

Approved 2-12-86  
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Bunten at  
Chairperson

1:30 ~~am~~/p.m. on Wednesday, February 5, 1986 in room 514-S of the Capitol.

All members were present except: Representatives Mainey and Dyck (both excused)

Committee staff present: Ray Hauke, Legislative Research  
Gloria Timmer, Legislative Research  
Sharon Schwartz, Administrative Aide  
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Dr. Robert Harder  
Others present (Attachment A)

Chairman Bunten called the meeting to order at 1:30 p.m.

HB 2734 -- an act relating to administrative rules and regulations; concerning the adoption of temporary rules and regulations; amending K.S.A. 1985 Supp. 77-422 and repealing the existing section.

Dr. Robert Harder was recognized who explained the reason for the bill. This bill has application to any state agency, but was drafted as a result of an occurrence relating to SRS. This bill, with the amendment, would provide a measure of justification for going before the Rules and Regulations Board and asking for the filing of a temporary rule and regulation. The standards that are applied to temporary rules and regulations presently do not cover budgetary shortfalls. Harder said that with the prospect of shortfalls within the current fiscal year, SRS made the decision to adopt a number of rules and regulations that change the scope of the agency's programs, especially in the medical field.

Representative Duncan further explained the reasons for the bill. The committee felt that as a matter of policy, an agency cannot grant itself authority to act in such a manner when statute does not provide for the action. Hence the reason for the bill that would amend the statute. Representative Duncan called the committee's attention to two things. One, this is not an SRS bill - it applies to all agencies within the budget. Secondly, this differs from the other specified reasons for adopting a temporary rule in that this particular exception must have notice of a hearing. Therefore, if SRS is to have that authority, it needs to be spelled out in the statute.

During discussion on HB 2734, Representative Rolfs expressed concern that the new legislation might get out of hand. Representative Wisdom raised the question of what bearing this might have with regards to those supplemental requests that are decided by this committee. Representative Duncan, then stated that he would like to have some time to get with Jim Wilson and work up an amendment along the lines that Representatives Rolfs and Wisdom expressed concerns.

Chairman turned to final action on HB 2612 -- an act concerning compensation and benefits for state officers and employees; relating to cafeteria plans for benefits as part of the state health care benefits program; amending K.S.A. 75-6508 and repealing the existing section.

Representative Rolfs moved and Representative Heinemann seconded that HB 2612 be recommended favorable for passage. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,  
room 514-S, Statehouse, at 1:30 ~~xxx~~ p.m. on Wednesday, February 5, 1986

Chair recognized Ray Hauke of Legislative Research, who reviewed for the committee the effects of the Gramm-Rudman-Hollings Budget Reduction Amendment and how it relates to the state budgets. (Attachment "B").

The impacts of Gramm-Rudman affect 26 major programs, which comprise approximately 75% of the federal assistance in Kansas. A breakdown is shown on Table 1 of this report. The report primarily describes the major features of Gramm-Rudman and it also attempts to make projections on its impact with State of Kansas in terms that this committee identifies with, and as it applies to those state agencies that this committee deals with.

FFIS (Federal Funds Information) has indicated that to achieve the savings in federal outlay mandated by Gramm-Rudman, and assuming the automatic spending reduction provisions contained in the bill will take place, that it will be necessary for a reduction to occur of 4.6% in federal FY 1986 and 20% in federal FY 1987. At these levels, in Kansas, its impact would total a reduction of \$23.5 million in federal FY 1986, and \$107.7 million in federal FY 1987.

Hauke said it appears that the reduction for FY 1986 in federal grants will be about 3.1%. If a 20% cut is taken in FY 1987, it would mean about 16% in state budgets. The impact of decreased funding is much more immediate among the social service programs and it is much more long term among capital programs.

The second part of the review relates to computers, telecommunications, and the Santa Fe building expenditures. A report by Department of Administration covering these subjects is attached (Attachment "C"), as well as a memorandum stating the major computer related actions that were taken subsequent to the 1985 session.

Hauke did point out that the Telpak, the State's telephone system, has been extended to May 1, 1986 and that previous billing arrangements will prevail through the next four months.

Chairman Buntten asked for a motion on the Minutes for January 27, 28 and 29, 1986. On a motion by Representative Ott and seconded by Representative Chronister, the minutes were approved.

Meeting adjourned at 3:05 p.m.

Date 2-5-86

Name	Address	Representing
CHARLES BECT	WICHITA	CHAMBER OF COMMERCE
Wicky Lopez	Emporia	Linn County
Gene Bunnis	Emporia	Reg of Deeds Linn Co
Clarence Arndt	Emporia	Co. Comm
Robert E. Sattler	Reading	Linn Co. Commission
Wayne Giffley	Mercurius	" " "
A. T. Kimmie	Topeka	Ks Animal Health Dept.
Mawie Trout	Topeka	IRM
Ruth Brown	Topeka	
James D. Cole	Topeka	The Adj. Gen. Rep
Vigil Bassall	1152-W S.O.B	DISC
Marty Bloomquist	Topeka	ARCH. SERVICES
Shirley Brown	Uniontown	
Sherry Brown	Topeka	DISC
Leo Paulay	Topeka	APC/Kansas
Joy Niles	Kiavatha	Daily World
Gene Flott	Smith County	Register of Deeds
Ausie Palmer	Leavenworth Co	Reg of Deeds
Richard & Bernhardt	Neeshs Co.	Reg of Deeds
Jacqueline Webb	Allen Co.	Reg of Deeds
Loretta Class	Topeka	United Way
Bill Wilkin	Topeka	Girl Scout
Lisa Walmsley	Minneapolis	Co Treas
Carol Abank	"	Co Clerk
Bruce Palmer	Topeka	Governor's Office
Marty Kennedy	Topeka	Budget

"A"

Date 2-5-86

Name	Address	Representing
Linda Boehms	841 al. Lawrence KS	J. Braun - K.C.
Arline Sutton	R.R. 1 Garnett, Mo 66032	Anderson Co
Connie Sutton	R.R. 2 Garnett, Mo 66032	Anderson Co
Tadvis Hall		KCC
Mary Huber		KCC
John L. Allen		Assoc. Students of KS
Mike Johnson	Mandation	K.S.U.
Betty LeKammell	Topeka	Kansas Arts Comm.
Lark Ann Anderson	Lindsburg	OTA
J. H.	Topeka	



M E M O R A N D U M

RE: Impact of P.L. 99-177 on Kansas

Introduction

This memorandum was prepared by the Legislative Research Department to facilitate legislative understanding of the impact of P.L. 99-177 upon Kansas. Public Law 99-177, popularly known as Gramm-Rudman, will have a major impact upon the availability of federal funding in Kansas. The Research Department has summarized major features of P.L. 99-177 within this memorandum. For purposes of reporting the monetary impact of the legislation, the Research Department utilized data furnished by Federal Funds Information for States (FFIS). FFIS is a service to which both the Department of Administration and the Legislative Research Department subscribe and frequently utilize. The FFIS service is sponsored by the National Conference of State Legislatures and the National Governor's Association.

