

Approved 3-24-86  
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Bunten at  
Chairperson

1:30 ~~xxx~~ a.m./p.m. on Tuesday, March 18, 1986 in room 514-S of the Capitol.

All members were present except: Representative Duncan (excused)

Committee staff present: Jim Wilson, Revisor's Office  
Gloria Timmer, Research  
Laura Howard, Research  
Lynn Goering, Research  
Sharon Schwartz, Administrative Aide  
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Richard B. Hayter, Director Engineering Extension  
Program  
Representative Aylward  
Representative Williams  
Basil Covey, Kansas Retired Teachers Association  
Gerald Henderson, Executive Director United School  
Administrators  
Craig Grant, K-NEA  
Ernie Mosher, League of Municipalities  
Marshall Crowther  
Others present (Attachment A)

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

HB 3074 -- an act concerning weather modification; relating to permits for weather modification activities; amending K.S.A. 82a-1411 and repealing the existing section.

Representative Guldner explained the provisions of the bill. HB 3074 would amend the statute to make it unnecessary for Water Office staff to travel across state for hearings each time a county decides to renew its permit for weather modification. It would do away with the hearing. Joe Harkins of the Water Office supports the bill and it will result in considerable savings to the state. Representative Guldner moved that HB 3074 be recommended favorable for passage. Seconded by Representative Dyck. Motion carried.

HB 3019 -- an act establishing the Kansas technology transfer institute at Kansas state university.

Dick Hayter, representing Kansas State University, addressed the committee and explained the bill. A brief background of the bill - In 1964 Board of Regents established an industrial extension service program to assist industries in adopting new technology. Although it was housed at K-State, it was a joint effort of both K-State and KU to work with industry in providing technical assistance. However, funding for the program ceased sometime ago. Upon accepting the position at K-State, Mr. Hayter made several calls to industries across the state inquiring if they would like assistance, and the response was overwhelming. After meeting with the Governor and other universities, it was determined the need still exists and as a result a proposal was developed (copy in Ways & Means office).

Representative Aylward spoke to the committee in support of the bill which was heard in CCT committee.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,

room 514-S, Statehouse, at 1:30 ~~am~~/p.m. on Tuesday, March 18, 1986

The intent of the program is not to limit services based on size or type of industry, but to be available to all, regardless if their product is service, sales, food, energy production or manufacturing. It would network the universities together so that they can double up on their research work.

Asked why K-State is being selected for the program, Representative Aylward replied that because of the extension service that is run through K-State would make it more efficient. Also K-State has the framework and background necessary to start the program. She added that perhaps some of the courses could be offered through other schools, such as Wichita State, especially for the benefit of large industrial firms in that area.

Representative Heinemann has been working on the economic development portion relating to this bill, and he stated that he would like to check further with some of the commission members for their input.

Chairman turned to HB 2683 -- an act concerning benefits of members of KPERS.

Representative Williams addressed the committee and explained the provisions of the bill. (see Attachment B)

HB 2683 would provide a 2-year "window of Opportunity" to retire with full, unreduced benefits for those with 40 or more years of service. It would also permit early retirement at age 55 after 10 years service with a .6% reduction. The bill would also increase the death benefit from \$1000 to \$1500. The last page of Representative Williams' handout shows a table of costs for the various proposals.

Gerald Henderson, representing United School Administrators, testified in support of the bill (Attachment C). He said this added benefit would be a big plus in attracting quality people for the classrooms.

Craig Grant, speaking for K-NEA, stated support of the bill (Attachment D). He feels that the provision to allow retirement at 55 with 10 years experience would allow the "burned out" teacher an option to leave with some benefits. However, he did say the first topic of importance to teachers would be the full retirement at 65 or after 40 years service.

Basil Covey, representing Kansas Retired Teachers, spoke in support of the bill. He too, believes this would be instrumental in solving the teacher "burn-out" problem where it exists. (Attachment E)

Ernie Mosher, on behalf of League of Municipalities, appeared in opposition to HB 2683, at least in opposition to the original bill with a fiscal note of 2.4% employer cost of payroll. He wanted to assure the committee that cities and counties simply cannot afford this more in payroll. Citing the loss next year in federal revenue sharing, he said they simply don't have that additional revenue. He did say, however, that with the fiscal note now down to .3%, that is much more acceptable.

Marshal Crowther addressed the committee last simply as further explanation of the impact of the bill, if passed. He said the real policy question posed by the bill is whether there should be a departure from the provisions of KPERS since it's enactment in 1962 to present.

This concludes hearings on today's agenda. Chairman turned to consideration of subcommittee reports for SB 444, Agricultural related agencies.

BOARD OF AGRICULTURE

Representative Hamm presented the FY 1986 subcommittee report (Attachment F). House subcommittee concurred with Senate, with some adjustments. Being no discussion Representative Hamm moved that the report be adopted. Representative Chronister seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,  
room 514-S Statehouse, at 1:30 ~~xxx~~/p.m. on Tuesday, March 18, 1986

Representative Heinemann presented the FY 1987 subcommittee report for Board of Agriculture (Attachment G). House subcommittee concurred with Senate subcommittee with some adjustments. On a motion by Representative Heinemann and a second by Representative Hamm, the subcommittee report was adopted.

STATE WATER OFFICE

Representative Chronister reported on this section and moved that the subcommittee report be adopted (see Attachment H) for FY 1986. It was seconded by Representative Hamm. Motion carried.

Representative Mainey presented the FY 1987 subcommittee report. House subcommittee concurred with the Senate with slight adjustment. After brief discussion, Representative Mainey moved and Representative Chronister seconded that the report be adopted. Motion carried. (Attachment I)

STATE CONSERVATION COMMITTEE

Representative Guldner reported for FY 1986. Representative Turnquist presented the FY 1987 subcommittee report. (Attachments J and K).

Regarding Item #2, concerning employer contribution rate, Chairman said there needs to be uniformity. Senate is awaiting passage of a resolution that would change that rate. He suggested this matter be handled in the omnibus bill and asked for a motion to omit this item from the subcommittee report. On a motion by Representative Turnquist and a second by Representative Dyck, Item #2 was deleted from the report.

Regarding Item #3, concerning funding for enduring water conservation structures, there was considerable discussion. Subcommittee interpreted the statute as not authorizing funding for these items, however there was objection by several members of the committee. Representative Hamm suggested that language be rewritten to provide flexibility to allow for some of these practices.

Representative Solbach moved to delete Item #3, Representative Hamm seconded. Representative Louis offered a substitute motion that language be revised to remove the word "waterways" and change wording to "may not be" in the last three lines. Representative Helgerson seconded. Motion carried.

Representative Turnquist moved that the subcommittee report, as amended, be adopted. Seconded by Representative Guldner. Motion carried.

Meeting adjourned at 3:15 p.m.

GUESTS

Date 3-18-86

Name	Address	Representing
Al ANGUISH	TOPEKA	SRS
Gerald Anderson	TOPEKA	USA
Bill Musick	Maneyville	St. Bd of Ed.
Grilla Highfill Smith	Lawrence	USA
Craig Grant	Lawrence	K-NEA
Richard D. Clough	Kansas City, Ks.	KAPE
Margaret M. Cochran	Leavenworth, Kan.	KPERS-NEA
<del>Non Backus</del>	Lead	TARMA
Minerva Kelson	Leavenworth, Ks.	Pres. L.A.R.T.A.
D. B. Dillm	Topka	Budget
<del>A. Kelson</del>	<del>Topka</del>	<del>Leavenworth Ks</del>
<del>Ed Seberry</del>	Wichita	USP
Gene Braker	Emporia	U.S. Senate
Linda Moore	Topoka	Dir. Personnel
Bill Hicks	Wichita	U.S.N. 259
Ken Kase	Paula	S.O.P.
Chemie Hubbell	Paula	St. Board of Ed
Harold Pitts	Topoka	TARMA
Basil Covey	Topoka	KRTA
Alberta Brinkman	Emporia	—
Jarvis Brinkman	Emporia	—
Jack Hawn	Topoka	KPERS
Marshall Crowther	Lawrence	KPERS

A



Hearing before House Ways & Means Committee

- HB 2683, as amended -

514-S, 1:30 p.m., Tuesday, March 18, 1986

*Very interesting*

In most countries, sixty-five has won acceptance as the age to mark the border between active work and retirement. There's no special reason why 65 and not 64, 63, or 60 - or 70 - should have been chosen. Indeed, when Prince Otto von Bismark set up the first state-run retirement system, in 1884 in Prussia, he picked 70 as the earliest age at which people could retire. Age 65 was a compromise in the U.S. between those who wanted 60 and those who supported seventy. Nevertheless, sixty-five is the nearest thing there is to an official normal retirement age. Full Social Security benefits are payable at sixty-five, and it's still recognized as the normal retirement age in most corporate pension plans.

