

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 February 4, 1986 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Robin Hunn, Ray Hauke
Revisor's Office: Norman Furse
Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

The Chairman noted that the briefing at this meeting would concern systemwide non-reportable budget analysis for the Department of Administration. He explained that, when he and Senator Werts were reviewing the budget, they found approximately 27% increase in non-reportable items, most of them being charges for services to state agencies by the Department of Administration. Because the increase was beyond expectations, it was decided that it might be well for the committee to be briefed on those items. He asked Mr. Hauke to proceed with the briefing.

Mr. Hauke distributed Attachments A and B for the committee's use during his briefing. He stated that he frequently receives calls concerning the non-reportable budget, because it is an area which is often misunderstood. He explained that it consists of items budgeted, just as any other budgetary item. The reason it is not included in the expenditure totals is that the actual expenditures are reflected in the agencies where they occur. These agencies make payments to the Department of Administration for items such as computers, motor pool, etc. He added that the non-reportable budget is also called the "off budget." He noted that legislative control is similar to any other budgeted item.

Mr. Hauke indicated that the Legislature can control the off budget by making adjustments in budgets of individual agencies, or by placing expenditure limitations on various funds within the Department of Administration. He said the Legislature may also use its authority by way of proviso in appropriations bills.

Senator Bogina commented that he felt it might be well to handle the off budget similar to the way systemwide issues are handled for institutions under the jurisdiction of the State Board of Regents. He suggested that the committee might make those systemwide decisions for state agencies so that various subcommittees could make changes as they study the individual agency budgets.

Senator Gaines questioned if an item such as O.O.E. (Other Operating Expenditures), for example, could be the same for each agency. Senator Bogina said he felt it could be done if there is a similar policy for each agency within the Department of Administration. Mr. Hauke indicated that if the committee decided to make a major adjustment to a particular activity, it would be necessary to work that item within the individual agencies. He explained that one budgeted item usually affects only a dozen agencies; while other items impact every agency in some manner.

Mr. Hauke referred to Page 518 of Attachment A. He noted that major items in the Governor's non-operating budget appear on that page. He then referred to Attachment B, and asked if the committee wanted to review major changes which have occurred in the area of computers during the past year. The committee asked for a review of Attachment B.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S, Statehouse, at 11:00 a.m./p.m./ on February 4, 1986

Following Mr. Hauke's brief review of Attachment B, there was discussion concerning the report of John Diebold and Associates concerning DISC computing environment. Senator Gaines questioned why the Legislative Coordinating Council had rejected the report. Senators Talkington and Johnston indicated they were disappointed in the way the report was handled; and also, that the report was confusing because the narrative and the conclusion disagreed. Senator Johnston said he felt the report indicated that either of two plans presented was workable. He added that there was a unanimous recommendation of a group from the private sector in Kansas who disagreed with the Diebold conclusion.

In answer to a question from Senator Feleciano, Senator Bogina said the report is available to anyone who would like to read it. Mr. Hauke added that the Legislative Research Department will provide copies of the report upon request.

There followed a short discussion concerning various computers planned throughout the state system, and the eventual use of each computer. Mr. Hauke indicated that one option being considered is that some existing equipment in the State Office Building will be sold to the Department of Human Resources. He suggested that the committee may want to address (1) whether the Department of Human Resources will acquire one of the machines in the State Office Building and (2) if not, what will happen to that machine?

Mr. Hauke then explained some of the options being considered regarding more efficient use of KIPPS.

Mr. Hauke continued his presentation by referring to the Nonreportable Operating Budget Analysis on page 530 of Attachment A. There was a lengthy discussion concerning Health Care Benefits. He noted that the \$1.3 million surplus noted on page 531 includes both employees' and employer's share of excess contributions. He stated that the real surplus in the Health Care Benefits Program Fund is \$2.3 million, but the contract with Blue Cross-Blue Shield calls for \$1 million of that to remain in a rate stabilization account in case there is excessive use of the fund next year. The remaining \$1.3 million will be used to reduce state expenditures for single member health insurance premiums, according to the plan of the Department of Administration. This includes the additional amount paid by employees' for the family health insurance plan. Senator Feleciano commented that he feels the family plan should be treated separately.

The discussion continued, with Mr. Hauke reviewing DISC-Information Systems, page 532 of Attachment A. There was a consensus of committee members that DISC charges should be adjusted in agency budgets where applicable, because the new computer to be installed in the Santa Fe Office Building will cost less than the original estimate.

The Chairman indicated that another hour would be set aside for consideration of the non-reportable budget items. He then adjourned the meeting.

DEPARTMENT OF ADMINISTRATION

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

BUDGET SUMMARY

A. FY 1986.

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

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

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

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

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

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

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

B. FY 1987.

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

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

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

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

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

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

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

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

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

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

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

REPORTABLE STATE OPERATIONS BUDGET ANALYSIS

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

ItemGovernor's Recommendations

transferring the personnel work for the Department of Administration to the General Administrative activity. Those positions were formerly included in the budget of the Division of Personnel Services.

1. **Salaries and Wages.** The FY 1987 General Administration request includes \$1,019,359 for salaries and wages. Within this request are 33 FTE, consisting of staff assigned to the Secretary's office (14 FTE), the Equal Employment Opportunity Office (7 FTE), the Governor's Fellowship Program (6 FTE), and the previously mentioned personnel office (6 FTE). The request includes two new positions: one Personnel Management Specialist II and one Secretary I. The Personnel Specialist position is requested to assist in supervisory training and employee selection. The clerical position is requested to assist the federal grants coordinator position, transferred to this Department in FY 1986 from the Department of Human Resources. (Staff Note: The revised FY 1986 budget reflects the federal grants coordinator in the Secretary's office, rather than the Division of the Budget, where it had originally been included. Additionally, the revised FY 1986 request transfers a Secretary II from the Division of the Budget to the Secretary's office.)

2. **Contractual Services.** The FY 1987 request includes \$100,000 to finance consultant services for the Secretary. This money would be used to finance the services of specialized consultants and attorney fees when caseload exceeds the capacity of the Department's staff. The approved FY 1986 budget includes \$88,500 for such consultants. Actual FY 1985 expenditures were \$59,956.

