

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

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

11:00 a.m./p.m./ on January 27, 1986 in room 123-S of the Capitol.

All members were present except:
Senator Talkington

Committee staff present:

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

Conferees appearing before the committee:

Alden Shields, Secretary of Administration

Mr. Shields distributed pages 140 - 154 of the Governor's Legislative Message (Attachment A) and an outline of his presentation to the committee (Attachment B). He noted that the Investment Budget provided by the Governor suggests how proceeds from an additional 1-cent sales tax would be spent; and that this is in addition to the basic budget, and not in lieu thereof.

Mr. Shields explained that the basic budget includes spending down balances well beyond the usual practice. This includes general use funds in Board of Regents institutions, hospital revenue funds, etc. In answer to a question from Senator Bogina, Mr. Shields said that the spending down is included in both budgets. For instance, State General Fund dollars for the University of Kansas Medical Center are \$10 million less. He added that this comes out of the Hospital Revenue Fund.

Mr. Shields continued his discussion of transfer of funds to the State General Fund (in the basic budget). He explained that \$7.3 million of Special Revenue Fund balances have been transferred to the State General Fund, solely in the interest of decreasing balances.

Mr. Shields continued by reminding the committee that the Legislative Budget Committee looked at a variety of program cuts by which State General Fund expenditures could be reduced in FY 1987. In that Committee's report to the Legislature there were 13 suggestions made in this regard. The Governor's recommendations implement, in whole or in part, ten of those suggestions.

Referring to the Governor's recommendation for \$14.2 million in supplemental appropriations for FY 1986, Mr. Shields mentioned that a total of \$13.2 million in savings or adjustments has been identified to fund those supplementals.

There were questions from Senator Bogina concerning projected negative balances for FY 1986 and FY 1987. Mr. Shields said there would be a \$4.2 million negative balance on June 15, 1986; and there will be a balance of \$6.3 million at the end of November. Both would be borrowing situations, according to Mr. Shields. He added that there would be negative balances in the spring of 1987, also.

Senator Werts asked if the borrowing to finance the Santa Fe Building would be repaid from rentals. Mr. Shields answered in the affirmative, noting that the loan period will be 15 to 20 years.

There were questions concerning the \$13.2 million savings in the FY 1986 budget. According to Mr. Shields, this is not a matter of cutting budgets, but in carefully refusing agency requests. There are a variety of adjustments, including turnover adjustments.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S, Statehouse, at 11:00 a.m./p.m. on January 27, 1986.

Referring to Mr. Shields' outline (Attachment B), Senator Gannon commented that he had heard the Federal Government would like to have Meat and Poultry Inspection returned. Mr. Shields said he had heard the same rumor, but 27 states still operate the inspections as state programs. He promised to look into that matter for Senator Gannon.

Senator Werts asked if programs other than Transitional General Assistance have been eliminated by the Governor. Mr. Shields indicated that five historical sites would be closed, some programs within the Department of Health and Environment would be eliminated, and some circuit riding in the Department of Education would be eliminated. Answering a question from Senator Bogina, Mr. Shields said these programs were eliminated in both budgets.

Mr. Shields proceeded to discuss the Governor's Investment Budget, noting that there would be an ending balance of \$120 million, which is 6.2% of estimated receipts. Senator Johnston commented that the Budget Committee had suggested a target ending balance of 5% of estimated receipts.

Mr. Shields referred to page 150 of Attachment B to explain the areas of expenditure from proceeds of the proposed sales tax increase. Senator Doyen asked if the SDEA increase of \$10 million would be used to fund increased enrollment. Mr. Shields said that one percent of the increase in the budget would be necessary for increased enrollment; and that with the additional \$10 million provided in this recommendation, funding would be provided at 44% of the total school budgets.

Answering a question from Senator Winter, Mr. Shields said he had not tabulated the net gain of the budget for FY 1987 over that of FY 1986, but that he would provide that information.

There were questions from committee members asking for clarification of certain items in the investment budget. There was extended discussion concerning compensation of state employees. Mr. Shields said that the Governor has proposed that all state employees, including judges, school employees, state workers, KP&F, etc., be included in the non-contributory retirement plan. He added that the legislation which will be introduced will mandate that, within five years, non-state participants in KPERS will be made non-contributory as well.

