does not include financing for the salary plan adjustment which H.B. 2615 will require. A 5.5 percent average increase in the salaries and benefits expenditures in FY 1986 will require an additional transfer of \$683,835 to finance the salary plan adjustments.

B. Statewide Reappraisal. S.B. 164 (Governor) will impose certain administrative duties and costs on the Department of Revenue and the Division of Property Valuation. The agency requests 46.0 new F.T.E. positions in FY 1986 and total state operating expenditures of \$2,598,130 from the State General Fund to implement the first year in a four-year period of statewide reappraisal. According to the Department of Revenue, local expenditures may total as much as \$10,579,009 in FY 1986 in conjunction with reappraisal, but what portion of that cost, if any, is proposed to be borne by the state, is not identified in the agency's fiscal note of April 18, 1985. Additional details are presented in a separate memorandum on costs relative to reappraisal. Multiyear costs for statewide reappraisal are estimated at \$51,466,102 in the agency's most recent fiscal note, but the amount to be financed by the State General Fund is not identified.

C. Liquor Legislation. S.B. 126 (Governor), S.B. 187 (House General Orders) and H.B. 2067 (Governor) are estimated to have administrative impact on the Division of Alcohol Beverage Control (ABC) in FY 1986. The agency requests 9.0 new F.T.E. positions, \$167,635 for salaries and benefits, \$45,345 for annual operating costs, and \$14,002 for one-time expenses. Total financing of \$226,982 is requested from the State General Fund in FY 1986. Additional details are presented in a separate memorandum on this topic. The agency's fiscal note also indicates that ABC will need to increase the number of Liquor Control Investigator positions by at least four in FY 1987 and 1988 to coincide with the additional duties related to 19 and 20-year olds prohibited from consuming cereal malt beverages.

D. Bills Passed. Four other bills passed this session have fiscal impact on the agency.

1. S.B. 95. Among the provisions of this bill are two with fiscal impact. First, the agency indicates that it will be required to notify quarterly filers that their Withholding Tax Deposit Report and remittance due date have been changed from the 15th to 25th day. The agency estimates one-time expenses in FY 1985 of \$6,996 from the State General Fund for postage, printing, envelopes, and DISC fees related to mailing notices.

Second, by changing the due date to the last day of February of the following year for employers who are required to file only an annual Withholding Tax report (currently it is due the last day of January), the annual return (KW-30) will be due the same date as the Annual Information Report (KW-3). The agency in its fiscal note of January 29, 1985, noted that passage of the bill would enable the Department to consolidate these two forms into one form and reduce paperwork for both employers and the agency. No estimate of cost savings to the agency was provided in the fiscal note, however.

2. S.B. 321. This bill establishes the Vehicle Dealers and Manufacturers Fee Fund for financing enforcement of the Vehicle Dealers and Manufacturers Licensing Act. The effective date is January 1, 1986, for six months during FY 1986. The agency currently uses two full-time and four part-time (60 percent each) Field Service agents to enforce the Act. In addition, the Dealer Licensing Bureau consists of nine employees. The agency's fiscal note of April 5, 1985, does not address expenditures from the new fund or substituting fee fund financing for current financing which is generally from the Division of Vehicles Operating Fund. No estimate of fee receipts is made by the agency.

The Legislature may wish to review the financing of the Field Service agents in FY 1986. The 2.0 F.T.E. positions are budgeted at \$47,072 from the Division of Vehicles Operating Fund, but the other four part-time (2.4 F.T.E. positions) apparently are financed from the State General Fund for Division of Vehicles-related activities. The new fee fund may provide an alternative source of financing for both the State General Fund and the Division of Vehicles Operating Fund which finance current activities related to this Act.

3. H.B. 2150. There are two fiscal impacts associated with this bill. First, the bill allows the agency to prepare additional tax tables based on taxable incomes that could be utilized by many more classes of taxpayers. Currently, statutes require the agency to compute tax tables which include the Kansas standard deduction, federal income tax deduction, and the exemption allowance. One-time costs of \$4,320 are requested in FY 1985 from the State General Fund for programming modifications to change software using tax tables.

Second, new tax tables can be included in the 1985 Form 40. As a result, the agency is considering modifying or eliminating the short Form 40A. The agency indicates that the new tables will reduce taxpayer confusion and improve the processing of individual income tax returns. The Legislature may wish to ask about cost savings which may result.

4. H.B. 2333. This bill retains the Motor Vehicle Dealer's Stamp Tax in lieu of the property tax and raises the tax on various vehicle classes. The agency's fiscal note requests \$1,841 in FY 1985 from the DOV Operating Fund to purchase an additional 700,000 stamps of various denominations.

E. Bills in Conference. Two bills with fiscal impact are in conference committee.

1. S.B. 84. This bill specifies that the local sales tax situs of retail sales involving the leasing of telephonic receiving and transmitting equipment to be that of the lessee. This provision is an exception to the general rule that places retail tax situs at the retailers' place of business. The agency requests \$17,638 in FY 1985 from the State

General Fund to finance the cost of printing notices of legislative changes, inquiry cards, return envelopes, and postage to 75,000 retailers.

The Legislature may wish an explanation as to why notices must be sent to 75,000 retailers since few are involved in the business of leasing telephonic equipment.

2. H.B. 2159. The bill, as amended by the Senate, would permit merchants when determining fair market value of their inventory to deduct operating costs and expenses up to 60 percent of average inventory (rather than 40 percent under current law). The agency does not request administrative costs associated with the bill's current version. However, the bill, as amended by the House, would have created a refund for property taxes paid on merchants', manufacturers', and livestock inventories. That version of the bill would have administrative costs in FY 1986 of \$352,317 annual expenditures and \$79,868 one-time expenses, according to the agency.

F. Governor's Budget Amendment No. 3, Item 11. The Governor recommends additional FY 1986 expenditures of \$87,321 from the State General Fund and \$105,321 from the Division of Vehicles Operating Fund. Additional postage costs of \$128,000 attributed to the recent rate increase are prorated against the State General Fund (\$73,000) and the Division of Vehicles Operating Fund (\$55,000). Acquisition of the IBM 4341 computer is estimated to cost an additional \$64,642, with \$32,321 to be financed by the State General Fund and \$32,321 by the Division of Vehicles Operating Fund.

G. Records Shelving. The House Committee deleted \$128,560 from the State General Fund in FY 1986 for shelving to store tax records and directed the Secretary to seek other alternatives for consideration. A memorandum of April 17, 1985, was sent to the Chairmen of the Ways and Means Committees by the Secretary. Four options were outlined:

- Option 1 Mobile Shelving — \$128,560 in FY 1986 from the State General Fund.
- Option 2 New Building — \$198,000 in FY 1986 from the State General Fund and annual operationg costs of \$19,200.
- Option 3 Microfilming — \$514,625 in FY 1986 from the State General Fund and annual costs of \$340,846 in FY 1987.
- Option 4 Box and Shelve Documents — \$7,000 from the State General Fund. The latter option is a temporary solution, the agency points out in its memorandum.

State Board of Tax Appeals

A. House Bill No. 2434 (Governor). Currently, the Board is required under K.S.A. 79-2005 to notify all taxing districts of any adjustments ordered by the Board relating to applications for refunds. H.B. 2434 will require the County Treasurer (instead of the Board) to notify all remaining taxing districts of Board orders. The Division of the Budget's fiscal note estimates a decrease in the amount of materials and postage required to mail Board orders amounting to \$2,700 in FY 1986 from the State General Fund as a result of H.B. 2434.

B. Data Processing Equipment. The Conference Committee on S.B. 86 recommended review of FY 1985 and 1986 financing for an Exxon 750 microcomputer which the Board has acquired. FY 1985 funding of \$4,261 and FY 1986 funding of \$6,955 were deleted from the agency's budget to reflect anticipated refund of the lease-purchase and maintenance financing for the Exxon 750 computer system, peripherals, and software due to a product recall which DISC advised might occur before June 30, 1985.

As of April 18, 1985, DISC has not determined if or when a product recall might occur. The Board sent a letter to the Chairmen of the Ways and Means Committees dated April 16, 1985, which also transmitted a memorandum of April 16, 1985, prepared by the agency's staff on the alternatives regarding the computer system.

Alternative 1 includes a request by the Board to reinstate funding for the Exxon 750 system at a cost of \$4,536.72 and to add new funding of \$4,032.80 for the acquisition of an additional Exxon 935 printer. The Exxon 750 system includes a microcomputer, printer and software. Currently, the Board has two Exxon word processors which share one printer and the additional Exxon 935 printer would be used with the two word processors so that each unit would have its own dedicated printer.

Since the Exxon 750 system was acquired on a multiyear lease-purchase, DISC estimates a purchase cost of \$14,455 for the microcomputer, printer and software (excluding interest charges) in a memorandum dated March 20, 1985. Annual maintenance costs of \$1,560 also are estimated by DISC. The Board's estimate of \$4,536.72 reflects only a portion of the total cost and is not specified as to which year the reinstatement is requested. The Legislature deleted \$4,261 in FY 1985 and \$6,955 in FY 1986 based on DISC estimates of the lease-purchase and maintenance agreement costs.

Alternative 2 which is the Board's least preferred option includes the acquisition of a Zenith 150 system at a cost of \$9,938 and additional financing of \$4,032.80 for an Exxon 935 printer. The Zenith 150 system includes a microcomputer, printer, and software. The Exxon 935 printer would provide a second printer to support the agency's two word processing units (which currently share one printer).

DISC estimates a purchase cost of \$7,226 for a Zenith 150 microcomputer, printer, and software plus \$1,846 annual maintenance cost in the memorandum of March 20, 1985.

Department of Human Resources

A. Technical Adjustment. S.B. 86 authorizes the agency a total of 1,050.5 F.T.E. positions in FY 1986. In adjusting the F.T.E. limitation, two positions, which the Legislature directed to be reallocated instead of approving two new positions, were counted twice: both as new positions and as the old positions. To correct this posting error, a reduction of 2.0 F.T.E. positions should be added to the Omnibus bill.

B. Wage Claim Litigation. Governor's Budget Amendment No. 2-12 recommends a supplemental appropriation of \$33,000 from the State General Fund in FY 1985 to finance an attorney and clerical support required for the agency to represent claimants in court litigation of wage claims. GBA 2-12 also recommends shifting \$15,500 of State General Fund savings in FY 1985 to help finance this activity. Total expenditures recommended in FY 1985 are \$48,500 for litigation of wage claims.

S.B. 352 was introduced by the Senate Ways and Means Committee as a result of a recommendation from the subcommittee reviewing the agency's budget that clarification should be added to the statute which concerns whether the Secretary must provide legal assistance in wage claim cases. FY 1986 financing of \$48,856 recommended by the Governor from the State General Fund for wage claim litigation was deleted by the Legislature, pending passage of S.B. 363 which is currently on General Orders in the House.

C. Governors Budget Amendment No. 3-2. Adjustments in the expenditure limitations for the Job Training program are recommended in FY 1985 and 1986. The Governor recommends that the FY 1985 limitation for the Title III Dislocated Workers fund be reduced \$935,736 to reflect nondiscretionary funds to be carried over into FY 1986. The Governor also recommends in FY 1985 that a new line item, Title III Dislocated Workers Discretionary, be established to allow expenditure of \$196,868 of discretionary funds. The Governor requests no-limit expenditure authority be authorized to allow the expenditure of discretionary funds as awarded.

In FY 1986, the Governor recommends expenditure of the \$935,736 of current year funds to be reappropriated from the Title III Dislocated Workers fund. In addition, the Governor reduces the estimate for new Title III nondiscretionary financing to \$394,495 in FY 1986 (which is \$100 more than an adjustment approved by the Legislature in S.B. 86). Total expenditures recommended by the Governor for Title III Dislocated Workers in FY 1986 is \$1,330,131.

Also in FY 1986, the Governor recommends establishment of a new no-limit fund, Title III Dislocated Workers Discretionary, to allow expenditure of discretionary funds as awarded. Currently, two awards are included in the Governor's estimate of expenditures in FY 1986 which total \$1,018,515. A job retraining program with Beech Aircraft and a dislocated workers training program in Southwest Kansas are the two projects.

D. Mediation and Fact-Finding Services. The Legislature deleted \$7,500 from the State General Fund in FY 1986 to finance impasse fact-finding and mediation services provided by the agency in conjunction with the Public Employer-Employee Negotiations Act (K.S.A. 75-4332(e)). The House Committee recommended consideration during Omnibus of this financing if S.B. 352 had not passed. S.B. 352 would have made the mediation and fact-finding services self-supporting, but the bill was killed this Session.

E. OSHA Financing. The Conference Committee on S.B. 86 restored \$23,317 from the State General fund in FY 1986 to finance one-third of the salaries of 3.0 F.T.E. positions in the Industrial Health and Safety program. These three positions were recommended by the Governor to be financed 100 percent from the State General Fund and the House Committee had shifted one-third of the financing to the Occupational Safety and Health Administration (OSHA) federal fund. The Conference Committee suggested that during Omnibus the Legislature should reconsider this question.

Currently, the Industrial Health and Safety program is authorized 15.0 F.T.E. positions in FY 1985 and 1986. Three of the positions are financed exclusively from the State General Fund and the other 12 by a mix of federal OSHA funds and the State General Fund as shown below:

<u>Total FTE</u>	<u>Percent OSHA</u>	<u>OSHA FTE</u>	<u>Percent SGF</u>	<u>SGF FTE</u>
7.00	90.0%	6.30	10.0%	0.70
5.00	45.0	2.25	55.0	2.75
<u>3.00</u>	<u>—</u>	<u>—</u>	<u>100.0</u>	<u>3.00</u>
15.00	57.0%	8.55	43.0%	6.45

The OSHA federal contract in FY 1985 has been reduced from \$295,700 to \$270,300, but still requires 9.5 workyears of effort. FY 1986 funding may be at the same level. Apparently, the workyears of effort required in the federal contract are being accomplished by the existing staff. The agency's state budget accounts for 8.55 F.T.E. positions financed by OSHA (or 0.95 F.T.E. less than required in the federal contract). The shift in financing recommended by the House Committee would have brought the state budget into alignment with the federal contract which requires 9.5 workyears of effort in order to receive the full federal reimbursement.

Attorney General

A. Senate Bill No. 118. S.B. 118 relates to automobile warranties and is commonly referred to as the "lemon law." The bill would require manufacturers to make repairs to new vehicles not conforming to applicable warranties and to replace the vehicle or refund the purchase price if the defect is not corrected after a reasonable number of attempts. The Attorney General estimates that \$12,500 in additional funding will be necessary. The Office of Attorney General estimates that passage will require an additional one-half-time agent, at a projected cost of \$11,000 for salaries and benefits to assist in handling complaints and processing inquiries. In addition, the Attorney General estimates \$500 in additional office expenditures and \$1,000 to prepare and publish a pamphlet describing warranty rights and explaining filing procedures.

B. Governor's Budget Amendment No. 3, Item 14. This budget amendment contains the Governor's recommendation that a \$60,000 FY 1986 State General Fund appropriation be provided to the Attorney General "for special prosecutor fees and other necessary costs to institute both civil litigation and criminal prosecution" in a case involving Medicaid reimbursements to adult care homes. Since FY 1984, the

agency has been investigating the possibility that Medicaid funds were illegally obtained through multiple layers of out-of-state cooperative ownership and management of adult care homes. The 1983 Legislature appropriated \$50,000 to begin an investigation. In FY 1984, the agency spent \$47,525 of that amount to hire a special project agent to do investigative work and a contract attorney. For FY 1985, \$30,000 was appropriated to continue the investigation. The findings of the investigator suggest a scheme creating and using non-profit corporations to disguise the true nature of those in control of the care homes. Department of Social and Rehabilitation Services (SRS) auditors believe that \$225,965 was obtained by deceit. The Attorney General requests supplemental funds to commence civil litigation and criminal prosecution. The \$60,000 would be used for out-of-state witnesses (\$20,000), a C.P.A. review of SRS audit calculations (\$6,000) and special prosecutor fees and court costs (\$34,000).

Board of Nursing

A. House Bill No. 2082. H.B. 2082, currently in conference committee, requires nurses administering anesthesia to be certified as registered nurse anesthetists. The bill will provide biennial certification of approximately 350 certified registered nurse anesthetists. The Board of Nursing estimates that \$3,462 in additional travel and supplies will be needed in FY 1986 from their fee fund to implement the certification program. The Board does not foresee any additional staffing needs at this time. Receipts totalling at least \$3,500 per year are anticipated depending upon the certification fee set by the Board. Of this amount, twenty percent or \$700, would be credited to the State General Fund.

Highway Patrol

A. Governor's Budget Amendment 3-13 — FY 1985 Salaries and Wages Shortfall. This budget amendment contains the Governor's recommendation for a supplemental appropriation of \$103,710 from the State General Fund to cover an anticipated shortfall in the FY 1985 salaries and wages account. The shortfall is primarily due to lower than anticipated turnover savings and a five month delay in the initiation of federal funding for the Motor Carrier Safety Assistance Program (MCSAP). The Patrol had notified the Division of the Budget that projections indicated a total anticipated shortfall of \$257,767 from the agency's FY 1985 estimate. Of the additional amount required, \$34,057 is available from current year authorizations that were originally anticipated to be unspent and reflected as savings in the current year. The Patrol also reviewed projected other operating expenses and has identified \$120,000 that may be shifted to partially offset the additional salary and wage needs.

The Legislature may wish to consider that further analysis of updated information indicates that the shortfall will not be as great as originally anticipated. Projections currently indicate a total anticipated shortfall of \$181,272. When adjusted for the shift in other operating savings and anticipated reimbursements from the federal government associated with the MCSAP, the total amount of new funds required is \$40,807. The agency has expressed some concern, however, in that this amount would not provide any flexibility to cover any unanticipated expenditures that might occur, such as an unanticipated retirement. Therefore, the Patrol has indicated a desire that the Legislature consider appropriating an additional \$25,000 to cover any contingencies.

B. Governor's Budget Amendment 3-13 — FY 1986 MCSAP Match. This budget amendment also includes the Governor's recommendation that an additional

\$93,152 be appropriated from the State General Fund for FY 1986 to provide the required match to federal funds in order to continue participation in the Motor Carrier Safety Assistance Program (MCSAP). The Patrol's budget was prepared based on the assumption that the agency would be able to "soft match" the federal dollars. The Patrol now reports that a cash "hard match" is required. The Governor's recommendation allocates the additional funding as \$68,835 for salaries and wages and \$24,317 for other operating expenses.

Fish and Game Commission

A. Governor's Budget Amendment 3-3. This budget amendment contains the Governor's recommendation regarding additional federal funds anticipated to be received through the federal Dingell-Johnson expansion. The Commission has been informed that, subject to a federal decision to rescind distribution, Kansas can expect to be reimbursed a total of \$923,848 for projects to enhance the fisheries program in FY 1986. Included in the Governor's recommendation are several new projects for a total of \$698,700 from the Fish and Game Fee Fund subject to notification from the federal government of the availability of the D-J expansion funds for reimbursement. In addition, the Governor recommends that two projects already approved for FY 1986 be submitted for reimbursement should the expansion funds become available; however, the Governor continues to recommend the implementation of these projects notwithstanding the availability of federal funds for reimbursement.

Most of the new projects proposed would be accomplished by force account, with some others on a contractual basis to universities and engineering firms. Major planned expenditures include maintenance and construction supplies (\$193,925), fees for professional services (\$129,365), capital outlay (\$111,500), salaries and wages for temporary personnel (\$59,075), repair and servicing (\$52,362), other supplies and parts (\$38,725), fees for other services (\$31,030), travel and subsistence (\$29,320), and motor vehicle parts and supplies (\$23,751).

New Projects Recommended by the Governor
Subject to the Availability of Federal Funding

Rocky Ford Repair (Engineering and Planning)	\$ 40,000
Miami SFL Spillway Improvement	7,096
Repair Road Below Spillway of Clark SFL	30,274
Community Lake Development	26,480
State Fishing Lake Facility Development	214,715
Pratt Hatchery Renovation (Engineering and Planning)	40,360
Farlington Fish Hatchery Renovation (Engineering and Planning)	40,760
Statewide Stream Access Development	81,460
Fisheries Habitat Improvement	51,511
Aquatic Resources Education	28,474
University Contractual Walleye and Hybrid Studies	11,084
Temporary Fish Hatchery Staff	61,475
Form and Function of White Crappie Populations in Kansas Reservoirs	30,214
Standard Weight (WS) Formulas Development	12,030
Seasonal Stream Water Quality Inventory	18,000
Broodfish and Egg Collection Improvement	3,475
Saline SFL Drainage Diversion	292
TOTAL - New Projects	<u>\$698,700</u>

Projects Previously Approved to be Submitted
For Federal Reimbursement

Develop Site 50-Upper Black Vermillion Watershed	\$ 94,639
Repair Ottawa SFL	130,509
TOTAL	<u>\$923,848</u>

Department of Economic Development

A. Senate Bill No. 177 (Pending). Currently in Conference Committee, S.B. 177 is concerned with the reorganization of the Department of Economic Development into the following units:

Office of Advanced Technology (new)
Division of Small Business Development (new)
Division of Community Development
Division of Travel, Tourism, and Film Services
Division of Industrial Development
Office of Minority Business Affairs (currently a Division)

The bill also abolishes the Division of Housing (whose duties would be assumed by the Division of Community Development) and changes the special assistant to the Secretary of Economic Development to a Deputy Secretary.

The appropriations bill for the Department (S.B. 86) was formatted on the assumption of the reorganization of the Department. Should S.B. 177 fail to pass out of conference, several technical adjustments would be required to properly reflect the current organizational status. In addition, 2.0 F.T.E. positions and \$87,830 associated with the Division of Small Business Development and the upgrade of the special assistant position would be available for deletion.

Grain Inspection Department

A. Senate Bill No. 300 requires the Grain Inspection Department to examine each licensed warehouse at least three times in each 24-month period and at least once in each 12-month period. Although statutorily directed to examine licensed warehouses at least once annually, the agency reported in its FY 1986 budget request that it actually performed an average of 1.5 examinations per warehouse in FY 1984. The agency maintained, however, that it has in past years examined twice within a year the marginal, smaller elevators but not, as a rule, the bigger ones. S.B. 300 would evidently require more frequent examinations of larger elevators. The agency had initially estimated that it would cost a total of \$70,358 from the Grain Inspection Fee Fund in FY 1986 to conduct those additional examinations: \$41,726 (with fringe benefits) for two additional field warehouse examiners and \$28,632 (with fringe benefits) for two full-time clerical personnel. However, the agency now maintains that it does not need the additional clerical support to comply with the legislative mandate of S.B. 300. Twelve full-time field warehouse examiners presently conduct warehouse examinations, and three full-time clerical personnel are employed in the Warehouse program.

Kansas Wheat Commission

A. Governor's Budget Amendment No. 3, Item 12. The Governor recommends an increase of \$7,116 in FY 1986 appropriations for the salary range increase of an Agricultural Marketing Specialist (\$4,418) and the reallocation of both a Nutritionist (\$610) and a Public Information Officer I (\$2,088) to Agricultural Marketing Specialist I positions. This increase, to be financed entirely from the Kansas Wheat Commission Fund, includes a differential for fringe benefits. The Governor's recommendation has its origins in a classification study of the Agricultural Marketing Specialist class conducted in August 1984 by the Board of Agriculture. Based on the findings of this study, the Division of Personnel Services recommended that reallocation funding for positions in the Board's Marketing Division be included in that agency's FY 1986 budget. Funding for the reallocation of those positions was recommended for FY 1986 by the Governor and approved by the Legislature. As the Kansas Wheat Commission employs an Agricultural Marketing Specialist II, the Division of Personnel Services recommended that the position be upgraded to a Range 27, commensurate to the salary range recommended for comparable positions in the Board of Agriculture. In addition, the Division of Personnel Services reviewed the responsibilities of the Nutritionist and Public Information Officer I positions and subsequently determined that those positions would be more appropriately classified as that of an Agricultural Marketing Specialist I.

Department on Aging

Senate Concurrent Resolution No. 1618 directs the Secretary of Aging to establish a state task force of 19 members to examine various issues related to Alzheimer's and related diseases. This task force is also directed to issue a report of its findings and recommendations to the Governor and the Legislature prior to January 10, 1986. The agency is requesting total expenditures of \$49,124 from federal Older Americans Act funds in FY 1986 to finance the staffing and operations associated with the activities of the task force. No increase in the agency's position limitation would be required since staff would be hired on a special projects unclassified basis, not to exceed the estimated duration of the project. However, if federal funding for this project is approved by the Legislature, the agency requests that its expenditure limitation for state operations governing the Older Americans Act federal fund be increased by \$50,000 from \$387,349 to \$437,349, provided that up to \$50,000 be expended only for activities associated with the Alzheimer's Task Force.

State Library

A. Interlibrary Loan Development Plan. The Governor recommended \$1.2 million from the State General Fund for the implementation of an Interlibrary Loan Development Plan. If funded, as recommended, this plan would provide grants of \$995,000 for 21 resource libraries and of \$205,000 for schools, community colleges, private colleges, and special libraries. FY 1986 appropriations for this program, as included in S.B. 88, total \$25,000. The Conference Committee recommended that this plan be considered further during the Omnibus Session.

Public Television Board

A. House Bill No. 2007 replaces the existing Kansas Public Television Board with the Kansas Public Broadcasting Commission, to consist of seven members instead of the present Board composition of three members. The membership of the Commission will include: (1) the Secretary of Administration or designee; (2) a member of the State Board of Regents designated by the Chairperson of the Board of Regents; (3) a member of the State Board of Education designated by the Chairperson of the Board of Education; (4) two members of the Legislature appointed by the Legislative Coordinating Council; and (5) two members of the public appointed by the Governor. The Commission would assume the Kansas Public Television Board's present responsibilities and its jurisdiction would be expanded to include public radio broadcasting. For FY 1986, expenditures of \$4,500 were approved for the Board's operations, to include \$750 for communications, \$750 for stationery, and \$3,000 for travel and subsistence. This funding level, as recommended by the Governor, assumed a Board composition of three members. Assuming quarterly meetings of the Commission, it would nonetheless appear that \$3,000 for travel and subsistence, as recommended, would be sufficient to compensate appointive members for their attendance at meetings. No funding was appropriated for FY 1986 for operating grants to existing public radio stations, although the Governor had recommended \$75,000 for this purpose. The 1985 Legislature did appropriate \$50,000 to KANZ-FM radio station to complete construction of its Hill City station.

Department of Education

A. House Bill No. 2165. H.B. 2165 changes the rates for community college and Washburn University credit hour state aid and out-district tuition. Credit hour state aid for community college and Washburn University undergraduate students is increased from \$25.00 to \$26.25 per hour. Payment for hours taken by graduate (nonlaw) students at Washburn University remains at \$25.00 per hour. Hours taken by law students at Washburn University will be reimbursed at a rate 1.5 times the undergraduate credit hour rate, resulting in an increase from \$26.00 to \$39.38 per hour. The rate for state and county out-district tuition is increased from \$22.00 to \$23.00 per hour for both community colleges and Washburn University.

Appropriations for community colleges and Washburn University are contained in S.B. 88, based upon current credit hour and out-district tuition rates. Those appropriations total \$30,507,520. The additional state aid needed to fund the higher rates contained in H.B. 2165 is \$1,636,635. However, both Washburn University and the State Department of Education have revised their estimates of the number of hours that will be eligible for state aid to Washburn University and the community colleges in FY 1986. As a result, the increase due to higher state aid rates will be offset somewhat by a decrease due to revised enrollment figures. However, at the time this memorandum is being prepared, the new enrollment figures are not available for the community colleges.

The information below shows levels of funding for Washburn University and community colleges contained in S.B. 88 based upon the enrollment figures used at the time S.B. 88 was being considered by the Legislature. The second column shows levels of funding under H.B. 2165. The figures for Washburn University in the second column have been adjusted to reflect the new enrollment estimates but the community college figures have not. As soon as revised enrollment figures become available, the information shown below will be updated and made available to the Legislature.

STATE AID TO WASHBURN UNIVERSITY AND COMMUNITY COLLEGES FY 1986
(To be Revised)

	<u>S.B. 88</u>	<u>H.B. 2165</u>	<u>Increase</u>	<u>%</u>
Washburn University				
Credit Hour State Aid				
Undergraduate	\$ 3,089,925	\$ 3,144,750	\$ 156,875	5.1%
Graduate (Nonlaw)		102,050		
Law School	391,170	528,204	137,034	35.0
Subtotal	<u>\$ 3,481,095</u>	<u>\$ 3,775,004</u>	<u>\$ 293,909</u>	8.4%
Out-District State Aid	\$ 640,948	\$ 675,280	\$ 34,332	5.4%
Total Washburn University	<u>\$ 4,122,043</u>	<u>\$ 4,450,284</u>	<u>\$ 328,241</u>	8.0%
Community Colleges				
Credit Hour State Aid	\$21,054,013	\$22,107,795	\$ 1,053,782	4.5%
(Audit Adjustment)	(225,000)	(225,000)	—	
Subtotal	<u>\$20,829,013</u>	<u>\$21,882,795</u>	<u>\$ 1,053,782</u>	5.1%
Out-District State Aid	\$ 5,601,464	\$ 5,856,076	\$ 254,612	4.5%
(Audit Adjustment)	(45,000)	(45,000)	—	
Subtotal	<u>\$ 5,556,464</u>	<u>\$ 5,811,076</u>	<u>\$ 254,612</u>	4.5%
Total Community Colleges	<u>\$26,385,477</u>	<u>\$27,693,871</u>	<u>\$ 1,308,394</u>	4.9%
GRAND TOTAL	<u>\$30,507,520</u>	<u>\$32,144,155</u>	<u>\$ 1,636,635</u>	5.4%

In addition to revising credit hour estimates for FY 1986, Washburn University and the State Department also have revised their estimates for the current year. (These revisions are in addition to previous revisions that already have been taken into account by the Governor and by the Legislature.)

Based upon the most recent information available for Washburn University, expenditures for credit hour state aid in FY 1985 can be further reduced by \$24,693, for a total expenditure of \$3,456,402. (The amount appropriated for Washburn University credit hour aid for FY 1985 was \$3,635,882. Based on revised estimates, the Governor recommended expenditures of \$3,500,000, a reduction of \$135,882. The estimate was revised again during the 1985 Session and the Legislature reduced expenditures by an additional \$18,905.)

Estimates for Washburn University out-district tuition also have been revised. The University now estimates expenditures of \$644,732, an increase of \$3,784 over the previous estimate of \$640,948. Because the revised estimate is still within the amount appropriated for the current year, no adjustment by the Legislature is necessary. (The FY 1985 appropriation for out-district state aid to Washburn University was \$665,082. The Governor recommended expenditures of \$652,564, a reduction of \$12,518. The Legislature further reduced expenditures by \$11,616, for a total of \$640,948.)

The effect of these most recent adjustments to Washburn University credit hour and out-district state aid is a net reduction in estimated expenditures from the State General Fund for the current year of \$20,909.

Revised estimates for the community colleges are expected but are not yet available.

B. Senate Bill No. 366. S.B. 366 creates the Advisory Council on Agriculture Education, a ten-member body that is advisory to the State Board of Education on matters relating to vocational agriculture education in the public secondary schools. The members, who must be representative of agribusiness, agriculture, education, and the Legislature, are each appointed by a member of the State Board of Education from that Board member's district.

Members of the Advisory Council are authorized to receive mileage and subsistence allowances for attending Advisory Council meetings. The State Department of Education estimates that the expenses of the Advisory Council will amount to \$3,750, plus \$500 for the cost of publishing a required annual report to the State Board and to the Legislature. The total of \$4,250 is requested to be from the State General Fund.

C. House Bill No. 2040. H.B. 2040 authorizes the State Board of Education to establish, maintain, and operate an instructional equipment pool for use by area vocational schools and community colleges for vocational education purposes. The State Board is authorized to charge schools for the use, maintenance, and transportation of the equipment and is responsible for determining which schools may use the equipment and for how long.

The State Department is authorized to purchase the equipment with funds from any source — state, federal, or private. The Legislative Educational Planning Committee, which recommended the bill for introduction, encouraged the State Board of Education to use or apply for federal funds to purchase equipment and also recommended that an appropriation of not to exceed \$130,000 be made from the State General Fund for the program.

D. Senate Concurrent Resolution No. 1619. S.C.R. 1619 requests that the State Board of Education make a comprehensive study of performance-based salary plans for public school employees. The resolution urges the State Board to submit its findings and recommendations, together with a model performance-based salary plan, to the Governor and to the Legislature at the beginning of the 1986 Session.

To assist it in its duties, the State Board is requested to appoint an advisory task force composed of representatives of teachers, school administrators, boards of education, business and industry, and the general public.

The State Board already has begun its study using a small amount of federal money and has applied for additional federal funds that could, if forthcoming, pay for more than half of the expenses associated with the study. In addition, the State Board is requesting \$10,000 from the State General Fund to augment available and expected federal funds. The money from the State General Fund would be used for temporary professional staff (\$5,000), for printing and hearing costs associated with the model plan (\$2,000), and for expenses of the task force (\$3,000).

E. Inservice Education. The 1984 Legislature enacted the "State Inservice Education Opportunities Act" which provides for the professional development of certificated personnel serving in elementary and secondary schools. If a school district wishes to receive state funding for inservice education programs, it must meet guidelines set by the State Board of Education and be approved by the State Department. A school district would be eligible to receive up to 1/4 of 1 percent of its budget for operating expenses or 50 percent of the cost of providing inservice education activities, whichever is less, or 50 percent of the actual expenses for providing innovative and experimental procedures, activities, and services. No funding for this program was provided in FY 1985.

For FY 1986, the Governor recommended expenditure of \$1,500,000 from the State General Fund for inservice education, which consisted of \$1,460,983 in aid to school districts and \$39,017 for the salary and associated expenses of a new position to work with the program. S.B. 88 includes \$25,000 in state aid to school districts for inservice education programs and \$39,017 for a new position and other operating expenses associated with the program. The Conference Committee on S.B. 88 recommended that inservice education be considered further during the Omnibus Session.

Insurance Department

A. Senate Bill No. 267. S.B. 267 requires the Commissioner of Insurance to submit to the State Board of Healing Arts expert witness reports and, upon the Board's request, any depositions, reports, summaries of cases, or other relevant information in the Commissioner's possession concerning medical malpractice actions.

According to the Commissioner of Insurance, there are presently 374 active cases involving the Health Care Stabilization Fund about which the Board of Healing Arts could request information. The maximum fiscal effect of the passage of S.B. 267 would be the need to hire an additional Clerk-Typist to respond to requests for information from the Board. Estimated expenditures for this position total \$15,596, of which \$13,666 would be for salaries and wages and \$1,930 would be for other operating expenditures. All estimated expenditures would be from the Health Care Stabilization Fund. It would be the Commissioner's intention to fill the position only if the workload justified the need for additional personnel.

Regents Systemwide

FY 1985 Supplemental Utilities Appropriation. On March 15 the Board of Regents approved supplemental requests for utilities for Kansas State University and Kansas Technical Institute in the amounts of \$183,281 and \$5,006, respectively. The Governor included the supplementals in Budget Amendment No. 3 presented to the Legislature on April 3, 1985. Neither the request from the Board, nor the Governor's Budget Amendment include additional funds for FY 1986 related to the supplemental requests for FY 1985. The table below displays the approved expenditures for utilities for FY 1985 and the estimate of expenditures as reviewed by the Board in March.

TABLE I

	<u>FY 1985 Approved Expenditures</u>	<u>FY 1985 Revised Estimate</u>	<u>Estimated (Deficit)/ Surplus</u>	<u>Re-revised Estimates as of April 12, 1985</u>
KU	\$ 6,296,510	\$ 6,212,200	\$ 84,310	\$
KUMC	5,282,153	5,263,378	18,775	
KSU	4,364,754	4,548,035	(183,281)	(155,402)
KSUVMC	1,117,471	1,025,126	92,345	116,639
WSU	2,459,325	2,463,574	(4,249)	
ESU	896,826	859,058	37,768	
PSU	992,897	992,897	—	
FHSU	875,927	875,927	—	
KTI	103,201	108,207	(5,006)	—
TOTAL	<u>\$22,389,064</u>	<u>\$22,348,402</u>	<u>\$ 40,662</u>	

Subsequent to the Board's action in March, KSU revised its estimate of expenditures downward with the result that their supplemental request is now for \$155,402. The expenditure estimate for the Veterinary Medical Center has also been revised downward with the result that the estimated reappropriation is \$116,639. Kansas Technical Institute also reestimated its utility expenditures after the March Board meeting and projects that it will not need a supplemental appropriation.

The FY 1986 systemwide decision in regard to utilities was to appropriate the same amounts for FY 1986 as the institutions expend during FY 1985, i.e., the utility base budget would not increase for FY 1986 except for institutions that have new buildings. The table below displays the amounts appropriated for FY 1986 in S.B. 166, the amount approved for FY 1985 and the revised estimates for FY 1985 as approved by the Board.

TABLE II

	<u>FY 1985 Approved Expenditure</u>	<u>FY 1985 Revised Estimate</u>	<u>FY 1986 Appropriation per 1985 S.B. 166</u>
KU	\$ 6,296,510	\$ 6,212,200	\$ 6,332,560 ^a
KUMC	5,282,153	5,263,378	5,282,153
KSU	4,364,754	4,548,035	4,408,577 ^a
KSUVMC	1,117,471	1,025,126	1,117,471
WSU	2,459,325	2,463,574	2,459,325
ESU	896,826	859,058	896,826
PSU	992,897	992,897	992,897
FHSU	875,927	875,927	875,927
KTI	103,201	108,207	155,561 ^a
TOTAL	<u>\$ 22,389,064</u>	<u>\$ 22,348,402</u>	<u>\$ 22,521,297</u>

a) Amounts in addition to the FY 1985 appropriation were approved for support for new buildings.

The Legislature has continued the proviso on the utilities line item in S.B. 166 that allows reappropriation of any unencumbered balances for energy conservation projects. The amounts shown on Table I above as surplus during FY 1985 would be reappropriated for FY 1986 energy conservation projects.

The 1984 Legislature provided supplementals for utilities that totaled \$419,354 and a total of \$283,871 was reappropriated for energy conservation projects for FY 1985. The table below displays the original utilities appropriations for FY 1984, the supplementals, the actual expenditures and the amounts reappropriated to FY 1985.

FY 1984 Utility Savings

<u>Inst.</u>	<u>FY 1984 Original Base</u>	<u>FY 1984 Supplemental</u>	<u>FY 1984 Actual</u>	<u>FY 84 Savings Reappropriated to FY 1985</u>
KU	\$ 5,815,405	\$ 205,778	\$ 6,021,183	\$ 0
KSU	4,079,209	275,077	4,354,286	0
WSU	2,298,434	46,693	2,131,403	213,724
ESU	838,155	33,486	871,641	0
PSU	887,252	30,194	869,509	47,937
FHSU	819,741	62,582	881,205	1,118
KTI	82,431	10,156	96,938	0
VMC	1,044,366	46,549	1,069,823	21,092
KUMC	5,227,753	(291,161) ^a	4,936,592	0
TOTAL	<u>\$21,092,746</u>	<u>\$ 419,354</u>	<u>\$ 21,232,580</u>	<u>\$ 283,871</u>

a) The FY 1984 Legislature reduced expenditures by \$325,000. However, actual expenditures exceeded the revised amount by \$33,839.

State Board of Regents

A. Technical Adjustment. H.B. 2617 that contains the FY 1986 appropriation for the State Board of Regents was amended by the Senate to delete \$250,000 from the state scholarship program that had been included in anticipation of the passage of Senate Bill No. 11. That bill, currently in House Ways and Means, would increase the maximum state scholarship award from \$500 to \$1,000. When the funds were deleted, the proviso limiting the total combined tuition grant and scholarship awards that one student can receive to \$1,950 was inadvertently not changed back to the current limit of \$1,450.

STATE OF KANSAS



OFFICE OF THE GOVERNOR

State Capitol
Topeka 66612-1590

John Carlin Governor

March 12, 1985

Budget Amendment No. 2

The Honorable Gus Bogina, 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 FY 1985 and FY 1986. In total, these amendments decrease FY 1985 expenditures as recommended in my budget report by \$486,546 and increase FY 1986 expenditures by \$620,517. State General Fund expenditures are decreased by \$210,331 for FY 1985 and increased by \$239,611 for FY 1986. Special Revenue Fund expenditures are decreased by \$276,215 for FY 1985 and increased by \$380,906 for FY 1986. In addition, special revenue fund off-budget expenditures are increased by \$102,060.

Kansas State Park and Resources Authority

Subsequent to the preparation of my budget, the Park and Resources Authority requested that a proposed project to install an irrigation well at Lake Meade State Park be shifted from FY 1986 to the current fiscal year.

The FY 1986 Governor's Budget Report funds this project in the amount of \$38,000 for FY 1986. Of this amount, \$19,000 is from the State General Fund and \$19,000 is from the Land and Water Conservation Fund - State. The project would involve the drilling and maintenance of a well, which would be used to raise the lake level of Lake Meade.

The agency notes that completion of this project will allow the resumption of recreational activities such as swimming and boating. By commencing the project in FY 1985, public use of Lake Meade would be enhanced at the beginning of the peak season for recreation.

I amend my budget to shift \$38,000 for funding the Lake Meade project from FY 1986 to FY 1985. Of this amount, \$19,000 would come from the Land and Water Conservation Fund - State and \$19,000 from the State General Fund. Further, I propose that the Park and Resources Authority be authorized to make expenditures from the above funds for this project in FY 1986 should the project not be completed by the close of the current fiscal year.

In addition, at the time my budget recommendation was prepared \$255,981 was estimated necessary for FY 1985 utility expenses in the various state parks. Due to construction of additional campsites which are now in use, the agency now estimates it will need an additional \$25,000 for utilities in FY 1985.

Therefore, I amend my budget to provide for additional fee fund expenditures in the amount of \$25,000 to assure sufficient funds to meet current year utility expenses.

The two amendments for the State Park and Resources Authority are summarized as follows:

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$19,000	\$(19,000)
Land and Water Conservation Fund - State	19,000	(19,000)
State Park Fee Fund	25,000	--

State Fair

I amend my budget recommendation to provide a State General Fund supplemental appropriation of \$16,288 for FY 1985 special maintenance. While preparing for the 1984 fair, the agency incurred expenses not normally associated with the traditional exhibitors. The Chinese exhibition was the first

foreign exhibit at the fair and, in the interest of securing the exhibit, the agency assumed most of the costs involved in setting up the exhibit; typically, the exhibitor is responsible for all exhibition costs. These extraordinary expenses were paid from the Fair Fee Fund. This amendment is intended to reimburse the fair for these fee expenses.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$16,288	\$ --

Consumer Credit Commissioner

I amend my budget to provide for FY 1986 expenditures of \$65,000 from the Consumer Credit Commissioner Fee Fund to allow the Commissioner to enter into a contract for delivery of a consumer education program. Funding for this program had been postponed to allow the Commissioner to review the available education programs.

The Commissioner has now completed his review of the proposed consumer education programs and selected a program submitted by the Kansas Council on Economic Education as appropriate for support.

	<u>FY 1985</u>	<u>FY 1986</u>
Consumer Credit Commissioner Fee Fund	\$ --	\$ 65,000

State Board of Agriculture

I amend my FY 1986 budget to include an additional \$14,831 from the State General Fund for the Agricultural Marketing Program. This amount is necessary to fund the reclassification of several employees within this program and was inadvertently omitted from my recommendations contained in the FY 1986 Governor's Budget Report.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ --	\$14,831

Division of Mental Health and Retardation Services

Since the submission of my budget recommendations, the Division of Mental Health and Retardation Services of the Department of Social and Rehabilitation Services has reported

that turnover rates used for preparation of my budget recommendations at certain institutions under its supervision cannot be met without intentionally holding patient support positions open or laying off existing staff. Neither of these options provide a constructive solution and if implemented could be a detriment to the purposes for which the institutions exist. Therefore, I instructed the Division of the Budget to reevaluate institutional budgets to consider expenditure and operational experience since the preparation of my budget report. As a result of this review, the Division of the Budget has recommended a series of amendments to provide adequate salary and wage funding to avoid serious staffing problems at these institutions. Where possible, funding has been reallocated to minimize additional funding requirements. The net effect of the amendments by institution is as follows. Detail concerning program and object code adjustments have been provided to your staff.