B. **Computer Services.** The FY 1987 request includes \$4,133,496 from the State General Fund to finance computer services to be provided by DISC. Of this amount: (1) \$350,000 would

1. The Governor's salary and wage recommendations include \$920,109 for the General Administration activity. This recommendation is based upon 31.0 FTE positions, the existing 26 plus five transferred from the Division of Personnel Services.

2. The Governor's recommendations include \$35,000 during both FY 1986 and FY 1987 for contractual services. The Governor's revised FY 1986 recommendation is a reduction of \$53,500 to the approved budget.

B. The Governor's FY 1987 recommendations include \$3,671,514 from the General Fund to finance computer services to be provided by DISC.

ItemGovernor's Recommendations

finance consultant services related to modification of a personnel software package; (2) \$3,671,514 would finance purchase of DISC computer services by various organizational units in the Department of Administration; (3) \$35,000 is purchase of cold site computer backup capacity for the Regents' institutions; and (4) \$76,982 would finance exercise of the purchase option on selected Sperry Univac terminals.

1. **Consultant Services.** The FY 1987 request includes \$350,000 for modification of a software package that would replace the existing KIPPS and CASK personnel and accounting software. This request is a part of the agency's proposal to phase out the Sperry Univac computer by FY 1989. This request depends upon FY 1986 purchase of the software package.

2. **Purchase of DISC Computer Service.** The FY 1987 request includes \$3,671,514 for purchase of DISC services and computer time. This amount includes all computer services purchased by the Department with the exception of dedicated equipment which is included in the requests of the various operating divisions. This \$3,671,514 request is a 2.6 percent increase to the approved FY 1986 budget of \$3,580,114. (Staff Note: In addition to this agencywide request, the FY 1987 budget includes approximately \$332,517 for dedicated equipment that is divided among the agency's various subprograms. The Department's budget contains a detailed allocation of this request among the various operating units. The Division of Accounts and Reports consumes approximately 80 percent of the Department's computer utilization, the Division of Personnel Services uses 18 percent, with all other divisions combined using the remaining 2 percent. Actual use of DISC computer services was \$3,272,194 in FY 1985.)

1. The Governor's FY 1987 recommendations do not include \$350,000 for consultant modification of a software package.

2. The Governor's recommendations concur with the agency request of \$3,671,514 for purchase of DISC services and computer time.

| Item | Governor's Recommendations |
|--|---|
| <p>3. Computer Backup Capacity. The request includes \$35,000 from the General Fund to finance a portion of the contract with Kansas Avenue Plaza Development Company. This contract provides the state with cold site backup, which would be utilized in the event of a long term computer disruption at one of the state's computer centers. This \$35,000 purchases cold site backup for the Regents' institutions. (Staff Note: Additionally, the nonreportable budget includes \$30,000 to provide backup capacity for the DISC computing centers.)</p> | <p>3. The Governor's recommendations do not include \$35,000 from the General Fund to purchase backup capacity for the Regents institutions.</p> |
| <p>4. Purchase of Sperry Terminals. The Department is requesting \$76,982 to exercise the purchase option on 42 Sperry Univac terminals. These terminals are now located at the Regents institutions and the Department indicates they are unnecessary, due to those institutions not using KIPPS. The terminals are on a seven year lease purchase. In submitting this request, the Department indicates that it would exercise the purchase option on this equipment and then sell it on the open market. (Staff Note: It would seemingly be reasonable to not sell any of this equipment until a final decision is reached on whether the Sperry equipment is to be upgraded or phased out.)</p> | <p>4. The Governor's recommendations do not include \$76,982 from the General Fund for the purchase of 42 Sperry terminals. However, the Governor's recommendations include this purchase in the nonreportable operating budget.</p> |
| <p>5. FY 1986 Revision. The revised FY 1986 budget includes \$4,285,216 from the General Fund to finance computer services for the Department. This revised request is a \$30,000 reduction to the approved FY 1986 budget. The reduction is the result of eliminating a \$30,000 contingency that was to be used for an additional maintenance contract, if the state upgraded the Sperry Univac equipment in FY 1986.</p> | <p>5. The Governor's revised FY 1986 recommendation includes \$3,985,216 from the General Fund to finance computer services for the Department. The Governor is not recommending FY 1986 expenditures of \$300,000 for personnel and accounting software. The Governor concurs with the agency's proposal to not expend \$30,000 for an additional maintenance contract. Consequently, the agency's revised FY 1986 recommendation is a \$330,000 reduction to the approved budget.</p> |

| Item | Governor's Recommendations |
|--|---|
| <p>C. Accounts and Reports. The FY 1987 request for the Division of Accounts and Reports totals \$5,955,221 of which \$4,498,872 would be for salaries and wages. The agency's request is based upon 161 FTE positions, an increase of 8.0 FTE to the revised FY 1985 budget. Major items of expenditure are discussed in the sections which follow.</p> | <p>C. The Governor is recommending an FY 1987 budget of \$4,873,254 for the Division of Accounts and Reports, of which \$3,949,209 would be for salaries and wages. This recommendation is based upon 148 positions, a reduction of five FTE to the revised FY 1986 budget.</p> |
| <p>1. Salaries and Wages. The \$4,498,872 request for salaries and wages is based upon 2.1 percent turnover. Actual turnover during FY 1985 was 1.8 percent. The request includes eight new positions having a total expenditure of \$204,156. Two positions (Central Accountants I) would be assigned to the Administrative Audit Unit to allow the auditors to spend additional time reviewing each voucher. Two (one Account Clerk II and one Central Accountant II) would be assigned to the Accounting System and Procedure Unit. Two (Central Accountants III) are requested in the payroll section to assist in conversion of Regents institutions to separate payroll systems. Finally, two (Data Control Technicians IV) would be added to the Technical Support and Planning Unit to assist in converting applications to the minicomputer, discussed in the section which follows. The FY 1987 Accounts and Reports request also contains \$7,155 to finance reallocation of six Central Accountant positions.</p> | <p>1. The Governor recommends a salaries and wages budget of \$3,949,209 in FY 1987. The Governor's recommendations are based upon 2.1 percent turnover. The Governor is not recommending any of the new positions requested by the agency. Additionally, the Governor's FY 1987 recommendations eliminate five existing positions in the Municipal Accounting Unit. The Governor is not recommending financing for reallocation of six Central Accounting positions.</p> |
| <p>2. Minicomputers. The Division's FY 1987 request includes a total of \$158,560 for a minicomputer (\$82,390) and several microcomputers (\$76,170). The minicomputer would be in the Technical Support and Planning Unit. It would serve as a remote job entry unit and due to its stand alone capabilities could reduce utilization of DISC mainframes. Of the microcomputers, the largest expenditure (\$63,726) would be for addition of 16 units and peripherals to the Accounting Systems</p> | <p>2. The Governor's recommendations do not include financing for a minicomputer or any of the microcomputers requested by the agency.</p> |

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and Procedures Unit. These units are requested to replace existing computer terminals which are considered outdated.

