

Approved H-23-86  
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Buntin at  
Chairperson

12:30 ~~xxx~~/p.m. on Thursday, April 3, 1986 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Jim Wilson, Revisors Office Sharon Schwartz, Administrative  
Ed Ahrens, Research Aide  
Gloria Timmer, Research Nadine Young, Committee Secretary  
Laura Howard, Research  
Lynn Goering, Research  
Mary Galligan, Research

Conferees appearing before the committee:

None  
Others present (Attachment A)

Chairman Buntin called the meeting to order at 12:30p.m.

Systemwide Issues - Institutions under supervision of the State Board of Regents

Chairman began by reviewing for the committee the recommendations of the Senate.

1. Accumulated Leave Payments - Governor recommended zero. Senate concurred.
2. Telephone Maintenance Support - Senate put in nothing for FY 1986, and put in \$410,000 for FY 1987. Governor recommended no funding for either year.
3. General Fee Fund Expenditures - Governor authorized no spending of these fees. Senate authorized \$260,000 for KU; \$45,000 for Pittsburg; and \$5,490 for Fort Hays.
4. Enrollment Adjustment - Governor and Senate both adopted a \$1.6 million decrease in general fund expenditures to the enrollment adjustment formula.
5. Unclassified Salaries - Governor recommending no increase. Senate recommended 3% increase plus a 1% increase of of the TIAA.
6. Student Salaries - Governor recommended no increase. Senate recommended 4%.
7. OOE - Governor increased 2%. Senate raised that another 2% on a one-time basis.
8. Utilities - Governor recommended \$1.2M from FY 1986 be reappropriated to FY 1987. Senate disagreed - they recommended one-half of the \$1.2M be available for energy conservation.
9. Servicing of New Buildings - Governor and Senate allowed \$10.50 per sq ft.

Being no discussion on the above, Chairman made a motion that this committee adopt the following:

1. Accumulated Leave Payments - House agrees with Governor and the Senate.
2. Telephone Maintenance Support - House recommends nothing.
3. General Fee Fund Expenditures - House allows release of no additional fees collected.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,  
room 514-S, Statehouse, at 12:30 ~~am~~/p.m. on Thursday, April 3, 1986

4. Enrollment Adjustment - House agrees with the Senate.
5. Unclassified Salaries - House agrees with Governor - no increase in TIAA.
6. Student Salaries - House recommends no increase.
7. OOE - House recommends no increase.
8. Utilities - House agrees with Governor that all \$1.2M be available for reappropriation in FY 1987.
9. Servicing of New Buildings - House concurs with Senate.

This proposal will reduce expenditures from what the Senate recommended, by approximately \$13.2M. Representative Mainey seconded the motion.

Representative Solbach objected to the motion and suggested that this committee should put a hold on deciding on these issues, until such time that the revenue question is settled.

Representative Lowther supported the statement and offered a substitute motion to table the bill on Systemwide Issues until such time that this body knows how the revenue situation stands. Representative Solbach seconded. Motion failed.

Chairman Bunten suggested to the committee that the programmatic changes be kept in the subcommittee reports and perhaps we will have to make further changes that can be included in the omnibus bill.

Considerable discussion followed in which most of the members expressed their feelings. However, it was pointed out that if this committee passes a bill that calls for more revenue than is available, that this committee stands to lose control, because there is no guarantee that it will go to conference committee.

Representative Bunten closed on his motion to adopt the recommendations stated above for the nine issues. The motion carried.

Representatives Solbach and Lowther asked to be recorded as voting no.

Chairman turned to consideration of subcommittee reports for SB 524.

GOVERNOR'S DEPARTMENT

Representative Louis presented the subcommittee report. House subcommittee concurs with Senate with exception of travel and subsistence (see Attachment B). On a motion by Representative Louis and a second by Representative Helgerson, the report was adopted.

LIEUTENANT GOVERNOR

Representative King presented the subcommittee report. House subcommittee concurs with Senate with exception of travel and subsistence (see Attachment C). On a motion by Representative King and a second by Representative Helgerson, the report was adopted.

KANSAS CIVIL RIGHTS COMMISSION

Representative Guldner presented the subcommittee report for FY 1986. Being no questions, he moved for adoption. Representative Turnquist seconded. Motion carried. (see Attachment D)

Representative Dyck presented the FY 1987 subcommittee report and moved for adoption. Seconded by Representative Guldner. Motion carried. (Attachment E)

KANSAS ARTS COMMISSION

Three subcommittee reports were presented, the primary report was signed by Representative Luzzati. Minority Report I was signed by Representative Teagarden. Minority Report II was signed by Representative Miller. (see Attachment F for all 3 reports)

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,

room 514-S, Statehouse, at 12:30 ~~am~~/p.m. on Thursday, April 3, 1986

ARTS COMMISSION....continued

Representative Miller presented Minority Report II and moved that it be adopted. Seconded by Representative Louis. Representative Solbach offered a substitute motion to adopt the subcommittee report signed by Representative Luzzati. It was seconded by Representative Luzzati. Motion failed.

Representative Turnquist moved that the subcommittee report signed by Representative Teagarden (Minority I) be adopted. It was seconded by Representative Teagarden. Motion failed.

Back on the original motion to adopt Representative Miller's Minority II report, the motion carried.

ATTORNEY GENERAL - KBI

Representative Miller presented the FY 1986 subcommittee report (Attachment G) and moved that it be adopted. Seconded by Representative Teagarden. Motion carried. Representative Teagarden presented the report for FY 1987 (Attachment H). House subcommittee made several adjustments in the Senate recommendations. It was noted by staff that Item #7, concerning noncriminal justice entities, could probably be effected by an addition to the appropriation bill.

On the subcommittee report for KBI, Representative Teagarden moved and Representative Miller seconded that the report be adopted. Motion carried.

SECRETARY OF STATE (Attachment I)

Representative Chronister presented the report and read a letter signed by Secretary of State concerning uniform commercial code fee fund. This fund has taken in \$527,500 which can be transferred to the state general fund. On a motion to add this amount to the FY 1986 budget, and a second by Representative Heinemann, the motion carried. Representative Heinemann presented the FY 1987 report and moved that it be adopted. Representative Chronister seconded. Motion carried.

DEPARTMENT OF HUMAN RESOURCES (Attachment J)

Representative Guldner presented the report for FY 1986 and moved for adoption. Representative Dyck seconded. Motion carried. Representative Turnquist presented the subcommittee report for FY 1987. Representative Miller offered a motion to add a provision to the report urging the Governor to recommend that part of the JJPA funding be used to provide assistance to farmers. Seconded by Representative Dyck. Motion carried.

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

PUBLIC DISCLOSURE COMMISSION (Attachment K)

Representative Helgerson reported for FY 1986, there were no questions. On the FY 1987 subcommittee report, Representative Solbach offered a motion that the \$1,500 not be deleted from attorney fees. Seconded by Representative Wisdom. Motion failed. Representative Helgerson moved that the committee report be adopted. Seconded by Representative Louis. Motion carried.

GRANT TO VETERANS OF WORLD WAR I (Attachment L)

Representative Lowther presented the report which concurs with the Senate on the recommendation of \$2,000. On a motion by Representative Lowther and a second by Representative Solbach, the motion carried.

BOARD OF TAX APPEALS (Attachment M)

Representative Duncan read the report which combines FY 1986 with FY 1987 and moved it be adopted. Seconded by Representative Fuller. Motion carried.

KANSAS SOLDIERS' HOME (Attachment N)

Representative Luzzati presented the report, both for FY 1986 and FY 1987. House subcommittee made several adjustments in the Senate recommendations. Being no discussion, Representative Luzzati moved for adoption of the report and Representative Miller seconded. Motion carried.

Meeting adjourned so that committee members could return to the House floor.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,  
room 514-S, Statehouse, at        ~~am~~/p.m. on Thursday, April 3       , 1986

STATE TREASURER

Representative Duncan presented the subcommittee report for FY 1986, which concurs with the Senate. For FY 1987, subcommittee concurred with Senate, with slight adjustment. (Attachment O)  
On a motion by Representative Duncan and a second by Representative Ott, the subcommittee reports were adopted.

ATTORNEY GENERAL (Attachment P)

Representative Helgerson presented the subcommittee report for FY 1986 and moved for adoption. Representative Louis seconded. Motion carried.  
On the FY 1987 subcommittee report, House added \$650,000 in SGF for continuation of water rights litigation. House subcommittee deleted \$71,941 in SGF for rent and moving expenditures associated with proposed move of the office of this agency from Judicial Center to State Office Building. On a motion by Representative Helgerson and a second by Representative Louis, the reports were adopted.

DEPARTMENT OF REVENUE (Attachment Q)

Representative Ott read the subcommittee report for FY 1986 and moved for adoption. Seconded by Representative Duncan. Motion carried.

Representative Duncan presented the FY 1987 subcommittee report. See Attachment Q for House subcommittee recommendations. On a motion by Representative Shriver and a second by Representative Ott, Item #5 concerning KPERS, was deleted from the report. Representative Shriver also moved to delete Item #4 concerning rent cost in Johnson County, from the report. Representative Duncan seconded and the motion carried.

Representative Teagarden moved to delete Item #6, concerning driver license examining locations, from the report. Seconded by Representative Hamm. Motion failed.

On the report, Representative Duncan moved for adoption, as amended. Representative Ott seconded. Motion carried.

On the bill, Representative Miller moved that SB 481, as amended, be recommended favorable for passage. Seconded by Representative Duncan. Motion carried.

INSURANCE DEPARTMENT (Attachment R)

Representative Louis read the FY 1986 subcommittee report and moved for adoption. Representative King seconded. Motion carried.  
Representative Louis presented the FY 1987 subcommittee report. House subcommittee concurred with Senate with slight adjustment, but did make several comments expressing their feelings and concerns with regard to this agency.

Representative King presented a minority report which suggests additional positions in the area of liability insurance. Representative Hoy spoke to this issue. He said the insurance commissioner had been criticized for not having adequate staff to check on rates. He suggested that perhaps it should be sunset after one to two years. Fiscal note is approximately \$70,000. Representative King moved and Representative Solbach seconded for adoption of the Minority report. Motion carried.

On the bill, Representative Duncan moved that SB 524, as amended, be recommended favorable for passage. Seconded by Representative Dyck. Motion carried.

Chairman turned to consideration of subcommittee reports for SB 537, Institutions under Board of Regents

UNIVERSITY OF KANSAS MEDICAL CENTER (Attachment S)

Representative Hamm reported for FY 1986 and being no discussion, moved the report be adopted. Seconded by Representative Mainey. Motion carried.  
Representative Chronister presented the FY 1987 report. A Minority Report was included; however, Representative Mainey withdrew his report and agreed to concur with the subcommittee recommendations.



CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,  
room 514, Statehouse, at \_\_\_\_\_ a.m./p.m. on Thursday, April 3, 19 86

U. OF KANSAS-MED CENTER (continued)

Representative Miller offered a motion to delete Item 12, concerning medical procedures for termination of pregnancy, from the subcommittee report. Representative Hamm seconded. Motion failed.

Representative Chronister moved for adoption of the subcommittee reports. Seconded by Representative Miller. Motion carried.

BOARD OF REGENTS (Attachment T)

Representative Duncan presented the FY 1986 subcommittee report. There were no changes. He also read the FY 1987 subcommittee report and moved to delete Item #4, relating to KPERs. Representative Shriver seconded. Motion carried.

Representative Shriver read a statement from Wichita State, relating to service and maintenance of equipment and requested that it be included as part of the report. Seconded by Representative Duncan. Motion carried.

Representative Miller moved that the deletion of \$1M for major maintenance projects, in Item #2, be changed to \$1.2M. This would bring the budget in line with Governor's recommendations. Representative Teagarden seconded. The motion carried.

On the report for Board of Regents, Representative Duncan moved for adoption, as amended and Representative Ott seconded. Motion carried.

Meeting adjourned at 7:30 p.m.

Note: Additional Attachment - Letter from KS Assoc. of Osteopathic Medicine

Date 4-3-86

Name	Address	Representing
Chris (Stares)	Topka	ASK
Robert G. Galy	Route #1 Hays, Ks	KCCR
James E. Butler	729 Canyon Drive Manhattan, Ks	KCCR
Willie E. Richard, Jr.	708 Fillmore, TOPEKA	
Linda Cawwater	Topeka	KCCR
Charles E. Scott	"	"
Jerry Sloan	"	OJA
Jayce Montgomery	"	Governor - Policy
Susan Shuff	Topeka	Budget Division
D. B. Dillman	Topeka	Budget
Patricia Wilbur	Topeka	AAUP
Marilyn Bracht	Lawrence	KINTI
Ann Hebbinger	Owens Park	SWK
Frances Kestner	Topeka	Ks Food Dealers Ass.
Bartlett J. Fennig	Emporia, Ks.	
Fred Siderman	Wichita	Wichita State univ.
Ann C. Bismuth	Topeka	USD 50 HW
X		
Markus Row	Kc	Kumc

**SUBCOMMITTEE REPORT**

**Agency:** Governor's Department

**Bill No.** 524

**Bill Sec.** 6

**Analyst:** Ahrens

**Analysis Pg. No.** 900  
(II)

**Budget Pg. No.** 1-13

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
All State General Fund:			
State Operations	\$ 1,325,900	\$ 1,240,546	\$ 2,335
Other Assistance	10,000	10,000	--
TOTAL	<u>\$ 1,335,900</u>	<u>\$ 1,250,546</u>	<u>\$ 2,335</u>
FTE Positions	33.3	33.3	--

Agency Request/Governor's Recommendation

The Governor recommends \$1,250,546 of expenditures for the Governor's Department in FY 1987. The recommended total is \$30,575 less than estimated FY 1986 expenditures which are unchanged in total from the amount approved by the 1985 Legislature. The FY 1987 total is \$2,995 above actual FY 1985 expenditures.

Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 1987 recommendation, but recommends the addition of \$2,335 in compliance with the Committee's directive to restore the KPERS employer contribution to the 4.3 percent certified rate.

The Subcommittee notes that S.B. 524 as introduced provides for the reappropriation of any unencumbered FY 1986 balances in the Administration and Governor's residence appropriation accounts, which is a return to the practice in FY 1982 and prior fiscal years. The Subcommittee believes that such reappropriations may provide a degree of flexibility for budget planning which is especially appropriate during the forthcoming change in the Office.

*Atch. B*  
*H. J. M. 4/3/84*

B

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Senate Recommend.</u>	<u>House Subcommittee Adjustments</u>
All State General Fund:			
State Operations	\$ 2,335	\$ 1,242,881	\$ (10,000)
Other Assistance	--	10,000	--
TOTAL	<u>\$ 2,335</u>	<u>\$ 1,252,881</u>	<u>\$ (10,000)</u>
FTE Positions	--	33.3	--

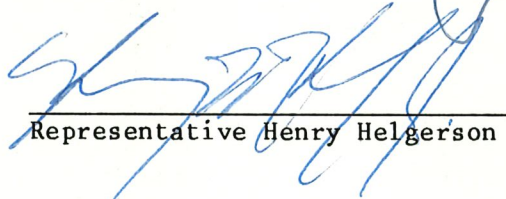
House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendation with the following exception:

1. Delete \$10,000 for travel and subsistence expenses. The Subcommittee observes that out-of-state travel for legislators has been reduced by House action on the Legislature's FY 1987 appropriations and believes that such expenditure reductions should also be made to the elected executive branch officers' budgets. Should there eventually occur some restoration of the legislative travel budget, the Subcommittee believes such restoration should also be applied to the budgets of the executive branch elected officers.

  
\_\_\_\_\_  
Representative David Louis,  
Chairman

  
\_\_\_\_\_  
Representative Kenneth King

  
\_\_\_\_\_  
Representative Henry Helgerson

**SUBCOMMITTEE REPORT**

**Agency: Lieutenant Governor**

**Bill No. 524**

**Bill Sec. 11**

**Analyst: Ahrens**

**Analysis Pg. No. 957  
(II)**

**Budget Pg. No. 1-19**

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
All State General Fund:			
State Operations	\$ 102,400	\$ 100,647	\$ 135
FTE Positions	3.0	3.0	--

Agency Request/Governor's Recommendation

The Lieutenant Governor requests FY 1987 expenditures of \$102,400, a reduction of \$518 from the FY 1986 approved budget. The Governor recommends FY 1987 expenditures of \$100,647, a reduction of \$1,753 from the requested amount. Recommended reductions include \$1,408 for salary increases and \$345 for fringe benefits. The Governor also recommends a reduction of \$150 to the approved FY 1986 budget.

Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations for FY 1986 and FY 1987, but recommends the addition of \$135 for adjustment of the KPERS employer contribution. The Subcommittee also notes that S.B. 524 as introduced provides for the reappropriation of any unencumbered FY 1986 balance in the Operations line item. The Subcommittee believes that such reappropriations, which was customary practice for this agency prior to FY 1983, may provide a degree of flexibility in budget planning which is especially appropriate during the anticipated change in the office.

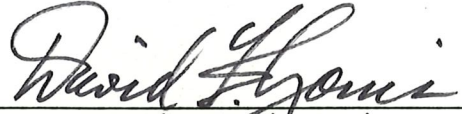
<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Senate Recommend.</u>	<u>House Subcommittee Adjustments</u>
All State General Fund:			
State Operations	\$ 135	\$ 100,782	\$ (1,250)

*Ahrens  
D. Ahrens 4/3/86*

House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendation with the following exception:

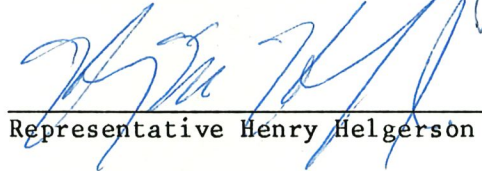
1. Delete \$1,250 for travel and subsistence expenses.



Representative David Louis,  
Chairman



Representative Kenneth King



Representative Henry Helgeson

**SUBCOMMITTEE REPORT**

**Agency: Kansas Commission on  
Civil Rights**

**Bill No. 584**

**Bill Sec. 2**

**Analyst: Holt**

**Analysis Pg. No. 871**

**Budget Pg. No.1-85**

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,021,023	\$ 961,048	\$ (12,793)
Special Revenue Fund	260,925	300,925	--
TOTAL	<u>\$ 1,281,948</u>	<u>\$ 1,261,973</u>	<u>\$ (12,793)</u>
FTE Positions	42.7	42.7	--

Agency Request/Governor's Recommendation

The 1985 Legislature approved an FY 1986 operating budget of \$1,281,948, of which \$1,021,023 is from the State General Fund, \$260,000 from federal funds, and \$925 from another special revenue source. This budget provides funding for the continued staffing level of 42.7 full-time positions. No changes from the approved amounts are requested.

The Governor recommends an FY 1986 operating budget of \$1,261,973, of which \$961,048 is from the State General Fund, \$300,000 from federal funds, and \$925 from another special revenue source. This recommendation provides funding for the continued staffing level of 42.7 full-time positions as requested. The Governor's recommendation for FY 1986 reflects reduced total expenditures of \$19,975, and \$59,975 from the State General Fund, below the agency's FY 1986 estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee recommends the reappropriation of an additional \$12,793 from the State General Fund from FY 1986 to FY 1987 to reflect current year adjustments:

1. Add \$1,500 for pro tem and transcript expenditures for the Hearing Examiner's Office.
2. Reduce \$14,293 for actual and projected salary savings. This amount assumes an additional \$2,600 above recommended turnover savings which have already been realized and \$11,693 in projected savings for the salary and fringe benefits of the vacant Assistant Director position which the Subcommittee

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J. H. M. 4/3/86*

proposes to eliminate in FY 1987. The Subcommittee requests that the agency report any further salary savings to its House counterpart.

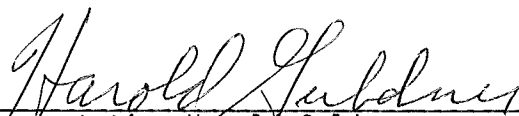
Senate Committee Recommendation


The Senate Committee concurs with the Subcommittee's recommendations.

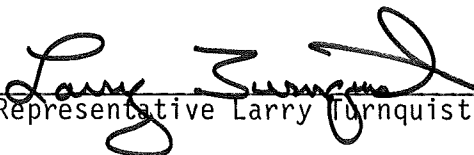
House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate, with the following adjustment:

1. Restore \$2,721 from the State General Fund to enable the Commission to hire an Assistant Director, effective May 18, 1986. The Senate recommended elimination of this position, which is presently vacant, in FY 1987 and removed the salary savings realized by that vacancy for the remaining months of FY 1986. As the House Subcommittee recommends that this position be restored in FY 1987 and the Contract Compliance Administrator eliminated instead, the addition of \$2,721 is requested for one month of salary in the current fiscal year.