Referring to the item concerning reappraisal on page 152, Mr. Shields said it is estimated that the total cost of state reappraisal will be \$48 million. The state will pay half the cost, and the \$8 million indicated in this year's budget will be one-third of the state's total cost. Thus there would be two more appropriations of \$8 million to take care of the state's share.

According to Mr. Shields, the Food Sales Tax Refund of \$4.8 million would be tied to homesteads instead of income; and would increase the number of households served from 50,000 to approximately 90,000.

Senator Gannon indicated that he understood any laboratory programs at the University of Kansas Medical Center would be revenue generators. Mr. Shields agreed that this was so, but that the Governor felt he should include a small amount to help fund the Newborn Intensive Care Lab.

APPROVAL OF MINUTES

Motion was made by Senator Doyen and seconded by Senator Harder to approve committee minutes for January 16 and January 21. The motion carried by voice vote.

The meeting was adjourned by the Chairman.

APPENDIX A

INVESTMENT BUDGET PROPOSAL

The Governor's Investment Budget calls for an important set of targeted investments to be funded by a one cent increase in the sales and use tax. A one cent increase will provide additional revenues of \$190.7 million in FY 1987. Of that amount, \$46.1 million, or about one-fourth, will be allocated to increasing the State General Fund ending balance. As indicated in the following table, the ending FY 1987 balance would be increased from \$73.9 million in the basic budget to \$120.0 million in the investment budget.

The balance of the additional revenues (\$144.6 million) will be dedicated to important new investments to secure the state's future. When combined with expenditures recommended in the basic budget (expenditures that are \$34.9 million less than estimated expenditures for FY 1986), FY 1987 expenditures will exceed FY 1986 expenditures by only \$109.7 million, or 6.3 percent. This rate of increase is less than the estimated rate of increase for FY 1986 as compared to actual FY 1985 (\$112.0 million and 6.9 percent).

STATE GENERAL FUND
(Millions of Dollars)

	<u>FY 1986</u>	<u>FY 1987</u>
1. <u>Basic Budget</u>		
Beginning Balance	\$ 120.4	\$ 52.1
Receipts	<u>1,678.2</u>	<u>1,733.4</u>
Total Available	\$1,798.6	\$1,785.5
Less: Expenditures	<u>1,746.5</u>	<u>1,711.6</u>
Ending Balance	<u>\$ 52.1</u>	<u>\$ 73.9</u>
Expenditure Increase (Decrease)	\$ 112.0	(\$ 34.9)
% Increase (Decrease)	6.9	(2.0)
2. <u>Investment Budget</u>		
Beginning Balance	\$ 120.4	\$ 52.1
Receipts	1,678.2	1,733.4
One Cent Sales Tax Increase	--	190.7
Total Available	<u>\$1,798.6</u>	<u>\$1,976.2</u>
Less: Expenditures		
Basic Budget	1,746.5	1,711.6
Investment Budget ¹⁾	--	144.6
Subtotal	<u>\$1,746.5</u>	<u>\$1,856.2</u>

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Ending Balance	\$ 52.1	\$ 120.0
Expenditure Increase	\$ 112.0	\$ 109.7
% Increase	6.9	6.3

1) Investment Budget:

Education	\$ 65.6
Economic Development--Highways	30.0
Compensation	17.2
Reappraisal	8.0
Capital Improvements	7.4
Water	5.3
Food Sales Tax Refund	4.8
Economic Development	3.5
State Aid to Local Units of Government	1.5
Children	1.3
	<u>\$ 144.6</u>

Education

The Investment Budget includes a total of \$46,564,500 for the Department of Education. An amount totalling \$24,700,000 is provided for additional state-financed local school employer contributions reflecting the Governor's recommendation to make KPERS non-contributory. Also recommended is \$10,000,000 in equalization aid to be distributed to local school districts within recommended budget limits of two percent and four percent. This recommendation provides the potential for an average teacher salary increase of 4.2 percent and would result in an estimated statewide property tax increase of \$34.2 million. Combined with the proposal to make KPERS non-contributory, the Governor's recommendations would result in a potential increase in teacher compensation in excess of eight percent.