3. **Contractual Services.** The agency's request includes \$145,000 in FY 1987 to finance three separate consultant studies. The largest (\$100,000) would finance a study of CASK modifications necessary to comply with generally accepted accounting principles. Secondly, \$25,000 would finance evaluation of the necessity for expansion of the present three digit expenditure object code structure. The remaining \$20,000 would finance actuarial review of the deferred compensation program, offered to state employees, to determine whether improved performance could be obtained from another carrier or by internal management of the program.

D. **Division of the Budget.** The FY 1987 request for the Division of the Budget is \$1,287,638, a 21.7 percent increase to the revised FY 1986 budget of \$1,057,580. Two major reasons appear for this increase: first, the \$150,000 financing for gubernatorial transition and, secondly, anticipated filling of positions vacant in FY 1986. Financing for the gubernatorial transition is in accordance with K.S.A. 75-137, which specifies that up to \$150,000 is authorized to be appropriated for carrying out such a transition. Such funds would be expended in accordance with K.S.A. 75-132 et seq., and would principally be for staff, travel expenses, communications, and printing. The Division's revised FY 1986 salary and wage budget reflects a decrease of \$135,390, of which approximately \$61,000 is due to shift of two positions (one federal grants coordinator and one clerical position) to the General Administrative activity. The remainder of the decrease results from unexpected turnover savings, approximately 8.0

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3. The Governor is not recommending financing for any of the consultant studies included in the agency request.

D. The Governor recommends an FY 1987 budget of \$1,259,636. The Governor's recommendations include \$150,000 to finance expenditures associated with the gubernatorial transition. The Governor's FY 1987 recommendations continue 25 positions in the Budget Division and presume a turnover savings factor of 1 percent. The Governor's revised FY 1986 recommendations assume approximately 8.6 percent turnover savings.

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percent of the salary and wage budget. In the FY 1987 request, turnover is projected at 1 percent, resulting in an \$80,408 increase over the revised FY 1986 request.

E. Personnel Services. The FY 1987 request includes \$3,377,782 for the Division of Personnel Services. This request includes 25 FTE additional positions (\$554,400) and approximately \$73,775 in other operating expenditures for those new positions. Excluding expenditures associated with the new positions, the FY 1987 request is a 1.3 percent increase over the approved FY 1986 budget. Both the approved FY 1986 budget and the FY 1987 request presume 4.0 percent turnover savings. Actual turnover savings were 3.6 percent in FY 1985.

1. New Staff Positions. Of the requested new positions, four would be assigned to provide career counseling for applicants and would assist in improving recruitment efforts. Fourteen positions are requested for the Program and Policy Unit, where they would assist in performing compensation and classification studies. Seven are requested for the Agency Services Unit and would be utilized to monitor the personnel practices of individual agencies.

F. Purchasing. The Division of Purchases submits an FY 1987 request of \$1,301,291, a slight decrease to the revised FY 1986 request of \$1,315,091, resulting from shift of the Surplus Property Program to the Department of Corrections. The FY 1987 request includes 40 FTE positions and would include one new Contracting Officer II, who would provide assistance to agencies having delegated purchasing authority. The FY 1987 request is predicated upon turnover savings of .5 percent. Actual turnover in this

E. The Governor's FY 1987 recommendations include \$2,604,491 for the Division of Personnel Services, based upon 80 FTE positions. The Governor's FY 1987 recommendations include \$2,112,989 for salaries and wages, a recommendation that presumes turnover savings of 4.2 percent.

1. The Governor is not recommending any of the new positions requested by the agency.

F. The Governor is recommending a FY 1987 budget of \$1,282,575. The Governor's recommendations include \$999,551 for salaries and wages, based upon 39 FTE positions. The Governor is not recommending an additional Contracting Officer position. The Governor's recommendations reflect elimination of 11 FTE positions due to transfer of the Surplus Property Program. The Governor's recommendations presume turnover savings of .9 percent. Additionally, the Governor is

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Division was 3.3 percent during FY 1985; however, that turnover rate occurred when the Surplus Property Program was the responsibility of this Division.

G. Architectural Services. The Division of Architectural Services is requesting \$2,944,152 in FY 1987, of which \$1,884,152 would be from the State General Fund. The revised FY 1986 request is a reduction of \$200,000, reflecting shift of Santa Fe moving expenditures to FY 1987. The Division's salary and wage request includes 57 positions, an increase of one to the approved FY 1986 budget. When expenditures related to the Santa Fe move are excluded, the Division's request is a 3.9 percent increase to the approved FY 1986 budget.

1. Moving Contingency. The revised FY 1986 budget includes \$50,000 to finance costs of moving agencies to the Santa Fe Building, a reduction of \$200,000 to the approved budget. The FY 1987 request includes \$201,700 for moving agencies. Both the FY 1986 and FY 1987 moving expenses would be financed from the Property Contingency Fund.

2. Movable Partitions. The FY 1987 request includes \$673,300 for purchase of movable partitions. These would be used to divide open areas of the Santa Fe Building and areas of the State Office Building, which will be vacated when various offices move to Santa Fe. (Staff Note: The combined FY 1986 and FY 1987 request for moving and partitioning totals \$925,000. The Division of Architectural Services has more recently compiled estimates based upon individual agency partitioning needs, movable partitions already owned by agencies, and items to be moved. Those estimates project moving costs of approximately \$456,000 and partitioning costs of approximately \$496,000, for a total of \$952,000. Of this total

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recommending expenditure of \$70,000 for contractual services to improve data on state contracts with minority and women owned businesses.