	<u>FY 1985</u>	<u>FY 1986</u>
Topeka State Hospital State General Fund	\$ 60,000	\$ 211,082
Rainbow Mental Health Facility State General Fund	--	37,816
Norton State Hospital State General Fund	--	158,783
Winfield State Hospital and Training Center State General Fund	--	242,209

In addition, I amend my budget recommendation for the Topeka State Hospital to terminate funding for the registered nurse training program. This amendment reduces State General Fund expenditures by \$100,500 in FY 1985 and by \$244,923 in FY 1986.

The registered nurse training program, first funded in FY 1984, was designed to assist licensed mental health technicians at Topeka State Hospital to complete nurses training and return to the hospital as registered nurses. The program was developed to address a nurse shortage which had resulted in Topeka State Hospital experiencing great difficulty in recruiting psychiatric nurses. Additionally, the program was developed to recruit and retain registered nurses who had demonstrated skill and commitment in the psychiatric nursing area.

Since the implementation of this program, Topeka State's ability to recruit psychiatric nurses has improved. In addition, only one LMHT has elected to enter the program.

Accordingly, the program no longer appears appropriate and I recommend it be eliminated.

	<u>FY 1985</u>	<u>FY 1986</u>
Topeka State Hospital State General Fund	\$(100,500)	\$(244,923)

Also, subsequent to the submission of the FY 1986 Governor's Budget Report, the Division of Mental Health and Retardation Services learned that additional federal funds will be received in both FY 1985 and FY 1986 for the developmental disabilities program. In addition, more federal fiscal year 1984 funds than expected were shifted for expenditure in state fiscal year 1985. As a result, an increase in the expenditure limitation established for FY 1985 and an increase in my FY 1986 recommendation are necessary to fully utilize anticipated federal program funds.

I therefore amend my budget recommendation to increase developmental disabilities program expenditures from the amounts contained in my FY 1986 Governor's Budget Report to \$521,108 and \$472,675 for FY 1985 and FY 1986, respectively.

	<u>FY 1985</u>	<u>FY 1986</u>
Division of Mental Health & Retardation Services Developmental Disabilities Program-Federal Fund	\$ 110,348	\$ 73,761

The amendments for the Division of Mental Health and Retardation Services and the institutions under its supervision are summarized as follows:

	<u>FY 1985</u>	<u>FY 1986</u>
Topeka State Hospital State General Fund	(40,500)	(33,841)
Rainbow Mental Health Facility State General Fund	--	37,816
Norton State Hospital State General Fund	--	158,783
Winfield State Hospital State General Fund	--	242,209
Division of Mental Health & Retardation Services Special Revenue Funds	\$ 110,348	\$ 73,761

Kansas Bureau of Investigation

The Kansas Bureau of Investigation has notified the Division of the Budget that they have received a \$54,495 federal grant which was effective October 1, 1984 for the purpose of improving the means by which criminal justice information is collected for statistical analysis and publications. In order to provide for the expenditure of these grant funds I am amending my budget recommendation to increase the FY 1985 federal fund expenditure limitation from \$33,816 to \$72,757, an increase of \$38,941. The remaining \$15,554 is proposed for carryover and expenditure in FY 1986. Accordingly, I also amend my FY 1986 recommendation to increase anticipated grant expenditures from \$30,000 to \$45,554.

	<u>FY 1985</u>	<u>FY 1986</u>
Criminal Justice Statistics- Federal Fund	\$ 38,941	\$ 15,554

Department of Economic Development

The Department of Economic Development has recently been notified by the Department of Housing and Urban Development (federal) that Kansas will receive an increase of \$149,000 in FY 1986 Community Development Block Grant funds. However, the Department of Economic Development anticipates that Kansas' share of the program will most likely be adjusted again in the near future. Therefore, it is recommended that the grants-in-aid portion of the Community Development Block Grant be assigned a "no limit" authorization to accommodate unforeseen changes in allocations by HUD and to assure that additional funds can be granted to local units of government in an expeditious manner. I recommend that the \$252,475 in federal funds designated for administration of the grant remain limited.

I amend my FY 1986 budget recommendations to reflect the expenditure of \$149,000 of additional CDBG federal funds and to provide for a no limit expenditure limitation on that portion of the funds available for distribution to local units of government.

	<u>FY 1985</u>	<u>FY 1986</u>
Community Development Block Grant - Federal Fund	\$ --	\$ 149,000

Attorney General

The state has been involved in litigation concerning faulty roof construction on various state buildings for the last several years. To date, approximately \$1,425,000 has been recovered in these cases. The Office of the Attorney General requests an additional \$50,000 in state general funds for the current year to pursue litigation in several of the cases that remain outstanding.

I amend my budget to provide an additional \$50,000 in state general funds for FY 1985 for continued litigation of these cases.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ 50,000	\$ --

Wichita State University

Subsequent to the publication of the FY 1986 Governor's Budget Report, the Office of the State Board of Regents has informed the Division of the Budget that delays in the final planning process for the capital improvement project to construct an addition to Ablah Library at Wichita State University permit a further amendment in the cash flow estimates for the project. Therefore, in order to properly reflect this revised cash flow I amend the Educational Building Fund expenditures included in the FY 1986 Governor's Budget Report for the project as follows:

<u>Fiscal Year</u>	<u>Governor's Budget</u>	<u>Proposed Budget Amendment</u>
1985	\$ 900,000	\$ --
1986	2,900,000	2,900,000
1987	4,600,000	4,600,000
1988	2,174,500	2,500,000
1989	--	574,500

This amendment reflects the information provided the House Ways and Means Committee by the Director of the Budget and also reflects the amounts currently included in House Bill 2087 as amended. The amendment makes no change in the amounts available for the project but does reduce expenditures from the Educational Building Fund in FY 1985 by \$900,000 and increases expenditures in FY 1988 by \$325,500 and in FY 1989 by \$574,500.

Also, in a letter dated January 16, 1985, Roger D. Lowe, Vice-President for Business Affairs at Wichita State

University, indicates that construction of the new recital hall on the Wichita State University campus will not be completed in FY 1986 and, therefore, the University no longer requires the authority to expend \$58,764 of State General Fund monies for maintenance of the new facility as recommended in the FY 1986 Governor's Budget Report. In response to this information I amend the FY 1986 Governor's Budget Report to delete this amount from the FY 1986 expenditure estimates.

These amendments for FY 1985 and FY 1986 are summarized as follows:

	<u>FY 1985</u>	<u>FY 1986</u>
Educational Building Fund	\$(900,000)	--
State General Fund	--	\$(58,764)

Pittsburg State University

On February 8, 1985 the Director of the Budget received a revised capital improvements plan from Pittsburg State University. The highest priority in this plan is a project to remodel the Temporary Science Annex, Whitson Hall and Hartman Hall to house the newly merged School of Technology and Applied Science and the Vocational Technical Institute. This project was requested by the institution in its original budget request but has been revised considerably in scope and purpose since the original submission.

The project as currently proposed would remodel space in the Temporary Science Annex to house wood technology laboratories. These laboratories would be equipped with \$4,000,000 in equipment recently pledged to the University by the Architectural Woodworking Institute. This trade organization plans to hold all of its national seminars at Pittsburg State. The laboratories will be utilized to provide instruction to participants in the seminars as well as to traditional students taking wood technology courses offered by the University. The decision by the Architectural Woodworking Institute to locate its national technical education center at Pittsburg State University will not only enhance the ongoing programs of the University but may also bring related wood industries to southeast Kansas. Renovation of Whitson and Hartman Halls is required to best utilize the space available for other technology programs.

In order to make the best possible space available to the newly merged School of Applied Science and Technology and the Vocational Technical Institute, and especially to provide adequate laboratory facilities for the wood technology program,

I amend my FY 1986 budget to provide \$486,500 of Educational Building Fund monies for a capital improvement project to modify and renovate the Temporary Science Annex, Whitson Hall and Hartman Hall.

	<u>FY 1985</u>	<u>FY 1986</u>
Educational Building Fund	\$ --	\$ 486,500

Kansas Technical Institute

In a letter to the Director of the Budget dated January 23, 1985, Thomas F. Creech, President of the Kansas Technical Institute has requested that expenditure of the \$160,000 in Educational Building Fund monies recommended in the FY 1986 Governor's Budget Report for the purchase and installation of a phone system at the institute be made available in FY 1985 rather than in FY 1986. Mr. Creech requests that these monies be made available in FY 1985 so that the system will be operational before the beginning of the 1985 fall semester in late August. If the appropriation were to become available July 1, as is currently recommended, implementation of the new phone system would be delayed until September. The Bureau of Communications of the Department of Administration indicates that specifications for the system are nearly complete and that bids could be let for the project as early as May 15. A May 15 bid date would result in the new system being ready for operation by early July. Therefore, I amend my budget to shift the recommended expenditure of \$160,000 in Educational Building Fund monies for the purchase and installation of a new telephone system at the Kansas Technical Institute from FY 1986 to FY 1985.

	<u>FY 1985</u>	<u>FY 1986</u>
Educational Building Fund	\$ 160,000	\$(160,000)

Department of Human Resources

In accordance with K.S.A. 44-324, the Department of Human Resources conducts district court litigation of wage claims. There are currently 43 cases awaiting legal action and approximately 30 orders are issued each month. Total costs for wage claim litigation in FY 1985 are estimated to be \$48,500. Since wage litigation is a state program, federal funds currently budgeted to fund the attorney and clerical support staff who are handling this activity are not appropriate for this purpose. Accordingly, I am amending my FY 1985 recommendation to provide state general funds to support this activity. I propose to accomplish this partly through transfer of state general funds from other programs where savings have

been identified. The balance will be provided for through a State General Fund supplemental appropriation. Specifically, I amend my FY 1985 budget to transfer \$10,000 in state general funds from the Special Services Program and \$5,500 from Veterans Services to the Administration and Staff Services Program. I am also amending my budget to include an additional \$33,000 in state general funds to provide the balance needed to adequately fund the legal activities associated with the litigation of wage claims.

	<u>FY 1985</u>	<u>FY 1986</u>
Administration and Staff Services		
State General Fund	\$48,500	\$ --
Special Services		
State General Fund	\$(10,000)	
Veterans Services		
State General Fund	\$(5,500)	

Department of Corrections

Since submission of my original budget recommendations for the Department of Corrections, additional savings, due principally to higher than anticipated chargebacks, have been identified in the community corrections program for FY 1985. These additional savings total \$340,750, and I amend my recommendations for the current fiscal year to reflect this reduction. In addition, I amend my FY 1986 recommendation to reflect a reduction of \$54,657 in the community corrections program. This recommendation is partially attributable to a net reduction of \$33,318 reflecting deletion of the amount I recommended to fund the participation of Cherokee, Labette, and Crawford counties in the community corrections program. The Department of Corrections has informed me that these counties will not participate in the program. In addition, the recommendation includes a reduction of \$21,339 reflecting a reduction in the grant amount for Johnson County. My original recommendation for Johnson County assumed that the grant amount would be equal to 100 percent of the statutory entitlement. The grant for the first quarter of FY 1986 will only be at 90 percent of the statutory entitlement. The Legislative Research Department has been furnished with the details of these amendments.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	(\$340,750)	(\$54,657)

State Industrial Reformatory

My original FY 1986 recommendations for the State Industrial Reformatory included an amount of \$47,766 to

supplement FY 1985 and FY 1986 appropriations totaling \$1.5 million made by the 1984 Legislature for renovation of D cellhouse. It was intended that this additional amount would supplement available funds within the existing appropriations due to a favorable bid received on the project to finance an expansion in the original scope of the renovation project by providing for installation of bar cell fronts on the first and second tiers of the cellhouse. Subsequent to submission of my budget recommendations, the Department of Corrections determined that the additional work could be financed within the existing appropriations for the project. Consequently, I amend my FY 1986 recommendations to delete the additional amount of \$47,766 initially recommended for the project.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ --	(\$47,766)

Kansas Correctional Institution at Lansing (KCIL)

The 1983 Legislature appropriated \$150,000 for installation of emergency electrical generating equipment to service KCIL and Outside Dormitory No. 2 at the Kansas State Penitentiary. It initially was assumed that a 500 KVA generator with a gasoline engine would be sufficient to provide emergency power for the two facilities. However, in assessing the need for emergency power, the engineering and architectural firm of Black and Veatch has recommended that a 650 KVA generator with a diesel engine be installed, due principally to the expansion which has occurred at Outside Dormitory No. 2. Because of the increase in the size of the generator, a slightly larger building will be required to house the generating equipment. In addition, Black and Veatch has recommended a larger, underground fuel storage tank (the original project included a standard fuel tank) to increase the duration of time the generator could be operated without refueling. All of these factors have resulted in a need for an additional appropriation of \$58,065 to complete the project. The Division of Architectural Services concurs with the project revision and the estimate of additional cost. The additional cost is based upon Black and Veatch's estimate of \$175,874 for construction supplemented by \$18,027 for contingency and escalation costs, less \$135,836 remaining from the original appropriation of \$150,000 for the project (\$14,164 has been expended for engineering fees and miscellaneous costs). In order that work on the project can proceed as soon as possible, it is recommended that the additional amount of \$58,065 be made available in the current fiscal year.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$58,065	\$ --

Department of Administration

One issue which had not been resolved when my budget recommendations were submitted to the Legislature is the provision of KANS-A-N switchboard services during the hours in which the Topeka switchboard is closed (basically evenings and weekends). Presently, off-hours KANS-A-N switchboard services are provided by the University of Kansas Medical Center (KUMC). The Department of Administration has been assessing whether it would be more appropriate to provide the necessary resources so that these services could be provided by the central switchboard in Topeka. After reviewing the subject, the Department has concluded that the contract with KUMC for provision of these services should be continued for FY 1986. Consequently, I amend my budget recommendations to reflect additional off-budget expenditures of \$102,060 for FY 1986.

	<u>FY 1985</u>	<u>FY 1986</u>
State Communications Services Fund (Off-Budget)	\$ --	\$102,060

Youth Center at Atchison

Subsequent to the submission of the agency's budget in September, the categorical aid amounts budgeted for the education program were revised downward by the Department of Education for the current fiscal year. I recommended that the resulting shortfall be offset by a shift of state general funds from savings projected to be realized in salaries and wages expenditures in the current year. However, the FY 1985 estimate as contained in the FY 1986 Governor's Budget Report was not adjusted to accurately reflect the offsetting decrease in salaries and wages expenditures as intended.

Accordingly, I amend my budget recommendation to reduce estimated FY 1985 salary and wage expenditures by \$5,434.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$(5,434)	\$ --

Department of Social and Rehabilitation Services

My FY 1986 recommendations for the Department of Social and Rehabilitation Services include \$294,829 and two positions to

institute a charitable institution's commodity distribution program. The program was to be financed with \$144,022 of State General Fund appropriations and \$150,807 of federal surplus food distribution funds. In addition, the FY 1986 recommendation included \$530,591 and five positions for a surplus commodity processing program. This program would have been financed with \$6,085 of State General Fund appropriations and \$524,506 of federal surplus food processing funds.

The Department of Social and Rehabilitation Services has informed me that the federal government has discontinued the surplus commodity processing program. In addition, the Department has informed me that the \$150,807 of anticipated federal surplus food distribution funds will not be available for FY 1986 to support administrative costs associated with the charitable institutions commodity distribution program. Accordingly, I amend my FY 1986 budget recommendations to adjust for these program changes. The amendment removes \$530,591 and five positions thus eliminating the discontinued surplus commodity processing program. Additionally, to replace the \$150,807 and allow operation of the surplus food distribution program, I recommend that the \$6,085 in state general funds originally proposed for the surplus commodity processing program be shifted and \$144,722 of additional expenditures be authorized from the social welfare fund to support administration of the charitable institutions commodity distribution program. In addition, since the charitable institutions commodity distribution program will impose some charges for commodities that are distributed to institutions, I recommend that a special revenue charitable institutions commodity distribution fund be established for FY 1985 and FY 1986. This fund will allow the Department of Social and Rehabilitation Services to accumulate assessments for distributing surplus commodities to offset a portion of FY 1987 program expenditures.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ --	\$ --
Federal Funds	--	(675,313)
Social Welfare Fund	--	144,722
Positions		(5)

In addition, the Department of Social and Rehabilitation Services has informed me that additional federal alcohol and drug abuse and mental health services block grants will be received for FY 1985 and FY 1986. The Department has requested that the additional funds be utilized to expand alcohol and drug abuse programs for both fiscal years. Therefore, I am

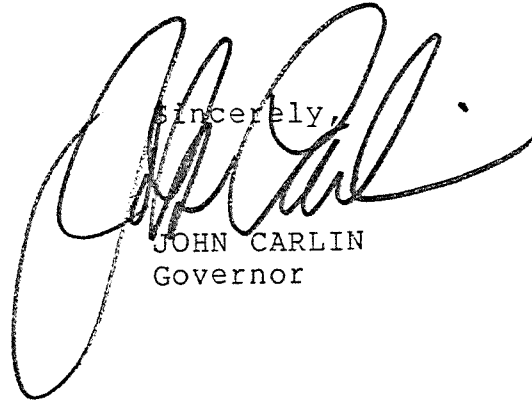
amending my budget to provide that an additional \$270,496 be made available in FY 1985 and an additional \$300,682 in FY 1986 for community substance abuse program grants.

	<u>FY 1985</u>	<u>FY 1986</u>
Federal Funds	\$270,496	\$300,682

The amendments for the Department of Social and Rehabilitation Services are summarized as follows:

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ --	\$ --
Federal Funds	270,496	(374,631)
Social Welfare Fund	--	144,722

sincerely,



JOHN CARLIN
Governor

JC:dh

STATE OF KANSAS



OFFICE OF THE GOVERNOR

State Capitol
Topeka 66612-1590

John Carlin Governor

April 3, 1985

Budget Amendment No. 3

The Honorable Gus Bogina, 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 FY 1985 and FY 1986. In total, these amendments are summarized as follows:

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$12,429,294	\$(3,110,559)
Special Revenue Funds	1,923,648	7,220,187

Kansas Correctional Institution at Lansing

The Kansas Correctional Institution at Lansing has continued to incur higher than anticipated costs to provide medical services to female inmates. To date, the institution has expended \$186,290. In reviewing the additional medical needs for the balance of the current fiscal year, including costs for cases already pending, the institution has estimated that these additional costs will total \$58,200 -- \$46,200 for

hospital and physicians' costs and \$12,000 for drugs, medicines, and supplies, resulting in a total demand of \$244,490 for medical costs. The institution's currently authorized operating budget includes funds of \$139,396 for medical costs, leaving a deficiency of \$105,094. Of this amount, \$35,000 can be financed with savings the institution has identified in salaries and wages, resulting in a need for additional funds of \$70,094. I amend my budget recommendations to provide this additional amount necessary to assure sufficient funds for medical care.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ 70,094	\$ --

Department of Human Resources

Since the submission of my budget recommendations, the Department of Human Resources has received notice of federal award of discretionary funds due to successful grant application for Title III Dislocated Workers funds under the Job Training Partnership Act. The new funds awarded to Kansas for a job retraining program with Beech Aircraft total \$590,605 and will cover a grant period spanning FY 1985 and 1986. The Department also indicates that award of additional discretionary funds is pending, in the amount of \$624,778 to continue and expand an existing dislocated workers program to serve 35 counties in southern Kansas. In view of the unknown status of this application, and as the Department may apply for further discretionary funds, I am recommending the establishment of a new special revenue fund, and that an expenditure limitation not be applied to the fund. This will allow the expenditure of discretionary funds as awarded. The proposed fund would be titled the Title III - Dislocated Workers Discretionary Fund and expenditures from the fund are currently estimated to be \$196,868 for FY 1985 and \$1,018,515 for FY 1986, including the anticipated award of funds for the extension of the dislocated workers program in southern Kansas.

The Department also indicates that \$935,736 of the Title III (non-discretionary) funds originally anticipated to be spent in FY 1985, will now be carried forward for expenditure in FY 1986. In addition, the Department has been informed that the federal allocation of new Title III funds for Kansas is in the amount of \$394,495 for FY 1986 as opposed to the \$922,456 originally estimated and reported in the FY 1986 Governor's Budget Report. Therefore, I am amending my budget recommendation to reduce estimated FY 1985 expenditures by \$935,736 and adjust FY 1986 amounts accordingly.

	<u>FY 1985</u>	<u>FY 1986</u>
Title III-Dislocated Workers	\$(935,736)	\$ 407,775
Title III-Dislocated Workers Discretionary	196,868	1,018,515

Kansas Fish and Game Commission

When my budget recommendations were submitted to the Legislature, the amount that the Fish and Game Commission was eligible to receive from the federal Dingell-Johnson expansion program was unknown. The agency has now been informed that, subject to a federal decision to rescind distribution, Kansas can expect to be reimbursed in the amount of \$923,848 for projects to enhance the fisheries program in FY 1986.

Accordingly, I amend my budget recommendation to provide for additional expenditures from the Fish and Game Fee Fund in an amount of \$698,700 for the following projects subject to notification from the federal government of the availability of the D-J expansion funds for reimbursement. In addition, two projects included as part of my original recommendation will be submitted for reimbursement; however, I continue to recommend implementation of these projects notwithstanding the availability of federal funds for reimbursement. The remaining projects are proposed only with the condition that they will be reimbursable.

	<u>FY 1985</u>	<u>FY 1986</u>
State Fishing Lake Facilities Development	\$ --	\$ 214,715
Temporary Fish Hatchery Staff	--	61,475
Statewide Stream Access Development	--	81,460
Form/Function of W. Crappie Populations in Kansas Reservoirs	--	30,214
Pratt Hatchery Renovation	--	40,360
Farlington Hatchery Renovation	--	40,760
Fisheries Habitat Enhancement	--	52,511
Rocky Ford Repair-Engineering	--	40,000
Seasonal Stream Water Quality Inventory	--	18,000
Aquatic Resources Education	--	28,474
Miami SFL Spillway Enhancement	--	7,096
Broodfish & Egg Collection Enhancement	--	3,475
Saline SFL Drainage Diversion	--	292
University Contract Walleye & Hybrids	--	11,084
Standard Weight (WS) Formulae Development	--	12,030
Clark SFL Road & Crossing Repairs	--	30,274
Community Lake Development	--	26,480
Total New Projects	--	<u>\$698,700</u>

Develop Site 50-Upper Black Vermillion Watershed	--	94,639
Repair Ottawa SFL	--	130,509
		<u>\$923,848</u>

Department of Social and Rehabilitation Services

The Department of Social and Rehabilitation Services is involved in a class action lawsuit concerning medical reimbursements to nursing homes within the state. The case is referred to as the Country Club, Inc. vs. Robert C. Harder, as Secretary of Social and Rehabilitation Services. The initial lawsuit was filed in 1973. The Kansas Supreme Court ruled in 1980 that the Department of Social and Rehabilitation Services was not in compliance with federal medicaid reimbursement procedures during the period July 1, 1971 and December 29, 1977 and that payment of damages should be paid to the nursing homes involved in the lawsuit.

The amount and method of reimbursement has been under review in the district court of Sedgwick County. Currently, there are 241 claimants in the case with the claims totaling \$24 million. The Department of Social and Rehabilitation Services has appealed the findings of the district court to the Supreme Court of the State of Kansas. A hearing on the appeal has been set for April 16, 1985.

Secretary Robert Harder is prepared to offer \$12 million as settlement of the claims. The provisions of the settlement require that the payment be deposited with the clerk of the district court of Sedgwick County, Kansas, on or after July 1, 1985. The funds to be provided for the proposed settlement would be appropriated from the State General Fund.

The Department of Social and Rehabilitation Services is negotiating with the federal government for a portion of the settlement to be financed with federal funds. The Department estimates that federal reimbursement could be obtained for up to \$4 million. However, at this time, the Department has no assurance from the Federal Department of Health and Human Services that federal funds will be made available or, if approved, when such funds will be provided to the state.

I concur with the efforts of Dr. Harder to settle the Country Club, Inc. lawsuit by proposing a settlement of \$12 million. Accordingly, I amend my budget to provide for FY 1985 appropriation of \$12 million from the State General Fund for the purpose of executing the proposed settlement.

The Department of Social and Rehabilitation Services has also informed me that additional federal funds have become

available for expenditure since my FY 1985 and 1986 recommendations were prepared for the FY 1986 Governor's Budget Report.

The vocational rehabilitation client assistance project will receive an additional \$36,000 in federal funds for FY 1985. These funds will be used for attorney training and acquisition of data processing software. For FY 1986, the Youth Services Program will receive an additional \$28,000 in federal child abuse and neglect funds which are utilized as grants for child abuse projects. The federal government has also informed the Department that an additional \$258,560 in social services block grant funds will be received in FY 1985 for training of child care service providers and state licensing and enforcement officials. The Department has requested that these funds be carried over to FY 1986 and used in the day care program for training as required by the federal government. I wish to amend my budget recommendations to provide for the expenditure of the additional federal funds as requested. In addition to increasing the appropriate fund limitations to authorize utilization of the additional federal funds to be received by the Department, the state operations limitation established on the Social Services Clearing Fund will need to be increased by \$36,000 in FY 1985 and \$258,560 in FY 1986 to implement this amendment.

In addition, the Department of Social and Rehabilitation Services has requested authorization to employ part-time regular employees for the Adult Services Medical Home and Community Based Services Program. These positions coordinate necessary medical activities to prevent placement of clients in nursing homes. Currently, the Department uses part-time intermittent staff. The practice of using intermittent staff has not proven adequate. The request to convert these positions to regular status will not require additional funding authority or an increase in the position limitation but will require that language be included in House Bill No. 2102 authorizing the use of part-time regular positions. I amend my budget recommendations to provide for the conversion of these positions.

Finally, the Department of Social and Rehabilitation Services has been informed that the FY 1985 appropriations for capital improvement projects at certain blind facilities are not appropriate uses of federal funds. The 1984 Legislature, Chapter 14, (1984 Session Laws of Kansas) appropriated \$60,000 in vocational rehabilitation funds to finance capital improvements at certain blind facilities. I am informed that use of federal funds for these projects will result in a federal audit exception. Accordingly, I amend my budget to

transfer \$60,000 in state general funds from state operations to finance the capital improvement projects and to replace the state general funds with the federal funds originally appropriated for the capital improvement projects.

The amendments for the Department of Social and Rehabilitation Services are summarized as follows:

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$12,000,000	\$ --
Vocational Rehabilitation Client Assistance Fund-Federal	36,000	--
Child Abuse and Neglect Federal-Fund	--	28,000
Social Services Block Grant-Federal-Fund	--	258,560

University of Kansas

On March 15, 1985, the Director of the Budget received an amended budget request from the University of Kansas. In that request the University seeks authority to expend \$12 million in federal funds and gift funds to finance the construction of a Human Development Center.

This new facility would bring together various research and training programs in human development. These programs have been operated on and off campus in various buildings by the Department of Human Development and Family Life, the Department of Special Education, the Department of Speech-Language-Hearing, and the Bureau of Child Research. The programs include research relating to learning and development problems of children; training programs for parents; academic programs for students learning to work with developmentally disabled persons; and service programs for children and adults who are afflicted with a variety of disabilities or handicapping conditions. The facility would consist of 101,500 square feet and the construction of the facility would require legislative approval to raze the following buildings: Building 27A-temporary landscaping office building, Building 27B-temporary venetian blind shop, Building 27C-landscaping shed, Building 28-facilities operations employee building, Building 29-temporary office building, Building 55-University garage, and Building 57-temporary laboratory building. Construction and equipping of the building would be financed with \$9 million of federal funds and \$3 million of gift funds.

The University requests establishment of no limit line item special revenue fund appropriations for the project for both FY 1985 and FY 1986. The program for the project approved

by the State Board of Regents calls for the selection of an architect in May of 1985, completion of preliminary plans by September of 1985, completion of final plans by March 1986 and for letting of contracts May of 1986. Approval for FY 1985 would permit the University to retain an architect in May as outlined in the approved program.

In order to initiate this project at the earliest possible time, I amend my budget to include the federal and gift fund no limit line items requested by the University. However, since the first billing will not be received from the architect until FY 1986, no additional expenditures are estimated in FY 1985. I also amend my budget to provide that the appropriate language be inserted in the University of Kansas appropriation act to permit the razing of existing buildings.

	<u>FY 1985</u>	<u>FY 1986</u>
Construct Human Development Center-Federal Fund	\$ --	\$ 371,000
Construct Human Development Center-Gift Funds	--	185,500

University of Kansas Medical Center

In a letter dated March 21, 1985, the Chancellor of the University of Kansas has requested the expenditure of \$490,000 in State General Fund monies to finance preliminary and final planning for an upgrade of the animal research facilities at the Medical Center.

In late 1983, the Medical Center indicated that it needed to seek accreditation from the American Association for the Accreditation of Laboratory and Animal Care Facilities for its animal care program. At that time, the center proposed a \$3 million project to renovate existing animal care spaces and to construct an 8,000 square foot satellite animal care facility. The projects were incorporated in the Kansas Board of Regents five-year capital improvement plan and were scheduled in that planning process for funding in FY 1987. However, in January of 1985, the United States Department of Agriculture conducted a detailed inspection of the Medical Center's animal care facilities and noted serious deficiencies in the animal care program. Several of these deficiencies were serious enough to warrant concern about continued federal support of the institution's \$8.8 million research program of which \$3.8 million involves the use of laboratory animals. Therefore, in order to demonstrate to the federal government progress toward addressing the animal care needs of the institution, the University has requested and the State Board of Regents has

approved an amendment to the University's budget which would provide \$490,000 in State General Fund monies to finance planning of either a new free standing animal research laboratory or remodeling of existing spaces. Very preliminary estimates indicate that approximately \$5.6 million would be necessary to finance either project.

The Medical Center would use the funds requested for preliminary and final planning for an approved animal research laboratory facility. The funding level approved by the Board is such that both alternatives to the solution of the problem could be evaluated. I amend my budget to include \$490,000 in State General Fund monies for FY 1986 to initiate preliminary and final planning of an approved animal research laboratory facility at the University of Kansas Medical Center.

In addition, at its meeting of March 15, 1985, the Board of Regents received a report from the University of Kansas Medical Center indicating that receipts to the University of Kansas Medical Center Hospital Revenue Fund will exceed current FY 1985 estimates by \$4.2 million. In response to this new information, I amend my budget to increase fee receipts to the Medical Center by that amount in FY 1985, to increase the balance forward to FY 1986 by \$4.2 million, and to increase expenditures from the Hospital Revenue Fund for FY 1986 by \$4.2 million, reducing expenditures from the State General Fund by a like amount.

During the policy discussion prior to preparation of the FY 1986 Governor's Budget Report I gave serious consideration to funding of the Medical Centers request for \$206,173 to finance the expansion of the adult hematology laminar airflow area. The Medical Center currently operates a two bed unit which provides special sterile care to protect bone marrow transplant patients from infection. The requested service would equip and staff an additional two hospital beds. One of my concerns in rejecting the proposed project was that it would not "pay for itself" through increased hospital collections in its first year of operation. However, since additional hospital revenues are now available to finance the project, I amend my budget to provide \$206,173 of hospital revenue funds and five positions to expand the adult hematology laminar airflow area.

	<u>FY 1985</u>	<u>FY 1986</u>
UKMC Hospital Revenue Fund	\$ --	\$4,200,000
State General Fund	--	(3,503,827)

Kansas State University Veterinary Medical Center

On February 27, 1985, Kansas State University informed the Division of the Budget that receipts to the Hospital and

Diagnostic Laboratory Fee Fund of the Veterinary Medical Center were running below estimates in FY 1985 and would fall \$33,146 below estimates by the end of the current fiscal year. A number of factors have contributed to this shortfall. These factors include: increased competition from local veterinarians, the general farm economy, and the inability of the institution to fill specialty service positions at the necessary level of expertise. Based upon current receipt trends, the University indicates that FY 1986 receipts will be \$42,300 below estimated levels.

In order to maintain the general use fund operating budget of the Kansas State University Veterinary Medical Center for FY 1985 and FY 1986 at levels recommended in the FY 1986 Governor's Budget Report, I amend my budget to reduce expenditures from the Hospital and Diagnostic Laboratory Fund in FY 1985 by \$33,146 and to increase expenditures from the State General Fund by a like amount. In addition, I amend my budget for FY 1986 to reduce expenditures from the Hospital and Diagnostic Laboratory Fund by \$42,300 and to increase expenditures from the State General Fund by the same amount.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$33,146	\$42,300
Special Revenue Funds	(33,146)	(42,300)

Kansas State University

In a letter dated March 20, 1985, Stanley Z. Koplik, Executive Director of the State Board of Regents, has requested a supplemental appropriation of \$183,281 to finance fully utility expenditures at Kansas State University. The data upon which this request is based has been submitted by the University and includes actual utility costs through the month of February and estimated costs for the final four months of the fiscal year. In response to this request, I amend my budget to provide additional State General Fund appropriations of \$183,281 to Kansas State University.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$183,281	\$ --

Kansas Technical Institute

In a letter dated March 20, 1985, Stanley Z. Koplik, Executive Director of the State Board of Regents has requested a supplemental appropriation of \$5,006 to finance fully utility expenditures at the Kansas Technical Institute. The data upon

which this request is based includes actual utility costs through the month of January and estimated costs for the remaining four months of the current fiscal year. In response to this request and after consideration by the Division of the Budget of the actual utility costs incurred by the Institute in February, I amend my budget to provide a State General Fund supplemental appropriation of \$5,006 to the Kansas Technical Institute to finance fully utility costs in FY 1985.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$5,006	\$ --

Department of Education

The Department of Education has informed me that \$2,659,662 of additional federal funds will be received in the current fiscal year for elementary and secondary school aid, educational research grants and projects, and for education of handicapped children. The additional federal funds will increase the amount of state aid included in the FY 1986 Governor's Budget Report. The increase for the elementary and secondary school aid fund totals \$1,559,470. This fund contains expenditures for Chapter I, remedial education; Chapter II, education block grants; emergency impact education assistance; and transitional programs for refugee children. The increase for education research grants and projects totals \$160,403. These funds will be utilized for various special grants. Additional funds for the education of handicapped children total \$939,789 and will be used for special education programs within local school districts. I amend my budget recommendation to provide for expenditure of the additional federal funds.

	<u>FY 1985</u>	<u>FY 1986</u>
Elementary and Secondary School Aid-Federal Fund	\$1,559,470	\$ --
Educational Research Grants and Projects Fund-Federal	160,403	--
Education of Handicapped Children Fund-Federal	939,789	--

Department of Revenue

Effective February 1985, postage rates were increased by approximately 20 percent. This increase was not included in the Department's budget. Due to the amount of postage required by the agency to perform its duties, it is not possible to absorb this increase within my recommendations for FY 1986.

The Department has determined that as a result of the increase in rates, expenditures for postage in FY 1986 will exceed the amounts currently budgeted by \$128,000.

I amend my budget recommendation to increase postage expenditures for the Department of Revenue by \$128,000. Of this amount, \$55,000 will be from the Vehicle Operating Fund and \$73,000 from the State General Fund.

In addition, the Department of Revenue has agreed to purchase a 4341 computer from the Department of Administration and initiate the concept of distributive processing.

The opportunity to purchase the 4341 and initiate distributive processing was finalized subsequent to the submission of my budget report to the Legislature. The Department estimates that they can absorb costs associated with the conversion in the current fiscal year. In FY 1986, related costs are estimated at \$210,688. Of this amount, \$146,000 will be funded through savings from reduced CICS, batch processing, printing, and DISC usage on the mainframe facility because of the acquisition of the 4341.

I amend my FY 1986 recommendations to include \$64,642 for the balance of the costs associated with the acquisition of the 4341 and implementation of the distributive process. Of this amount, \$32,321 will be from the Vehicle Operating Fund and \$32,321 from the State General Fund.

The amendments for the Department of Revenue are summarized as follows:

	<u>FY 1985</u>	<u>FY 1986</u>
Division of Vehicles Operating Fund	\$ --	\$ 87,321
State General Fund	--	105,321

Wheat Commission

I amend my budget to provide \$7,116 for a salary range increase for the Agricultural Marketing Specialist II, and for the reallocation of the Nutritionist and the Public Information Officer I to Agricultural Marketing Specialist I positions, effective July 1, 1985. These revisions will be financed by the agency's fee fund.

	<u>FY 1985</u>	<u>FY 1986</u>
Kansas Wheat Commission Fund	\$ --	\$ 7,116

Highway Patrol

The Highway Patrol has informed the Division of the Budget that additional state general funds of \$93,152 (\$68,835 in salaries and wages and \$24,317 in other operating expenditures) will be required in FY 1986 to provide match for federal funds in order to continue participation in the Motor Carrier Safety Assistance Program (MCSAP). The Patrol's budget was prepared based on the assumption that the agency would be able to "soft-match" the federal dollars. The Patrol now reports that a cash "hard match" of 20 percent is required. Accordingly, I amend my budget recommendation to include the funding required for state match.

In addition, the Patrol has notified the Division of the Budget that current projections indicate that \$257,767 of state general funds is required in addition to the amount included in the FY 1986 Governor's Budget Report to meet FY 1985 salary and wage costs. The shortfall is due to lower than anticipated turnover and a five month delay in initiation of the Motor Carrier Safety Assistance Program (MCSAP). Of the additional amount, \$34,057 is available from current year authorizations that were originally anticipated to be unspent and reflected as savings in the current year. The Patrol also reviewed projected other operating expenditures for the remainder of the fiscal year and has identified \$120,000 that may be shifted to partially offset the additional salary and wage needs. The savings in OOE will be accomplished primarily through reduced and delayed equipment, materials and supplies purchases, and by delaying personnel transfers and promotions. I amend my budget to provide for the expenditure of the \$34,057 originally projected as savings, to shift the identified savings from OOE to salaries and wages and to provide for a State General Fund supplemental of \$103,710 for the balance of the amount required to meet projected current year salary and wage expenses.

The amendments for the Highway Patrol are summarized as follows:

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ 137,767	\$ 93,152

Attorney General

During the 1983 Legislative Session it was brought to the attention of the Attorney General, the Legislature and the Department of Social and Rehabilitation Services that through multiple layers of out-of-state cooperative ownership and management of adult care homes, it was possible that Medicaid

funds were being obtained illegally. The Legislature appropriated \$50,000 to begin an investigation. In FY 1985, \$30,000 was appropriated to continue the investigation. In February of this year, findings concerning the investigation were reported to the Attorney General. The report concerning the investigation reveals significant evidence that a group of individuals participated in a scheme to illegally obtain Medicaid funds through the nursing home reimbursement system. SRS auditors believe \$225,965 was obtained by deceit. As a result of the investigation the report recommends both criminal and civil actions be instituted.

I amend my FY 1986 budget recommendations for the Office of the Attorney General to include an additional \$60,000 in state general funds for special prosecutor fees and other necessary costs for litigation and prosecution of this case.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ --	\$ 60,000

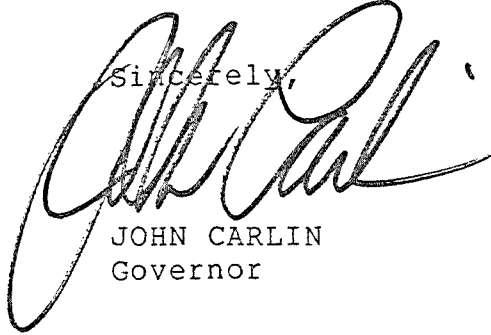
Department of Health and Environment

My original FY 1986 recommendations for the Department of Health and Environment phased out state support for regional outpatient tuberculosis clinics beginning January 1, 1986. In February, a medical and scientific review team from the National Center for Disease Control conducted a review of the Kansas tuberculosis control program. The current service delivery system utilizes local health department clinics in three metropolitan counties (Sedgwick, Shawnee and Wyandotte) and rural community outpatient clinics in Coffeyville, Garden City, Hays, Iola, and Salina. The principal recommendation of the review team report was that the regional clinic system should be maintained to ensure continuation of basic tuberculosis control services throughout the state.

I am amending my budget to restore \$72,500 in state general funds to provide state support for a full year of funding for the local health department clinics in Sedgwick, Shawnee and Wyandotte counties. I am also adding \$19,995 in state general funds to continue contractual services in the rural community outpatient clinics.

	<u>FY 1985</u>	<u>FY 1986</u>
Aid to Counties		
State General Fund	\$ --	\$ 72,500
Disease Prevention and Control		
State General Fund	--	19,995

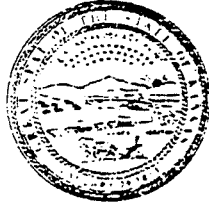
Sincerely,



JOHN CARLIN
Governor

JC:dh

STATE OF KANSAS



OFFICE OF THE GOVERNOR
State Capitol
Topeka 66612-1590

April 24, 1985

John Carlin Governor

Budget Amendment No. 4

The Honorable Gus Bogina, 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 additional amendments to my budget recommendations for FY 1985 and FY 1986. In total, these amendments increase special revenue expenditures as recommended in my budget report by \$686,656 for FY 1985 and by \$189,308 for FY 1986. State General Fund expenditures are reduced by \$183,859 for FY 1985 and increased by \$1,997,215 for FY 1986. Amendment also provides for State General Fund expenditures of \$294,967 for FY 1987.

Board of Nursing - Board of Pharmacy - Board of Healing Arts - Behavioral Sciences Regulatory Board - Real Estate Commission

The Department of Administration, Division of Information Systems and Computing (DISC), has completed a records computerization needs analysis for five regulatory boards and commissions.

DISC has recommended that needed data processing enhancements for certain of these boards and commissions be implemented in a manner which provides for maximum utilization of shared resources and technologies. The recommendation is based on the Division's analysis which found that the Boards of Nursing, Pharmacy, and Healing Arts have in common 41-67 percent of their data field requirements. The high degree of similarity among these boards makes it possible to share in the development, use and expense of an improved records management and data processing system thereby avoiding duplication of certain processes and costs.

DISC recommends that the Behavioral Sciences Regulatory Board purchase a microcomputer, printer and software to meet their current computer needs. At a later date the microcomputer may be linked to the shared system recommended for implementation for the boards of Nursing, Pharmacy, and Healing Arts.

DISC has recommended that the Real Estate Commission contract with an established private vendor to perform licensee testing services. Through the contract the vendor will provide data processing equipment and services to the agency in return for the privilege to administer examinations and collect exam fees. No additional funds are required for the Commission's data processing budget.

I amend my budget to provide for expenditure of amounts from the appropriate fee funds to allow for implementation of the recommendation of the Division of Information Systems and Computing. The amounts are as proposed in the attached Division of Information Systems and Computing Report assuming acquisition of a single shared minicomputer for the Boards of Nursing, Pharmacy and Healing Arts. As stated in the DISC recommendation, upon final analysis, it may prove more feasible and cost effective to acquire individual microcomputers and share the software package. If so, this alternate option would be implemented. In FY 1987 and 1988 the total shared cost for the system is estimated at \$43,449 with subsequent combined costs projected at approximately \$9,000 annually. Also, the Boards of Cosmetology and Embalming, and possibly others could be added to this same system in FY 1987 if analysis by DISC finds their needs compatible.

The amendment is summarized as follows:

	<u>FY 1985</u>	<u>FY 1986</u>
Board of Nursing Fee Fund	\$ --	\$ 51,547
Board of Pharmacy Fee Fund	--	21,259
Healing Arts Fee Fund	--	38,331
Behavioral Sciences Regulatory Board Fee Fund	--	5,189
Real Estate Commission Fee Fund	--	--

Department of Corrections and Institutions

In my message to the 1985 Legislature, I asked the Legislature to join with my administration to monitor the continuing increase in inmate population levels with the goal of attaining a consensus on the most appropriate course of action necessary to avoid the kind of problems we faced last year and to address any future overcrowding problem. While the cooperative efforts of an ad hoc committee and the Joint Committee on State Building Construction have been admirable, this consensus has not yet been achieved.