Other recommendations in the investment budget for the Department of Education include:

- \$5.9 million for special education services to restore funding to 95 percent of excess costs, based upon budget limits of two percent and four percent.
- \$621,500 for local school employer contributions reflecting the additional costs incurred with budget limits of two percent and four percent.
- \$2,143,000 to increase funding for state school transportation aid to 95 percent of the formula amount.
- \$1 million for aid to AVT schools for the acquisition of instructional equipment.
- \$300,000 to establish and operate a pool of instructional

equipment for use by community colleges and AVT schools.

- \$250,000 for enhanced support of teacher inservice training programs.
- \$600,000 for increased aid to AVT schools--\$200,000 for program aid and \$400,000 for post-secondary aid.
- \$150,000 for establishment of a summer honors academy for high school honor students.
- \$900,000 for providing special education services to four-year old handicapped children.

The Investment Budget for institutions under the Board of Regents totals \$18,407,544 for FY 1987. Of the recommended amount, \$13,157,107 represents systemwide improvements and \$5,250,437 is recommended to finance specific program improvements at individual institutions.

The systemwide recommendations are aimed at improving the retirement program at the universities, providing additional funds for other operating expenditures, financing additional major maintenance and repair projects, and staffing and operating the telecommunications systems on each of the campuses.

A total of \$9.1 million is recommended for the state to pick up the five percent retirement contribution currently being paid by unclassified employees of the Regents' institutions. It is also recommended that \$1,647,436 be provided to increase other operating expenditures support by an additional two percent increase above the two percent currently included in the recommended FY 1987 budgets. An amount totalling \$410,000 is recommended to finance additional staff and operating costs associated with the establishment of new telecommunications systems on the Regents campuses and \$1.5 million is recommended for additional systemwide major maintenance and repair support.

In connection with the retirement program recommendation, the Governor recommends \$499,671 for a five percent salary increase for extension service employees at Kansas State University. These employees participate in the federal retirement program and thus would not benefit from the governor's retirement recommendation.

Individual program improvements are aimed at strengthening the economy of the state through improving programs in scientific, technical and professional education, and making the University of Kansas Medical Center and the Kansas State Veterinary Medical Center more viable teaching and treatment facilities.

Expenditures totaling \$851,156 are recommended for the University of Kansas. Recommended program improvements include: a Bachelor of Science Computer Engineering curriculum (\$157,346), econometric modeling capability

(\$180,262) and additional funding of the Instrumentation Laboratory (\$100,528). The Governor also recommends \$125,000 to increase the staff and support costs of the Anthropology/Natural History Museum and \$288,920 to provide additional base salary support for distinguished professors.

At Kansas State University, program improvements of \$707,667 are recommended. A total of \$205,000 is recommended for a program to assist farmers in restoring farm profitability, \$100,000 is recommended for farm management research and \$42,667 is recommended for full funding of the International Livestock Program. In addition, \$360,000 is provided to finance additional library acquisitions and the purchase of equipment for both the extension program and the instructional program of the university.

A total of \$594,208 is recommended for program improvements at Wichita State University. Program improvements recommended would strengthen the College of Business Administration (\$118,280), provide additional equipment and staff for research and graduate studies (\$175,000) and enhance the capabilities of the university in its Science, Mathematics, and Industrial Psychology Program (\$300,928). These investments will enrich the educational programs of the university and provide research and training resources to the Wichita business community.

Program improvements are also recommended at the three regional universities and Kansas Technical Institute. At Emporia State University \$93,188 is recommended to provide instruction to elementary and secondary education teachers desiring to enter a second field of teaching in either math, science or computer science. At Pittsburg State University \$130,000 is recommended to establish a Center of Excellence in Industrial Technology, and at Fort Hays State University, \$150,000 is recommended to enhance the academic computing capabilities of the university. At the Kansas Technical Institute, \$32,098 is recommended to finance an additional computer/electronics technician position to provide effective maintenance and repair services for the Institution's technical laboratory equipment.

The governor's recommendations provide for program improvements at the University of Kansas Medical Center totaling \$2,534,200. An amount totaling \$122,768 is recommended to finance the staffing and operation of a twenty four hour new born intensive care laboratory to provide immediate turn around in laboratory services. An amount totalling \$510,000 to provide a pool of funds to permit the institution to recruit well-qualified clinical faculty. Both of these improvements will not only improve the quality of instruction at the facility, but will also improve the quality of patient care.

In order to provide sufficient funding for necessary hospital operations, \$500,000 is recommended to finance overtime pay and \$655,432 is recommended to finance anticipated hospital liability insurance and malpractice insurance costs. Both of these costs are such that they cannot be absorbed within the current operating budget of the hospital.