G. The Governor is recommending an FY 1987 budget of \$2,427,078, of which \$1,684,332 is from the State General Fund. The revised FY 1986 recommendation shifts all Santa Fe moving funds to FY 1987 and reduces the salary and wage budget by \$62,843, due to increased turnover savings. The Governor's FY 1987 recommendations are based upon the 56 FTE existing positions. The Governor's FY 1987 recommendations include turnover savings of 2.0 percent.

1. The Governor's revised FY 1986 recommendations delete all of the previously approved \$250,000 Property Contingency Fund budget for moving expenditures. The Governor's FY 1987 recommendations include \$134,361 from the Property Contingency Fund for moving agencies.

2. The Governor's FY 1987 recommendations include \$423,385 for purchase of movable partitions in the Santa Fe Building. Totals in the Governor's recommendation include moving and partitioning costs for agencies relocating to vacated areas of the State Office Building. (Staff Note: In most instances the Governor's recommendations for moving and partitioning are based upon the Architectural Services Division's estimates. However, the Governor's recommendations include approximately \$100,000 less for partitioning in the State Office Building than contained in the Architectural Services Division's estimate. Nevertheless, that

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approximately \$702,000 is related to the Santa Fe Building and approximately \$250,000 is for moving agencies to space vacated in the State Office Building. The total of this recent projection is relatively close to the original budget submittal. Many of the agencies moving into the Santa Fe Building are financed from the State General Fund and it makes little difference whether their moving expenses are financed from this appropriation or the individual budget. However, the Legislature may wish to finance special revenue funded agency moves with the appropriate fee and federal funds. It would also appear relevant to finance purchase of movable partitions with such special revenue funds. This finance arrangement could reduce demands on the Property Contingency Fund by approximately \$220,000. Further, the Architectural Services Division's estimate includes \$30,000 for telephone relocation expenses in the State Office Building. As that building is being completely rewired as a part of the core telecommunications project, it would seemingly be possible to coordinate installation in a manner that would avoid this additional expenditure. Finally, the estimate includes approximately \$38,000 to move the Human Resources computer, an amount that may be unnecessary if Human Resources buys a new computer.)

3. Architectural Services Recovery Fund. Of the Division's FY 1987 operating request, \$185,000 is financed from the Architectural Services Recovery Fund. This request presumes expenditure of all FY 1987 collections, projecting no balance forward to FY 1988. (Staff Note: The Fund receives its revenue from a 1 percent assessment on certain state projects. Its receipts fluctuate according to the magnitude of the overall capital improvements budget. The revised FY 1986 budget presumes collection of \$191,643, while \$296,687 was collected in FY 1985).

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reduction is offset by the Governor's FY 1987 capital improvements recommendations, which utilize \$233,279 from the Property Contingency Fund for remodeling in the State Office Building. That remodeling is in areas of that building which will become vacated when agencies move to Santa Fe.)

3. The Governor's recommendations include \$185,000 from the Architectural Services Recovery Fund to finance ongoing operations in the Division of Architectural Services.

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| <p>H. General Services. The reportable General Services FY 1987 request is \$678,620 and includes 20 FTE positions. The request is a significant increase over the revised FY 1986 budget of \$317,152, due to a proposal to expand the Central Records Center. (Staff Note: Most of the General Services Division is within the nonreportable budget. The reportable portion of General Services includes only the Central Mail and Central Records activity.)</p> | <p>H. The Governor is recommending a FY 1987 budget of \$293,092 in the reportable expenditure category of General Services. This budget is based upon the 11 positions presently authorized for General Services.</p> |
| <p>1. Central Records Center. The FY 1987 request contains an increase of \$337,737 to expand the Central Records Center. Major expenditures within this expansion would include: (1) nine additional staff positions (\$160,997); (2) equipment for storage and filming of records (\$116,400); and (3) rental of facilities for storage (\$45,000). The concept underlying this request is that prime office space in state buildings is occupied by inactive records that could be located in a central records location. The 1985 Legislature approved one position to implement this concept in FY 1986.</p> | <p>1. The Governor is not recommending additional equipment, personnel, or storage for the Central Records Center. The Governor's recommendations include \$58,440 in FY 1987 for central records management, which includes one FTE and \$14,000 in temporary staff.</p> |
| <p>I. Buildings and Grounds. The FY 1986 reportable request includes \$2,267,912 for Buildings and Grounds, of which \$2,158,780 is from the State General Fund and \$109,132 is from the Building and Grounds Fund. This request finances operating expenditures for the Statehouse (\$1,358,780), Judicial Center (\$800,000), state parking lots (\$29,482), and certain other properties (\$79,650). (Staff Note: Buildings and Grounds expenditures related to the State Office Building, Forbes properties, and the Santa Fe Building are included in the nonreportable budget as they are financed by rental collections from user agencies.)</p> | <p>I. The Governor is recommending \$2,150,219 for the Buildings and Grounds activities included in the reportable budget. Of that recommendation, \$2,047,311 is from the State General Fund and \$102,908 is from the Building and Grounds Fund.</p> |