Most of these plans also provide for retirement at earlier ages. Typically this is anytime within 10 years of normal retirement date.

In the past decade there has been a trend toward providing full retirement benefits at an earlier age - 62, 60, or even younger - or after a certain number of years service regardless of age. The U.A.W. and United Steelworkers fought hard to get the so-called "thirty and out" option, which enables workers to retire on full pension after 30 years service regardless of age.

The median retirement age of private sector workers is now 62, according to a recent study of the General Accounting Office.

What about the public sector? A 1984 comparative study of 83 systems covering more than 8 million active and 2.3 million retirants shows more than half have 62 as a normal retirement age and over 85% of the plans grant normal retirement to those credited with 35 years service by age 62.

*Atch. B  
H. W. M. 3/18/86*

*B*

In Kansas, we still hold to age 65 for normal retirement of public employees. Excepted are KP&F participants.

Almost all public plans surveyed permit earlier retirement (most frequently at age 55) with an actuarial discount ranging from .2 to .7%.

In Kansas, the earliest retirement option for public employees is at 60 years of age.

Those states around us have lower (than 65) normal retirement and earlier retirement provisions:

	<u>Normal Retirement</u> <u>(age/yrs.)</u>	<u>Early Retirement</u> <u>(age/yrs.)</u>	<u>Acturial Reduction</u> <u>For Early Retirement</u>
Colorado	60/20y; 55/30y	55/20y	.3% per month
Missouri	60/15y	55/15y	.4% per month
Nebraska	65	60	Table
Oklahoma	62/any age; 55/30y	55/10y	Table

Two trends noted by the survey were: (1) a gradual shift toward permitting normal retirement at earlier ages, particularly for those with long service and (2) slight movement toward subsidization of early retirement by permitting reductions in benefits less than actuarial costs.

Incidentally, 54% provide for a three-year FAS, while 38% use a five-year calculation. KPERS' 4-year averaging of FAS puts Kansas public employees right in the middle.

Now, this has been a somewhat long-winded introductory argument for your favorable consideration of the principle provisions of HB 2218 as amended.

You may ask "How did HB 2683 come about and why the amendments?"

Following an interim committee study in 1984 which recommended no changes, HB 2218 was passed in the 1985 session.

Following the 1985 session an informal ad hoc group including myself, Representative Pottorff and several teachers, secretaries, clerical personnel and retirants from Wichita was formed. We met three times over the summer to discuss what further improvements would be desirable and reasonable in order to bring KPERS "up-to-date" as we envisioned that objective. HB 2683 in its original form was the result.

With minor exception, HB 2683 has received wide-spread support from teachers, state employees, administrators, retirants and their respective organizations. Things were looking good and there were high expectations until the budget department lowered the boom with an estimated \$41.4 million annualized SGF cost.

In light of current state financial considerations, it was apparent that reductions in costs had to be made if there were to be any expectation of passage. Choices had to be made.

I discussed the bill with Marshall Crowther and Jack Hawn of the KPERS office to see if we could, somehow, bring the costs down to what might be undersritten by the fund's performance this year and still retain some of the priorities expressed by supporters.

HB 2683, as amended by the Pension Committee is the result of that endeavor. Originally, costs would have gone up 2.4% for KPERS non school and 3.06% for school employees with over \$41 million coming from SGF. The amended bill reduces costs to .3% for both non-school and school. Annualized, these costs are estimated by the Budget Department at \$6.0 million. The state cost is \$4.7 million of which \$4.3 million comes from the SGF.

Let me now speak to the specific provisions of the amended bill:

1. A two year "window of opportunity" to retire with full, unreduced benefits is provided for those with 40 or more years service

regardless of age. There are 44 non-school employees in that category and another 86 within two years of having 40 years of service. I don't know how many school employees, but as of June 30, 1984 there were 595 with 35 or more years service. At the same time there were 570 non-school employees with 35 or more years service. After 40 years service these people have certainly earned this option. We should give it to them in this session.

2. Early retirement at age 55 after 10 years service with a .6% reduction means the employee is paying the full cost of leaving early. This is a reasonable option which Kansas public employees should have.

3. Early retirement after 35 years service with a .4% reduction is a benefit an employee has earned. As pointed out earlier, in most plans 35 years is considered a full career. Subsidization in such cases is common practice.

4. Last year the death benefit was increased from \$1000 to \$1500. The first proposal of HB 2683 was \$3000. It was reduced to \$2000 solely to reduce cost. The average cost of a funeral in Kansas last year, according to the Funeral Directors' Association, was \$2500. Up to \$1250 may be allowed by SRS for an indigent's funeral expense. Under Workers' Compensation, the employer has been told by the legislature that \$3200 is a "reasonable expense of burial." Wouldn't \$2000 or even \$2500 seem fair then, for retired public employees? If you were to find it feasible, this should be increased to \$2500.

5. The so-called "lean year" is that year between July 1, 1987 when the 13th check is no longer available to new retirants and Jan. 1, 1988 when the three year FAS and the 1.4% benefit formula would become effective under the original bill. This is "closed" by bringing the effective date for the present law's 4 year average FAS to July 1, 1987.

The 1.4% in the amended bill is not made effective sooner. Again, if you can find the money, this is something you might want to do; i.e., move the effective date for the 1.4% credit for participating service to July 1, 1987.

6. The 3% general increase came about as an alternative to an inability to reasonably provide for sharing health insurance costs with retirants. The Consumers' Price Index for 1985 increased about 3%. You'll recall that Social Security benefits increased 3.1% last January .

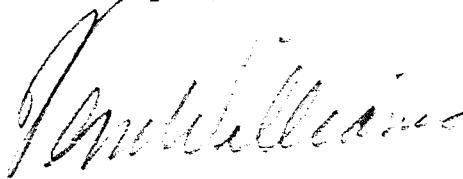
I regret we haven't been able to find a reasonable method for funding part of the retirants' health insurance. This is their biggest concern, but estimated cost for sharing single coverage on a 50/50 basis runs in the neighborhood of \$24 - 25 million yearly.

I urge your support of HB 2683 as amended and if additional improvements can be made, would urge their serious consideration.

There are some attachments - A thru E - which explain where we've been and where we're trying to go.

I'll try to answer questions.

Thank you,

A handwritten signature in cursive script, appearing to read "Vern Williams".

Rep. VERN WILLIAMS  
91st District

K.P.E.R.S. PRESENT PROVISIONS (1985)

Retirement Age

65 - Normal

60 - Early, with 10 years service and .3% reduction for each year under age 65.

Final Average Salary (FAS)

Average of highest 5 years of participating service

Average of highest 4 years of participating service for those retiring after June 30, 1988.

Basic Retirement Benefit (% X years of service X FAS)

Prior Service before 1971 is 1% for each year credited under KSRS plus .75% for each year not credited under KSRS.

Participating service after 1970 is 1.25% for each year to July 1, 1982, plus 1.4% for each year after that; 1.4% FAS for all years of participating services for those retiring on or after July 1, 1988 with at least 10 years of such service.

Death Benefit

\$1500

Retired Health Insurance

BC/BS, Retirant pays total premiums for single and family coverage.