Consequently, in order to focus attention on those options which I consider to be the most appropriate to address this most difficult problem, I am proposing several amendments to my original budget recommendations which will require additional State General Fund appropriations for capital and related non-operating costs of \$49,500 in FY 1985, \$1.35 million in FY 1986, and \$18.2 million for FY 1987 - FY 1989; a total of \$19.6 million over the period of fiscal years 1985-89. These recommendations include: (1) construction of a combined food service and program facility and a 120-bed dormitory at the Kansas Correctional Institution at Lansing, with an estimated project cost of \$5.9 million; (2) construction of a 200-bed medium-custody facility at Wichita, with a project cost of \$13.2 million, utilizing as part of the facility the Wichita city prison farm; and (3) a 64-bed expansion of the minimum-custody facility at the Kansas State Industrial Reformatory in Hutchinson, with a project cost of \$.4 million. With the exception of the latter project, these recommendations are based upon architectural program statements and analyses prepared by a consulting architectural firm financed with the appropriation made by the 1984 Legislature for a comprehensive study of space needs and buildings and facilities for use by the Department of Corrections.

With the exception of the project at Hutchinson, these recommendations reflect options which have been discussed in varying degrees with the ad hoc committee and the Joint Committee on State Building Construction and accordingly, the necessary supporting information for my recommendations has already been submitted for their consideration. While the anticipated cost of these recommendations for the period of fiscal years 1985-89 is \$19.6 million, I am recommending that only \$49,500 for FY 1985, \$1,350,451 for FY 1986, and \$294,967 for FY 1987 be appropriated by the 1985 Legislature for capital and related non-operating costs. The recommended appropriations, to be financed from the State General Fund, are summarized below:

	<u>FY</u> <u>1985</u>	<u>FY</u> <u>1986</u>	<u>FY</u> <u>1987</u>
Planning for Food Service and Program Facility and West Dormitory - KCIL	\$ --	\$ 268,067	\$ --

	<u>FY</u> <u>1985</u>	<u>FY</u> <u>1986</u>	<u>FY</u> <u>1987</u>
Planning for Medium-Custody Facility at Wichita	--	505,168	88,217
Reimbursement to City of Wichita for Costs Associated with State Utilization of City Prison Farm	--	206,750	206,750
Planning and Construction of Minimum-Custody Housing Units, Including Acquisition of Loose Equipment - KSIR	49,500	370,466	--
	<u>\$49,500</u>	<u>\$1,350,451</u>	<u>\$294,967</u>

If planning for the projects at Lansing and Wichita proceed as scheduled, I will recommend to the 1986 Legislature those multi-year appropriations required to proceed with construction of the new facilities. At the present time, it is anticipated that these appropriations will total \$9.7 million for FY 1987, \$7.6 million for FY 1988, and \$.6 million for FY 1989.

I recommend that the project at the Kansas State Industrial Reformatory be exempted from statutory provisions requiring the services of a project architect (K.S.A. 75-1253). This will permit the project to proceed faster than if the services of a project architect are required. Because it is anticipated that the project will be completed by May 1, 1986, I also recommend that additional funds of \$49,092 be appropriated to the Reformatory for FY 1986 to provide the necessary positions to staff the new facilities. This amount would finance partial-year salary costs for five correctional officer positions, a food service position, and a corrections counselor position and full-year salary costs for a facilities maintenance position which will assist in construction of the facilities and after completion of construction, provide the necessary maintenance support to service the new facilities.

With respect to utilization of the city prison farm at Wichita, the Wichita City Commission has given authorization for city officials to tender to the state a lease arrangement for 30 years with a 20-year renewal option at an annual rate of \$1. However, the city has requested that the state reimburse the city for relocation of certain city operations presently located at the prison farm site, principally a parking lot, a police helicopter building and landing pad, police property evidence storage, and a police carpenter shop. These relocation costs presently are estimated to total \$413,500, and I recommend appropriations to finance these costs over a two-year period with the understanding that the Department of Corrections will continue to work with city officials to reduce these costs wherever possible.

3

In addition, as part of an initiative to increase the scope of the prison industries program, the Department of Corrections has finalized an agreement with the Office of Judicial Administration to provide microfilming of historical district court records. The first court whose records will be microfilmed will be the Brown County District Court. The services to be provided include photography, testing, and film duplication in accordance with specifications established by the Judicial Branch and the State Historical Society. In addition, the Department of Corrections is working with the Department of Transportation to establish a program whereby prison industries will provide coding and data entry services necessary for processing and analysis of motor vehicle accident reports. The Department of Transportation is responsible for the processing of approximately 65,000 such reports received annually, and because of the volume of reports received backlogs develop during processing, particularly with respect to data entry. A recent market analysis performed by the Alexander Grant and Company for the Department of Corrections indicated that it is technically feasible to utilize inmate labor for these data entry services, as well as for microfilming of district court records.

Both of these programs will be located at the Kansas State Penitentiary and in total will employ thirty inmates. In order to provide necessary start-up funds for the programs, I amend my FY 1986 budget recommendations to reflect additional expenditures of \$72,982 from the Correctional Industries Equipment Replacement Fund -- \$53,982 for acquisition of equipment items and \$19,000 for several minor renovations to the third floor of the inside service building in order to provide the necessary environment for the programs. In addition, it is estimated that FY 1986 operating expenses of \$25,250 for partial year salary costs for an additional position (Correctional Industries Manager II) and for supplies and materials will be incurred, all of which will be financed from the Correctional Industries Fund. It appears that these additional expenditures can be financed within the existing expenditure limitation and consequently, no additional expenditure authority is proposed at this time.

Finally, the Department of Corrections has decided not to proceed with the capital improvement project to construct an addition to the paint factory at the Kansas State Penitentiary, due principally to the fact that bids on the project substantially exceeded the amount available for the addition. I amend my budget recommendations for the current fiscal year to reflect a reduction of \$99,042 in expenditures from the Correctional Industries Equipment Replacement Fund.

	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>
State General Fund			
Department of Corrections	\$ --	\$ 711,918	\$294,967
Kansas Correctional Institution at Lansing	--	268,067	--
Kansas State Industrial Reformatory	49,500	419,558	--
Total SGF	<u>\$49,500</u>	<u>\$1,399,543</u>	<u>\$294,967</u>
Correctional Industries			
Equip. Replacement Fund	\$(99,042)	\$ 72,982	\$ --

Department of Health and Environment

The Department of Health and Environment was recently notified of \$44,360 of additional federal funds which have been made available specifically for the purchase of Diphtheria, Pertussis, and Tetanus (DPT) vaccine. These funds are available for the period January 1 through December 31, 1985. The Secretary has informed me that with an increase in expenditure limitation authority in the current year, the Department could purchase additional vaccine material immediately and distribute the material to health departments throughout the state. The current supply purchased by the state has been exhausted. I amend my budget recommendation to provide for expenditure of the additional federal funds as proposed by the Department.

	<u>FY 1985</u>	<u>FY 1986</u>
Immunization Grant Funds --		
Federal Fund	\$44,360	\$ --

Youth Center at Beloit

The Department of Social and Rehabilitation Services has requested a supplemental appropriation of \$78,970 to fully finance a capital improvement project that was approved during the 1984 Legislative Session. The project is to replace the existing heating and air conditioning system in the administration building and in two cottages at the Youth Center at Beloit.

On April 4, 1985, the Department received two bids on the project. The lowest bid was \$301,410, \$78,970 more than the ~~\$222,440~~ approved by the Legislature for the project.

\$271,378

In order to proceed with this capital improvement project and insure that the Youth Center at Beloit has a dependable air handling system, I amend my FY 1985 budget recommendation to provide for expenditure of an additional \$78,970 in state institutional building funds.

	<u>FY 1985</u>	<u>FY 1986</u>
State Institutions Building Fund	\$ 78,970	\$ --
<u>Corporation Commission</u>		

Subsequent to the publication of the Governor's Budget Report the Division of the Budget was informed by the fiscal staff of the State Corporation Commission of a technical error in the financing of the Commission's FY 1986 budget. That error has resulted in \$4,995 in other operating expenditures being charged to the Gas Pipeline Inspection Fee Fund that should have been charged to the Gas Pipeline Safety Program - Federal Fund. Therefore I amend my budget to transfer \$4,995 in expenditure authority from the Gas Pipeline Inspection Fee Fund to the Gas Pipeline Safety Program - Federal Fund.

	<u>FY 1985</u>	<u>FY 1986</u>
Gas Pipeline Inspection Fee Fund	\$ --	\$(4,995)
Gas Pipeline Safety Program-Federal	--	4,995

Department of Revenue

Based on the most current information available, the Department of Revenue reports that Division of Vehicles Operating Fund salary and wage expenses will exceed the established limitation by \$75,000 in the current year. The total expenditure limitation established on the fund for total expenditures is estimated to be adequate.

Therefore, I amend my budget to shift \$75,000 of other operating expenditures to salary and wages and increase the limitation on salary and wage expenditures from the Division of Vehicles Operating Fund, as established by the State Finance Council, from \$12,433,372 to \$12,508,372 for the current year.

	<u>FY 1985</u>	<u>FY 1986</u>
Vehicle Operating Fund		
Salaries and Wages	\$75,000	\$ --
Other Operating Expenses	(75,000)	--

Department of Social and Rehabilitation Services

Dr. Robert Harder, Secretary, Department of Social and Rehabilitation Services, has requested additional State General Fund appropriations in order to adequately finance the medical assistance program for FY 1985. In recent months, the Department has experienced large increases in medical assistance expenditures as compared to the first part of the fiscal year. For the first eight months of the fiscal year, expenditures from the medical assistance program averaged \$17,469,213 per month. Based upon current experience,

expenditures are projected to average \$19,464,085 per month over the last four months of the fiscal year. This large increase in the monthly average is due to increased hospital and nursing home usage and revised claims processing procedures which were implemented in January.

I amend my budget recommendations for the Medical Assistance Program in FY 1985 to include additional expenditures of \$1,471,928. Of this amount, \$809,560 is to be financed from State General Fund appropriations.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ 809,560	\$ --
Federal Funds	662,368	--

Kansas Department of Education

The Kansas Department of Education has informed the Division of the Budget that FY 1985 enrollments for the state community colleges are below those used in the preparation of the FY 1986 Governor's Budget Report. Based on these enrollment adjustments, the Department estimates that expenditures for community college state aid in FY 1985 can be reduced by \$1,142,707. Therefore, I am amending my FY 1985 budget recommendation for community college state aid to reduce expenditures by \$1,142,707. In addition, based upon the revised enrollment projections, I amend my FY 1986 budget recommendation to reduce community college state aid by \$904,678.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$(1,142,707)	\$(904,678)

Winfield State Hospital

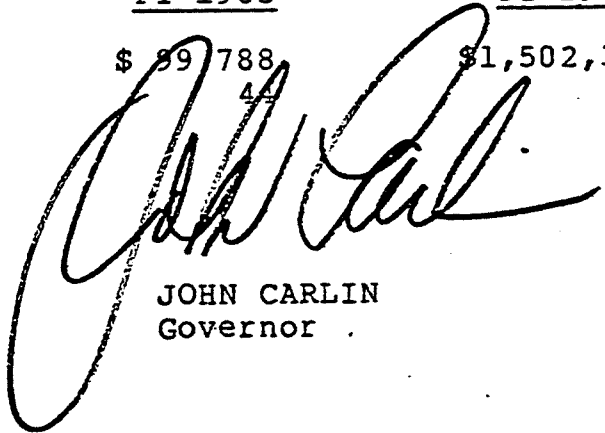
On April 19, 1985, the regional office of the Health Care Finance Administration completed their survey of Winfield State Hospital. The federal agency found the hospital out of compliance in the areas of protective care and active treatment of residents. The director of the regional office has given the hospital until April 29 to correct protective care deficiencies or lose certification and Title XIX payments. In addition, the hospital has 80 days from April 24 to correct active treatment deficiencies to avoid decertification and loss of Title XIX funds.

The Secretary of Social and Rehabilitation Services has developed a plan to maintain certification and thereby avoid the loss of \$7.5 million per year in Title XIX reimbursement. The plan involves the addition of staff in both FY 1985 and FY 1986 and the establishment of a special training unit for Winfield State Hospital residents who are aggressive and assaultive.

The plan proposes to add 44 positions as soon as possible to establish the special training unit to address the protection issue. An additional 53 positions will be added over the summer and assigned to enhance the active treatment programs at the institution.

To implement this plan, I amend my budget recommendation to add \$99,788 from the State General Fund in FY 1985 and \$1,502,350 from the State General Fund in FY 1986. In addition, I amend my budgets to add 44 positions in FY 1985 and 53 additional positions in FY 1986.

	<u>FY 1985</u>	<u>FY 1986</u>
State General Fund	\$ 99,788	\$1,502,350
Positions	44	97



JOHN CARLIN
Governor

ADMINISTRATIVE COSTS OF STATEWIDE REAPPRAISAL

The Department of Revenue in its FY 1986 budget request and in subsequent fiscal notes estimates administrative costs associated with the implementation of statewide reappraisal. This analysis is based on the agency's FY 1986 budget request and two fiscal notes prepared during the 1985 legislative session which address 1985 S.B. 164.

A statewide program of gathering reappraised values of property over the next three and one-half years is required by S.B. 164. The state's administrative costs are related to the Secretary of Revenue's and Director of Property Valuation's responsibilities as delineated by the bill:

1. to administer and supervise a statewide program of reappraisal;
2. to provide a computer system to assist in reappraisal; and
3. to assume a portion of the costs of reappraisal incurred by counties.

State General Fund expenditures are estimated for FY 1986 in the agency's budget request submitted October 1, 1984 and in its fiscal notes for S.B. 164 which were submitted February 25, 1985 for the bill as introduced and April 18, 1985 for the bill as amended by the House:

	10/1/84 Agency Request FY 1986	2/25/85 Fiscal Note 1985 SB 164 FY 1986	4/18/85 Fiscal Note 1985 SB 164 FY 1986
State Operations			
Property Valuation Div.			
Salaries & Wages	\$ 684,949	\$ 626,000	\$ 813,972
Other Operating	156,743	217,000	618,758
Subtotal	\$ 841,692	\$ 843,000	\$1,432,730
F.T.E. Positions	32.0	32.0	36.0
Data Processing			
Salaries & Wages	\$ 83,173	\$ 90,000	\$ 225,000
Other Operating	883,601	951,500	940,400
Subtotal	\$ 966,774	\$1,041,500	\$1,165,400
F.T.E. Positions	3.0	3.0	10.0
TOTAL EXPENDITURES	\$1,808,466	\$1,884,500	\$2,598,130
F.T.E. Positions	35.0	35.0	46.0

STATE OPERATIONS. The Division of Property Valuation (PVD) will be the principal unit within the agency to implement S.B. 164. Most data processing services will be provided by the Data Processing Bureau which is organizationally separate from PVD.

1. PVD will have primary responsibility to administer and supervise a statewide program of reappraisal. PVD has an approved operating budget of \$1,518,464 (excluding salary plan adjustments) in FY 1986 financed from the State General Fund and is authorized 42.0 F.T.E. positions. PVD is divided into three bureaus: Administration (15.0 F.T.E.), State Appraisals (14.0 F.T.E.) and Local Appraisals (13.0 F.T.E.). Personnel from the Administration and Local Appraisal Bureaus most likely will assist with reappraisal. In the agency's FY 1986 budget request, a new bureau was proposed to assist with reappraisal: Appraisal Standards (32.0 F.T.E. new positions). No financing or positions were recommended by the Governor nor

approved by the Legislature for this new bureau.

Based on the agency's October 1, 1984 FY 1986 budget request and the April 18, 1985 fiscal note, the following table shows personnel who might be involved in statewide reappraisal based on the two existing bureaus' staffing and the proposed bureau's staffing:

	Admin	Local	10/1 Reap	4/18 Reap
Director	1	-	-	-
Administrative Officer	1	-	-	-
Clerical Staff	11	-	-	-
Property Appraiser III	1	2	1	1
Property Appraiser II	-	1	5	6
Property Appraiser I	-	10	22	26
Revenue Analyst IV	-	-	2	1
Revenue Analyst III	1	-	-	-
Revenue Analyst II	-	-	1	1
Revenue Analyst I	-	-	1	1
TOTAL -- PVD	15	13	32	36

2. Data processing services will provide a system to assist in reappraisal. A comprehensive system will include state equipment and technical support plus local data processing equipment to interact with the state's computer to maintain a statewide data base and allow counties to maintain their own data files at the local level.

Major costs for the state include new data processing personnel, a software package to assist in reappraisal, training of local personnel to use the software and equipment, data entry services, and planning. The FY 1986 estimate for data processing associated with reappraisal which was part of the agency's October 1, 1984 budget request totaled \$966,774 and included \$83,173 for 3.0 new F.T.E. positions; \$244,400 for reappraisal software; \$365,021 for professional services associated with planning, training and data entry; and \$169,650 for DISC fees. The agency's October 1, 1984 budget request was predicated upon using central computer services and since that time the concept of decentralized data processing has been adopted.

In the April 18, 1985 fiscal note which anticipates decentralized data processing and microcomputers at the county level instead of slave terminals connected with a central state computer, FY 1986 expenditures of \$1,165,400 for state operations relative to data processing are requested. The major impact of this change to decentralized computers is the cost-impact on equipment and software that must be acquired for local operations (see table below on multiyear costs for state and local operations). State operations expenditures in FY 1986 are requested for 10.0 new F.T.E. (\$225,000); a planning contract (\$350,000) to determine systems requirements and alternatives, to recommend equipment and software for reappraisal, and to analyze products and bids; state reappraisal software (\$200,000); data entry and training contract (\$95,000); and DISC charges (\$119,000).

Staffing for data processing services consisted of 3.0 F.T.E. positions in the October 1, 1984, budget request when centralize computing was planned. The decentralized plan of letting counties use microcomputers will require 10.0 additional F.T.E. staff instead of three in the earlier proposal:

	10/1 Centrl	4/18 Decntrl
Computer Systems Analyst III	1	2
Computer Systems Analyst II	1	5
Programmer IV	-	1
Programmer III	-	1
Programmer II	1	1

LOCAL OPERATIONS. The agency's fiscal note identifies certain costs associated with personnel, operating expenses, and acquisition of data processing equipment at the local level. No determination has been made as to how such costs will be apportioned between the state and counties. In addition, S.B. 164 requires the state to assume a portion of the costs incurred by counties for reappraisal of real property, in accordance with a payment schedule adopted by the Secretary of Revenue on a per parcel basis. No estimate of the amount of state aid for counties, presumably to be financed from the State General Fund, is included in the agency's fiscal note.

MULTIYEAR COSTS OF REAPPRAISAL. The following table is based upon the agency's fiscal note of April 18, 1985 which describes some of the multiyear expenses associated with reappraisal:

STATE OPERATIONS a)	FY 1986	FY 1987	FY 1988	FY 1989
New PVD Bureau				
Salaries & Benefits	\$ 813,972	\$1,150,411	\$1,219,434	\$1,291,930
Other Operating	618,758	549,750	451,300	706,800
Subtotal--PVD	\$1,432,730	\$1,700,161	\$1,670,734	\$1,998,730
New Data Proc.				
Salaries & Benefits	\$ 225,000	\$ 309,000	\$ 327,000	\$ 347,000
Other Operating	940,400	1,406,200	1,242,000	735,000
Subtotal--DP	\$1,165,400	\$1,715,200	\$1,569,000	\$1,082,000
TOTAL--St Ops	\$2,598,130	\$3,415,361	\$3,239,734	\$3,080,730
LOCAL OPERATIONS a)	1st Yr	2nd Yr	3rd Yr	4th Yr
Salaries & Benefits	\$1,275,000	\$1,351,500	\$1,432,600	\$1,516,600
DP Equipment	244,209	2,263,849	1,949,165	392,904
DP Software	51,400	587,000	515,000	158,000
Mapping Services	8,534,000	8,534,000	8,534,000	--
Other Operating	474,400	486,500	447,200	382,820
TOTAL--Local Ops	\$10,579,009	\$13,222,849	\$12,877,965	\$2,452,324
	1st Yr	2nd Yr	3rd Yr	4th Yr
GRAND TOTAL a)	\$13,177,139	\$16,638,210	\$16,117,699	\$ 5,533,054
CUMULATIVE TOTAL a)	--	\$29,815,349	\$45,933,048	\$51,466,102

a) Because the state operates on a different fiscal year basis than counties, the grand totals and cumulative totals may not reflect 12-month expenditures, but rather are indicative of a pattern of expenditures that are estimated in the agency's fiscal note (see page 6).

MEMORANDUM

TO: Mr. Alden Shields
Director, Division of the Budget

DATE: April 18, 1985

FROM: Kansas Department of Revenue

RE: Senate Bill 164 as
Amended By House
Committee

Brief of Bill:

Senate Bill 164 as amended by House Committee is a comprehensive bill, calling for statewide reappraisal of real property. It amends K.S.A. 79-1412a, 79-1460, 79-1602 and repeals 79-1437b, 79-1440 and 79-1452 through 79-1454.

New section 1 provides that the Director of Property Valuation shall administer and supervise state-wide reappraisal of real property. Each county or multi-county appraisal district shall constitute a separate appraisal district, with the appraiser responsible for reappraisal annually, using guidelines and timetables established by the Director. After completion of the reappraisal, every parcel of real property is to be actually viewed and inspected by the appraiser every four years.

Section 1 further requires that data compilation for, or updating of, real estate inventories must be entered into the state computer system not later than January 1, 1989. When satisfied that a county's reappraisal is complete, the Director shall notify the Governor and the State Board of Tax Appeals.

Valuations are to be based upon fair market value, as defined by K.S.A. 79-503a.

Valuations are to be established for agricultural-use land, based on agricultural income or productivity. A classification system for agricultural land, based on criteria established by the U.S. Department of Agriculture Soil Conservation Service, shall be adopted by the Director. Productivity will be determined based on an average of the eight calendar years preceding the calendar year of valuation, at a degree of management reflecting median production levels. The Director shall determine median production levels from information from state and federal crop and livestock reporting services, soil conservation service and any other appropriate data source.

The share of net income from land which is normally received by the landlord is the basis for determining agricultural income for all agricultural use land, except pasture or rangeland. The net income will be determined by deducting the landlord's normal expenses from the landlord's normally-received gross income.

The normal net rental income received by the landlord from pasture or rangeland is the basis for determining its income. This net income is to be determined by deducting the landlord's normal expenses from the gross income.

Commodity prices crop yields and pasture and rangeland rental rates are to be based on the average of the eight calendar years preceding valuation. Net income for every land class within each county or homogeneous region is to be capitalized at a rate determined as the sum of the contract interest rate on new federal land bank loans in Kansas on July 1 of each year averaged over the five-years immediately preceding the calendar year preceding valuation plus a percentage not less than .75% nor more than 2.75% as determined by the Director.

Based on these agricultural use procedures, the Director shall annually determine the value of each class of land, and furnish this to the county appraisers, who will classify this land according to current use and apply this to the valuation schedules prepared and adopted by the Director.

"Land devoted to agricultural use" includes that devoted to the production of plants, animals or horticultural products, regardless of rural or urban location. Examples of plants, animals and horticultural products are given. Also given is the definition of land not devoted to agricultural use.

"Expenses" includes management fees, production costs, maintenance and depreciation of fences, irrigation wells, irrigation laterals and real estate taxes. "Expenses" does not include those expenses incurred in providing temporary or permanent buildings used in plant, animal and horticultural production.

Section 1 also provides that valuations established under statewide reappraisal shall not be applied as a basis for levying taxes until January 1, 1989 or January 1 of the year following submission to the electorate for approval or rejection of classification, whichever is later. The bill's provisions should not be construed to conflict with other law, including the equalization process of county and state Board of Tax Appeals.

New Section 2 of the bill requires the Secretary of Revenue, with the assistance of the "advisory committee," to provide for the development of a computer system for maintaining and updating data needed in the administration of, and the appraisal assessment and equalization laws, of the State. The Secretary will establish the "advisory committee". The chairperson will be the Director. Other members will be selected from nominees of the Kansas Association of Counties, the Kansas Association of County Commissioners and the Kansas Appraisers Association.

New Section 3 provides that the state shall assume a portion of the cost incurred by counties complying with the provisions of the act. The payment schedule is to be devised by the Secretary of Revenue on a per parcel basis, in accordance with legislative appropriations. The Section further directs the Property Valuation Division to assist in the reappraisal of property upon the request of any county. The counties so requesting are obligated to reimburse the state for costs incurred by the state. The counties are authorized to contract with private appraisal firms, to assist in reappraising property within the county. Selection of a private firm is to be made from an approval list supplied by the Director. Ensuing contracts must meet the Director's specifications.

Starting on January 15, 1986 (New Section 4a), county or district appraisers are required to submit to the Director a quarterly progress report to indicate action

taken under the reappraisal program. The section requires that data compilation for, or updating of, real estate inventories must be entered into the state computer system not later than January 1, 1989. When satisfied that a county's reappraisal is complete, the Director shall notify the Governor and the State Board of Tax Appeals.

New section 4(a) also requires the Director upon finding insufficient progress (or to seek relief, if no report is submitted) to file a complaint with the State Board of Tax Appeals for a determination of noncompliance. Within 15 days of receipt of the complaint, the Board will conduct a summary proceeding. After a hearing, if the Board finds noncompliance, it shall order the Director to exercise the duties until such time as the Director finds that compliance is satisfactory, as determined by the Director. The Board shall also require the State Treasurer to withhold all or part of the county's entitlement moneys from either or both the ad valorem tax reduction and the city county revenue sharing funds for the year following the order. Such counties shall reimburse the state for actual costs incurred by the Division.

New section 4b specifies that on or before August 15 of each year following new valuations, the Director shall review each county for compliance. If noncompliance is found, the Director shall notify the county or district appraiser and the County Commissioners that there are 30 days in which to submit to the Director a plan for compliance, or the Director will petition the Board for authority to assume control of appraisal. If a plan is submitted and approved, the Director will monitor progress. If no plan is submitted, or if the plan is not approved by the Director, the Director shall petition the State Board for either a review of the plan or authority to assume control of appraisal. If the Board approves the plan, the county may proceed. If no plan is submitted or the plan is not approved, the Board shall fix a time for submission either of a plan or an amended plan. If no plan is submitted and approved, the Board shall order the Division to assume control of appraisal to bring the county into compliance. If the Division assumes control of the appraisal program, the Board will certify its order to the State Treasurer, who will withhold distribution of the county's share of the State county and city revenue sharing fund and the local ad valorem tax reduction fund, and credit the amount to the State General Fund for the year following the Board's order. The Director will certify the cost for compliance to the Board, which will order the County Commissioners to reimburse the state.

New Section 4(c) provides that annually, from the year following statewide reappraisal, and within 60 days of publication of the assessment/sales ratio study, the Board will determine county compliance. If noncompliance is found, and the Director has not acted upon recompliance (Section 4,b) the Board will order the Director to take such action or show cause for noncompliance.

New section 5 requires, from January 1 of the year of implementation of reappraisal, the county clerk to keep multiple copies of assessed valuations of each parcel of property in the county. Specifications are given for such a listing.

New section 6 limits county Boards of Equalization by restricting their power to issue blanket orders of equalization to all property within a particular class,

if assessment values would be changed. All such orders must be reviewed by the State Board. Procedures are established for hearings on such matters. The Director will require written justification, on Division forms, from the County Board when the Board orders the modification of valuation of individual tracts of real property. The forms are to be sent by certified mail. The Director has 90 days to determine compliance. If the Director finds noncompliance, the County Board's decision will be appealed to the State Board.

New section 7 authorizes the boards of county commissioners to levy a tax upon all taxable tangible property in the county in the amount necessary to pay for costs incurred in the reappraisal. Proceeds will be placed in a special reappraisal fund.

Section 8 amends K.S.A. 79-1412a, which outlines duties of county and district appraisers, by deleting the requirement of annual mail notification to taxpayers of changes in valuations.

Section 9 amends K.S.A. 79-1460, which calls for notification to taxpayers of changed appraised valuations or classification, by defining "taxpayer" and detailing contents of the notification.

Section 10 amends K.S.A. 79-1602, which calls for meetings of the county board, by requiring boards to meet evenings and Saturdays, if requested by taxpayers.

New section 11 defines "taxing subdivision" as every taxing district in the state other than the state.

New section 12 suspends existing statutory fund and aggregate levy limits on taxing subdivisions as of the year in which new valuations are established. In the first year of new valuations and in subsequent years, taxing subdivisions are authorized to levy tangible property taxes in which the aggregate amount is not in excess of that amount which was authorized the preceding year (a lid).

New section 13 specifies procedures for county clerks to follow when the aggregate amount exceeds the limitation: "It is the intent of this act to prescribe a limitation, with specified exemptions, upon the aggregate amount which may be levied... and not upon the amount produced by each of several levies...". (Exemptions: see below.)

New section 14 specifies a method for computing a levy rate when there are new improvements and additional personal property.

The bill provides for adjustment to the aggregate amount when: new territory is added to a taxing subdivision (new section 15); when property is excluded from a taxing subdivision (new section 16); and when authority and responsibility, for providing any service for which a levy is authorized, are transferred to a taxing subdivision (new section 17).

New section 18 lists exemptions for sections 11 through 25: a) principal and interest on bonds and temporary notes; b) no fund warrants; c) judgments against taxing subdivision; d) certain expenses incurred; e) certain employer contributions; f) certain added expenses.

New section 19 provides for suspension of the aggregate amount limitation when the electorate so votes. Procedures for such an election are specified.

New section 20 allows a taxing subdivision, when the limitation prevents fund sufficiency for operation, to apply to the State Board of Tax Appeals for authority to levy taxes beyond the limitation. Procedures are specified.

New section 21 directs the State Board to prohibit issuance of no fund warrants by taxing subdivisions, except for a finding of "extreme emergency need."

New section 22 provides that in cases in which a taxing subdivision is required to levy taxes to finance a governmental subdivision that does not have such authority, the levies will not be included in the aggregate limitation.

In cases in which a taxpayer inquires into the levy of taxes by a subdivision, new section 23 provides procedures for the State Board of Tax Appeals to follow to make an inquiry of compliance of that taxing subdivision.

New section 24 specifies that an election held under the aggregate limitation must conform to K.S.A. 10-120, a statute governing bond elections.

New section 25 exempts unified school districts from sections 11 through 24.

New section 26 provides a procedure for governing bodies of cities, counties or taxing subdivisions to exempt themselves from the limitation.

New section 27 suspends existing statutory debt limitations, computed on the basis of a percentage of assessed valuation, in the year of implementation of new values; and restricts such limitations to a percentage determined by dividing the amount of indebtedness authorized for the taxing district, in the year before implementation of such valuations, by the assessed valuation in the year of implementation.

New section 28 directs the Secretary of Revenue to adopt rules and regulations for administering statewide reappraisal, and the Director of Property Valuation to prescribe and furnish forms to appraisers.

New section 29 provides that if any sentence, clause, subsection or section of this bill is held unconstitutional, the remainder is presumed to be constitutional.

Section 30 lists statutes amended and repealed (as above).

Section 31 states that this bill will take effect from and after publication in the statute book.

Fiscal Impact:

Enactment of Senate Bill 164 would have no fiscal impact in and of itself. New section 1 provides that the valuations established for tangible property under the program of statewide reappraisal shall not be applied by any county as a basis for the levy of taxes until January 1, 1989 or January 1 following the

electorate's approval of classification, whichever is later. Therefore, no fiscal impact could result until that time.

Sections 11 to 25 provide a "tax lid" on subdivisions except school districts, and we must assume that a budget limit would continue to apply to school districts. Therefore, the total tax dollars collected would not increase as a result of using the new values, unless, as provided in new section 26, a limitation is rejected. Assuming that a lid remains and that the total tax collected would not increase, the proportion of the total tax burden assessed to the various classes of taxpayers could shift among those classes.

Administrative Costs:

The table below summarizes the estimated 4-year property valuation, data processing, and local costs for a distributed method of reappraisal, based on purchased equipment. For estimating purposes, the assumption of purchased equipment was made. Lease and lease-purchase options by county under a state contract will be investigated during the next year to identify the most cost effective method.

FOUR-YEAR COST ESTIMATES, DISTRIBUTED PURCHASE METHOD
(In Thousands)

YEAR	PV	STATE		OTHER	LOCAL	TOTAL
		DP	DP			
1	\$1,432.7	\$1,165.4	\$ 308.6	\$10,270.5		\$13,177.2
2	1,700.2	1,715.2	2,937.8	10,285.0		16,638.2
3	1,670.7	1,569.0	2,530.2	10,347.8		16,117.7
4	<u>1,998.7</u>	<u>1,082.0</u>	<u>550.9</u>	<u>1,901.4</u>		<u>5,533.0</u>
TOTAL	\$6,802.3	\$5,531.6	\$6,327.5	\$32,804.7		\$51,466.1

The assumptions made and more-detailed cost estimates of Data Processing are attached as Appendix A, and for Property Valuation as Appendix B.

For Data Processing:

It is impossible to provide an absolutely definitive statement of the administrative costs associated with this bill for a number of reasons: first, each vendor of appraisal software offers a different product with a number of optional enhancements; second, it is assumed that contracts for the basic appraisal computer program, the training and installation contract, data entry contract and the initial analysis must be awarded by bid.

In addition, a policy matter yet to be resolved is what portion of the cost will be borne by the state and what portion by the counties. New Section 3 requires the state to assume a portion of the cost incurred by the county. The amount of that payment is left to the appropriation process. The cost estimates given set forth anticipated costs, with only a moderate attempt to allocate between state and local responsibility.

The bill requires that data compilation be computer-entered not later than January 1, 1989 (New Sec. 1). The Department will work closely through each phase with the Advisory Committee to assure as smooth a process as possible.

For Property Valuation:

As it has been in the past, and for a number of reasons, it is impossible to provide an absolutely definitive statement of the administrative cost associated with the enactment of this bill. Among these reasons are: First, there are any number of ways in which the provisions of this bill could be administered. Funds to contract with a consultant to study the various options and recommend the most appropriate have been requested in this fiscal note. Second, each vendor offering mapping services and/or appraisal services as well as those offering computer software packages have different basic services to offer in addition to numerous optional enhancements. The quality and quantity of those enhancements as well as the type of basic service selected will significantly impact on the final cost of administering this bill. Third, it must be assumed that any contracts entered into by the state or the counties for computer services, computer hardware, mapping services, etc. will be submitted for bids. All these factors combined with other contingencies yet to be resolved make a definitive estimate impossible.

In addition, it is a policy matter which is yet to be resolved as to what portion of the total reappraisal cost will be borne by the state and what portion by the counties. For example, will counties be expected to purchase any hardware required, any software required, provide training for their personnel, provide data entry, etc.? Another factor which must be taken into consideration in the overall cost is the provision of new Section 3 which requires the state to assume a portion of the cost incurred by the county. The amount of that reimbursement is left to the appropriation process. Therefore, it is impossible to estimate what amount to allocate for that reimbursement.

Approved By:

Harley T. Duncan
Secretary of Revenue

HTD:MWC:x/7/SB164A

DATA PROCESSING ASSUMPTIONS AND ESTIMATED COSTS FOR DISTRIBUTED PROCESSING,
PURCHASE

The assumptions made regarding a decentralized computer-assisted property valuation system are as follows:

1. There will be no telecommunications facilities between the central site and the counties.
2. The Department of Revenue will provide a list of hardware configurations from which the counties can select the hardware configurations desired.
3. All software to be used in the counties will be acquired and maintained by the Department of Revenue. No county would have the capability to modify the valuation software modules.
4. All tuning of the models needed for each county will be developed jointly by state and county appraisers, but the programming will be done by DOR personnel.
5. There will be a microcomputer or minicomputer center in each county assessor's office.
6. A contractor will be obtained to work under the direction and guidance of the Secretary of Revenue to provide Systems Requirements Definition (SRD), Systems Design Alternatives (SDA) reports, recommend needed equipment configuration and software elements to be included in the request for quotation (RFQ), analyze available products and provide an analysis of bids received.
7. The Department of Revenue data processing services bureau must provide sufficient staff to maintain all equipment and software including equipment in each county. This will require several technicians to travel most of the time.
8. The schedule of events will occur as follows:
 - a. Obtain contract to perform SDR and SDA phases of Structured SDM, evaluate available evaluation packages, prepare RFQ and provide analysis as explained in 6 above - July 1, 1985.
 - b. Release RFQ - September 15, 1985.
 - c. Select vendor software package - November 1, 1985.
 - d. Install package - December, 1985.
 - e. Install first county equipment - February, 1986.
 - f. Install equipment in two counties in May, 1986.

- g. Install equipment in two counties in June, 1986.
 - h. Follow installation schedule through December, 1987, installing an average of one county per week.
9. County personnel, after being trained by the program contractor, and with assistance from state personnel when necessary, will convert all property record cards to a newly designed property record card. Current information will be used when adequate, new appraisals will be made as necessary.
 10. An independent contractor will do the initial data entry and install the converted files on the equipment in each county. After that time, county personnel will be trained to handle all data entry corrections, additions, deletions, etc. on their equipment in their offices.
 11. Cost estimates for a contractor to perform the initial data entry varies from \$0.50 per parcel to \$5.00 a parcel. For this cost estimate, an average of \$0.75 per parcel was used. This department does not have the resources to perform this function for the entire state.
 12. Each county will be equipped with one of four computer configurations. Those configurations are attached separately. Upon actual implementation, each county will be carefully sized and will be provided a computer facility that will be adequate for its needs. For cost estimating, just four configurations were used, to simplify the cost estimates. The equipment configurations were developed to support a county of just above average for each category, except in the largest configuration where the largest size was used. There will be some that will be under these costs and some will be over, but the average for the entire state should be close.
 13. Costs are based on estimates received from the software and hardware vendors, who provided information in response to our request. We requested facilities that correspond in parcel size, and that provide expansion capabilities. We also specified the amount of disk space that must be provided for each of the four configuration sizes. If upgrading is needed, it can be accomplished by adding additional PC's and by networking multiple units together. Details for each configuration are attached. The number of video terminals and disk space varies, depending upon the size of the county. It was also requested that vendors provide costs for computer software for a central statewide facility that could process at least 1.7 million parcels, which would work also on each county configuration from the smallest to the largest. While we were told the state software cost if 50 counties acquired the software would be only \$1, we included the normal cost of \$200,000. These costs are highly tentative, because equipment capabilities and costs for micro and mini computer equipment vary widely among vendors.
 14. An average cost to install equipment was determined. The actual cost will vary by location. Exact installation costs cannot be determined without a detailed inspection of each county facility.

15. Contractors will be utilized to assist in local equipment installation and to provide initial training for county personnel to learn how to use the system.
16. It is assumed that training and equipment installation will be a joint effort between the department and a contractor. Estimated travel costs were based on the assumption that the department will make an average of three trips per county of three days each annually after Fiscal Year 1986. It is assumed that contractors will conduct all initial training. The trips made by our staff after initial training will be to provide follow-up after implementation to answer questions and resolve problems encountered when the contractor is no longer available. Also, travel costs will be incurred to resolve computer hardware problems and discrepancies between state and county analysis runs. This staff will also be required to assist with dissemination of software changes and updates.
17. It is anticipated that annually each county will provide to the state on computer tape a copy of their entire data base from which their tax bills are generated.
18. Current estimated parcel counts in conjunction with information from a vendor package were used to calculate size of each county disk space.
19. All DISC costs are estimated to increase at an annual rate of 5%.
20. It is assumed that the central facility will need disk file space large enough to maintain one year's file of the entire state. It is anticipated that this will be necessary in order to provide the state staff with the inquiry capabilities to talk with the counties by telephone and also from which all computer analysis runs will be generated.
21. The software required must provide modules for producing tax billing, accounting, delinquency and legal follow-up. However, these modules will be available to the counties only from the contractor. They will not be provided or supported by the Department of Revenue, and their costs are not included in these estimates. However, sufficient size of CPU is projected to support these functions should they be acquired by the county.
22. Batch processing is expected to exceed that of all taxation because of the large quantities of heavy statistical runs required. This large estimate is based upon the fact that innumerable numbers of analysis runs will be made in the initial four years to create the various models necessary for each county. There will be considerable additional runs as the counties analyze the results of the runs and reconcile with state runs which analyzes the total state database and will necessitate additional runs to rectify any errors or problems. Statistical runs of this type require much more CPU resources than our normal batch processing.

23. A tentative installation schedule was constructed. Local equipment costs were calculated to commence according to that schedule.
24. Ten new data processing positions will be required; one analyst to coordinate remote site installation and monitor and maintain the distributed system after installation; one analyst and two programmers to maintain the state and county programs, once installed; the remaining six employees necessary to travel throughout the state to repair facilities, replace boards, substitute spare equipment that has failed, replacing bad disk packs, as well as assisting county personnel.
25. It is assumed that salaries will increase annually at a rate of 6%.
26. Five of the new positions will be filled as close to July 1, 1985 as possible. The remaining five positions will be filled as close to July 1, 1986 as possible.
27. It is assumed that all equipment will be shipped direct to the county by the successful vendor and one person from the central DP staff will be required to take and install all the software programs and assist with training.
28. For purposes of the fiscal note it was assumed that the county equipment would be purchased. During the next year options to lease or lease purchase by county under a state contract will be investigated to identify the most cost effective acquisition method.