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

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

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



**SUBCOMMITTEE REPORT**

**Agency:** Kansas Commission on  
Civil Rights

**Bill No.** 524

**Bill Sec.** 2

**Analyst:** Holt

**Analysis Pg. No.** 871

**Budget Pg. No.** 1-85

<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	\$ 1,130,135	\$ 692,172	\$ 3,906
Special Revenue Fund	302,433	583,827	--
TOTAL	<u>\$ 1,432,568</u>	<u>\$ 1,275,999</u>	<u>\$ 3,906</u>
 FTE Positions	 44.7	 41.0	 --

Agency Request/Governor's Recommendation

Expenditures of \$1,432,568 are requested for FY 1987 for the salaries of 44.7 full-time positions and associated expenditures. This amount would consist of \$1,130,135 from the State General Fund, \$109,112 more than the current year estimate of \$1,021,023; and \$302,433 from federal funds, \$42,433 more than the current year estimate of \$260,000. The requested total increase of \$150,620 from FY 1986 to FY 1987 is primarily due to the proposed addition of two full-time positions -- a Clerk Typist II and a Civil Rights Investigator I; increased funding for pro tem examiners, expert witnesses, and court reporter fees based on a corresponding projected increase in the number of hearings to be held in FY 1987; increased expenditures for rent, communications, and travel; and the purchase of a microcomputer for the Hearing Examiner's office.

The Governor recommends expenditures of \$1,275,999 for FY 1987 for the salaries and wages of 41.0 full-time positions and associated expenditures. This amount would consist of \$692,172 from the State General fund and \$583,827 from federal funds. The FY 1987 recommendation reflects a net increase of \$14,026 above recommended FY 1986 expenditures, largely due to a proposed increase in pro tem expenditures and rental expenditures to finance the move to the Santa Fe Building; however, such expenditures would be partly offset by salary savings resulting from the elimination of 1.7 FTE positions - a full-time hearing examiner and a part-time law clerk.

Senate Subcommittee Recommendation

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

1. Reappropriate from FY 1986 \$12,793 from the State General Fund.

*Atch. E*  
*D. M. M. 4/3/84* ✓

2. Restore the Hearing Examiner position, deleted by the Governor, but eliminate instead the Assistant Director position which has been vacant since September 20, 1985. The effect of this recommendation would be the addition of \$15,060 from the State General Fund for the differential in salaries and fringe benefits.
3. Reduce \$13,874 from the State General Fund to finance nonsalary operating expenditures requested by the agency for the Hearing Examiner's office at the A and B budget levels. Due to the proposed elimination of the Hearing Examiner position, the Governor's recommendation included increased contractual expenditures for pro tem examiners who would hear cases on an as-needed basis.
4. Restore \$2,720 from the State General Fund for KPERS to increase the contribution rate to 4.3 percent.
5. The Subcommittee learned that there is a dispute concerning rental expenditures for the agency's former office quarters on South Market Street in Wichita. It was alleged that the agency failed to pay a total of \$1,865.97 for higher rental rates and utilities for the months of July and August, 1985 and additional rent and utilities for September. The agency claims that it had never entered into a written contract obligating it to those terms. The Subcommittee urges the agency to resolve this dispute before the end of the 1986 Legislative Session.
6. The Subcommittee notes that the Governor's recommendation for FY 1986 and FY 1987 offsets State General Fund expenditures with federal funds. Recommended federal fund expenditures in both FY 1986 and FY 1987 would reduce the agency's federal fund balance from \$393,942 at the end of FY 1985 to \$49,029 at the end of FY 1987. Given that financing policy, the Subcommittee urges the agency to report to the House Ways and Means Committee any potential effects of Gramm-Rudman-Hollings on projected federal fund resources for FY 1987.
7. The Subcommittee was informed that the Legislative Post Audit Committee approved a request for an audit of the agency's processing of cases.

#### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

House Subcommittee Recommendations

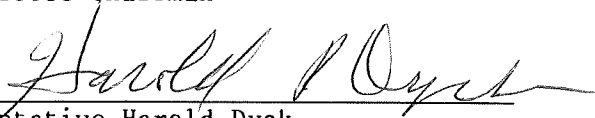
<u>Expenditure Summary</u>	<u>Senate Adjustment Gov. Rec.</u>	<u>Total Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
State General Fund	\$ 3,906	\$ 696,078	\$ (1,177)
Special Revenue Funds	--	--	--
TOTAL	<u>\$ 3,906</u>	<u>\$ 696,078</u>	<u>\$ (1,177)</u>

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

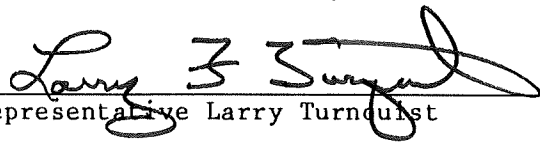
1. Addition of \$754 from the State General Fund for salaries and fringe benefits. The Subcommittee proposes to restore the Assistant Director position and eliminate instead the position of Contract Compliance Specialist. Given the choice of positions to eliminate, the agency noted that elimination of the Contract Compliance Administrator would appear to have the least overall impact upon actual complaint processing.
2. Reduction of \$1,931 from the State General Fund for the salary and fringe benefit differential of the unclassified Director's position. The position of Director is to be filled on April 18, 1986. The salary assigned to that position will be lower than the amount recommended for that purpose in FY 1987.
3. As the Hearing Examiner position was not recommended by the Governor, funding for office space in the Santa Fe Building was likewise not recommended for that position. The Subcommittee recommends that the addition of 570 square feet of space be reserved and funded for the Hearing Examiner's Office in the Santa Fe Building, as originally proposed by the Division of Architectural Services. The Subcommittee recommends that rental expenditures of \$1,188 for the continued occupancy by the Hearing Examiner of office space at 214 West 6th Street (first three months of FY 1987) and relocation to the Santa Fe Building (ensuing nine months of FY 1987) be financed by shifting to rent \$600 requested for communications and \$588 requested for pro tem and transcript expenditures. Expenditures for those functions appear to be overstated in FY 1987 given historic expenditures and expenditures to date.
4. The Subcommittee learned that the agency will probably not be affected in FY 1987 by reductions due to Gramm-Rudman-Hollings.



Representative Harold Guldner  
Subcommittee Chairman



Representative Harold Dyck



Representative Larry Turnquist

058.87

**SUBCOMMITTEE REPORT**

Agency: Kansas Arts Commission      Bill No. 524      Bill Sec. 10  
 Analyst: Holt      Analysis Pg. No. 949      Budget Pg. No. 1-81

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 378,310	\$ 288,983	\$ 588
Programming Grants	897,390	814,124	29,600
TOTAL	<u>\$ 1,275,700</u>	<u>\$ 1,103,107</u>	<u>\$ 30,188</u>
<b>State General Fund:</b>			
State Operations	\$ 292,148	\$ 218,865	\$ 588
Programming Grants	478,552	373,126	29,600
TOTAL	<u>\$ 770,700</u>	<u>\$ 591,991</u>	<u>\$ 30,188</u>
FTE Positions	11.0	8.0	

Agency Request/Governor's Recommendation

The agency's request for operating expenditures in FY 1987 totals \$1,275,000, of which \$770,700 is from the State General Fund. Total requested expenditures represent an increase of \$158,012 or 14.1 percent above the agency's current year estimate, which is largely attributable to the proposed addition of 3.0 FTE positions and associated operating expenses (\$75,897) and for requested increased expenditures for arts programming (\$66,403).

The Governor's recommendation for operating expenditures in FY 1987 totals \$1,103,107, of which \$591,991 is from the State General Fund. Total recommended expenditures represent an increase of \$1,556 or 0.1 percent above the Governor's current year recommendation. The FY 1987 recommendation reflects a continuation of ongoing activities at the present staffing level and a slight reduction (\$2,964) in funding for programming grants. No program expansions or enhancement are recommended for FY 1987.

FY 1986

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustment:

*Atch. F  
 R. M. M. 1/3/86*

*F*

1. Reappropriate an additional \$3,472 from FY 1986 to FY 1987, to be accomplished by reducing communications expenditures by that amount in FY 1986.

FY 1987

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments reflecting an addition of \$30,188 to the State General Fund.

1. Reappropriate an additional \$3,472 from FY 1986.
2. Add \$29,600 from the State General Fund for programming grants. The effect of this recommendation would be to increase total recommended State General Fund operating expenditures for FY 1987 by 5.0 percent and apply that addition to programming grants. This amount would increase total expenditures for programming grants to \$843,724, of which \$402,726 is from the State General Fund. The Subcommittee learned that the National Assembly of State Arts Agencies had informed the agency that, due to Gramm-Rudman-Hollings, federal funds are likely to be reduced by approximately 4.3 percent in FY 1986. The agency was also told to expect a reduction of 13 percent in its Basic State Grant in FY 1987. According to the agency, this could result in a reduction of \$46,500 of federal funds in FY 1987.
3. Reduce \$2,931 from the State General Fund for communications expenditures.
4. Restore \$519 from the State General Fund for KPERS to increase the contribution rate to 4.3 percent.
5. Add \$3,000 from the State General Fund for the purchase of a microcomputer. The agency was informed that its present arrangement, and that of other state arts commissions, for grants management with the Mid-America Arts Alliance (M-AAA) would be discontinued. Under that arrangement, the agency has been using an in-house terminal which is owned by M-AAA and linked to the mainframe computer at the M-AAA office in Kansas City. Due to this change in arrangements, the agency will have to discharge those functions itself; however, the microcomputer owned by the agency is already operating at 85 percent capacity. The Subcommittee believes that grants management is a vital part of the agency's responsibilities and, therefore, views this purchase as a necessity and not as a means of expanding its operations.
6. The Subcommittee notes that the agency's lease for office space is scheduled to expire on April 1, 1986. No decision has been made yet on the terms for a new lease. The Subcommittee urges the House Ways and Means Committee to address this issue.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations for both FY 1986 and FY 1987.

House Subcommittee Recommendations

FY 1986. The House Subcommittee concurs with the recommendations of the Senate, but recommends reappropriation of \$4,509 from the State General Fund to be accomplished as follows:

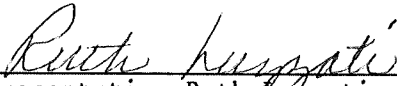
1. Add \$1,812 for communications to equal FY 1985 actual expenditures.
2. Reduce \$3,000 for printing based on expenditures to date.
3. Reduce \$6,141 for unclassified salary savings.
4. Add \$2,820 for moving, telephone reinstallation expenditures, and the rent differential for June. The Subcommittee notes that the agency will relocate to 2,635 square feet of office space in the Jayhawk Towers on June 1, 1986. Expenditures of \$1,318 are estimated for the move, \$1,386 for the telephone reinstallation, and \$116 for the rent differential for June.

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Total Senate Recommend.</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 588	\$ 289,571	\$ 3,538
Programming Grants	29,600	843,724	(12,300)
TOTAL	<u>\$ 30,188</u>	<u>\$ 1,133,295</u>	<u>\$ (8,762)</u>
<b>State General Fund:</b>			
State Operations	\$ 588	\$ 219,453	\$ 3,538
Programming Grants	29,600	402,726	--
TOTAL	<u>\$ 30,188</u>	<u>\$ 622,179</u>	<u>\$ 3,538</u>
FTE Positions	--	8.0	--

FY 1987. The House Subcommittee concurs with the recommendations of the Senate with the following adjustments totaling \$3,538:

1. Reappropriate from FY 1986 an additional \$4,509 from the State General Fund.
2. Restore \$2,148 from the State General Fund for communications to reflect an increase of 12.0 percent above the current year adjusted amount of \$15,640.

3. Add \$1,390 from the State General Fund for the differential in office space rent.
4. The Subcommittee notes that, according to the agency, the federal Basic State Grant will be reduced by \$11,300 in FY 1987, and the federal Artists in Education Grant by \$1,000. The agency therefore expects to receive federal programming expenditures of \$510,700 in FY 1987, which is \$12,300 less than the estimated amount of \$523,000.

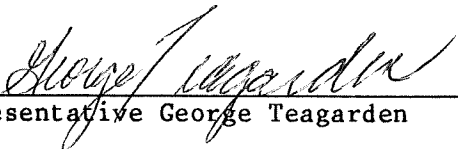
  
\_\_\_\_\_  
Representative Ruth Luzzati

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MINORITY REPORT I


I concur with the House Subcommittee's report for FY 1987 with the following exception: The report concurs with the Senate's recommendation to increase by \$29,600 State General Fund support for programming grants above the Governor's FY 1987 recommendation of \$373,126, the same amount as was appropriated by the 1985 Legislature for FY 1986. In light of our current fiscal constraints and the need to fund with extremely limited resources those programs that affect the very survival of some our citizens, I must object to increasing state support for arts programming at this time. Therefore, I recommend that \$29,600 from the State General Fund be deleted for arts programming. The effect of this decision would be to restore State General Fund support for arts programming to \$373,126, the same amount as is recommended by the Governor.

  
\_\_\_\_\_  
Representative George Teagarden

MINORITY REPORT II

I concur with the House Subcommittee report for FY 1987 with the following exceptions:

1. Delete \$29,600 from the State General Fund for arts programming.
2. Delete an additional \$50,000 from the State General Fund for arts programming. The effect of this and the first one would provide State General Fund support for arts programming at \$323,126. This amount was recommended by the House last year for FY 1986 (which was an increase of \$50,000 above the amount appropriated for this purpose in FY 1985). Given the state's current fiscal constraints and the pressing need to finance essential services with drastically reduced resources, I consider an increase from the State General Fund of \$129,600 above FY 1985 appropriations for arts programming to be unjustified.
3. Delete \$3,000 for the microcomputer. The agency already has a microcomputer; given the agency's size and our limited resources, I do not believe the agency needs a second.

  
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Representative David Miller  
Subcommittee Chairperson

**SUBCOMMITTEE REPORT**

Agency: Attorney General - KBI      Bill No. —      Bill Sec. —  
 Analyst: Howard      Analysis Pg. No. 885      Budget Pg. No. 4-61

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 6,012,113	\$ 5,846,828	\$ (6,000)
Special Revenue Fund	152,294	187,469	(6,000)
TOTAL	<u>\$ 6,164,407</u>	<u>\$ 6,034,297</u>	<u>\$ (12,000)</u>
FTE Positions	151.0	151.0	--

Agency Request/Governor's Recommendation

The Kansas Bureau of Investigation requests \$6,164,407 in expenditures for state operations in FY 1986, of which \$6,032,113 is from the State General Fund. The estimated expenditures equal the amount approved by the 1985 Legislature.

The Governor recommends \$6,034,297 in expenditures for state operations, a reduction of \$130,110 from the agency's revised estimate. Of this amount, \$5,846,828 is from the State General Fund. The Governor's recommendation makes major reductions in travel (\$81,014), communications (\$37,482), salaries and wages (\$7,583), and net other changes (\$4,031).

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the Governor with the following exceptions:

1. Reappropriate \$12,000 in projected communications savings to FY 1987.
2. Shift \$6,000 from the Evidence Purchase and Investigation Fund to the State General Fund as a technical adjustment. The Governor shifted all funding for narcotics purchases to the Evidence Purchase and Investigation Fund. Inadvertently, \$6,000 in State General Funds budgeted for liability insurance, subscriptions, and training materials and memberships were also shifted.

*Atch. G*  
*D. Williams 4/3/86*  
 G

Senate Committee Recommendations

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendations


The Senate Committee of the Whole concurs with the recommendations of the Committee.


<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Senate Recommend.</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ (6,000)	\$ 5,840,828	\$ (179,164)
Special Revenue Fund	(6,000)	181,469	--
TOTAL	<u>\$ (12,000)</u>	<u>\$ 6,022,297</u>	<u>\$ (179,164)</u>
FTE Positions	--	151.0	--

House Subcommittee Recommendations

The House Subcommittee concurs with the recommendations of the Senate with the following exceptions:

1. Delete \$54,164 in salaries and wages based on lower than estimated expenditures.
2. Delete \$125,000 in contractual services based on lower than estimated expenditures. The Subcommittee noted that there appeared to be considerable savings in communications, travel, fees, and miscellaneous contractual services. The Subcommittee also noted that there are currently five vacant positions and the majority of the identified savings correspond to these five vacancies.
3. The Subcommittee recommends that all identified savings in the current year be reappropriated for FY 1987.

  
 Representative David Miller  
 Subcommittee Chairman

  
 Representative George Teagarden

  
 Representative Ruth Luzzati

**SUBCOMMITTEE REPORT**

**Agency:** Attorney General - KBI      **Bill No.** 524      **Bill Sec.** 4  
**Analyst:** Howard      **Analysis Pg. No.** 885      **Budget Pg. No.** 4-61

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 8,557,756	\$ 6,015,229	\$ 49,560
Special Revenue Fund	152,000	168,772	--
TOTAL	<u>\$ 8,709,756</u>	<u>\$ 6,184,001</u>	<u>\$ 49,560</u>
FTE Positions	197.0	151.0	2.0

Agency Request/Governor's Recommendation

For FY 1987, the Kansas Bureau of Investigation requests \$8,709,756, of which \$8,557,756 is from the State General Fund. This is an increase of \$2,545,349 or 41.3 percent over the current year estimated expenditures. The FY 1987 request would fund 197.0 FTE positions, an increase of 46.0 FTE positions.

The Governor recommends \$6,184,001 in expenditures in FY 1987, a reduction of \$2,525,755 from the agency request. Of this amount, \$6,015,229 is from the State General Fund. The Governor's request would fund 151.0 FTE positions, the same as in the current year. The major areas of reduction from the agency's request are in salaries and wages (\$1,392,677), capital outlay (\$678,960), and travel (\$263,662), with net other changes of \$190,456. The Governor does not recommend any of the new positions requested by the agency.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the Governor with the following exceptions:

1. Add \$4,793 in State General Funds to salaries and wages to restore a 4.3 percentage rate for KPERS.
2. Delete \$9,000 in communications to reflect revised rates.
3. Delete \$21,286 for agency use of DISC Information Systems due to systemwide recommendations reflecting DISC equipment acquisition at lower than anticipated costs and the reduction of the Computer Services Fund balance.

*Atch. H  
L. Smith 4/3/86  
H*

4. Add \$17,385 to establish a career ladder for criminalists. This would provide for the reallocation of Criminalists I, II, and III and the Crime Laboratory Administrator to salary ranges recommended by the Division of Personnel Services.
5. Add \$57,668 for salaries and wages and 2.0 FTE positions for two Special Agents I. The Subcommittee suggests that the agency use its judgment to determine where in the agency to utilize these positions based on their priorities and greatest need. Areas of consideration would include using the positions to compensate for man hours lost due to the Fair Labor Standards Act or as agent/accountants to develop in-house expertise in white collar crime or using one of these positions as a crime information representative.
6. The Subcommittee would suggest that S.B. 278 concerning forfeitures be monitored. If the bill passes, the Subcommittee suggests that the House Subcommittee reviewing the KBI consider the establishment of a separate forfeitures fund to trace these funds to the agency and consider possible use of those funds for budgetary needs of the Bureau.

Senate Committee Recommendations

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendations

The Senate Committee of the Whole concurs with the recommendations of the Committee.