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| <p>1. Statehouse. The FY 1987 request for Statehouse operations is \$1,358,780, all of which is from the State General Fund. This request reflects a 3.2 percent decrease to the revised FY 1986 budget, principally due to estimated savings resulting from the new state operated heating plant. Major items in the FY 1987 request are: salaries and wages for 42 positions (\$790,750); utilities (\$334,638); and payments for the Capitol Area Security Patrol services (\$97,471) which are an 11.8 percent increase over the revised FY 1986 budget. (Staff Note: Inasmuch as no specific proposal is being made for increased capitol security, expenditures for the security patrol contract should increase by no more than the overall increase for classified civil service employees.)</p> | <p>1. The Governor is recommending an FY 1987 budget of \$1,313,509 for Statehouse operations, all of which is from the State General Fund. The Governor is recommending \$770,620 in salary expenditures for 42 positions. The Governor concurs with the agency request of \$334,638 for utilities. The Governor's FY 1987 recommendations contain no increase for security services.</p> |
| <p>2. Judicial Center. The FY 1987 General Fund request for the Judicial Center is \$800,000, an increase of .7 percent to the revised FY 1986 request. Major items within this request include: salaries and wages for 21 FTE positions (\$241,022); utilities (\$388,078); and contractual Capitol Area Security services (\$119,678). Both the revised FY 1986 and the FY 1987 requests are based upon turnover savings of 4.0 percent. Actual turnover was 13.3 percent during FY 1985. (Staff Note: Savings within the current fiscal year appear possible in this subprogram, principally in utilities and salaries.)</p> | <p>2. The Governor is recommending an FY 1987 budget of \$733,802 for the Judicial Center. This recommendation includes: \$228,606 in salary expenditures for 21 positions; utilities (\$345,000); and security services (\$110,807). The Governor's revised FY 1986 recommendations reduce the approved salary and wage budget by \$6,224 and the approved utility budget by \$40,891. The Governor's salary recommendations presume FY 1987 turnover savings of 6.5 percent.</p> |

NONREPORTABLE OPERATING BUDGET ANALYSIS

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| <p>A. Health Care Benefits. The Department is requesting \$667,672 from the Health Care Benefits Program Fund to</p> | <p>A. The Governor is recommending an FY 1987 budget of \$170,840 from the Health Care Benefits Program</p> |

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finance administration of the state employee health care program. Two major program enhancements totaling \$476,750 are included in this request. One would expend \$226,750 for fitness assessments and health risk appraisals for state employees. The second is \$250,000 for incentive payments to employees who participate in the wellness program. Remaining expenditures in the request are for health care program administration, of which \$102,872 is requested to continue the agency's 3.0 FTE employees.

1. **Health Care Benefits Program Fund.** The Health Care Benefits Program Fund receives its revenues from the amounts budgeted for state employee health insurance. The FY 1986 request presumes funds available totaling \$1,536,629, of which \$152,258 would be expended for program administration, \$552,905 would be utilized to offset the state's share of employee insurance premiums, and \$831,466 would be a balance forward to FY 1987. During FY 1987, the agency request would transfer \$686,612 into the Fund, of which \$667,672 would be expended and \$850,406 would be a balance forward to FY 1988. (Staff Note: An unresolved issue at the end of the 1985 Legislative Session was the amount and possible disposition of a new surplus that had developed in Blue Cross and Blue Shield accounts, when premium income from the state insurance program is compared to claims, for the contract period August 1, 1984 through July 31, 1985. That surplus is now estimated to be \$2.3 million. To obtain the lowest possible premium rates, the Health Care Commission agreed to leave \$1.0 million in an interest bearing rate stabilization reserve account, which would revert to Blue Cross and Blue Shield in the event the 1985-86 contract incurs an underwriting loss. This agreement leaves \$1.3 million that is available to the state. Of the surplus approximately 57 percent is

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Fund to finance administration of the state employee health care program. The Governor is not recommending financing for either of the program enhancements requested by the agency. The Governor's recommendations continue the agency's 3.0 FTE employees.

1. The Governor's FY 1986 recommendations concur with the agency's projections of funds available totaling \$1,536,629. Of that amount \$137,609 would be expended for administration, \$552,778 would be utilized to offset the state's share of employee insurance premiums, and \$846,242 would be a balance forward to FY 1987. The Governor's FY 1987 recommendations transfer no additional moneys to this Fund. Of the \$846,242 balance forward from FY 1986, \$170,840 would be for administration, \$535,012 would be utilized to offset the state's share of employee insurance premiums, and \$140,390 would be a balance forward to FY 1988.

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attributable to claims on behalf of employees, while approximately 43 percent is attributable to claims on behalf of dependents. The receipts from this surplus are not included in the agency's projections on this fund.)

B. DISC-Information Systems. The Department of Administration is requesting \$13,670,494 in FY 1987 for the combined Information Systems and Administration/Planning Units of DISC. Of this request, \$4,344,193 finances salaries and wages for 140 FTE positions, including 14 new positions. Other operating expenditures totaling \$9,326,301 are requested, consisting principally of lease and lease-purchase arrangements on DISC computing equipment; maintenance of the equipment; and miscellaneous supplies. The FY 1987 request for expenditures from the combined Computer Services Fund and Computer Services Depreciation Fund is a 16.2 percent increase to the revised FY 1986 estimate, while the projected increase in FY 1987 computer services revenues is 9.8 percent. Expenditures can exceed revenues during FY 1987, due to partially spending the balance in the Computer Services Fund. (Staff Note: Instructions from the Division of the Budget directed agencies to include 7.0 percent inflation for computer services in their FY 1987 requests. Many agency requests include this 7 percent increase. The difference between this 7.0 percent inflation factor and a 9.8 percent increase in revenues results from new applications anticipated to increase FY 1987 agency payments to DISC. Possible decreases in the request, discussed below, could reduce the amounts necessary in agency data processing budgets during FY 1987 or minimize data processing rate increases in FY 1988.)

1. Salaries and Wages. The FY 1987 salary and wage request of \$4,344,193 includes \$3,413,265 for 110.0 FTE positions in the information systems

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B. The Governor is recommending an FY 1987 budget of \$13,437,399 for the combined Information Systems and Administration Planning Units of DISC. Of this request \$3,849,587 finances salaries and wages for 128 FTE positions, including two new positions. Other operating expenditures totaling \$9,587,812 are recommended. The Governor's recommendations include \$223,679 in the DISC budget for moving to the Santa Fe Building. The Governor's recommendations for expenditures from the combined Computer Services Fund and Computer Services are \$13,262,593, a 16.0 percent increase to the revised FY 1986 recommendation. The Governor's recommendations are predicated upon projected increases of 16.8 percent in computer services revenues between FY 1986 and FY 1987. The Governor's recommendations project FY 1987 ending balances of \$1,800,675 in the Computer Services Fund and \$798,924 in the Computer Services Depreciation Reserve Fund.