ENCLOSURE TO VERNON L. WILLIAMS LETTER, DATED APRIL 11, 1985

- 1) Permit members to purchase credit for teaching service in overseas dependent schools or recognized teacher-exchange programs.
- 2) Permit double deductions for purchase of military service credit if purchase is commenced during calendar year 1986.
- 3) Make the retirant dividend payment (the 13th check) permanent for all who retire through July 1, 1987.
- 4) Increase by 5% the benefits for all who retire prior to July 1, 1985. Provide the prior service benefits based on final average salary for all retirants. Any increases would be inclusive of all post-retirement adjustments. These provisions would become effective January 1, 1986.
- 5) Increase the value of all participating service (does not include teachers' service prior to 1971) to 1.4% per year for all who retire on and after July 1, 1988 with ten or more years of participating service.
- 6) Change definition of final average salary to the average of the highest four years, effective for those who retire on and after July 1, 1988. FAS is presently highest five. This change will increase the monthly benefits. I still believe we should go to the highest three years as is the case for the K.P. & F. Plan. The difference constitutes an inequity for K.P.E.R.S. members.
- 7) A joint and 75% contingent annuitant option (Option D) will be added for all members. Also, option reduction factors are liberalized so that benefit amounts are increased.
- 8) Increase the death benefit for all retirants from \$1,000 to \$1,500. Some of us felt this should be \$2,500 but settled for only a 50% increase this time. We'll try again next year.
- 9) Increase the maximum amount of optional group life insurance from \$50,000 to \$100,000. The minimum remains at \$5,000 coverage regardless of health. Premiums are paid by the member through payroll deduction.
- 10) Provide additional benefits for special members who retired under Kansas State Teachers System which would give partial benefits for non-credited school service.
- 11) Provide that K.P.E.R.S. would annualize compensation of regents' employees under TIAA who are paid their contractual salary in less than twelve months.
- 12) Provide for inclusion in K.P.E.R.S. of post-1981 Kansas City retirants and providing the retirant dividend payment (13th check) plus two 10% increases for the same group of retirants.
- 13) Allow all active members of the Kansas City plan to elect to come under the K.P.E.R.S. plan.
- 14) Amend the definition of "compensation" to follow the social security definition of compensation unless specifically provided otherwise by Kansas statute.

*From*

KPERS CHANGES IN HB 2683 BY REPRESENTATIVES WILLIAMS, ACHESON, BAKER,  
BOWDEN, FRANCISCO, POLSON, POTTORFF AND WILBERT

1. Currently your pension benefit amount is based on your number of years of credited service times various percentages (from 1% to 1.2% to 1.4%), depending on whether the service is prior or participating service, times your final average salary during the highest five years of compensation. This is already scheduled to reduce to the highest four years for those retiring after July 1, 1988. HB 2683 would change this to the highest three years effective July 1, 1987.

2. All service whether prior or participating would be computed at 1.4% per year for those retiring on or after January 1, 1988.

3. Retirement with full benefits would be possible at any attained age after 40 years of credited service.

4. Retirement with full benefits would be possible at age 62 after 35 years of credited service.

5. Two important changes would be made in provisions for early retirement:

a. Retirement with reduced benefits would be possible at age 55 after 10 years service. The monthly benefit would be reduced by .3% for each year remaining between 65 and 60 years and by .6% for each year between 60 and your age at date of retirement. This change to be effective July 1, 1987. In this case, subsidation would occur for years between 60 and 65 with full actuarial reduction between 60 and 55 years.

b. Retirement with reduced benefits would be possible at age 55 after 30 years credited service. The monthly benefit would be reduced .3% for each year remaining between 65 and 60 years and by .4% for each year remaining between 60 and your age at date of retirement. This change to be effective July 1, 1987. In this case, subsidation would occur for all years between 65 and 55.

6. In order to help fund these changes, no interest would be credited or paid on participants' contributions during the first 10 years of credited service. However, this provision would be effective only to those participants employed after July 1, 1986.

7. Two special provisions would apply to retirants:

a. Death benefits would be doubled from \$1500 to \$3000 with current offsets remaining.

b. An entirely new section would be added to provide that the state would pay one-half the retirant's assessment for participation in the state's health care benefits program. This provision would become effective beginning January 1, 1987 and would be funded by a .5% payroll contribution of active participating employees.



House Bill 2683  
(as amended by committee)

The House Committee on Pensions amended HB 2683 in several particulars and recommended its passage. Currently the bill is re-assigned to the House Ways and Means Committee due to its fiscal note.

Principally, changes were made in the bill to reduce the fiscal impact and thus to increase possibility of its passage by the full House and Senate.

Annualized costs remain relatively high at an estimated \$4.7 million with over \$1 million coming from the state general fund.

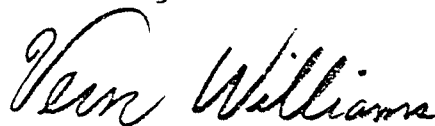
There are several desirable improvements for KPERS employees and retirants. These are:

1. Normal retirement after 40 years regardless of age. This provision is effective for two years only - July 1, 1986 to June 30, 1988.
2. Early retirement at age 55 after 10 years service. The normal benefit is reduced by .6% for each month remaining to age 60 and by .3% from age 60 to age 65.
3. Early retirement at age 55 after 35 years service with normal benefits reduced by .4% for each month remaining to age 60 and by .3% from age 60 to age 65.
4. The death benefit increases from \$1500 to \$2000.
5. The so-called "lean year" is closed, with final average salary figured on four years of participating service commencing July 1, 1987.
6. A 3% general increase goes to those who retired before January 1, 1985.

The provision to help fund retirants' health insurance by assessing active employees .5% of wages was stricken as not good state policy and the general increase was added.

HB 2683, as amended, contains several significant improvements and includes provision for early retirement at age 55 which constitutes an important policy change.

Support of the bill is encouraged.



VERNON L. WILLIAMS  
Representative 91st Dist.  
March 10, 1986

HB 2683 (AS AMENDED)

COST SHEET

<u>Item</u>	<u>School</u>	<u>Non-School</u>
1. "40 and out" via window	.0	.0
2. 55 x 10 x .6	.0	.0
3. 55 x 35 x .4	.3	.3
4. 1500 to 2000	.0	.0
5. "lean year"	.0	.0
6. 3% increase	<u>.0</u>	<u>.0</u>
Total	.3	.3

Alternatives

1. 55 x 30 x .4	.4	.4
2. 55 x 30 x .5	.2	.2
3. \$1500 to \$2500	.05	.1
4. All participating service @ 1.4% for those retiring after July 1, 1987 = ?		



HB 2683  
Testimony presented before the House Committee  
on Ways and Means  
by Gerald W. Henderson, Executive Director  
United School Administrators of Kansas

Mr. Chairman and Members of the Committee. First of all, school administrators of Kansas wish to applaud Representative Williams for his efforts in behalf of KPERS employees and retirants. We believe that HB 2683 as amended is a good start toward providing improvements to KPERS benefits afforded Kansas school employees.

We support the provision of the amended bill which speaks to early retirement options. This important policy change is a step in the right direction.

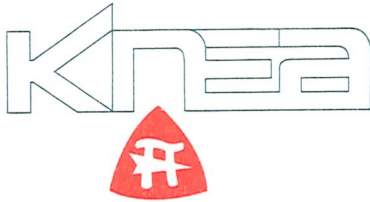
We also support the 3% increase for those already retired.

Finally, school administrators support the further amendment which would increase the death benefit for KPERS employees to \$2500.

We thank you for the opportunity to visit with you this afternoon.

*Atch. C  
H. W. H. 3/18/86*





Craig Grant Testimony Before The  
House Ways and Means Committee  
March 18, 1986

Thank you, Mr. Chairman. Members of the Committee, my name is Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to speak to HB 2683.

Kansas-NEA has long had as part of its legislative concerns improvement in our retirement system, including earlier possible retirement with full benefits. We applaud the authors of HB 2683 for their attempt to improve benefits for a number of KPERS participants. Knowing that moneys were possibly not readily available to fund all parts of this proposal, HB 2683 has been amended to include the most desirable aspects of the original bill.

The first topic of importance to teachers would be the full retirement at 65 or after 40 years of credited service. There is no question in our minds that a person who has given that many years of service should be able to retire will full benefits. Even though the provision is for a two year "window period," we support the chance for those with 40 years experience to retire.