1985 Senate Bill 164
Amended By House Committee
DATA PROCESSING COSTS (Rounded)
For Purchase Of
Distributed Computers in Each County

	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
Salaries and Wages	<u>Central Site</u>			
Personnel	\$ 225,000	\$ 309,000	\$ 327,000	\$ 347,000
Service				
Telephones (6)	\$ 3,000	\$ 2,000	\$ 2,000	\$ 2,000
Contract to Sel. HD/SF-RFQ	350,000			
Data Entry Contract	63,000	600,000	345,000	
Training Contract	32,000	395,000	258,000	
Computer Pkg. & Maint.	200,000	27,000	27,000	27,000
DISC Costs				
2 Video Terminals (PV)	1,000	2,000	2,000	2,000
2 Video Terminals (DP)	1,000	2,000	2,000	2,000
4 Video Terminals (PV)		2,000	4,000	4,000
2 Printer (1 ea PV, DP)	2,000	4,000	4,000	4,000
1 Printer		1,000	2,000	2,000
Disk Storage	7,000	75,000	125,000	142,000
CICS Transactions	2,000	30,000	45,000	57,000
Batch Processing	36,000	145,000	315,000	385,000
Software Testing	70,000			
Microcomputers (PV)	78,000			
Travel	2,100	19,000	31,000	43,000
Supplies	84,000	100,000	80,000	65,000
Installation, Cables, Etc.	3,000	2,100		
Freight	1,300	100		
Capital Equipment	5,000			
Total Central DP Costs	<u>\$1,165,400</u>	<u>\$1,715,200</u>	<u>\$1,569,000</u>	<u>\$ 1,082,000</u>
	<u>County Costs</u>			
Computer Equip. & Frght.	\$ 244,209	\$2,263,849	\$1,949,165	\$ 392,904
Software	51,400	587,000	515,000	158,000
Freight	5,400	47,000	36,000	
Installation Costs	7,500	40,000	30,000	
Total County Costs	<u>\$ 308,509</u>	<u>\$2,937,849</u>	<u>\$2,530,160</u>	<u>\$ 550,904</u>
Total Data Processing Costs	\$1,473,909	\$4,653,049	\$4,099,165	\$ 1,632,904
4 Year Cost				\$11,859,207

MWC:m/SB164A

1985 Senate Bill 164
Amended By House Committee
DISTRIBUTED COMPUTERS TO COUNTIES
TRAVEL COSTS

F/Y 1986

Trips to visit other sites

2 days each	1. St. Louis, lodging	\$150	
	Air Fare	325	
	Per Diem	70	
	Miscellaneous	30	
			\$575
	2. Houston, lodging	\$150	
	Air Fare	450	
	Per Diem	70	
	Miscellaneous	35	
			\$705

Visits of 5 counties

Pool Car mileage (Station Wagon) 100 Miles x 10 = 1,000		
500 Miles x 05 = 2,500		
3,500 Miles x .24 =		\$840
		\$2,120

F/Y 1987

65 Sites 400 Miles Average 3 Visits = 78,200 Miles x .24 = \$ 18,720

F/Y 1988

96 Sites 450 Miles Average 3 Visits = 129,600 x .24 = \$ 31,104

F/Y 1989

104 Sites 500 Miles Average 3 Visits = 156,000 x .24 =		\$ 37,440
Picking Up Parts 21,000 x .24 =		5,040
		\$ 42,480

MWC:m/SB164A

1985 Senate Bill 164
Amended By House Committee
DISTRIBUTED COMPUTERS TO COUNTIES
PERSONNEL TO SUPPORT

<u>Positions</u>	<u>F/Y</u> <u>1986</u>	<u>F/Y</u> <u>1987</u>	<u>F/Y</u> <u>1988</u>	<u>F/Y</u> <u>1989</u>
Computer Systems Analyst III (2)	\$ 63,864	\$ 67,700	\$ 71,760	\$ 76,063
Computer Systems Analyst II (5)		147,970	156,848	166,260
Programmer IV (1)	31,932	33,850	35,880	38,032
Programmer III (1)	29,504	31,370	33,256	35,250
Programmer II (1)	26,053	27,616	29,273	31,030
	<u>\$ 151,443</u>	<u>\$ 308,506</u>	<u>\$ 327,013</u>	<u>\$ 346,635</u>

COUNTY INSTALLATION COSTS
DISTRIBUTED COMPUTERS TO COUNTIES

Dedicated Local circuit	
4 plugs and related power	\$400
Vendor Charge for Installation	<u>200</u>
Total	<u>\$600</u>

FREIGHT CHARGES
To Install
Distributed Computers in Each County

An average freight cost by configuration was used:

<u>Freight Cost</u> <u>Configuration *</u>	<u>Per Installation</u>
A	\$ 497
B	941
C	1,619
D	2,768

*See page showing configurations

MWC:m/SB164A

1985 Senate Bill 164
Amended by House Committee
DISTRIBUTED COMPUTERS TO COUNTIES
ESTIMATED COUNTY COMPUTER CONFIGURATIONS

Configuration A

<u>Computer Configurations</u>	<u>One Time</u>	<u>Monthly Lease</u>	<u>Purchase</u>	<u>Annual Maintenance</u>
IBM PC AT 640 KB			\$ 6,145	\$ 488
Adapter (4900)	\$ 250			
Mono Monitor			275	44
Printer (160 LPS)			1,883	195
Disk (40 Meg.)			3,190	385
Tape Drive (160 BPI)			8,000	600
Modems			1,680	250
Software MS/DOS 3.1	65			
COBOL	700			
SDLC Adapter	240			
SNA Network Emulator	375			
	<u>\$1,630</u>	_____	<u>\$ 21,173</u>	<u>\$ 1,962</u>
Discount			3,936	
Totals for 1 Station	<u>\$1,630</u>	<u>\$ 865</u>	<u>\$ 17,237</u>	<u>\$ 1,962</u>
 <u>Add Second Station</u>				
PC Unit			\$ 4,632	\$ 532
Network Controller				595
29				
Software	\$ 765			
	<u>\$ 765</u>	_____	<u>\$ 5,227</u>	<u>\$ 561</u>
Discount			1,391	
Totals for 2 Stations	<u>\$2,395</u>	<u>\$1,076</u>	<u>\$ 21,073</u>	<u>\$ 2,523</u>

Configuration B

<u>Annual Computer Configurations</u>	One	Monthly	<u>Purchase</u>	<u>Maintenance</u>
	<u>Time</u>	<u>Lease</u>		
2 Terminal Conf. above	\$2,395		\$ 21,073	\$ 2,523
Add: 50 MB disk				9,000
480				
Printer (165 LPS)				1,883
195				
2 PC Units				4,638
532				
(Less Discount)			(1,391)	
SNA Network Emulator	750			
Software	1,530			
Totals 4 Station Unit	\$4,675	\$1,829	\$ 35,203	\$ 3,730

Configuration C

<u>Annual Computer Configurations</u>	One	Monthly	<u>Purchase</u>	<u>Maintenance</u>
	<u>Time</u>	<u>Lease</u>		
4 Station Unit (above)	\$4,675		\$ 35,203	\$ 3,730
Less: 90 MB Disk			(12,290)	(865)
2 Printers			(3,766)	(390)
Add: 140 MB Disk (2)			26,000	1,600
Losser Printer			30,000	3,750
Less Discount			(6,000)	
2 PC Units			\$ 4,638	\$ 532
Discount			(1,391)	
Software	2,780			
Totals 6 Station Facility	\$6,955	\$3,639	\$ 72,394	\$ 8,357

Configuration D

<u>Computer Configurations</u>	One	Monthly	<u>Purchase</u>	<u>Annual Maintenance</u>
	<u>Time</u>	<u>Lease</u>		
4 Station Unit (above)	\$4,675		\$ 35,203	\$ 3,730
Less: Disk			(16,056)	(1,255)
Add: 140 MB Disk (2)			26,000	1,600
Totals	\$4,675		\$ 45,147	\$ 4,075
Cost of Duplicate Unit	4,675		45,147	4,075
Printer (Laser)			24,000	3,750
Totals 8 Station Facility	\$9,350	\$5,670	\$114,294	\$11,900

1985 Senate Bill 164
Amended by House Committee
DISTRIBUTED COMPUTERS TO COUNTIES
GROUPING OF COUNTIES

BY COMPUTE SIZE

1. Counties assigned to Configuration A (47).

(Parcel Counts vary from 3696 to 7300)

Barber	Gove	Logan	Russell
Chase	Graham	Meade	Scott
Chautauqua	Grant	Mitchell	Sheridan
Cheyenne	Gray	Morris	Smith
Clark	Greeley	Morton	Stafford
Clay	Hamilton	Ness	Stanton
Comanche	Haskell	Osborne	Stevens
Decatur	Hodgeman	Ottawa	Trego
Doniphan	Jewell	Pawnee	Wallace
Edwards	Kearny	Rawlins	Wichita
Elk	Kiowa	Rooks	Woodson
Ellsworth	Lane	Rush	

2. Counties assigned to Configuration B (47).

(Parcel Counts vary from 7500 to 24000)

Allen	Ford	Lyon	Republic
Anderson	Franklin	Marion	Rice
Atchison	Geary	Marshall	Riley
Barton	Greenwood	McPherson	Saline
Bourbon	Harper	Miami	Seward
Brown	Harvey	Nemaha	Sherman
Cloud	Jackson	Neosho	Sumner
Coffee	Jefferson	Norton	Thomas
Cowley	Kingman	Osage	Wabaunsee
Dickinson	Labette	Phillips	Washington
Ellis	Lincoln	Pottawatomie	Wilson
Finney	Linn	Pratt	

3. Counties assigned to Configuration C (9).

(Parcel Counts vary from 24000 to 100,000)

Butler	Douglas	Montgomery	Shawnee
Cherokee	Leavenworth	Reno	Wyandotte
Crawford			

4. Counties assigned to Configuration D (2)

(Parcel Counts in excess of 100,000)

Johnson
Sedgwick

1985 Senate Bill 164
Amended by House Committee

INSTALLATION SCHEDULE FOR COSTING

F/Y 1986

- | | | |
|------------------|-----|--------------------|
| 1. February 1986 | (1) | Shawnee |
| 2. May 1986 | (2) | Osage, Lyon |
| 3. June 1986 | (2) | Jackson, Jefferson |

F/Y 1987

- | | | |
|-------------------|-----|--|
| 4. July 1986 | (5) | Leavenworth, Atchison, Doniphan, Brown,
Wyandotte |
| 5. August 1986 | (6) | Johnson, Douglas, Nemaha, Franklin, Anderson,
Morton |
| 6. September 1986 | (7) | Grant, Stanton, Kearney, Finney, Cheyenne,
Rawlins, Decatur |
| 7. October 1986 | (7) | Norton, Sherman, Thomas, Sheridan, Graham,
Allen, Bourbon |
| 8. December 1986 | (7) | Cherokee, Neosho, Labette, Butler, Cowley,
Sumner, Sedgwick |
| 9. March 1987 | (7) | Pratt, Barber, Kingman, Wallace, Logan,
Greeley, Hamilton |
| 10. April 1987 | (8) | Wichita, Scott, Lane, Ness, Gove, Trego,
Phillips, Rooks |
| 11. May 1987 | (7) | Ellis, Russell, Mitchell, Jewell, Republic,
Cloud, Seward |

F/Y 1988

- | | | |
|--------------------|-----|--|
| 12. July 1987 | (8) | Washington, Osborne, Smith, Hodgeman, Rush,
Pawnee, Stafford, Edwards |
| 13. August 1987 | (7) | Kiowa, Comanche, Clark, Meade, Ford, Gray,
Harper |
| 14. September 1987 | (8) | Harvey, Marion, Chase, Greenwood, Coffey,
Woodson, Wilson, Elk |
| 15. October 1987 | (9) | Reno, Chautauqua, Montgomery, Barton, Lincoln,
Ottawa, Salina, Stevens, Haskell |
| 16. November 1987 | (8) | Rice, McPherson, Clay, Ellsworth, Wabaunsee,
Morris, Dickinson, Linn |
| 17. December 1987 | (6) | Marshall, Pottawatomie, Riley, Geary, Miami,
Crawford |

NOTE: This table should be viewed with caution. It was devised to assist in cost estimates only, and is not a planning or action document.

APPENDIX B

PROPERTY VALUATION ASSUMPTIONS AND ESTIMATED COSTS

Given the administrative-cost caveats noted under Administrative Costs, the estimated costs are based on the following assumptions:

1. Current statutes requiring all counties to have cadastral maps will be enforced. This, in most cases, will require a complete mapping of the county, to be done using statewide standards. In addition, all maps will be geocoded. This system will allow the county appraiser to be certain that all property is on the tax rolls, as well as allowing for instantaneous location of property and providing unique property identification numbers in the cases where properties are divided. Estimated costs for mapping range from \$9 - \$22 per parcel, contingent upon the quality of the product. For this estimate, \$16 per parcel was used. It is estimated that PVD will require a staff of three persons to establish statewide standards and work with mapping companies to assure contract compliance, and to aid counties in keeping maps current after the project is complete.
2. It is assumed that county personnel, after being adequately trained, with assistance from state personnel when necessary, will convert all property record cards to the required format. Current information will be used when adequate; reappraisal will be made when necessary. This assumption is used for the purpose of this estimate. As a practical matter however, many counties will undoubtedly choose to contract with a mass appraisal firm rather than using their own personnel to perform this function.
3. It is assumed that an independent contractor will be employed to do all the initial data entry work, unless further research indicates that there are better ways of entering the data onto the computer than from property record cards to the computer media. After the initial data entry, county personnel will be trained to handle all data entry, corrections, additions, deletions, etc. to their data base.
4. State and local appraisal personnel requirements were estimated using the following analysis:

State - To properly supervise an appraisal program it is estimated that the Division of Property Valuation would require 21 well-qualified field appraisers in addition to the present staff. This estimate is based on the premise that one appraiser could adequately supervise the appraisal of 75,000 parcels of real property. The distribution of these personnel would depend on the number of parcels located in a given area.

Local - It is estimated that approximately 20 percent of the estimated 1.6 million parcels of property would require an interior and exterior inspection. Therefore, 1,280,000 parcels would require a review and update, and 320,000 parcels would require a completely new appraisal, because of the lack of an existing good inventory in some counties.

Based on the premise that competent personnel could review and update, on the

average, 20 parcels of real property in one day and could complete a new appraisal of real property at the rate of eight (8) parcels per day, it is estimated that 51 persons, in addition to present personnel and the appointed county appraiser, would be required to complete a review and update program over a four-year period.

5. The importance of training in a project of this magnitude can not be over-emphasized. Funds have been included in this estimate to provide training for both state and local personnel. It is crucial that, even in counties which choose to employ the services of a mass appraisal firm to do their appraisal work, the county officials understand the process and procedure and are equipped to maintain it after completion. It is also essential that county personnel understand the operation of the hardware and software, if they are to use it to its maximum potential.
6. The success or failure of any project which directly impacts so many people depends upon public understanding. Funds have been included in the fourth year for a taxpayer awareness program to explain the reappraisal process.

See Attachments for a summary breakdown of costs.

1985 Senate Bill 164
Amended by House Committee
ESTIMATE OF STATE PROPERTY VALUATION COSTS

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>
<u>PVD Personnel (a)</u>				
Appraisal Bureau Chief(1)				
& Field Appraisers (20)	\$ 481,851	\$ 681,017	\$ 721,877	\$ 765,190
Model Building (4)	98,849	139,704	148,086	156,301
Mapping (3)	60,714	85,809	90,958	96,415
Audit & Analysis (8)	172,558	243,881	258,513	274,024
TOTAL (36)	<u>\$ 813,972</u>	<u>\$1,150,411</u>	<u>\$1,219,434</u>	<u>\$1,291,930</u>
<u>Travel and Subsistence(b)</u>	\$ 122,758	\$ 162,500	\$ 178,800	\$ 196,700
<u>Telephone</u>				
Office Equipment	\$ 1,000	\$ 3,000	\$ 3,500	\$ 3,900
Kans-a-n	11,000	13,750	15,000	16,500
TOTAL	<u>\$ 12,000</u>	<u>\$ 16,750</u>	<u>\$ 18,500</u>	<u>\$ 20,400</u>
<u>Capital Equipment</u>				
Office Furniture & Equipment	\$ 20,000	\$ 0	\$ 0	\$ 0
<u>Rents (for Schools & Training)</u>				
	\$ 20,000	\$ 10,000	\$ 10,000	\$ 5,000
<u>Professional Supplies</u>				
	\$ 1,000	\$ 1,500	\$ 2,000	\$ 2,200
<u>Office Supplies</u>				
	\$ 3,000	\$ 3,500	\$ 4,000	\$ 4,500
<u>Consultants & Instructors</u>				
Review existing data base.				
Establish data definition listing manual. Train data collection supervisors.	\$ 90,000	\$ 6,000	\$ 6,000	\$ 6,000
Establish catalog of model terms. Development of linearscales for quantity/quality conversions.				
Establish State Model Bldg. Course.	44,000	6,000	6,000	6,000
Analysis of Cost Sharing Programs.	20,000	0	0	0
Develop county Gantt charts to allocate county resources and project needs; completion timetables and monitor progress.	220,000	215,000	215,000	215,000

Introductory Mass Appraisal Course for counties -- including hands on micro training.(c)	66,000	66,000	11,000	11,000
Statewide geocoded system for county maps (neighborhood influence).	0	62,500	0	0
TOTAL	\$ 440,000	\$ 355,500	\$ 238,000	\$ 238,000

Public Relations

Taxpayer Awareness Program				
Explain Reappraisal Process				
Explain Appeals Process				
T.V.	\$ 0	\$ 0	\$ 0	\$ 150,000
Radio	0	0	0	90,000
TOTAL	\$ 0	\$ 0	\$ 0	\$ 240,000

GRAND TOTAL STATE \$1,432,730 \$1,700,161 \$1,670,734 \$1,998,730

- (a) Personnel costs for first year are estimated for 9 months. See attachment for description of positions.
- (b) Detail attached.
- (c) Primarily registration fees which could be either a state or local cost.

NOTE: This estimate does not include hardware costs, software costs, etc. which have been included in the Data Processing estimate.

1985 Senate Bill 164
Amended by House Committee
ESTIMATE OF LOCAL ADMINISTRATION COSTS

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>
<u>Personnel (51) @ \$25,000</u>	\$ 1,275,000	\$ 1,351,500	\$ 1,432,600	\$1,518,600
<u>Travel and Subsistence</u>				
Local	220,000	242,000	266,200	292,820
Schools & Training	210,000	105,000	50,000	25,000
TOTAL	<u>\$ 430,000</u>	<u>\$ 347,000</u>	<u>\$ 316,200</u>	<u>\$ 317,820</u>
<u>Capital Equipment</u>	\$ 21,000	\$ 0	\$ 0	\$ 0
<u>Form & Supplies</u>	\$ 10,500	\$ 52,500	\$ 65,000	\$ 65,000
<u>Mapping (est. @ \$16 per parcel)</u>	<u>\$ 8,534,000</u>	<u>\$ 8,534,000</u>	<u>\$ 8,534,000</u>	<u>\$ 0</u>
GRAND TOTAL LOCAL	\$10,270,500	\$10,285,000	\$10,347,800	\$1,901,420

This estimate assumes that all property inventory and appraisal work will be done by local appraisers, if mass appraisal firms are employed, \$16 - \$35 per parcel should be added depending upon the property mix within the county and the amount of assistance contracted for.

NOTE: This estimate does not include hardware costs, software costs, etc. which have been included in the Data Processing estimate.

MWC:m/7/SB164A

Senate Bill 164
Amended by House Committee

TRAVEL COSTS

TRAVEL AND SUBSISTENCE: \$122,758 is requested. This funding would provide field travel for 6 months and one school for each of the supervisory personnel in their area of specialization.

Private Car:

1 PA III, 11,000 miles @ \$0.22	<u>\$ 2,420</u>	
TOTAL PRIVATE CAR		\$ 2,420

State Car Expense:

Turnpike tolls for field travel	<u>\$ 150</u>	
TOTAL STATE CAR EXPENSE		\$ 150

Motor Pool:

4 PA II (Project Supervisors) 11,000 @ \$0.22	\$ 9,680	
1 PA II (Mapping) 11,000 @ \$0.22	2,420	
16 PA I's (Compliance) 11,000 @ \$0.22	38,720	
2 PA I's (Mapping) 11,000 @ \$0.22	4,840	
4 PA I's (Analysis) 5,000 @ \$0.22	<u>4,400</u>	
TOTAL MOTOR POOL		\$ 60,060

Air Fare:

One intensive school for each of the additional supervisory positions, 8 @ \$500	<u>\$ 4,000</u>	
TOTAL AIR FARE		\$ 4,000

Subsistence:

<u>IN-STATE</u>		
24 positions at 40 days each, 960 total days @ \$42		
TOTAL IN-STATE	\$40,320	

OUT-OF-STATE

8 schools at 14 days each, high cost city, 112 total days @ \$99		
TOTAL OUT-OF-STATE	<u>\$11,088</u>	

TOTAL SUBSISTENCE		\$ 51,408
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Non-Subsistence:

8-County Officials conference registration fees @ \$25	\$ 200	
8-Appraisal course registration @ \$550	4,400	
8-Appraisal course - cab fare, etc. @ \$15	<u>120</u>	
TOTAL NON-SUBSISTENCE		<u>\$ 4,720</u>

TOTAL TRAVEL AND SUBSISTENCE		\$122,758
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1985 Senate Bill 164
Amended by House Committee
PV PERSONNEL

1. Chief of the Appraisal Standards Bureau

Task: To coordinate and administer the reappraisal project
Personnel: Property Appraiser III 1

2. Appraisal Compliance Section

Task: Task is divided into two parts
First is field supervisor and ongoing compliance verification.
This means that they will be conducting the close review and
giving needed support to individual county appraisal projects.

Second is appraisal teams to supply technical support as
requested for special county projects.

Personnel: Property Appraiser I 16
Property Appraiser II (Supervisor) 4

3. Model Building Section

Task: To develop, on an ongoing basis, valuation models which best
reflect local variations and current market conditions for each
county or for each defined market area and class of property.

Personnel: Property Appraiser I 3
Property Appraiser II (Supervisor) 1

4. Mapping Section

Task: To provide supervision, direction and support for county
officials in developing the required appraisal and taxation maps
and to monitor current mapping practices for compliance with
state law.

Personnel: Property Appraiser I 2
Property Appraiser II (Supervisor) 1

5. Analysis Section

Task: Requires two subsections:

Research Subsection

The research subsection would provide, utilizing the rendered
county data basis, analysis of the data for the statutory levels
of assessment and perform such other statistical measurements as
might be required. This subsection would also provide detailed
ratio studies of classes and subclasses of property which
identify the deviations from market value within existing
valuation models.

Field Audit Subsection

Constitutes two teams of two appraisers each to investigate areas of deviation from market value as established by the research subsection, or such areas of deviation discovered by county appraisers. They determine the cause of such deviation (poor sales, model, data, etc.) and make recommendations for corrective action.

Personnel:

Research Section:

Research Analyst II	1
Research Analyst I	1
Property Appraiser I	1

Field Audit Section:

Property Appraiser I	4
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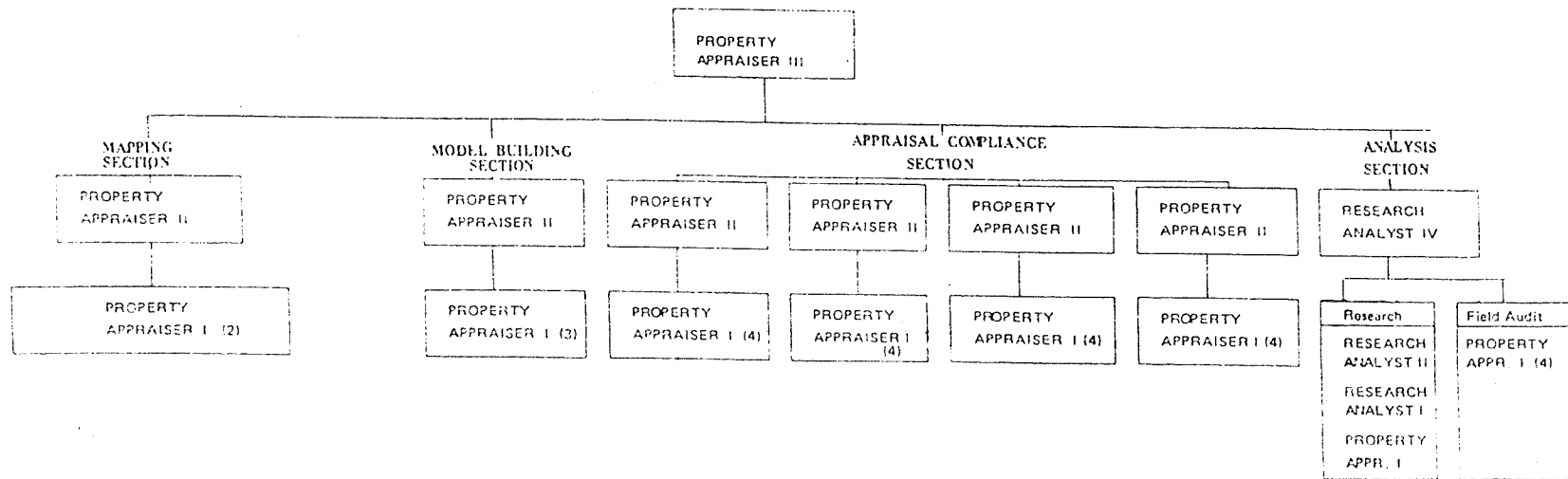
Supervision:

Research Analyst IV	<u>1</u>
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Total Personnel	<u>36</u>
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MWC:s/SB164A

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE
 Division of Property Valuation
APPRAISAL STANDARDS BUREAU



ABC ENFORCEMENT COSTS

S.B. 126, S.B. 187, and H.B. 2067 will have administrative costs for the Division of Alcohol Beverage Control (ABC) within the Department of Revenue, according to the agency's fiscal note. Financing of \$226,982 from the State General Fund is requested in FY 1986 in order to add 9.0 F.T.E. new positions and operating costs associated with the three liquor bills.

S.B. 126 prohibits certain practices by private clubs and retail taverns with regard to alcoholic drinks and cereal malt beverages. The agency requests 1.0 new F.T.E. as a result of this legislation:

Liquor Control Investigator II (1.0).....	\$22,010
One-Time Expense.....	2,000
Total--S.B. 126 (1.0 F.T.E.).....	\$24,010

S.B. 187 allows clubs to establish rules as to when a member may host a private party at that club or that club can extend its premises for the purposes of a private party; allows beer wholesalers to distribute wine to liquor stores; and allows cereal malt beverage sales after 1 p.m. Sundays. The agency requests 2.0 F.T.E. positions to enforce provisions of this bill:

Law Clerk (1.0).....	\$19,386
Clerk III (1.0).....	15,085
Total--S.B. 187 (2.0 F.T.E.).....	\$34,471

H.B. 2067 concerns raising the legal age for purchasing and consuming cereal malt beverages. The agency indicates that an increasing number of minors will purchase or attempt to purchase cereal malt beverages and alcoholic beverages, and that many retail taverns will convert to private clubs. Both trends, according to the agency, will increase the investigating, licensing and enforcing activities of ABC. A total of 6.0 new F.T.E. are requested in FY 1986 (and the agency indicates a need to add at least 4.0 additional F.T.E. per year in FY 1987 and 1988):

Liquor Control Investigator I (4.0)....	\$ 80,984
Clerk III (2.0).....	30,170
Subtotal.....	\$111,154
Other Operating Expenses.....	\$ 45,345
One-Time Expenses.....	12,002
Subtotal.....	\$ 57,347
TOTAL--H.B. 2067 (6.0 F.T.E.).....	\$168,501

The three liquor bills' fiscal note in FY 1986 would total \$226,982 from the State General Fund, according to the agency:

TOTAL SALARIES & BENEFITS (9.0).....	\$167,635
TOTAL OTHER OPERATING.....	59,347
GRAND TOTAL (9.0 F.T.E.).....	\$226,982

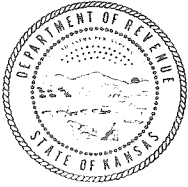
The Division of ABC has an approved operating budget in FY 1986 of \$1,382,115 (excluding salary plan adjustments) financed from the State General Fund. The agency is authorized 52.0 F.T.E. positions and consists of three bureaus: Administration (6.0 F.T.E.), Licensing and Reporting (18.0 F.T.E.), and Investigation and Inspection (28.0 F.T.E.). Most

activity related to the three liquor bills will be handled in the latter two bureaus.

The Licensing and Reporting Bureau is authorized staffing of 18 positions in FY 1986, including 2 Clerk V, 1 Clerk IV, 3 Clerk III, and 2 Clerk II positions. Financing of \$304,672 (excluding salary plan adjustments) from the State General Fund has been approved for operating expenditures. Three new Clerk III positions are requested in the agency's fiscal note for the liquor legislation. These positions would be in addition to the current eight clerks in this bureau.

The Investigation and Inspection Bureau is authorized staffing of 28 positions in FY 1986. Financing of \$864,379 (excluding salary plan adjustments) from the State General Fund has been approved for operating expenditures. One new Liquor Control Investigator II and four new Liquor Control Investigator I positions are requested in the agency's fiscal note for enforcing provisions of the new liquor legislation. The bureau's approved staffing consists of the following (with changes in FY 1986 classifications due to reclassifications authorized by the 1985 Legislature):

	FY 85	FY 86
Chief Enforcement Officer	1	1
Liquor Control Investigator I	24	19
Liquor Control Investigator II	2	5
Liquor Control Investigator III	-	2
Secretary I	1	1



Kansas
DEPARTMENT OF REVENUE

State Office Building
TOPEKA, KANSAS 66625

MEMORANDUM TO: Representative Bill Buntten
Senator Gus Bogina

FROM: Harley T. Duncan
Secretary of Revenue

DATE: April 17, 1985

RE: Shelving for Income Tax Records

During the review of the Department's budget by the House of Representatives, \$128,560 (State General Fund) to install a mobile shelving system in our facility on East 10th Street for housing income tax records was deleted. It was requested that the Department prepare a paper assessing various options to meet this need, including erection of a new building on the same site as our current facility.

The attached paper presents this analysis. Four options were evaluated: (a) mobile shelving; (b) new building; (c) microfilming income tax records; and (d) "making do" for one more year. A summary of the costs of these alternatives is presented on page 4 of the report. It still appears that mobile shelving is the most cost-effective alternative. It has a FY 1986 cost of \$128,560 and a possible 1989 cost of approximately the same amount. A new building would cost roughly \$198,000 plus at least \$19,200 in annual operating costs, not including additional staffing and equipment. These costs were estimated by the Division of Architectural Services. Microfilming costs are in excess of \$500,000 in FY 1986. We could make do for an additional year with minimal cost. This, however, would only delay the inevitable and would create difficulties in installing the mobile shelving because the area in which the shelving would go would not be vacant at the time of installation.

I hope this information is helpful. Please contact me if you have any questions.

HTD:do

cc - Representative Duncan
Representative Shriver
Representative Ott
Julian Efird

M E M O R A N D U M

TO: Harley T. Duncan,
Secretary of Revenue

DATE: April 16, 1985

SUBJECT: Mobile Shelving and Alternatives

FROM: Dorothy F. Dempsey

PRESENT FACILITY - 11,360 square feet, rented from the Department of Administration, at a cost for FY 1986 of \$4.00 a square foot, or \$45,440.

CURRENT SHELF SPACE - 16,128 linear feet of file-folder shelving;
2,700 linear feet, or 4,005 cubic feet, of box storage.

TOTAL 18,828 linear feet installed, at a total cost of \$70,000.

FILE-FOLDER SHELVING - 15,040 linear feet, occupied by 1980 through 1983 income tax returns;
1,088 linear feet, occupied by corporate income audits
(Corporate income records are filed by audits, not years.).

BOX SHELVING - 2,700 linear feet. This is all occupied or reserved for the various bureaus of the department, offices of the Directors, Secretary's, Administration, Personnel, Legal Services, ABC, etc. All Division of Vehicle records are stored in boxes. These records must be retained for periods ranging from two to seven years, except for some personnel, legal, and Secretary's records, which must be retained indefinitely--usually until microfilmed or a determination is made that they can be destroyed. We also have boxed the sales tax and motor fuel accounts that had been stored on folder shelving to make room for 1983 income tax. The oldest corporation audits are also boxed. These records are retained for a total of fifteen years, five by corporation income, and ten in storage, because of taxpayer loss carry backs, carry forwards, and amendments, as well as the possibility of further Federal adjustments.

STAFF - A Clerk III supervisor and four Laborer I's are permanently assigned to this building. During peak work periods, from one to four Clerk I's from the Central File Room will also be utilized here. These people maintain a regular schedule for pickup and delivery of regular and rush requests for documents. Approximately 192,000 documents are pulled or refiled each year. This is a vital service to the various bureaus of the department, as they must have ready access to these files. This also provides a service to the public.

NEEDS - Space required for income tax records currently:

1980 - 3,648 linear feet	+576
1981 - 3,424 " "	-224
1982 - 3,936 " "	+512
1983 - 4,032 " "	+ 96

We are estimating an average increase of eight percent for both corporate and individual income over the next four years. Present box shelving will be sufficient, if we can put the sales tax and motor fuel tax accounts (960 linear feet) back on the folder shelves. This is highly desirable, due to the activity in these accounts.

ESTIMATED INCREASE-INCOME CORPORATION	SALES/MOTOR FUEL	TOTAL
1984 - 323 Lin. Ft. 96 Lin. Ft.	1,008 Lin. Ft. (Present, Plus 48 Linear Feet Increase)	1,427 Lin. Ft.
1985 - 348 " " 96 " "	48 Lin. Ft.	492 " "
1986 - 376 " " 96 " "	48 " "	520 " "
1987 - 406 " " 96 " "	48 " "	550 " "
<u>1,453</u>	<u>1,152</u>	<u>2,989</u>
*Overflow from Central Files over four-year period		<u>1,043</u>
	TOTAL ESTIMATED NEEDS	<u>4,032</u> " "

*The Central File Room is badly overcrowded. Temporary shelving on the outside perimeter of the file room and shelves in the Mail Room have to be used for overflow during the income tax filing season. This is not only inconvenient, but is also a security problem. With the extra space in the remote storage facility, we can move the miscellaneous taxes (cigarette, liquor, bingo, etc.) and current deletes in sales tax and withholding out to make room for the income tax. The amount of space indicated above will be used to relieve the overcrowding of the central files in the State Office Building.

OPTIONS -

Mobile Shelving

Cost	\$128,560
Yield	4,032 linear feet.

Advantages - All storage would be consolidated in one building. This eliminates the necessity of additional staffing, more equipment (step ladders, carts, etc.), and the cost of operating another building (heating, cooling, security, maintenance, etc.). If more space is needed in the future, the second phase of this plan, at about the same cost, would gain another 4,000 linear feet. If needs should decrease due to changes in tax laws, the shelving in the first phase would be sufficient.

Harley T. Duncan
Page 3
April 16, 1985

It is not expected that the second phase will be required before 1989, if then. The second phase would yield approximately the same amount of additional shelving, at roughly the same cost, adjusted for intervening time. The timing of this project fits in with the time the records in this section are scheduled to be destroyed, so the shelves will be empty and will save the cost of boxing and storing the records while the shelves are being installed.

Disadvantage - Cost of the project.

New Building

The cost would be \$26.62 a square foot. This figure is a rough estimate for a building of 4,800 square feet, built to meet State requirements, at a total cost of \$158,000, plus the cost of shelving, estimated at \$40,000, installed.

Yield - 8,352 linear feet of shelf space.

The operating cost is estimated at \$4.00 a square foot, or \$19,200 a year. This could increase annually.

Advantage - sufficient shelving for the foreseeable future.

Disadvantages - Additional personnel to operate the facility would be needed; records will have to be transported to the main building for destruction; and, additional equipment, such as carts, ladders, work tables, telephone, etc. would have to be obtained. This is in addition to the cost of the project.

Microfilm All Income Tax Returns (See attached report from Microfilm Unit)

Cost, as estimated for three years:

1984 income	\$514,625	(includes purchase of all equipment)
1985 income	340,846	
1986 income	357,888	

Disadvantages - Files would have to be maintained until records are filmed. The cost is extremely high, given that records are not required after a set period of time.

MAKE DO WITH PRESENT SPACE

If we removed two double ranges of box shelving and replaced them with two double and one single range of folder shelving, we would gain 1,440 linear feet of folder shelving. This would provide enough space for 1984 income, a portion of corporation, sales tax, and motor fuel. Box shelving would be very tight, but by putting the sales and motor fuel back on folder shelving, and stacking the boxes with the least activity on the floor and on top of the files, we could probably handle the load for Fiscal Year 1986.

Harley T. Duncan
Page 4
April 16, 1985

Cost - The removal of box shelving and installation of folder shelving is estimated at \$7,000.

Advantage - Cost saving.

Disadvantages - This is only a temporary solution. It is also extremely difficult to access boxes stored in such a manner. This would result in poorer maintenance of the records and less satisfactory service to the department. It would not relieve overcrowding of the Central File Room in the State Office Building. We would lose the advantage of having a cleared section for the mobile shelves if we have to wait a year.

Cost Comparison for Five-Year Period:

	1986	1987	1988	1989	1990	TOTAL
Mobile Shelving	\$128,560	\$-----	-----	\$-----	\$128,560	\$ 257,120
Microfilm	514,625	340,846	357,888	357,888	357,888	1,929,135
New Building	217,200	19,200	19,200	19,200	19,200	294,000

The totals do not reflect adjustments for possible increase in costs. Consideration should also be given to the continuing operation costs of the new building in relation to the one-time cost of the mobile shelving. Also, personnel and added equipment costs were not figured into the new building cost.

RECORDS SERVICES BUREAU

Dorothy F. Dempsey,
Revenue Manager

DFD:ljp
cc: Robert R. Renew
Larry Humes
Gary A. Russell

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION
Division of Architectural Services

JOHN CARLIN,
Governor
JOHN B. HIPPEL,
Director

625 Polk
Topeka, Kansas 66603
(913) 233-9367

M E M O R A N D U M

TO: Harley Duncan
Secretary of Revenue

FROM: Keith W. Stelting *KWS*
Space Management Administrator

RE: Addition to Warehouse at 4000 E. 10th Street

DATE: April 11, 1985

Per your request, the architectural planning section office has prepared the attached cost estimate for an addition to the building.

If you have any questions, or if I can be of further help, please don't hesitate to contact me.

KWS:gk
Encl.

MEANS CONSTRUCTION COST DATA 1985

Warehouses p. 335 S.F. Costs

18.15 Low to 38.85 hi avg
avg of these = \$28.50

LOCALITY FACTOR:

Topeka = 93.4% x 28.50 = \$26.62

*80' span x 60 - 4800 SP x \$26.62	=	\$127,776
Completely redo exist end wall framing		<u>6,224</u>
also remove (or fix) storm shelter		\$134,000
Heating & ventilating included		
(No air conditioning)		

Construction	\$134,000
Contingency (5%)	6,700
Fees	9,300
Misc. Costs	<u>8,000</u>
	\$158,000

Does not include any shelving or other loose equipment.

M E M O R A N D U M

TO: Dwayne Sackman
Director of Operations

DATE: July 19, 1984

RE: Microfilming Income
Tax Returns

FROM: Ray Wilk

As per your request of Monday, July 16, 1984, I have made an estimate of the cost of microfilming the income tax returns. Using the figures that Bob Revenew provided me, I have reached the following conclusion.

To microfilm all the returns and supporting documents within the time frame of September 1st to January 31st (102 days), working 24 hours a day, five days a week, we would need to purchase or lease nine additional microfilmers and use the five microfilmers we currently have an additional 16 hours a day. We would also need an additional three and one half bays of work space for the machines and for document storage.

If we were to film during the entire year, eight hours a day, we would need an additional 13 microfilmers and four and one half bays of work space.

To handle the additional film inspection and retrieval request, the Microfilm Section would need four additional Reader-Printers and the Income Tax Section would need two additional Reader-Printers. Income Tax would also need ten carousels for every year's returns on file.

The number of additional employees would be 37 Duplicating Machine Operator I's for five months or 13 Duplicating Machine Operator I's full-time. Income Tax and Microfilm will need six Clerk II's for the Reader-Printers.

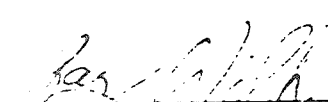
This increase in volume of film processing could call for a new high speed - high volume film processor and operating the film copier full-time and maybe the need for one additional unit and operator also.

Kodak has developed a program to make estimates of equipment needs and costs, I will ask them to provide us with their estimation of this project and will forward a copy to you as soon as it is available.

I have also contacted Underground Vaults and Storage in Hutchinson to have them estimate their cost of storage. They are studying opening a site here in Topeka possibly after the first of the year. I should receive their estimate within a day or two.

The attached sheet is the cost of the equipment, materials, supplies, service and labor for the project.

If I can be of any further assistance, please call.



Ray Wilk, Supervisor
Microfilm Unit

RW:k1b

COST ESTIMATES

Equipment:

Basic Microfilmer (9)	\$144,585.00	
(13)	\$204,750.00	
Reader-Printers (6)	\$ 60,630.00	
Carousels (10 per year filed)	\$ 7,000.00	
		(9) \$212,215.00
		(13) \$272,380.00

Materials and Service:

Service Microfilmers (9)	\$ 15,124.73
(13)	\$ 21,846.83
Service Reader-Printers (6)	\$ 7,080.00

Film and Processing:

5,571 - 215' Rolls @ \$7.20 ea. \$ 40,104.00

Print Paper:

370 - 8½" x 500' print-paper @ \$50.00 ea. \$ 18,500.00

Magazine and Trailer Holders:

5,571 @ 50¢ \$ 2,785.50

(9) \$ 83,594.23
(13) \$ 90,316.33

Labor: (Salries Only)

9 Duplicating Machine Operator I's
1st Shift - 5 months \$ 41,985.00

14 (x2) Duplicating Machine
Operator I's
2nd and 3rd Shifts - 5 months \$135,100.00

13 Duplicating Machine Operator I's (9) \$177,085.00
Full-time \$145,548.00 (13) \$145,548.00

6 Clerk II's \$ 63,936.00

(9) \$241,021.00
(13) \$209,484.00

TOTAL EXPENSE

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>
(9)	\$514,625.50	(9) \$340,846.00	(9) \$357,888.00
(13)	\$543,253.50	(13) \$314,790.00	(13) \$330,529.50

56

MEMORANDUM

TO: Mr. Alden Shields
Director, Division of the Budget

DATE: April 18, 1985

FROM: Kansas Department of Revenue

RE: Omnibus
Appropriations
Request for Senate
Bills 126 and 187
and House Bill 2067

Brief of Bill

Senate Bills 126 and 187 and House Bill 2067 would result in administrative costs to the Department. Senate Bill 126 has been amended to prohibit certain practices by private clubs and retail taverns with regard to alcoholic drinks and cereal malt beverage (CMB). The term "drinks" include both alcoholic liquor or cereal malt beverage. No club or retailer could:

1. Offer or serve any free drink to any person;
2. Serve more than two drinks to one person at one time;
3. Sell an unlimited number of drinks during any set period of time for a fixed price, except at private functions;
4. Sell any drink at a price less than that charged the other purchasers or public;
5. Increase the size of the drink without increasing proportionately the price regularly charged;
6. Encourage any game or contest which involves drinking or the awarding of drinks as prizes; or
7. Advertise or promote any of the prohibited practices.

Section 9 of Senate Bill 187 allows a club to establish rules when a member of that club may host a bona fide private party at that club or that club can extend the premises for the purpose of a private party for one particular day and time. The requirements of the Private Club Act would apply to this premise.

The private club would have to notify, in writing, the Director of ABC not less than 7 days before the event is to take place. Not less than 3 days before the party, the host member must submit the names and addresses of those invited to the club manager. Only those on that list may be admitted to that party.

Sections 11, 12, 13, 15, 16, 17, 18, and 19 would allow beer wholesalers to distribute wine to liquor stores. Beer wholesalers would be subject to the same warehouse requirements, transportation restrictions, franchise agreements and other requirements that are currently in place regarding the distribution of alcoholic liquor. This would result in additional franchise agreements, price posting, and other enforcement and inspection responsibilities.

Section 14 would allow off premise CMB sales in the original unopened container between the hours of 1 p.m. to 12 midnight on Sundays.

The primary area of concern affecting the Omnibus Appropriations Request with House Bill 2067 is in Sections 4 and 5. Section 4 permits persons under 21 years of age but 18 years of age or over to be employed in a club. However, they may not mix or dispense alcoholic liquors.

Section 5 would allow any person born before July 1, 1966, to continue to purchase CMB, while at the same time prohibit any person born after July 1, 1966, from purchasing CMB until they reach 21 years of age.

Administrative Cost

Senate Bill 126 would result in the need for one (1) additional Liquor Control Investigator II to serve as a liaison between the Department and clubs, 3.2 taverns and local law enforcement agencies. The Liquor Control Investigator II would help in the education of the above mentioned groups and conduct investigations to insure a minimum level of compliance across the state.

House Bill 2067, which changes the age requirements to purchase CMB, would cause increasing numbers of minors to purchase or attempt to purchase cereal malt beverages and alcoholic liquor. It is also expected that more and more clubs will begin to convert to private clubs, thus increasing the investigation, licensing, and enforcement responsibilities of Alcoholic Beverage Control. The Department is requesting four (4) Liquor Control Investigator I's and two (2) Clerk III's. The additional Clerk III's will be needed to license the increased number of licensees that will be converting to private clubs, process an increased number of reciprocal agreements, and assist in the preparation of an increased number of enforcement assignments and reports.

It is expected that the Department will need to increase the number of Liquor Control Investigator I's by at least four (4) per year in FY 1987 and FY 1988 to coincide with the additional enforcement duties necessary as 19 and 20 year olds are no longer allowed to drink CMB.

Senate Bill 187 will necessitate the hiring of one (1) Clerk III and one Full-Time Equivalent (F.T.E.) Law Clerk position to handle the increased amount of paperwork that will need to be timely processed under the "fund raiser" provision of this bill, establishing and checking franchise agreements, price posting, and matching reports of deliveries with the amount of sales. The law clerk will also be assisting the Alcoholic Beverage Control attorney in promulgating rules and regulations, where needed, as a result of the new legislation.

A detailed list of additional administrative costs that the Department would expect to incur with the enactment of these bills is reflected in the attached tables.