1. The Governor's FY 1987 salary and wage recommendation of \$3,849,587 includes \$3,021,094 for 101 FTE positions in the

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| <p>subprogram and \$930,928 for 30 FTE in the administration/planning subprogram. This request is predicated upon 2.6 percent turnover savings in FY 1987. Actual turnover was 9.6 percent in FY 1985, partially due to a high turnover rate among computer operators. Three new positions are requested in the administration/planning subprogram, one Senior Information Resource Specialist (\$31,655 including benefits); one Management Analyst II (\$26,217 including benefits); and one Management Analyst I (\$23,869 including benefits). The Senior Resource Specialist is requested to reduce the number of agency accounts assigned to the existing staff, allowing more in-depth analysis of agency data processing proposals. The Management Analyst II would be utilized to process agency data processing applications in areas where policy and procedure are well established. The Management Analyst I is requested to perform audits of KANS-A-N usage to reduce abuse of the system. Eleven new positions are requested in the information systems subprogram for a total cost of \$315,454, including benefits. Those positions are: three Technical Support Programers II; two Systems Analysts; one Telecommunications Specialist; one Programmer II; one Computer Engineer; and three Electronic Technicians. The three Technical Support programmers are requested to assist in implementation of distributed network processing and would assist in troubleshooting on the network, envisioned to extend to every county. The Systems Analysts and Programmer II would assist in training and consultation to agencies in data processing technologies available to them. The Telecommunication Specialist would work in the DISC Information Center to assist in training agency personnel on the equipment options and capabilities in the telecommunications area. The Computer Engineer and the Electronic Technicians are requested to establish a section capable of repairing</p> | <p>information systems subprogram and \$828,493 for 27 FTE in the administration/planning subprogram. The FY 1987 recommendation is predicated upon 3.5 percent turnover savings and turnover savings of 6.2 percent are included in FY 1986. The Governor is recommending two new Technical Support Programers II (\$62,917 including benefits) to assist in implementation of distributed network processing. The Governor is not recommending financing for salary upgrades on computer operator positions.</p> |

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microcomputer and telecommunications equipment. Finally, the salary and wage request includes \$48,785 to finance salary upgrades for 19 computer operators. These upgrades are requested to reduce employee turnover and to establish a career ladder for computer operators.

2. **Capital Outlay.** The FY 1987 request includes \$3,570,811 in information systems for equipment purchase, an amount which includes \$3,311,279 in equipment and software secured during previous years on an installment purchase basis. Major items of new equipment included in this request are: (1) eight disk drives (\$54,810); (2) two disk storage controllers (\$44,136); (3) three cartridge tape drives (\$18,221); (4) one additional printer (\$18,552); (5) 11 microcomputers and terminals (\$19,535); (6) software for the microcomputers (\$21,626); and (7) miscellaneous software for the mainframe computers (\$34,737). Within the abovementioned amount for equipment acquired in previous years is \$1,140,948 for the annualized cost of the new IBM compatible mainframe computer. Subsequent to submission of the budget request, the new mainframe has been bid at \$49,049 monthly, beginning in April of 1986. This bid annualizes to \$588,588 monthly, allowing a reduction of \$552,360 to the FY 1987 request and \$184,120 to the approved FY 1986 budget. (Staff Note: The agency's FY 1987 request for disk and tape drive equipment is predicated upon securing those units on 60 month lease-purchase arrangements. The agency has included 11 percent financing on this equipment. Inasmuch as interest rates are currently substantially lower than 11 percent and given the option of certificate of participation financing, it may be possible to lower the estimated costs of these units slightly. The annual financing rate on

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2. The Governor's recommendations for the information systems subprogram include \$3,647,793 in capital outlay expenditure. The Governor's recommendations include all items in the agency request. Additionally, the Governor's recommendation contains \$76,982 for exercising the purchase option on 42 Sperry terminals, presently acquired on a seven-year lease-purchase arrangement.

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the new mainframe is 7.75 percent. The agency utilized the prices on the present state contract with NAS to estimate the cost of the disk drive request.)

3. **Rentals.** The Information Systems request for rental and lease payments is \$2,989,860, a 2.1 percent increase to the revised FY 1986 request of \$2,926,188. (Staff Note: The items of lease or rental are typically computer equipment or software. The items involved are similar to those discussed as capital outlay. The major difference is the arrangements under which the item is secured.) Within this request expenditures for office space rental increases by \$128,184, the result of increased floor space allocations when DISC moves to Santa Fe. DISC will be allotted 13,448 square feet of computer space in Santa Fe, for which rental of \$32 per square foot annually is paid. The FY 1987 rental budget includes various software upgrades including: (1) obtaining the IBM MVS-XA operating system for half the fiscal year (\$24,000); (2) upgrade of the data transfer software package between DISC, SRS, KDOT, and Revenue (\$48,878); and (3) upgrade of data storage software (\$23,016). This rental budget also includes replacing eight tape drives; however, the costs of these units are nearly offset by expiration of leases on existing tape drives.

C. **DISC Telecommunications.** The FY 1987 request for the telecommunications section of DISC is \$15,425,877, a 21.9 percent increase to the revised FY 1986 budget of \$12,655,762. This request includes six FTE new positions and an overall 10.5 percent increase in the cost of contractual telecommunications services. The \$13,182,118 request for contractual telecommunications services includes \$10,340,047 for the KANS-A-N long distance network and \$2,783,853 for local telephone services in the

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3. The Governor concurs with the agency request of \$2,926,188 in FY 1986 and \$2,989,860 in FY 1987 for rental and lease payments.

C. The Governor is recommending a FY 1987 budget of \$11,966,511 for DISC telecommunications. The Governor's revised FY 1986 recommendations for DISC telecommunications are \$10,148,556, a reduction of \$2,501,853 to the approved FY 1986 budget. The reductions to both the approved FY 1986 budget and the FY 1987 request are largely the result of revised estimates of long distance telecommunications service.

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capitol complex. Additionally, this request includes \$961,267 for payments on the capitol complex core distribution system. (Staff Note: As this material was being prepared, the agency was reviewing responses to its request for proposal on the core project. A bid should be awarded early in the session, which will allow agency telecommunication budgets to be further refined.)