House Subcommittee Recommendations

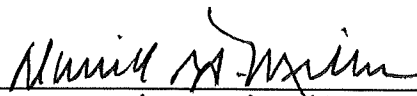
<u>Expenditure Summary</u>	<u>Senate Adjustment</u>	<u>Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 49,560	\$ 6,064,789	\$ (74,476)
Special Revenue Fund	49,560	168,772	--
TOTAL	<u>\$ 49,560</u>	<u>\$ 6,233,561</u>	<u>\$ (74,476)</u>
FTE Positions	2.0	153.0	(2.0)

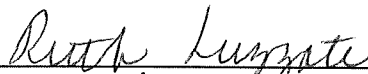
The House Subcommittee concurs with the recommendations of the Senate with the following exceptions:


1. Add \$8,096 to salaries and wages reflecting the following recommendations:

- a. Delete \$57,668 in salaries and wages and 2.0 FTE positions recommended by the Senate for two Special Agents I.
  - b. Add \$65,764 to salaries and wages to reduce turnover for Special Agents, Criminalists, and other professional positions to 1 percent. Remaining positions are adjusted to a 3 percent turnover rate. The effect of the recommendation is to establish a 1.0 percent turnover rate in the investigations and special services programs, a 3.0 percent turnover rate in support services, a 1.6 percent turnover in administration, and a 1.2 percent turnover rate in laboratory services. The Subcommittee noted that the agency has had three vacant positions for the entire fiscal year and two additional vacant positions since January. The Subcommittee notes that the agency expressed some hesitancy in filling positions because of the high turnover rate budgeted. It is the recommendation of the Subcommittee that an adjustment to the turnover rate be made rather than recommending additional positions when there are currently several vacant positions.
2. Delete \$51,011 from communications reflecting lower than estimated expenditures. This recommendation would allow a 12 percent increase for KANS-A-N and telephone communications lines over the current year projected expenditures.
  3. Delete \$1,561 for agency use for DISC information systems due to systemwide recommendations reflecting DISC equipment acquisition at lower than anticipated costs and the reduction of the Computer Services Fund balance.
  4. Delete \$30,000 in travel based on lower than estimated expenditures.
  5. S.B. 278, concerning forfeitures, is currently in the House Judiciary Committee. We recommend that the bill be monitored and any necessary adjustments made in the Omnibus bill.
  6. The agency is concerned about the possible supplanting of state funds with federal funds under a federal grant for criminal justice statistics. The agency contends that salaries and wages are not covered by the terms of the grant. The Governor's recommendation would include \$30,272 in salaries and wages from federal funds. The Subcommittee recommends that the issue be addressed in the Omnibus bill by shifting salaries and wage expenditures to the general fund and other operating expenditures to federal funds if the agency submits information in writing verifying the terms of the grant.
  7. The Subcommittee recommends that a bill be introduced to permit the agency to charge noncriminal justice entities for record

checks and that a fund be set up for the collection of those fees. The purpose would be to allow the agency to recover the costs involved in performing these record checks.

  
\_\_\_\_\_  
Representative David Miller  
Subcommittee Chairman

  
\_\_\_\_\_  
Representative Ruth Luzzati

  
\_\_\_\_\_  
Representative George Teagarden

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SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. 524

Bill Sec. 13

Analyst: Rothe

Analysis Pg. No. 961

Budget Pg. No. 1-21

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,368,271	\$ 1,335,410	\$ 2,295
UCC Fee Fund	436,381	429,303	801
Kansas Register Fee Fund	169,979	169,342	--
Other Special Funds	94,745	94,236	--
TOTAL	<u>\$ 2,069,376</u>	<u>\$ 2,028,291</u>	<u>\$ 3,096</u>
FTE Positions	61.0	61.0	--

Agency Request/Governor's Recommendation

The agency's FY 1987 budget request totals \$2,069,376, a \$20,221 decrease from the revised FY 1986 estimate and would maintain the same 61.0 FTE positions approved for the current fiscal year. The request includes \$1,368,271 from the State General Fund, which is \$4,947 less than the revised FY 1986 estimate. Principal changes include increases of \$34,611 in salaries and wages and \$20,848 in printing costs, and a decrease of \$106,209 in capital outlay.

The Governor recommends FY 1987 expenditures of \$2,028,291, a reduction of \$41,085 from the agency's request, including reductions of \$32,861 from the State General Fund and \$8,224 from special revenue funds.

Senate Subcommittee Recommendations

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

FY 1987. The Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. Add \$3,096 to restore the employer contribution rate for KPERS to 4.3 percent.

*Atch. I*  
*J. Adam 4/3/96*



2. The Subcommittee notes that based upon expenditure trends to date, KANS-A-N costs will likely be more than the \$26,986 budgeted for FY 1986 and the \$27,400 budgeted for FY 1987. The Subcommittee recommends that other agency savings be used to absorb any KANS-A-N expenditure shortages for both fiscal years 1986 and 1987.
3. The Subcommittee notes that there will be an FY 1986 ending balance of \$370,000 to \$500,000 more than necessary in the Uniform Commercial Code (UCC) Fee Fund. The Subcommittee recommends that the following be considered to reduce the UCC balance (a) amend the appropriate statutes to reduce UCC filing and search fees currently set at \$3 for each filing and \$5 for each search; (b) introduce legislation to allow the transfer of funds to the State General Fund. The Subcommittee further notes that while current laws do not allow the transfer of funds to the State General Fund, a precedent exists in that the Securities Commissioner of Kansas was allowed to transfer agency funds to the State General Fund.

#### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations with the following adjustment:

1. Amend the appropriate statutes to set the maximum UCC filing fee at \$3 and the maximum UCC search fee at \$5. The recommendation would enable the agency to adjust UCC fees as needed to reduce the UCC Fee Fund balance.

#### Senate Recommendation

The Senate concurs with the Committee's recommendation.

#### House Subcommittee Recommendation

FY 1986. The Subcommittee concurs with the Senate's recommendation with the following adjustment:

1. Transfer \$250,000 from the Uniform Commercial Code (UCC) Fee Fund to the State General Fund. The Subcommittee notes that based on UCC receipts through February, an FY 1986 ending balance of \$636,000 is estimated. The recommendation would reduce the FY 1986 balance to approximately \$386,000.

FY 1987.

<u>Expenditure Summary</u>	<u>Senate Adjustments FY 1987</u>	<u>Senate Total Rec. FY 87</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,295	\$ 1,337,705	\$ (62,718)
UCC Fee Fund	801	430,104	92,718
Kansas Register Fee Fund	--	169,342	--
Other Special Funds	--	94,236	--
TOTAL	<u>\$ 3,096</u>	<u>\$ 2,031,387</u>	<u>\$ 30,000</u>
FTE Positions	--	61.0	--

The House Subcommittee concurs with the Senate's recommendation for FY 1987 with the following adjustments:

1. Add \$30,000 from the State General Fund to the Administration program for printing costs to publish the text of two constitutional amendments in 105 newspapers three times each.
2. The Subcommittee recommends that the salaries of 12 State General Funded administrative positions be 25 percent funded from the UCC Fee Fund for FY 1987. The Subcommittee notes that approximately 25 percent of the employees time is spent in support of the UCC program. The recommendation would result in a financing shift of \$92,718 from the State General Fund to the UCC Fee Fund.
3. Amend the appropriate statutes to eliminate the 25 cent fee in the UCC program for each reported financing statement in excess of ten. Instead, the Subcommittee recommends that a flat fee of \$25 be charged for reported financing statements in excess of 100. The recommendation would result in an FY 1987 decrease in receipts of approximately \$12,000 to \$25,000 (80 percent UCC fees/20 percent State General Funds).

Rochelle Chronister  
Representative Rochelle Chronister,  
Subcommittee Chairperson

Bill Buntin  
Representative William Buntin

Don Mainey  
Representative Don Mainey

D. Heinemann  
Representative David Heinemann

Lee Hamm  
Representative Lee Hamm

**SUBCOMMITTEE REPORT**

**Agency:** Department of Human Resources      **Bill No.** 584      **Bill Sec.** --

**Analyst:** Efird      **Analysis Pg. No.** II-901      **Budget Pg. No.** 2-11

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 34,094,773	\$ 33,322,753	\$ (55,851)
Other Assistance	180,640,111	177,707,051	--
Subtotal--Operating	<u>\$214,734,884</u>	<u>\$211,029,804</u>	<u>\$ (55,851)</u>
Capital Improvements	117,161	113,861	--
<b>TOTAL</b>	<u><u>\$214,852,045</u></u>	<u><u>\$211,143,665</u></u>	<u><u>\$ (55,851)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 2,477,579	\$ 2,447,003	\$ (2,038)
Other Assistance	17,000	17,000	--
<b>TOTAL</b>	<u><u>\$ 2,494,579</u></u>	<u><u>\$ 2,464,003</u></u>	<u><u>\$ (2,038)</u></u>
<b>FTE Positions</b>	1,048.5	1,048.5	--

Agency Request/Governor's Recommendations

The agency revises its estimate of unemployment insurance payments for the current fiscal year from \$175,100,000 to \$159,000,000. In addition, the agency requests an expenditure limitation adjustment increasing expenditures from \$10,520,779 to \$13,421,591 for the Title II-A Job Training (JTPA) program. A request to purchase a new \$990,000 computer for the agency also is included in the revised agency budget.

The Governor concurs with the revised estimate of unemployment insurance benefits in FY 1986. No change in the Title II-A expenditure limitation is recommended. Expenditure of \$945,000 to purchase a new agency computer is recommended in FY 1987 rather than the current fiscal year as requested.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following exception:

1. Reduce KANS-A-N expenditures to reflect staggered implementation of a KCC order, including \$55,851 from all funds and \$2,038 from the State General Fund.

*Rich J  
D. W. M. 4/3/86*


Senate Committee Recommendation

The Committee concurs with the Subcommittee's recommendations.

House Subcommittee Recommendation

The Subcommittee concurs with the Senate.

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\_\_\_\_\_  
Representative Harold Guldner,  
Subcommittee Chairman

  
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Representative Harold Dyck

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

**SUBCOMMITTEE REPORT**

**Agency:** Department of Human Resources      **Bill No.** 524      **Bill Sec.** 7

**Analyst:** Efird      **Analysis Pg. No.** II-901      **Budget Pg. No.** 2-11

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 35,401,660	\$ 34,799,163	\$ (770,763)
Other Assistance	195,022,943	199,275,282	--
Subtotal--Operating	<u>\$230,424,603</u>	<u>\$234,074,445</u>	<u>\$ (770,763)</u>
Capital Improvements	153,561	99,561	--
TOTAL	<u><u>\$230,578,164</u></u>	<u><u>\$234,174,006</u></u>	<u><u>\$ (770,763)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 2,818,022	\$ 2,412,764	\$ 626
Other Assistance	17,000	17,000	--
TOTAL	<u><u>\$ 2,835,022</u></u>	<u><u>\$ 2,429,764</u></u>	<u><u>\$ 626</u></u>
<b>FTE Positions</b>	1,056.5	1,036.5	(12.0)

Agency Request/Governor's Recommendations

The agency requests 16.0 new FTE positions, primarily in Workers Compensation to help with a backlog of work. Financing is requested for \$360,000 more than in FY 1986 for part-time unemployment insurance claims examiners and \$556,051 for a 2 percent general salary adjustment. Reclassifications financing of \$163,784 also is requested. Unemployment insurance payments of \$180,000,000 in regular benefits is estimated.

The Governor recommends a reduction of 12.0 FTE positions in the Job Service due to lowered estimates of federal financing. The Governor's recommendations include \$945,000 for a new agency computer and \$54,440 for personal computers and equipment in Workers Compensation to help manage its workload. Financing of \$146,199 is recommended to establish new job classes for 293.5 FTE Employment Services personnel in unemployment insurance, job service, and work experience (WIN) in order to cross-train personnel in all three areas. The Governor concurs with the agency estimate of \$180,000,000 in regular unemployment insurance benefits payments in FY 1987.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Reduce expenditures from \$945,000 to \$440,000 for a new computer and by proviso limit expenditures from the Special Employment

Security Fund to no more than \$440,000 for a new computer. The Subcommittee was told of significant price reductions for the type computer the agency plans to purchase. This recommendation allows acquisition of the basic computer without dual processor, additional channels, enhanced MIPS, or added memory which the agency's revised request includes. The Subcommittee takes this action in order to indicate its approval for acquisition of a new computer, as recommended by the Governor. However, since DISC has not completed its review of the agency's invitation for bid and has not approved the enhanced version of the computer, especially the dual processor, the Subcommittee feels that further information is needed before approving the agency's revised estimate of \$735,000 for the new computer. The Subcommittee's recommendation of establishing a proviso would require further legislative action to alter the expenditure limit of \$440,000 for the basic computer. Additional information from DISC and the agency should be provided before the proviso is changed.

2. Add the statutory KPERS rate of 4.3 percent. FY 1987 financing would include addition of \$66,530 from all funds and \$5,411 from the State General Fund.
3. Reduce KANSAN to reflect the staggered implementation of a KCC order in FY 1986 and to allow an 11 percent increase in FY 1987 over the revised current year estimate. The FY 1987 reductions include \$50,813 from all funds and \$1,873 from the State General Fund.
4. Delete 12.0 FTE vacant positions for savings in the following areas:

<u>Positions</u>	<u>All Funds</u>	<u>General Fund</u>
1.0 Legal	\$ (39,429)	\$ (8,281)
3.0 Work Incentive	(68,154)	--
3.0 ESSI	(96,901)	--
5.0 Job Training	(82,365)	--
12.0 TOTAL	<u>\$ (286,849)</u>	<u>\$ (8,281)</u>

The Subcommittee received information from the agency about reductions in federal funds not related to Gramm-Rudman which the Governor apparently could not take into account in his recommendations due to the December 1985 decisions made by Congress.

The Work Incentive (WIN) program expects a 17.7 percent reduction (\$184,108 from the previous year) in its current federal grant. The same reductions will apply next fiscal year. The agency has placed a freeze on filling vacant positions in the WIN program and as of January 1986 had 5.0 vacancies. The Subcommittee recommendation deletes 3.0 in FY 1987.

Job Training (JTPA) expects an 11.0 percent reduction (\$1,181,746 below this year's funding) in its Title II-A funding. The Governor's estimate of FY 1987 financing included the \$1.2 million that will be lost. The Subcommittee believes that administrative reductions are necessary in order to maximize the use of funds for clients. As of January 1986 JTPA had 10.0 vacancies. The Subcommittee recommendation deletes 5.0 in FY 1987.

ESSI (the Employment Training Systems Institute) is not assured of funding after September 30, 1986. As of January 1986 ESSI had 3.0 vacancies. The Subcommittee recommendation deletes 3.0 in FY 1987.

5. The Subcommittee expresses concern about the projected reductions related to Gramm-Rudman which will reduce the amount of FUTA-financed federal grants in FY 1987. The FUTA tax is paid by Kansas employers for unemployment insurance and for the federal government to finance administration of the Employment Services programs at the national and state levels. The federal government provides grants to Kansas for administration of the Unemployment Insurance program, the Job Service program, and other employment services programs, but these grants have never equalled the amount of administrative tax paid by Kansas employers. Now, with implementation of reductions under Gramm-Rudman, Kansas' share of grants will be reduced and FUTA tax funds will be used to reduce the federal deficit rather than to pay administrative costs related to the Employment Services programs.
6. In concurring with the Governor's recommendations for reclassifications, the Subcommittee believes that in light of Gramm-Rudman reductions and other federal budget cuts which have reduced funding for the Employment Services programs in the past three years, the cross-training of staff to perform multiple jobs is critical to providing good public service for unemployment insurance applicants and job service clients.
7. The Subcommittee expresses concern about financing any cost-of-living increases which the Legislature may authorized for FY 1987. The Governor's FY 1987 expenditure recommendations for this agency maximize use of all available federal funds. The Governor's recommendations redistribute the 2 percent salary adjustment funds to finance other expenditures in FY 1987. Compounded by Gramm-Rudman reductions which have not been taken into account for FY 1987, the ability to finance any cost-of-living increases from federal funds in FY 1987 will require further budget adjustments, such as increasing the agency turnover rate above 3.0 percent.
8. For two partially federally-funded programs, Occupational Health and Safety (OHSA) and Veterans Services, State General Fund financing provides the other source of support. The Subcommittee notes that \$16,873 in reductions for OHSA federal funding are estimated for the October 1, 1985 to September 30, 1986 period



-- a reduction of 9.1 percent from the Governor's estimate of federal financing. For Veterans Services, no reductions are estimated by the agency. The Subcommittee is concerned because 48 percent of the Veterans' Commission's other operating expenditures is financed by federal funds and any loss of federal financing would impact its operations. The Subcommittee urges that both programs be monitored because reductions in federal funds could have significant impacts on their operations.

9. Add \$5,369 from the State General Fund for other operating expenditures of Mexican-American Affairs.

#### Senate Committee Recommendations

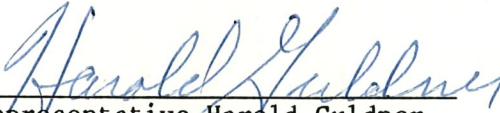
The Committee concurs with the Subcommittee's recommendations.


#### House Subcommittee Recommendations


The Subcommittee concurs with the Senate except for the following:

1. Add \$60,000 from the Special Employment Security Fund to the Senate's recommended \$440,000 to buy a new computer for a total of \$500,000 as indicated by the DISC analysis of the agency's needs for a central processing unit. The additional \$50,000 indicated by the DISC analysis for peripherals should be expended from the \$100,000 capital outlay account recommended by the Governor in FY 1987 for miscellaneous equipment purchases in the data processing bureau.
2. Restore 2.0 FTE ESSI positions and \$59,281 from special revenue funds for ESSI and delete 2.0 FTE WIN positions and \$45,436 from the Employment Security Administration Fund WIN account due to programmatic reductions. The Subcommittee's adjustments reflect deleting the Director of ESSI position which is unfilled since a special project employee is performing the director's job. A net reduction of 1.0 FTE from ESSI and a net reduction of 5.0 FTE from WIN is included in the Subcommittee's recommendations.
3. Delete \$5,369 from the State General Fund added by the Senate for Mexican American Affairs.
4. Include a technical adjustment in the bill to reflect the level of financing approved by the Senate.
5. Recommend that additional Job Training program emphasis should be placed on serving single heads of households and public assistance recipients traditionally served by SRS. The Subcommittee believes that in formulating the Governor's Special Services and Coordination Plan for the two-year period beginning July 1, 1986, special emphasis should be given to single heads of households and public assistance recipients.

The Subcommittee notes the Massachusetts Employment and Training (ET) program could serve as a model for Kansas' policy-makers to adapt for this state. The Subcommittee is especially concerned about the federal reductions affecting the WIN program. Since JTPA provides funding for the statewide Job Training program, whereas WIN is focused on several urban areas, an opportunity exists for policy-makers to take the best of what WIN has offered and to incorporate those attributes into the Job Training program in order to serve single heads of households and public assistance recipients on a statewide basis as the ET program does in Massachusetts.

  
\_\_\_\_\_  
Representative Harold Guldner,  
Subcommittee Chairman

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

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

SUBCOMMITTEE REPORT

Agency: Public Disclosure Commission      Bill No. 524      Bill Sec. 5  
 Analyst: Rothe      Analysis Pg. No. 896      Budget Pg. No. 1-147

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 228,719	\$ 188,858	\$ 1,066
FTE Positions	6.0	5.0	--

Agency Request/Governor's Recommendation

The Commission requests \$228,719 for FY 1987, a \$39,731 (or 21 percent) increase over the revised FY 1986 estimate. Changes from estimated FY 1986 expenditures include increases of \$37,063 in salaries and wages (including \$21,197 for a new Report Examiner), \$4,535 for travel and subsistence, and \$2,792 for other increases. Decreases include \$4,527 in printing and \$132 for fees for other services.

The Governor recommends \$188,858 for FY 1987, a reduction of \$39,861 from the agency's request. Reductions include \$31,436 from salaries and wages, \$3,410 from travel and subsistence, \$1,465 from attorney services, and \$3,550 from other categories.

Senate Subcommittee Recommendations

FY 1986. The Subcommittee concurs with the Governor's recommendations with the following exception:

1. Reappropriate \$2,000 from FY 1986 to FY 1987 to reflect a reduction in communications expenditures. The recommendation would result in an increase in the total reappropriation to FY 1987 to \$4,267.

FY 1987. The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Add \$325 to restore the employer contribution rate for KPERS to 4.3 percent.

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2. Add \$741 in out-of-state travel and subsistence for the Administrative Assistant to attend the Council on Governmental Ethics Laws Conference.

Senate Committee Recommendation

The Committee concurs with the Subcommittee's recommendation.

Senate Recommendation

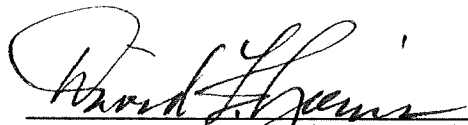
The Senate concurs with the Committee's recommendation.