Approved By:



Harley T. Duncan
Secretary of Revenue

HTD:RJR:dar/C444

Alcoholic Beverage Control
Omnibus Appropriations Request
Annual Expenses
April 18, 1985

	<u>FY 1986</u>
I. Operating Expenses	
1. Salaries and Wages	
S.B. 126: Liquor Control Investigator II, @ \$22,010	\$ 22,010
S.B. 187: Law Clerk, @ \$19,386	19,386
Clerk III, @ \$15,085	15,085
H.B. 2067: (4) Liquor Control Investigator I, @ \$20,246	80,984
(2) Clerk III, @ \$15,085	<u>30,170</u>
Total Salaries and Wages	\$167,635
II. Contractual Services	
Mileage, 4 - LCI - I's x 20,000 miles @ \$.205 per mile	\$16,400
LCI - II x 15,000 miles @ \$.205 per mile	3,075
Per Diem, 4 - LCI - I's x 100 day, @ \$42 per day	16,800
LCI - II x 75 days @ \$42 per day	3,150
Telephone, 1 ea., \$420 per yr.	420
Floor Space, 500 sq. ft. @ \$11 per sq. ft.	<u>5,500</u>
Total Contractual Services	\$45,345
Total Other Operating Expenses	\$ 45,345
Total Operating Expenses	<u>167,635</u>
Total Annual Expenses	<u>\$212,980</u>

Alcoholic Beverage Control
Omnibus Appropriations Request
One-Time Expenses
April 18, 1985

FY 1986

I. Other Operating Expenses

1. Contractual Services

(1) Telephone, Installation @ \$207	<u>\$207</u>
Total Contractual Services	\$207

2. Capital Outlay

(5) Equipment (radio, light, etc.) @ \$2,000	\$10,000
(4) Desk, 60" x 30", Executive, Double Pedestal, @ \$300	1,200
(1) Desk, 60" x 30", Secretarial, Double Pedestal, @ \$375	375
(4) Chair, Swivel Tilt Arm Chair, @ \$190	760
(1) Steno Posture Chair, @ \$125	125
(3) File Cabinets, 5-drawer metal, legal, @ \$190	570
(1) Typewriter, 13", electromechanical, IBM, @ \$765	<u>765</u>
Total Capital Outlay	\$13,795
Total Other Operating Expenses	\$14,002
Total Operating Expenses	---
Total One-Time Expenses	<u>\$14,002</u>

John Carlin, Governor

Larry E. Wolgast, Secretary

DEPARTMENT OF HUMAN RESOURCES



OFFICE OF THE SECRETARY
401 Topeka Ave.
Topeka, Kansas 66603
(913) 296-7474

April 18, 1985

The Honorable August Bogina
Chairman of the Senate Ways and
Means Committee
State Capitol Building
Room 123S
Topeka, Kansas 66612

Dear Senator Bogina:

One of the items in the Department's FY 1986 revised Capitol Improvement Budget Request was replacement of the PBX telephone system at the Wichita office located at 402 E. Second Street. This system is obsolete and obtaining service and repair parts is an increasing problem.

This project was discussed with the Joint Committee on State Building Construction, however a recommendation by the committee was deferred until after they could consult with the Telecommunication Bureau, DISC. As a result funding for the project was not included in the Department's FY 1986 appropriation (Senate Bill No. 86).

The Telecommunication Bureau, DISC has now provided input to the Joint Committee on State Building Construction. They are estimating the cost of the project to be \$60,000.

This is the Department's request to have \$60,000 of Reed Act funds appropriated in the omnibus appropriation bill for this new telephone system in Wichita and to have the appropriate wording included in the proviso that would allow this project. This request for appropriation of Reed Act funds is made with the understanding that if other federal funds become available through our normal federal budget process, the Reed Act funds would not be used and we would use the other federal funds. Our reason for requesting this flexibility is that the federal government will not allow us to amortize the Reed Act funds for this telephone project as we have been allowed to do with building projects.

F 4-22

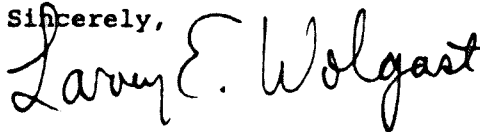
Department of Human Resources
FY 1986 revised Capitol
Improvement Budget Request

- 2 -

They have no problem with us using Reed Act funds for this, it is only the amortization back to Reed Act that they will not approve. Because of this we would much rather use other federal funds if they become available. However, if other federal funds do not become available we feel the need for this project is urgent enough to use the Reed Act funds even if we are not allowed to make amortization. The Department would keep the Joint Committee on State Building Construction informed as to which funding source would be used.

Thank you for your consideration of this request. Please let me know if you have questions or need additional information.

Sincerely,



Larry E. Wolgast, Ed.D.
Secretary of Human Resources

LEW:SOS:bjk

cc: Julian Efird, Legislative Research
Alden K. Shields, Budget Division
Jerald Jennings, Telecommunication
Bureau, DISC

John Carlin, Governor

Larry E. Wolgast, Secretary

DEPARTMENT OF HUMAN RESOURCES



OFFICE OF THE SECRETARY

401 Topeka Ave.
Topeka, Kansas 66603
(913) 296-7474

April 18, 1985

The Honorable August Bogina
Chairman of the Senate Ways and
Means Committee
State Capitol Building
Room 123S
Topeka, Kansas 66612

Dear Senator Bogina:

I appreciate your consideration of Senate Bill 161 and a provision within it that provides funding for Wheat Harvest offices. I would suggest that since the wheat harvest normally begins in May and ends in July that consideration be given to appropriating the full amount in SFY 1985 with appropriation language allowing any unexpended balance to be reappropriated and expended in SFY 1986 for the Wheat Harvest Program. The wheat harvest depends on the weather as to its start and finish, language which would allow use of the \$25,000 in State Fiscal Years 1985 and 1986 would give us the needed financial flexibility for this program.

Thank you for your support of this important program.

Sincerely,

Larry E. Wolgast, Ed.D.
Secretary of Human Resources

LEW:GS:bjk

cc: Julian Efird, Legislative Research
Alden K. Shields, Budget Division



KANSAS STATE BOARD OF NURSING

BOX 1098, 503 KANSAS AVENUE, SUITE 330
TOPEKA, KANSAS 66601

Telephone 913/296-4929

TO: The Honorable Gus Bogina, The Honorable Bill Bunten and Members
of the Joint Ways and Means Committee

FROM: Mrs. O. Patricia Diamond, President, and Members of the Board
of Nursing *O. Patricia Diamond*

DATE: April 18, 1985

RE: Budget FY 1986 - Professional Salaries

The Board is writing to you to express our concern about the salaries for the professional staff of the Board.

We are appealing to the Joint Committee to reinstate the monies taken out to fund the Nursing Education Specialist. (\$4,404) The Board of Nursing is supportive of improved salaries for the professional staff, which are competitive

As the Committee may know, recruitment for the professional positions has been very difficult. The Executive Administrator position was vacant for almost a year, and more recently, the Educational Specialist position has been unfilled since last July. Recruitment has been difficult because of the non-competitive salaries offered.

An extensive local, state and national salary survey was conducted by the Executive Administrator. The results clearly demonstrated the fact that the Executive Administrators salary scale is non-competitive, even when raised to Range 34. The Education Specialist range is within the mid-range averages, if the specialist is hired above the minimum. (This item has been approved by the Personnel Department.)

We believe that the Executive Administrator has provided the Committee with a summary of the salary survey study.

The Board of Nursing is unlike other Boards in the state in terms of required professional experience and educational requirements. The responsibilities inherent in the professional positions require educational and administrative experience, as well as graduate education.

There is a shortage of nurses with graduate degrees in Kansas, and nationwide. There is a great deal of competition for nurses with graduate degrees. The Board believes that since the monies are available in our fee fund that

The Honorable Gus Bogina, The Honorable Bill Buntin
and Members of the Joint Committee
April 18, 1985
Page 2

the state board professional salaries should be more competitive, at least within the state.

We hope the Committee will consider our request, and recommend these additions for the Omnibus Bill.

Thank you for your help.

KANSAS STATE BOARD OF NURSING
SALARY SURVEY

Specialist: Range 30, \$27,984-\$35,988 - R.N. Requirement, Masters in Nursing and 5 years of experience.

<u>Work Settings:</u>	Mid-Range Average	
Boards of Nursing	\$33,213	(1984)
Nursing Service	\$23,275	(1983)
Education	<u>\$31,800</u>	(1984)

Three work settings ÷ 98,288 = \$32,763 (1984 Average)

Current position \$29,784 (30-B) proposed 1986 30-3, \$32,772

In the study we found that the range for this position was acceptable, if candidate employed above the minimum. Personnel granted permission to hire up to Step D (\$33,816).

1985 SURVEY

KANSAS STATE BOARD OF NURSING

SUMMARY DATA (Prepared by Personnel)

Executive Administrator:

Requirements in Kansas - 10 years of experience, and Doctorate

<u>Work Setting:</u>	Mid-Range Average	
Boards of Nursing (Midwest Region)	\$39,669	(1984 Data)
Nursing Service (Kansas)	\$47,500	(1983 Data)
*Education (Regents-Kansas)	(\$51,755)	(1984-85 Data)
	<u>**\$46,101</u>	

Three work settings \div 133,270 = \$44,423.00 (1984 Average)

In each of the three settings a Masters is required, in education, a doctorate is required.

Executive Administrator - Current salary \$39,660.00 (Frozen since 1981)
Range 32-E

Range 38 was proposed, not accepted by Personnel. Range 34-D is considerably below average for 1984.

*See Attached
**K.U. Dean Excluded

KANSAS STATE BOARD OF NURSING
 SALARY STUDY - ADDITIONAL INFORMATION

1984-1985 Data

REGENT SCHOOLS COMPARED TO
Salary - Dean, Chairman, Director of Program
 Requirements - Doctorate
 Extensive Educational Experience

	<u>Salary</u>	<u>% Increase</u>
*K.U. - Dean	\$68,715	8.0%
Fort Hays	49,320	6.4%
Pittsburg State	44,483	8.6%
Wichita State	44,500	10.6%
	<u>\$207,018</u>	<u>= \$51,755 Average</u>
	<u>\$138,303</u>	<u>= \$46,101 = Average of 3 Chairman</u>

*Long Term Employee

Benefits REGENTS SCHOOLS
 Vacation: 22 days
 Pension: TINACREF 5% State
 5% Employee
 Holidays: 11
 Sick Leave: 1 day per month

BOARD OF NURSING
Executive Administrator
 Requirements - Doctorate Preferred - Masters Required
 Extensive Educational Experience

	<u>Salary</u>	<u>% Increase</u>
Executive Administrator	\$39,660	4.5%
	<u>\$6,441</u>	Lower than Educational Counterparts

BOARD OF NURSING
 Vacation: 12 days
 Pension: KPERS 4.5% State, 4% Employee
 Holidays: 11
 Sick Leave: 1 day per month
10 days fewer vacation days



LRS

DEPARTMENT OF ADMINISTRATION
Division of Personnel Services

JOHN CARLIN,
Governor
NORMAN HANSON,
Director of Personnel Services

State Office Building
Topeka, Kansas 66612-1595

M E M O R A N D U M

DATE: February 27, 1985

TO: Lois Rich Scibetta, PhD, R.N.
Executive Administrator

FROM: Norman Hanson, Director
Division of Personnel Services

RE: State Board of Nursing Study

As a result of our meeting of February 12, 1985, further consideration has been given to the requested salary adjustment for the Executive Administrator, State Board of Nursing.

Pending a fiscal impact statement from the Division of Budget, it will be recommended that the Executive Administrator class be assigned to salary range 34. If you have any questions or concerns please contact William B. McGlasson, Chief, Staff Services, regarding this matter.

NH:MV:sj
SSSC 1-5

SUBCOMMITTEE REPORT

Agency: Board of Nursing Bill No. 2036 Bill Sec. 14
 Analyst: Howard Analysis Pg. No. 43 Budget Pg. No. 1-203

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 487,187	\$ 390,604	\$ —
State General Fund	—	—	—
F.T.E. Positions	11.0	11.0	—

House Subcommittee Recommendations

FY 1985. The Subcommittee concurs with the Governor's recommendation for FY 1985.

FY 1986. The Subcommittee concurs with the Governor's recommendation except for the following:

1. Reduce printing and advertising by \$1,000 to \$6,360, and shift that \$1,000 to increase fees for other services from \$7,000 to \$8,000 to pay for data processing services and tuition fees.

In addition, the Subcommittee notes that the Executive Director has expressed dissatisfaction with the current salary ranges and the effect she feels that these have on attracting quality professional personnel. This Subcommittee has not had the necessary information to study this matter but we suggest that the Senate Subcommittee review this question if more information is available from the Division of Personnel Services.

Based upon the Subcommittee's recommendations, the balance remaining in the Board of Nursing Fee Fund will be \$135,204 at the end of FY 1985 and \$234,296 at the end of FY 1986. The fee fund analysis is shown below:

<u>Resource Estimate</u>	<u>Actual FY 1984</u>	<u>Estimated FY 1985</u>	<u>Estimated FY 1986</u>
Beginning Balance	\$ 30,040	\$ 90,389	\$ 135,204
Net Receipts	415,386	438,302	489,396
Total Funds Available	\$ 495,426	\$ 529,691	\$ 624,900
Less: Expenditures	404,537	394,487	390,604
Ending Balance	\$ 90,889	\$ 135,204	\$ 234,296

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

Senate Subcommittee Recommendations

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>Total House Recommend.</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ —	\$ 390,604	\$ 4,836
State General Fund	—	—	—
F.T.E. Positions	—	11.0	—

The Senate Subcommittee concurs with the recommendation of the House with the following adjustments:

1. Add \$432 to salaries and wages for the Executive Administrator. A change from Range 32 to Range 34 has been approved by Personnel pending some fund resources verification. The Subcommittee would note that the Executive Administrator had planned a move from 32-E to 34-F with a much larger salary increase. However, as a classified employee the Administrator is limited by Division of Personnel Regulation 1-5-19c from moving to Step F in the new range.
2. Add \$4,404 in salaries and wages for a nursing education specialist which the Division of Personnel Services has approved hiring above the minimum step.

The fee fund analysis, based on the Senate Subcommittee's adjustments in FY 1986, is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1984</u>	<u>Estimated FY 1985</u>	<u>Estimated FY 1986</u>
Beginning Balance	\$ 80,040	\$ 90,889	\$ 135,204
Net Receipts	415,386	438.802	489,696
Total Funds Available	\$ 495,426	\$ 529,691	\$ 624,900
Less: Expenditures	404,537	394,487	395,440
Ending Balance	\$ 90,889	\$ 135,204	\$ 229,460

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee with the following adjustment:

1. The Committee notes the increasing ending balances and requests that the Board review their fee balances and implement lower rates if these balances are excessive.

Conference Committee Recommendation

The Conference Committee concurs with the recommendation of the Senate with the following adjustment:

1. Delete \$4,404 in salaries and wages for hiring a nursing education specialist above the minimum step.



KANSAS STATE HISTORICAL SOCIETY

CENTER FOR HISTORICAL RESEARCH

120 West Tenth • Topeka, Kansas 66612 • 913/296-3251

KANSAS MUSEUM OF HISTORY

6425 South West Sixth • Topeka, Kansas 66615 • 913/272-8681

April 22, 1985

Mr. Richard Ryan
Legislative Research
545N Statehouse
Topeka, KS 66612

Attention: Laura Howard

Dear Mr. Ryan:

The 1984 session of legislature approved state general funds in the amount of \$20,119 to be used for salaries, travel, and vehicle costs associated with an archeology dig to be conducted at Lake Scott. This dig is to be conducted as a result of the proposed renovation of Lake Scott by Kansas Parks and Resources and the National Park Service and is a one time opportunity to recover significant archeological materials and data before the lake is refilled.

The planning between the Kansas Parks and Resources and the National Parks Service has not proceeded at the projected rate, therefore the timing of the project has been delayed and will not be conducted during this fiscal year. The Society requests your assistance to have a section inserted in the omnibus bill that would allow for the reappropriation of \$20,119 state general funds in the collections program, archeology subprogram.

We appreciate your assistance in this matter. If you have any questions, please call Ruth Sherrer at 296-3283.

Sincerely,

Joseph W. Snell
Executive Director

JWS:RAS:jh

CC: Tom Witty
Susan Duffy

HIGHWAY PATROL FY 1985
SALARIES AND WAGES

Total Appropriation account 280-1000-0100		\$13,400,239
less expenditures year to date (4-16-85)		(10,262,596)
TOTAL - available balance		<u>\$ 3,137,643</u>
Salaries and wages (2-18 to 3-17)	\$1,078,828	
times 3	x 3	
subtotal -required funds	<u>\$3,236,484</u>	
Net anticipated retirements	\$ 37,124	
anticipated holiday pay		
(Memorial Day)	45,307	
TOTAL - required funds	<u>\$3,318,915</u>	
Total available		\$3,137,643
less total required funds		3,318,915
subtotal-anticipated deficit		<u>\$ (181,272)</u>
plus potential savings shifted from		
OOE		120,000
subtotal - anticipated deficit		<u>(61,272)</u>
plus federal reimbursement - MCSAP		20,465
TOTAL - New Funds Required		<u>\$ (40,807)</u>

KANSAS HIGHWAY PATROL

Service—Courtesy—Protection

John Carlin
Governor



Col. Bert Cantwell
Superintendent

April 17, 1985

RECEIVED APR 19 1985

Senator August Bogina Jr., Chairman
Senate Ways and Means Committee
Kansas Legislature
Statehouse, Room 123S
Topeka, Kansas 66612

Dear Senator Bogina:

In accordance with your desires as stated during our recent budget hearings, we have solicited bids for completing studies relating to the compensation and operations of this agency.

I am enclosing copies of the two proposals received and which represent the study plans formulated by Touche Ross and Company and the University of Kansas. Other state universities were contacted but declined to bid for various reasons.

Both entities have submitted separate bids for the two studies involved and would conduct them in that fashion due to their dissimilar natures. Obviously, the operational study will be more detailed and time consuming.

Cost factors were included in each proposal and are set out below for your convenience.

	<u>Touche Ross & Co.</u>	<u>Kansas University</u>
Compensation Study	\$24,000.00	\$17,432.00 7,844
Operations Study	<u>\$85,000.00</u>	<u>\$28,801.00</u> 12,960
	\$109,000.00(*)	\$46,223.00(**) 20,804

* Maximum cost, possibly less.

** Does not include indirect costs addressed in proposal. See footnotes on pages 3 & 7 of the proposal by Kansas University.

It is obvious and readily conceded a vast disparity in cost exists between the two proposals. However, following a thorough review by our staff we would submit it is imperative that a detailed analysis of the individual proposals be made considering methodology, the total product and the long term results.

122 SW SEVENTH STREET
TOPEKA, KANSAS 66603 (913) 232-9200

UU 4-22

April 17, 1985

Page 2

Be assured we have no intent or desire to impugn the integrity or ability of the university in this regard but do feel the Touche Ross and Company proposal contains a totally professional and long term approach while that of the university appears to contain short term solutions. Additionally, we would direct your attention to the experience of Touche Ross and Company in this sector and as outlined in their proposal.

We would be most happy to discuss the proposals with you and both bidders have stated their desire and willingness to address any questions you may have.

The agency is deeply appreciative of your interest and cooperation in this regard and please let me know if we can be of further service in this or any other matter.

Sincerely,



BERT CANTWELL
Superintendent

BC:skf

Enclosures

PROPOSAL TO PERFORM A SALARY
ADMINISTRATION PROJECT FOR THE
KANSAS HIGHWAY PATROL

April 8, 1985

K

Colonel B.D. Cantwell
Superintendent, Kansas Highway Patrol
Kansas Highway Patrol Headquarters
122 Southwest Seventh
Topeka, Kansas 66603

Dear Colonel Cantwell:

Touche Ross & Co. is pleased to submit this proposal and statement of qualifications to conduct a Salary Administration Study for the professional staff of the Kansas Highway Patrol.

The selection of consultants who can objectively and effectively develop an implementable classification and pay system is critical. We believe that the successful firm will display several characteristics, namely:

- They will have developed and implemented numerous similar programs in the public and private sector.
- They will possess an unquestioned reputation for independence and objectivity.
- They will present a multidisciplinary project team which can manage and execute effectively in a variety of circumstances and interface with a variety of professional skills.
- They will be familiar with state and local law enforcement organizations and will have tailored an approach which specifically addresses the needs of the Kansas Highway Patrol.
- They will stand by their recommendations as those recommendations are reviewed by other state government groups and implemented by Patrol personnel and assist as requested.

We believe that Touche Ross and Co.'s Kansas City/Topeka based management consulting project team completely satisfies these requirements for the following reasons:

- We have extensive experience conducting operations and organizational studies for both public and private sector clients throughout the United States. Specifically, Touche Ross & Co. has successfully completed operations and organizational projects for numerous law enforcement agencies, including:

Colonel B.D. Cantwell

April 8, 1985

Page Two

- Indiana State Police
 - Vermont State Police
 - Boston Police Department
 - Detroit Police Department
-
- We serve a broad base of clientele, representing both management and labor, in the public and private sectors. Each of these clients expects us to represent them in a fair and equitable manner. We strive to maintain our independence by avoiding any special affiliations and/or associations which might impact our ability to objectively meet our client's needs.

 - We have developed an understanding of state and local law enforcement agencies as a result of our significant experiences in the profession. We have successfully served numerous area governmental units as auditors and consultants. We understand law enforcement organizations and their associated management and operational problems.

 - We have developed and will make available a multi-disciplinary project team which corresponds to the unique needs of the Patrol. This team will consist of Touche Ross & Co. management consultants, each of whom has extensive experience in the areas of management and operations.

 - Touche Ross & Co.'s management consultants are locally based. We have established our reputation for quality public sector work locally and will be available to answer questions and to assist the Patrol after the study is completed.

 - We have developed a reputation for implementation oriented consulting. We understand that simply delivering a final report is most times inadequate. We believe our clients must be able to work effectively with and use on an on-going basis the results of our work. Consequently, throughout any project we are continually conscious of the constraints within the client organization which may impair our client's ability to use the results of the project, and we work to avoid those constraints by tailoring the final product to your needs, skills and environment.

Colonel B.D. Cantwell
April 8, 1985
Page Three

We believe we are qualified and are earnestly interested in providing this service to the Kansas Highway Patrol.

We have carefully considered your request for our proposal, have met with you and discussed your insights into the project, and have developed this response to satisfy your needs. For your review, our proposal is organized into the following major sections:

- Section I Engagement Understanding and Objectives
- Section II Project Approach
- Section III Project Organization and Staffing
- Section IV Project Timing and Fees
- Section V Statement of Firm Qualifications and Experience
- Section VI Project Management Resumes
- Section VII Selected Engagement Summaries in the Area of Law Enforcement

We trust that you will find this proposal responsive to your needs. We are confident that working together, we can implement a salary administration program that will support the Patrol in a timely and useful manner. If you have any questions regarding this statement of qualifications or wish to discuss it in more detail, please contact Mr. Chuck Sipple or Mr. Steve Gurwell of our Kansas City offices at (816)474-6180. We look forward to your favorable response to our qualifications and to establishing a date for beginning this important project.

Very truly yours,

Touche Ross & Co.

cc: Lieutenant Colonel E.P. Moomau
Major C.W. Wickham
Captain D.L. Pickert

KANSAS HIGHWAY PATROL
PROPOSAL TO PERFORM A SALARY
ADMINISTRATION PROJECT

April 8, 1985

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SECTION I

ENGAGEMENT BACKGROUND AND OBJECTIVES

SECTION I

ENGAGEMENT BACKGROUND AND OBJECTIVES

BACKGROUND

Salary administration for the Kansas Highway Patrol was incorporated within the State pay matrix in 1968. In 1974, a state-wide study (PAS) of salaries and position requirements indicated that the professional staff of the Patrol were significantly undercompensated relative to their position requirements and compensation for similar positions in other organizations.

Also, as a result of the PAS study, the State implemented a system for providing outstanding personnel with extraordinary or merit pay increases. However, due to a lack of funding, the merit system operated for only one year.

As a result of the lack of a merit system, generally inadequate cost of living increases and an insufficient number of positions or job classifications for promotional opportunities the Patrol is facing a significant number of personnel related issues:

- Recruitment of quality professional staff is increasingly difficult due to low compensation relative to similar organizations.
- Development and motivation of professional staff is inhibited due to the inflexibility of current pay ranges and the lack of a functioning incentive or merit system.
- Retention of professional staff is an increasing problem due to relative low compensation and a lack of career opportunities.

The Kansas Highway Patrol understands the problems inherent in the current salary administration program and recognizes that the program may not be equitable, motivational or defensible. Consequently the Patrol has initiated a project to develop a quality salary administration program, in conformance with the policies of State personnel and budget authorities, to assure future integrity and enable the Patrol to attract, motivate and retain quality professional staff. Touche Ross & Co. has been requested to submit this proposal to support the Patrol in this effort.

OBJECTIVES

The objectives of the project are to provide the Patrol with a job classification and pay plan which is equitable to the professional employees, that can be implemented with the least disruption to operations and which can be effectively maintained by the Patrol on an ongoing basis.

To accomplish these objectives, we will determine the answers to the following questions:

1. What are the appropriate positions and position descriptions for the Patrol?
2. What job factors relate to each position?
3. What job classification system and pay plan would be most equitable (both internally and externally) for the Patrol?
4. How should the system be implemented?
5. What will be the overall cost of this plan (for annual departmental and state budgeting)?
6. How can this system be maintained on an ongoing basis?

Each of these questions will be addressed during this study.

SECTION II

PROJECT APPROACH AND WORKPLAN

SECTION II

PROJECT APPROACH AND WORKPLAN

PROJECT APPROACH

We have developed a project approach which is specifically tailored to the objectives and operations of the Kansas Highway Patrol. We believe that this tailored approach is required if the project is to result in an "implementable" system. The key attributes of our approach are as follows:

Emphasis on Communications with Professional Staff

A major determination in the successful implementation of the system is professional staff acceptance of the program. The key to staff acceptance is a perception on the part of the professional that the system is fair and equitable. Our experience indicates that the only way to achieve this perception is through an ongoing dialogue explaining the project methodology employed, answering questions about the process and conducting periodic status meetings with senior officers of the Patrol and other State personnel officials as necessary.

Following this approach, our communications would begin immediately upon project initiation. Our first activity would consist of a briefing session which would involve selected officers of the Patrol. We would explain our approach and methodology to be employed during the study and provide the opportunity to address any questions regarding the study.

Following this briefing, we would distribute a tailored questionnaire to professional staff asking them to delineate their specific job functions, duties and responsibilities. These forms will be designed to minimize the time required to complete them and will incorporate existing job descriptions where current job descriptions exist. Utilizing the survey approach allows staff to have direct input into the job description development process. Professionals who feel they have participated in the design of their job descriptions will be more amenable to the ultimate classifications made.

Proven Evaluation Techniques

There are numerous evaluation and job analysis techniques that could be employed during this project. These techniques range from the simple "forced choice system" to the "paired comparison system" to the more complex "factor point system". We plan to utilize a factor point system of evaluation during this project. The factor point system, while more complex, allows the evaluator the ability to segregate specific job requirements into components such as education, experience, working conditions and supervision. It then assigns a weighted ranking to each specific factor. We believe the system will provide a more objective valuation than either the forced choice or comparison approach and additionally assures that internal equities are maximized. In addition, the factor point system is very defensible.

The factor point system could be used under either a peer evaluation or a consultant evaluation approach. Under the peer evaluation approach, selected officers would be utilized to conduct the evaluation of each job while the consultant evaluation approach would be performed by members of the consulting team. During prior engagements we have conducted classification and evaluation studies using both of these approaches successfully. Based on our understanding of the environment however, we recommend, tentatively, that a peer evaluation approach be used because:

- The peer evaluation approach would insure input from your professional staff.
- The recommendations resulting from the study will be understood, be more acceptable and implementable.

Administrative Manual

The final step in the pay plan design effort will involve the development of a program for the ongoing administration of the program. Within an administrative manual, we will provide detailed information on the collection of new job content data, the development of new or updated job descriptions, the evaluation of

job descriptions into the pay plan, methods by which to update the pay scales for inflation and competitive salary data and recommendations on other identified various compensation matters. We will assist in developing guidelines for promotions, demotions, transfers, merit increases, cost of living increases, etc.

In summary, these elements lead to a plan that can be effectively implemented by the Patrol, because professional staff understand the process, sufficient detail has been developed to appropriately group positions and salary data has been collected that allows competitive market pay levels.

PROJECT WORKPLAN

We have developed a detailed project workplan which we believe best accomplishes the Patrol's objectives and is compatible with our project success requirements. A detailed description of the tasks of this workplan follows:

Task 1: Data Collection

The objective of this task is to collect the necessary information from Patrol staff to evaluate their positions and to ultimately develop position descriptions. We recognize the need to accomplish this objective with a minimum disruption of normal operations while maintaining the credibility of the information we receive. For this reason we have developed a data collection methodology which is responsive to both of these objectives.

We will develop and distribute position questionnaires to be completed by professional staff to assess the content and nature of jobs. These questionnaires may vary slightly due to the variety of job functions within the Patrol. We will review these questionnaires with senior Patrol officers prior to distribution and develop a strategy for their distribution, collection, response to questions, and quality control.

Our experience has shown that professionals are always more responsive to data collection if they understand the purpose of a classification study and its potential impact. For this reason, we will also conduct informational meetings on the study for officers and selected staff prior to distributing the questionnaire.

Task 2: Data Review and Job Site Interviews

The objective of this task is to identify the specific positions to be classified and to develop a sufficient understanding of each position so we can develop job descriptions. We will accomplish this objective by reviewing all of the questionnaires completed in Task 1. These responses will be sorted by family (a natural class of positions) and will then be assigned to specific members of the project team (for example some team members may be responsible for all troopers, while another team member may be responsible for all officers). Criteria used to make these assignments will be:

- The type of work performed
- The nature and level of autonomy involved in performing the work
- Special working conditions
- The nature of supervision received
- Skills and abilities required
- Training or experience required
- Other special requirements of the job

Obviously some staff may not easily fit into a classification. In these cases, a team member will conduct an interview with that employee and determine in what classification the individual belongs or if a new classification is required. Again these reviews will be conducted only when necessary and will be kept brief so as to minimize interruption to the organization and normal operations.

Task 3: Development of Job Descriptions

Based upon the results of Task 2, we will solicit the participation of professional staff in the drafting of preliminary descriptions of their own positions. These preliminary job descriptions will be based upon the data collected from the individual survey questionnaire and will be guided by a "how to" outline approach which we have used successfully on other occasions. Following the preliminary drafting of the job descriptions by professional staff, our consulting team will collect them and tailor job descriptions into final draft descriptions.

Task 4: Job Description Review

In order to assure the validity of the job descriptions, each job description will be reviewed with appropriate senior officers within the Patrol. We prefer using senior officers for this review in order to ensure fairness and accuracy.

At the conclusion of this effort, we will have developed acceptable position descriptions and an understanding of the organization of the Patrol. This will allow us as outside consultants to successfully assist in evaluating each position

Task 5: Professional Staff Classification System

The objective of this task is to rank job classifications for the Patrol. This ranking can either be an overall ranking of all positions or several rankings of groups of positions. It is our experience that the development of several rankings eases implementation since it does not become necessary to merge into a single system different jobs. A logical grouping at the Patrol might be by functional job type. This is an issue for discussion at a later time.

Under the approach we recommend using for the Patrol, the project team and peer evaluation committee will use a factor point system for ranking jobs. At the end of this effort, in addition to the actual rankings themselves, we will provide a methodology for ranking future jobs into the classification system.

Task 6: Comparative Salary and Administrative Practice Data Collection and Analysis

Concurrent with the earlier task, we will analyze the salaries currently paid for positions within the Patrol to comparable positions found in similar organizations in other states, counties and cities. As indicated in our initial meeting, you have local salary data available for many positions. We anticipate adding to that base of data additional information which we have available.

Task 7: Current Salary Analysis

The objective of this task will be to test the equity of the Patrol's current salary structure vis-a-vis the rankings developed in Task 5 as well as to test the validity of the actual rankings themselves. This evaluation will be done by a statistical analysis of the correlation between the rankings, the current pay scales and the organization structure. Discrepancies (outliers) will be identified and examined to determine if they represent inequities of the current system or errors of the position rankings. Rankings will be adjusted as required.

Task 8: Alternative Pay Plan Development

Through the use of statistical correlation, we will develop a series of pay programs for families of jobs (or functions) which will be based on a regression analysis of levels of pay and job ranking. We will investigate and analyze professional staff distributions, salary grades, ranges, steps and implementation costs for the alternatives involved. At the conclusion of this step we will provide a pay classification plan for professional staff which will show what jobs are classified together in pay grades, the number of pay grades, the relationships between pay grades and the logical progression of pay from the lowest to the top level of pay for the Patrol.

Task 9: Final Pay Plan Documentation

The recommended plan will be presented for review, discussion, amendment and approval. We will document the approved plan and develop a detailed implementation plan for the Patrol. The documentation will include a list of individual job titles, current salaries, implementation plan salaries, recommended action for out-of-range professional staff and salary increases for each implementation phase. This Task 9 activity will minimize the administrative effort required to implement the new system and will provide planning guidance for budgeting for fiscal year 1985-86.

Task 10: Development of Projections of the Cost of Alternative Pay Plans

Based on the alternative pay plans approved, we will develop a five-year projection of the costs associated with each alternative pay plan. These projections will be sufficiently detailed and documented to support the budget and appropriations processes.

Task 11: Development of Ongoing Capability for Maintaining the Classification System

This project will be incomplete unless we provide the Patrol with the mechanism and ability to upgrade and manage the personnel classification system on an ongoing basis. We believe that the successful accomplishment of this task is perhaps the most critical aspect of the overall project.

Our approach to developing this ongoing capability consists of five key factors:

- We will actively involve selected senior officers, and other State personnel officials as necessary, in all phases of the study, so that they fully understand the activities taken to develop the classification system.
- We will document the development of the system and turn the documentation over to the Patrol at the conclusion of our work.
- We will work with senior Patrol officers to identify the functional responsibilities of managing the system and provide recommendations for staffing of this function, if appropriate.
- We will develop detailed procedures for use in the future administration of the program. This manual will include guides for writing position descriptions, methods of incorporating new positions into the plan, continued maintenance required to keep this system current and suggested approaches to adjusting the pay plan in the future.
- We will conduct a detailed training session for those procedures for the individual responsible for maintaining the system.

This approach has historically been successful in accomplishing this task. Copies of comparable administrative procedures can be furnished upon request.

SECTION III

PROJECT ORGANIZATION AND STAFFING

SECTION III

PROJECT ORGANIZATION AND STAFFING

We recognize that the success of this project requires the formation of a highly qualified project team. This team must bring a set of skills, knowledge and experience to the engagement including:

- Project management skills
- Consulting skills
- An implementation orientation
- Classification and compensation consulting skills
- Experience in personnel administration and the public sector

We have made a considerable effort to identify and commit a team which is specifically qualified in these areas. The Touche Ross & Co. management team proposed for the project is a very experienced group. They are well qualified in all areas of human resources consulting and have a wealth of governmental project experience. They also have a significant amount of background in leading and managing project teams to successful end-products within short time frames. Detailed resumes of the key project members are included in Section V of the proposal.

Mr. Charles Sipple, Project Partner

Mr. Charles Sipple, a consulting partner in our Kansas City office, will serve as the project partner responsible for the overall execution of the engagement. Mr. Sipple possesses an extensive background in organization, personnel and compensation planning from our Kansas City regional practice and has consulted to public and private entities throughout the nation. Mr. Sipple has installed literally dozens of salary administration programs throughout the country and has been instrumental in the design and implementation of numerous top management incentive compensation programs. He has been involved in many organizational studies, has reorganized companies, has developed job descriptions, personnel policies and programs and been involved in executive recruitment. Mr. Sipple holds an undergraduate degree from Purdue University and a graduate degree in Business Administration from Tulane University. Mr. Sipple is a certified management consultant and has been with the Kansas City office of Touche Ross & Co. since 1970.

Mr. Hugh Swink, General Services Partner

Mr. Hugh Swink, also a consulting partner in our Kansas City office, will serve as general services partner for the Kansas Highway Patrol. Mr. Swink has an extensive background in organization and personnel planning in the public sector. He is one of ten partners who lead our government consulting practice nationally and serves as our national director of services to correctional agencies. He has performed numerous organization, staffing and compensation engagements for state agencies around the country. He brings a strong understanding of state government in general and criminal justice in particular to the project team.

Mr. Swink holds undergraduate and masters degrees from the University of Kansas. He is a certified management consultant and has been with Touche Ross for 15 years.

Mr. Stephen L. Gurwell, Project Manager

Mr. Steve Gurwell has considerable work experience in the public sector. Prior to joining Touche Ross, he was assistant director of the State of Missouri's Division of Budget and Planning. A portion of his work at the State involved review and analysis of personnel administration and compensation programs for both merit system and non-merit system agencies.

Since joining Touche Ross, Mr. Gurwell has continued to spend a considerable portion of his time consulting in state and local government and developing an expertise in personnel administration. He has managed a variety of organization review and personnel administration projects as well as a variety of other projects for state and local government clients.

Mr. Gurwell holds MBA, MPA and BS degrees from the University of Missouri-Columbia.

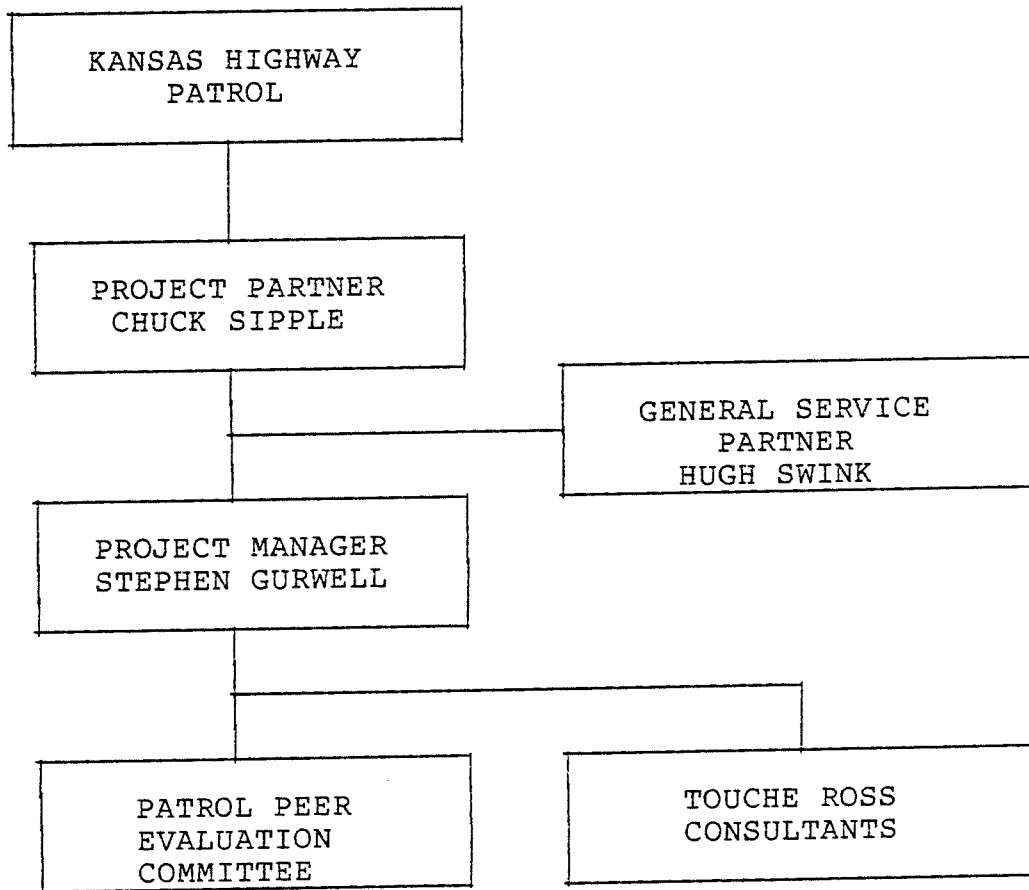
Staff

Depending upon staff availability at the time the contract is awarded, staff consultants will be assigned to assist Messrs. Sipple and Gurwell in all project activities.

The management consulting staff of Touche Ross & Co. in Kansas City is composed of over 25 experienced professional consultants offering a wide range of services to both private and public sector clients. A large portion of our Kansas City-based staff are members of our organizational consulting staff and have participated in a variety of organizational and personnel administration projects.

As with all of our engagements of this nature, the staff assigned to this project will be selected from our organizational consulting staff and possess relevant work experience and educational background to help insure high quality project results.

KANSAS HIGHWAY PATROL
PAY PLAN AND POSITION CLASSIFICATION PROJECT
PROJECT ORGANIZATION CHART



SECTION IV

PROJECT TIMING AND FEES

SECTION IV

PROJECT TIMING AND FEES

PROJECT TIMING

The activities outlined in Section II will require an engagement period of approximately six to eight weeks. We are prepared to schedule this project immediately once you give your acceptance of our proposal. A mutually acceptable project starting date will be set at that time.

PROJECT FEES

As you are aware, our fees are based on the accumulation of our consultants' time at their standard hourly rates. We have estimated our professional time charges for this engagement and believe that they will range between \$21,000 and \$24,000. We will add our out-of-pocket travel, lodging and meal expenses to our professional fees. Should our involvement result in less time accumulated than we have estimated, we will naturally bill you the lesser amount. Without your prior approval, we will not exceed the professional fee estimate shown above. It is our normal practice to bill our clients monthly for professional fees and out-of-pocket expenses, as they are incurred.

SECTION V

STATEMENT OF QUALIFICATIONS

SECTION V

STATEMENT OF QUALIFICATIONS

Section IV presents the qualifications of Touche Ross & Co. to assist the Kansas Highway Patrol in an analysis of its compensation package and the formulation of specific recommendations for the development and implementation of a pay plan and position classification plan. The qualifications are presented as follows:

- General description of Touche Ross & Co.'s Management Consulting Practice
- Human Resources Management Consulting Practice
- Consulting Experience

GENERAL DESCRIPTION OF TOUCHE ROSS & CO.

Touche Ross & Co. is an international management consulting and public accounting partnership serving clients in all major sectors of the economy. Worldwide, Touche Ross consists of over 20,000 professionals rendering services in 63 countries under the direction of approximately 1,800 partners. Domestically, our firm employs a professional staff of approximately 7,000, including 725 partners. Touche Ross & Co. has 87 offices in the United States, with an Executive Office in New York City. Approximately 4,000 major clients and 30,000 other organizations and individuals are served by our United States' offices.

Touche Ross & Co. operates four main divisions: Management Consulting; Actuarial, Benefits and Compensation Consulting; Auditing; and Tax. Our consulting staff is one of the largest and most broad-based management consulting firms in the world.

The consulting staff presently numbers approximately 600 nationally. We are highly qualified in terms of education; all professional staff members hold college degrees, about two-thirds have advanced degrees, and many have professional designations. The staffing of our consulting groups is multi-disciplinary in scope.

Additionally, our personnel have acquired a thorough firsthand knowledge of day-to-day management and operations from both employment experience prior to joining the firm and the variety of assignments they receive working on our staff. Our consultants come from backgrounds in government, compensation, administration, human resources consulting, industry, accounting, actuarial science, computer systems and law.

Several characteristics, discussed in the following paragraphs, distinguish Touche Ross & Co.'s management consulting practice from that of its competitors:

- Strong implementation orientation
- High percentage of non-audit clients
- High percentage of follow-up engagements
- Diversified practice

Implementation Orientation

One of the distinguishing characteristics of Touche Ross & Co.'s management consulting practice is the emphasis we place on implementation. Our management consultants are "doers" as well as planners. The process of problem analyzing, fact finding, and conclusion drawing, which to some other consultants is an entire engagement, is only part of the service that Touche Ross & Co. provides to its clients.

The ultimate standard by which we judge our effectiveness is whether or not our services have created meaningful, positive, and lasting change. Reports are merely words on paper; they are incapable of inducing change. Only implementation on the part of our consultants, working closely with our clients, can accomplish meaningful change. Our firm takes great pride in the assignments in which we have successfully implemented improvements for our clients.