1. **Salaries and Wages.** The FY 1987 salaries and wages request of \$505,770 is based upon 15 FTE positions, an increase of six to the revised FY 1986 salary and wage budget of \$328,626. The requested new positions total \$166,573 (including benefits) and consist of three Electronic Communications Specialists (\$23,869 each) and three Telecommunication Specialists II (\$31,656 each). Two of the Electronic Communications Specialists would be system troubleshooters, determining causes and corrections of telecommunications system problems. The remaining Specialist would maintain and repair premise distribution systems. The three Telecommunication Specialists II would operate a Network Control Center to identify transmission problems throughout the statewide system and coordinate those problems with local telephone company personnel.

2. **KANS-A-N.** The FY 1987 budget for telecommunications includes \$10,340,047 for the KANS-A-N network, a 12 percent increase to the revised FY 1986 KANS-A-N request. The agency produced this 12 percent overall increase by presuming an 8 percent increase in KANS-A-N utilization and a 4 percent rate increase. The revised FY 1986 request is basically unchanged from the approved FY 1986 budget. That budget presumed 17.8 percent inflation to a fiscal 1985 base of \$7.8 million. (Staff Note: Subsequent to the establishing of the approved FY 1986 budget two major

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1. The Governor is recommending a FY 1987 salaries and wages budget of \$374,914 for the telecommunications unit of DISC. This recommendation is based upon 11 FTE positions, including two new Electronics Communications Specialists.

2. The Governor's revised FY 1986 recommendations include \$7,312,435 for the KANS-A-N network, a reduction of \$1,919,750 to the revised request. The Governor is recommending a FY 1987 budget of \$8,189,927 for the KANS-A-N network. (Staff Note: Most agency communications budgets have been reduced to reflect the revised Governor's estimate of long distance expenditures. The Governor's FY 1986 revised recommendations were produced by applying 17.8 percent inflation to actual FY 1985

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| <p>events have occurred. First, FY 1985 expenditures were only \$6.2 million, rather than \$7.8 million as predicted. Secondly, the Kansas Corporation Commission extended by four months the Telpak tariffs, upon which much of KANS-A-N expenditure has been predicated. This combination of a lowered FY 1985 base and extension of low cost Telpak tariffs allows significant reductions to both the approved FY 1986 base and FY 1987 requests. When Telpak tariffs finally terminate in May, 1986, successor tariffs will involve expenditures approximately 15 percent above the Telpak rates. During January thru April, 1986, KANS-A-N rates will gradually increase as DISC changes out old circuits and implements new ones. To compensate for the effects of the abovementioned tariff changes, the Legislature may wish to consider FY 1986 increases of approximately 6 percent applied to actual FY 1985 expenditures. The FY 1987 amounts may be computed as approximately 10 percent increases, applied to the revised FY 1986 amounts. These computations would include no allowance for increased KANS-A-N usage and no allowance for further rate increases in FY 1987. Nevertheless, since the present tariffs have only recently been established, the likelihood of another immediate rate increase appears unlikely. Seemingly, the justifications for increased KANS-A-N usage should be considered on an agency-by-agency basis. These guidelines may be useful for review of communications funding in individual agency budgets. Revising the overall KANS-A-N budget is not particularly relevant as DISC collects from agencies based upon the actual cost of operating the KANS-A-N network. These guidelines should only be applied to KANS-A-N long distance expenditures. Additional detail is available concerning private data circuits and other non-KANS-A-N</p> | <p>expenditures. The FY 1987 recommendation was produced by applying 12 percent inflation to those revised FY 1986 estimates.)</p> |

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| <p>long distance charges. This can either be obtained from DISC or from the Legislative Research Department.)</p> <p>3. Capitol Complex-Local Service. The telecommunications budget includes \$2,783,853 during FY 1987 for local exchange services to capitol complex agencies. This request presumes 5 percent inflation to the revised FY 1986 budget of \$2,651,289. However, the increase becomes 41.3 percent, when the \$961,267 request for payment on the core distribution system is included in the cost for local service. (Staff Note: As previously mentioned, the bid had not yet been awarded on the core distribution system when this material was being prepared. Consequently, it is difficult to comment on the above estimates. The approved FY 1986 budget was based upon 15 percent inflation to an estimated FY 1985 base of \$2.3 million. Actual FY 1985 expenditures were approximately \$1.8 million for local service to capitol complex agencies. This would seemingly allow some reduction to FY 1986 budgets. Further, many agencies used unexpended FY 1985 funds to purchase telephone handsets, an action which should reduce lease costs in FY 1986.)</p> <p>4. Network Control Center. The Department's request includes \$244,000 to install switching equipment to form a network control center. This center would allow monitoring of telephone transmission to pinpoint problems and identify whether they were due to the state's equipment, a local carrier, or a long distance carrier. (Staff Note: This capability would become most important if the state were served by more than one long distance carrier. This request involves securing such equipment on a five-year Certificate of Participation. Consequently, the abovementioned equipment involves total expenditure of approximately \$1.2 million.)</p> | <p>3. The Governor is recommending a revised FY 1986 budget of \$2,067,304 for local exchange services in the capitol complex area. The Governor's FY 1987 recommendations are \$2,170,670. (Staff Note: The Governor's revised FY 1986 recommendations were produced by applying 15 percent inflation to actual FY 1985 expenditures. The FY 1987 recommendation was produced by applying 5 percent inflation to this revised estimate.)</p> <p>4. The Governor is recommending \$61,000 during FY 1987 for equipment installation in a Network Control Center. (Staff Note: This equipment would be secured on a five-year Certificate of Participation. Consequently, the equipment involves total expenditure of approximately \$305,000.)</p> |

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5. **Topeka Microwave Link.** The FY 1987 request includes \$222,040 to establish a five-way microwave transmission system between the capitol complex and five outlying Topeka based agencies (KNI, Forbes, Topeka State Hospital, Kansas Reception and Diagnostic Center, and the computer backup site.) Although internal wiring for these agencies is part of the "core project," lines to them are not. Consequently, the Department requests this microwave link. (Staff Note: If the link is not approved, the abovementioned agencies would continue to lease lines from the local telephone carrier. The Department indicates that end-to-end digital transmission to those agencies would be difficult if local telephone company lines continue to provide service to those agencies. The agency's request would secure this equipment on a five-year Certificate of Participation. Consequently, the abovementioned microwave link involves total expenditure of \$1.1 million.)