House Subcommittee Recommendation

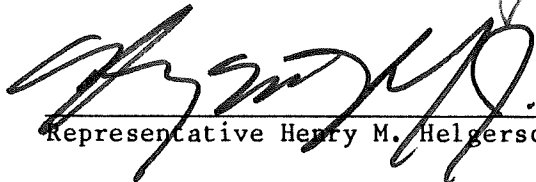
<u>Expenditure Summary</u>	<u>Senate Adjustments FY 1987</u>	<u>Senate Total Rec. FY 1987</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,066	\$ 189,924	\$ (3,000)
FTE Positions	--	5.0	--

The House Subcommittee concurs with the Senate's recommendation for FY 1987 with the following exceptions:

1. Delete \$1,500 from attorney fees based upon FY 1986 expenditures to date.
2. Delete \$1,500 from communications based upon FY 1986 expenditures to date.

  
 Representative David F. Louis,  
 Subcommittee Chairman

  
 Representative Kenneth R. King

  
 Representative Henry M. Helgerson, Jr.

SUBCOMMITTEE REPORT

Agency: Grant to Veterans of World  
War I

Bill No. 524

Bill Sec. 16

Analyst: Efird

Analysis Pg. No. II-979

Budget Pg. No. 1-179

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State General Fund: Other Assistance	\$ 2,000	\$ 2,000	\$ --

Agency Request/Governor's Recommendation

Funding of \$2,000 is requested. The Director of Accounts and Reports pays the grant upon presentation of a request by the Veterans of World War I, Department of Kansas. The organization reports a membership of 991 as of July 1, 1983, 825 as of July 1, 1984, and 686 as of July 1, 1985. The Governor concurs with the grant of \$2,000.

Senate Subcommittee Recommendation


The Senate Subcommittee concurs with the recommendation for \$2,000.

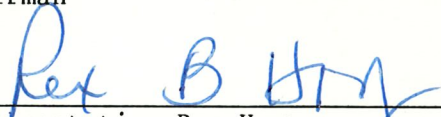
Senate Committee Recommendation

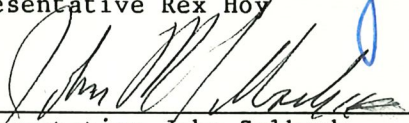
The Committee concurs with the Subcommittee recommendation.

House Subcommittee Recommendation

The Subcommittee concurs with the Senate.

  
\_\_\_\_\_  
Representative James Lowther  
Chairman

  
\_\_\_\_\_  
Representative Rex Hoy

  
\_\_\_\_\_  
Representative John Solbach

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**SUBCOMMITTEE REPORT**

**Agency:** Board of Tax Appeals

**Bill No.** 524

**Bill Sec.** 12

**Analyst:** Efirid

**Analysis Pg. No.** II-958 **Budget Pg. No.** 1-171

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 723,952	\$ 664,705	\$ (3,707)
FTE Positions	15.0	15.0	--

FY 1986 Agency Request/Governor's Recommendations

The agency estimates expenditures of \$4,261 less than its approved financing in FY 1986. The Governor concurs with the revised estimate and recommends reappropriation of savings to FY 1987.

FY 1986 Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation and further reduces KANS-A-N expenditures by \$2,006 due to staggered implementation of the KCC order. The agency's FY 1987 reappropriated balance will increase by \$2,006.

FY 1987 Agency Request/Governor's Recommendations

The Board requests FY 1987 program enhancements relative to statewide reappraisal, including a new attorney, additional space, equipment and contractual services. In addition, a series of Board meetings are projected in different locations of the state and additional travel and subsistence are sought to reimburse the Board members and staff who would attend.

The Governor recommends an additional attorney due to the projected increase in workload associated with the reappraisal process, special consultants for complex cases, and computer equipment. The Governor's recommended budget would increase expenditures \$37,779 over FY 1986, with \$28,277 for salaries and benefits, primarily for the new attorney.

FY 1987 Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following exceptions:

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1. Add the statutory KPERS rate of 4.3 percent: \$1,419.
2. Reduce KANS-A-N expenditures by \$2,288 in FY 1987 due to the staggered implementation of the KCC order in the current fiscal year and allowance for an 11 percent increase in FY 1987.

FY 1986 and FY 1987 House Subcommittee  
Recommendations

The Subcommittee concurs with the Senate with the following exceptions:

1. Reappropriate \$4,033 of FY 1986 savings as a result of decreasing capital outlay expenditures from \$7,269 to \$3,236.
2. Reappropriate \$2,000 of FY 1986 savings as a result of decreasing contractual services from \$100,017 to \$98,017.

  
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Representative Santford Duncan,  
Chairman

  
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Representative Bob Ott

  
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Representative Jack Shriver

**SUBCOMMITTEE REPORT**

Agency: Kansas Soldiers' Home      Bill No. 524      Bill Sec. 14  
 Analyst: Efird      Analysis Pg. No. II-966      Budget Pg. No. 2-35

<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	\$ 1,574,780	\$ 1,178,424	\$ 2,907
General Fees Fund	<u>1,692,637</u>	<u>1,801,063</u>	<u>18,765</u>
Subtotal	<u>\$ 3,266,417</u>	<u>\$ 2,979,487</u>	<u>\$ 21,672</u>
<b>Capital Improvements:</b>			
Other Funds	<u>\$ 118,000</u>	<u>\$ 110,000</u>	<u>\$ (15,000)</u>
TOTAL	<u>\$ 3,385,417</u>	<u>\$ 3,089,487</u>	<u>\$ 6,672</u>
 FTE Positions	 141.8	 133.8	 --

FY 1986 Agency Request/Governor's Recommendations

The Governor recommends a technical adjustment in the agency's expenditure limitation for salaries and wages.

FY 1986 Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor and notes for the House Subcommittee a possible funding problem for salaries in FY 1986 due to lower salary turnover savings than budgeted for the first six months.

FY 1987 Agency Request/Governor's Recommendations

The agency requests additional staffing and financing for the operation of the institution, partly as a result of several studies conducted by other agencies and partly as a result of a shift in the type of resident needing more attention. Additional staffing of 8.0 FTE positions and expenditures of \$324,906 are requested in FY 1987. Because of a decreasing fee fund balance, the agency requests an increase in financing of \$501,090 from the State General Fund and a decrease in financing of \$237,548 from the General Fees Fund.

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



The Governor recommends continued staffing and funding at present levels. An increase in FY 1987 expenditures amounting to \$31,902 over FY 1986 expenditures is included in the Governor's recommendations. A shift is recommended in financing which results in an increase of \$104,734 of State General Fund expenditures and a decrease of \$72,832 of General Fees Fund expenditures when compared with FY 1986 recommendations.

#### FY 1987 Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor with the following exceptions:

1. Add KPERs financing to restore the statutory rate of 4.3 percent: \$5,420 from all funds and \$2,907 from the State General Fund.

2. Note that the Governor's recommendation allows \$1,300 for KANSAN in FY 1986 and FY 1987, but that based on use to date, the funding understates projected actual expenses in FY 1986 by \$400 and in FY 1987 by \$587. The Subcommittee believes that the agency may shift funds from other line items.

3. Reduce, as recommended by the Joint Committee on State Building Construction, \$15,000 from the capital improvements budget for major maintenance and repair. The Subcommittee notes that the Governor's recommendations include \$35,000 for maintenance and repair in the agency's operating budget.

4. Add \$16,252 from the General Fees Fund in FY 1987 to finance the reclassification of a custodial worker position to a Registered Nurse I and of a hospital attendant position to a Licensed Practical Nurse in order to provide better medical care to persons in Walt Hall. The Subcommittee notes the shift of five staff positions to this dormitory and the closing of Pershing Hall in FY 1986 as an attempt by the agency to provide more attention to persons who are not able to enter the medical facility known as Halsey Hall because of the restrictions on the number of non-veterans who may be placed in Halsey Hall. The Subcommittee is concerned about the welfare of the residents placed in Walt Hall, especially since only a hospital supervisor and hospital attendants are assigned on a daily basis to that dormitory. By upgrading two existing positions, the Subcommittee believes that the needs of the residents in Walt Hall might be better served if they cannot be placed in Halsey Hall where medical attention is more readily available.

5. The Subcommittee reviewed the Post Audit report on the facility and strongly recommends, depending upon the outcome of proposed legislation to reorganize the Kansas Veterans' Commission and place the Solders' Home under its sole jurisdiction, that the appropriate authorities address the changing character of the facility's population and decide what levels of care and for how many residents should be provided at the facility, then to seek Executive and Legislative authorization. The Subcommittee is aware that non-veterans at the facility are the source of problems in both the health care and funding areas, and urges that the placement of non-veterans at the facility be subject to special attention by the appropriate authorities, especially since the alternative of private care nursing homes outside the facility may offer more appropriate placements for certain residents.

FY 1986 and FY 1987 Senate  
Committee Recommendations

The Committee concurs with the Subcommittee recommendations.

FY 1986 and FY 1987 House Subcommittee  
Recommendations

The Subcommittee concurs with the Senate, except for the following:

1. Shift financing of recreation room remodeling project to FY 1987, resulting in savings of \$112,000 from the Benefit and Gift Fund in the current fiscal year, with a corresponding increase in FY 1987 for capital improvements.
2. Delete reallocation financing of \$16,252 from the General Fee Fund for two nurses that were recommended by the Senate.
3. Add 1.0 FTE position for a Social Worker I at \$20,693 from the General Fee Fund as requested by the agency.
4. Delete \$3,600 from the General Fee Fund for a contract social worker.
5. Add \$12,000 from the General Fee Fund to contract for a physical therapist in lieu of a new Physical Therapy Aide I requested by the agency.
6. Restore \$15,000 from the State Institutions Building Fund for capital improvements.
7. Shift \$100,000 of financing from the State General Fund to the General Fee Fund based on a revised estimate of fee income during the current fiscal year which exceeds the Governor's estimate.
8. Direct the Superintendent to consult with the Department of Corrections officials and to explore the possibility of using inmates for building and grounds maintenance and for dietary and housekeeping operations. The Superintendent should provide a written report to the Legislature about this matter.

David Miller  
Representative David Miller,  
Chairman

Ruth Luzzati  
Representative Ruth Luzzati

George Teagarden  
Representative George Teagarden

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**SUBCOMMITTEE REPORT**

Agency: State Treasurer

Bill No. —

Bill Sec. —

Analyst: Howard

Analysis Pg. No. 972

Budget Pg. No. 1-173

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,229,812	\$ 2,221,686	\$ (25,000)
Aid to Local Units	<u>50,846,657</u>	<u>50,404,987</u>	—
TOTAL	<u>\$53,076,469</u>	<u>\$52,626,673</u>	<u>\$ (25,000)</u>
State General Fund:			
State Operations	\$ 1,541,792	\$ 1,533,666	\$ (25,000)
Aid to Local Units	<u>43,651,582</u>	<u>43,155,624</u>	—
TOTAL	<u>\$45,193,374</u>	<u>\$44,689,290</u>	<u>\$ (25,000)</u>
FTE Positions	54.0	54.0	—

Agency Request/Governor's Recommendation

The State Treasurer requests FY 1986 expenditures of \$1,566,792 for state operations exclusive of debt service, and \$662,020 for debt service. These revised estimates are equal to the amount approved by the 1985 Legislature and would maintain the staffing level at 54.0 FTE positions.

The Governor recommends \$1,558,666 for state operations exclusive of debt service in FY 1986, a reduction of \$8,126 from the agency's revised estimate. The Governor's recommendation reduces agency expenditures in communications, printing, other contractual services, and office supplies.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the Governor with the following exception:

1. Reappropriate \$25,000 to FY 1987 for projected salary savings.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.


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*J. M. M. 4/3/86* ○


Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendations of the Committee.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate.

  
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Representative J. Santford Duncan,  
Subcommittee Chairperson

  
\_\_\_\_\_  
Representative Bob Ott

  
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Representative Jack Shriver

**SUBCOMMITTEE REPORT**

**Agency: State Treasurer**

**Bill No. 524**

**Bill Sec. 15**

**Analyst: Howard**

**Analysis Pg. No. 972**

**Budget Pg. No. 1-173**

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 2,372,089	\$ 2,274,001	\$ (23,221)
Aid to Local Units	<u>52,884,942</u>	<u>52,431,173</u>	<u>--</u>
TOTAL	<u>\$55,257,031</u>	<u>\$54,705,174</u>	<u>\$ (23,221)</u>
<b>State General Fund:</b>			
State Operations	\$ 1,664,562	\$ 1,566,474	\$ (23,221)
Aid to Local Units	<u>45,659,942</u>	<u>45,151,008</u>	<u>--</u>
TOTAL	<u>\$47,324,504</u>	<u>\$46,717,482</u>	<u>\$ (23,221)</u>
FTE Positions	54.0	54.0	--

Agency Request/Governor's Recommendation

The State Treasurer requests FY 1987 expenditures for state operations of \$1,689,562 exclusive of debt service. Of the total, \$1,664,562 is from the State General Fund and \$25,000 is from the Unclaimed Property Contracts Fund. This represents an increase in State General Fund expenditures of 8.0 percent over the FY 1986 estimate of \$1,541,792. The agency request maintains the current level of staffing of 54.0 FTE positions. The agency's FY 1987 budget request estimates university debt service at \$682,527.

The Governor recommends FY 1987 expenditures for state operations of \$1,591,474 exclusive of debt service. Of the total, \$1,566,474 is from the State General Fund and \$25,000 is from the Unclaimed Property Contracts Fund. The Governor's recommendation is a reduction of \$98,088 from the agency request. The Governor's recommendation maintains the current staffing of 54.0 FTE positions. The major reductions to the agency request are in salaries and wages (\$36,237) and rents (\$50,000). Other reductions are scattered throughout the expenditure objects.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the Governor with the following exceptions:

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1. Delete \$313 in communications to reflect revised KANS-A-N rates.
2. Delete \$1,500 in office supplies.
3. Delete \$3,000 in travel.
4. Delete \$18,408 in salaries and wages, a net figure reflecting the following recommendations of the Subcommittee:
  - a. Add \$2,689 to reflect a 4.3 percent KPERS rate.
  - b. Add \$3,903 for three reallocations requested by the agency. The reallocations would be for two Account Clerks I to II (\$1,449), and an Accountant II to III (\$2,454).
  - c. Delete \$25,000 in projected salaries savings.
5. The Subcommittee would note that the State Treasurer has revised its fee structure in the bond registration subprogram to insure that the fiscal agency and bond registration subprograms generate sufficient fees to fund their operations. In addition, the State Treasurer plans to revise the Commission charge per bond paid by the issuing municipality from \$1.25 per bond to \$1.25 per \$1,000 of principal. In order to implement this proposed change, K.S.A. 10-505 would need to be amended. The Subcommittee would urge the State Treasurer to request the Legislature to introduce appropriate legislation.
6. The Subcommittee is interested in comparing the rates charged by the State Treasurer in the bond registration and fiscal agency subprograms with those charged in the private sector by commercial banks. The Subcommittee suggests that the House Subcommittee considering the State Treasurer's budget evaluate these rates as additional information is obtained.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendations of the Committee.

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Senate Recommend.</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (23,221)	\$ 2,250,780	\$ (25,829)
Aid to Local Units	--	52,431,173	--
TOTAL	<u>\$ (23,221)</u>	<u>\$54,681,953</u>	<u>\$ (25,829)</u>
State General Fund:			
State Operations	\$ (23,221)	\$ 1,543,253	\$ (25,829)
Aid to Local Units	--	45,151,008	--
TOTAL	<u>\$ (23,221)</u>	<u>\$46,694,261</u>	<u>\$ (25,829)</u>
FTE Positions	--	54.0	(1.0)

House Subcommittee Recommendations

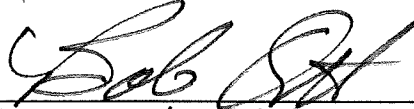
The House Subcommittee concurs with the recommendations of the Senate with the following adjustments:

1. Delete 1.0 FTE Financial Securities Officer I and \$3,381 in the Bond Registration program to reflect the elimination of one of the three Financial Securities Officers. The position has been vacant for the entire fiscal year due to a decrease in bond registrations. The decrease in bond registrations has been attributed to concern over decisions at the federal level which would affect the tax-exempt status of municipal bonds. The recommendation of the Senate Committee to delete \$25,000 in salaries savings in FY 1987 included the expectation that this position would remain vacant. Based on projected expenditures, an additional \$3,381 in savings are possible with the elimination of the position.
2. Delete \$4,425 in Data Processing to reflect lower than projected first year payments on some capital outlay items.
3. Delete \$14,150 in travel to reflect the elimination of out-of-state travel.
4. Delete \$3,903 for three reallocations recommended by the Senate.





Representative J. Santford Duncan,  
Subcommittee Chairperson



Representative Bob Ott



Representative Jack Shriver

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SUBCOMMITTEE REPORT

Agency: Attorney General

Bill No. 584

Bill Sec. --

Analyst: Howard

Analysis Pg. No. 878

Budget Pg. No. 1-1

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,360,154	\$ 2,336,125	\$ (3,000)
Other Assistance	382,403	382,403	--
TOTAL	<u>\$ 2,742,557</u>	<u>\$ 2,718,528</u>	<u>\$ (3,000)</u>
State General Fund:			
State Operations	\$ 2,114,514	\$ 2,103,754	\$ (3,000)
Other Assistance	--	--	--
TOTAL	<u>\$ 2,114,514</u>	<u>\$ 2,103,754</u>	<u>\$ (3,000)</u>
FTE Positions	54.5	54.5	--

Agency Request/Governor's Recommendation

The Attorney General requests \$2,742,557 in expenditures in FY 1986, including \$382,403 in tort claims. Of this amount, \$2,114,514 is from the State General Fund. The State General Fund total reflects the amount approved by the 1985 Legislature, including reappropriations of \$18,625 in the Litigation Costs Fund and \$990 in Additional Operating Expenses for Water Rights. During the current fiscal year, cuts in basic operations have been made and the savings reallocated to the litigation and criminal programs to cover projected shortfalls due to the large number of active cases. In addition, an Assistant Attorney General position in the antitrust subprogram was eliminated during the current fiscal year. The cuts in operating expenditures are also reflected in the FY 1987 budget request as they form the base for any projected increase to the current year.

For FY 1986 the Governor recommends \$2,718,528 of expenditures, a reduction of \$24,029 from the agency estimate. The Governor's recommendation includes a reduction of \$23,009 in contractual services, \$520 in commodities, and \$500 in capital outlay. Major items of reduction are communications, travel, and professional fees.

*Atch. P*  
*J. Williams 4/3/86 P*

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor with the following exception:

1. Reappropriate \$3,000 in communications savings due to revised KANS-A-N rates to FY 1987.

Senate Committee Recommendations

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendations

The Senate Committee of the Whole concurs with the recommendations of the Committee.

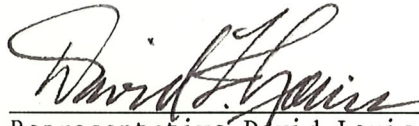
House Subcommittee Recommendations

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (3,000)	\$ 2,333,125	\$ 200,000
Other Assistance	--	382,403	--
TOTAL	<u>\$ (3,000)</u>	<u>\$ 2,715,528</u>	<u>\$ 200,000</u>
State General Fund:			
State Operations	\$ (3,000)	\$ 2,100,754	\$ 200,000
Other Assistance	--	--	--
TOTAL	<u>\$ (3,000)</u>	<u>\$ 2,100,754</u>	<u>\$ 200,000</u>
FTE Positions	--	54.5	--

The House Subcommittee concurs with the recommendations of the Senate with the following exception:

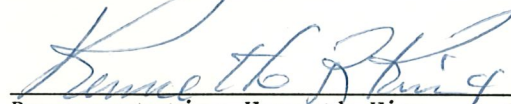
1. Add \$200,000 in supplemental State General Funds for water rights litigation with Colorado concerning the Arkansas River. The Subcommittee believes the suit is of extreme importance for western Kansas. The economic impact on the state from the loss of Arkansas River water is estimated to be in the millions of dollars per year. The Subcommittee would note that the suit was filed in the United States Supreme Court on December 16, 1985. The state of Colorado asked that the Court refuse to take jurisdiction. The Court approved jurisdiction without any oral arguments on the issue. The Attorney General now estimates that the trial phase will begin in approximately eight months, a date

much sooner than originally anticipated. For this reason these supplemental funds of \$200,000 are requested during the current year for services of a hydrologist, economist, and legal counsel. Extensive engineering and economic studies must be completed during this phase of the project in order to be prepared for trial. It might be noted that to date the state of Colorado has appropriated \$837,720 as compared with appropriations in Kansas totaling \$391,592. (See item No. 1, 1987 report.) The Subcommittee believes it is essential that the litigation be continued and supported to the highest degree possible.