Next, the clause which would allow participants to retire at 55 years of age with 35 years experience, even with an adjusted benefit, would allow those with much service to retire if they chose to do so. A teacher who is 55 years old and has completed 35 years of service certainly has made a significant contribution to the schools and children of Kansas. The energy needed to teach the youth of today certainly is great. Teachers who have

Craig Grant Testimony Before House Ways and Means Committee

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given 35 or more years of their lives expending that energy deserve to have an option to take early retirement rather than work themselves into poor health and not be able to enjoy retirement.

I can speak for the teaching profession when I state that teachers giving that much service are certainly deserving of such a privilege. The provision to allow retirement at 55 with 10 years experience with a larger reduction in benefits would allow the "burned out" teacher an option to leave with some benefits.

The lump sum death benefit change from \$1,500 to \$2,000 might help the estate get things in order, and that benefit would not cost the system a great deal of money. In addition the closing of the "lean year" when figuring final average salary is necessary to correspond with the date of elimination of the 13th check.

The last change would be a general 3% increase for those who retired before January 1, 1985. This slight increase for those fixed income people will certainly assist them cope with the increased cost of living.

I hope this has clarified Kansas-NEA's position on HB 2683. We hope that the funds can be found so that we can have a better retirement system for the public employees in this state. We believe they deserve it.

Thank you, Mr. Chairman and Members of the Committee, for listening to our concerns.



# Kansas Retired Teachers Association



1985-1986

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March 18, 1986

Members of the House Ways and Means Committee:

My name is Basil Covey and I represent the Kansas Retired Teachers Association.

We speak for and support HB 2683.

We express our thanks and appreciation to members of the legislature for improving the way of life for the 14,000 retired teachers in Kansas in the last few years in other bills that were passed.

However, as economic conditions change your vigilance in concern and compassion for Kansas retired teachers is to be commended for your thoughtful action in HB 2683.

HB 2683 represents improvement in determining benefits with the 4 high salary average, age and tenure changes, and filling in the gaps in irregularities. HB 2683 will help solve the teacher burn-out problem where it exists.

HB 2683 addresses the cost of death as well as the cost of living. A living spouse feels less devastated at the time of the death of a spouse when there is adequate financial funds for a dignified burial. The cost of living improvement in benefits for retired teachers will help maintain their standard way of life.

We recommend a favorable vote for HB 2683.

Sincerely,

*Basil Covey*  
Basil Covey  
KRTA

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*Atch. E*  
*H. W. M.*  
*3/18/86*



**SUBCOMMITTEE REPORT**

**Agency: Board of Agriculture**

**Bill No. 584**

**Bill Sec. NS**

**Analyst: Goering**

**Analysis Pg. No. 237**

**Budget Pg. No. 5-1**

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 7,392,582	\$ 7,088,504	\$ 32,969
Agency Fee Funds	2,516,172	2,509,048	(44,987)
Grain Commission Funds	971,907	962,764	(1,626)
Federal Meat and Poultry Inspection Fund	1,136,319	1,115,394	(1,039)
Other Federal Funds	360,632	360,632	--
Other Special Funds	38,000	38,000	--
Subtotal	<u>\$12,415,612</u>	<u>\$12,074,342</u>	<u>\$ (14,683)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 33,000	\$ 33,000	\$ --
Agency Fee Funds	33,000	33,000	--
Subtotal	<u>\$ 66,000</u>	<u>\$ 66,000</u>	<u>\$ --</u>
<b>TOTAL</b>	<u>\$12,481,612</u>	<u>\$12,140,342</u>	<u>\$ (14,683)</u>
<b>FTE Positions</b>	<b>319.5</b>	<b>319.5</b>	<b>--</b>

Agency Request/Governor's Recommendation

The agency's revised FY 1986 request exceeds the approved expenditure level by a total of \$195,122, of which \$175,122 would be financed from the State General Fund and \$20,000 from federal funds. Also requested is a shift in the financing of \$13,032 in approved expenditures from fee funds to new federal receipts for state inspection of medicated feed mills. The agency requests \$175,122 in supplemental State General Fund expenditures for contractual legal services for the Farmers' Assistance, Training and Counselling Service (FACTS). The additional federal fund expenditure of \$20,000 proposed for FY 1986 reflects a one-time grant from the federal Farmers Home Administration (FmHA) to support communications expenditures of the FACTS program.

The Governor recommends the \$20,000 expenditure of FmHA grant money for the FACTS program and the financing shift of \$13,032 associated with inspecting medicated feed mills. The Governor does not recommend the requested State General Fund appropriation for the FACTS program. However, on December 23, 1985, the Governor approved a transfer of \$100,000 from other agency programs to increase FACTS expenditures in FY 1986. Of that amount, \$50,000 would be for contractual legal services and \$50,000 for initiation of contractual financial outreach services for FACTS clients. Offsetting the \$120,000 in expenditure increases for FACTS are the Governor's recommended reductions totaling \$266,148

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J.W.M. 3/18/86*



in FY 1986 expenditures for the rest of the agency. The Governor recommends a reduction of \$80,997 assuming a higher rate of turnover savings, a reduction of \$105,642 in travel expenditures, and other miscellaneous reductions totaling \$79,509.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Reduction of \$14,141 in State General Fund expenditures for data processing services in the Division of Water Resources. This adjustment reflects savings in equipment rental costs which result from the agency's FY 1985 purchase of microcomputers to replace terminals previously leased from DISC.
2. Reduction of \$15,555 in KANS-A-N expenditures, adjusting FY 1986 expenditures in accordance with the Committee's policy for all state agencies. The reduction is to be financed as follows:

State General Fund	\$ (12,890)
Federal Meat and Poultry Fund	(1,039)
Grain Sorghum Commission Fund	(797)
Corn Commission Fund	(341)
Soybean Commission Fund	(488)
TOTAL	<u>\$ (15,555)</u>

3. Addition of \$60,000 from the State General Fund for contractual legal services for the FACTS program.
4. Decrease of \$44,987 in expenditures from the Water Appropriation Certification Fee Fund currently budgeted for contractual water appropriation field audits. The Subcommittee learned that fee receipts anticipated for FY 1986 will be \$74,535 less than the agency projected a year ago. Although this decrease is partially offset by unanticipated balances carried forward from FY 1985, the agency anticipates that the total available funds will permit only \$388,013 in expenditures for contractual field audits rather than the Governor's estimate of \$433,000. The recommended reduction adjusts the FY 1986 budget to accurately reflect the available revenue for water appropriation field audits.
5. The Subcommittee received a letter dated February 19, 1986 from the agency identifying projected revenue shortfalls in six agency fee funds for FY 1986. The agency anticipates that these shortfalls will result in a fee fund deficit totaling \$93,615. The Subcommittee is of the opinion that the Governor should have



the opportunity to address this matter by means of a budget amendment, and therefore makes no recommendation at this time on the anticipated revenue shortfalls.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendations.

Senate Committee of the Whole Recommendation

The Senate concurs with the Senate Committee's recommendations.

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adj. to Gov. Rec.</u>	<u>Total Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (14,683)	\$12,059,659	\$ (198,120)
Capital Improvements	--	--	--
TOTAL	<u>\$ (14,683)</u>	<u>\$12,059,659</u>	<u>\$ (198,120)</u>
State General Fund:			
State Operations	\$ 32,969	\$ 7,121,473	\$ (119,620)
Capital Improvements	--	66,000	--
TOTAL	<u>\$ 32,969</u>	<u>\$ 7,187,473</u>	<u>\$ (119,620)</u>

The Subcommittee concurs with the Senate recommendations with the following adjustments:

1. Delete \$6,061 in State General Fund expenditures for equipment purchases.
2. Restore \$14,141 in State General Fund expenditures for data processing services in the Division of Water Resources, due to unanticipated increases in CPU processing.
3. Delete \$8,000 in State General Fund expenditures budgeted for microfilming and dam breach impact analysis in the Water Structures subprogram.
4. Reduce travel expenditures by the following amounts, based upon actual travel expenditures for the first eight months of FY 1986:



<u>Subprogram</u>	<u>Amount</u>
Meat and Poultry Inspection	\$ 10,000
Dairy Inspection	25,000
Market Development	10,000
Plant Health Administration	4,000
Plant Protection	15,000
Pesticide Use	25,000
Noxious Weeds	9,000
TOTAL	<u>\$ 98,000</u>

Of the total savings, \$5,000 is from the Federal Meat and Poultry Inspection Fund and \$93,000 is from the State General Fund.