Non-Audit Clients

A second distinguishing characteristic of our management consulting practice is that it conducts approximately 70 percent of its engagements for non-audit clients. In the management consulting groups of other large accounting firms, the ratio is often reversed. Touche Ross & Co. often attracts new clients solely on the merits of its management consulting work. Such success underscores the quality of our work in a competitive marketplace.

Follow-up Engagements

Our management consulting practice has historically realized a high percentage of follow-up engagements. Management consulting is often highly subjective, and performance evaluations are no less subjective. But when clients repeatedly engage one firm, it is clear evidence that they are satisfied with its earlier efforts. Approximately 80 percent of our firm's management consulting engagements are with clients for whom the firm has previously worked.

Diversified Practice

Our management consulting practice is highly diversified. By contrast, many other consulting firms restrict their practice to a single discipline, such as accounting systems, or a single industry, such as health care or the utilities industry. The diversification at Touche Ross & Co. is one of the broadest in the management consulting profession, and can be categorized into seven major areas:

- Financial Management
- General Management
- Human Resources Management
- Marketing Management
- Operations Management
- Specific Industry Practices
- Systems Management

This breadth of experience enables Touche Ross & Co. to bring its clients the specialized talents necessary to solve specific problems, while at the same time, our general experience enables us to implement solutions that are realistic and compatible to the entire organization.

HUMAN RESOURCES MANAGEMENT CONSULTING PRACTICE

The range of Touche Ross & Co.'s human resources management consulting services covers all facets of the organization, development, and management of human resources in all types of enterprises, whether they be profit oriented, non-profit, or governmental. Although every project we undertake is custom tailored to the special needs of the client in question, our major services can be classified within the following broad categories:

- Classification, Compensation and Performance

These services include the design and implementation of position classification programs, comprehensive wage and salary administration programs, general compensation plans, incentive/merit compensation programs, performance evaluation systems, management-by-objectives programs, general counseling concerning other personnel functions, as well as analyses of employee motivation, attitudes, and other related problems. Such services often involve the development of detailed position descriptions (job), and job evaluation systems.

● Personnel Function Audits/Reviews

Because of our firm's vast experience in providing human resources/personnel management services, we have been asked by many clients to perform comprehensive management audits/reviews of corporate personnel functions. The objective of this type of assignment is to provide our client with a complete, accurate, and unbiased evaluation of the management and operations of the personnel function, both inside and outside of the personnel department. Our clients have found these studies to be highly valuable in integrating the personnel function into the full scope of the organization's operations and planning efforts. Areas typically addressed in these types of studies include:

- Human Resources Planning Process
- Recruiting and Hiring
- Job Evaluation and Classification
- Training and Development
- Wage and Salary Administration
- Benefits and Perquisites Administration
- Performance Appraisal
- Labor Relations
- Safety
- Health Services
- Other areas specific to the client organization

● Manpower Development

Our consultants have conducted numerous employee development and training engagements. They have also designed, conducted, and implemented programs which improved employee skill and knowledge levels in a wide range of subject areas by combining the abilities of our training specialists with those of our technical specialists. These programs have been for both group development and individualized career development. Organizational development programs aimed at improving the effectiveness of management teams through increased awareness of the effects of intra and intergroup relationships have also been provided by our consultants.

● Manpower Planning

These studies involve the analysis of present and future manpower needs, inventory of existing human resources, and design plans for having the right skills in the right place at the right time, in sufficient numbers to accomplish the organization's objectives. Touche Ross & Co. consultants have also designed, developed, and implemented manpower planning information systems.

- Position Design/Manpower Acquisition

We have assisted clients in defining positions, specifications, and appropriate organizational relationships. We have also provided executive search services through our international network of offices.

- Personnel Systems and Procedures

Touche Ross & Co. has conducted many studies that have involved designing systems for manual and computer-based operations. In addition, we have developed civil service rules, procedures and policies.

- Organizational Planning and Development

By analyzing the resources and objectives of an organization, and the nature of the external and internal environmental influences that affects its operations, our consultants design role and structural relationships that permit more effective use of available resources to meet the specific objectives of the organization.

Actuarial and Benefits Consulting Group

In addition to our human resources management consulting practice, Touche Ross & Co. has a group that provides actuarial and benefits consulting services to our clients. Some of the specific services provided by this group include:

- Group insurance consulting.
- Actuarial experience studies for insurance coverages, including trend analyses of premium rate structures.
- Conducting on-site training sessions for benefits administration personnel.
- The preparation of employee communication material, including benefits statements.
- Participation during labor negotiations by providing cost estimates.
- Calculation and certification of individual retirement benefits upon actual termination.
- Design, implementation, and funding assistance with self-pay or self-funded health, dental, eye care and other such programs.

- Litigation support services.
- Preparation of plan documents, plan amendments, and summary plan descriptions for legal review.
- Preparation of plan documents, plan amendments, and summary plan descriptions for legal review.
- Development of administrative forms, procedures, and manuals.
- Conducting or assisting in presentation of revised benefit packages in employee meetings.
- Assistance in solicitation, evaluation, and recommendation of group insurance proposals.
- Assistance in establishing investment objectives and strategies.

In summary, Touche Ross has the resources and experience necessary to provide quality human resources management consulting services to our clients. Our staff is not only well versed in all aspects of personnel administration, but also has the broad management experience that is necessary to implement solutions that are valuable, lasting, and realistic.

HUMAN RESOURCES CONSULTING EXPERIENCE

Touche Ross & Co. has conducted numerous projects in all areas of human resources management, including the areas of compensation, wage and salary administration, benefits administration, human resource planning, job evaluation and classification, training and development, and other areas. Our client list in the area of human resources management is lengthy and diversified, and includes major commercial, industrial, financial, non-profit, and governmental organizations. We have large clients in all of the major industrial classifications. Likewise, we have served the needs of numerous small and medium sized enterprises.

These projects have included numerous cases where our consultants have implemented custom-tailored job evaluation systems (including point-factor systems), and position descriptions for our clients. In many cases, job duties were extremely vague and our consultants needed to redefine the roles and responsibilities of positions throughout the organization in question.

The following is a selection of operations and organization management related engagements we have conducted in

the recent past or that are currently in progress for law enforcement agencies. Brief summaries of these engagements are contained in Section VI.

Specific references for projects will be furnished upon request.

<u>Client</u>	<u>Engagement</u>
Indiana State Police	Operations Planning
Vermont State Police	Operations Planning
Battle Creek (Michigan) Police Department	Evaluate Operations - Plan and Implement Improvement Programs
Boston Police Department	Patrol Organization Improvement
Boston Police Department	Patrol Force Deployment
Massachusetts Governor's Committee on Law Enforcement and Administration on Criminal Justice	Evaluation of Communications, Information and Resource Allocation Projects
Detroit Police Department	Patrol Force Resource Allocation
Detroit Police Department	Evaluation of Police Operations
Detroit Police Department	Review of Traffic Division Operations
Detroit Police Department	Design and Implement an Evidence Technician
Detroit Police Department	Evaluate Citizen Complaint Operations
Detroit Police Department	Operations Review Narcotic Operations
Detroit Police Department	Operations Review Narcotic Investigations
Detroit Police Department	Homicide Prevention and Control
Detroit Police Department	Police Department Reorganization

<u>Client</u>	<u>Engagement</u>
Highland Park (Michigan) Police Department	Evaluate Operations - Plan and Implement Improvement Programs
Miramar (Florida) Police Department	Management and Operations Review
Pontiac (Michigan) Police Department	Operations Review
Racine (Wisconsin) Police Department	Evaluate Operations - Plan and Implement Improvement Programs
Riviera Beach (Florida) Police Department	Management and Operations Review
Saginaw County Sheriff's Department	Management and Operations Review
Troy (Michigan) Police Department	Development of Comprehen- sive Long-Range Plan
State of Colorado Depart- ment of Revenue	Highway Safety Research and Driver Exam Revision

SECTION VI
PROJECT TEAM RESUMES

SECTION VII

SELECTED ENGAGEMENT SUMMARIES
IN THE AREA OF LAW ENFORCEMENT

Indiana State Police -- Operations Planning

In early 1974, Indiana State Police initiated the Joshua Project. The project involved all levels of the Department and its objective was to develop the State Police programs that would be implemented during 1975-77. In July, Touche Ross & Co. was engaged to assist the Department in the development of its programs. Our assistance, built upon the initial work of the Joshua team, attempted to answer several questions for the State Police:

- What police services should the State be providing?
- How can better police services be provided to the citizens?
- How can this service be provided more efficiently?

The questions were answered by surveying each State Police function, collecting performance data to assess the function's effectiveness, identifying inefficiencies in the process, developing sufficient recommendations, and presenting these recommendations to management for approval. The results of these planning efforts were 20 Department programs in the major areas of operations, communications, information systems, and personnel for implementation of the next several years. The "Area Council Program" is a specific example of this "operations management" approach to planning. Analysis indicated that substantial amounts of sworn officers' time were utilized in maintaining 24-hour administrative operation of 21 districts and that the citizens utilization (walk-ins) of the facility was minimal. Since the communications technology exists for recruit radio operations, a program was developed to consolidate the administrative operators rate. Four to six area headquarters will release the sworn resources in the other district for road patrol. The planning effort included the development of step-by-step implementation plans that considered the resources available for implementation as well as the programs producing this cost-significant improvement to citizens service (response time, etc.).

Vermont State Police -- Operations Review

We were engaged by the State of Vermont to conduct an operations review of the State Police. The operations review included the following areas:

- Station Record Keeping
- Vermont Crime Information Center
- Personnel Policies and Procedures
- Bureau of Criminal Investigation
- Patrol Resource Development
- Laboratory
- Accounting
- Special Services
- Role of State Police
- Training Academy

We conducted this review with the assistance of two full-time Vermont State Police officers.

Battle Creek (Michigan) Police Department -- Evaluate
Operations - Plan and Implement Improvement Programs

The objectives of this project were to improve patrol response, prevention, and investigative efforts. Recommendations were developed in the following areas:

- Patrol operations
 - Improvements in the control and coordination of response units
 - Reduction in response unit administrative activities
 - Improvements in response unit status reporting
- Dispatch operations
 - Improvements in aligning response unit staffing with workload
 - Improvements in tactics planned for burglary, other street crimes, and accident prevention
- Investigation
 - Reduction of administrative activities
 - Improvements in case management
- Tactical unit
 - Establishment of a Tactical Unit for prevention and apprehension efforts
- Records section
 - Reduction in clerical activities
 - Improvement in scheduling of work
 - Improvement in timing of report distribution

Boston Police Department -- Patrol Organization
Improvement

The primary goal of this engagement was to assist the Boston Police Department and implement an improved police district organization. During this report we:

- Documented patrol force functions and responsibilities at all levels.
- Developed recommendations in the areas of:
 - Command and administrative functions
 - Clerical methods and procedures
 - Field reporting procedures
 - Eliminations of nonpolice functions
 - Increased utilization of cadets and civilians
- Designed and conducted a test of proposed improvements in one district.
- Assisted the Department during citywide implementation.
- Assisted in project orientation and training of patrol force personnel at each district.

Boston Police Department -- Patrol Force Deployment

The objective of this project was to develop improved patrol forces deployment techniques and assist in their implementation. As a result of the project, average probability of immediate response to calls for service increased from 75% to 95%. The following summarizes the major activities of the project:

- Sampled, tested and validated accuracy and applicability of data base and produced statistical reports.
- Developed computer-based algorithms for data preparation and geo-coding.
- Analyzed workload by hour, tour, day, month, district, sector and geographical cell.
- Determined response unit and sector requirements for project objective of 95% immediate response probability.
- Developed resectoring procedure.
- Designed and conducted a test of allocation and sectorization techniques.
- Assisted the Department during citywide implementation.
- Assisted in developing and conducting special in-service training programs concerning the improved Patrol Forces Deployment Program.

Massachusetts Governor's Committee on Law Enforcement
and Administration on Criminal Justice -- Evaluation of
Communications, Information and Resource Allocation
Projects

The objective of this project was to evaluate federally funded projects within the Boston Police Department in the areas of communications, information and resource allocation. During the project, our consultants:

- Observed the telephone answering procedures, performed a systems test for the 911 emergency number, and assisted department executives during the implementation of new staffing patterns.
- Assisted Department executives in the reallocation of the Department's UHF radio channels and prepared new dispatch procedure and staffing patterns.
- Observed street operations and assisted Department executives during the implementation of improved assignment and use of portable radios.
- Reviewed the prototype computer-aided dispatching system.
- Evaluated field reporting procedures and the systems used to maintain central records.
- Evaluated the patrol force simulation model in relation to the Department's resource allocation needs.
- Evaluated the geographic base file used to cross-reference street address with patrol areas and other geographic groupings.
- Analyzed the current and planned computer applications.
- Evaluated the need for high capacity cable between headquarters and stations.
- Studied the use of emergency street telephone system.

Detroit Police Department -- Patrol Force Resource
Allocation

This project involved an analysis and review of all the patrol force workload as part of an overall patrol force improvement project. The major activities were:

- Review of current manpower and vehicle assignments.
- Analysis of crime activity by patrol area.
- Development of computer programs for collection of daily patrol car run activity.
- Development of geo-coded data base for Detroit area by census tract.
- Development of procedures and computer programs for allocation of manpower and vehicles to geographic areas with equalized workloads.
- Development of procedures for ongoing review and evaluation of future workload requirements.

Prior to the implementation of this procedure, patrol workload varied widely across the city. In some precincts there were no cars available for immediate dispatch as much as 50 percent of each shift. After the patrol boundaries were realigned and manpower assignments changed, the citywide workload was much more uniform and the percentage of time that no cars were available was reduced to approximately 5 percent in all precincts.

Detroit Police Department -- Evaluation of Police Operations

New Detroit, Inc., the Mayor of Detroit and his new Police Chief decided to evaluate the current state of police services in the City. Our consultants, working with a team of senior police officials reviewed and evaluated the management and operations of this 5,500-man Department. This effort resulted in the awarding of over \$7 million to Detroit by LEAA for implementing fundamental operating improvements throughout the Department.

Governor William Milliken said, "The quality of research and planning in preparation for an overall improvement program of this magnitude has greatly impressed the Commission. I am truly confident that Detroit can utilize all their resources to create a model Police Department which will have tremendous impact on law enforcement effort to the entire State."

The Administrator of the Office of Criminal Justice Programs, Administrator for the State of Michigan, credited the City with presenting grant applications "that were unquestionably the most comprehensive and sophisticated ever submitted by an applicant for funds in the State. I have never seen anything comparable in their scope."

Detroit Police Department -- Review of Traffic Division Operations

The Traffic Division of the Detroit Police Department consists of seven sections and about 500 men. We were engaged to evaluate the overall effectiveness of the Division and implement organizational changes which would improve the performance of the unit.

The most significant part of the reorganization was the creation of a Traffic Planning Unit. The primary mission of this unit was to plot and analyze accidents and enforcements and recommend corrective action to reduce the accident rate at particular locations in the City.

In the field, several tactical moves were conducted to combat the accident rate. Selective Enforcement Teams were created and deployed to strategic areas to enforce traffic laws which were the primary cause of accidents. The accident rate was reduced in the strategic areas during the course of our involvement in this project.

Equipment used in traffic enforcement was procured and utilized for this project. The number of radar units was increased by 600 percent, and the units were deployed in high accident areas. The Department's fixed-wing aircraft was utilized for reporting major traffic tie-ups to the public via radio stations in the area.

In addition, an improved method of investigating accidents was devised to enable the assignment of approximately 100 accident investigators to other more important duties within the Department. The new method of accident investigation included the training of existing one-man units in patrol (a report writing detail) to investigate accidents. These one-man units were being trained as we completed our portion of the engagement.

Finally, we designed and implemented a performance reporting system for the entire division which enabled management to effectively deploy and evaluate manpower.

Detroit Police Department -- Design and Implement an
Evidence Technician Program

As part of our work with the Criminal Investigation Division of the Detroit Police Department, we planned and implemented an Evidence Technician Program. The duties and responsibilities of the technician include:

- Examination of crime scenes for physical evidence.
- Photographing crime and other scenes, persons, evidence and property.
- Sketching, diagramming, and plotting crime and other scenes.
- Identifying physical evidence at crime scenes.
- Collecting and preserving physical evidence.
- Transporting physical evidence to appropriate Department depositories.
- Initiating required reports and maintaining established records.
- Giving testimony in court relative to their specialization in their technical field.

Benefits of this program have included:

- Improved response of scientific services to investigators at crime scenes.
- Evidence gathering and analysis performed by highly skilled personnel in the field.
- More crime scenes serviced.
- Precinct investigators have service never provided in the past.
- Homicide and robbery investigators are very pleased with the aggressiveness and technical competence of technicians.

Detroit Police Department -- Operations Review Narcotic Investigations

The major objectives of this project were to:

- Decrease the abuse of narcotics and dangerous drugs.
- Reduce drug related crimes.
- Improve relations with the Federal Bureau of Narcotics and Dangerous Drugs, the Michigan State Police, and other local law enforcement agencies.
- Narcotics identification training for Department personnel.
- Sophisticated investigations resulting in a larger number of search warrants and arrest warrants.
- Improve public cooperation.

Some of the major problems relating to narcotics enforcement included a lack of management reporting, inefficient use of day crew manpower, an increased staff but decreased arrests, poor equipment, and lack of communications between units. Our consultants, working with senior police personnel worked on these basic problem areas. The project included the following tasks:

- Defining methods to coordinate case responsibility.
- Evaluating separation of precinct narcotics units.
- Investigating response to complaints.
- Evaluating alternatives to DPD for metro squad and task force.
- Exploring ways to identify problem areas.
- Identifying alternative methods of evaluating section performance.
- Developing resource questionnaire.
- Designing scheme for controlling resources.
- Determining resource requirements and possible sources of funds.

Detroit Police Department -- Homicide Prevention and Control

The City of Detroit has been plagued with an ever-increasing homicide rate. Our consultants, working with a team of senior police personnel, analyzed this specific crime and planned an overall improvement program. Specific tasks in the analysis included:

- Assembly of statistics to show present magnitude of homicide problem.
- Isolating causes of homicides
 - Pinpointing criminal causes in which homicide reduction is likely to be effective:
 - Arguments
 - Mental illness
 - Breaking and entering
 - Holdups
 - Narcotics related
 - Sex related
- Analyzing Homicide Section's present performance:
 - What is being done right?
 - Section personnel organization
 - Internal conditions and procedures
 - External conditions and procedures, especially those relating to Prosecutor's office and courts
 - What is being done wrong?
 - Section personnel organization
 - Internal conditions and procedures, especially those relating to homicide investigations and apprehension of suspects
 - External conditions and procedures, especially those relating to working with the Prosecutor's office and courts to get convictions of the guilty

Detroit Police Department -- Police Department
Reorganization

The adoption of a new charter by the voters of Detroit provided an opportunity for the new mayor and police chief to reorganize the police department of the fifth largest city in the country. Working with a team of senior police executives, our consultants reviewed the mission, organization, and operation of each unit in the Department. Based upon this review and upon the results of crime, specifically projects in the areas of burglary, rape, homicide and narcotics, a new department-wide reorganization was designed.

In essence, this new organization provides for:

- Emergency response - two man cars to the scene within five minutes.
- Radio dispatched investigation teams to the scene within five minutes when called by emergency response units.
- All officers, including Command personnel utilizing marked police cars (except for zero visibility operations).
- Modernizing existing facilities and acquiring new ones.
- Reassignment of over 1,000 officers to precincts from staff and support operations.
- Doubling the number of response units on the street.
- More and higher ranking supervisors and management at the precinct level.

This major reorganization has been pilot implemented in two of the City's thirteen precincts. Complete implementation is scheduled over 18 months.

Highland Park (Michigan) Police Department -- Evaluate
Operations - Plan and Implement Improvement Programs

The objective of this project was to evaluate police operations in this small city that has the highest crime rate of any city its size in the country. This evaluation led to the development of a comprehensive improvement program in:

- Operations
 - Patrol car boundaries were revised to equalize workloads.
 - Supervisory personnel were utilized for on-scene report review - patrol time was increased.
- Crime analysis
 - A patrol-oriented crime analysis system was developed that included daily crime summaries and monthly management reports.
 - Concentrated patrols based upon the crime analysis information were tested.
 - Patrol notebooks containing various crime related information and guidelines for handling specific crimes were developed.
- Shared services
 - A program of shared police services with Detroit was planned, tested, and operationally defined.
 - Services included evidence technician, crime lab communications.

Miramar (Florida) Police Department -- Management and Operations Review

This project involved a complete review of Police Department operations with an emphasis on records management. As a result of this study, the Police Department established a task force which eventually implemented all recommendations. Highlights of the study were:

- Consolidation of offense reporting forms.
- Reorganization of offense and investigative files.
- Implementation of a team system in the patrol division.

Pontiac (Michigan) Police Department -- Operations
Review

Touche Ross & Co. was engaged by the City Manager and Chief of Police to assist the Police Department in analysis and reorganization of operations in every bureau. All organizational components of the Department were reviewed and recommendations developed to improve operations.

Major project components included the following:

- Patrol operations
 - Defined and implemented a reallocation of response units by time of day to permit better correlation of staffing to high person-to-person crime periods.
 - Designed and implemented a performance measurement reporting system to permit management review of patrol operation effectiveness.
- Investigative operations
 - Defined and reorganized all investigative operations into one organization.
 - Determined the need for and recommended a night detective operation and a major crimes investigative task force.
- Communications
 - Established the need for and implemented call screening and priority assignment procedures to permit for efficient handling of citizen calls for police services.
- Youth Operations
 - Reviewed existing youth programs and recommended an expansion of programs in order to impact more troubled youths in Pontiac and established a youth counseling section.
- Records and police training
 - Recommended a detailed study of records requirements for the entire Department, with the potential implementation of records management system.
 - Determined the need for and recruited a training coordinator to design and coordinate training programs for all members of the Department.

The overall project was one year in duration, thus enabling an effective evaluation of all projects. During the first six months of the project, the number of most major person-to-person crimes decreased 16 percent while the national average for middle-sized U.S. cities increased 14 percent.

Racine (Wisconsin) Police Department -- Evaluate
Operations - Plan and Implement Improvement Programs

The objectives of this project were to:

- Identify opportunities to strengthen law enforcement service.
- Develop the opportunities into organizational and utilizational improvement recommendations.
- Provide improved law enforcement at minimum cost.

Recommendations were developed in the following areas:

- Patrol divisions
 - Reallocation of resources between shifts
 - Purchase of three additional squad units
 - Continuation of the Community Service Officer Program
- Investigative divisions
 - Assignment of cases based on similarity of crime
 - Better utilization of investigative resources
- Administrative divisions
 - Computer systems to explore manual activities
 - Officer training improvements
 - Better utilization of civilian time
- Organization structure
 - Improvements in the organizational structures
- Implementation plan for recommendations

Riviera Beach (Florida) Police Department -- Management and Operations Review

The objective of this study was to improve the overall organization, operations, and administrative systems of the Riviera Beach Police Department through:

- Simplifying records processing procedures to:
 - Reduce processing time for officers and clerical personnel
 - Provide improved access to incident and criminal history information
- Increasing information for management decisions to:
 - Aid manpower allocation decisions
 - Control equipment supplies
 - Monitor personnel performance
- Developing long-term plans to facilitate:
 - Records storage
 - Personnel
 - Building modifications

An implementation work plan was developed for each recommendation area. Most of the recommendations in the records area were implemented during the study. The remaining recommendations required either building modifications, City Council action, or a phased approach to accommodate timing requirements.

Saginaw County Sheriff's Department -- Management and Operations Review

The objective of this study was to improve the overall organization, operations, and administrative systems of the Saginaw County Sheriff's Department through:

- Simplifying records processing procedures to:
 - Reduce processing time for officers and clerical personnel
 - Provide improved access to incident and criminal history information
- Increasing information for management decisions to:
 - Aid manpower allocation decisions
 - Control equipment supplies
 - Monitor personnel performance
- Developing long-term plans to facilitate:
 - Records storage
 - Personnel
 - Building modifications

An implementation work plan was developed for each recommendation area. Most of the recommendations in the records area were implemented during the study. The remaining recommendations required either building modifications or a phased approach to accommodate timing requirements.

Troy (Michigan) Police Department -- Development of
Comprehensive Long-Range Plan

We were selected by this local municipality to review the operations of its Police Department and develop a comprehensive long-range plan for law enforcement in its community.

The municipality is in a fast growing suburban area to a two-million population central city. It has witnessed an increase in residents from 20,000 to 50,000 over the past 12 years with dwelling units divided between upper middle class single family homes and extensive garden apartment complexes. Two major shopping centers and numerous neighborhood plazas have opened in the past five years. In addition, extensive commercial development has occurred with many small manufacturing plants plus new headquarters for two Fortune 500 companies. To cope with this rapid change, the City has developed a comprehensive land use plan with related plans for roads, education, recreation, etc. One major plan additionally required was a detailed evaluation of the future needs for law enforcement within the city.

The initial phase of this project was to thoroughly review the present operations of the 60-man police department. We identified deficiencies in present operations, functions performed which were more properly the responsibility of other units of government, and additional functions which were required but not currently performed. Our review included detailed analyses of crime, accident, calls for service, officer activities, and criteria used to evaluate individual and departmental performance.

We assisted the Department in implementing certain short-term operational improvements and assisted the City in identifying sources of funding to implement the long-term comprehensive plan.

State of Colorado Department of Revenue -- Highway
Safety Research and Driver Exam Revision

Touche Ross assisted Colorado in developing one of the nation's most progressive driver licensing systems. Rather than simply confirming a knowledge of basic skills, the new approach makes the examination an educational process. Questions are designed to highlight key factors that contribute to many serious accidents.

To enhance the effectiveness of the tests, two separate sets of questions are used. The applicant is given the set corresponding to his age group and experience level. Supplemental questions are administered for truck, bus and motorcycle licenses. The questions are tailored to the accident patterns typical of the respective driver categories.

Our participation, which began in 1970, included analyzing accident data, redesigning examinations and driver manuals (both content and format), supervising pilot tests, conducting public opinion polls on new examination designs, and recommending changes in state law and policies on driver licensing. We helped to develop instructional programs for retraining the examiners who administer the tests.

KANSAS HIGHWAY PATROL
PROPOSAL TO DEVELOP A LONG RANGE
RESOURCE REQUIREMENTS PLAN

April 15, 1985

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April 15, 1985

Colonel B.D. Cantwell
Superintendent, Kansas Highway Patrol
Kansas Highway Patrol Headquarters
122 Southwest Seventh
Topeka, Kansas 66603

Dear Colonel Cantwell:

Touche Ross & Co. is pleased to submit this proposal and statement of qualifications to develop a long range resource requirements plan for the Kansas Highway Patrol.

Touche Ross & Co. has made a major commitment to serving law enforcement as is evidenced by our significant law enforcement experience. As a result, we believe that we are well qualified to assist the Patrol in this important effort for the following reasons:

- We have extensive experience conducting operations and organizational studies for both public and private sector clients throughout the United States. Specifically, Touche Ross & Co. has successfully completed operations and organizational projects for numerous law enforcement agencies, including:
 - Indiana State Police
 - Vermont State Police
 - Boston Police Department
 - Detroit Police Department
- We serve a broad base of clientele, representing both management and labor, in the public and private sectors. Each of these clients expects us to represent him in a fair and equitable manner. We strive to maintain our independence by avoiding any special affiliations and/or associations which might impact our ability to objectively meet our client's needs.
- We have developed an understanding of state and local law enforcement agencies as a result of our significant experiences in the profession. We have successfully served numerous area governmental units as auditors and consultants. We understand law enforcement organizations and their associated management and operational problems.

Colonel B.D. Cantwell
April 15, 1985
Page Two

- We have developed and will make available a multi-disciplinary project team which corresponds to the unique needs of the Patrol. This team will consist of Touche Ross & Co. management consultants, each of whom has extensive experience in the areas of management and operations.
- Touche Ross & Co.'s management consultants are locally based. We have established our reputation for quality public sector work locally and will be available to answer questions and to assist the Patrol after the study is completed.
- We have developed a reputation for implementation oriented consulting. We understand that simply delivering a final report is most times inadequate. We believe our clients must be able to work effectively with and use on an on-going basis the results of our work. Consequently, throughout any project we are continually conscious of the constraints within the client organization which may impair our client's ability to use the results of the project, and we work to avoid those constraints by tailoring the final product to your needs, skills and environment.

We believe we are qualified and are earnestly interested in providing this service to the Kansas Highway Patrol.

We have carefully considered your request for our proposal, have met with you and discussed your insights into the project and have developed this response to satisfy your needs. For your review, our proposal is organized into the following major sections:

- Section I Project Background and Objectives
- Section II Project Approach, End Products and Workplan
- Section III Project Organization and Staffing
- Section IV Project Timing and Fees
- Section V Statement of Firm Qualifications and Experience

Colonel B.D. Cantwell
April 15, 1985
Page Three

Section VI Project Management Resumes

Section VII Selected Engagement Summaries in the Area
of Law Enforcement

We trust that you will find this proposal responsive to your needs. We are confident that working together, we can develop a long range resource requirements plan for the Patrol. If you have any questions regarding this statement of qualifications or wish to discuss it in more detail, please contact Mr. Hugh Swink or Mr. Steve Gurwell of our Kansas City offices at (816) 474-6180. We look forward to your favorable response to our qualifications and to establishing a date for beginning this important project.

Very truly yours,
Touche Ross & Co.

cc: Lieutenant Colonel E.P. Moomau
Major C.W. Wickham
Captain D.L. Pickert

KANSAS HIGHWAY PATROL
PROPOSAL TO DEVELOP A LONG RANGE
RESOURCE REQUIREMENTS PLAN

April 15, 1985

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SECTION I

PROJECT BACKGROUND AND OBJECTIVES

SECTION I

PROJECT BACKGROUND AND OBJECTIVES

BACKGROUND

Effective resource utilization has grown in importance for law enforcement in recent years. Costs of maintaining a high quality force and demands for law enforcement service are increasing rapidly. Because of increasing budget constraints on state law enforcement agencies, law enforcement must service a much higher work load with little increase in funds. This problem is exacerbated by the fact that local law enforcement agencies, also faced with increasing budget constraints, have reduced or eliminated law enforcement coverage of roads and highways which have been designated as the responsibility of the state highway patrol. The result in Kansas is that during peak work load periods, the demands for state law enforcement personnel may far exceed the capacity of the Kansas Highway Patrol. Some problems resulting from these overload conditions are:

- Deteriorating citizen and community relations caused by the decreasing presence of state law enforcement personnel.
- Reduced time available for preventive patrol.
- Decreased probability of apprehending law violators because of the two foregoing problems.

OBJECTIVES

The objectives of the proposed project are all fundamentally related to the singular goal of achieving optimum utilization of the Highway Patrol resources which are required to meet the needs of the State. The specific objectives of the project, based on our understanding, are listed below:

- Based on Kansas State statutes and jurisdictional requirements, develop and propose a comprehensive statement of mission, goals and objectives for the Kansas State Highway Patrol which can be used to guide future Department resource allocation decisions. Given these goals and objectives, quantify responsibilities and service level options.

- Conduct a comprehensive review of the Patrol's operations and organization and identify efficiencies and improvement opportunities.
- Develop a long-range resource requirements plan which relates Departmental services and service level options to specific resource requirements.

SECTION II

PROJECT APPROACH, END PRODUCTS AND WORKPLAN

SECTION II

PROJECT APPROACH, END PRODUCTS AND WORKPLAN

APPROACH

A sound project approach supported by a thorough work plan is critical to the successful completion of a project of this type. A sound project approach will facilitate timely completion of project activities by channeling professional and technical efforts to the production of specific end products.

The project management approach we will use during this project will emphasize the following:

- Regularly communicating project status to appropriate Kansas Highway Patrol personnel.
- Regularly interacting with Department personnel to obtain insights regarding the existing services, systems and procedures.
- Defining and organizing tasks to quickly accomplish the desired objectives.
- Understanding operations through analysis and on-site observations.
- Assigning competent project consultants with the required skill levels and expertise.
- Scheduling activities to fit closely into the normal day-to-day activities of the Patrol.
- Controlling project efforts to achieve desired end products within both time and expense constraints.
- Delivering quality end products on schedule, and within budget.

END PRODUCTS

During this project, we will perform a review of the present manpower, organization, operations, policies, procedures, management practices, services, and service levels of the Department. As a result of the review, we will develop the following end products.

- A definition of jurisdictional requirements and objectives as well as service level options.
- A report on operations which identifies:
 - Departmental strengths/efficiencies

- Departmental problem areas
 - An assessment of current Departmental manpower and resource requirements
 - Improvement opportunities both internal and external to the Patrol
 - Proposed plans for achieving improvement opportunities
- A long-range Patrol resource requirements plan which relates future resource and service level options need to specific Patrol services.

WORKPLAN

Based on our experience in previous similar engagements, the following preliminary workplan has been developed:

1. Organize project.
2. Review organization structures, Departmental budgets, available documentation, and previous studies.
3. Identify external factors which influence the operations and administration of the Patrol:
 - Demographics
 - State statutes
 - Financial assistance
 - Other
4. Conduct extensive interviews to understand:
 - Departmental goals and objectives
 - Departmental policy and management processes
 - Known problems
 - Communications within the Department and with other organizations
 - Management information needs
 - Management identified improvement opportunities and recommendations
 - Relations and jurisdictional issues with other law enforcement agencies
5. Review the operations of the Department to understand:

- Services provided:
 - Types of service provided
 - Capabilities of Department
 - Response time
 - Citizen complaints
- Organization
 - Lines of authority
 - Functional responsibilities
 - Professional vs. support staff
- Manpower
 - Number of professional staff
 - By activity
 - By location
 - Effect on patrol coverage
 - Effect on utilization
 - Vacations, compensatory time, sick leave, etc. effect on required staffing
 - Union contracts
- Operations
 - System methods and procedures
 - Coordination and communications
 - Equipment and support requirements
- Communications
 - Dispatch organization
 - Manpower staffing
 - Equipment
- Training
 - Scope
 - Location and size of facilities
- Information systems
 - Current information systems
 - Information needs and requirements
 - Record keeping systems
- Equipment
 - Vehicles
 - Maintenance
 - Other

- Facilities (Operational, Training and Administrative)
 - Location
 - Condition
 - Capacity
- Financial data
 - Costs
 - Funding sources
- 6. Analyze projected changes in service area and responsibilities to assess impact on future service requirements. Project expected Department resources necessary to meet anticipated service requirements.
- 7. Develop statistical comparisons of Patrol operations to:
 - Comparable local and state law enforcement organizations
 - National accreditation standards
- 8. Define jurisdictional requirements and objectives.
- 9. Review statement of jurisdictional requirements and objectives with appropriate State and Highway Patrol Department personnel.
- 10. Determine resource requirements based on selected alternative service levels.
- 11. Determine improvement opportunities.
 - Develop preliminary recommendations
 - Develop plan for implementing recommendations
- 12. Set priorities.
 - Evaluate and set implementation priority of improvement opportunities based on:
 - Improvement in services
 - Reduction in cost
 - Increase in revenues
 - Increase in productivity or efficiency
 - Review tentative improvement opportunities with appropriate Department personnel.

13. Prepare report on operations and organization review and long-range resource requirements.
14. Review conclusions with appropriate State and Highway Patrol Department personnel as required.

SECTION III

PROJECT ORGANIZATION AND STAFFING

SECTION III

PROJECT ORGANIZATION AND STAFFING

We recognize that the success of this project requires the formation of a highly qualified project team. This team must bring a set of skills, knowledge and experience to the engagement including:

- Project management skills
- Consulting skills
- An implementation orientation
- Planning and operations analysis consulting skills
- Experience in planning and operations analysis in the public sector

We have made a considerable effort to identify and commit a team which is specifically qualified in these areas. The Touche Ross & Co. management team proposed for the project is a very experienced group. They are well qualified in planning and operations analysis and have a wealth of governmental project experience. They also have a significant amount of background in leading and managing project teams to successful end-products within short time frames. Detailed resumes of the key project members are included in Section VI of the proposal.

Mr. Hugh Swink, Project Partner

Mr. Hugh Swink, a consulting partner in our Kansas City office, will serve as project partner responsible for the overall execution of the engagement. Mr. Swink has an extensive background in organization and operations analysis in the public sector and has recently completed two staff resource allocation plans for the State of Nebraska. He is one of ten partners who lead our government consulting practice nationally and serves as our national director of services to correctional agencies. He has performed numerous organization, operations and planning engagements for state agencies around the country. He brings a strong understanding of state government in general and criminal justice in particular to the project team.

Mr. Swink holds undergraduate and masters degrees from the University of Kansas. He is a certified management consultant and has been with Touche Ross for 15 years.

Mr. Stephen L. Gurwell, Project Manager

Mr. Steve Gurwell has considerable work experience in the public sector. Prior to joining Touche Ross, he was assistant director of the State of Missouri's Division of Budget and Planning. A portion of his work at the State involved review and analysis of law enforcement agencies within the Department of Public Safety.

Since joining Touche Ross, Mr. Gurwell has continued to spend a considerable portion of his time consulting in state and local government. He has managed a variety of organization review and operations analysis projects as well as a variety of other projects for state and local government clients.

Mr. Gurwell holds MBA, MPA and BS degrees from the University of Missouri-Columbia.

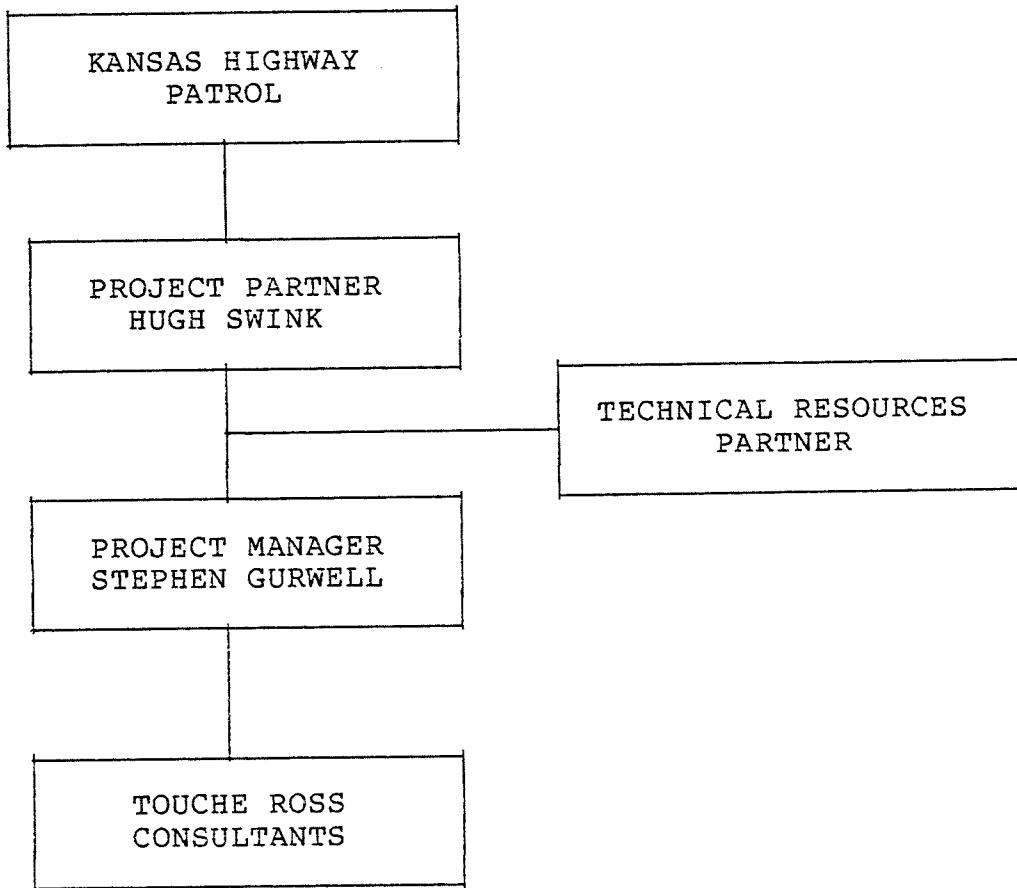
Staff

Depending upon staff availability at the time the contract is awarded, staff consultants will be assigned to assist Messrs. Swink and Gurwell in all project activities.

The management consulting staff of Touche Ross & Co. in Kansas City is composed of over 25 experienced professional consultants offering a wide range of services to both private and public sector clients.

As with all of our engagements of this nature, the staff assigned to this project will possess relevant work experience and educational background to help insure high quality project results.

KANSAS HIGHWAY PATROL
PAY PLAN AND POSITION CLASSIFICATION PROJECT
PROJECT ORGANIZATION CHART



SECTION IV
PROJECT TIMING AND FEES

SECTION IV

PROJECT TIMING AND FEES

PROJECT TIMING

The activities outlined in Section II will require an engagement period of approximately twelve to sixteen weeks. We are prepared to schedule this project immediately once you give your acceptance of our proposal. A mutually acceptable project starting date will be set at that time.

PROJECT FEES

As you are aware, our fees are based on the accumulation of our consultants' time at their standard hourly rates. We have estimated our professional time charges and expenses for this engagement and believe that they will range between \$75,000 and \$85,000. Should our involvement result in less time accumulated than we have estimated, we will naturally bill you the lesser amount. Without your prior approval, we will not exceed the professional fee estimate shown above. It is our normal practice to bill our clients monthly for professional fees and out-of-pocket expenses, as they are incurred.

SECTION V

STATEMENT OF QUALIFICATIONS

SECTION V

STATEMENT OF QUALIFICATIONS

Section V presents the qualifications of Touche Ross & Co. to assist the Kansas Highway Patrol in the development of a long range resource allocation plan and the formulation of specific recommendations for the development and implementation of the plan. The qualifications are presented as follows:

- General description of Touche Ross & Co.'s Management Consulting Practice
- Criminal Justice and Public Sector Consulting Practice
- Consulting Experience

GENERAL DESCRIPTION OF TOUCHE ROSS & CO.

Touche Ross & Co. is an international management consulting and public accounting partnership serving clients in all major sectors of the economy. Worldwide, Touche Ross consists of over 20,000 professionals rendering services in 63 countries under the direction of approximately 1,800 partners. Domestically, our firm employs a professional staff of approximately 7,000, including 725 partners. Touche Ross & Co. has 87 offices in the United States, with an Executive Office in New York City. Approximately 4,000 major clients and 30,000 other organizations and individuals are served by our United States' offices.

Touche Ross & Co. operates four main divisions: Management Consulting; Actuarial, Benefits and Compensation Consulting; Auditing; and Tax. Our consulting staff is one of the largest and most broad-based management consulting firms in the world.

The consulting staff presently numbers approximately 600 nationally. We are highly qualified in terms of education; all professional staff members hold college degrees, about two-thirds have advanced degrees, and many have professional designations. The staffing of our consulting groups is multi-disciplinary in scope.

Additionally, our personnel have acquired a thorough firsthand knowledge of day-to-day management and operations from both employment experience prior to joining the firm and the variety of assignments they receive working on our staff. Our consultants come from backgrounds in government, compensation, administration, human resources consulting, industry, accounting, actuarial science, computer systems and law.

Several characteristics, discussed in the following paragraphs, distinguish Touche Ross & Co.'s management consulting practice from that of its competitors:

- Strong implementation orientation
- High percentage of non-audit clients
- High percentage of follow-up engagements
- Diversified practice

Implementation Orientation

One of the distinguishing characteristics of Touche Ross & Co.'s management consulting practice is the emphasis we place on implementation. Our management consultants are "doers" as well as planners. The process of problem analyzing, fact finding, and conclusion drawing, which to some other consultants is an entire engagement, is only part of the service that Touche Ross & Co. provides to its clients.

The ultimate standard by which we judge our effectiveness is whether or not our services have created meaningful, positive, and lasting change. Reports are merely words on paper; they are incapable of inducing change. Only implementation on the part of our consultants, working closely with our clients, can accomplish meaningful change. Our firm takes great pride in the assignments in which we have successfully implemented improvements for our clients.

Non-Audit Clients

A second distinguishing characteristic of our management consulting practice is that it conducts approximately 70 percent of its engagements for non-audit clients. In the management consulting groups of other large accounting firms, the ratio is often reversed. Touche Ross & Co. often attracts new clients solely on the merits of its management consulting work. Such success underscores the quality of our work in a competitive marketplace.