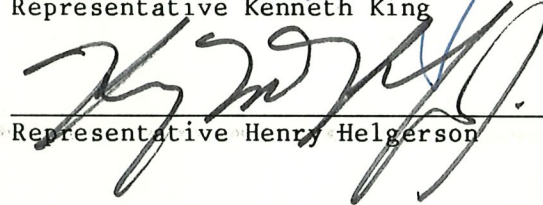
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Representative David Louis  
Subcommittee Chairman



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Representative Kenneth King



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Representative Henry Helgerson

**SUBCOMMITTEE REPORT**

**Agency: Attorney General**

**Bill No. 524**

**Bill Sec. 3**

**Analyst: Howard**

**Analysis Pg. No. 878**

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

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 2,223,989	\$ 2,033,439	\$ 1,774
Other Assistance	--	--	--
TOTAL	<u>\$ 2,223,989</u>	<u>\$ 2,033,439</u>	<u>\$ 1,774</u>
<b>State General Fund:</b>			
State Operations	\$ 1,982,447	\$ 1,790,711	\$ 1,518
Other Assistance	--	--	--
TOTAL	<u>\$ 1,982,447</u>	<u>\$ 1,790,711</u>	<u>\$ 1,518</u>
FTE Positions	53.5	53.5	--

Agency Request/Governor's Recommendation

For FY 1987, the Attorney General requests \$2,223,989, a reduction of \$518,568 from the FY 1986 request. Of this amount, \$1,982,447 is from the State General Fund. Excluding tort claims reflected in the current year estimate, the FY 1987 request is a decrease of \$136,165 or 5.8 percent below the current year. The reduction reflects the elimination of an Assistant Attorney General in the litigation program, and a reduction in professional services throughout the agency. The FY 1987 request again includes funding in the amount of \$225,000 for water rights litigation with Colorado concerning the Arkansas River.

For FY 1987, the Governor recommends \$2,033,439 in operating expenditures, a reduction of \$190,550 from the agency request. The Governor does not recommend funding to continue water rights litigation with Colorado. The Governor's request would fund 53.5 FTE positions, a reduction of 1.0 FTE position, an Assistant Attorney General, from the current year. The Governor's recommendation also includes funds for rent and moving expenses for an anticipated move of the Attorney General's offices to the State Office Building.

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Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the Governor with the following exceptions:

1. Add \$3,518 in State General Funds and \$256 in Special Revenue Funds to restore the KPERS contribution to 4.3 percent.
2. Reduce communications by \$2,000 to reflect revised KANS-A-N rates.
3. The Subcommittee wishes to express its support for the continuation of water rights litigation with Colorado. A brief was filed in the United States Supreme Court in December. For FY 1987 the Attorney General requests \$225,000 to continue the litigation. The Governor recommends no funds. The Attorney General has provided additional information to justify its expenditure request and the Governor is currently considering a budget amendment. This Subcommittee would expect a budget amendment from the Governor on this issue and recommends that such funds be included after the receipt of such a budget amendment.

Senate Committee Recommendations

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendations

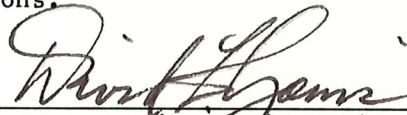
The Senate Committee of the Whole concurs with the recommendations of the Committee.

House Subcommittee Recommendations

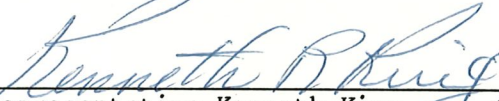
<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,774	\$ 2,031,665	\$ 573,276
Other Assistance	--	--	--
TOTAL	<u>\$ 1,774</u>	<u>\$ 2,031,665</u>	<u>\$ 573,276</u>
State General Fund:			
State Operations	\$ 1,518	\$ 1,789,193	\$ 578,059
Other Assistance	--	--	--
TOTAL	<u>\$ 1,518</u>	<u>\$ 1,789,193</u>	<u>\$ 578,059</u>
FTE Positions	--	53.5	--

The House Subcommittee concurs with the recommendations of the Senate with the following exceptions:

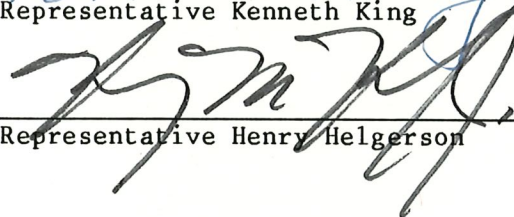
1. Add \$650,000 in State General Funds for continuation of water rights litigation with Colorado concerning the Arkansas River. The Subcommittee believes the suit is of vital importance to western Kansas with an economic impact in the millions of dollars per year. Suit was filed with the United States Supreme Court in December, 1985; the discovery and findings stage is estimated to last for eight months and the actual trial phase for six months. The state is now at the most crucial and most expensive part of the process; it is vital that the state provide the resources necessary to prepare and prove the case. The funds would be utilized for services of a hydrologist, economist, and attorney as well as other trial costs. This Subcommittee believes this suit is of utmost importance and must be funded to the fullest extent possible.
2. Delete \$71,941 in State General Funds and \$4,783 from the anti-trust special revenue fund for rent and moving expenditures associated with the proposed move of the Office of Attorney General from the Judicial Center to the State Office Building. It is the Committee's firm recommendation that the Attorney General remain in the Judicial Building. The present austere budget conditions indicate that it would not be fiscally responsible to incur the additional costs associated with a move, renovation, and leasing of new space for the Attorney General in the State Office Building. Furthermore, there is no indication that the space in the Judicial Center would be adequately utilized in the immediate future by the Judicial Branch. The Subcommittee suggests that a greater economic benefit would accrue to the state if an agency currently leasing private space, such as the Insurance Commissioner, were moved to state-owned space. The Subcommittee would also note that funds are budgeted in the Property Contingency Fund of the Department of Administration for the Attorney General's move. \$8,703 is budgeted for moving costs and \$50,952 for partitions.



Representative David Louis  
Subcommittee Chairman



Representative Kenneth King



Representative Henry Helgerson

**SUBCOMMITTEE REPORT**

**Agency:** Department of Revenue

**Bill No.** 584

**Bill Sec.** 5

**Analyst:** Efird

**Analysis Pg. No.** I-124

**Budget Pg. No.** 1-150

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$45,832,615	\$43,845,689	\$ 129,963
Aid to Local Units	9,305,640	9,456,512*	--
Other Assistance	20,000	20,000	--
Subtotal	<u>\$55,158,255</u>	<u>\$53,322,201</u>	<u>\$ 129,963</u>
Capital Improvements	300,131	345,131	--
TOTAL	<u><u>\$55,458,386</u></u>	<u><u>\$53,667,332</u></u>	<u><u>\$ 129,963</u></u>
<b>State General Fund:</b>			
State Operations	\$25,187,586	\$24,255,527	\$ 66,426
Aid to Local Units	1,550,000	1,580,496	--
Other Assistance	20,000	20,000	--
TOTAL	<u><u>\$26,757,586</u></u>	<u><u>\$25,856,023</u></u>	<u><u>\$ 66,426</u></u>
F.T.E. Positions	1,517.0	1,514.0	--

\* Does not include Governor's Budget Amendment No. 1.

Agency Request/Governor's Recommendations

The agency requests several adjustments in its expenditures for the current fiscal year, with increases in other operating costs due to higher estimated DISC rates partially offset by lower salaries and wages. The agency estimates net savings of \$42,608 from the State General Fund in the current fiscal year as a result of a decrease in salaries and wages of \$248,038 and an increase in other operating costs of \$205,430. A net increase of \$154,107 from the DOV Operating Fund is requested.

The Governor recommends reducing State General Fund expenditures by \$974,667 from approved levels in the current fiscal year. Additional savings of \$106,322 for salaries and wages and \$825,737 for other operating expenses above the agency's estimated adjustments are recommended. For special revenue funds, the Governor recommends reductions of \$900,760 in state operations. Salaries and wages are reduced \$424,298 and other operating expenses are reduced \$476,462 from current approved levels for special revenue funds.

*Atch. Q  
D. H. M. 4/3/86*

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Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Restore 50 percent of the additional salaries and wages requested by the Secretary from the State General Fund and the DOV Operating Fund. The Subcommittee feels that reductions made by the Governor in the current fiscal year impose a higher than expected turnover rate on the agency. Financing of \$87,500 from the State General Fund and \$75,000 from the DOV Operating Fund are added to the Governor's recommendations in FY 1986 for salaries and similar amounts must be added to the FY 1987 appropriations bill for new financing since a reduction in carryover savings recommended by the Governor is recommended by this action.
2. Reduce KANS-A-N fees to reflect staggered implementation of the KCC order during the current fiscal year. Savings of \$32,537 are estimated from all funds in FY 1986: \$21,074 from the State General Fund, \$11,429 from the DOV Operating Fund, and \$34 from the Bingo Regulation Fund.
3. Concur that \$45,000 be added from the DOV Operating Fund for the Caney MCI station capital improvement project, as recommended by the Governor, subject to an affirmative recommendation by the Joint Committee on State Building Construction.

Senate Committee Recommendation

The Committee concurs with the Subcommittee recommendations.

House Subcommittee Recommendations

The Subcommittee concurs with the Senate with the following exceptions:

1. Restore an additional \$109,076 from the State General Fund to finance a projected shortfall in current year salaries and wages expenditures. The \$87,500 restored by the Senate will be supplemented by this \$109,076 restoration for a total of \$196,576 from the State General Fund above the Governor's recommendation for FY 1986 salaries and benefits.
2. Restore an additional \$47,500 from the DOV Operating Fund to finance a projected shortfall in current year salaries and wages expenditures. The \$75,000 restored by the Senate will be supplemented by this \$47,500 restoration for a total of \$122,500 from the DOV Operating Fund above the Governor's recommendation for FY 1986 salaries and benefits.

3. Shift financing of \$175,131 from the DOV Operating Fund to pay for the Caney MCI station in FY 1987 instead of FY 1986 due to delays in the project.
4. Add \$9,512 from the State General Fund which was deleted by the Governor. This funding will pay for current service contracts on microfilming equipment.
5. Reappropriate \$130,000 from the special reappraisal account of the State General Fund in order to pay for computer equipment which the agency will not purchase until FY 1987.
6. Reappropriate \$161,126 from the special reappraisal account of the State General Fund due to projected salary savings during this fiscal year.



Representative J. Santford Duncan,  
Subcommittee Chairman



Representative Bob Ott



Representative Jack Shriver

**SUBCOMMITTEE REPORT**

**Agency: Department of Revenue**

**Bill No. 481**

**Bill Sec. 3**

**Analyst: Efird**

**Analysis Pg. No. I-124**

**Budget Pg. No. 1-150**

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$55,320,135	\$49,053,866	\$ (517,503)
Aid to Local Units	9,547,891	7,744,653*	9,155,000
Other Assistance	--	--	--
<b>TOTAL</b>	<u>\$64,868,026</u>	<u>\$56,798,519</u>	<u>\$8,637,497</u>
<b>State General Fund:</b>			
State Operations	\$29,436,862	\$25,230,874	\$ (382,829)
Aid to Local Units	1,575,000	380,000	9,155,000
Other Assistance	--	--	--
<b>TOTAL</b>	<u>\$31,011,862</u>	<u>\$25,610,874</u>	<u>\$8,772,171</u>
<b>FTE Positions</b>	1,577.5	1,525.0	--

\* Does not include Governor's Budget Amendment No. 1.

Agency Request/Governor's Recommendations

The agency request includes expenditures for state administration of reappraisal, reissuance of all motor vehicle license tags in CY 1988, and continuation of other activities of the department, including the implementation of two major computer applications -- the Kansas Business Integrated Tax System (KBITS) and the Vehicle Information Processing System (VIPS).

The Governor recommends financing in the basic budget for state administration of reappraisal, reissuance of all motor vehicle license plates in CY 1988, and continuation of other agency activities, including KBITS and VIPS. Elimination of the 5 percent inheritance tax payments to counties is recommended, with the distribution of \$380,000 in residual FY 1987 payments included. In addition, the Governor recommends \$8,000,000 of aid to counties as part of the investment budget.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's FY 1987 recommendations, with the following exceptions:

1. Add \$8,000,000 from the State General Fund for state aid to counties undertaking property reappraisal.

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2. Add \$1,155,000 from the State General Fund for the 5 percent payment to counties for inheritance tax administration, pending legislative consideration of a bill to end payments.
3. Add 5.0 FTE new clerical positions to assist driver license examiners in three urban areas. Funding of \$54,708 from the DOV Operating Fund is recommended.
4. Add funding for rental of a larger driver license examining station in Johnson County. Funding of \$35,000 from the DOV Operating Fund is recommended.
5. Add KPERs financing to restore the 4.3 percent statutory rate. Financing of \$77,278 from all funds is estimated: \$44,088 from the State General Fund, \$32,151 from the DOV Operating Fund, and \$1,039 from all other funds.
6. Reduce funding for DISC fees to reflect lower anticipated rates. Total reductions of \$426,383 are recommended, with \$225,983 from the State General Fund and \$200,400 from the DOV Operating Fund.
7. Reduce KANS-A-N fees to reflect an 11.0 percent increase over the revised FY 1986 estimate based on staggered implementation of the KCC order. Savings of \$32,639 are estimated from all funds in FY 1987: \$21,140 from the State General Fund, \$11,465 from the DOV Operating Fund, and \$34 from the Bingo Regulation Fund.
8. Reduce funding for rental of office space in the State Office Building. Estimated savings for this agency include \$44,135 from the State General Fund for 8,303 square feet and \$27,382 from the DOV Operating Fund for 3,734 square feet. The Subcommittee recommends the expansion space be budgeted within the Department of Administration until it is assigned to an agency for actual use.
9. Delete 3.0 new FTE positions to be financed from the Motor Vehicle Dealers and Manufacturers Fee Fund. Receipts from the sale of full-use dealers' plates has produced insufficient income to finance these positions. Reduction of \$58,894 for salaries and wages and of \$9,860 for other operating expenses is recommended for these new staff who were to enforce provisions of the Motor Vehicle Dealers and Manufacturers Act.
10. Shift the source of financing for 4.0 FTE current revenue field representatives who will continue to enforce provisions of the Motor Vehicle Dealers and Manufacturers Act. A reduction of \$48,529 from the Vehicle Dealers and Manufacturers Fee Fund will be offset by an increase of expenditures from the DOV Operating Fund of that amount. A reduction of \$50,463 from the State General Fund will be offset by an increase of expenditures from the DOV Operating Fund of that amount.
11. Delete 2.0 FTE positions from the Local Appraisal Bureau in the Division of Property Valuation and shift the local records section's duties to existing staff in the Director's Office and

other PVD bureaus, including the Reappraisal Standards Bureau. Savings of \$85,196 from the State General Fund will result, including (\$72,441) for deleting 2.0 FTE positions and \$12,755 for other operating expenses. Senator Johnston does not concur with this decision to eliminate 2.0 FTE positions in the Local Appraisal Bureau.

12. Recommend the introduction of a bill to exempt Motor Carrier Inspectors addressed by Attorney General's Opinion No. 85-27 from 400 hours of law enforcement training.

#### Senate Committee Recommendation


The Committee concurs with the Subcommittee recommendations.

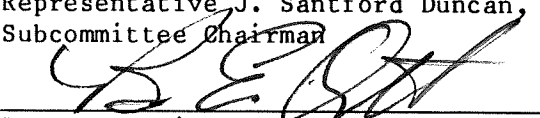
#### House Subcommittee Recommendations

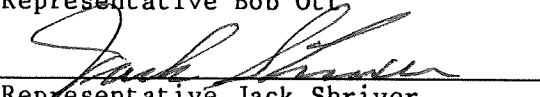
The Subcommittee concurs with the Senate recommendations with the following exceptions:

1. Delete \$8,000,000 from the State General Fund for state aid to counties undertaking reappraisal.
2. Delete \$1,155,000 from the State General Fund for the 5 percent payment to counties for inheritance tax administration.
3. Delete 5.0 FTE positions and \$54,708 from the DOV Operating Fund for driver license clerical help.
4. Delete \$35,000 from the DOV Operating Fund for higher rent costs in Johnson County.
5. Delete KPERS financing of \$44,088 from the State General Fund and \$32,151 from the DOV Operating Fund which was added by the Senate in order to fund the 4.3 percent rate.
6. Consolidate driver license examining locations to 40 and reduce travel costs by \$100,000 from the DOV Operating Fund.
7. Close three MCI facilities, delete 11.0 FTE positions, and reduce \$122,917 from the DOV Operating Fund for salaries and wages.
8. Increase the estimated DISC fee reduction by \$16,392 from the State General Fund and by \$14,537 from the DOV Operating Fund based on the House recommendation for the Department of Administration and operating revenues estimated for DISC.
9. Delete 4.0 FTE positions for four revenue field representatives and DOV Operating Fund financing of \$98,992 for salaries and benefits recommended by the Senate for enforcing provisions of the Motor Vehicles Dealers and Manufacturers Act.

10. Reduce expenditures by \$200,000 from the DOV Operating Fund for VIPS equipment in FY 1987 due to lower than expected bids for computers.
11. Delete 1.0 FTE position for a motor fuel auditor which is currently vacant, but do not reduce the State General Fund financing.
12. Add \$25,000 from the special reappraisal account of the State General Fund for public relations associated with statewide reappraisal. The Subcommittee expects better public relations will solve many of the previous problems associated with statewide reappraisal.
13. Add 2.0 FTE positions and \$34,202 from the State General Fund for two tax examiners to assist with the "Fair Share" program.
14. Add expenditures of \$130,000 from the special reappraisal account of the State General Fund for purchasing computers for statewide reappraisal which were budgeted but not purchased in FY 1986. Financing is reappropriated from FY 1986.
15. Add expenditures of \$175,131 for the DOV Operating Fund for Caney MCI station capital improvement project which has been delayed from FY 1986. Financing is carried over from FY 1986 for this project.
16. Introduce a bill to place all of the agency's attorneys, except the Chief Counsel, in the classified service, effective July 1, 1987.
17. Urge the agency to acquire and use computer hardware and software which will allow the agency to share with other agencies its extensive database.
18. Urge the agency to prepare a detailed plan for space utilization of the 10th and 11th floors in the State Office Building for review during Omnibus deliberations.
19. Make necessary technical adjustments in S.B. 481 to correctly appropriate financing as recommended.

  
Representative J. Santford Duncan,  
Subcommittee Chairman

  
Representative Bob Ott

  
Representative Jack Shriver

**SUBCOMMITTEE REPORT**

**Agency: Insurance Department**

**Bill No.**

**Bill Sec.**

**Analyst: Rampey**

**Analysis Pg. No. 940**

**Budget Pg. No. 1-127**

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,912,730	\$ 6,893,323	\$ (60,000)
Local Aid	3,131,305	3,131,305	--
Other Assistance	24,140,108	24,140,108	--
TOTAL	<u>\$34,184,143</u>	<u>\$34,164,736</u>	<u>\$ (60,000)</u>
State General Fund:			
State Operations	\$ 3,684,942	\$ 3,665,535	\$ (60,000)
FTE Positions	137.0	137.0	--

Agency Request/Governor's Recommendation

The Insurance Department estimates it will spend \$34,184,143 in FY 1986, an increase of \$5,899,751 over actual expenditures in FY 1985. Most of the increase (\$5,030,949) is in the category of other assistance and is comprised of increased payments from the Workers' Compensation and Health Care Stabilization Funds. The state operations portion of the budget is expected to total \$6,912,730, of which \$3,684,942 is from the State General Fund. The number of FTE positions currently budgeted is 137.0, a net decrease of 2.0 FTE positions from the previous year.

The Governor recommends expenditures of \$34,164,736 for FY 1986, a reduction of \$19,407 from the Department's estimate. The reductions are all in the insurance regulation program that is funded from the State General Fund.

Senate Subcommittee Recommendations

FY 1986. The Senate Subcommittee concurs with the Governor, with the following exception:

1. Reduce expenditures from the State General Fund by \$60,000 and reappropriate that amount for use in FY 1987. The reduction is the result of savings in salaries and wages (\$50,000) and in other operating expenditures (\$10,000).