The FFIS summary estimates that to achieve the savings in federal outlay, mandated by P.L. 99-177, reductions in non-exempt budget authority of 4.6 percent in federal FY 1986 and 20 percent in federal FY 1987 would be necessary for non-defense programs. Using this estimate, Kansas' reduction in budget authority it otherwise would receive is estimated to total \$23.5 million in federal FY 1986 and \$107.7 million in federal FY 1987. Such a reduction in budget authority is estimated to translate to a reduction in federal outlays (cash) to Kansas of \$7.8 million in federal FY 1986 and \$51.4 million in FY 1987. The difference between budget authority and outlays result from the differing time frames in which spending, particularly capital construction, is authorized to occur and when the actual expenditure is made.

FFIS has summarized Kansas anticipated reductions in federal funds among 26 major programs. That estimate is attached (Table I). The Research Department has utilized those estimates to prepare summaries showing the agencies impacted by those funding reductions, included in Tables II thru V.

Features of P.L. 99-177

Gramm-Rudman's many features, some of which are very complex, can probably best be divided into two major features. First, it substantially amends the Congressional budget cycle, including a special calendar for federal FY 1986. Secondly, it contains provisions for automatic spending reductions, if certain deficit reduction goals are not achieved. An outline of the revised budget cycle, including the special cycle for FY 1986, appeared in the Dec. 14, 1985 edition of Congressional Quarterly, and is included as Table VI of this memorandum.

*D. W. M.*  
*2/5/86*

*B*

P.L. 99-177 mandates that federal budgets containing deficits not exceeding the following levels occur during upcoming Federal Fiscal years.

<u>Fiscal Year</u>	<u>Maximum Deficit</u>
1986	\$171.9 billion
1987	\$144.0 billion
1988	\$108.0 billion
1989	\$ 72.0 billion
1990	\$ 36.0 billion
1991	\$ 0.0

Delegated to the Congressional Budget Office and the Office of Management and Budget is the responsibility for preparing reports concerning the projected deficit, given existant spending authority, revenue laws, and indicators. Those estimates are forwarded to the General Accounting Office, which submits a report to the President. The estimate orders expenditure reductions, known as sequesters, if the projected deficit exceeds the above-mentioned targets by more than \$10.0 billion. The sequesters are to be across the board by a uniform percentage. They are divided equally between defense and non-defense accounts. However, several programs are exempted from the automatic cuts, while others are given special treatment. A listing of those partially or totally exempted is displayed in Table VII. The actual sequester order is to be issued by the President by February 1, 1986 and, if necessary, by September 1 in succeeding years. That order would become effective on March 1, 1986 and October 1, 1986 and in succeeding years. P.L. 99-177 limits the sequestering to \$11.7 billion in Federal Fiscal 1986, with \$5.85 billion to be cut from defense and a \$5.85 billion decrease to occur in non-defense spending.

Due to the many programs exempted from sequestering by Gramm-Rudman, the potential for across the board cuts is applicable to approximately one-third of the total federal budget. Proponents of the automatic expenditure reduction provisions believe that the non-discriminate nature of sequestering will cause the President and Congress to produce budgets that will avoid its necessity. However, the impact on an individual program could be particularly severe, if both its Congressional budget authority is reduced and sequestering further decreases actual expenditures.

Unless Congress repeals P.L. 99-177 or enacts substantial deficit reducing measures prior to March 1, sequestering will occur.

#### Impact Upon Kansas

The FFIS estimates were based upon sequestering of 4.6 percent during FY 1986. Subsequently, the official OMB and CBO reports have been issued. Based upon those estimates, non-exempt domestic programs could experience a reduction of 4.3 percent. Consequently, the attached table, based upon FFIS data may slightly overstate the actual reductions.

The impacts of Gramm-Rudman upon 26 major programs, which comprise approximately 75 percent of the federal assistance in Kansas are shown on Table I. That table reflects the estimated impact of the legislation upon both budget authority and cash received. The reduction will be applied to budget authority as of March 1. Occasionally the FY 1986 budget authority exceeds actual FY 1985 authority, in which case Gramm-Rudman will only be a decrease to the increase. Nevertheless, in most cases the impact will be an actual decrease. Table I contains actual FY 1985 data, allowing this comparison to be made.

Although the FFIS data on 26 major grants reflects the majority of Kansas receipts of federal funds, several significant federal grants are not on that listing. Federal funding for higher education (Basic Educational Opportunity Grants), child support enforcement, airport improvement, and aging services are among those subject to reductions that were not included in the FFIS summary of 26 grants.

During the course of FY 1986, legislators will undoubtedly learn of many grants subject to automatic sequestering. Unless a grant is among those listed on Table VII for special treatment, it will be subject to automatic sequestering. One must remember that the difference between federal and state fiscal years will cause the grant reduction to be less than 4.6 percent in state Fiscal Year 1986. Given this difference in fiscal years, the actual reduction in non-exempt federal grants will be approximately 3 percent during FY 1986. If the FFIS prediction of 20 percent sequestering in Federal FY 1987 occurs, the reduction will be approximately 16.5 percent due to this difference in fiscal cycles.

The Research Department has utilized the FFIS totals to produce Tables II thru V. In those tables the Research Department has indicated the state agencies impacted by various reductions in the 26 major grants. If a particular grant is administered by more than one agency, the total is divided between the agencies by the ratio of estimated expenditures in the Governor's revised FY 1986 budget. Similarly, the Research Department has divided the grants among five basic expenditure categories, state operations, aid to local units, assistance, capital improvements and direct federal aid to local units. This division was made to provide decision makers with a general concept of the manner in which the grant is being expended. The anticipated FFIS cut is divided among those major expenditure categories at the same ratio the grant would be expended in the Governor's revised FY 1986 budget. Nevertheless, certain federal funds are not administered by the state. Those grants are listed on the attached tables as direct federal aid to local units.

The difference between budget authority and outlay is an important distinction in understanding the impact of Gramm-Rudman. Budget authority, as its name implies, is authority to expend funds. Outlay is actual cash expended. A reduction of \$1 in budget authority during FY 1986 results in \$1 less being expended. Whether that \$1 would have become outlay in FY 1986 largely depends upon the nature of the program. Among grants that are salary or assistance intensive, budget authority and outlay are almost identical. Among grants that are capital or construction intensive, a FY 1986 reduction in budget authority results in a much lesser FY 1986 reduction in outlay, due to the lengthy pay-out schedule for a

capital project. This relationship can be seen by comparing the budget authority to outlay ratio among SRS or DHE grants with those of KDOT or KDED.