Finally, \$746,000 is recommended to improve the quality of the hospital billing system.

The Governor's Investment Budget includes \$157,920 to provide additional faculty and staff for the Kansas State University Veterinary Medical Center. This is the second year of a program designed to upgrade the quality and quantity of faculty and technical staff at the Center.

The Governor's Investment Budget also includes \$600,000 for the Inter-Library Loan program operated by the State Library.

Economic Development--Highways

The Governor's Investment Budget includes \$30 million for creation of a Kansas Economic Development Highway Program. It is designed to assist cities and counties in funding special highway projects deemed important to the economic development of the area. The state would provide interest-free loans for qualifying projects to be repayed in ten equal payments beginning three years after the loan is made. In combination with annual subsequent investments of \$30 million indexed to inflation, less the loan repayments, a revolving loan fund will be created. The initial \$30 million investment for FY 1987 will permit the obligation of \$125 million in highway projects during the first year.

Compensation

The Governor's Investment Budget includes \$17.2 million for state employee compensation. The governor recommends that the Kansas Public Employees Retirement System, the Kansas Police and Firemen's Retirement System, and the Kansas Retirement System for Judges be made non-contributory and that the state pick up the contributions currently being paid by employees. An amount totalling \$12.5 million is included for this purpose.

The governor also recommends implementation of the recommendations contained in the Secretarial/Clerical Study prepared by the Division of Personnel Services of the Department of Administration, effective December 18, 1986. An amount totalling \$3.5 million is recommended for this purpose. Approximately 7,400 positions are covered by the study, representing approximately 28% of the classified workforce. Implementation of the recommendations will provide for an average salary increase for the affected positions of about 15%.

The governor also recommends \$1.2 million for certain classified civil service reclassifications.

The Education section of the Investment Budget includes \$24.7 million to pick up the 4.0 percent retirement contribution for members of the KPERS-School system and \$9.1 million to pick up the 5.0 percent retirement contribution for Regent's faculty.

Reappraisal

The Governor's Investment Budget provides \$8 million for county assistance for reappraisal. It is anticipated that additional annual appropriations of \$8 million will be provided in FY 1988 and FY 1989, providing financial assistance to the counties approximating 50% of the reappraisal cost over the three year period.

Capital Improvements

The Governor's Investment Budget includes \$7,386,227 dollars for capital improvement expenditures. A total of \$6,146,813 is provided for the Department of Corrections and its institutions. Two projects are provided for the Kansas Correctional Institution at Lansing, \$2,156,301 for construction of a 120-bed dormitory and \$1,926,512 for construction of the food service and program building. Also provided is \$1.5 million for the FY 1987 lease payment to the Ellsworth Public Building Commission for construction of the medium security correctional facility at Ellsworth. The funding proposal recommended by the governor assumes a 15 year bond issue, with the state to assume title to the property and facilities upon payment of the bonds. Also included is \$264,000 to equip the support services building at the Kansas State Penitentiary and \$300,000 in systemwide repair and maintenance funds.

A total of \$325,000 is provided for the Department of Administration including \$150,000 for special maintenance at the Statehouse and Judicial Center, \$150,000 for exterior stone repair at the Statehouse and \$25,000 for Cedar Crest. A total of \$234,263 is provided for the Adjutant General for armory roof repairs. A total of \$670,000 is provided for the Kansas State Fair: \$150,000 for special maintenance and \$520,000 for grandstand renovation. Finally, \$10,151 is provided to the State Board of Agriculture for the relocation of a solvent storage facility at the Board of Agriculture Laboratory.

In addition to the capital improvements enumerated above, the Education section of the investment budget also includes \$1.5 million for the Board of Regents for systemwide major maintenance and repair projects.

Water

The Governor's Investment Budget provides \$5,285,724 for implementation of the State Water Plan and related water protection activities. The governor recommends the establishment of an assurance program whereby the state will act as an agent for water right holders within a river basin to acquire, on their behalf, storage space within federal reservoirs to ensure that water will be made available to them during periods of low flow conditions. To begin implementation of the water assurance program, the Governor recommends that \$4.0 million be placed in escrow as "earnest money" to demonstrate the state's intent to purchase reservoir storage space upon enactment of necessary enabling legislation, establishment of assurance districts and completion of negotiations with the Corps of Engineers for specific sales.