5. Reduce \$27,000 in salary expenditures for the Meat and Poultry Inspection subprogram. Of the total savings, \$13,500 is from the State General Fund and \$13,500 is from the Federal Meat and Poultry Inspection Fund. This adjustment is based upon salary expenditures for the first eight months of FY 1986.
6. Increase State General Fund expenditures by \$60,000 to partially offset a projected \$93,615 deficit in fee fund expenditures in FY 1986. The Subcommittee notes that a portion of the anticipated deficit is in fee revenue from 1985 legislation that established registration requirements for chemigators and pesticide dealers. The Subcommittee is of the opinion that expenditures for these two programs should be curtailed to remain within the available revenues to finance these new regulatory efforts.
7. Reduce State General Fund salary expenditures for the FACTS program by \$8,200, reflecting actual salary savings incurred at the beginning of FY 1986.
8. Reduce State General Fund salary expenditures for the Plant Health Division by \$40,000, based upon actual salary expenditures for the first eight months of FY 1986.
9. Reduce State General Fund expenditures for postage in the Plant Health Division by \$15,000, based on actual expenditures for the first eight months of FY 1986.
10. Reduce State General Fund printing expenditures for the Division of Plant Health by \$10,000, based upon actual expenditures for the first eight months of FY 1986.

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Rochelle Chronister  
Representative Rochelle Chronister  
Chairperson

Bill Buntin  
Representative Bill Buntin

Lee Hamm  
Representative Lee Hamm

Dave Heinemann  
Representative Dave Heinemann

Don Mainey  
Representative Don Mainey

046.86



**SUBCOMMITTEE REPORT**

Agency: Board of Agriculture

Bill No. 444

Bill Sec. 2

Analyst: Goering

Analysis Pg. No. 237

Budget Pg. No. 5-1

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 9,724,400	\$ 6,040,996	\$ 397,622
Agency Fee Funds	2,058,086	2,395,761	444,648
Grain Commission Funds	932,515	949,785	(2,329)
Federal Meat and Poultry Inspection Fund	1,158,270	230,074	960,846
Other Federal Funds	450,053	300,053	--
Other Special Funds	38,300	38,300	--
Subtotal	<u>\$14,361,624</u>	<u>\$ 9,954,969</u>	<u>\$1,800,787</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 92,975	\$ --	\$ --
Agency Fee Funds	--	--	--
Subtotal	<u>\$ 92,975</u>	<u>\$ --</u>	<u>\$ --</u>
<b>TOTAL</b>	<u>\$14,454,599</u>	<u>\$ 9,954,969</u>	<u>\$1,800,787</u>
<b>FTE Positions</b>	<b>351.5</b>	<b>249.5</b>	<b>68.0</b>

Agency Request/Governor's Recommendation

The agency's FY 1987 operating budget request totals \$14,361,624, an increase of 15.7 percent from the revised request for FY 1986. Of the total, \$9,724,400 would be financed from the State General Fund, reflecting an increase of 31.5 percent compared to the FY 1986 revised State General Fund request. The FY 1987 budget proposes the addition of 32.0 FTE positions compared to current hiring authority. The agency requests 14.0 FTE positions and \$804,076 to implement various components of the 1986 State Water Plan; 6.0 FTE positions and an estimated \$208,628 to expand regulatory staffing for the Division of Plant Health; 3.0 FTE positions to expand the Farmers' Assistance, Training, and Counselling Service (FACTS); 2.0 FTE positions, to be financed from federal funds, to perform inspections of medicated feed mills; 1.0 FTE Research Analyst to conduct an annual agriculture economic survey for Kansas; 2.0 FTE Civil Engineers to expand staffing related to regulation of high-hazard dams and floodplain management; 2.0 FTE positions for the Weights and Measures Inspection subprogram; 1.0 FTE Programmer for the Division of Water Resources; and 1.0 FTE Agricultural Marketing Specialist. Also requested is \$46,676 for purchase of computer equipment and \$443,000 to continue contractual services to perform field audits of water appropriation works. The agency also requests \$92,975 from the State General Fund for capital improvement projects for the agricultural laboratory.

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The Governor recommends FY 1987 operating expenditures totaling \$9,954,969, a reduction of 17.6 percent compared to the Governor's FY 1986 recommendation. Of the total, \$6,040,996 would be from the State General Fund. The recommendation includes federal fund expenditures for 2.0 FTE new positions to inspect medicated feed mills. However, this increase is more than offset by a recommended reduction of 72.0 FTE positions associated with the state-operated meat and poultry inspection program. The Governor's recommendation would terminate the state program effective July 1, 1986. The Governor recommends \$12,180 for purchase of computer equipment and \$443,000 for contractual water appropriation field audits. The Governor does not recommend the requested capital improvement funding.

#### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the basic budget recommendations of the Governor, with the following adjustments:

1. Reduction of \$17,548 in State General Fund expenditures for data processing services in the Division of Water Resources. This adjustment provides a 5 percent increase as compared to the Subcommittee's revised estimate for FY 1986, and incorporates savings in data processing equipment rent as a result of replacing certain leased terminals with purchased microcomputers.
2. Reduction of \$15,632 in State General Fund expenditures recommended by the Governor for data processing services provided by DISC, in accordance with systemwide recommendations of the full Senate Ways and Means Committee regarding the Department of Administration's nonreportable budget for FY 1987.
3. Deletion of \$28,136 for printing costs and \$1,300 for postage costs recommended by the Governor for publication and distribution of an annual report in FY 1987. The Subcommittee notes that the 1985 Legislature provided no funding for issuance of an annual report in FY 1986. However, the agency encumbered FY 1985 savings to enable the publication of a report in the current fiscal year. The Subcommittee would not be adverse to the issuance of a report in FY 1987 if the agency is able to generate sufficient savings elsewhere in its budget to finance the report. This adjustment generates total State General Fund savings of \$29,436.
4. Deletion of \$12,180 from the State General Fund recommended by the Governor for purchase of additional computer hardware and software in FY 1987.
5. Reduction of \$64,000 in State General Fund expenditures recommended by the Governor for contractual field audits of developed water rights. This adjustment retains a total of \$379,000 for this purpose. The Subcommittee notes that the revenues generated by 1985 H.B. 2618 are significantly less than the Division of Water Resources anticipated a year ago. As a



result, the Subcommittee is of the opinion that the State General Fund commitment to the program should be reduced by a comparable amount.

6. Deletion of \$36,028 in State General Fund expenditures for unclassified salaries and fringe benefits for the Statistical Services subprogram. This amount reflects State General Fund supplements paid to 11 individuals employed by the U.S. Crop and Livestock Reporting Service who are on the federal payroll. The adjustment also enables elimination of 2.0 FTE from the agency's position hiring authority.
7. The Subcommittee notes that in a letter dated February 19, 1986, the agency projected an anticipated revenue shortfall in FY 1987 totaling \$392,866 in six special revenue funds. The Subcommittee takes no position at this time regarding budgetary adjustments to address this shortfall, inasmuch as the Governor should have the opportunity to take a position on the agency's revised revenue projections by means of a budget amendment.
8. The Subcommittee recommends introduction of a resolution to request that the agency revoke its recent amendment to K.A.R. 4-4-2, which would reduce the tonnage fees for fertilizer inspection from 30 cents to 15 cents effective July 1, 1986. The Subcommittee notes that the Governor's budget recommendation for FY 1987 assumes continuation of the 30 cent fee rate throughout FY 1987. Unless the recent amendment to the regulations is revoked, the FY 1987 Fertilizer Fee Fund revenue shortfall will be substantially greater than the \$152,610 currently projected by the agency.
9. Increase of \$16,234 to restore the KPERS employer contribution rate to 4.3 percent rather than 4.0 percent recommended by the Governor. The increase is to be financed as follows:

State General Fund	\$ 16,097
Grain Sorghum Commission Fund	67
Soybean Commission Fund	41
Corn Commission Fund	29
TOTAL	<u>\$ 16,234</u>

10. Decrease of \$10,292 to adjust KANS-A-N costs to 11 percent above the Subcommittee's revised estimate for FY 1986. The reduction is to be financed as follows:

State General Fund	\$ (7,826)
Grain Sorghum Commission Fund	(1,208)
Soybean Commission Fund	(740)
Corn Commission Fund	(518)
TOTAL	<u>\$(10,292)</u>



11. Addition of \$1,969,669 and 70.0 FTE positions to restore the State Meat and Poultry Inspection program. The number of positions restored by the Subcommittee is 2.0 FTE less than the agency request for FY 1987, reflecting elimination of two Agricultural Inspector I positions. One of those positions is currently vacant and another will be vacated through attrition in late FY 1986.