Finally, it is important for decision makers to consider the difference between items being reduced by the various grant decreases. Among social service programs, the reduction translates to a decrease in either staff or grants to serve a particular clientele. Among capital or infrastructure programs, the reduction translates to a project which will not be initiated or which must be otherwise funded. Consequently, the impact of decreased funding is much more immediate among the social service programs. It is much more long term among capital and infrastructure programs.



Table I

BUDGET AUTHORITY ANALYSIS

	CURRENT LAW					G-R-H LEVELS		% CHANGE FROM CURRENT LAW	
	FFY 1985	FFY 1986	FFY 1987	FFY 1986	FFY 1987	FFY 1986	FFY 1987		
AFDC	47,469	46,791	48,813	46,791	48,813	0	0		
CHILD NUTRITION PROGRAMS	28,810	35,535	36,957	35,535	36,957	0	0		
COMMUNITY DEVELOPMENT BLOCK GRANT	26,232	23,608	24,553	22,522	19,642	-1,086	-4,910		
COMMUNITY HEALTH CENTERS	186	195	203	193	198	-1	-4		
COMMUNITY SERVICE BLOCK GRANT	2,842	2,842	2,955	2,711	2,364	-130	-591		
COMPENSATORY ED. FOR DISADVANTAGED	26,487	25,965	27,263	24,770	21,810	-1,194	-5,452		
EDUCATION OF THE HANDICAPPED	11,544	12,357	12,852	11,789	10,281	-568	-2,570		
ENERGY CONSERVATION	3,254	3,084	2,972	2,942	2,379	-141	-594		
EPA WASTEWATER TREATMENT CONST.	22,082	22,082	24,976	21,066	19,980	-1,015	-4,995		
FEDERAL AID HIGHWAYS	160,578	157,980	166,840	150,713	133,472	-7,267	-33,368		
FOOD STAMPS	68,363	71,266	74,117	71,266	74,117	0	0		
FOREST SERVICE SHARED RECEIPTS	70	66	66	63	53	-3	-13		
GENERAL REVENUE SHARING	38,341	36,214	0	34,548	0	-1,665	0		
HEAD START	6,552	6,625	6,890	6,320	5,512	-304	-1,378		
HEALTH BLOCK GRANTS	8,521	8,629	9,102	8,023	7,064	-605	-2,037		
JOB TRAINING PARTNERSHIP ACT	17,714	15,370	15,989	14,663	12,791	-707	-3,197		
LOW INCOME HOME ENERGY ASSISTANCE	18,229	18,060	18,765	17,229	15,012	-830	-3,753		
MASS TRANSIT	6,589	5,753	5,990	5,488	4,792	-264	-1,198		
MEDICAID GRANTS TO STATES	135,968	139,943	146,985	139,943	146,985	0	0		
MIGRANT HEALTH CENTERS	290	298	310	295	303	-2	-6		
MINERAL LEASING	761	736	861	702	688	-33	-172		
SOCIAL SERVICES BLOCK GRANT	28,183	27,827	29,096	26,547	23,277	-1,280	-5,819		
URBAN DEVELOPMENT ACTION GRANTS	1,769	1,327	1,381	1,266	1,105	-61	-276		
VOCATIONAL AND ADULT EDUCATION	8,635	8,566	8,950	8,158	7,262	-407	-1,688		
WIC	10,969	11,481	11,929	11,481	11,929	0	0		
WIN	1,900	1,567	1,629	1,495	1,303	-72	-325		

OUTLAY ANALYSIS

	CURRENT LAW					G-R-H CUTS		% CHANGE FROM CURRENT LAW	
	FFY 1985	FFY 1986	FFY 1987	FFY 1986	FFY 1987	FFY 1986	FFY 1987		
AFDC	47,469	46,942	48,813	0	0	0.00	0.00		
CHILD NUTRITION PROGRAMS	34,802	35,064	36,857	0	0	0.00	0.00		
COMMUNITY DEVELOPMENT BLOCK GRANT	29,044	26,780	25,014	-21	-619	-0.08	-2.47		
COMMUNITY HEALTH CENTERS	184	191	199	-1	-3	-0.61	-1.60		
COMMUNITY SERVICE BLOCK GRANT	2,798	2,842	2,927	-98	-476	-3.45	-16.26		
COMPENSATORY ED. FOR DISADVANTAGED	25,243	26,450	26,056	-83	-1,492	-0.31	-5.72		
EDUCATION OF THE HANDICAPPED	10,928	11,601	12,392	-39	-708	-0.34	-5.71		
ENERGY CONSERVATION	3,900	3,165	2,923	-14	-116	-0.44	-3.97		
EPA WASTEWATER TREATMENT CONST.	25,210	24,382	25,631	-50	-503	-0.20	-1.96		
FEDERAL AID HIGHWAYS	143,482	153,936	158,902	-726	-6,243	-0.47	-3.92		
FOOD STAMPS	68,351	71,266	74,117	0	0	0.00	0.00		
FOREST SERVICE SHARED RECEIPTS	70	66	66	-3	-13	-4.60	-20.00		
GENERAL REVENUE SHARING	38,265	39,371	6,428	0	-1,665	0.00	-25.91		
HEAD START	6,335	6,585	6,745	-137	-787	-2.08	-11.67		
HEALTH BLOCK GRANTS	7,955	8,629	8,866	-363	-1,464	-4.21	-16.52		
JOB TRAINING PARTNERSHIP ACT	18,952	16,099	15,481	-120	-1,130	-0.74	-7.30		
LOW INCOME HOME ENERGY ASSISTANCE	18,229	18,060	18,765	-830	-3,753	-4.60	-20.00		
MASS TRANSIT	4,031	5,732	6,089	-26	-220	-0.46	-3.61		
MEDICAID GRANTS TO STATES	141,570	139,943	146,985	0	0	0.00	0.00		
MIGRANT HEALTH CENTERS	284	295	305	-1	-4	-0.60	-1.60		
MINERAL LEASING	761	736	861	-33	-172	-4.60	-20.00		
SOCIAL SERVICES BLOCK GRANT	28,183	27,827	29,096	-1,280	-5,819	-4.60	-20.00		
URBAN DEVELOPMENT ACTION GRANTS	3,623	4,994	2,297	-1	-34	-0.02	-1.51		
VOCATIONAL AND ADULT EDUCATION	7,828	8,628	8,488	-28	-497	-0.33	-5.86		
WIC	10,865	11,455	11,906	0	0	0.00	0.00		
WIN	1,903	1,600	1,623	-64	-300	-4.05	-18.51		

TABLE II  
ESTIMATED GRAMM-RUDMAN REDUCTION (FY 1986)  
REDUCTION IN BUDGET AUTHORITY  
(IN THOUSANDS OF DOLLARS)