The governor recommends that \$2,852,724 be transferred from the State General Fund to the Kansas Water Office's State Conservation Storage Water Supply Fund. The balances projected for this fund at the end of FY 1985 will supply the remaining funds to reach the \$4.0 million amount to be placed in escrow.

Other recommendations for the Kansas Water Office include: \$25,000 to finance one clerical position and other staff costs associated with work of the 12 basin advisory committees; \$100,000 for continuation of stream-aquifer interaction research on the Arkansas River; and \$43,000 for stream gauging stations to monitor stream flow in those rivers for which minimum desirable streamflow standards are being proposed for adoption by the 1986 Legislature. In addition to the items recommended above for State General Fund support, the governor also recommends that \$100,000 be transferred from the Kansas Corporation Commission's Conservation Fee Fund to the Kansas Water Office for continuation of the Dakota Aquifer Study authorized in FY 1986.

For the Division of Water Resources of the Board of Agriculture, the governor recommends seven new positions at a cost of \$250,000 to perform new and expanded duties related to water plan implementation. The recommendation includes one hydrologist to implement agency responsibilities in preparation for and during initial operation of the assurance program. Two engineering positions, and one clerical position, are recommended to implement the Water Conservation section of the State Water Plan, which includes initiatives in the agricultural, industrial and municipal sectors. Remaining positions recommended by the governor include a hydrologist, to improve the quality of water data collected and analyzed by the division; a hydrologist for the central office to perform technical and policy analyses related to minimum desirable streamflow standards; and a field office engineer, whose duties would be split between minimum desirable streamflow standard administration and responsibilities related to water structures review and regulation.

Recommendations for the State Conservation Commission include a major expansion, \$550,000, in the High Priority Water Resources Cost Share program, through which funds are directed to areas of the state having the greatest need for rural flood management, agricultural water conservation and control of agricultural runoff. The recommendation provides \$250,000 for watershed dam construction and also provides \$350,000 to begin implementation of the Multipurpose Small Lakes program authorized by the 1985 Legislature. Finally, the recommendation includes \$35,000 for one additional conservation coordinator position for the Commission to assist in meeting the increased workload of the agency.

The governor's recommendation for the Department of Health and Environment provides \$50,000 for contractual services from the U.S. Geological Survey for the second year of a three year chemigation study to determine if pesticides applied in irrigation systems cause groundwater contamination. One full-time programmer position at a cost of \$26,000 is recommended for conversion of existing programs to a format which can be used in the integrated water data base shared by several agencies. A half-time engineer position (\$14,000) is recommended for field monitoring associated with implementation

of minimum desirable streamflow standards. And finally, the governor recommends that an additional \$700,000 be transferred from the State General Fund to the Hazardous Waste Clean-Up Fund not only for design and implementation of clean-up plans at potential hazardous waste problem sites, but also for activities associated with the identification of sources and clean-up or treatment of volatile organic compound contamination of public water supplies where local resources are not available.

The investment budget also includes \$40,000 for one additional position and associated operating costs for the Cooperative Extension Service at Kansas State University to initiate a public education program on the importance and methods of conserving water resources.

Food Sales Tax Refund

The governor recommends expanding the eligibility criteria for the Food Sales Tax Refund Program to conform with that required for the Homestead Property Tax Refund Program. Qualifying household income will be increased from \$10,000 to \$12,800 and households with dependent children under age 18 will now be eligible in addition to those elderly, blind, and disabled individuals currently covered by the program. The changes proposed will make the Sales Tax Refund Program available to approximately 40,000 additional households and increase the benefits paid from \$1,200,000 dollars to \$6.0 million annually, an increase of \$4.8 million.

Economic Development

The Governor's Investment Budget provides \$3,240,000 for the Department of Economic Development to expand current activities and introduce initiatives in the areas of industrial development, high technology, and small business. Many of the initiatives for the Investment Budget implement recommendations of the Interim Report on the Kansas Economic Development Study which was funded by the 1985 Legislature. The Governor recommends \$350,000 for special consulting and research to further develop recommendations made in this study.