*Atch. R*  
*J. Rampey 4/3/86* "R"

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole

The Senate Committee of the Whole concurs with the recommendations of the Committee.

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adjustment FY 87</u>	<u>Senate Rec. FY 87</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (60,000)	\$ 6,833,323	\$ (3,000)
Local Aid	--	3,131,305	--
Other Assistance	--	24,140,108	--
TOTAL	<u>\$ (60,000)</u>	<u>\$34,104,736</u>	<u>\$ (3,000)</u>
State General Fund:			
State Operations	\$ (60,000)	\$ 3,605,535	\$ (3,000)
FTE Positions	--	137.0	--

The House Subcommittee concurs with the Senate with the following exceptions:

1. Delete \$5,000 for out-of-state travel from the State General Fund.
2. Add \$2,000 from the State General Fund for KANS-A-N expenses to fund a rate increase that will become effective in May and June.

331.86



**SUBCOMMITTEE REPORT**

**Agency:** Insurance Department

**Bill No.** 524

**Bill Sec.** 9

**Analyst:** Rampey

**Analysis Pg. No.** 940

**Budget Pg. No.** 1-127

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 7,498,594	\$ 7,198,801	\$ 50,552
Local Aid	3,256,557	3,256,557	--
Other Assistance	26,343,738	26,343,738	--
TOTAL	<u>\$37,098,889</u>	<u>\$36,799,096</u>	<u>\$ 50,552</u>
<b>State General Fund:</b>			
State Operations	\$ 3,857,594	\$ 3,660,347	\$ 3,982
FTE Positions	148.0	141.0	2.7

Agency Request/Governor's Recommendation

The Department is requesting authorization to spend \$37,098,889 in FY 1987, an increase of \$2,914,746 over the Department's estimate for FY 1986. The largest portion of the increase is in payments from the Health Care Stabilization Fund.

The amount requested for the state operations portion of the budget is \$7,498,594, an increase of \$585,864 over estimated expenditures for FY 1986. The amount of state operations that would be from the State General Fund is \$3,857,594, an increase of \$172,652.

The Department is requesting 11 new positions. These include six additions to the insurance regulation program and five new positions for the health care stabilization program.

For FY 1987, the Governor recommends expenditures of \$36,799,096, a reduction of \$299,793 from the Department's request. The Governor's recommendation includes funding for one new position for the insurance regulation program and three new positions for the health care stabilization program, increasing the number of authorized positions from 137.0 to 141.0 FTE. The Governor concurs with the Department's estimates of aid to local units and other assistance.

Senate Subcommittee Recommendations

FY 1987. The Subcommittee concurs with the Governor's recommendations, with the following changes and comments:

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1. Add the following 2.7 FTE positions: a Policy Examiner -- Law Clerk (.7 FTE) and a Clerk II (1.0) for the insurance regulation program and an Attorney (1.0 FTE) to work with the Health Care Stabilization Fund. No increase in funding would be involved for the first two positions because these positions are currently filled by temporary employees who are paid for from funds budgeted for temporary help. The Subcommittee's recommendation would simply make these employees permanent. The total amount of money involved for these salaries is \$30,490.

The request for the Attorney position was endorsed by the Health Care Stabilization Fund Board of Governors. The salary for this new position (\$43,551) would be paid for from the Health Care Stabilization Fund. The Subcommittee understands that the workload associated with the Fund has required the Department to use the services of an attorney who is assigned other duties in the Department and whose salary is paid for from the State General Fund. The Subcommittee's recommendation responds to the need for additional staff to administer the Fund and ensures that costs associated with the Fund are paid for from the Fund itself.

2. Delete \$3,563 from the State General Fund for the insurance regulation program. The deletion would provide for funding of other operating expenditures at an increase of 3.0 percent over similar costs in FY 1986.
3. Add \$10,564 as the result of recalculating KPERS benefits. Of that amount, \$7,545 would be from the State General Fund and \$3,019 would be from other funds.
4. The Subcommittee notes that balances of the Health Care Stabilization Fund declined in recent years until the enactment of legislation in 1984 authorizing the Insurance Commissioner to set the surcharge against health care providers at whatever amount is considered necessary to keep the Fund actuarially sound. As a consequence, the balance at the end of FY 1985 of \$9,085,660 reverses the downward trend of balances over the preceding years. As of March 1, 1986, the Fund balance exceeds \$18.6 million. The present surcharge being levied is 110 percent, compared to 80 percent in FY 1985 and 50 percent in FY 1984.
5. The Subcommittee acknowledges that the Insurance Department has requested \$20,000 from the State General Fund for FY 1987 to pay for an actuarial study to review and evaluate issues related to the availability and affordability of liability insurance in Kansas. Because the request was not part of the Department's original budget submission and was called to the Subcommittee's attention too late to be considered, the Subcommittee asks that the request be considered as part of the Department's review by the House Ways and Means Committee.
6. The Subcommittee calls attention to the fact that several bills currently before the Legislature could have an effect upon the

Insurance Department's operations and the programs it administers. It would be the Subcommittee's intention to consider additional changes to the agency's budget pending the outcome of this legislation.

Senate Committee Recommendations

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole

The Senate Committee of the Whole concurs with the recommendations of the Committee.

House Subcommittee Adjustments

<u>Expenditure Summary</u>	<u>Senate Adjustment FY 87</u>	<u>Senate Rec. FY 87</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 50,552	\$ 7,249,353	\$ (3,597)
Local Aid	--	3,256,557	--
Other Assistance	--	<u>26,343,738</u>	--
TOTAL	<u>\$ 50,552</u>	<u>\$36,849,648</u>	<u>\$ (3,597)</u>
State General Fund:			
State Operations	\$ 3,982	\$ 3,664,329	\$ (3,597)
FTE Positions	2.7	143.7	--

The House Subcommittee concurs with the Senate, with the following exceptions:

1. Delete \$11,097 for other operating expenditures funded from the State General Fund. The effect of the recommendation would be to increase other operating expenditures funded from the State General Fund by 2 percent over FY 1986.
2. Add \$7,500 from the State General Fund in a line item appropriation for consulting actuary fees. The money would be used to hire actuaries on a consultant basis to review rate filings submitted by insurance companies and to evaluate issues relating to the affordability of liability insurance in the state.

In addition, the Subcommittee recommends that legislation be introduced that would require insurance companies to reimburse the state for the cost of actuarial services incurred in reviewing their rate submissions.

In addition, the Subcommittee makes the following comments:

1. The Subcommittee acknowledges the response of the Department to a legislative concern expressed during the 1985 Session related to the Department's high turnover rate. At that time, the Department had a turnover rate of 15.1 percent for the insurance regulation program and an unspent balance from the State General Fund for salaries and wages of \$365,431 at the end of FY 1984 and \$272,543 at the end of FY 1985. The turnover rate for FY 1986 is expected to be 8.3 percent, significantly lower than it has been in past years. The unexpended balance at the end of FY 1986 currently is estimated to be \$50,000, which will be reappropriated for use in FY 1987.

The Subcommittee thinks the conditions that caused the initial concerns have been explained and that the Department has identified ways to budget for salaries and wages that will not result in unnecessarily high balances when vacancies do occur. The Subcommittee suggests that the Department's turnover rate be monitored again next year as part of its budget review.

2. The Subcommittee expresses its concern about the increasing cost of insurance coverage for securities on deposit in a vault in the State Office Building. The securities are in the joint care of the Commissioner of Insurance and the State Treasurer and are required to be deposited by insurance companies doing business in the state. They are presently valued at more than \$1.7 billion, including \$60.0 million in negotiable bonds.

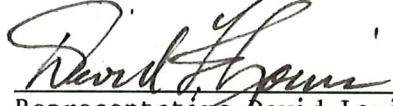
The Insurance Department expects to pay \$14,096 during the current fiscal year for the premium on a three-year insurance policy against loss and burglary. (The coverage is equal to approximately 20 percent of the deposit value of the negotiable securities.) The cost of this insurance has increased by more than 86 percent since it was last purchased in FY 1983 and has risen steadily over the years.

Because the Subcommittee did not have enough time to consider this matter in detail, it makes no specific recommendations. However, it believes the Legislature should consider the possibility of other alternatives, such as self-insurance, that would protect the securities but not result in increasing costs to the state.

3. The Subcommittee received a letter from the Commissioner of Insurance dated April 1, 1986, in which he requested 2.5 FTE new policy examiner positions at a total cost of \$70,083 from the State General Fund for salaries and associated operating

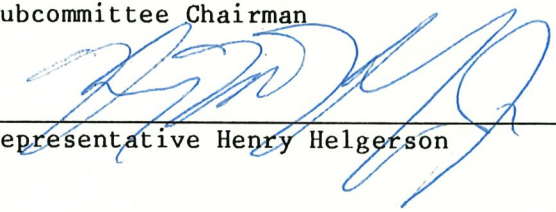
expenditures. These new positions would review liability insurance rate filings, perform market conduct examinations, and administer the Market Assistance Plan, a program to assist consumers in obtaining liability coverage when no quotation is available from a regular insurance market.

The Subcommittee is unable to reach a consensus on this request, primarily because insufficient time was available to adequately consider it. For that reason, the majority of the Subcommittee is unable to make a recommendation at this time although it believes additional positions and funding are necessary.



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Representative David Louis  
Subcommittee Chairman



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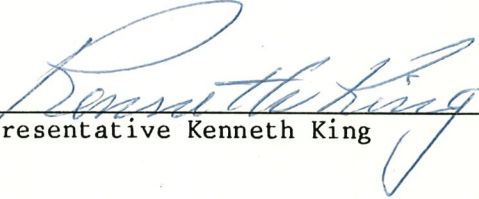
Representative Henry Helgersen

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MINORITY REPORT

I concur with the Subcommittee report except for item No. 3. I believe the Insurance Department needs additional positions in the area of liability insurance. Therefore, I recommend the addition of the requested 2.5 FTE positions and associated costs for salaries and operating expenditures.

According to the Insurance Department, the number of rate submissions is expected to increase in FY 1987. In my opinion, increased activity in this area justifies the addition of the additional positions.

  
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Representative Kenneth King

331.87

SUBCOMMITTEE REPORT

Agency: University of Kansas  
Medical Center

Bill No. 537

Bill Sec. 9

Analyst: Goering

Analysis Pg. No. 809

Budget Pg. No. 3-85

<u>Expenditure Summary</u>	<u>Agency Req. FY 87*</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 71,554,390	\$ 45,586,188	\$ 7,661,119
General Fees Fund	5,765,396	5,828,468	200,000
Hospital Revenue Fund	70,285,696	81,733,956	(4,115,044)
General Use Funds	<u>\$147,605,482</u>	<u>\$133,148,612</u>	<u>\$ 3,746,075</u>
Hospital Fund	2,130,000	490,000	280,760
Other Funds	37,410,978	36,260,975	--
Restricted Use Funds	<u>\$ 39,540,978</u>	<u>\$ 36,750,975</u>	<u>\$ 280,760</u>
Subtotal	<u>\$187,146,460</u>	<u>\$169,899,587</u>	<u>\$ 4,026,835</u>
<b>Capital Improvements:</b>			
State General Fund	\$ --	\$ --	\$ 209,992
Educational Building Fund	--	--	--
Hospital Fund	2,400,000	1,100,000	--
Other Funds	4,306,454	2,571,439	(114,985)
Subtotal	<u>\$ 6,706,454</u>	<u>\$ 3,671,439</u>	<u>\$ 95,007</u>
TOTAL	<u>\$193,852,914</u>	<u>\$173,571,026</u>	<u>\$ 4,121,842</u>
<b>FTE Positions:</b>			
Classified	3,031.1	3,009.4	11.3
Unclassified	1,554.9	1,463.0	83.2
TOTAL	<u>4,586.0</u>	<u>4,472.4</u>	<u>94.5</u>

\* As revised on January 3, 1986.

Agency Request/Governor's Recommendation

The FY 1987 operating budget request of the University of Kansas Medical Center, as revised on January 3, 1986, totals \$187,146,460, of which \$147,605,482 would be from general use funds and \$39,540,978 from restricted use funds. The University requests a total of 50.40 FTE new positions and a one-time increase in the position authority of 66.21 FTE. The FY 1987 general use request includes \$2,269,921 to increase the unclassified salary base by 7 percent; \$2,952,197 to increase the classified salary base by 7 percent; \$43,713 to increase the student salary base by 7 percent; \$258,925 to increase the employer contribution to the TIAA retirement program from 6 percent to 7

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percent; \$263,169 to increase the utilities base by 5 percent; and \$2,177,748 to increase the other operating expenditure base by 7 percent. Those increases are requested in conjunction with other Regents' institutions.

In addition, the Medical Center requests \$468,310 to increase state support for salaried medical residents by 7 percent; \$97,574 to increase contractual support for 74 Wichita residents by 7 percent; \$750,000 to finance holiday pay and overtime compensation for hospital personnel; \$91,329 and 3.0 FTE positions for operation of the kidney stone lithotripter; \$50,000 for providing organ transplant services to indigent Kansans; \$56,804 and 2.0 FTE social worker positions for the hospital; \$61,337 and 1.5 FTE positions to continue and expand genetic services; \$77,495, 1.0 FTE position, and \$660,000 from the Hospital Fund to modernize a cardiac catheterization laboratory; \$116,784 and 5.0 FTE positions to shift the neonatal ICU laboratory to the hospital; \$58,327 and 3.0 FTE positions to expand Rehabilitation Medicine services; \$15,904 and 1.2 FTE positions to provide assistance to hospital patients and visitors; \$746,260 to replace and improve the hospital's computerized billing system; \$77,539 to convert certain patient records to microfilm; \$57,111, 2.0 FTE positions, and \$300,000 from the Hospital Fund to begin offering intra-operative radiation therapy; \$680,000 from the Hospital Fund to replace the older of the institution's two C.T. scanners; \$510,000 and 10.0 FTE positions to facilitate recruitment of clinical faculty; \$604,566 and 3.0 FTE positions for continued development of the Center on Aging and the Center on Environmental Health; \$70,000 and 1.0 FTE faculty position to expand the Department of Preventive and Occupational Medicine; \$170,040 to increase general use support for the animal care unit; \$92,378 and 2.7 FTE positions to add a section in geriatric medicine at the School of Medicine -- Wichita; \$339,619 and 15.0 FTE positions to operate the state-owned telephone system; \$1,100,567 to finance the additional cost of purchasing liability insurance for medical residents in lieu of self-insuring for basic liability; and a \$450,000 general use base budget increase to offset restricted use expenditures for debt service on the proposed new animal care facility. The institution also requests \$2,637,900 for the Medical Scholarship Program, of which \$2,143,383 would be from the State General Fund and \$494,517 from the Medical Scholarship Repayment Fund. The request would finance 50 new scholarships in FY 1987.

The University also requests a total of \$6,706,454 for capital improvements, including \$2,831,454 for debt service payments. Funding is requested to initiate construction of a new animal care and research facility (\$1,000,000); to plan a second parking facility (\$200,000); to plan a center for physical fitness (\$200,000); to begin updating and correcting the hospital's heating, ventilation, and air conditioning system (\$800,000); to improve parking lots (\$75,000); to modify and expand the neonatal intensive care unit (\$500,000); and to complete renovation of the inpatient pediatrics unit (\$1,100,000).

The Governor recommends \$169,899,587 to finance FY 1987 operating expenditures. The Governor's recommendation assumes a funding shift of \$10.2 million from the State General Fund to the Hospital Revenue Fund effective FY 1987. The recommendation provides a net increase of \$270,300 in general use operating expenditures compared to the Governor's FY 1986 recommendation. Included in the FY 1987 recommended budget is an increase of \$888,580 to finance salary step movement for classified personnel; \$609,962 to provide a 2 percent



increase in other operating expenditures; and \$91,329 and 3.0 FTE positions for operation of the kidney stone lithotripter. Offsetting these increases is a total reduction in general use expenditures of \$1,319,571 from the FY 1986 recommended budget. That reduction includes a recommended reduction of \$239,000 below the requested expenditure level for the Medical Scholarship Program, assuming 25 new scholarships would be awarded in FY 1987 rather than the statutory maximum of 50.

The Governor's budget also includes \$3,671,439 for capital improvements, including \$2,496,439 for debt service, \$1,100,000 to complete renovation of the inpatient pediatrics unit, and \$75,000 for parking lot improvements.

#### Senate Subcommittee Recommendations

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

1. Based upon the systemwide recommendations of the full Committee:
  - a. Add \$130,000 and 4.3 FTE classified positions for support of the campus telephone system.
  - b. Add \$1,080,791 to provide a 3 percent salary increase for unclassified employees.
  - c. Add \$249,316 to provide an additional 1 percent employer contribution to the TIAA retirement program. The Committee recommends introduction of the legislation necessary to permit the additional employer contribution.
  - d. Add \$25,154 to provide a 4 percent increase for the student wage base, and establish a separate line item for student salaries.
  - e. Add \$609,962 to provide a 2 percent increase for OOE on a one-time basis for FY 1987.
  - f. The Committee recommends that one-half of the amount reappropriated from the utilities account at the end of FY 1986 (\$419,984) be used for energy conservation projects and that unexpended FY 1986 energy conservation funds be reappropriated for expenditure during FY 1987. This adjustment adds \$209,992 in State General Fund expenditures for capital improvements in FY 1987.
2. The Subcommittee recommends introduction of legislation proposed by the State Board of Regents and the University to amend 1985 S.B. 362, to return to the policy of purchasing private liability insurance to cover basic liability for medical residents. Pending passage of this legislation, the Subcommittee

takes no action to fund the \$1,100,567 in additional general use expenditures anticipated by the agency to be required to purchase private insurance coverage in FY 1987.

3. Delete \$25,373 in general use expenditures for medical student liability insurance. The Subcommittee also recommends insertion of language in the appropriation bill to make it clear to other training institutions that the state self-insures its medical students.
4. Add \$288,872 in general use expenditures to provide a 4 percent stipend increase for salaried medical residents.
5. Add \$55,757 in general use expenditures to increase contractual support for Wichita residents by 4 percent.
6. Add \$480,405 in general use expenditures to finance the anticipated increased cost of hospital liability insurance in FY 1987, assuming continuation of a 110 percent surcharge for the Health Care Stabilization Fund. This adjustment includes a 4 percent OOE increase above the total amount recommended for FY 1986, consistent with the Committee's systemwide recommendations. The additional amount is in excess of the \$418,184 included in the Committee's systemwide OOE recommendation for FY 1987, for a total of \$898,589.
7. Reduce \$18,526 in general use expenditures for classified salaries, based upon recalculating shrinkage in accordance with the Legislature's past policy of 3 percent for nursing services and 5 percent for all other classified personnel.
8. Reduce by \$42,080 the transfer to be made on July 1, 1986 from the Hospital Revenue Fund to the University of Kansas Hospital Fund for lease-purchase payments on the magnetic resonance imaging (MRI) system. This adjustment reflects an annual lease-purchase cost of \$468,960 rather than the \$490,000 budgeted in the Governor's recommendations for FY 1986 and FY 1987.
9. Reduce Hospital Fund expenditures for lease-purchase of the magnetic resonance imaging system by \$21,040.
10. Add \$50,999 in general use expenditures and 3.0 FTE unclassified positions to finance the second phase of development for the two Centers on Interdisciplinary Studies.
11. The Subcommittee reviewed the status of the Center on Aging initially funded in FY 1986 and learned that a Center director has not yet been selected. The Subcommittee urges the University to seek input from representatives of the geriatric community in establishing the Center and recruiting the director.
12. Reduce general use OOE expenditures by \$5,350 for liability insurance coverage for allied health and nursing students, based upon a 4 percent increase above the FY 1986 premium payment of

\$13,800. The adjustment reduces the amount of \$19,702 included in the Committee's recommended OOE budget for this insurance premium in FY 1987.