	State Operations	Aid To Local Units	Assistance and Grants	Capital Improve- ments	Direct Fed. Assistance to Local Units	Total Reduction In Funding
<u>SOC. &amp; REHAB. SVC.</u>						
AFDC (Inc.Admin)	0	0	0	0	0	0
Medicaid (Inc.Admin)	0	0	0	0	0	0
Food Stamps (Inc.Admin)	0	0	0	0	0	0
Comm. Serv. Block Grant	9.4		120.6			130
Low Income Energy Asst.	176.8		653.2			830
Social Svc. Block Grant	531.2		748.8			1280
Work Incentive Program	32.9		8.1			41
Mental Health/ADAS Block	6.4	106.7	80.9			194
Energy Conservation	4.9		93.1			98
Subtotal - SRS	<u>761.6</u>	<u>106.7</u>	<u>1704.7</u>			<u>2573</u>
<u>DEPT. HEALTH &amp; ENV.</u>						
Health Block Grants	232.4	179.6				412
Migrant Health	1.5	.5				2
Womens, Infants & Children	0	0				0
Subtotal - DHE	<u>233.9</u>	<u>180.1</u>				<u>414</u>
<u>STATE DEPT. OF ED.</u>						
Child Nutrition Prog.	0	0	0	0	0	0
Comp. Ed. for Disadv.		1194.0				1194
Ed. of Handicapped	20.4	547.6				568
Head Start					304.0	304
Vocational & Adult Ed.	33.0	374.0				407
Subtotal - SDE	<u>53.4</u>	<u>2115.6</u>			<u>304</u>	<u>2473</u>
<u>KS. DEPT. OF TRANS.</u>						
Federal Highway Aid				7267.0		7267
Mass Transit		264.0				264
Subtotal - KDOT		<u>264.0</u>		<u>7267.0</u>		<u>7531</u>
<u>KS. DEPT OF EC. DEV.</u>						
Comm.Dev. Block Gt.	13.0	766.7			306.3	1086
<u>DEPT. OF HUMAN RESOURCES</u>						
Jobs Partner. Trng. Act (JPTA)	156.2		550.8			707
WIN	<u>27.1</u>		<u>3.9</u>			31
Subtotal - DHR	183.3		554.7			738
<u>OTHER FEDERAL PROGRAMS</u>						
EPA Wastewater Trtmt.					1015.0	1015
Gen. Rev. Sharing					1665.0	1665
Urban Dev. Act. Grants					61	61
Energy Conserv. Funds					43	43
Forest Serv. Shared Repts.					3	3
Mineral Leasing					33	33
Subtotal - 26 Major Grants	1245.2	3433.1	2259.4	7267.0	3430.3	17635
Subtotal - Other Grants						5907
TOTAL Reduction						23542

TABLE III  
ESTIMATED GRAMM-RUDMAN REDUCTION (FY 1986)  
REDUCTION IN OUTLAYS  
(In Thousands Of Dollars)

	State Operations	Aid To Local Units	Assistance and Grants	Capital Improve- ments	Direct Fed. Assistance to Local Units	Total Reduction In Funding
<u>SOC. &amp; REHAB. SVC.</u>						
AFDC (Inc.Admin)						0
Medicaid (Inc.Admin)						0
Food Stamps (Inc.Admin)						0
Comm. Serv. Block Grant	7.1		90.9			98
Low Income Energy Asst.	176.8		653.2			830
Social Svc. Block Grant	531.2		748.8			1280
Work Incentive Program	28.9		7.1			36
Mental Health/ADAS Block	6.0	100.1	75.9			182
Energy Conservation	.5		9.5			10
Subtotal - SRS	<u>750.5</u>	<u>100.1</u>	<u>1585.4</u>			<u>2436</u>
<u>DEPT. HEALTH &amp; ENV.</u>						
Health Block Grants	102.6	79.4				182
Migrant Health	1.0					1
Womens, Infants & Children	0					0
Subtotal - DHE	<u>103.6</u>	<u>79.4</u>				<u>183</u>
<u>STATE DEPT. OF ED.</u>						
Child Nutrition Prog.						0
Comp. Ed. for Disadv.		83.0				83
Ed. of Handicapped	1.4	37.6				39
Head Start					137.0	137
Vocational & Adult Ed.	2.3	25.7				28
Subtotal - SDE	<u>3.7</u>	<u>146.3</u>			<u>137.0</u>	<u>287</u>
<u>KS. DEPT. OF TRANS.</u>						
Federal Highway Aid				726.0		726
Mass Transit		26.0				26
Subtotal - KDOT		<u>26.0</u>		<u>726.0</u>		<u>752</u>
<u>KS. DEPT OF EC. DEV.</u>						
Comm.Dev. Block Grt.	.3	14.8			5.9	21
<u>DEPT. OF HUMAN RESOURCES</u>						
Jobs Partner. Trng. Act (JPTA)	26.5		93.5			120
WIN	24.4		3.6			28
Subtotal - DHR	<u>50.9</u>		<u>97.1</u>			<u>148</u>
<u>OTHER FEDERAL PROGRAMS</u>						
EPA Wastewater Trtmt.					50.0	50
Gen. Rev. Sharing					0	0
Urban Dev. Act. Grants					1.0	1
Energy Conserv. Funds					4.0	4
Forest Serv. Shared Repts.					3.0	3
Mineral Leasing					33.0	33
Subtotal - 26 Major Grants	909.0	366.6	1682.5	726.0	233.9	3918
Subtotal - Other Grants						3881
TOTAL Reduction						7799

TABLE IV  
ESTIMATED GRAMM-RUDMAN REDUCTION (FY 1987)  
REDUCTION IN BUDGET AUTHORITY  
(IN THOUSANDS OF DOLLARS)

	State Operations	Aid To Local Units	Assistance and Grants	Capital Improve- ments	Direct Fed. Assistance to Local Units	Total Reduction In Funding
<u>SOC. &amp; REHAB. SVC.</u>						
AFDC (Inc.Admin)						0
Medicaid (Inc.Admin)						0
Food Stamps (Inc.Admin)						0
Comm. Serv. Block Grant	42.6		548.4			591
Low Income Energy Asst.	799.4		2953.6			3753
Social Svc. Block Grant	2414.9		3404.1			5819
Work Incentive Program	148.4		36.6			185
Mental Health/ADAS Block	33.7	562.7	426.6			1023
Energy Conservation	20.6		390.4			411
Subtotal - SRS	<u>3459.6</u>	<u>562.7</u>	<u>7759.7</u>			<u>11782</u>
<u>DEPT. HEALTH &amp; ENV.</u>						
Health Block Grants	574.2	443.8				1018
Migrant Health	6.0					6
Womens, Infants & Children						0
Subtotal - DHE	<u>580.2</u>	<u>443.8</u>				<u>1024</u>
<u>STATE DEPT. OF ED.</u>						
Child Nutrition Prog.						0
Comp. Ed. for Disadv.		5452.0				5452
Ed. of Handicapped	92.5	2477.5				2570
Head Start					1378.0	1378
Vocational & Adult Ed.	136.7	1551.3				1688
Subtotal - SDE	<u>229.2</u>	<u>9480.8</u>			<u>1378.0</u>	<u>11088</u>
<u>KS. DEPT. OF TRANS.</u>						
Federal Highway Aid				33368.0		33368
Mass Transit		1198.0				1198
Subtotal - KDOT		<u>1198.0</u>		<u>33368.0</u>		<u>34566</u>
<u>KS. DEPT OF EC. DEV.</u>						
Comm.Dev. Block Gt.	58.9	3466.5			1384.6	4910
<u>DEPT. OF HUMAN RESOURCES</u>						
Jobs Partner. Trng. Act (JPTA)	706.5		2490.5			3197
WIN	122.2		17.8			140
Subtotal - DHR	<u>828.7</u>		<u>2508.3</u>			<u>3337</u>
<u>OTHER FEDERAL PROGRAMS</u>						
EPA Wastewater Trtmt.					4995.0	4995
Gen. Rev. Sharing					0	0
Urban Dev. Act. Grants					276.0	276
Energy Conserv. Funds					183.0	183
Forest Serv. Shared Repts.					13.0	13
Mineral Leasing					172.0	172
Subtotal - 26 Major Grants	5156.6	15151.8	10268.0	33368.0	8401.6	72346
Subtotal - Other Grants						35399
TOTAL Reduction						107745