For industrial development, \$900,000 is recommended to implement an advertising program to market Kansas to targeted domestic and international industries. The purpose of this long-term marketing effort is to improve the image of Kansas and identify Kansas as having a good business climate. Two additional industrial development staff are recommended at a cost of \$80,000 to follow-up the additional prospects resulting from the advertising campaign. An important element of both domestic and international development efforts is the Kansas Industrial Training Program (KIT) which provides job training for Kansas industry. KIT is specifically designed as an incentive to new industry to locate in Kansas and to existing industry to expand in Kansas. The Investment Budget provides \$250,000 for this purpose. Finally, \$250,000 is recommended for a European office to market Kansas products internationally and provide assistance to Kansas firms wishing to expand efforts at exporting.

For high technology, the governor recommends \$800,000 for the Research Matching Grant program and the establishment of a state fund to match federal Small Business Innovation Research (SBIR) grants to Kansas small businesses. The Investment Budget also provides \$60,000 for the establishment of an Industry Liaison program at Kansas State University to develop and coordinate joint research programs between the university and industry in the area of high technology.

The governor recommends \$350,000 for the expansion of field offices for small business development. The funds would establish three new offices in areas of the state not currently served by field offices and expand the two existing field offices. Each office would be staffed with two professional and one clerical position. The purpose of these field offices is to provide technical assistance in development finance, to assist in the development of incubators for small businesses, and to work with the Small Business Development Centers at state universities and colleges. To further encourage the development of small businesses in the state, the Investment Budget contains \$200,000 for grants to Certified Development Companies (CDC). The purpose of the CDC is to create jobs and stimulate investment in the local area. Each grant would be matched on a dollar-for-dollar basis by these organizations.

Investment budget recommendations for the Board of Agriculture include \$75,000 for agricultural product promotion and market development activities in both domestic and international markets. An additional \$125,000 is recommended for the FACTS program to provide additional legal and financial advisory services for economically distressed Kansas farmers. Funding of \$35,000 is recommended for one position and support costs to perform economic surveys providing information on the condition of the agricultural economy in Kansas.

State Aid to Local Units of Government

The recommendation of the governor to increase the sales and use tax by one cent will provide for additional FY 1987 distributions from the Local Ad Valorem Tax Reduction Fund of \$1.5 million. Under present provisions of law, 4.5 percent of sales tax receipts are returned to local units of government through the local Ad Valorem Tax Reduction Fund and 3.5 percent of sales tax collections are returned to local units of government through the City and County Revenue Sharing Fund. The statutory distribution of these revenues lag the actual collection of the tax, such that the full distributions associated with the one cent increase will not be received until FY 1989 and thereafter. By FY 1989, the additional distributions associated with the increase of one cent will approximate \$18 to \$20 million.

Children

The governor's recommendation for the Department of Health and Environment includes \$923,000 as aid to local health departments for development of prenatal care collaborative projects in counties where Maternal and Infant projects are currently located (10 projects), to ensure that all pregnant women have access to comprehensive prenatal care. Enhanced prenatal services

include transportation, professional prenatal services and referral for post partum care for approximately 2,000 women. In addition, the project would address the issue of high black infant mortality in Wyandotte, Sedgwick, Geary and Shawnee counties. Two full time positions (Public Health Nurse III and Social Worker III) are recommended at a cost of \$65,000 to implement the prenatal care collaborative project.

The Investment Budget includes programs items which would enrich services provided to children and youth by the Department of Social and Rehabilitation Services. An amount totalling \$200,000 is provided to develop an additional 20-bed residential alcohol and drug abuse treatment facility for indigent youth. This treatment center would be in addition to the unit approved for FY 1986. The second program provides \$146,000 to finance a Therapeutic Family Foster Care program for the last three months of FY 1987. This program would serve 32 children who would be discharged from state institutions during FY 1987 and would provide an alternative to more expensive placement care.