Follow-up Engagements

Our management consulting practice has historically realized a high percentage of follow-up engagements. Management consulting is often highly subjective, and performance evaluations are no less subjective. But when clients repeatedly engage one firm, it is clear evidence that they are satisfied with its earlier efforts. Approximately 80 percent of our firm's management consulting engagements are with clients for whom the firm has previously worked.

Diversified Practice

Our management consulting practice is highly diversified. By contrast, many other consulting firms restrict their practice to a single discipline, such as accounting systems, or a single industry, such as health care or the utilities industry. The diversification at Touche Ross & Co. is one of the broadest in the management consulting profession, and can be categorized into seven major areas:

- Financial Management
- General Management
- Human Resources Management
- Marketing Management
- Operations Management
- Specific Industry Practices
- Systems Management

This breadth of experience enables Touche Ross & Co. to bring its clients the specialized talents necessary to solve specific problems, while at the same time, our general experience enables us to implement solutions that are realistic and compatible to the entire organization.

Criminal Justice Consulting Practice

Touche Ross' initial in-depth experience in consulting for criminal justice agencies was gained in the mid-1960's when we were chosen to plan and direct the data conversion group for the New York State Intelligence and Identification System (NYSISS). Since that time, Touche Ross has greatly expanded its role in management consulting to public safety and criminal justice agencies. Project descriptions of specific consulting experience in a variety of criminal justice engagements are presented in Section VII.

In many of these projects we analyzed existing operations; evaluated alternatives for improvement; and, working with agency management, planned and implemented improved operations. In several organizations, our projects included sophisticated new technical systems, such as computer-aided dispatching; and, in others, the entire criminal justice process was analyzed with short- and long-term programs designed to improve the criminal justice process.

Touche Ross has made a major professional commitment in the area of criminal justice consulting. In addition to local client relationships with a broad range of criminal justice organizations, the firm maintains an active national program designed to inform and assist personnel concerned with law enforcement and criminal justice administration, both within the firm and among our clients.

We have performed engagements for clients within each segment of public safety and the criminal justice system. Rather than limiting our practice to a single area or function, we have developed a base of experience which encompasses the entire field, including:

- Law enforcement
- Courts
- Corrections
- Youth services
- Prosecution and defense
- Public safety programs
 - Criminal justice planning
 - Drug abuse, alcoholism and mental health
 - Emergency medical services
 - Fire prevention
 - Training and education

Our experience with each major component within the public safety and criminal justice areas allows us to consider all aspects of client problems. In several projects, it has been this ability to bridge the gap between elements of the criminal justice system that has led to successful and worthwhile program results.

We are proud of the work we have completed for criminal justice agencies throughout the country. Many of the engagements have been "breakthroughs" in the industry in that they were not previously attempted. In our national staff of 600 management consultants, more than 20% have participated in our criminal justice consulting activities. This field has become a major segment of our practice. We hope to continue providing high quality, innovative consulting to criminal justice agencies at the local, state and national levels.

Public Sector Practice

Government services constitute a significant portion of our total business. For many years Touche Ross & Co. personnel have successfully performed engagements at the local, state and federal levels on behalf of numerous governmental entities. Our personnel have experience extending across the following major public activities:

- Police service
- Fire service
- Emergency medical services
- Manpower development
- Criminal justice
- Education
- Housing
- Recreation
- Social services

- Transportation
- Environmental quality
- Public works
- Finance
- Energy programs
- Economic development
- Natural resources
- Urban development
- Central administrative functions
- Health and mental health

Because of our work in these areas involves so many aspects of public administration, Touche Ross & Co. personnel obtain broad familiarity with governmental process and activities. This practical knowledge concerning the characteristics of the working environment is an important part of the preparation we bring to each of our professional assignments in the public sector. Some of the services we have provided to government clients are summarized below:

- Operations reviews:
 - Review of agency operating policies and procedures...resource deployment...functional analyses, work measurement and evaluation of manpower effectiveness...facilities and resource utilization...management efficiency and economy...identification of opportunities for cost reduction and service enhancement.
- Planning and evaluation
 - Establishing program options and objectives... defining measurable products and results... performance monitoring systems and procedures ...field studies of program achievements... cost-benefit analyses.
- Financial and compliance auditing
 - Surveys of financial systems and controls to satisfy preconditions for receipt of federal grant funds...annual audits and attest functions...reviews of programs and operations to determine compliance with statutes and regulations.
- Financial management
 - Budgeting systems and procedures...accounting and management reporting systems...program and activity-oriented accounting systems...billing systems...cost findings and cost-analysis... cost allocation plans...financial planning and feasibility studies.

- Implementation assistance
 - Defining management improvement objectives and action programs...managing and controlling reorganizations, staff changes, modifications in procedures, introduction of new equipment ...progress reporting and problem identification...results measurement.
- Tax policy and operations
 - Research on impact of tax provisions and effectiveness in achieving or supporting legislative purposes...administration of sales, property and income taxes...management and staffing of the revenue function...automated application.
- Automated data processing
 - Conceptual design, requirements definition and detail specifications for computer systems... review of in-house and shared-service alternatives...hardware specifications and vendor selection...evaluation and cost-benefit analyses of existing computer installations.

The comprehensiveness of the professional services Touche Ross & Co. provides is an important factor in our government practice. Because of this depth and scope, we are able to respond to the problems in our client's operations.

The following is a selection of operations and organization management related engagements we have conducted in the recent past or that are currently in progress for law enforcement agencies. Brief summaries of these engagements are contained in Section VII.

Specific references for projects will be furnished upon request.

<u>Client</u>	<u>Engagement</u>
Indiana State Police	Operations Planning
Vermont State Police	Operations Planning
Battle Creek (Michigan) Police Department	Evaluate Operations - Plan and Implement Improvement Programs
Boston Police Department	Patrol Organization Improvement

<u>Client</u>	<u>Engagement</u>
Boston Police Department	Patrol Force Deployment
Massachusetts Governor's Committee on Law Enforcement and Administration on Criminal Justice	Evaluation of Communications, Information and Resource Allocation Project
Detroit Police Department	Patrol Force Resource Allocation
Detroit Police Department	Evaluation of Police Operations
Detroit Police Department	Review of Traffic Division Operations
Detroit Police Department	Design and Implement an Evidence Technician
Detroit Police Department	Evaluate Citizen Complaint Operations
Detroit Police Department	Operations Review Narcotic s Operations
Detroit Police Department	Operations Review Narcotic Investigations
Detroit Police Department	Homicide Prevention and Control
Detroit Police Department	Police Department Reorganization
Highland Park (Michigan) Police Department	Evaluate Operations - Plan and Implement Improvement Programs
Miramar (Florida) Police Department	Management and Operations Review
Pontiac (Michigan) Police Department	Operations Review
Racine (Wisconsin) Police Department	Evaluate Operations - Plan and Implement Improvement Programs
Riviera Beach (Florida) Police Department	Management and Operations Review

<u>Client</u>	<u>Engagement</u>
Saginaw County Sheriff's Department	Management and Operations Review
Troy (Michigan) Police Department	Development of Comprehensive Long-Range Plan
State of Colorado Department of Revenue	Highway Safety Research and Driver Exam Revision

SECTION VI
PROJECT TEAM RESUMES

Resume of: HUGH J. SWINK, CMC*

Present Position National Director, Correctional Services
Partner, Touche Ross & Co.

● South Australia Department of Correctional Services - Review of Operations

Managed the project team responsible for the review of operations of the South Australian Department of Correctional Services. The review included analysis and recommendations in the areas of organization, personnel, staffing, prison industries, security, information systems, and capital planning. South Australia operates nine prisons and jails as well as a probation and parole function.

● Colorado Division of Adult Corrections - Master Plan

Managed the project team responsible for the development of a Corrections Master Plan for the State of Colorado. The plan included detailed operations reviews and recommendations in the areas of organization, personnel, prison industries, offender programming, security, health care, food service, facilities, parole and community services.

● California Prison Industry Authority - Review of Prison Industries

Conducted a review of the California Prison Industry Authority. The review included analysis and recommendations in the areas of marketing and sales operations, accounting and financial information, data processing, central administration and Board functions.

● Yatala Labour Prison, Australia - Management Plan

Conducted a management audit of Yatala Labour Prison and developed a short-term management improvement plan. Areas of coverage included management structure, staff deployment, security, physical facilities, inmate programs and inmate management practices.

* Certified Management Consultant

Resume of: **HUGH J. SWINK, CMC**

● Alaska Division of Adult Corrections -
Management Plan

Managed the project team responsible for the development of a one-year management plan for the Alaska Division of Adult Corrections. The plan included analysis and recommendations in the areas of organization and management style, policies and procedures, classification, planning, fiscal management, population management, staff development, information systems, and community programs.

● Kansas Department of Corrections - Master Plan

Managed the project team responsible for the development of an eight-year master plan for the Kansas Department of Corrections. The plan included detailed analysis and recommendations in all major areas of the correctional system, including security, offender programs, prison industries, organization and personnel, food service, health care, facilities, information systems, probation and parole.

● Tennessee Department of Corrections - Review of
Prison Industries

Conducted a review of Tennessee's prison industry program. The review included an analysis and recommendations in the areas of organization, staffing, overall industries plan, the role of individual facilities, production and inventory control, accounting and financial information, inmate wages and individual industry operating methods and document controls.

● Nebraska Department of Corrections -
Operations Review

Managed the project team responsible for performing a general operations review of the Nebraska Department of Corrections. The review focused on the operations of individual adult and juvenile facilities and resulted in recommendations regarding inmate idleness, correctional industries, operational practices of certain facilities, the offender tracking system, classification procedures, inmate management procedures and leadership needs of the Department.

Resume of: HUGH J. SWINK, CMC

- Iowa Division of Adult Corrections -
Operations Review

Performed a management level operations review of the Iowa Division of Adult Corrections. The resultant recommendations covered necessary improvements in the major processes, procedures and systems of the Division.

- Nebraska Department of Corrections - Offender-
Based Information System

Managed the planning project to develop an offender-based corrections information system for the Nebraska Department of Corrections. Development of the system required extensive reviews of the management information needs of the three adult and two juvenile facilities as well as the parole division.

- Lincoln, Lancaster County, Nebraska Criminal
Justice Information System

Managed the project to review and re-design the automated criminal justice information system for the City of Lincoln and Lancaster County, Nebraska. Agencies involved in the comprehensive system included the police, sheriff, city and county attorneys, public defender, municipal court, county court, district court, juvenile attention center and adult corrections.

- Santa Clara County, California - Jail Management
System

Performed a limited outside review of the new automated jail management system and jail management plan for the Santa Clara County Sheriff's Office.

- Oregon Legislature - Prison Industries
Expansion Plan

Assisted the Judicial Committee of the State of Oregon to develop a plan for the expansion of prison industries in the State. Oregon had just passed a law easing restrictions on the sale of industry-made goods.

Resume of: HUGH J. SWINK, CMC*

Present Position: Partner, Management Services
Touche Ross & Co., Kansas City

Firm Experience Includes:

Mental Retardation

- Developed a model based reimbursement system for the Medicaid funding of Nebraska's institutions for the mentally retarded (ICF/MRs). The system allocates 29 separate staff positions based on the level of client need and provides for all the cost components required in the operation of the ICF/MR facilities.
- Developed a cost model for all public and private community based mental retardation programs in the State of Nebraska. The model provides staffing by service delivery program based on level of need and is used to assist in the allocation of state funds to community programs.
- Managed the comprehensive operations review of the Nebraska statewide system of community-based care for retarded citizens. Made legislative, administrative, fiscal, and control recommendations.
- Managed the operations review of the Dallas County Mental Health - Mental Retardation - Drug Abuse Center. Developed a plan for the short and long term management needs of the Center.
- Managed the team responsible for performing a management level operations review of the Iowa Division of Mental Health and Mental Retardation. Developed recommendations covering necessary improvements in the major processes, procedures and systems of the Division.
- Performed a detailed cost study of the Community Based Mental Retardation Regions and the Mental Retardation Developmental Centers in the State of Nebraska. Compared and analyzed costs to provide similar services to similar need clients.
- Assisted the State of Kansas Division of Mental Retardation in obtaining a \$200,000 federal grant for improving the division's cost accounting system.

* Certified Management Consultant

Resume of: **HUGH J. SWINK, CMC**

Local Government

- Managed the project team responsible for the definition of requirements, design and implementation of an integrated budgetary accounting and financial management information system for Lancaster County, Nebraska. The project was two and one-half years in duration.
- Managed the project to define requirements for a comprehensive financial system for the City of Lincoln, Nebraska. Developed a detailed implementation plan.
- Managed the project team responsible for developing a comprehensive statement of functional system requirements for the client service system of the Lincoln Area Agency on Aging.
- Performed a survey of the data processing needs of the City of Overland Park, Kansas and prepared an analysis of computer processing options.
- Performed a comprehensive systems and computer hardware planning study for the School District of North Kansas City, Missouri.
- Managed the team responsible for designing and implementing a client tracking and billing system for two health centers in Kansas City, Missouri. The project involved the selection of hardware and software as well as modifications, conversion, training and implementation.
- Assisted the City Council of Lincoln, Nebraska in evaluating its annual budget; analyzing in-depth the Parks and Public Works Departments.

Resume of: **HUGH J. SWINK, CMC**

Mental Health

- Developed a service provider budgeting, financial and statistical reporting system for the Clay, Platte, Ray Mental Health Board of Trustees.
- Managed the operations review of the Dallas County Mental Health - Mental Retardation - Drug Abuse Center. Developed a plan for the short and long term management needs of the Center.
- Managed the team responsible for performing a management level operations review of the Iowa Division of Mental Health and Mental Retardation. Developed recommendations covering necessary improvements in the major processes, procedures and systems of the Division.

Resume of: HUGH J. SWINK, CMC

- People's Republic of China - Prison System Overview

Spent three weeks in China as a member of a U.S. criminal justice delegation viewing the prisons of mainland China. The members were guests of the Ministry of Justice and viewed nine prisons and reform schools.

- Privatization of Correctional Facilities - Strategic Plan

Performed an independent review of the financial and operational assumptions of a start-up strategic plan for a private sector firm engaged in building and managing correctional facilities.

- National Academy of Corrections - Instructor, Prison Industries

Instructed a course in marketing and new product development for prison industries at the National Academy of Corrections in Boulder, Colorado.

Previous Experience: Officer, United States Navy

Education: University of Kansas
Masters in Business Administration
Bachelors in Mechanical Engineering

Professional: National Institute of Corrections - Prison Industries Technical Assistance
American Correctional Association
American Jail Association
Missouri Correctional Association

Resume of: STEPHEN L. GURWELL

Present Senior Consultant, Management Consulting
Position: Touche Ross & Co., Kansas City, Missouri

Firm Experience Includes:

State and Local Government

- Managed a project to assist a major municipality in intervening before a state utility regulatory commission regarding the economic impact of proposed electric utility rate increases. Project activities included a quantitative assessment of the economic impact of proposed rate increases, an analysis of the elasticity of demand for electricity assuming proposed rate increases were adopted and an analysis of the impact of a rate phase-in plan on the financial integrity of the utility.
- Managed a project to assess the financial impact of increased electric utility rates on the operations of a major municipality and its residents. Project activities included an analysis and evaluation of past and current utility rates and costs by customer class and projection of those rates and costs based on historical ratemaking methodologies utilized by utility regulatory agencies.
- Managed a project which analyzed the streetlighting systems of a large city. Project activities included analysis and evaluation of present systems, identification of alternative systems and operating methodologies, detailed cost/benefit analysis of the alternatives and detailed recommendations for realizing cost savings.
- Managed an operations review of a state department of social services. Project activities included an evaluation of the efficiency and effectiveness of all departmental operations and development of detailed recommendations and implementation plans for improvement.
- Managed an operations review of the motor vehicle fleet operations of a major city. Project activities included an evaluation of the efficiency and effectiveness of all motor vehicle fleet operations and development of detailed recommendations and implementation plans for improvement.

Resume of: STEPHEN L. GURWELL

Personnel Administration

- Performed an organization review of a major division within a large state agency. Project activities included identification of organizational deficiencies and recommendations as to organizational structure and responsibilities.
- Performed organizational reviews and developed salary administration and performance appraisal programs for a number of financial institutions.
- Developed a number of executive and staff incentive compensation programs for a variety of businesses.

Other Firm Experience

- Participation in the design of an in-house data processing organization for a major savings and loan association. Project activities included development of detailed requirements and conceptual design alternatives, hardware and software evaluation and selection, detailed cost analysis and development of implementation plans.
- Participation in the development of an integrated organization and systems plan for the financial division of a major aerospace manufacturer. Project activities included requirements definition, development of conceptual design alternatives, detailed cost/benefit analysis and implementation planning.
- Participated in a review and analysis of the cash management operations and systems of general organizations within the following industries:
 - Financial institutions
 - Real estate management/development
 - Hotels
 - Construction

Previous Experience:

Senior Financial Analyst, Crown Center Redevelopment Corporation (wholly owned subsidiary of Hallmark Cards, Inc.), Kansas City, Missouri

- Responsible for short and long-range corporate financial forecasts.

Resume of: STEPHEN L. GURWELL

- Designed and implemented all corporate financial reporting systems.
- Responsible for the analysis and presentation of major corporate investment proposals.

Assistant Director, Missouri Office of Administration - Division of Budget and Planning, Jefferson City, Missouri

- Responsible for the coordination of budget development concepts and activities relative to the design and implementation of a state-wide financial management and control system.
- Participated in the design and implementation of a zero-based budgeting program.
- Responsible for various projects involving budget and operations analysis of state programs.

Education: University of Missouri - Columbia

B.S. - Finance and Management
M.P.A. - Financial Administration
M.B.A. - Finance and Management

SECTION VII

SELECTED ENGAGEMENT SUMMARIES
IN THE AREA OF LAW ENFORCEMENT

Indiana State Police -- Operations Planning

In early 1974, Indiana State Police initiated the Joshua Project. The project involved all levels of the Department and its objective was to develop the State Police programs that would be implemented during 1975-77. In July, Touche Ross & Co. was engaged to assist the Department in the development of its programs. Our assistance, built upon the initial work of the Joshua team, attempted to answer several questions for the State Police:

- What police services should the State be providing?
- How can better police services be provided to the citizens?
- How can this service be provided more efficiently?

The questions were answered by surveying each State Police function, collecting performance data to assess the function's effectiveness, identifying inefficiencies in the process, developing sufficient recommendations, and presenting these recommendations to management for approval. The results of these planning efforts were 20 Department programs in the major areas of operations, communications, information systems, and personnel for implementation of the next several years. The "Area Council Program" is a specific example of this "operations management" approach to planning. Analysis indicated that substantial amounts of sworn officers' time were utilized in maintaining 24-hour administrative operation of 21 districts and that the citizens utilization (walk-ins) of the facility was minimal. Since the communications technology exists for recruit radio operations, a program was developed to consolidate the administrative operators rate. Four to six area headquarters will release the sworn resources in the other district for road patrol. The planning effort included the development of step-by-step implementation plans that considered the resources available for implementation as well as the programs producing this cost-significant improvement to citizens service (response time, etc.).

Vermont State Police -- Operations Review

We were engaged by the State of Vermont to conduct an operations review of the State Police. The operations review included the following areas:

- Station Record Keeping
- Vermont Crime Information Center
- Personnel Policies and Procedures
- Bureau of Criminal Investigation
- Patrol Resource Development
- Laboratory
- Accounting
- Special Services
- Role of State Police
- Training Academy

We conducted this review with the assistance of two full-time Vermont State Police officers.

Battle Creek (Michigan) Police Department -- Evaluate
Operations - Plan and Implement Improvement Programs

The objectives of this project were to improve patrol response, prevention, and investigative efforts. Recommendations were developed in the following areas:

- Patrol operations
 - Improvements in the control and coordination of response units
 - Reduction in response unit administrative activities
 - Improvements in response unit status reporting
- Dispatch operations
 - Improvements in aligning response unit staffing with workload
 - Improvements in tactics planned for burglary, other street crimes, and accident prevention
- Investigation
 - Reduction of administrative activities
 - Improvements in case management
- Tactical unit
 - Establishment of a Tactical Unit for prevention and apprehension efforts
- Records section
 - Reduction in clerical activities
 - Improvement in scheduling of work
 - Improvement in timing of report distribution

Boston Police Department -- Patrol Organization
Improvement

The primary goal of this engagement was to assist the Boston Police Department and implement an improved police district organization. During this report we:

- Documented patrol force functions and responsibilities at all levels.
- Developed recommendations in the areas of:
 - Command and administrative functions
 - Clerical methods and procedures
 - Field reporting procedures
 - Eliminations of nonpolice functions
 - Increased utilization of cadets and civilians
- Designed and conducted a test of proposed improvements in one district.
- Assisted the Department during citywide implementation.
- Assisted in project orientation and training of patrol force personnel at each district.

Boston Police Department -- Patrol Force Deployment

The objective of this project was to develop improved patrol forces deployment techniques and assist in their implementation. As a result of the project, average probability of immediate response to calls for service increased from 75% to 95%. The following summarizes the major activities of the project:

- Sampled, tested and validated accuracy and applicability of data base and produced statistical reports.
- Developed computer-based algorithms for data preparation and geo-coding.
- Analyzed workload by hour, tour, day, month, district, sector and geographical cell.
- Determined response unit and sector requirements for project objective of 95% immediate response probability.
- Developed resectoring procedure.
- Designed and conducted a test of allocation and sectorization techniques.
- Assisted the Department during citywide implementation.
- Assisted in developing and conducting special in-service training programs concerning the improved Patrol Forces Deployment Program.

Massachusetts Governor's Committee on Law Enforcement
and Administration on Criminal Justice -- Evaluation of
Communications, Information and Resource Allocation
Projects

The objective of this project was to evaluate federally funded projects within the Boston Police Department in the areas of communications, information and resource allocation. During the project, our consultants:

- Observed the telephone answering procedures, performed a systems test for the 911 emergency number, and assisted department executives during the implementation of new staffing patterns.
- Assisted Department executives in the reallocation of the Department's UHF radio channels and prepared new dispatch procedure and staffing patterns.
- Observed street operations and assisted Department executives during the implementation of improved assignment and use of portable radios.
- Reviewed the prototype computer-aided dispatching system.
- Evaluated field reporting procedures and the systems used to maintain central records.
- Evaluated the patrol force simulation model in relation to the Department's resource allocation needs.
- Evaluated the geographic base file used to cross-reference street address with patrol areas and other geographic groupings.
- Analyzed the current and planned computer applications.
- Evaluated the need for high capacity cable between headquarters and stations.
- Studied the use of emergency street telephone system.

Detroit Police Department -- Patrol Force Resource
Allocation

This project involved an analysis and review of all the patrol force workload as part of an overall patrol force improvement project. The major activities were:

- Review of current manpower and vehicle assignments.
- Analysis of crime activity by patrol area.
- Development of computer programs for collection of daily patrol car run activity.
- Development of geo-coded data base for Detroit area by census tract.
- Development of procedures and computer programs for allocation of manpower and vehicles to geographic areas with equalized workloads.
- Development of procedures for ongoing review and evaluation of future workload requirements.

Prior to the implementation of this procedure, patrol workload varied widely across the city. In some precincts there were no cars available for immediate dispatch as much as 50 percent of each shift. After the patrol boundaries were realigned and manpower assignments changed, the citywide workload was much more uniform and the percentage of time that no cars were available was reduced to approximately 5 percent in all precincts.

Detroit Police Department -- Evaluation of Police
Operations

New Detroit, Inc., the Mayor of Detroit and his new Police Chief decided to evaluate the current state of police services in the City. Our consultants, working with a team of senior police officials reviewed and evaluated the management and operations of this 5,500-man Department. This effort resulted in the awarding of over \$7 million to Detroit by LEAA for implementing fundamental operating improvements throughout the Department.

Governor William Milliken said, "The quality of research and planning in preparation for an overall improvement program of this magnitude has greatly impressed the Commission. I am truly confident that Detroit can utilize all their resources to create a model Police Department which will have tremendous impact on law enforcement effort to the entire State."

The Administrator of the Office of Criminal Justice Programs, Administrator for the State of Michigan, credited the City with presenting grant applications "that were unquestionably the most comprehensive and sophisticated ever submitted by an applicant for funds in the State. I have never seen anything comparable in their scope."

Detroit Police Department -- Review of Traffic Division Operations

The Traffic Division of the Detroit Police Department consists of seven sections and about 500 men. We were engaged to evaluate the overall effectiveness of the Division and implement organizational changes which would improve the performance of the unit.

The most significant part of the reorganization was the creation of a Traffic Planning Unit. The primary mission of this unit was to plot and analyze accidents and enforcements and recommend corrective action to reduce the accident rate at particular locations in the City.

In the field, several tactical moves were conducted to combat the accident rate. Selective Enforcement Teams were created and deployed to strategic areas to enforce traffic laws which were the primary cause of accidents. The accident rate was reduced in the strategic areas during the course of our involvement in this project.

Equipment used in traffic enforcement was procured and utilized for this project. The number of radar units was increased by 600 percent, and the units were deployed in high accident areas. The Department's fixed-wing aircraft was utilized for reporting major traffic tie-ups to the public via radio stations in the area.

In addition, an improved method of investigating accidents was devised to enable the assignment of approximately 100 accident investigators to other more important duties within the Department. The new method of accident investigation included the training of existing one-man units in patrol (a report writing detail) to investigate accidents. These one-man units were being trained as we completed our portion of the engagement.

Finally, we designed and implemented a performance reporting system for the entire division which enabled management to effectively deploy and evaluate manpower.

Detroit Police Department -- Design and Implement an Evidence Technician Program

As part of our work with the Criminal Investigation Division of the Detroit Police Department, we planned and implemented an Evidence Technician Program. The duties and responsibilities of the technician include:

- Examination of crime scenes for physical evidence.
- Photographing crime and other scenes, persons, evidence and property.
- Sketching, diagramming, and plotting crime and other scenes.
- Identifying physical evidence at crime scenes.
- Collecting and preserving physical evidence.
- Transporting physical evidence to appropriate Department depositories.
- Initiating required reports and maintaining established records.
- Giving testimony in court relative to their specialization in their technical field.

Benefits of this program have included:

- Improved response of scientific services to investigators at crime scenes.
- Evidence gathering and analysis performed by highly skilled personnel in the field.
- More crime scenes serviced.
- Precinct investigators have service never provided in the past.
- Homicide and robbery investigators are very pleased with the aggressiveness and technical competence of technicians.

Detroit Police Department -- Operations Review Narcotic Investigations

The major objectives of this project were to:

- Decrease the abuse of narcotics and dangerous drugs.
- Reduce drug related crimes.
- Improve relations with the Federal Bureau of Narcotics and Dangerous Drugs, the Michigan State Police, and other local law enforcement agencies.
- Narcotics identification training for Department personnel.
- Sophisticated investigations resulting in a larger number of search warrants and arrest warrants.
- Improve public cooperation.

Some of the major problems relating to narcotics enforcement included a lack of management reporting, inefficient use of day crew manpower, an increased staff but decreased arrests, poor equipment, and lack of communications between units. Our consultants, working with senior police personnel worked on these basic problem areas. The project included the following tasks:

- Defining methods to coordinate case responsibility.
- Evaluating separation of precinct narcotics units.
- Investigating response to complaints.
- Evaluating alternatives to DPD for metro squad and task force.
- Exploring ways to identify problem areas.
- Identifying alternative methods of evaluating section performance.
- Developing resource questionnaire.
- Designing scheme for controlling resources.
- Determining resource requirements and possible sources of funds.

Detroit Police Department -- Homicide Prevention and Control

The City of Detroit has been plagued with an ever-increasing homicide rate. Our consultants, working with a team of senior police personnel, analyzed this specific crime and planned an overall improvement program. Specific tasks in the analysis included:

- Assembly of statistics to show present magnitude of homicide problem.
- Isolating causes of homicides
 - Pinpointing criminal causes in which homicide reduction is likely to be effective:
 - Arguments
 - Mental illness
 - Breaking and entering
 - Holdups
 - Narcotics related
 - Sex related
- Analyzing Homicide Section's present performance:
 - What is being done right?
 - Section personnel organization
 - Internal conditions and procedures
 - External conditions and procedures, especially those relating to Prosecutor's office and courts
 - What is being done wrong?
 - Section personnel organization
 - Internal conditions and procedures, especially those relating to homicide investigations and apprehension of suspects
 - External conditions and procedures, especially those relating to working with the Prosecutor's office and courts to get convictions of the guilty

Detroit Police Department -- Police Department
Reorganization

The adoption of a new charter by the voters of Detroit provided an opportunity for the new mayor and police chief to reorganize the police department of the fifth largest city in the country. Working with a team of senior police executives, our consultants reviewed the mission, organization, and operation of each unit in the Department. Based upon this review and upon the results of crime, specifically projects in the areas of burglary, rape, homicide and narcotics, a new department-wide reorganization was designed.

In essence, this new organization provides for:

- Emergency response - two man cars to the scene within five minutes.
- Radio dispatched investigation teams to the scene within five minutes when called by emergency response units.
- All officers, including Command personnel utilizing marked police cars (except for zero visibility operations).
- Modernizing existing facilities and acquiring new ones.
- Reassignment of over 1,000 officers to precincts from staff and support operations.
- Doubling the number of response units on the street.
- More and higher ranking supervisors and management at the precinct level.

This major reorganization has been pilot implemented in two of the City's thirteen precincts. Complete implementation is scheduled over 18 months.

Highland Park (Michigan) Police Department -- Evaluate
Operations - Plan and Implement Improvement Programs

The objective of this project was to evaluate police operations in this small city that has the highest crime rate of any city its size in the country. This evaluation led to the development of a comprehensive improvement program in:

- Operations
 - Patrol car boundaries were revised to equalize workloads.
 - Supervisory personnel were utilized for on-scene report review - patrol time was increased.
- Crime analysis
 - A patrol-oriented crime analysis system was developed that included daily crime summaries and monthly management reports.
 - Concentrated patrols based upon the crime analysis information were tested.
 - Patrol notebooks containing various crime related information and guidelines for handling specific crimes were developed.
- Shared services
 - A program of shared police services with Detroit was planned, tested, and operationally defined.
 - Services included evidence technician, crime lab communications.

Miramar (Florida) Police Department -- Management and Operations Review

This project involved a complete review of Police Department operations with an emphasis on records management. As a result of this study, the Police Department established a task force which eventually implemented all recommendations. Highlights of the study were:

- Consolidation of offense reporting forms.
- Reorganization of offense and investigative files.
- Implementation of a team system in the patrol division.

Pontiac (Michigan) Police Department -- Operations
Review

Touche Ross & Co. was engaged by the City Manager and Chief of Police to assist the Police Department in analysis and reorganization of operations in every bureau. All organizational components of the Department were reviewed and recommendations developed to improve operations.

Major project components included the following:

- Patrol operations
 - Defined and implemented a reallocation of response units by time of day to permit better correlation of staffing to high person-to-person crime periods.
 - Designed and implemented a performance measurement reporting system to permit management review of patrol operation effectiveness.
- Investigative operations
 - Defined and reorganized all investigative operations into one organization.
 - Determined the need for and recommended a night detective operation and a major crimes investigative task force.
- Communications
 - Established the need for and implemented call screening and priority assignment procedures to permit for efficient handling of citizen calls for police services.
- Youth Operations
 - Reviewed existing youth programs and recommended an expansion of programs in order to impact more troubled youths in Pontiac and established a youth counseling section.
- Records and police training
 - Recommended a detailed study of records requirements for the entire Department, with the potential implementation of records management system.
 - Determined the need for and recruited a training coordinator to design and coordinate training programs for all members of the Department.

The overall project was one year in duration, thus enabling an effective evaluation of all projects. During the first six months of the project, the number of most major person-to-person crimes decreased 16 percent while the national average for middle-sized U.S. cities increased 14 percent.

Racine (Wisconsin) Police Department -- Evaluate
Operations - Plan and Implement Improvement Programs

The objectives of this project were to:

- Identify opportunities to strengthen law enforcement service.
- Develop the opportunities into organizational and utilizational improvement recommendations.
- Provide improved law enforcement at minimum cost.

Recommendations were developed in the following areas:

- Patrol divisions
 - Reallocation of resources between shifts
 - Purchase of three additional squad units
 - Continuation of the Community Service Officer Program
- Investigative divisions
 - Assignment of cases based on similarity of crime
 - Better utilization of investigative resources
- Administrative divisions
 - Computer systems to explore manual activities
 - Officer training improvements
 - Better utilization of civilian time
- Organization structure
 - Improvements in the organizational structures
- Implementation plan for recommendations

Riviera Beach (Florida) Police Department -- Management
and Operations Review

The objective of this study was to improve the overall organization, operations, and administrative systems of the Riviera Beach Police Department through:

- Simplifying records processing procedures to:
 - Reduce processing time for officers and clerical personnel
 - Provide improved access to incident and criminal history information
- Increasing information for management decisions to:
 - Aid manpower allocation decisions
 - Control equipment supplies
 - Monitor personnel performance
- Developing long-term plans to facilitate:
 - Records storage
 - Personnel
 - Building modifications

An implementation work plan was developed for each recommendation area. Most of the recommendations in the records area were implemented during the study. The remaining recommendations required either building modifications, City Council action, or a phased approach to accommodate timing requirements.

Saginaw County Sheriff's Department -- Management and Operations Review

The objective of this study was to improve the overall organization, operations, and administrative systems of the Saginaw County Sheriff's Department through:

- Simplifying records processing procedures to:
 - Reduce processing time for officers and clerical personnel
 - Provide improved access to incident and criminal history information
- Increasing information for management decisions to:
 - Aid manpower allocation decisions
 - Control equipment supplies
 - Monitor personnel performance
- Developing long-term plans to facilitate:
 - Records storage
 - Personnel
 - Building modifications

An implementation work plan was developed for each recommendation area. Most of the recommendations in the records area were implemented during the study. The remaining recommendations required either building modifications or a phased approach to accommodate timing requirements.

Troy (Michigan) Police Department -- Development of
Comprehensive Long-Range Plan

We were selected by this local municipality to review the operations of its Police Department and develop a comprehensive long-range plan for law enforcement in its community.

The municipality is in a fast growing suburban area to a two-million population central city. It has witnessed an increase in residents from 20,000 to 50,000 over the past 12 years with dwelling units divided between upper middle class single family homes and extensive garden apartment complexes. Two major shopping centers and numerous neighborhood plazas have opened in the past five years. In addition, extensive commercial development has occurred with many small manufacturing plants plus new headquarters for two Fortune 500 companies. To cope with this rapid change, the City has developed a comprehensive land use plan with related plans for roads, education, recreation, etc. One major plan additionally required was a detailed evaluation of the future needs for law enforcement within the city.

The initial phase of this project was to thoroughly review the present operations of the 60-man police department. We identified deficiencies in present operations, functions performed which were more properly the responsibility of other units of government, and additional functions which were required but not currently performed. Our review included detailed analyses of crime, accident, calls for service, officer activities, and criteria used to evaluate individual and departmental performance.

We assisted the Department in implementing certain short-term operational improvements and assisted the City in identifying sources of funding to implement the long-term comprehensive plan.

State of Colorado Department of Revenue -- Highway
Safety Research and Driver Exam Revision

Touche Ross assisted Colorado in developing one of the nation's most progressive driver licensing systems. Rather than simply confirming a knowledge of basic skills, the new approach makes the examination an educational process. Questions are designed to highlight key factors that contribute to many serious accidents.

To enhance the effectiveness of the tests, two separate sets of questions are used. The applicant is given the set corresponding to his age group and experience level. Supplemental questions are administered for truck, bus and motorcycle licenses. The questions are tailored to the accident patterns typical of the respective driver categories.

Our participation, which began in 1970, included analyzing accident data, redesigning examinations and driver manuals (both content and format), supervising pilot tests, conducting public opinion polls on new examination designs, and recommending changes in state law and policies on driver licensing. We helped to develop instructional programs for retraining the examiners who administer the tests.

MANPOWER DEPLOYMENT AND COMPENSATION SURVEY:
TWO PROPOSED STUDIES FOR THE KANSAS HIGHWAY PATROL

A Pre-Proposal
University of Kansas
Institute for Economic and Business Research/School of Business
April 1985

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PROPOSED COMPENSATION PACKAGE SURVEY:
A STUDY FOR THE KANSAS HIGHWAY PATROL

SCOPE OF WORK

- Review of Department of Personnel Services' Compensation Survey Pertaining to the Highway Patrol.
- Development of the Compensation Survey Instrument.

A compensation package survey will be developed and pilot tested. Briefly, the instrument will request current salary information including the number of employees at each step in the salary range for the following job classes: Trooper, Sergeant, Lieutenant, Captain, Major, and Lieutenant Colonel or their equivalents. To permit the estimation of trends in salary increases in other law enforcement organizations, these data will be requested for Trooper, Lieutenant, and Major job classes for fiscal years 1974 and 1979, also. Benefits information will be requested, including amounts or percentages for pension/retirement program premiums, life insurance premiums or death benefits, medical insurance premiums, salary continuation or long-term disability insurance premiums, dental insurance premiums, moving expenses, paid vacations, paid holidays, paid sick leave, payments for State or National Guard duty, and jury/witness/voting pay allowances, among others. Overtime premium information will be requested, also, as well as other additional information.

- Administration of the Compensation Package Survey.

Given the short time frame for the execution of the compensation survey, we plan to collect much of the survey data by means of telephone interviews, requesting that supplementary materials (e.g., job descriptions) be mailed to us. Data will be sought from up to 35 law enforcement organizations, including some 16 surrounding states, as many as 12 major cities within and around Kansas, and other select towns and counties within Kansas.

- PAQ Job Analysis/Job Evaluation Study.

The Position Analysis Questionnaire (PAQ) is a structured, worker-oriented job analysis instrument. Its worker-oriented elements tend to characterize the generalized human behaviors involved in work activities, or what the employee does to accomplish the end result of his/her actions, as opposed to task-oriented job analysis approaches, which tend to yield descriptions of what is accomplished by the employee. Due to its worker-oriented approach, the PAQ can be and has been used to measure virtually any type of job in the world of work. All six job classes listed previously will be analyzed by means of the PAQ. For each job class, this will require a minimum of three interviews (two with job incumbents and one with an immediate supervisor), each lasting from two to three hours. PAQ job dimension scores will be used to derive job evaluation points for each of the six job classes, which will permit the determination of the relative worth of each of the job classes, and thus provide a check on the correctness of the current salary grade assignments of these job classes relative to each other. The PAQ data will also provide a means with which to compare the relative worth of these six job classes to that of a broad variety of occupations on both a regional and national basis.

- Compensation Satisfaction Study.

All uniformed employees of the Kansas Highway Patrol will be asked to complete, in confidence, a brief (18-item) instrument called the Pay Satisfaction Questionnaire (PSQ). The PSQ is a recently developed, highly reliable instrument which measures employee satisfaction with four facets of compensation: 1) pay level, 2) raises, 3) benefits, and 4) pay system structure/administration. This data will permit the determination of employee perceptions of the relative strengths and weaknesses of the current compensation package, and thus provide guidance for relative adjustments in different facets of the package, given a fixed level of resource. Also, the PSQ data will serve as a baseline measure which can be used in the future to determine the impact of any adjustments in the compensation package on employee perceptions. Assuming that relative differences in satisfaction will be found among the four facets measured by the PSQ, it will be desirable to administer a more detailed instrument to probe for specific determinants of relative satisfaction and dissatisfaction system structure/administration. The more detailed data will permit more detailed recommendations for revision of the compensation package.

OUTCOMES

The report to be generated from the data collection strategy outlined above should provide a firm basis upon which to make compensation package revision recommendations. These recommendations will be based on data pertaining to 1) internal equity both within the Highway Patrol and within the state salary grade system, 2) external equity in terms of other law enforcement organizations primarily and, to some extent, other occupations, and 3) employee perceptions of the relative strengths and weaknesses of the current compensation package.

WORKING ARRANGEMENTS

The Kansas Highway Patrol will provide available data on the Kansas Highway Patrol from internal sources, as well as the names of appropriate contact people in the given states and communities for execution of the compensation survey. The Kansas Highway Patrol will also expedite arrangements necessary for execution of proposed interviews and surveys of uniformed officers. A final report will be provided to the Kansas Highway Patrol no later than July 1, 1985 and Professors Ash and Dreher will be available for direct consultation on the report (on a limited basis) through June 30, 1986.

**BUDGET FOR A COMPENSATION PACKAGE SURVEY:
A STUDY OF KANSAS HIGHWAY PATROL UNIFORMED OFFICERS**

Personnel Salaries	\$11,608
Fringe Benefits on Salaries	1,578
Position Analysis Questionnaire	1,000
Computer Services	1,100
Phone Charges	1,295
Supplies	625
Travel	226
TOTAL DIRECT COSTS	\$17,432
INDIRECT COSTS¹	7,844
TOTAL COSTS	\$25,276

PERSONNEL

864-4500

Charles Krider, Ph.D.: 1/4 month @\$4,555.56/month (\$1,138.89) to direct and administer the project to ensure that work is performed in a timely manner and to serve as the programmatic liaison between the Kansas Highway Patrol and the Institute.

Ronald Ash, Ph.D.: 1-1/2 months @\$3,344.44/month (\$5,016.66) will devote his efforts to developing the compensation survey instrument; directing the administration of the compensation survey and the Pay Satisfaction Questionnaire; administering the PAQ Job Analysis/Job Evaluation Study; performing final analyses of the three surveys; and preparing the final report. Professor Ash has an established personnel research record with extensive experience in the area of job analyses methods and in the areas of public sector personnel selection, management, and compensation.

George Dreher, Ph.D.: 1/2 month @\$3,855.56/month (\$1,927.78) will assist Professor Ash, devoting his efforts to development of the compensation survey instrument and performing the final analyses of the three surveys. Professor Dreher has practical expertise in the areas of personnel selection, personnel evaluation, and salary administration (determinants of salary level and satisfaction).

Research Assistant: half-time effort over three months @\$575/month (\$1,725) to administer the compensation survey and to collect required data from the Kansas Highway Patrol, University government documents and libraries, and other sources.

Student Hourly: 300 hrs @\$4.00/hour (\$1,200) to enter and validate data from survey questionnaires for computer analysis. Time required calculated from an estimate of the number of survey entries.

¹ It is University policy to exempt grants and contracts fully funded through state funds from indirect costs.

Secretary: 20% effort over three months (\$600) to type and duplicate questionnaires, type and duplicate reports, coordinate receipt of incoming satisfaction survey questionnaires, order supplies, and process required state documentation.

FRINGE BENEFITS ON SALARIES

Fringe benefits on all salaries are calculated at 18%, except for the Research Assistant and Student Hourly monies which are calculated at 0.5%.

POSITION ANALYSIS QUESTIONNAIRE

Costs here include the purchase and initial analysis of the Position Analysis Questionnaire.

COMPUTER SERVICES

Monies here include computer time required for data entry, verification and analysis, and for required computer consultation.

PHONE CHARGES

Estimates of phone charges for administration of the compensation survey have been calculated on the basis of 85 minutes phone time (initial contact, actual survey, and follow-up) for each of the 35 state/cities with an average KANS-A-N charge of \$0.40/minute. In addition, \$35/month for calls to the Kansas Highway Patrol have been included.

SUPPLIES

Monies for paper and duplication of the compensation and satisfaction surveys, envelopes and return postage for the satisfaction survey, duplication of data where necessary, computer paper, and general office supplies needed for the performance of the survey and preparation of the final report.

TRAVEL

Costs calculated on mileage and tolls for 20 round trips to Topeka to conduct PAQ interviews, to collect data, and to provide consultation on the final report.

MANPOWER DEPLOYMENT STUDY FOR THE KANSAS HIGHWAY PATROL

The general objectives of this study are to determine (1) how many and (2) what types (i.e., uniformed vs civilian, administrative/clerical vs service delivery, qualification levels, etc.) of personnel should be employed in the Kansas Highway Patrol, (3) where the personnel should be deployed, and (4) an explicit rationale for items 1 through 3. Such a rationale must consider the organization of work activities and the technology of the work place.