TABLE V  
ESTIMATED GRAMM-RUDMAN REDUCTION (FY 1987)  
REDUCTION IN OUTLAYS  
(IN THOUSANDS OF DOLLARS)

	State Operations	Aid To Local Units	Assistance and Grants	Capital Improve- ments	Direct Fed. Assistance to Local Units	Total Reduction In Funding
<u>SOC. &amp; REHAB. SVC.</u>						
AFDC (Inc.Admin)						0
Medicaid (Inc.Admin)						0
Food Stamps (Inc.Admin)						0
Comm. Serv. Block Grant	34.3		441.7			476
Low Income Energy Asst.	799.4		2953.6			3753
Social Svc. Block Grant	2414.9		3404.1			5819
Work Incentive Program	137.1		33.9			171
Mental Health/ADAS Block	24.3	404.3	306.4			735
Energy Conservation	4.0		76.0			80
Subtotal - SRS	<u>3414.0</u>	<u>404.3</u>	<u>7215.7</u>			<u>11034</u>
<u>DEPT. HEALTH &amp; ENV.</u>						
Health Block Grants	412.8	319.2				732
Migrant Health	4.0					4
Womens, Infants & Children						0
Subtotal - DHE	<u>416.8</u>	<u>319.2</u>				<u>736</u>
<u>STATE DEPT. OF ED.</u>						
Child Nutrition Prog.						0
Comp. Ed. for Disadv.		1492.0				1492
Ed. of Handicapped	25.5	682.5				708
Head Start					787.0	787
Vocational & Adult Ed.	40.3	456.7				497
Subtotal - SDE	<u>65.8</u>	<u>2631.2</u>			<u>787.0</u>	<u>3484</u>
<u>KS. DEPT. OF TRANS.</u>						
Federal Highway Aid				6243.0		6243
Mass Transit		220.0				220
Subtotal - KDOT		<u>220.0</u>		<u>6243.0</u>		<u>6463</u>
<u>KS. DEPT OF EC. DEV.</u>						
Comm.Dev. Block Gt.	7.4	437.0			174.6	619
<u>DEPT. OF HUMAN RESOURCES</u>						
Jobs Partner. Trng. Act (JPTA)	249.7		880.3			1130
WIN	112.6		16.4			129
Subtotal - DHR	<u>362.3</u>		<u>896.7</u>			<u>1259</u>
<u>OTHER FEDERAL PROGRAMS</u>						
EPA Wastewater Trtmt.					503	503
Gen. Rev. Sharing					1665	1665
Urban Dev. Act. Grants					34	34
Energy Conserv. Funds					36	36
Forest Serv. Shared Repts.					13	13
Mineral Leasing					172	172
Subtotal - 26 Major Grants	4266.3	4011.7	8112.4	6243.0	3384.6	26018
Subtotal - Other Grants						25385
TOTAL Reduction						51403

TABLE VI

## Revisions to Budget Process Timetable (For Fiscal Years 1987-1991)

Action	Prior Law	PL 99-177
President submits budget request	End of January	First Monday after January 3 <sup>1</sup>
Congressional Budget Office (CBO) reports to Budget committees on fiscal policy and budget priorities	April 1	February 15
Committees submit reports and estimates to Budget committees	March 15	February 25
Senate Budget Committee reports budget resolution to floor	April 15 <sup>2</sup>	April 1
Congress completes action on budget resolution	May 15 <sup>2</sup> , September 15 <sup>4</sup>	April 15
House Appropriations Committee reports last regular appropriations bill	—	June 10
Congress completes action on reconciliation bill	September 25	June 15
House completes action on regular appropriations bills	Seventh day after Labor Day <sup>5</sup>	June 30
"Snapshot" of economic indicators, laws affecting spending and revenues and projected deficit taken by CBO and Office of Management and Budget (OMB)	—	August 15
CBO and OMB report to General Accounting Office (GAO) on deficit and content of the so-called sequester order making automatic spending cuts to achieve deficit targets	—	August 20
GAO forwards deficit and sequester report to president	—	August 25
President issues sequester order based on GAO report	—	September 1
Sequester order takes effect	—	October 1
Fiscal year begins	October 1	October 1
CBO and OMB issue revised reports reflecting additional congressional action after earlier reports	—	October 5
GAO issues revised report to the president	—	October 10
Final sequester order, based on revised report, becomes effective	—	October 15
GAO issues compliance report on sequester order	—	November 15

<sup>1</sup> President's budget for fiscal 1987 is due February 5, 1986

<sup>2</sup> Prior law deadline for Budget committees in both houses to report budget resolutions

<sup>3</sup> Prior law deadline for first budget resolution

<sup>4</sup> Prior law deadline for second, binding budget resolution

<sup>5</sup> Prior law deadline for Congress to complete regular appropriations bills

### Special Timetable for Fiscal 1986

"Snapshot" of economic indicators, laws affecting spending and revenues and projected deficit taken by Congressional Budget Office (CBO) and Office of Management and Budget (OMB)	January 10
CBO and OMB report to General Accounting Office (GAO) on deficit and content of the so-called sequester order making automatic spending cuts to achieve deficit targets	January 15
GAO forwards deficit and sequester report to president	January 20
President issues sequester order based on GAO report	February 1
Sequester order takes effect	March 1
GAO issues compliance report on sequester order	April 1



TABLE VII  
DOMESTIC PROGRAMS EXEMPT FROM P.L 99-177

Social Security  
Interest On Federal Debt  
Federal Payments To Retirement Program  
Medicaid (including State Administrative funds)  
Aid to Families with Dependent Children (including State Administrative Funds)  
Womens Infants and Children (WIC) (excluding Administrative Funds)  
Supplemental Security Income  
Food Stamps (including State Administrative Funds)  
Child Nutrition Program (principally school lunch and breakfast funding)