APPENDIX B

INVESTMENT BUDGET STATISTICS
(State General Fund)

Education

Department of Education:

SDEA	10,000,000	
Special Education	5,900,000	
KPERS-School	621,500	
Transportation Aid	2,143,000	
Vocational Education Capital Outlay	1,000,000	
Mobile Training	300,000	
Inservice Training	250,000	
AVTS Program Aid	200,000	
AVTS Post-Secondary Aid	400,000	
Summer Honors Academy	150,000	
Special Education-4 year olds	900,000	\$ 21,864,500

KPERS:

KPERS-School made Non-Contributory		\$ 24,700,000
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Board of Regents:

Systemwide Improvements		
Additional 2% OOE	\$ 1,647,436	
Telecommunications	410,000	
Major Maintenance and Repair	1,500,000	
Retirement made Non-Contributory	9,100,000	
5% Salary Increase-KSU Extension Workers	499,671	

University of Kansas:

B.S. in Computing Engineering	\$ 157,346	
Base Support for Dist. Prof.	288,020	
Econometric Modeling Capability	180,262	
Instrumentation Laboratory	100,528	
Anthropology/Natural History		
Museum	125,000	851,156

University of Kansas Medical Center:

Newborn Intensive Care Lab.	\$ 122,768	
Overtime Pay	500,000	
Computer System Enhancement	746,000	
Faculty Recruitment	510,000	
Hospital Liability Insurance	494,263	
Malpractice Insurance for		
Undergraduate Students	161,169	2,534,200

Kansas State University:

Restoring Farm Profitability	\$ 205,000	
Library Acquisitions	200,000	
Instruction/Extension Equipment	160,000	
Full Funding of International Livestock Program	42,667	
Farm Management Research	<u>100,000</u>	707,667

Kansas State University Veterinary Medical Center:

Program Fulfillment		157,920
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Wichita State University:

Enhanced Capability in Science, Math and Indus. Psychology	\$ 300,928	
Research & Grad. Studies Admin.	175,000	
College of Business Admin.	<u>118,280</u>	594,208

Emporia State University:

Second-field Teaching in Math, Science and Computer Science		93,188
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Pittsburg State University:

Center of Excellence-Ind. Tech.		130,000
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Fort Hays State University:

Academic Computing		150,000
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Kansas Technical Institute:

Computer Electronics Technician	<u>32,098</u>	\$ 18,407,544
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State Library:

Inter-Library Loan Program		600,000
Total		<u>\$ 65,572,044</u>

Economic Development--Highways

Department of Transportation:

Economic Development Highway Program		<u>\$ 30,000,000</u>
Total		<u>\$ 30,000,000</u>

Compensation

KPERS made Non-Contributory		\$ 12,500,000
Secretarial/Clerical Study		3,500,000
Reclassifications		1,200,000
Total		<u>\$ 17,200,000</u> <i>all</i>

12,500,000 S.G.F.

Reappraisal

Department of Revenue:

County Assistance for Reappraisal
Total

\$ 8,000,000
\$ 8,000,000

Capital Improvements

Department of Corrections:

120-Bed Dormitory KCIL	\$2,156,301	
Food Service and Program Building KCIL	1,926,512	
Ellsworth Medium Security Facility	1,500,000	
Equip Support Services Building KSP	264,000	
Systemwide Repair & Maintenance	<u>300,000</u>	\$ 6,146,813

Department of Administration:

Special Maintenance-Statehouse and Judicial Center	\$ 150,000	
Exterior Stone Repair-Statehouse	150,000	
Special Maintenance-Cedar Crest	<u>25,000</u>	325,000

State Fair:

Special Maintenance	\$ 150,000	
Renovate Grandstand	<u>520,000</u>	670,000

Adjutant General:

Roof Repair		234,263
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Board of Agriculture:

Relocate Solvent Storage Facility		10,151
Total		<u>\$ 7,386,227</u>

Water

Water Office:

Assurance Program	\$2,852,724	
Water Research	100,000	
Basin Advisory Committee Support	25,000	
Minimum Desirable Streamflow Standards	<u>43,000</u>	\$ 3,020,724

Board of Agriculture:

Assurance Program	\$ 35,000	
Water Conservation Plans	105,000	
Water Data Base	35,000	
Minimum Desirable Streamflow Standards	<u>75,000</u>	\$ 250,000

Conservation Commission:

High Priority Cost-Share	\$ 550,000	
Watershed Dam Construction	250,000	
Conservation Coordinator	35,000	
Small Lakes Program	<u>350,000</u>	\$ 1,185,000

Department of Health and Environment:

Water Research-Chemigation	\$ 50,000	
Water Data Base	26,000	
Minimum Desirable Streamflow Standards	14,000	
Hazardous Waste-Volatile Organic Compound Clean-Up	<u>700,000</u>	\$ 790,000

Cooperative Extension-KSU:

Conservation Education		\$ 40,000
Total		<u>\$ 5,285,724</u>

Food Sales Tax Refund

\$ 4,800,000

Kansas Department of Economic Development:

Industrial Advertising	\$ 900,000	
Research Matching Grants & SBIR Matching	800,000	
Special Consulting & Research	350,000	
Field Office Expansion	350,000	
Kansas Industry Training	250,000	
European Office	250,000	
Certified Development Co. Grants	200,000	
Industrial Develop. Staff	80,000	
Industry Liaison Program	<u>60,000</u>	\$ 3,240,000

Board of Agriculture:

FACTS Staff Enhancement and Support	\$ 125,000	
Market Promotion & Develop.	75,000	
Agriculture Economic Survey	<u>35,000</u>	235,000
Total		<u>\$ 3,475,000</u>

State Aid to Local Units of Government

State Treasurer:

Local Ad Valorem Tax Reduction
Fund

Total

\$ 1,500,000
\$ 1,500,000

Children

Department of Health and Environment:
Prenatal Collaborative Care
Project

\$ 988,000

Department of Social and Rehabilitation Services:

Therapeutic Foster Care
20-Bed ADAS Youth Treatment
Center

\$ 146,000

200,000

\$ 346,000

Total

\$ 1,334,000

Total Investment Budget

\$144,552,995

Senate Committee on Ways and Means
January 27, 1986

Alden K. Shields
Secretary of Administration

STATE GENERAL FUND
(Millions of Dollars)

	<u>FY 1986</u>	<u>FY 1987</u>
1. <u>Basic Budget</u>		
Beginning Balance	\$ 120.4	\$ 52.1
Receipts	<u>1,678.2</u>	<u>1,733.4</u>
Total Available	<u>\$1,798.6</u>	<u>\$1,785.5</u>
Less: Expenditures	<u>1,746.5</u>	<u>1,711.6</u>
Ending Balance	<u>\$ 52.1</u>	<u>\$ 73.9</u>
Expenditure Increase (Decrease)	\$ 112.0	(\$ 34.9)
% Increase (Decrease)	6.9	(2.0)

- Reduces spending by \$34.9 million or 2.0%
- No general salary increases for state employees, step movement only
- No increase in SDEA
- Transportation Aid at 90%
- Special Education Aid at 90%
- No funds for AVTS capital outlay aid
- Regents institution funding limited to a 2.0% increase for OOE only
- Transitional General Assistance (TGA) eliminated
- Meat and Poultry Inspection transferred to federal government
- 5.0% distribution of inheritance tax receipts to counties eliminated

S. Williams 1/27/86

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- FY 1987 capital improvement program funded from alternate sources and in part reduced
- Spends down special revenue fund balances
- Transfers certain special revenue fund balances to the State General Fund
- Most of the expenditure reduction recommendations of the Legislative Budget Committee have been implemented either in whole or in part
- \$14.2 million in supplemental appropriations have been financed by \$13.2 million in reductions in other areas of the budget
- While increasing the ending balance from \$52.1 million in FY 1986 to \$73.9 million in FY 1987, temporary borrowing will likely be necessary

2. Investment Budget

Beginning Balance	\$ 120.4	\$ 52.1
Receipts	1,678.2	1,733.4
One Cent Sales Tax Increase	--	190.7
Total Available	<u>\$1,798.6</u>	<u>\$1,976.2</u>
Less: Expenditures		
Basic Budget	1,746.5	1,711.6
Investment Budget ¹⁾	--	144.6
Subtotal	<u>\$1,746.5</u>	<u>\$1,856.2</u>
Ending Balance	<u>\$ 52.1</u>	<u>\$ 120.0</u>
Expenditure Increase	\$ 112.0	\$ 109.7
% Increase	6.9	6.3

1) Investment Budget:

Education	\$ 65.6
Economic Development -- Highways	30.0
Compensation	17.2
Re-Appraisal	8.0
Capital Improvements	7.4
Water	5.3
Food Sales Tax Refund	4.8
Economic Development	3.5
State Aid to Local Units of Government	1.5
Children	1.3
	<u>\$ 144.6</u>

- When combined with the basic budget, the investment budget increases FY 1987 spending by \$109.7 million (6.3%) over estimated spending in FY 1986 (a lesser rate of increase than that of FY 1986 compared to actual FY 1985)
- Increases the ending FY 1987 balance to \$120.0 million