The Subcommittee recommends financing a greater share of the state match for the program by increasing fees credited to the Meat and Poultry Inspection Fund as follows:

- a. Increase annual registration fees for custom and federal plants by \$50, from the present levels of \$150 for slaughterhouses and poultry dressing plants and \$200 for packing houses, sausage plants, and poultry packing plants to \$200 and \$250 respectively. This fee increase would generate additional revenues of \$4,700 annually.
- b. Assess an annual registration fee of \$150 for distributors and wholesalers required to register with the Secretary by K.S.A. 65-6a34(a). This new fee would generate additional revenue totaling \$12,000 annually.
- c. In addition to the present registration fees of \$150 and \$200, impose a new inspection fee on those plants which are fully state inspected. The Subcommittee recommends fees of \$2 per sheep or goat, \$3 per hog, and \$4 per steer slaughtered. This new fee would generate increased revenues of \$365,490 annually.
- d. The Subcommittee recommends introduction of legislation to amend K.S.A. 65-6a34 to adjust fees in accordance with the above recommendations. The total anticipated revenues to the Meat and Poultry Inspection Fee Fund as a result of implementing these recommendations is \$444,648.
- e. The recommended budget for the FY 1987 program is to be financed as follows:

State General Fund	\$ 474,202
Federal Meat and Poultry Inspection Fund	1,050,819
Meat and Poultry Inspection Fee Fund	<u>444,648</u>
TOTAL	<u>\$ 1,969,669</u>

12. Increase of \$89,973 from the State General Fund to adequately finance the Agricultural Laboratory. The Governor's recommendation assumes that \$89,973 in deferred federal reimbursements for the FY 1986 Meat and Poultry Inspection Program would be used to offset State General Fund costs of the laboratory. Since that



federal reimbursement will be used instead to continue funding the Meat and Poultry Inspection Program, an equal amount of State General Fund support must be added to finance the Laboratory in FY 1987.

13. The Subcommittee does not recommend increased expenditures for contractual services for the FACTS program in FY 1987. The Subcommittee is of the opinion that the program was intended by the Legislature to serve farmers who are at or near the crisis level. The current eligibility criteria, however, appear to include individuals who do not fall into this category. On the assumption that tightened eligibility criteria will reduce the number of program clients in FY 1987, the Subcommittee concurs with the Governor's basic budget recommendations for the FACTS program.

Senate Committee Recommendation

The Committee concurs with the Subcommittee recommendations with the following adjustment:

1. Addition of \$382,190 from the State General Fund and an equal reduction in Meat and Poultry Inspection Fee Fund expenditures, pending passage of the legislation recommended by the Subcommittee to increase fee revenues to support the State Meat and Poultry Inspection Program.

Senate Committee of the Whole Recommendation

The Senate concurs with the Committee's recommendations.

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adj. to Gov. Rec.</u>	<u>Total Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,800,787	\$11,755,756	\$ (36,440)
Capital Improvements	--	--	--
Total	<u>\$ 1,800,787</u>	<u>\$11,755,756</u>	<u>\$ (36,440)</u>
State General Fund:			
State Operations	\$ 779,812	\$ 6,820,808	\$ 147,062
Capital Improvements	--	--	--
TOTAL	<u>\$ 779,812</u>	<u>\$ 6,820,808</u>	<u>\$ 147,062</u>
FTE Positions	68.0	317.5	(3.0)



The House Subcommittee concurs with the Senate's recommendations with the following adjustments:

1. Delete \$65,876 and 3.0 FTE positions from the Meat and Poultry Inspection Program. This adjustment allows savings of \$32,938 from the State General Fund and \$32,938 from the Federal Meat and Poultry Inspection Fund.
2. Add \$150,000 in State General Fund expenditures to partially offset a projected fee fund deficit of \$392,866. The Subcommittee notes that a portion of the deficit is a result of lower fee revenues from 1985 legislation establishing regulatory programs for chemigators and pesticide dealers. The Subcommittee recommends that the agency curtail expenditures for those activities to remain within available revenues generated by the two new programs.
3. Add \$29,436 in expenditures for an annual report, to be financed from a new fee fund to be established in the appropriation bill. The Subcommittee recommends that the agency be authorized to establish appropriate charges for the annual report's publication and distribution by rule and regulation.
4. Shift \$30,000 in expenditures for the Agricultural Market Development subprogram from grain commodity commission funds to the State General Fund.
5. Although an alternative may be some increase in fees to finance the state Meat and Poultry Inspection Program, the Subcommittee is not in agreement with the specific proposal adopted by the Senate Committee. The Subcommittee notes that this policy issue will be resolved when the House considers S.B. 727, which incorporates the Senate Committee's proposed fee increases. Consequently, this Subcommittee makes no specific recommendations at this time regarding the method of generating increased fee support for the program.



Rochelle Chronister  
Representative Rochelle Chronister  
Chairperson

Bill Buntin  
Representative Bill Buntin

Lee Hamm  
Representative Lee Hamm

Dave Heinemann  
Representative Dave Heinemann

Don Mainey  
Representative Don Mainey

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**SUBCOMMITTEE REPORT**

**Agency: Kansas Water Office**

**Bill No. 584**

**Bill Sec. NS**

**Analyst: Goering**

**Analysis Pg. No. 308**

**Budget Pg. No. 5-45**

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ 3,105,472	\$ 3,102,019	\$ --
Local Aid	--	--	--
TOTAL	<u>\$ 3,105,472</u>	<u>\$ 3,102,019</u>	<u>\$ --</u>
FTE Positions	22.0	22.0	--

Agency Request/Governor's Recommendation

The agency's estimated budget for FY 1986 is \$3,105,472, the same amount approved by the 1985 Legislature and Finance Council. However, several internal shifts in expenditures are proposed. A sum of \$30,000 was transferred by Executive Directive in September from the separate line-item appropriation for Stream-Aquifer Interaction Research to the Other Operating Expenditure account, to finance a contract for development of a river basin management system for the Kansas River. Contracts negotiated with the U.S. Geological Survey to collect streamflow and sediment data total \$8,431 less than the amount budgeted for that purpose. The agency estimates a \$7,868 expenditure for FY 1986 to finance part of a contract with an individual serving as Kansas' liaison in Washington, D.C. No funding was requested or approved for that purpose a year ago. Finally, an increase of \$3,260 is anticipated for word and data processing equipment purchases above the amount approved by the 1985 Legislature for capital outlay.

The Governor concurs with the agency's proposed revisions, but also recommends a \$3,453 reduction in the amount estimated for staff travel. The Governor's FY 1986 recommendation totals \$3,102,019.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Transfer of \$2,852,724 from the State General Fund to the State Conservation Storage Water Supply Fund in FY 1986. Together with the \$1,147,276 anticipated to be available in the special revenue fund by June 30, 1986, this transfer will provide the \$4,000,000 escrow account balance required by July 1, 1986, as a condition of the agency's Memorandum of Understanding with the U.S. Corps of

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H. W. M. 3/18/86 H*



Engineers, approved on December 12, 1985. This recommendation does not affect budgeted expenditures for either FY 1986 or FY 1987.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation.