DOMESTIC PROGRAMS TO RECEIVE NO MORE THAN 1% FY 1986 REDUCTION  
AND NO MORE THAN 2% IN SUCCEEDING YEARS

Medicare  
Veterans Health  
Indian Health  
Community and Migrant Health

DOMESTIC PROGRAMS SUBJECT TO SPECIAL RULES

Foster Care  
Adoption Assistance  
Unemployment Compensation  
Child Support Enforcement  
Guaranteed Student Loans

## DEPARTMENT OF ADMINISTRATION

<u>Expenditure Summary</u>	<u>Actual FY 85</u>	<u>Governor's Rec. FY 86</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>
<b>All Funds:</b>				
State Operations	\$ 18,270,161	\$ 19,461,802	\$ 23,355,538	\$ 19,777,683
Aid to Local Units	456,309	450,000	450,000	450,000
Other Assistance	324,608	30,000	30,000	30,000
Subtotal-Operating	<u>\$ 19,051,078</u>	<u>\$ 19,941,802</u>	<u>\$ 23,835,538</u>	<u>\$ 20,257,683</u>
Capital Improvements	878,534	2,106,858	5,208,460	478,279
<b>TOTAL</b>	<u><b>\$ 19,929,612</b></u>	<u><b>\$ 22,048,660</b></u>	<u><b>\$ 29,043,998</b></u>	<u><b>\$ 20,735,962</b></u>
<b>State General Fund:</b>				
State Operations	\$ 17,369,645	\$ 18,658,810	\$ 21,668,061	\$ 18,145,828
Other Assistance	300,058	--	--	--
Subtotal-Operating	<u>\$ 17,669,703</u>	<u>\$ 18,658,810</u>	<u>\$ 21,668,061</u>	<u>\$ 18,145,828</u>
Capital Improvements	796,170	944,983	5,108,460	0
<b>TOTAL</b>	<u><b>\$ 18,465,873</b></u>	<u><b>\$ 19,603,793</b></u>	<u><b>\$ 26,776,521</b></u>	<u><b>\$ 18,145,828</b></u>
<b>Percentage Change:</b>				
<b>All Funds</b>				
State Operations	9.1%	6.5%	15.7%	1.6%
Total Operating	10.3	4.7	15.3	1.6
<b>State General Fund</b>				
State Operations	8.2%	7.4%	12.1%	(2.7)%
<b>FTE Positions</b>	899.0	906.0	1,024.0	940.0

## BUDGET SUMMARY

## A. FY 1986.

1. **Revised FY 1986 Reportable Summary.** The revised FY 1986 reportable operating budget request of \$20,670,347 is a reduction of \$665,242 to the operating budget approved by the 1985 Legislature. Of this reduction, \$128,944 is from the State General Fund. Fiscal 1986 revisions, as they apply to each division of the Department, are discussed in the detailed budget analysis. Major reductions to the approved FY 1986 operating budget include: (1) revisions reflecting transfer of the Surplus Property Program to the Department of Corrections, which reduces the Division of Purchases Special Revenue Fund budget by \$284,267; (2) shift of anticipated Santa Fe Building moving expenditures to FY 1987, which reduces the FY 1986 Property Contingency Fund budget by \$200,000; (3) reduction in anticipated federal passthrough funds to local jurisdictions adjacent to federal reservoirs (\$75,000); (4) reduction of projected salary expenditures in the Division of the Budget and General Administration, for an overall General Fund decrease of \$91,420; (5) elimination of \$30,000 from the General Fund, which had been budgeted for an additional computer maintenance contract; and (6) a \$21,849 decrease in the

Buildings and Grounds program, principally due to reduced utility expenditures. Those decreases are partially offset by a \$37,294 increase in the Central Records Unit, principally due to addition of miscellaneous items of other operating expenditure.

The Governor is recommending a revised FY 1986 reportable operating budget of \$19,941,802, a reduction of \$1,393,787 to the approved operating budget. The General Fund financing of \$18,658,810 in the revised FY 1986 Governor's operating recommendation is a decrease of \$797,828 to the approved operating budget. Of this reduction, \$411,225 is salaries and wages; \$907,562 is other operating expenditures; and \$75,000 is a decrease of anticipated federal receipts for aid to local units of government. The Governor concurred with expenditure reductions proposed in the revised agency request. Additionally the Governor's recommendations: (1) eliminate funding for purchasing a payroll and accounting software package (\$300,000); (2) shift all money for the Santa Fe move to FY 1987 (a reduction of \$250,000 in FY 1986); and (3) insert miscellaneous turnover adjustments throughout the budget.

The above table and narrative are limited to the Department's reportable budget. In addition to this reportable budget, the Department has a nonreportable operating budget request of \$44,962,978 in FY 1986 and \$58,753,697 in FY 1987. This analysis contains separate sections for discussion of the reportable and nonreportable operating budget, although they are discussed interchangeably in this Budget Summary section. The nonreportable budget is comprised of expenditures from inter-agency and trust funds for such items as central printing, computer services, motor pool, and workers compensation. Such expenditures are included in the reportable operating budget of user agencies. Those expenditures would represent a duplication if they were also included as reportable expenditures in the Department of Administration.

2. **Revised FY 1986 Nonreportable Summary.** The revised FY 1986 nonreportable operating budget request of \$44,962,978 is a decrease of \$535,273 to the budget approved by the 1985 Legislature. The largest factor in this decrease is a \$373,116 reduction in the printing services budget, largely the result of reflecting the first building payment in FY 1987 rather than FY 1986. Additionally, relatively minor decreases are reflected in several of the activities which comprise the nonreportable budget. Each is discussed individually in the section of this analysis relating to nonreportable expenditures. The Governor is recommending a revised FY 1986 nonreportable operating budget of \$41,936,741, a decrease of \$3,561,510 to the approved FY 1986 budget. The Governor's recommendations adopt the agency's request for shift of the printing plant payment to FY 1987. Additionally, the Governor's recommendations: (1) reduce the approved budget for telecommunications expenditures by \$2,503,298; (2) decrease the budget for motor pool vehicle acquisition (\$295,600); (3) reduce the budget for utilities in state buildings (\$109,975); (4) decrease anticipated expenditures for printing paper and supplies (\$146,000); and (5) adjust anticipated turnover savings in several categories for a net reduction of \$152,823 to the approved salary and wage budget. Those savings are partially offset by inclusion of \$488,000 for operation of the Wichita State Office Building. Finally the Governor is recommending that balances from motor pool funds (\$2.5 million) and the State Buildings Operating Fund (\$1.3 million) be transferred to the State General Fund during the current fiscal year.