SCOPE OF WORK

- Mission Analysis and Determination

A major determinant of optimal manning levels is the mission of the organization. That is, what are the major goals, objectives and responsibilities of the Kansas Highway Patrol, and what are the major activities performed by the Patrol to accomplish these goals and objectives. It is crucial, in many instances, to differentiate the formally stated mission from the actual mission, and to synchronize one with the other in order to be able to determine optimal staffing levels. Hence, the determination of the specific organizational mission for which staffing levels are to be determined. This will be determined by conducting an interview survey (using both in-person and telephone interviews) with relevant policy makers, including individuals to be identified in the Highway Patrol itself, the Office of the Governor, and the Legislature.

- Survey of Staffing Patterns in Other States

For comparison purposes, data on the staffing patterns of Highway Patrol and the relevant organizational units in State Police agencies in other states will be gathered, including the jobs being done and the available resources within each state. The scope of the data will include both uniformed officers and administrative/clerical personnel, as well as technology of the work place. The data collection approach will be a mail questionnaire survey with telephone follow-up as needed. Data on various aspects of traffic flow and safety (e.g., numbers of fatalities per road mile, gasoline sales) will also be collected from Department of Transportation and other sources for all surveyed states.

One way in which these data would be used is to provide a descriptive comparison of activities and available resources between Kansas and other individual states. A second way in which these data would be used is in a comparison of the jobs being done and the available resources of uniformed officers within Kansas as compared to other states resulting in a ranking classification of Kansas to the other states surveyed. These data will also be evaluated to determine the the effect of increasing resources on traffic safety.

- Allocation of Kansas Highway Patrol Resources

Data collected on Kansas' needs and resources with respect to the Kansas Highway Patrol will be used to propose an allocation of KHP resources. In this portion of the study, we would assume a fixed number of troopers and clerical/administrative staff. According to some established criteria (e.g., a minimum time for a trooper to respond to a radio call), we would determine how they can be deployed to districts/counties--i.e., an assignment of staff--in an optimal fashion while guaranteeing certain minimal service levels to the KHP's various constituencies. Such a simple model will also permit us to deal with various scenarios of staffing numbers.

We have initially evaluated the model developed for the Illinois State Police to allocate personnel ["A Model to Allocate State Police Manpower to Districts; Revised Version," Richard A. Raub, Illinois Department of Law Enforcement, February 1984], and believe that it would be possible to adapt this model for use in Kansas. However, the limiting factor would be the quality and quantity of historical Kansas data needed to drive this model. If at some time in the future, KHP would decide that they desire such a model, data resources could be evaluated (a more time consuming project than present deadlines permit) and subsequent decisions made on the feasibility of model development.

**BUDGET FOR A MANPOWER DEPLOYMENT STUDY
OF THE KANSAS HIGHWAY PATROL**

Personnel Salaries	\$22,649
Fringe Benefits on Salaries	2,802
Computer Services	1,500
Supplies and Expenses	1,400
Travel	450
	\$28,801
TOTAL DIRECT COSTS	\$28,801
INDIRECT COSTS¹	12,960
	\$41,761
TOTAL COSTS	\$41,761

PERSONNEL

Charles Krider, Ph.D.: 1/4 month @\$4,555.56/month (\$1,138.89) to direct and administer the project to ensure that work is performed in a timely manner and to serve as the programmatic liaison between the Kansas Highway Patrol and the Institute.

Ronald Ash, Ph.D.: 1-1/2 month @\$3,344.44/month (\$5,016.66) will devote his efforts to performing the mission analysis and determination interviews, developing the staffing patterns survey instrument; performing a final descriptive analysis of the survey; and preparing the final report. Professor Ash has an established personnel research record with extensive experience in the area of job analyses methods and in the areas of public sector personnel selection, management, and compensation.

George Dreher, Ph.D.: 1/2 month @\$3,855.56/month (\$1,927.78) will assist Professor Ash, devoting his efforts to development of the staffing patterns survey instrument, performing the mission analysis and determination interviews, and performing the descriptive final analyses of the survey. Professor Dreher has practical expertise in the areas of personnel selection, personnel evaluation, and salary administration (determinants of salary level and satisfaction).

Steven Hillmer, Ph.D.: 1 month @\$3,855.56/month (\$3,855.56) will analyze data to provide the ranking classification of Kansas as compared with the other survey states and will develop a simple model to evaluate the effect of increasing resources on traffic safety. Professor Hillmer has significant expertise in statistical analysis and modeling of real world situations.

¹ It is University policy to exempt grants and contracts fully funded through state funds from indirect costs.

Dennis Karney, Ph.D.: 1/2 month @\$4,444.44/month (\$2,222.22) will serve as the advisor/consultant to the Allocations Research Assistant in performance of the allocation of Kansas Highway Patrol Resources study. Professor Karney is a mathematician with expertise in the modeling of operations analysis problems.

Survey Research Assistant: half-time effort over five months @\$575/month (\$2,875) to assist Professor Ash in the data coding of the the staffing patterns survey and to collect required data from the Kansas Highway Patrol, University government documents and libraries, and other sources.

Allocations Research Assistant: half-time effort @\$625/month over four-and-one-half months (\$2,813) to perform the staff allocation study.

Student Hourly: 400 hrs @\$4.00/hour (\$1,600) to enter and validate data from survey questionnaires for computer analysis. Time required calculated from an estimate of the number of survey entries.

Secretary: 10% effort over twelve months (\$1,200) to type, duplicate, and mail questionnaires, type and duplicate reports, coordinate receipt of incoming survey questionnaires, order supplies, and process required state documentation.

FRINGE BENEFITS ON SALARIES

Fringe benefits on all salaries are calculated at 18%, except for the Research Assistant and Student Hourly monies which are calculated at 0.5%.

COMPUTER SERVICES

Monies here include computer time required for data entry, verification and analysis, and for required computer consultation.

SUPPLIES

Monies for paper and duplication of the staffing pattern survey, envelopes, mailing and return postage computer paper, and general office supplies needed for the performance of the survey and preparation of the final report. In addition, monies for calls to the Kansas Highway Patrol and follow up survey calls have been included.

TRAVEL

Costs calculated on mileage and tolls for 40 round trips to Topeka to conduct mission analysis interviews, to collect data, and to provide consultation on the final report.

FORMULATION OF A PLAN FOR ECONOMIC DEVELOPMENT IN KANSAS

There is significant concern throughout the state that Kansas is not only losing its competitive edge in attracting economic development, but also is without a serious plan to guide the course of its future economic development. There is a growing awareness, however, of the efforts of other states to attract industry. The state is, therefore, compelled to formulate a new economic development plan--one which incorporates information on the relative strengths and weaknesses of the Kansas economy and provides specific, practical recommendations for state and local action to assist in economic development.

The Institute for Economic and Business Research at The University of Kansas proposes to undertake an analysis to include:

- (1) identification of Kansas' particular strengths and weaknesses with respect to economic development;
- (2) analysis of economic development efforts and strategies in other states;
- (3) development of recommendations to build upon Kansas' strengths and to and overcome its weaknesses and, in general, to aid the state in the fostering of economic development for Kansas.

Due to the Institute's ongoing studies of the Kansas economy, it has the specific expertise and facilities to perform this study, and it will engage the assistance of specialist development consultants such as Aslan (Washington, D.C.) where appropriate.

The overall purpose of this study is to identify the major issues relative to economic development in Kansas and to develop specific recommendations to improve the economic development effort. These recommendations will emphasize further steps KDED, the Legislature and Governor will need to consider if Kansas is to be competitive in this area.

The Director of the project will be Dr. Anthony Redwood, Professor of Business and Executive Director of the Institute for Economic and Business Research/Center for Public Affairs. Co-Director will be Dr. Charles Krider, Professor of Business, and Director of the Business Research Program at the Institute. The project will draw upon the expertise of faculty at Regents' institutions and the Institute will engage external expertise where appropriate.

The proposed budget is \$40,000. By any yardstick this is a modest investment by the state, relative to the task, but it will provide a significant beginning.

Attachment

The following is a more detailed description of the specific tasks to be undertaken. These are:

- (1) Assess Opinions of Key Kansas Organizations and Groups;
- (2) Review Existing Studies and Data to Identify Kansas Strategies and Weaknesses With Regard to Economic Development.
- (3) Analysis of Economic Development Efforts in Other States;
- (4) Recommendations for the State 'Plan for Development'.

Task 1 - Assess Opinions of Key Kansas Organizations and Groups:

To more accurately determine the key economic development issues facing the state of Kansas, the Institute will interact with the Kansas Department of Economic Development, Kansas Legislature, the Governor's Office and other individuals from the private and public sectors. This interaction should provide more complete perspective of economic development in Kansas. More specifically, this analysis would seek to identify the influences on economic development, both positive and negative, as perceived by Kansans, and their perceptions concerning the changes that would be desirable to achieve success in fostering and attracting industry. These opinions will help delineate the specific areas of focus within Tasks 2 and 3 below.

Task 2 - Review Existing Studies and Data to Identify Kansas Strengths and Weaknesses With Regard to Economic Development:

- a) There is a growing knowledge of the importance of various elements to successful economic development. These studies address in particular questions concerning the key determinants of location decisions by business. For example, to what extent do property tax/corporate tax/UI

tax rates affect the location decisions? How important are wage rates, quality of labor force, unionization, existing manufactures and businesses, population density, energy prices, distribution networks, and "Quality of Life" factors such as the availability of cultural opportunities, quality education, and the proximity of institutions of higher education and research? We would review these studies to determine to what degree any or all of these factors affect Kansas economic development.

- b) The Institute has already undertaken some research in relation to recent new and expanding businesses in Kansas to see why they chose to locate or expand in Kansas. This will be expanded. As well, it would also be extremely useful if this analysis could also include those businesses that chose not to locate in Kansas, or who have ceased to operate in Kansas. This information would indicate the relative strengths and weaknesses of Kansas as perceived by the business community within and external to the state.
- c) Through the work in a) and b) above, determine Kansas' position, relative to other states in various attributes relating to economic development (e.g., wage rates, tax rates, "quality of life", etc.). From this it would be possible to determine whether Kansas is correctly or incorrectly perceived by business as being "strong" or "weak" with respect to various economic development attributes. One benefit of this analysis will be seen when a disparity is indicated between the perception of Kansas by business and the actual business environment. For example, if Kansas is perceived to be weak in a specific attribute where analysis shows Kansas is strong, this would indicate where the state needs marketing efforts.

Task 3 - Analysis of Economic Development Efforts in Other States:

This part of the project will review the economic development efforts in other states, particularly those similar to Kansas. The question to be answered is: what are other states doing to promote economic development and what can Kansas learn from them? This would include the manner in which states have organized for this purpose, their level of effort, and their strategies. A key focus will be on what works and what doesn't work. The findings will be related to the approach we have followed in this state. The result of this effort will be recommendations for consideration in Kansas.

Task 4 - Recommendations for the State 'Plan for Development':

Based on the information analyzed in Tasks 1, 2, and 3, the Institute will develop specific recommendations (a) for consideration for immediate implementation and (b) for consideration for more thorough study and analysis. Particular attention will be paid to those factors which state and local government can directly affect.

THE STATE OF KANSAS



THE KANSAS STATE PARK AND RESOURCES AUTHORITY

503 KANSAS AVENUE, P. O. BOX 977

Phone (913) 296-2281

TOPEKA, KANSAS 66601

April 17, 1985

The Honorable August Bogina, Jr., Chairman
Senate Ways and Means Committee
State House
Topeka, Kansas 66612

The Honorable William W. Bunten, Chairman
House Ways and Means Committee
State House
Topeka, Kansas 66612

Gentlemen:

Early this spring this agency received some high water damage at Elk City State Park and Fall River State Park. Attached are letters from both the park manager's with a list of their damage and concerns for your information.

At Elk City State Park our recommendations would be Item No. 1, 2, 6, 7, 8, 9 and 10. The estimate on Item No. 10 was prepared and given to us by the State Highway Commission Engineer from that district.

At Fall River State Park I think the attached pictures are self-explanatory as to the needs there.

Any consideration that you can give this agency will certainly be appreciated.

Respectfully submitted,

Lynn Burris, Jr.
Director

By Verne Hart
Chief of Park Operations

VH:bam

cc: Paul R. West, Leg. Research Dept.

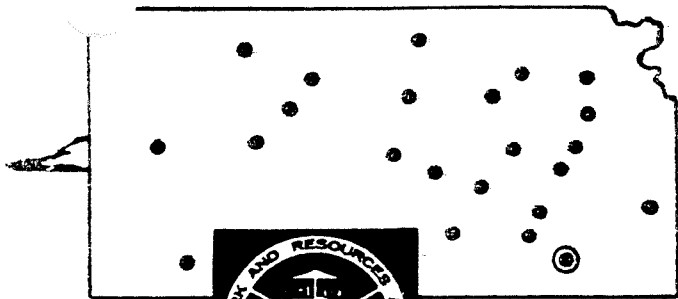
Total Request	Elk City State Park	\$22,896.
	Fall River St. Park	3,800.
		<u>\$26,696.</u>

0 4-22

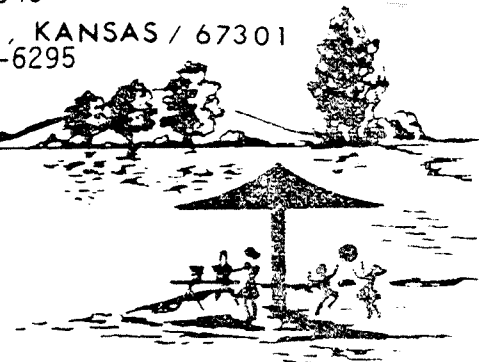
ELK CITY STATE PARK

BOX 945

INDEPENDENCE, KANSAS / 67301
316-331-6295



Randy Curtis, Mgr.



To: Verne Hart

From: Randy Curtis

Date: March 20, 1985

RE: FLOOD DAMAGE & REQUEST For Supplemental Money

During recent heavy rainfall in our area we have suffered two floods. The first raising the lake level 18.5 feet and before a complete return to the normal level another flood raising the level 20 feet above normal. We have just returned to normal level upon the writing of this letter, and the following is a cost estimate for repair and/or replacement of facilities and grounds at Elk City.

1. Courtesy Dock replace foam	160.00	
2. Pit Toilets - 6 ea. replace metal & roofing	2,103.00	
a. stools (8) & urinals (3)	1,533.00	
3. _____ (p)	_____	
4. _____	_____	
a. _____	_____	
5. _____	150.00	
6. Grass Seed (replant)	600.00	
7. Trees (replace & plant)	1,500.00	
8. Gasoline - debri cleanup, grass planting, etc.	1,000.00	
9. Gravel - replace on campsites	<u>1,000.00</u>	<u>10,016.00</u>
10. Asphalt for Road & Shoulder Work		
a. Road .25 mile replace		
b. Shoulder .5 mile replace		

15,000.00

TOTAL REQUEST	\$25,000.00
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(Item 10, Keith will need to figure a dollar amount for repair.)

TORONTO-FALL RIVER STATE PARKS

R. R. 1, Box 44, Toronto, Kansas 66777



Bill Ludwig, Mgr.

April 9, 1985

Verne Hart
Chief of Operations
Kansas State Parks
P. O. Box 977
Topeka, Kansas 66601

RE: FLOOD DAMAGE AT FALL RIVER STATE PARK

Verne:

The recent high water has caused some flood damage here. I have enclosed some photos for your benefit. I believe the information below is an accurate account of the damage.

Road Rock (approx. $\frac{1}{2}$ mile)	\$2,000.00
Beach Sand	1,500.00
Grass Seed	300.00
Total	<u>\$3,800.00</u>

I know it is late in the legislative session. Hopefully, we can still address this damage with them. Please call if I can provide further information.

Sincerely,

Bill Ludwig, Manager
Toronto-Fall River State Parks

EL:yn

Flood Damage

THE STATE OF KANSAS



THE KANSAS STATE PARK AND RESOURCES AUTHORITY

503 KANSAS AVENUE, P. O. BOX 977

Phone (913) 296-2281

TOPEKA, KANSAS 66601

April 19, 1985

The Honorable August Bogina, Jr., Chairman
Senate Ways and Means Committee
Statehouse
Topeka, Kansas 66612

The Honorable William W. Bunten, Chairman
House Ways and Means Committee
Statehouse
Topeka, Kansas 66612

Gentlemen:

The recent court case requiring all employees of state government to be covered by the Fair Labor Standards Act of 1938 will have a very dramatic effect upon this agency during the park season.

It has been the policy of the Kansas Park Authority to follow the guidelines established previously requiring certain exempt positions, State Park Managers and State Park Rangers, to work all hours necessary to provide services to the public. The recent court decision will require a considerable change in policy giving us three options as outlined below:

Option 1 - The first option, although undesirable, is to eliminate services within the park. Notably, security or law enforcement protection on an extended basis. The availability of the manager and/or the ranger has extended from 8:00 a.m. to 12 midnight (seven days a week) at most parks during the Park Season. The lack of necessary funds to pay overtime and maintain the parks will require eliminating several hours from this schedule, thereby depriving the park patrons of the services they have expected in the past.

Option 2 - To maintain the policy of providing services to park patrons that they have come to expect in the past. Funds are needed to compensate those employees who will be working in excess of the limit. Based upon the historical data from past years, it is estimated to require an additional amount of \$77,112 for approximately 51 employees. This figure has been based upon an average of a 50 hour week, which is in excess of the 43 hour limit by seven hours, for sixteen weeks. The sixteen weeks will cover the period from two weeks before Memorial Day to two weeks after Labor Day.

The Honorable August Bogina, Jr., Chairman
Senate Ways and Means Committee

Page 2

The Honorable William W. Bunten, Chairman
House Ways and Means Committee

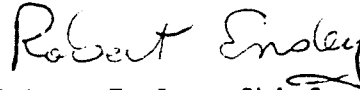
April 19, 1985

Option 3 - Funds would be necessary to hire additional seasonal employees to eliminate the need to work existing law enforcement personnel over the maximum hours. This can only be accomplished at parks where qualified law enforcement personnel are available, which is not the case in several parks.

To maintain the services to the park patron, the above amount of \$77,112 (combination of Option 2 and 3) is respectfully requested for Fiscal Year 1986. The balance of Fiscal Year 1985, approximately one month 5-18-85 to 6-17-85, could be handled within the agency by reducing services.

Yours truly,

Lynn Burris, Jr.
Director



By: Robert Ensley, Chief
Fiscal Division

LBjr:RE:ab

cc - Paul West ✓

THE STATE OF KANSAS



THE KANSAS STATE PARK AND RESOURCES AUTHORITY

503 KANSAS AVENUE, P. O. BOX 977

Phone (913) 296-2281

TOPEKA, KANSAS 66601

April 17, 1985

The Honorable August Bogina, Jr., Chairman
Senate Ways and Means Committee
State House
Topeka, Kansas 66612

The Honorable William W. Bunten, Chairman
House Ways and Means Committee
State House
Topeka, Kansas 66612

Gentlemen:

Reference is made to our letter of November 21, 1984 to the Director of the Division of Budget with a copy to your office relative to our request for a supplemental appropriation for Wilson State Park. One of the items that was requested was sewage pump replacement in the amount of \$12,000. If you recall, I explained this request, twice I believe, to the Joint Committee on State Building Construction and was hopeful that they would understand the seriousness of the need for funds to correct this problem.

However, now that the appropriation bills have been passed, I see that our request for this item was not funded. This letter is a request for the \$12,000 to be placed in the Omnibus appropriation bill as a capital improvement item for fiscal years 1985 and 1986. These funds cannot be matched with federal funds and it does not appear there will be sufficient fee funds so we request a general fund appropriation.

During last summers inspection by the State Department of Health and Environment, the poor condition of the pump was particularly noted. A follow-up inspection was scheduled within 30 to 60 days to see if the problem had been corrected. After I read the report, I called the Health officials and explained the funding problem and they withdrew their follow-up inspection until this summer.

My reason for requesting the appropriation be listed as capital improvements is that the accounting will be kept separate.

Sincerely,

Keith A. Springer, Chief
Park Planning and Development

KAS:bam

cc: Paul R. West, Leg. Research Dept. ✓

THE STATE OF KANSAS



THE KANSAS STATE PARK AND RESOURCES AUTHORITY

503 KANSAS AVENUE, P. O. BOX 977

Phone (913) 296-2281

TOPEKA, KANSAS 66601

April 12, 1985

The Honorable Frank Gaines
State Senator
Room 140N, State Capitol Bldg.

Dear Senator Gaines:

This will confirm our conversation on April 12, 1985, wherein I requested funds for irrigation equipment at El Dorado State Park. This request was originally our item and priority No. 4 in our Capital Improvement Budget and was recommended in the Governor's Budget, but due to limited available funds was deleted by the Joint Committee on State Building Construction. This letter is a request for the amount of \$8,000 to be incorporated in the Omnibus Appropriation Bill in order for us to properly operate the water level of our sewage lagoons in this state park according to Health and Environment regulations. Presently this lagoon is full and running over and we need to be in a position to irrigate either late in the fall or early in the spring to compensate for rainfall and high public use. Generally in the summer months, because of high temperature and winds, the evaporation more than takes care of the inflow.

We would very much appreciate your favorable consideration of our request.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith A. Springer".

Keith A. Springer, Chief
Park Planning & Development Div.

KAS:ab

cc - Lynn Burris, Jr.
Bill Porter

NOTE TO HOUSE AND SENATE
WAYS AND MEANS COMMITTEES
REGARDING SENATE BILL 145

Senate Bill 145 is designed to rectify certain ambiguities existing in the Act for Judicial Review, K.S.A. 77-601 et seq., eliminating the potential of hundreds of judicial reviews of purely executive actions within the Kansas Commission on Civil Rights and maintaining the current de novo judicial review of the agency's quasi-judicial actions. In its present form, the Act for Judicial Review provides for potential court actions involving the agency in each of the more than 1400 complaints filed with it annually. Senate Bill 145 will reduce the potential to no more than 40 such reviews without in anyway denying access to the courts of Kansas on Civil Rights matters. It will also eliminate the ambiguity relative to the status of the commission's record made upon public hearing which now exists in the Act for Judicial Review, and avoid the probability that the commission staff will have to remarshal all the evidence for such reviews.

The current fiscal note is based on an assumption that only ten percent (10%) of the potential judicial reviews would actually be filed.

Senate Bill 145 passed the Senate unanimously, but arrived in the House Committee too late for consideration.

MEMORANDUM

TO: August Bogina, Jr., Chairperson
Senate Ways and Means Committee

FROM: Michael L. Bailey, Executive Director *MLB*
Kansas Commission on Civil Rights

RE: Revised Fiscal Note for Senate Bill #145

DATE: April 15, 1985

In further considering the ramification of a failure to pass Senate Bill 145, I have concluded that additional costs would be incurred from those originally provided to the Division of Budget on February 12, 1985. The original costs detailed only the salaries for the projected four (4) additional attorney's that the Commission would need and did not provide for necessary clerical help or incidental costs. In order to provide a more accurate financial picture of the detrimental effects that would occur if this bill is not passed, I wish to submit the following information for your consideration.

4 - Attorney I @ 28,438	\$113,752	(includes all fringe
1 - Secretary II @ 15,959	15,959	benefits)
4 - Executive Desk @360	1,440	
1 - Steno Desk	190	
4 - Executive Chair @275	1,100	
1 - Electric Typewriter	877	
1 - Computer	2,000	(to match present system)
9 - 5 Drawer Fiels @ 190	1,710	
10 - Bookcases @ 150	1,150	
4 - Portable Tape Recorders	400	
1 - Desk Transcriber	300	
Misc. items to include		
Brief Bags, office equipment,		
etc for 5 staff person	2,855	
Office Space	6,060	
Telephone	9,600	
Postage	1,200	
Travel Expenditures	9,000	
Business Cards	200	
1 - Steno Chair	250	
	<u>168,043</u>	

In conclusion, I wish to state that the Commission can and does support the language adopted by the Senate Judiciary Committee on this date when the bill was passed and sent to the full Senate for consideration. As further background I am, enclosing a copy of the original

fiscal note outlining the Commission's rationale for support of Senate Bill 145. I would be happy to answer any additional questions you may have on this matter.

MLB:nh

cc: Lynn Holt
Legislative Research

MEMORANDUM

TO: Allen K. Shields, Director of the Budget

FROM: Michael L. Bailey, Executive Director
Kansas Commission on Civil Rights

RE: Fiscal Note for Senate Bill No. 145

DATE: February 12, 1985

Senate Bill No. 145 proposes to exempt the Kansas Commission on Civil Rights from the provisions of the "Act for Judicial Review in Civil Enforcement of the Agency Action". The rationale for this action is to prevent the Commission from the necessity of undergoing judicial review on any final agency action. Under present statutes K.S.A. 44-1001 et. seq., only the decisions of the Commission made after a public hearing are subject to judicial review. If the provision of K.S.A. 77-607 and 77-608 were implemented, any closure of a complaint by the Commission would be a "final agency action".

Implementation of this statute would significantly increase the Commission's workload. Historically the maximum number of public hearings, subject to judicial review, during any given year, have been no greater than forty (40). Given an annual complaint intake in excess of fourteen hundred (1400), the Commission would have fourteen hundred (1400) potential judicial reviews, under the act for judicial review. Realistically, we can reduce that number by two or three hundred (300) complaints which are settled each year, but we are still left with eleven hundred (1100) potential judicial reviews annually, rather than the maximum of forty (40) we now face.

Were half this potential realized, the Commission would have to have a legal staff three (3) to four (4) times as large as currently exists. Thus, failure to implement the bill would result in necessity for the Commission to increase its budget to keep up with the workload that would be forthcoming. Adoption of the bill as written, would exempt the Commission, from the stated provisions, and would result in no additional cost to the agency. In effect, the status quo could be maintained and the Commission could continue to operate on its existing budget.

The Commission, in view of the detrimental fiscal possibilities that exist, strongly supports adoption of Senate Bill No. 145.

Additional Cost Projections if Senate Bill No. 145 is not implemented

4 - Attorney I
Step 27

6 @ 2,072 = 12,432 + 6 @ 2,140 = 12,840 = 25,272

FICA 7.0370
Health Ins. 1,200
Workman's Comp. .470
Unemployment .770

1,777
1,200
101
178

\$28,438 Total for each attorney

Total projected cost to be incurred if this bill is not adopted
would be \$113,752.

MLB/mks

PRESENTATION OF THE KANSAS COMMISSION
ON CIVIL RIGHTS RELATIVE TO S.B. 145

The Kansas Commission on Civil Rights urges the passage of Senate Bill 145 which has as its object the exemption of the Kansas Commission on Civil Rights from the provisions of the Act for Judicial Review which was enacted in 1984 and under which the Commission will come as of July 1, 1985.

We first point out that the Act for Judicial Review specifically recognizes that some administrative agencies may, and presumably should, be exempted from its provisions, and provides that such exemption should be accomplished by specific legislation such as is now contemplated.

Next, we point out that the Commission does not seek to be exempted from judicial review, it merely seeks to maintain the potential for and form of judicial reviews that were specifically enacted for it some years ago.

The first and foremost difficulty the the Commission has with the present Act for Juducial Review is that it provides for a judicial review of every "final" agency action. Our agency receives some fourteen hundred formal complaints every year, and that number is rising. Under K.S.A. 44-1011, the statute now controlling judicial review of Commission actions, only those cases which have proceeded to public hearing and culminated in a commission order are subject to judicial review. This has never constituted more that forty cases in any given year. However, of the fourteen hundred, at least seven hundred are closed each year as the result of administrative decision that no probable cause exists to credit the allegations of the complaint. Additionally, a few are closed because it is administratively determined that we lack jurisdiction to proceed, or because it is determined that the complaining party has failed to cooperate in the investigation. Obviously, any such closing is final agency action, and under the provisions of the Act for Judicial Review a potential appeal. Thus the potential for becoming embroiled in a district court proceeding is increased twenty-fold. If only two percent of the potential were realized the commission would have to add one staff attorney, and for each additional three percent another additional attorney. With the additional attorneys would come the requirement for additional clerical help, additional office equipment and additional office space. This of course does not begin to address the additional burden to the judicial system that these additional cases would create.

In addition to the increased expense to the state, consider also the delays in completing a case which languishes in the courts for months or years. Presently, no probable cause cases are, on an average, concluded in substantially less than six months. If such a case is appealed to the district court and then remanded to the commission for further processing, it would remain on the commissions books for at least eighteen months, and most probably longer, all to the detriment and delay of cases with obvious merit.

SENATE BILL No. 145

By Senator Anderson

As Amended and Passed By the Senate

0017 AN ACT concerning the act for judicial review and civil en-
0018 forcement of agency actions; exempting ~~agency~~ actions of the
0019 commission on civil rights from the provisions thereof;
0020 amending K.S.A. 77-618 and repealing the existing section.

certain

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 New Section 1. ~~Judicial review and civil enforcement of the~~
0023 ~~agency actions of the commission on civil rights~~ are hereby
0024 specifically exempted from the act for judicial review and civil
0025 enforcement of agency actions (K.S.A. 77-601 through 77-627,
0026 and amendments thereto).

Determinations under K.S.A. 44-1005 or 44-1019, and amendments thereto,
by the civil rights commission that no probable cause exists for
crediting the allegations of a complaint

0027 Sec. 2. K.S.A. 77-618 is hereby amended to read as follows:
0028 77-618. Judicial review of disputed issues of fact shall be con-
0029 fined to the agency record for judicial review as supplemented
0030 by additional evidence taken pursuant to this act, except that
0031 review shall be by trial ~~de novo~~ in appeals of:

0032 (a) Orders of the director of workers' compensation under the
0033 workmen's compensation act;

shall be in accordance with K.S.A. 44-556, and amendments thereto

0034 (b) ~~orders of the commission on civil rights under the Kansas~~
0035 ~~act against discrimination or the Kansas age discrimination in~~
0036 ~~employment act; or~~

(b) orders of the commission on civil rights under the Kansas act
against discrimination or the Kansas age discrimination in employment
act shall be in accordance with K.S.A. 44-1011, and amendments thereto;
or

0037 ~~(c) (b)~~ any order of any agency if violation of the order is a
0038 crime for which a fine exceeding \$500 or imprisonment exceed-
0039 ing six months may be imposed.

(c)

0040 Sec. 3. K.S.A. 77-618 is hereby repealed.

0041 Sec. 4. This act shall take effect and be in force from and
0042 after its publication in the statute book.

The Kansas City Times

A Capital Cities Communications, Inc., Newspaper

JAMES H. HALE MICHAEL E. WALLER JAMES W. SCOTT
Publisher and Editor and Editor,
Chairman of the Board Vice-President Editorial Page

MEMBER OF THE ASSOCIATED PRESS

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Vol. 117

Saturday, April 20, 1985

No. 193

Editorials/Comments

Starving Kansas Libraries

An effort to make the use of library books in Kansas far more efficient — and increased information available to more people — has suffered a crushing defeat at the hands of the state Legislature. Judging from the short shrift the House gave the request for the Interlibrary Loan Development Plan, members of the lower chamber either do not care, or are oblivious to the value of an educated and informed people.

The debacle occurred this way: Gov. John Carlin recommended \$1.2 million to finance an improved book sharing program among libraries of the state. The Senate approved the appropriation and sent it to the House. It was there the ax fell. The House voted a paltry \$25,000. Supporters of libraries and learning were stunned. This small amount of money for such a basic need bordered on insult.

Fortunately, additional funding can be provided in the omnibus appropriations bill during the brief wrap-up session next week. Certainly the House needs to re-examine its shortsighted position and provide funding for this deserving proposal.

Library administrators have become desperate. In recent years fewer and fewer books have been added to the system because of escalating costs and tight budgets. Right now Kansas libraries are more than 2 million volumes below the 8.7 million book minimum

standard set a decade ago. In 1983, 309,361 books were added to the collections while reasonable standards called for an additional 608,732. More than one-third of the requests for books in the interlibrary program could not be filled last year. This is grossly inadequate for the adults and students who rely on the libraries.

Faced with this bleak situation, the Kansas State Library, a state agency, devised a modest proposal. It suggested spending about \$1 million a year for five years to finance a coordinated acquisition program. The funding, in addition to regular acquisitions, was designed to make up for limited purchases of recent years.

The idea is to coordinate purchases to avoid duplication. That stretches the dollars while broadening the amount of materials acquired. Eligible to participate are 310 public libraries, 79 academic libraries and 25 special libraries. The governor also requested \$773,000 for the Board of Regents institutions, which take part.

Kansas ranks 45th among the states in aid to libraries. That is an embarrassment. It need not continue if the House can be persuaded to realize the importance of libraries and the vital role they play in a society that increasingly is fueled on information and technology.

5 4-22



THE UNIVERSITY OF KANSAS

Office of the Chancellor
223 Strong Hall, Lawrence, Kansas 66045-1500
(913) 864-3131

April 22, 1985

The Honorable August Bogina, Jr.
Chairperson, Senate Committee on Ways and Means
and
The Honorable William Buntin
Chairperson, House Committee on Ways and Means
Third Floor, The Statehouse
Topeka, Kansas 66612

Dear Senator Bogina and Representative Buntin:

I write to call to your attention several items which we hope the Legislature will address as it considers issues and appropriations still pending before the 1985 Session. In doing so, however, I would be remiss if I did not express appreciation for the support already provided for FY 1986. We recognize the financial restraints with which the Legislature has had to deal and, considering the limitations imposed by limited resources, we believe sincere efforts have been made to address the financial needs of public higher education in Kansas.

For clarity, I will enumerate the issues under separate headings for the Medical Center and the Lawrence campus.

The University of Kansas Medical Center

1. Medical malpractice cost savings. The House of Representatives has before it Senate Bill 362 which has passed the Senate. This legislation would exempt medical residents from the requirement of having to carry malpractice insurance. We support that legislation and urge the Legislature to enact it into law. Failure to pass that legislation would necessitate, based on current estimates by the State Commissioner of Insurance, the addition of \$900,000 dollars in the Omnibus Appropriations Bill for the University of Kansas Medical Center in order to fund the estimated cost of malpractice insurance premiums for medical residents for FY 1986.

We currently have \$758,473 in the approved budget for FY 1986 based on earlier legislative action. Passage of Senate Bill 362 would seemingly enable the Legislature to remove

+ 4-22

those funds in full; however, I would urge consideration be given to a special problem for which you may want to make a portion of that amount available. That problem relates to the locum tenens program. As you know, the locum tenens program has been a service for physicians in Kansas which has permitted them to be away from their offices on vacation or to attend continuing education programs and still enable their patients to have coverage from qualified physicians. Our experienced senior residents have used this opportunity for "hands on" practical experience in rendering patient care in a community setting, and we think it is important to continue this valuable program.

Under Senate Bill 362, residents who participate in the locum tenens program would be without malpractice coverage during the period of their service. We have initiated discussions with several insurance companies who underwrite medical malpractice insurance to examine ways in which we can provide coverage for those residents serving in the locum tenens during periods of service. If we are successful in obtaining coverage, the cost will apparently be considerable, but we do not know precisely what that cost will be, or even if such coverage can be obtained at all. Since this issue will likely not be resolved prior to adjournment of the 1985 Session, I would urge that \$150,000 be provided to enable us to seek coverage for our residents for this program. While it may be that none of the funds would be expended, I would point out that the current structure of the 1985 Senate Bill 166 is to line item all costs for residents, including malpractice insurance and, if the \$150,000 is ultimately not required, the funds could not be expended for any other purpose. I would urge your favorable consideration of this item.

2. Problems with limitations on the source of funding for the Applegate Energy Center construction project. A second concern relates to the expenditure of funds appropriated in the University of Kansas Hospital Fund for construction of the Applegate Energy Center. We have encountered problems in the processing of expenditure vouchers against that appropriation and would urge the Legislature to resolve the problem by a couple of amendatory actions.

First, we would like to suggest that K.S.A. 76-827 be amended to broaden the use for which funds in the Hospital Fund could be expended to include new construction costs associated specifically with the project to expand the Applegate Energy Center. Second, in connection with the same concern, I would ask that the committee amend

The Honorable August Bogina, Jr.

The Honorable William Bunten

Page Three

April 22, 1985

previously approved appropriations made from the Hospital Fund for the Applegate Project to broaden the language in the appropriation line to include "construction". Currently, the appropriation language limits the use of those appropriations to the purchase of equipment. The nature of the Applegate project, which is heavily oriented to the costs of equipment and engineering services, required bidding the project as a single package without specific identification of equipment costs versus the costs for labor and other materials. It is nearly impossible for us to isolate expenditures solely for the acquisition of equipment. Consequently I hope the committees will consider this request with regards to this project and the statutory limitations currently imposed on the University of Kansas Hospital Fund.

3. Animal research laboratory. My third item is to renew our request for favorable consideration for the preliminary and final planning funds for the animal research facility. We currently have a request for \$290,000 before the Joint Legislative Committee on Building Construction. That Committee has had several hearings on the project and a delegation from that Committee last week visited the current facilities. As yet, however, no specific action has been taken. Favorable consideration of this project is essential to the education, research and patient care programs at the KU Medical Center, and the potential loss in federal research grants that could be realized if sufficient progress is not made towards addressing our facility requirements would be devastating. Moreover, we face the very real possibility that many of our top clinicians, who depend on animal research to perfect therapeutic techniques, will leave if this issue is not resolved. If that should occur, it could have a significant negative impact on hospital revenue.

We recognize that the Joint Committee is concerned about the commitment in terms of eventual construction costs. That is an issue we are committed to examining, and we will make every effort to present to the 1986 Legislature proposals for cost sharing or funding other than use of the State General Funds.

Additionally, the Joint Committee has expressed concern about the potential renovation costs for the area that would be vacated were a new facility constructed. I am willing to make a commitment to the Legislature that at such time as the space is vacated and an alternative use is found, we will not come to the Legislature seeking specific appropriation authority for renovating that space.

4. Allied Health faculty. In Senate Bill 166, the Legislature approved an appropriation of \$53,840 to provide special salary increases to faculty in the School of Allied Health. Currently, salaries we are able to pay faculty are about the same as practitioners receive. For example, physical therapists working in area hospitals earn, on average, \$18,000 to \$20,000---just about what we are able to pay physical therapy instructors. Our original request was \$107,113 (or double what has so far been approved), and we ask that you consider putting the additional funding in the Omnibus Appropriations Bill.

Lawrence Campus

1. Funding for the Law Enforcement Training Program. Senate Bill 108, now in conference committee, provides for an increase in docket fees to support crime victim reparations. We ask that the conference committee also provide a \$1.00 increase in the docket fee for law enforcement training. This matter was raised last Session but was deferred by the Senate Committee on Ways and Means. It is unlikely that the current docket fee will provide sufficient funding for the approved costs of the Law Enforcement Training Program this year and, if the fee is not increased, there certainly will be a shortfall next year. We urge, therefore, that you recommend to the conferees---Representatives D. Miller, Heinemann and Teagarden and Senators Frey, Hoferer and Feleciano---that the \$1.00 increase be added.
2. Law School funding. It is our understanding that there has been discussion of providing support to offset the costs associated with reducing the size of law school classes at Washburn and KU and that such funding has already been supplied to Washburn. The costs KU will experience result from a reduction in general fees of \$77,000 and we hope that such loss will, if the two schools are to receive equitable treatment, be offset by an addition of general fund support in the amount of \$77,000. Additionally, the voluntary reduction in class size should not be permitted to have an impact on KU's enrollment corridor for future appropriations.
3. Haworth Hall addition. As the construction of the addition to Haworth Hall nears completion, it has become evident that about \$20,000 needs to be expended on renovation in the older facility. We ask therefore that such be authorized by changing the title of the project.

The Honorable August Bogina, Jr.
The Honorable William Bunten
Page Five
April 22, 1985

4. Asbestos removal costs. As you know from news reports, the University has experienced difficulty in removing an old steam plant boiler which had become very costly to operate. The difficulty arose from the costs associated with the removal of asbestos, and those costs have been computed to be \$70,076. Because the removal of the boiler is part of our general energy conservation effort, we ask that you authorize us to offset those costs by any savings we may have, up to a total of \$70,000, in our FY 1985 utilities budget because such savings have been authorized for energy conservation projects.
5. Parsons project. You will recall your discussions during conference committee consideration of Senate Bill 166 of the Senate recommendation of \$77,675 for support of Bureau of Child Research services at the Parsons State Hospital and Teaching Center. In the final analysis, the conference committee agreed to fund that cost by increasing the expenditure limitation on the University's research overhead fund. As that action was considered, there was concern expressed as to whether funds would be available in that account to finance the \$77,675 cost, and there was agreement that if funds were not there restoration of funding from the State General Fund would be accomplished in the Omnibus Appropriations Bill. We have reviewed the current status of the research overhead fund and our projections for obligated expenditures through FY 1986, and it is clear that, in the absence of funding the project from State General Funds, no funding will be available next year to support this needed program. I would, therefore, urge your favorable consideration of the restoration of \$77,675 from the State General Fund and a reduction in the research overhead fund expenditure limitation of a like amount.
6. Other items. Finally, we hope you will give serious consideration again to funding the Instrumentation Lab (\$154,929) and the Preventive Maintenance Program (\$110,000) as we had requested and the Regents had recommended. Both programs are designed to protect the state's investment in facilities and equipment and therefore are cost-effective proposals.

Again, we appreciate what you have done so far and hope you will act favorably on these remaining issues and items.

Respectfully,

Gene A. Budig
Chancellor

GAB:jj

Mr. Bibb
AUG 10 1984

University of Kansas - Lawrence Campus
Research Overhead Fund Budget - FY 1984
From FY 1984 Working Budget

Prepared Aug. 10, 1983

<u>Department Name and Number</u>	<u>Salaries</u>	<u>OOE</u>	<u>Total</u>
241 Unallocated Program Support	\$	\$ 262,535	\$ 262,535
247 Research Overhead Shortfall		280,698	280,698
255 Academic Computing Reserve		722,345	722,345
1501 Executive Vice Chancellor		20,000	20,000
1508 Office of Information Systems	335,731	33,252	368,983
1510 Comptroller's Office	14,132	-	14,132
1511 Sponsored Program Accounting	140,330	9,009	149,339
1516 Institutional Res. & Planning	56,668	3,360	60,028
1520 Personnel Services	13,055	-	13,055
1772 Membership Dues	-	4,240	4,240
2112 Chemistry	55,952	-	55,952
2300 Research, Graduate Studies, and Public Service	255,324	23,923	279,247
2302 Attendance/National Meetings	-	20,424	20,424
2303 Consultants	-	2,000	2,000
2306 Research Grant Maintenance	-	11,247	11,247
2307 Graduate School Travel	-	4,866	4,866
2454 Museum of Natural History	-	11,706	11,706
2504 Pharmaceutical Chemistry	20,240	-	20,240
2903 Animal Care	34,093	-	34,093
2904 Research Support & Grants Adminis.	67,628	26,268	93,896
2905 Research Health & Safety	68,915	-	68,915
2906 Biological Survey	15,333	-	15,333
2930 Bureau of Child Research	117,135	56,004	173,139
2931 Bureau of Child Res.-Research Centers	-	10,400	10,400
2932 Achievement Place	-	2,257	2,257
2935 Exp. & Applied Ecology	-	264	264
2960 Center for Public Affairs	23,565	40,746	64,311
2962 Transportation Center	-	3,453	3,453
2965 Institute for Economic & Business Res.	55,162	8,468	63,630
2969 Space Technology Center	11,745	36,418	48,163
2971 Center Biomedical Research - McColl Smismman	29,765	48,334	78,099
2974 Enzyme Laboratory	44,143	-	44,143
2982 Pharmacy Research	10,803	5,656	16,459
4529 Paleontological Institute	43,114	1,095	44,209
4574 Org. for Tropical Studies	-	5,000	5,000
4587 Water Resources Institute	18,214	1,072	19,286
7011 Management Information (Support Serv.)	28,315	-	28,315
7033 Rental of Facilities	-	158,412	158,412
	<u>\$1,459,362</u>	<u>\$1,813,452</u>	<u>\$3,272,814</u>

2729,581

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