House Subcommittee Recommendation

The House concurs with the Senate Committee's recommendations with the following adjustments:

1. Deletion of the \$2,852,724 transfer from the State General Fund to the Water Conservation Storage Water Supply Fund, pending passage of related legislation contained in H.B. 2704, 2705, and 2721. The Subcommittee also notes that the actual transfer necessary to insure an escrow account balance of \$4.0 million by June 30, 1986 may be as high as \$3,070,108 due to uncertainty regarding the amount which will have accrued to the Water Conservation Storage Water Supply Fund as of that date. The Subcommittee would also note that any funds so transferred cannot be expended by the agency unless the Legislature chooses to appropriate moneys in the fund.
2. The Subcommittee reviewed FY 1986 expenditures for the first eight months and notes that the agency has overexpended in several areas for activities in support of Basin Advisory Committees. The Subcommittee is of the opinion that additional savings in travel expenditures are likely which could offset a portion of the overexpenditure. The Subcommittee also learned that a \$10,472 savings is available in FY 1986 dues for participation in the Missouri Basin States Association. The Subcommittee therefore takes no action to adjust FY 1986 expenditures.

Rochelle Chronister  
Representative Rochelle Chronister,  
Subcommittee Chairman

Bill Buntin  
Representative Bill Buntin

Lee Hamm  
Representative Lee Hamm

D. Heinemann  
Representative David Heinemann

Don Mainey  
Representative Don Mainey

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**SUBCOMMITTEE REPORT**

**Agency: Kansas Water Office**

**Bill No. 444**

**Bill Sec. 8**

**Analyst: Goering**

**Analysis Pg. No. 308**

**Budget Pg. No. 5-45**

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 7,452,704	\$ 3,129,878	\$ (503,684)
Local Aid	67,406	--	--
TOTAL	<u>\$ 7,520,110</u>	<u>\$ 3,129,878</u>	<u>\$ (503,684)</u>
State General Fund:			
State Operations	\$ 7,452,704	\$ 3,129,878	\$ (603,684)
Local Aid	67,406	--	--
TOTAL	<u>\$ 7,520,110</u>	<u>\$ 3,129,878</u>	<u>\$ (603,684)</u>
FTE Positions	23.0	22.0	--

Agency Request/Governor's Recommendation

The agency requests a total operating budget of \$7,520,110 for FY 1987, a significant increase compared to the FY 1986 estimate of \$3,105,472. The request includes \$35,279 and 1.0 FTE new clerical position to perform support activities for the 12 river basin advisory committees formed to advise the agency on detailed river basin planning. Also requested is \$4,000,000 from the State General Fund to be used toward the purchase of additional water storage in federal reservoirs; \$200,000 for continued research on stream-aquifer interaction and on the Dakota aquifer; \$21,800 for contractual services to plug observation wells in the vicinity of the Saline River; \$42,800 for modifications to the stream gaging system to permit monitoring of additional minimum streamflow standards; \$11,000 to add 12 sites to the sediment data collection network; and \$67,406 to provide financial assistance to two watershed districts pursuant to K.S.A. 82a-909.

The Governor recommends \$3,129,878 in operating expenditures for FY 1987, an increase of \$27,859 from the recommendation for FY 1986. The recommendation includes no new positions. The Governor does recommend the requested \$21,800 to plug wells near the Saline River.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

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3/18/86*



1. Deletion of \$21,800 for plugging observation wells in the vicinity of the Saline River. The Subcommittee takes no position on the request pending submission by the agency of the contractual agreements related to the federally-financed mineral intrusion study. The Subcommittee also notes that K.S.A. 82a-1213, cited by the agency in support of its request, requires the drilling contractor or the landowner to properly plug abandoned wells, subject to the regulatory authority of the Secretary of Health and Environment. The statute does not require that the Kansas Water Office plug the wells unless the agency can be considered a water well drilling contractor. The Subcommittee does not recommend funding for this purpose pending identification of the legally responsible party.
2. Reduction of \$610 for the FY 1987 membership fee of the Missouri Basin States Association (MBSA). The Governor's recommendation of \$20,945 exceeds the annual fee of \$20,335 actually fixed by MBSA for the three-year period ending in FY 1987.
3. Reduction of \$619,320 in State General Fund expenditures for principal and interest payments on Milford Reservoir (\$272,053) and Perry Reservoir (\$347,267). This reduction is based on an agency proposal dated February 10, 1986, to exercise its option under two of the nine reservoir contracts to defer principal and interest payments on the state's unused water supply in two federal reservoirs. The agency anticipates annual savings of approximately \$800,000 beginning in FY 1988.
4. Increase of \$2,046 from the State General Fund to increase the KPERS employer contribution rate to \$4.3 percent from the Governor's recommendation of 4.0 percent.
5. Increase of \$36,000 from the State General Fund to finance the second phase of a stream-aquifer interaction research study on the Arkansas River between Kinsley and Great Bend initiated in FY 1986.
6. Increase of \$100,000 in expenditures for continued research on the Dakota aquifer. This expenditure is to be financed from a transfer of \$100,000 from the Conservation Fee Fund of the State Corporation Commission to the Kansas Water Office.

Senate Committee Recommendation

The Committee concurs with the Subcommittee recommendations with the following adjustment:

1. Shift \$100,000 in funding for the continuation of research on the Dakota aquifer from the Conservation Fee Fund to the State General Fund.



Senate Committee of the Whole  
Recommendation

The Senate concurs with the Committee's recommendations.

House Subcommittee Recommendations

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Total Senate Recommend.</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (503,684)	\$ 2,626,194	\$ (136,000)
Local Aid	--	--	--
TOTAL	<u>\$ (503,684)</u>	<u>\$ 2,626,194</u>	<u>\$ (136,000)</u>
State General Fund:			
State Operations	\$ (503,684)	\$ 2,626,194	\$ (136,000)
Local Aid	--	--	--
TOTAL	<u>\$ (503,684)</u>	<u>\$ 2,626,194</u>	<u>\$ (136,000)</u>
FTE Positions	--	22.0	--

The House Subcommittee concurs with the Senate's recommendations with the following adjustments:

1. Delete \$36,000 in State General Fund expenditures added by the Senate to continue stream-aquifer interaction research on the Arkansas River between Great Bend and Kinsley.
2. Delete \$100,000 in State General Fund expenditures added by the Senate to continue research on the Dakota aquifer. The Subcommittee notes that the involved agencies have not progressed with the first phase of this study to the extent this Subcommittee expected a year ago.

The Subcommittee may reconsider the above items when updated information is available concerning the status of the State General Fund and whether, and to what extent, new revenues will be available.

3. The Subcommittee does not recommend funding for plugging observation wells. The Subcommittee encourages the agency to offer the wells to private landowners in order to determine the precise number of wells that need to be plugged.



Rochelle Chronister  
Representative Rochelle Chronister,  
Subcommittee Chairperson

Bill Bunten  
Representative Bill Bunten

Lee Hamm  
Representative Lee Hamm

David Heinemann  
Representative David Heinemann

Don Mainey  
Representative Don Mainey

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**SUBCOMMITTEE REPORT**

**Agency: State Conservation Comm. Bill No. -- Bill Sec. --**

**Analyst: Goering Analysis Pg. No. 295 Budget Pg. No. 5-27**

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ 211,451	\$ 203,126	\$ --
Aid to Local Units	1,767,349	1,767,349	--
Other Assistance	1,979,603	1,779,603	--
TOTAL	<u>\$ 3,958,403</u>	<u>\$ 3,750,078</u>	<u>\$ --</u>
FTE Positions	6.5	6.5	--

Agency Request/Governor's Recommendation

The agency's revised FY 1986 request, totaling \$3,958,403, includes an increase of \$280,447 above the current approved expenditure level. That amount represents FY 1985 savings in the Water Resources Cost-Share Program (\$279,603) and the Watershed Dam Construction Assistance Program (\$844) which were reappropriated to FY 1986 without expenditure limitation. Other components of the Commission's FY 1986 budget estimate are identical to that approved by the 1985 Legislature and Finance Council.