3. **Personnel and Accounting Computing.** The revised FY 1986 General Fund budget includes \$300,000 approved by the 1985 Legislature for purchase of personnel, payroll, and accounting computer software. This purchase was subject to Finance Council approval. At its December 6 meeting the Finance Council rejected release of funds for this acquisition. No further action can occur on this matter without Legislative action. If it is the desire of the Legislature to approve funding for purchase of payroll and accounting software, then it is necessary to remove the Finance Council proviso on the existing appropriation. Conversely, if the Legislature does not wish to replace the existing KIPPS and CASK software, then this appropriation can be lapsed. The FY 1987 request includes \$350,000 for modification of the abovementioned package to meet specific requirements of the Kansas computing and legal environment. The necessity of this item obviously depends upon the acquisition of the software package in FY 1986. The Governor is recommending lapse of the FY 1986 appropriation and recommends no FY 1987 funding for software modification.

4. **Long Distance Telecommunications.** The revised FY 1986 nonreportable budget projects \$9,232,185 in expenditures for KANS-A-N long distance service. Recent tariff decisions of the Kansas Corporation Commission will result in less than anticipated long distance telecommunications expenditures during the remainder of FY 1986. The Governor's recommendations reduce the FY 1986 budget for telecommunications by \$2,503,298. In most cases those savings have also been included in the revised FY 1986 communications recommendations in other agency budgets.

#### B. FY 1987.

1. **Reportable Budget Summary.** The FY 1987 reportable operating request of \$23,835,538 is a \$3,165,191 (15.3 percent) increase over the revised FY 1986 request. Major components of the requested increase include: (1) purchase of movable office partitions to be located in the Santa Fe Building (\$673,300); (2) moving expenses for the relocation to Santa Fe Building (\$201,700); (3) 25 additional positions in the Division of Personnel Services (\$554,400); (4) financing to assist in the gubernatorial transition (\$150,000); (5) nine additional positions and operating expenses to establish a central records management center (\$337,737); (6) consultant study of accounting issues (\$145,000); and (7) eight additional positions in the Division of Accounts and Reports (\$204,156). Additionally, the request includes \$1.5 million of multi-year financing from the State General Fund for Santa Fe Building capital improvements. These improvements would be in addition to the \$4.6 million approved by the 1985 Legislature.

The Governor is recommending a reportable operating budget of \$20,257,683, a 1.6 percent increase to the revised FY 1986 operating recommendation. The Governor's recommendations include: (1) purchase of movable office partitions to be located in the Santa Fe Building (\$423,385); (2) moving expenses for the relocation to Santa Fe (\$134,361); and (3) financing for the gubernatorial transition (\$150,000). The Governor is not recommending: (1) additional positions for central records management; (2) new positions for the Division of Accounts and Reports; or (3) new positions for the Division of Personnel Services. The Governor's FY 1987 recommendations reflect a net reduction of 16 positions in the reportable operating budget, of which 11 are the result of transferring Surplus Property to the Department of Corrections and five reflect reductions in the Municipal Accounting Section of the Division of Accounts and

Reports. The Governor's recommendations finance the request of an additional \$1.5 million for renovation of the Santa Fe Building. However, this proposal would be financed by a loan from the Pooled Money Investment Board, discussed in item 3 below.

**2. Nonreportable Budget Summary.** The FY 1987 nonreportable budget request contains a \$13,790,719 (30.7 percent) increase over the revised FY 1986 request. Major items in the request include: (1) payment of accrued interest to the Pooled Money Investment Board (PMIB) for the Santa Fe Building loan (\$3,088,555); (2) expenses of \$2,458,055 reflecting full year costs associated with Santa Fe Building operations; (3) increased KANS-A-N telecommunication expenditures (\$1,107,862); (4) payments on the capitol complex telecommunications upgrade (\$961,267); (5) replacement of motor pool vehicles (\$2,710,200); (6) full year costs of upgrade to the IBM compatible computing center (\$1,140,948); (7) expenditures for the State Office Building in Wichita (\$949,090); (8) health promotion and employee wellness programs (\$476,750); (9) payment to the Pooled Money Investment Board for the printing plant loan (\$370,000); and (10) increased payments for workers compensation claims (\$571,817).

The Governor recommends a FY 1987 nonreportable operating budget of \$53,239,147. Major items in the Governor's nonreportable operating budget include: (1) payment of accrued interest to the PMIB on the Santa Fe Building (\$3,088,555); (2) expenses of \$2,005,387 for full year operating costs of the Santa Fe Building; (3) increased telecommunications expenditures (\$984,000); (4) payments on capital complex telephone upgrade (\$961,267); (5) replacement of motor pool vehicles (\$2,257,850); (6) full year costs of upgrade to the IBM compatible computing center (\$1,140,948); (7) expenditures for the State Office Building in Wichita (\$948,470); (8) payment to the PMIB for the printing plant loan (\$370,000); and (9) increased payments for workers compensation claims (\$571,817). The Governor is not recommending additional funding for employee wellness programs.

**3. Santa Fe Building Expenditures.** A major factor impacting both the reportable and nonreportable budget is expenditures associated with acquisition, renovation, and moving to the Santa Fe Building. The reportable budget contains requests for moving expenditures (\$50,000 in FY 1986 and \$201,700 in FY 1987), which would be financed from the Property Contingency Fund. Additionally, the FY 1987 request includes Property Contingency Fund expenditures of \$673,300 for movable partitions to be used in the Santa Fe Building. These moving and partitioning requests are reviewed in Section G of the Reportable Summary. The nonreportable budget contains all expenditures for operation of the building. This request projects closing the Santa Fe Escrow Account, making the first payment of accrued interest to the PMIB and depositing the remainder (\$760,355) in the State Buildings Operating Fund. In addition to making this first payment to the PMIB, the FY 1987 request includes \$2,458,055 for operation of the Santa Fe Building, including a total of 54 FTE positions. These expenditures are discussed in Section G(5) of the nonreportable operating budget. Finally, the Capital Improvements budget includes a multi-year request for an additional \$1.5 million in Santa Fe renovations. Financing this request would result in total Santa Fe renovations of \$6.1 million, an amount originally projected for renovation of this building. This is being requested for appropriation in FY 1988 and FY 1989, allowing the project to be bid as one total.