13. Add \$402,681 in general use expenditures, 12.95 FTE unclassified and 2.0 FTE classified positions. This adjustment reflects the transfer of the Occupational Therapy Department from the Lawrence campus to the Kansas City campus. The Subcommittee also recommends adjustments in General Fees Fund receipts and transfers to reflect payment of tuition by occupational therapy students to help support the program. The amount of tuition anticipated to be transferred to the Lawrence campus will be reduced by \$200,000 and the expenditure limitation for the fund increased by an equal amount.
14. The Subcommittee concurs with the Governor regarding the Medical Scholarship program. However, the Subcommittee recommends that the 1986 Legislature review the program, with any expenditure adjustments to be included in the Omnibus bill.
15. Decrease Hospital Revenue Fund receipts projected by the Governor by \$2,100,000. This adjustment reduces FY 1987 projected revenues to the level anticipated by the University and the Board of Regents in December, 1985.
16. Increase anticipated transfers from the Hospital Revenue Fund to the Restricted Fees Fund by \$1,600,000, consistent with the University's revised projection in December.
17. The Subcommittee recommends that the expenditure level for the Hospital Revenue Fund be adjusted to retain a \$1,000,000 projected balance at the end of FY 1987. The Governor's recommendation would have left a balance forward to FY 1988 of \$2,029,284. Reducing the ending balance allows an offsetting reduction in State General Fund appropriations necessary for FY 1987.
18. Delete \$43,600 in general use expenditures recommended by the Governor as a permanent addition to the OOE base for hospital equipment. This sum was approved a year ago for items to be purchased on one-time-only basis to initiate two new and improved programs.
19. Reduce general use expenditures for resident liability coverage by \$108,643. This adjustment retains \$10,000 for potential legal costs associated with residents which may be incurred based on current law. The recommendation also assumes continuation of the present 110 percent surcharge for the Health Care Stabilization Fund.
20. Technical revisions to provisos as recommended by the Governor in the University's appropriations bill to provide authority to

transfer Hospital Revenue Fund money to a restricted fee account for the purpose of financing FY 1987 purchases of electrodes for the lithotripter.

21. The Subcommittee learned that the University announced a hospital discount program for University of Kansas employees in October, 1985. The Subcommittee recommends that the Secretary of Administration consider making such a discount available to all state employees. However, the Subcommittee does not approve of making such a discount available solely to University of Kansas employees.
22. Reduce debt service expenditures recommended by the Governor by \$114,985, reflecting the University's revised projections for FY 1987 following the refunding of bonds on the clinical facility and the parking garage.
23. The Subcommittee has reviewed the University's proposal to finance the request for construction of a new \$5,210,000 animal research facility. The Subcommittee recommends passage of legislation to authorize the issuance of revenue bonds to finance such a facility. However, the Subcommittee does not recommend or support the appropriation of State General Fund moneys to enable payment of debt service on the proposed facility. The Subcommittee is aware that \$1.0 million has been released from bond reserve accounts formerly required to be maintained before the University refunded bonds on the clinical facility and the parking garage. The Subcommittee notes that this sum could be used either as a reserve for the proposed bond issuance, or to reduce the amount necessary to be financed from revenue bonds.
24. The Subcommittee supports passage of legislation authorizing the issuance of revenue bonds to finance construction of a second parking facility. The debt service on those bonds would be financed entirely from parking revenues and would therefore have no general use fund impact.
25. Add \$151,800 from the University of Kansas Hospital Fund to finance the first year of a five-year lease-purchase agreement on equipment to improve one of the University's two cardiac catheterization laboratories. The Subcommittee also recommends \$50,000 as a one-time-only general use expenditure for minor space modifications, and \$6,846 and 1.0 FTE unclassified position to add a lab clinician for the last three months of FY 1987.
26. Add \$116,784 in general use expenditures and 5.0 FTE classified positions to shift funding for the neonatal ICU laboratory from the Pediatrics Department to the hospital. This adjustment is anticipated to generate an additional \$154,392 in income to the Hospital Revenue Fund in FY 1987.

27. Add \$400,000 in general use expenditures for holiday and overtime compensation for classified hospital personnel.
28. Add \$150,000 from the University of Kansas Hospital Fund to finance the first year of a five-year lease-purchase agreement for the upgrade of the University's older C.T. scanner.
29. Add 66.21 FTE unclassified positions to ensure that FTE assignments to unclassified personnel are consistent with the extent of their contribution to state activities.
30. The Subcommittee suggests that the House review the University's requests to establish a \$510,000 general use pool to finance new clinical faculty and to implement a new hospital computer system at a one-time-only general use cost of \$746,260. The Subcommittee reserves the right to review these and other requested program improvements during conference committee action and/or during consideration of the Omnibus bill.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations with the following adjustment:

1. Add \$102,978 in general use expenditures to restore the KPERS employer contribution rate to 4.3 percent, rather than 4.0 percent as recommended by the Governor.

Senate Committee of the Whole Recommendation

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

1. Add \$387,111 and 2.0 FTE unclassified positions to provide intra-operative radiation therapy services. Of the total, \$300,000 is for space modifications and equipment purchases, to be financed from a Hospital Revenue Fund transfer to the University of Kansas Hospital Fund. To ensure a \$1,000,000 projected ending balance is retained in the Hospital Revenue Fund, the Committee of the Whole shifted \$300,000 in operating expenditures from the Hospital Revenue Fund to the State General Fund. The balance of \$87,111 is for salaries and other operating costs and is to be financed from the State General Fund.
2. Insert the following subsection in the appropriation bill:

"No expenditures shall be made from state moneys appropriated for the above agency to provide medical procedures intended to result in the termination of pregnancy other than by live birth except when such procedures are necessary to preserve the life of the

mother and when, in conjunction with such procedures, every reasonable effort is made to preserve the life of the child."

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Total Rec.</u>	<u>House Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 8,151,208	\$ 53,737,396	\$ (285,735)
General Fees Fund	200,000	6,028,468	35,485
Hospital Revenue Fund	(4,415,044)	77,318,912	450,000
General Use Funds	<u>\$ 3,936,164</u>	<u>\$137,084,776</u>	<u>\$ 199,750</u>
Hospital Fund	580,760	1,070,760	(450,000)
Other Funds	--	36,260,975	1,600,000
Restricted Use Funds	<u>\$ 580,760</u>	<u>\$ 37,331,735</u>	<u>\$ 1,150,000</u>
Subtotal	<u>\$ 4,516,924</u>	<u>\$174,416,511</u>	<u>\$ 1,349,750</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 209,992	\$ 209,992	\$ --
Educational Building Fund	--	--	--
Hospital Fund	--	1,100,000	--
Other Funds	(114,985)	2,456,454	--
Subtotal	<u>\$ 95,007</u>	<u>\$ 3,766,446</u>	<u>\$ --</u>
TOTAL	<u>\$ 4,611,931</u>	<u>\$178,182,957</u>	<u>\$ 1,349,750</u>
<b>FTE Positions:</b>			
Classified	11.3	3,020.7	1.0
Unclassified	85.2	1,548.2	9.7
TOTAL	<u>96.5</u>	<u>4,568.9</u>	<u>10.7</u>

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

1. Add \$510,000 in general use expenditures and 10.0 FTE unclassified positions to establish a pool to facilitate recruitment of clinical faculty.
2. Delete \$150,000 in Hospital Fund expenditures to upgrade the older of the hospital's two C.T. scanners. The Subcommittee is of the opinion that this project can be deferred for one year.
3. Delete \$400,000 in general use expenditures for holiday and over-time compensation.
4. Add \$92,378 in general use expenditures, 1.0 FTE classified position and 1.7 FTE unclassified positions to establish a Section on Geriatric Medicine at the School of Medicine -- Wichita.

5. Delete a total of \$429,557 in general use expenditures associated with continued development of the Center on Aging, including \$400,000 in the OOE base for equipment purchases and \$29,557 and 2.0 FTE unclassified positions added by the Senate for the last three months of FY 1987. The Subcommittee recommends deferring continued development of the Center for one year.
6. Delete \$387,111 and 2.0 FTE unclassified positions added by the Senate to establish intra-operative radiation therapy services.
7. The Subcommittee does not recommend funding requested by the University to replace the hospital's computer system. The Subcommittee is of the opinion that the project has not been properly planned and developed, and therefore recommends continued use of the existing computer system for an additional year, until February 18, 1988. First, cost figures for the project have changed significantly since the University's September budget submission. For example, the Subcommittee learned that the hospital now estimates \$670,000 for initial purchase of new software and \$275,000 for installation, in contrast to the original budget request which had estimated \$450,000 for software purchase and \$100,000 for installation.

Second, the Subcommittee reviewed the University's request for approval submitted to D.I.S.C. on January 7, 1986. Shortly thereafter, on January 29, 1986, D.I.S.C. approved acquisition of the complete package of components requested by the University. The Subcommittee learned that the University presently has 27 terminals and 53 printers in storage which were acquired under its present lease-purchase agreement, many of which have never been hooked up to the present system. However, this information was apparently not made available to D.I.S.C. for consideration. Consequently, the Subcommittee believes that savings could be made in the acquisitions approved by D.I.S.C., which total \$3,514,132, especially inasmuch as a minimum package was proposed by the University at a cost of \$1,723,200 plus \$167,110 for maintenance.

Finally, the Subcommittee learned that the University's contract for processing and maintenance will expire on February 18, 1987, subject to a one-year extension. Therefore, the date originally scheduled for the new system to be in full operation (October 1, 1987) would have to be advanced to February 18, 1987 in order to implement the new system during FY 1987. The University originally proposed a six-month period during which the new billing system would be operated in parallel with the existing system. However, the University now hopes to implement the new system after only two to four months of parallel operation. The Subcommittee is of the opinion that more lead time is necessary to ensure that the new computer billing system is properly tested in parallel with the existing system, and that the University needs more time for planning than would be permitted under the revised timeframes. The Subcommittee anticipates submission of a revised budget request for a new hospital computer system to the 1987 Legislature.

8. Add \$1,600,000 in restricted use expenditures to reflect the Senate's intent in adjusting projected transfers from the Hospital Revenue Fund to the Restricted Fees Fund.
9. Add \$5,000 for resident liability coverage to correct a staff error in computing the Senate's intended adjustment.
10. The Subcommittee considered at length the University's request to construct a new animal care facility at a cost of \$5,210,000. After consulting with the National Institutes of Health (NIH) and the U.S. Department of Agriculture (USDA), the Subcommittee is of the opinion that adequate ventilation is the single concern that may warrant capital improvement funding. Therefore, the Subcommittee does not recommend construction of a new facility. The Subcommittee requests that the Board of Regents' office review the status of the existing facility's ventilation system and provide an estimate, prior to the veto session, of the amount of funding that would be necessary to address any remaining ventilation problems. In the meantime, the Subcommittee recommends that the \$1,000,000 generated by refunding outstanding bonds on the clinical facility be held in reserve to finance any necessary work to address ventilation deficiencies in the existing facility.

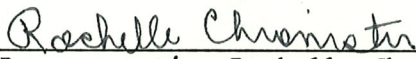
The Subcommittee also urges the University to continue to promptly address any problems cited by USDA inspectors. Based upon the deficiencies cited during the most recent USDA inspection, the Subcommittee is of the opinion that the University can address those problems from its operating budget. To ensure adequate financing to continue to properly maintain and staff the existing facility, the Subcommittee recommends an addition of \$170,040 in general use expenditures for support of the animal care facility's operating budget.

The Subcommittee recommends that the Board of Regents strongly consider the long-term needs of the University for a new animal care facility as it prepares its annual priority listing of capital improvement projects to be financed from the Educational Building Fund. The Subcommittee also urges the continued involvement of the Joint Committee on State Building Construction in assessing both the short-term and long-term needs for an adequate animal care facility.

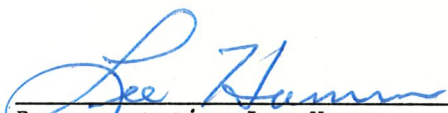
11. Shift \$35,485 in general use operating expenditures from the State General Fund to the General Fees Fund. Based upon revenue projections revised following spring enrollment, this adjustment is projected to retain an FY 1987 ending balance in the fund of \$20,000.

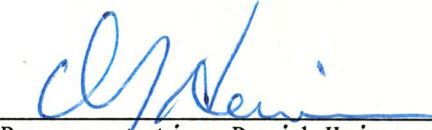


12. Delete language added by the Senate Committee of the Whole pertaining to medical procedures for the termination of pregnancy. The Subcommittee is of the opinion that this proviso (1) limits access to medical care provided by a public institution; (2) makes unlawful the use of state funds to finance a medical procedure that is clearly legal in Kansas; and (3) is an unconstitutional attempt to amend public policy by inserting a proviso in an appropriation bill. The Subcommittee is of the opinion that the proper method for addressing this issue is by amendment to substantive statutes.
13. Add \$239,000 from the State General Fund to finance a total of 50 new medical scholarships, rather than 25 as recommended by the Governor and the Senate.
14. The Subcommittee recommends that the Secretary of Administration make available, to all state employees who are hospitalized at the Medical Center, a discount of the 20 percent copay (maximum \$200) required under the state's health insurance program.
15. The Subcommittee does not concur with the Senate's endorsement of legislation authorizing the issuance of revenue bonds to finance construction of a second parking facility.
16. Add \$50,000 and 1.0 FTE faculty position for the OB/GYN Department and \$50,000 and 1.0 faculty position for the Surgery Department, both to be financed from the State General Fund.

  
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Representative Rochelle Chronister,  
Subcommittee Chairman

  
\_\_\_\_\_  
Representative Bill Buntin

  
\_\_\_\_\_  
Representative Lee Hamm

  
\_\_\_\_\_  
Representative David Heinemann

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Representative Don Mainey

MINORITY REPORT

I cannot concur with the Subcommittee's recommendations because the net effect of the report would increase State General Fund expenditures. Therefore, I recommend adoption of the Governor's FY 1987 budget recommendations for the University of Kansas Medical Center.

  
Representative Don Mainey

HOSPITAL REVENUE FUND

	FY 1986					FY 1987				
	Agency Request*	Gov. Rec.	Senate Subcommittee	Senate Com. of the Whole	House Subcommittee	Agency Request*	Gov. Rec.	Senate Subcommittee	Senate Com. of the Whole	House Subcommittee
Balance From Prior Year	\$11,877,657	\$11,877,657	\$ 11,877,657	\$ 11,877,657	\$11,877,657	\$ 7,937,790	\$11,025,237	\$ 9,686,237	\$ 9,686,237	\$ 9,686,237
<b>Plus: Receipts:</b>										
Care and Hospitalization	\$81,885,000	\$83,985,000	\$ 83,985,000	\$ 83,985,000	\$83,985,000	\$83,035,000	\$85,135,000	\$ 83,035,000	\$ 83,035,000	\$83,035,000
New Program Revenues	--	--	--	--	--	2,243,151	918,000	1,072,392	1,072,392	1,072,392
Sale of Meals	960,000	960,000	960,000	960,000	960,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000
Other Charges/Recoveries	555,000	555,000	555,000	555,000	555,000	555,000	555,000	555,000	555,000	555,000
Subtotal - Receipts	<u>\$83,400,000</u>	<u>\$85,500,000</u>	<u>\$ 85,500,000</u>	<u>\$ 85,500,000</u>	<u>\$85,500,000</u>	<u>\$86,843,151</u>	<u>\$87,618,000</u>	<u>\$ 85,672,392</u>	<u>\$ 85,672,392</u>	<u>\$85,672,392</u>
Total Available	<u>\$95,277,657</u>	<u>\$97,377,657</u>	<u>\$ 97,377,657</u>	<u>\$ 97,377,657</u>	<u>\$95,377,657</u>	<u>\$94,780,941</u>	<u>\$98,643,237</u>	<u>\$ 95,358,629</u>	<u>\$ 95,358,629</u>	<u>\$95,358,629</u>
<b>Less: Transfers:</b>										
To Hospital Fund	\$ 2,514,000	\$ 2,514,000	\$ 2,514,000	\$ 2,514,000	\$ 2,514,000	\$ 4,530,000	\$ 1,590,000	\$ 1,849,720	\$ 2,149,720	\$ 1,699,720
To Clinical Facility Debt Service Fund	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,890,000	1,890,000	1,890,000	1,890,000	1,890,000
To Restricted Fees Fund	12,100,000	10,500,000	11,839,000	11,839,000	11,839,000	13,000,000	11,400,000	13,000,000	13,000,000	13,000,000
Subtotal - Transfers	<u>\$16,464,000</u>	<u>\$14,864,000</u>	<u>\$ 16,203,000</u>	<u>\$ 16,203,000</u>	<u>\$16,203,000</u>	<u>\$19,420,000</u>	<u>\$14,880,000</u>	<u>\$ 16,739,720</u>	<u>\$ 17,039,720</u>	<u>\$16,589,720</u>
Less: Expenditures	<u>\$70,875,867</u>	<u>\$71,488,420</u>	<u>\$ 71,488,420</u>	<u>\$ 71,488,420</u>	<u>\$71,488,420</u>	<u>\$70,285,696</u>	<u>\$81,733,953</u>	<u>\$ 77,618,909</u>	<u>\$ 77,318,909</u>	<u>\$77,768,909</u>
Balance Forward	<u>\$ 7,937,790</u>	<u>\$11,025,237</u>	<u>\$ 9,686,237</u>	<u>\$ 9,686,237</u>	<u>\$ 9,686,237</u>	<u>\$ 5,075,245</u>	<u>\$ 2,029,284</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

\* As revised by State Board of Regents on December 20, 1985.

**SUBCOMMITTEE REPORT**

**Agency: University of Kansas  
Medical Center**

**Bill No. 584**

**Bill Sec. 12**

**Analyst: Goering**

**Analysis Pg. No. 809**

**Budget Pg. No. 3-85**

<u>Expenditure Summary</u>	<u>Agency Req. FY 86 *</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 57,928,231	\$ 55,908,651	\$ (615,332)
General Fees Fund	5,481,241	5,481,241	--
Hospital Revenue Fund	70,875,867	71,488,420	--
General Use Funds	<u>\$134,285,339</u>	<u>\$132,878,312</u>	<u>\$ (615,332)</u>
Hospital Fund	1,795,087	1,795,087	(21,040)
Other Funds	35,634,982	33,734,982	1,639,000
Restricted Use Funds	<u>\$ 37,430,069</u>	<u>\$ 35,530,069</u>	<u>\$ 1,617,960</u>
Subtotal	<u>\$171,715,408</u>	<u>\$168,408,381</u>	<u>\$ 1,002,628</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 442,808	\$ 1,370,567	\$ --
Educational Building Fund	1,670,620	1,670,620	--
Hospital Fund	1,530,532	1,530,532	--
Other Funds	2,291,323	2,561,057	(269,734)
Subtotal	<u>\$ 5,935,283</u>	<u>\$ 7,132,776</u>	<u>\$ (269,734)</u>
TOTAL	<u>\$177,650,691</u>	<u>\$175,541,157</u>	<u>\$ 732,894</u>
<b>FTE Positions:</b>			
Classified	3,010.4	3,006.4	--
Unclassified	1,464.0	1,463.0	--
TOTAL	<u>4,474.4</u>	<u>4,469.4</u>	<u>--</u>

\* As revised on January 3, 1986.

Agency Request/Governor's Recommendation

The University requests a total of \$171,715,408 to finance operating expenditures in FY 1986. That amount includes \$1,629,787 requested as supplemental expenditures from general use funds. The general use increase includes \$438,759 in FY 1985 State General Fund utility savings reappropriated for energy conservation projects in FY 1986. Also included is \$115,000 to finance payments to retiring employees for accumulated sick leave, and \$215,857 and 5.0 FTE positions to begin operating the state-owned telephone system in FY 1986. These amounts are requested in conjunction with similar requests made by other Regents' institutions. The University requests \$461,928 to finance an unanticipated increase in the cost of hospital liability insurance and

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\$150,625 to finance a cost increase for undergraduate medical student liability insurance. A sum of \$217,427 is requested to purchase liability insurance for state-supported residents for the last quarter of FY 1986. Finally, the University's revised request assumes expenditure of \$30,191 in fringe benefit savings that were identified in June, 1986 but were not lapsed during Finance Council action on FY 1986 salary budgets. The University also requests a supplemental expenditure of \$300,000 from restricted use funds, financed by a transfer from the Hospital Revenue Fund, to allow purchase of a one-year supply of electrodes for the lithotripter.

The Governor's FY 1986 recommendation includes a net increase of \$222,760 in general use operating expenditures above the current approved budget. The Governor recommends an increase of \$612,553 in Hospital Revenue Fund expenditure authority to finance the requested supplementals of \$461,928 for hospital liability insurance and \$150,625 for medical student liability coverage. The Governor also concurs with the University's revised request to expend \$30,191 from the State General Fund previously identified as fringe benefit savings. Partially offsetting those recommendations is a proposed reduction of \$419,984 in State General Fund utilities expenditures. The Governor recommends a transfer of \$300,000 from the Hospital Revenue Fund to finance electrode purchases, but does not recommend the associated expenditure increase.

#### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Add \$52,500 in one-time-only general use expenditures to initiate operation and maintenance of the new telecommunications system in FY 1986.
2. Insert language in the appropriation bill to ensure that medical students will be deemed self-insured by the state. The Subcommittee also recommends that the University terminate the insurance contract for medical students effective May 1, 1986. The Subcommittee anticipates that the University will obtain a refund for the period May 1-September 30, which will be credited to the State General Fund.
3. Reduce the transfer recommended by the Governor from the Hospital Revenue Fund to the Restricted Fees Fund for lithotripter supplies from \$300,000 to \$189,000. The Subcommittee also recommends adding \$189,000 in restricted use expenditures to appropriately adjust the FY 1986 budget to reflect the cost of purchasing a one-year supply of electrodes for the lithotripter.
4. Reduce by \$90,000 the general use expenditures recommended by the Governor for medical malpractice coverage for medical residents. This adjustment retains \$8,474 to be used to finance legal fees associated with defending claims filed against medical residents in FY 1986.

5. Reduce fringe benefits financed from general use funds by \$30,191, to reflect savings in the separate line items for medical residents (\$29,702) and the medicine, ethics, and socioeconomics of health (M.E.S.H.) program (\$489) which the State Finance Council was unable to lapse in considering salary plan financing in June, 1985.
6. Reduce expenditures for the M.E.S.H. program by \$95,211, reflecting savings as a result of delayed implementation of this new medical school curriculum.
7. Reduce expenditures for medical resident stipend support by \$221,676, reflecting actual savings to date and projecting additional savings for the remainder of the current fiscal year.
8. Reduce general use expenditures for the Medical Scholarship Program by \$225,610, reflecting the University's revised FY 1986 estimate submitted in early January.
9. Reduce general use expenditures for purchase of liability insurance for allied health and nursing students from \$18,944 to \$13,800, for savings of \$5,144.
10. Reduce by \$150,000 the budgeted transfer from the Hospital Revenue Fund to the Restricted Fees Fund account for patient air ambulance services, due to the delayed implementation of this contractual program. This adjustment also decreases restricted use expenditures by \$150,000.
11. Increase the transfer recommended by the Governor from the Hospital Revenue Fund to the Restricted Fees Fund by \$1,600,000, to reflect the estimated level of transfers in FY 1986 as recommended by the Board of Regents in December, 1985. This adjustment also increases restricted use expenditures by \$1,600,000.
12. Reduce University of Kansas Hospital Fund expenditures for lease-purchase payments for the magnetic resonance imaging system by \$21,040, reflecting the actual annual payment of \$468,960.
13. Reappropriate the general use savings identified above to reduce FY 1987 appropriations from the State General Fund.
14. Reduce debt service expenditures by \$269,734 to coincide with the University's revised estimates submitted on January 3, 1986, following the refunding of outstanding bonds on the clinical facility and the parking garage.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations.

Senate Committee of the Whole Recommendation

The Senate concurs with the Committee's recommendations.

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Total Senate Recommend.</u>	<u>House Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ (615,332)	\$ 55,293,319	\$ 1,500
General Fees Fund	--	5,481,241	(54,000)
Hospital Revenue Fund	--	71,488,420	--
General Use Funds	<u>\$ (615,332)</u>	<u>\$132,262,980</u>	<u>\$ (52,500)</u>
Hospital Fund	(21,040)	1,774,047	--
Other Funds	1,639,000	35,373,982	--
Restricted Use Funds	<u>\$ 1,617,960</u>	<u>\$ 37,148,029</u>	<u>\$ --</u>
Subtotal	<u>\$ 1,002,628</u>	<u>\$169,411,009</u>	<u>\$ (52,500)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ --	\$ 1,370,567	\$ --
Educational Building Fund	--	1,670,620	--
Hospital Fund	--	1,530,532	--
Other Funds	(269,734)	2,291,323	--
Subtotal	<u>\$ (269,734)</u>	<u>\$ 6,863,042</u>	<u>\$ --</u>
TOTAL	<u>\$ 732,894</u>	<u>\$176,274,051</u>	<u>\$ (52,500)</u>

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

1. Delete \$52,500 added by the Senate for operation and maintenance of the new telecommunications system in FY 1986.
2. The Subcommittee has identified salary savings in the FY 1986 budget, but recommends that those savings be applied to finance holiday and overtime compensation for FY 1986.
3. Shift \$54,000 in FY 1986 expenditures from the General Fees Fund to the State General Fund, based upon the University's revised revenue projections prepared following spring enrollment.

Rochelle Chronister  
Representative Rochelle Chronister,  
Chairperson

Bill Buntin  
Representative Bill Buntin

Lee Hamm  
Representative Lee Hamm

David Heinemann  
Representative David Heinemann

Don Mainey  
Representative Don Mainey



**SUBCOMMITTEE REPORT**

**Agency:** Board of Regents

**Bill No.** 584

**Bill Sec.** 10

**Analyst:** Galligan

**Analysis Pg. No.** 859

**Budget Pg. No.** 3-69

<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	\$ 1,221,326	\$ 1,154,826	\$ (7,000)
Other Funds	245	245	0
Subtotal	<u>\$ 1,221,571</u>	<u>\$ 1,155,071</u>	<u>\$ (7,000)</u>
<b>Aid to Local Units:</b>			
Federal Aid	\$ 255,761	\$ 255,761	\$ 0
<b>Other Assistance:</b>			
State General Fund	\$ 4,945,300	\$ 4,945,300	\$ 0
Other Funds	854,986	854,986	0
Subtotal	<u>\$ 5,800,286</u>	<u>\$ 5,800,286</u>	<u>\$ 0</u>
<b>Total Operating Expenditures</b>	<b>\$ 7,277,618</b>	<b>\$ 7,211,118</b>	<b>\$ (7,000)</b>
<b>Capital Improvements:</b>			
State General Fund	\$ 490,300	\$ 490,300	\$ (490,300)
Subtotal	<u>\$ 490,300</u>	<u>\$ 490,300</u>	<u>\$ (490,300)</u>
<b>GRAND TOTAL</b>	<b><u>\$ 7,767,918</u></b>	<b><u>\$ 7,701,418</u></b>	<b><u>\$ (497,300)</u></b>
<b>FTE Positions</b>	<b>16.0</b>	<b>17.0</b>	<b>0.0</b>

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Reduction of \$5,000 from the amount budgeted for KANS-A-N expenditures for the current year consistent with the Committee's decision for all agencies. The amount reduced from the current year would be reappropriated to offset the FY 1987 appropriation.
2. Reduction of \$2,000 from the amount budgeted for travel during FY 1986 with the savings reappropriated to FY 1987. The reduction would leave \$42,000 for travel expenditures during FY 1986.

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*J. M. M. 4/3/86* " T "

3. Addition of a proviso to the supplemental appropriation for presidential search expenses that would allow reimbursement of either individuals or a university foundation for allowable expenditures and use of the funds for official hospitality. The Subcommittee also recommends that any unexpended balance remaining at the end of FY 1986 be reappropriated for expenditure during FY 1987.
4. Reduction of \$1.5 million from the State General Fund major maintenance accounts of the Board office and the institutions with the amount reappropriated to FY 1987.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendations.

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>FY 1987 Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ (7,000)	\$ 1,147,826	\$ 0
Other Funds	--	245	--
Subtotal	<u>\$ (7,000)</u>	<u>\$ 1,148,071</u>	<u>\$ 0</u>
Aid to Local Units:			
Federal Aid	\$ --	\$ 255,761	\$ 0
Other Assistance:			
State General Fund	\$ --	\$ 4,945,300	\$ --
Other Funds	--	854,986	--
Subtotal	<u>\$ --</u>	<u>\$ 5,800,286</u>	<u>\$ --</u>
Total Operating Expenditures	\$ (7,000)	\$ 7,204,118	\$ --
Capital Improvements:			
State General Fund	\$ (490,300)	\$ --	\$ --
GRAND TOTAL	<u>\$ (497,300)</u>	<u>\$ 7,204,118</u>	<u>\$ --</u>
FTE Positions:			
Classified	16.0	17.0	--

The House Subcommittee concurs with the Senate.

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*J.D. [Signature]*  
*B.E. [Signature]*  
*Jack [Signature]*

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. 537

Bill Sec. 10

Analyst: Galligan

Analysis Pg. No. 859

Budget Pg. No. 3-69

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Committee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 1,493,625	\$ 1,287,838	\$ 315,224
Other Funds	0	0	0
Subtotal	<u>\$ 1,493,625</u>	<u>\$ 1,287,838</u>	<u>\$ 315,224</u>
<b>Other Assistance:</b>			
State General Fund	\$ 5,650,000	\$ 4,975,000	\$ 50,000
Other Funds	841,621	841,621	0
Subtotal	<u>\$ 6,491,621</u>	<u>\$ 5,816,621</u>	<u>\$ 50,000</u>
Total Operating Expenditures	<u>\$ 7,985,246</u>	<u>\$ 7,104,459</u>	<u>\$ 365,224</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 4,000,000	\$ 2,500,000	\$ 1,500,000
Subtotal	<u>\$ 4,000,000</u>	<u>\$ 2,500,000</u>	<u>\$ 1,500,000</u>
GRAND TOTAL	<u>\$11,985,246</u>	<u>\$ 9,604,459</u>	<u>\$ 1,865,224</u>
FTE Positions	17.0	17.0	0

Agency Request/Governor's Recommendation

The Board's request for FY 1987 totals \$11,985,246 which includes \$4,000,000 for major repair and maintenance projects on the campuses that was appropriated by the 1985 Legislature. The amount requested for operating expenditures totals \$7,985,246 which is 14.0 percent more than the operating budget approved for FY 1986. The request includes addition of one position to the Board's staff, a 7 percent increase of salaries for the classified and unclassified employees, a 1 percent increase of the employer contribution to the unclassified employees' retirement program and increases for the State Scholarship, Tuition Grant, and optometry education programs. A new honors program for junior and senior high school students and publication of a student education guide are also requested for FY 1987. A total of \$25,000 is requested for presidential search expenses.

The Governor's recommendation for FY 1987 totals \$9,604,459 of which \$2,500,000 is for major maintenance projects on the campuses. Under the Governor's recommendation, \$1.5 million of the \$4.0 million appropriated by the 1985 Legislature for major maintenance projects would be lapsed. The requested new research associate position is recommended for FY 1987. The recommendation does not include funds for a general salary increase for the employees of the Board nor does it include the requested increase of the employer contribution to

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the unclassified employees' retirement program. The optometry education seat purchase program would be expanded to permit students to attend the University of Missouri at St. Louis as well as the University of Houston. The number of new osteopathic scholarships would be reduced from 10 to 5 for a total of 35 scholarships during FY 1987. The governor does not recommend an increase of the amount available for the Tuition Grant program, but does recommend a \$125,000 increase of the amount available for the State Scholarship program to implement the \$1,000 maximum award enacted by the 1985 Legislature. The Governor does not recommend the Regents' Honors program nor the publication of the student educational guide. The requested presidential search funds are included in the Governor's recommendation for FY 1987.

#### Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Addition of \$15,737 to provide a 3 percent salary increase for the Board's unclassified employees consistent with the Committee's systemwide decisions.
2. Deletion of \$3,835 and one FTE position for a Research Associate. The Subcommittee recommends that the Board contract for development of its automated data base rather than add a permanent position to its staff.
3. Deletion of \$3,750 from the amount recommended for communication expenditures consistent with the Committee's decision regarding KANS-A-N expenditures for all agencies.
4. Addition of \$94,968 for the requested Regents' Honors program.
5. Addition of \$20,000 for publication of the student educational guide.
6. Addition of \$50,000 to provide for 5 additional new osteopathic scholarships for FY 1987. The amount would permit the Board to award a total of 10 new scholarships during FY 1987 and maintain the program at the level of 40 scholarships approved for FY 1986. The Subcommittee recommends introduction of legislation that would establish a separate fund for receipt of osteopathic scholarship repayments.
7. Addition of \$4,341 to make technical adjustments to the fringe benefit calculations.
8. Addition of \$3,666 to provide an additional 1 percent employer contribution to the unclassified employees' retirement program consistent with the Committee's systemwide decision.

9. Addition of \$1.5 million for major maintenance projects on the campuses. The Subcommittee learned that \$7 million is available for major maintenance and energy conservation projects during the current fiscal year and is of the opinion that a total of \$1.5 million will be available for reappropriation at the end of FY 1986.

Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee recommendations with the following exceptions:

1. Addition of \$3,835 and 1.0 FTE position for the Research Associate position. The Committee recommends that the position be hired rather than that the Board contract for development of its data base.
2. Addition of \$180,262 to enable the Board to contract with one of the Regents' universities for development of economic modeling capability for the state.
3. The Committee requests an interim study of the mission and financing of higher education in Kansas.

Senate Committee of the Whole Recommendation

The Senate concurs with the Committee recommendations.

House Subcommittee Recommendations

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Total Senate Rec. FY 87</u>	<u>House Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 315,224	\$ 1,603,062	\$ (227,883)
Other Funds	--	--	--
Subtotal	<u>\$ 315,224</u>	<u>\$ 1,603,062</u>	<u>\$ (227,883)</u>
<b>Other Assistance:</b>			
State General Fund	\$ 50,000	\$ 5,025,000	\$ 20,000
Other Funds	--	841,621	--
Total Operating Expenditures	\$ 365,224	\$ 7,469,683	\$ (207,883)
<b>Capital Improvements:</b>			
State General Fund	\$ 1,500,000	\$ 4,000,000	\$ (1,000,000)
Subtotal	<u>\$ 1,500,000</u>	<u>\$ 4,000,000</u>	<u>\$ (1,000,000)</u>
GRAND TOTAL	<u>\$ 1,865,224</u>	<u>\$ 11,469,683</u>	<u>\$ (1,207,883)</u>
FTE Positions	--	17.0	--

The House Subcommittee concurs with the Senate recommendations with the following exceptions:

1. Deletion of \$180,262 for the economic modeling capability.
2. Deletion of \$1,000,000 for major maintenance projects. While the Subcommittee is cognizant of the importance of maintaining the campus buildings, it is of the opinion that the state's finances do not permit a \$4,000,000 investment at this time.
3. Deletion of \$15,737 provided for a 3 percent salary increase of unclassified staff pending the Committee's systemwide decisions.
4. Deletion of \$516 recommended to increase the KPERS contribution to 4.3 percent of eligible payroll pending receipt of that certified rate for FY 1987.
5. Deletion of \$3,666 provided for an additional 1 percent employer contribution to the unclassified employees' retirement program pending the Committee's systemwide decision.
6. Deletion of \$5,968 from the amount recommended for the new Research Associate. The Subcommittee's recommendation would allow the Board to start the position at the same pay range (\$23,292, plus benefits) as new employees of the Legislative Research Department and includes \$500 for OOE for the position. The Subcommittee notes that the Executive Director of the Board stated that this would be the last new position that would be requested during his tenure.
7. Deletion of \$1,734 (25 percent of the total) from the amount budgeted for out-of-state travel during FY 1987. The reduction would leave a total of \$5,202 for that purpose.
8. The Subcommittee recommends that the Board develop a plan for and coordinate a study of higher education in Kansas that would incorporate the elements recommended by the Senate Committee for a 1986 interim study. The study should be comprehensive and be conducted by a special commission composed of members of the Board, legislators, the Board of Education, representatives of private colleges, faculty and staff, students, representatives of private business, and others as appropriate. The Subcommittee anticipates that it could take up to two years to complete a detailed examination of all of the issues that impinge upon higher education and develop recommendations that would have to be implemented by the Board, the Legislature, and the institutions with the support of the various groups involved in higher education. In making this recommendation, the Subcommittee specifically does not concur with the Senate Committee's recommendation for an interim study of the mission and financing of higher education. In the Subcommittee's opinion, a single interim would not allow sufficient time for such a study. The Subcommittee recognizes that the Board may request a

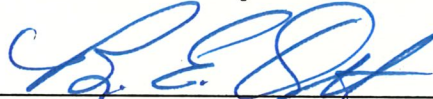
supplemental appropriation during the FY 1987 Session to defray the costs of travel and minimal support for the study.

9. The Subcommittee reviewed the Board's request to include a proviso on the appropriation for presidential search expenses that would permit reimbursement to a university foundation or endowment association for allowable expenses. The Subcommittee is of the opinion that such reimbursement would not be necessary during FY 1987 because the Board will have access to the funds for the entire fiscal year.
10. The Subcommittee recommends that the Board develop a uniform policy for administration of the institution's motor vehicles in order to ensure that they are not replaced too frequently. The policy should prescribe the information to be kept in the vehicle inventory including updating of the mileage of each vehicle in order to manage replacements in accordance with Board policy. The Subcommittee anticipates that the management and replacement policies adopted by the Board would be at least as stringent as those utilized by the Department of Administration.
11. Shift the \$20,000 recommended for development of the student educational guide from that project to the off-campus work-study program. The Subcommittee recommends that the Board allocate the funds to the universities based upon what they have expended for the program in previous years.



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Representative J. Santford Duncan  
Subcommittee Chairperson



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Representative Bob Ott



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Representative Jack Shriver





# Kansas Association of Osteopathic Medicine

April 2, 1986

To: Members, House Ways and Means Committee  
From: *HAR* Harold E. Riehm, Executive Director, KAOM  
Subject: Osteopathic Scholarship Funding - (S.B. 537)

Attached please find a letter from the President of The Kansas Association of Osteopathic Medicine, regarding the Osteopathic Scholarship appropriation in S.B. 537.

When this program is discussed, it often invites comparison of the M.D. scholarship program and the D.O. scholarship program. THERE ARE, HOWEVER, SOME DISTINCT DIFFERENCES.

The attached letter to Representative Buntin explores these differences.

ESSENTIALLY, IT SUFFICES TO SAY THAT IF BOTH PROGRAM WOULD TERMINATED, THE STATE WOULD STILL BE PROVIDING SUBSTANTIAL SUBSIDY TO EDUCATING M.D.S THROUGH SUPPORT OF THE K.U. MED CENTER. IN THE D.O. PROGRAM, STATE MONIES GO ONLY TO KANSAS STUDENTS, WHO MUST EITHER RETURN TO PRACTICE IN KANSAS, OR PAY BACK EVERY DOLLAR AT AN INTEREST RATE OF 15% FROM DATE OF RECEIPT.

This, added to the recent study of physician population in Kansas which shows almost half the counties still having some underserved areas, indicates that the D.O. scholarship program is still meeting a need, and in a way productive to the State of Kansas.

Thank you for your consideration.

1325 TOPEKA BOULEVARD  
TOPEKA, KANSAS 66612, (913) 234-5563  
HAROLD E. RIEHM, EXECUTIVE DIRECTOR



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April 1, 1986

Rep. William Bunten, Chairman  
House Ways & Means Committee  
Room 514-S, State Capitol Bldg.  
Topeka, Kansas 66612

Dear Chairman Bunten:

I write regarding an item in SB 537, pertaining to the osteopathic scholarship program. I urge you to support retaining the program at the same level of funding as last year (the current year). The Senate has done that in its deliberation of the Bill.

We often times hear comparisons made between the osteopathic scholarship bill and the M.D. scholarship bill. The latter is being cut back, with the encouragement of most of the M.D. community. But we suggest there are substantial differences in both the nature and concept of the program. Such as:

- (1) The State will continue to heavily subsidize M.D. education through general support of the KU Med Center, even if M.D. scholarships are ended. (Tuition at KU is about \$5500 - at most private schools, around \$13,000)
- (2) All osteopathic scholarship monies go to KANSAS STUDENTS - KANSAS RESIDENTS. Some State support of the Med Center provides subsidized medical education for students who are not residents of Kansas--some of whom are not even U. S. citizens.
- (3) In the case of the osteopathic program, either Kansas gets a doctor to practice, or it gets back every cent received, at 15% interest rate from date monies first received. For some M.D.s, with heavily supported education, there is never an intention of returning to Kansas, and (if no scholarship) no obligation to ever return to the State.

In many respects, this program can be justified on the same basis as The Tuition Grant Program which provides assistance to students seeking an education at non-State supported schools. We think this program has proven its merit, and that as a program aimed at providing State support for Kansas students, it should be continued at its present funding level.

Thank you for your consideration of this matter.

Sincerely,



Cecil H. Farley, D.O., President  
Kansas Association of Osteopathic Medicine

CC: Members, House Ways and Means Committee