The Governor recommends a reduction of \$200,000 in expenditures for the Water Resources Cost-Share Program, proposing reappropriation of that amount to partially finance FY 1987 expenditures for the program. Also recommended by the Governor are FY 1986 expenditure reductions totaling \$8,325 in state operations costs, primarily reflecting turnover savings.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

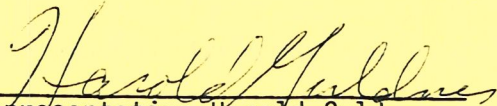
Senate Committee Recommendation

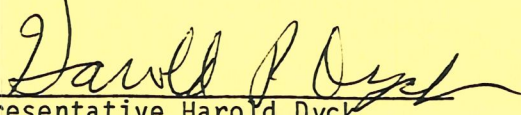
The Senate Committee concurs with the Senate Subcommittee recommendation.

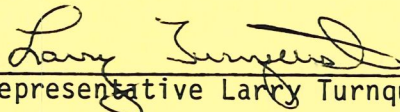
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H. W. M. 3/18/86*

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate Committee.

  
\_\_\_\_\_  
Representative Harold Guldner  
Chairman

  
\_\_\_\_\_  
Representative Harold Dyck

  
\_\_\_\_\_  
Representative Larry Turnquist

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**SUBCOMMITTEE REPORT**

**Agency: State Conservation Comm. Bill No. 444**

**Bill Sec. 7**

**Analyst: Goering**

**Analysis Pg. No. 295**

**Budget Pg. No. 5-27**

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ 669,724	\$ 211,311	\$ (790)
Aid to Local Units	3,770,955	1,770,955	--
Other Assistance	7,365,000	1,700,000	--
TOTAL	<u>\$11,805,679</u>	<u>\$ 3,682,266</u>	<u>\$ (790)</u>
FTE Positions	15.0	7.0	--

Agency Request/Governor's Recommendation

The Commission requests a State General Fund budget total of \$11,805,679 for FY 1987, a significant increase from the FY 1987 revised request of \$3,958,403. The request includes 8.0 FTE new positions, of which 4.0 FTE would be professional staff and 4.0 FTE would provide additional clerical support. Also requested are major increases in ongoing state aid and assistance programs. The Commission requests \$365,000 to initiate cost-share assistance to encourage irrigators and industrial water users to install water meters. Also requested is \$150,000 for contractual services to assist in planning watershed dams.

The Governor recommends a total of \$3,682,266 in FY 1987 expenditures, including funding for 7.0 FTE positions. The recommendation includes funding to annualize the salary of a new clerical position added for the last half of FY 1986. The Governor does not recommend funding for water meter cost-share assistance nor for watershed dam planning. The following table shows the recommended expenditure levels for conservation programs as compared to the agency's FY 1987 request and the FY 1986 appropriation.

<u>Local Aid/Other Assistance Program</u>	<u>FY 1986 Approp.</u>	<u>FY 1987 Request</u>	<u>FY 1987 Gov. Rec.</u>
State Aid to Conservation Districts	\$ 766,505	\$ 770,955	\$ 770,955
Watershed Dam Construction Assist.	1,000,000	3,000,000	1,000,000
Water Resources Cost-Share Program	1,500,000	2,500,000	1,500,000
State Targeted Cost-Share Program	200,000	4,500,000	200,000
TOTAL	<u>\$ 3,466,505</u>	<u>\$ 10,770,955</u>	<u>\$ 3,470,955</u>

*Atch. K  
H. Williams 3/18/86*



Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's basic budget recommendations with the following adjustments:

1. Deletion of \$1,200 recommended by the Governor for utilities. Beginning in FY 1987, the agency will no longer be required to pay a utility surcharge since the rent charge per square foot paid to Manhattan Buildings will include utilities.
2. The Subcommittee learned that K.S.A. 1985 Supp. 2-1915 authorizes state grants "for the construction of terraces, terrace outlets, check dams, dikes, ponds, ditches, watershed structures, and other water conservation structures . . . on privately owned lands." The proviso attached to the line item appropriations for the Water Resources Cost-Share Program and the State Targeted Cost-Share Program limit use of the funds for "enduring water conservation structures on privately owned land . . . needed for development and improvement of the quality and quantity of Kansas water resources." The Subcommittee also learned that the Commission is providing cost-share assistance for such projects as critical area planting, grassed waterways, tailwater recovery irrigation systems, precision land farming, and range seeding. The Subcommittee raises for full Committee consideration the question of whether such projects are within the Legislature's intended meaning of the term "enduring water conservation structures."
3. Increase of \$410 from the State General Fund to increase the KPERS employer contribution rate from 4.0 percent recommended by the Governor to 4.3 percent.

Senate Committee Recommendation

The Committee concurs with the Subcommittee recommendations.

Senate Committee of the Whole Recommendation

The Senate concurs with the Committee's recommendations.

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adj. to Gov. Rec.</u>	<u>Total Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ (790)	\$ 210,521	\$ (208)
Aid to Local Units	--	1,770,955	--
Other Assistance	--	1,700,000	--
TOTAL	<u>\$ (790)</u>	<u>\$ 3,681,476</u>	<u>\$ (208)</u>
FTE Positions	--	7.0	--

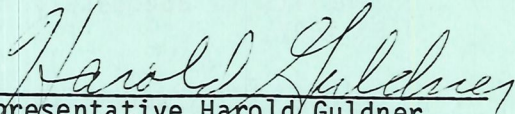


The House Subcommittee concurs with the Senate's recommendations with the following adjustments:

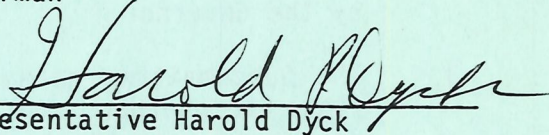
1. Add \$180 for salaries and wages and \$22 for associated fringe benefits to adequately finance an Account Clerk II position for FY 1987.
2. Delete \$410 added by the Senate to finance a 4.3 percent employer contribution rate rather than 4.0 percent recommended by the Governor.
3. The Subcommittee notes that the Senate Subcommittee raised the issue of whether some of the practices funded under the water resources cost-share programs are within the Legislature's intended meaning of "enduring water conservation structures." This Subcommittee is of the opinion that waterways, range seeding, critical area planting, precision <sup>may be</sup> land farming, and tailwater recovery irrigation systems are not <sup>^</sup> "water conservation structures" and are therefore not <sup>may be</sup> authorized for state funding under current law. *contouring*
4. The Subcommittee learned that the agency wishes to lease copying equipment with additional features, at an increased annual rental cost of \$2,928. The Subcommittee does not recommend this increase, but would suggest that the agency consider in future budget submissions a request to purchase the desired copying equipment rather than continuing the lease arrangement.
5. The Subcommittee is supportive of the Commission's efforts to ensure that recipients of cost-share assistance for water conservation structures be required to maintain those structures. The Subcommittee reviewed K.S.A. 1985 Supp. 2-1915 and notes that the agency has authority to adopt rules and regulations for administration of this state grant program. The Subcommittee suggests that the agency take advantage of this authority to adopt rules and regulations to require ongoing maintenance of state-supported structures as a provision of the Commission's contracts with private landowners who receive this cost-share assistance.
6. The Subcommittee does not recommend funding at this time for the Multi-purpose Small Lakes Program because of the lack of available State General Fund revenues. However, if additional revenues become available, the Subcommittee would urge that the Legislature give priority to funding this program.



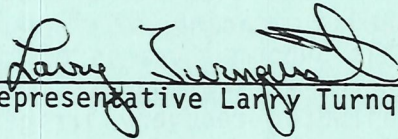
7. Add a proviso to the Water Shed Dam Construction Assistance line item to allow any FY 1986 savings to be reappropriated and expended in FY 1987 without limitation.



Representative Harold Guldner  
Chairman



Representative Harold Dyck



Representative Larry Turnquist

634.87

REPORTS OF STANDING COMMITTEES

Your committee on Ways and Means

Recommends that HB 3074

"AN ACT concerning weather modification; relating to permits for weather modification activities; amending K.S.A. 82a-1411 and repealing the existing section.

be passed.

Acis Austin Chairman.