The state may take possession of this building as early as March 1, 1986. The Division of Information Systems and Communications (DISC) will be the first to relocate and will begin to move in July. Remaining agencies are not scheduled to begin moving until September, 1986. The earliest possible completion date is scheduled for March, 1987. The Department plans to move agencies into the building on a floor-by-floor basis, as renovation is completed on various floors of the building. It is anticipated that renovation of each floor will require approximately four weeks. Santa Fe renovations are to be obtained through three bids. The first, involving construction of two stair towers and installation of a freight elevator, is scheduled for bid closing on January 23, 1986. The second, involving improvements for areas to be occupied by DISC, is scheduled for bid closing February 4, 1986. The third, scheduled for bid closing in mid-April, 1986, is the largest and involves interior renovation of the remainder of the building. The agency anticipates installing new suspended ceilings, lighting and carpeting throughout office areas of this building. The anticipated renovation involves remodeling this building with many open areas, resulting in the request for movable partitions. The Governor recommends moving expenditures totaling \$389,761, \$255,400 from various special revenue funds incorporated into agency budgets. Moving expenses for State General Fund agencies are included in the Department of Administration's budget and the Governor recommends \$134,361 from the Property Contingency Fund for those expenses. The Governor is recommending \$423,385 from the Property Contingency Fund for movable partitions. The special revenue funds of individual agencies have not been charged for these expenditures. The Governor's recommendations provide the previously mentioned \$3.1 million for interest repayment to the PMIB. The Governor's recommendations include liquidating the Santa Fe Escrow Account. Extra funds in that account (approximately \$760,000), deposited in the State Building Operating Fund, become a factor that allows the Governor to recommend transfer of \$1.3 million from that Operating Fund to the State General Fund. Finally, the Governor recommends that Santa Fe Building renovations be financed with an additional loan of \$4,530,000 from the PMIB. This loan would allow lapse of a FY 1987 General Fund appropriation of \$3,030,000, authorized by the 1985 Legislature. The loan would also authorize expenditure of the additional \$1.5 million, which was requested by the agency.

4. **Computing.** The approved FY 1986 DISC budget included upgrade of the IBM compatible computing center during the final four months of this fiscal year. The approved FY 1986 budget includes \$380,316 for this upgrade, an amount based upon a 60-month installment purchase arrangement and monthly payments of \$95,079. Expenditures for this upgrade were based upon an IBM 3081k, a machine capable of processing approximately 15 million instructions per second (MIPS). The Department has awarded the bid for this upgrade to the CMI Corporation, a third party vendor of IBM equipment. CMI will provide an IBM 3084q, a 26 MIPS machine on a 60-month installment purchase for \$49,049 monthly. The nonreportable FY 1987 budget request was assembled presuming monthly expenditures of \$95,079, an amount which can be reduced based upon the recent bid award. An unresolved issue is the disposition of existing equipment, once the move to the Santa Fe Building is complete. In all likelihood the agency's IBM 3033N (approximately 4.0 MIPS) will be sold; however, no decision has been made on disposition of the NAS 7000 (approximately 5.5 MIPS).



Although the existing equipment is operating above capacity, installation of the new mainframe will involve considerable excess capacity. That capacity could be quickly absorbed by such applications as: the SRS/Judicial Child Support Enforcement system; the SRS automated eligibility system; and several pending Department of Revenue applications. Further, the computer impact of statewide reappraisal and whether personnel and accounting operations will migrate to the IBM compatible center remains unresolved. This budget contains no proposal for upgrading the Sperry Univac 1100-63, upon which personnel and accounting operations function. Additionally, the budget contains no funding to move the Sperry Univac equipment to the Santa Fe Building, as the Governor's recommendations would leave it in the State Office Building. The Department is working toward achieving various efficiencies within applications presently run on the Sperry to allow adding the remaining state hospitals and the Department of Human Resources to KIPPS. Within the next 12 to 24 months IBM will be introducing a new series of mainframe computers, known as the 3090 or Sierra series. This pending introduction is one of the factors causing IBM and third party vendors to significantly discount the existing 3080 series machines, such as the 3081k and 3084q. The state received a bid based upon such discounting in its recent upgrade. The budget approved by the 1985 Legislature was based upon IBM list prices for a 3081k.

Summary: Reportable Operating Budget Changes  
FY 1987 Compared with FY 1986

	Requested Change Over FY 1986 (SGF)	Governor's Recommended Change Over FY 1987 (SGF)
25 New Positions -- Personnel Services	\$ 554,400	\$ --
9 New Positions and Operating Expenses -- Records Management Center	337,737	--
8 New Positions -- Accounts and Reports	204,156	--
Consultant Study of Accounting Issues	145,000	--
Financing for Gubernatorial Transition	150,000	150,000
2 Percent Salary Increase	262,256	--
All Other	686,818	(662,982)
TOTAL INCREASE (DECREASE)	<u>\$ 2,340,367</u>	<u>\$ (512,982)</u>

REPORTABLE STATE OPERATIONS BUDGET ANALYSIS

<u>Item</u>	<u>Governor's Recommendations</u>
A. General Administration. The FY 1987 request for the General Administration activity is \$1,257,102, including 33 FTE positions. Although this represents an increase of 7 FTE to the revised FY 1986 request, five of those positions result from	A. The Governor is recommending an FY 1987 budget of \$1,079,619 for General Administration. This recommendation reflects shift of five positions from the Division of Personnel Services to the General Administration activity.

MEMORANDUM

To: House Committee on Computers, Communications and Technology  
From: Kansas Legislative Research Department

Major Computer Related Actions Subsequent to 1985 Legislative Session

- July A. John Diebold and Assoc., New York, N.Y. selected by Legislative Coordinating Council to study issues related to DISC computing environment.
- OCT A. Department of Administration Budget Submitted
1. Includes \$300,000 in FY 1986 and \$350,000 in FY 1987 for purchase and modification of personnel software to facilitate migration of personnel application to IBM compatible center.
  2. Includes funding for upgrade of IBM compatible computing center, as authorized by 1985 Legislature.
- B. John Diebold and Assoc. makes preliminary report to LCC
1. Report cites deficiencies in existing KIPPS and CASK software.
  2. Report recommends upgrade of Sperry Univac computing system.
- NOV A. LCC receives and accepts Diebold report but rejects its findings.
- B. Division of Purchases issues request for bids on upgrade to IBM compatible computing center.
- DEC A. Governor includes release of \$300,000 for purchase of personnel software on Dec. 6 Finance Council agenda.
- B. Finance Council rejects release of funds for purchase of personnel software.
- C. Five firms respond (Amdahl, CMI, Comdisco, IBM, Municipal Leasing) to RFB for upgrade of IBM compatible center.
1. All but Amdahl bid on IBM 3084 Q processor (a machine capable of 26 million instructions per second).
  2. Low bidder is CMI, with whom contract has subsequently been written.

JAN

- A. Governor releases FY 1987 (and revised FY 1986 recommendations) which include:
1. Lapse of funding in FY 1986 for purchase of personnel software
  2. No funding recommended for FY 1987 purchase or modification of personnel software
  3. Funding to move IBM compatible center and all DISC administrative offices to Santa Fe Building
  4. Leaving Sperry Univac computing center in State Office Building
  5. Full year financing for upgrade to IBM compatible computing center, for which partial year financing was authorized in FY 1986

REPORTS OF STANDING COMMITTEES

Your committee on       Ways and Means

Recommends that        HB 2612

"AN ACT concerning compensation and benefits for state officers and employees; relating to cafeteria plans for benefits as part of the state health care benefits program; amending K.S.A. 75-6508 and repealing the existing section.

be passed.

      Dale Scott      

Chairman.