D. **Central Printing.** The FY 1987 request for printing services is \$5,436,014, a 12.6 percent increase to the revised FY 1986 budget of \$4,826,004. The most noteworthy item of increase is the \$370,000 payment to the PMIB on the building loan. In addition to that payment, major items in the FY 1987 request include: salaries and wages (\$2,712,293); commodities and contractual services (\$2,163,954); and capital outlay of \$189,767, which would finance replacement of a 20-year-old stitching and trimming machine. The FY 1987 request projects pay plan step movement and 2 percent cost-of-living on classified employees, in accordance with budget instructions. No increase is budgeted for the unionized employees that form the bargaining unit. A budgetary revision is submitted when bargaining is completed for those employees. The FY 1986 revised budget is decreased by

Governor's Recommendations

5. The Governor's recommendations do not include financing for a microwave transmission system between major complexes in the Topeka area.

D. The Governor recommends a revised FY 1986 budget of \$4,600,004, a reduction of \$599,116 to the approved printing budget. The Governor's FY 1987 recommendation for Central Printing is \$5,149,559. The major item of increase between FY 1986 and FY 1987 is the first building payment to the PMIB of \$370,000. Reductions included in the Governor's revised FY 1986 recommendations were principally the result of revised turnover estimates and decreased budgets for paper and supplies.

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\$373,116 from the approved budget, of which \$370,000 is shift of the first building payment from FY 1986 to FY 1987. Additionally, several commodity and service items were reduced (notably utilities and paper supplies) for a total savings of \$85,692. Those reductions were largely offset by a \$82,576 increase in salaries and wages, reflecting a 4 percent salary and wage increase for bargaining unit employees. (Staff Note: The printing plant building was built at less cost than originally budgeted. Consequently, approximately \$200,000 will not be drawn from the total \$3,856,900 authorized for loan from the Pooled Money Investment Board. This should allow a reduction in the loan repayment schedule. Agency budget instructions directed 15 percent increases in printing budgets in FY 1986 and 7 percent for FY 1987. A factor that causes the budgeting of balances for this Division to be difficult is uncertainty concerning agency orders for printed materials. Some agencies have decreased printing budgets to meet various budgetary reductions. The projected balance in the Printing Service fund at the end of FY 1987 is \$923,812, an amount which includes the payment for the succeeding year to the PMIB. The agency intends to make this payment on July 1 each year.)

E. Motor Pool. The FY 1987 request includes \$4,694,750 for the Central Motor Pool. Of the request \$1,984,550 would be expended from the Motor Pool Service Fund for operations of the motor pool. The remaining \$2,710,200 would be spent from the Motor Pool Depreciation Fund for acquisition of new vehicles. This request includes \$323,156 in salaries and wages for the presently authorized 16.0 FTE Motor Pool employees. The FY 1986 budget was not revised from that approved by the 1985 Legislature. Major items of expenditure are discussed in paragraphs which follow.

Governor's Recommendations

E. The Governor's FY 1987 recommendations include expenditure of \$4,226,023 for the Central Motor Pool. The Governor's revised FY 1986 budget includes \$3,239,843 for the Motor Pool, a reduction of \$295,600 to the approved budget. The Governor's recommendations continue the 16 FTE Motor Pool employees. The decrease in FY 1986, which the Governor is recommending, occurs due to revisions in anticipated expenditures for vehicle acquisition.

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1. **Motor Vehicle Supplies.** The FY 1987 request includes \$1,126,000 for motor vehicle parts and supplies, a 7.4 percent increase over the approved FY 1986 budget of \$1,048,688. The request is not detailed to the amounts for gasoline and the amounts for vehicle supplies. However, typically gasoline has comprised approximately 87 to 88 percent of the total expenditures in this category. (Staff Note: Actual FY 1985 expenditures were \$1,095,358, exceeding the approved FY 1986 budget. Further, motor pool usage has increased in FY 1986, which will increase expenditure in this category. For this reason the agency's FY 1987 request may be reasonable, even though it is a relatively large percentage increase over the approved budget.)

2. **Contractual Vehicle Repair.** The FY 1987 request contains \$280,809 for contracted vehicle repair, an amount that compares with a revised FY 1986 budget of \$248,984. Actual FY 1985 expenditures were \$240,540.

3. **Vehicle Insurance.** The Department is requesting \$91,155 during FY 1987 for the liability insurance policy on state vehicles. This request is inflated by 3 percent to the approved FY 1986 budget. (Staff Note: Actual expenditures were only \$77,190, indicating the potential for some adjustments.)

4. **Vehicle Replacements.** The FY 1987 request of \$2,710,200 for vehicle replacement would purchase 190 regular passenger vehicles (\$1,520,000), 38 special KBI cars (\$399,000), and 66 trucks (\$791,200) including ten vans for the van pooling program. These are all replacements for vehicles reaching retirement mileage. (Staff Note: As of this writing the demand for motor pool vehicles had increased to a point that cars were reaching retirement mileage faster than replacements could be issued and remain within the budget.

Governor's Recommendations

1. The Governor concurs with the agency's request for motor vehicle supplies of \$1,048,688 in FY 1986 and \$1,126,000 in FY 1987.

2. The Governor recommends \$255,689 in FY 1986 for contractual vehicle repair. The FY 1987 recommendation is \$280,809.

3. The Governor concurs with the agency's request of \$88,500 in FY 1986 and \$91,155 in FY 1987 for vehicle insurance.

4. The Governor is recommending a vehicle replacement budget of \$2,257,850 in FY 1987. The Governor's recommendations are based upon 180 regular passenger vehicles (\$1,440,000), 15 special KBI cars (\$157,500), and 55 trucks (\$660,350). The Governor's revised FY 1986 recommendation to decrease the vehicle acquisition budget occurs due to revised estimates of the cost per vehicle acquired. The revised FY 1986 recommendations are based upon compact vehicles costing

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|--|--|
| Consequently, the agency had temporarily extended the retirement mileage to 85,000 miles.) | \$7,760 each, compared to the approved budget of \$9,450 per vehicle. |
| <p>5. Motor Pool Rates and Balances. The FY 1986 request projects ending balances totaling \$3,721,954, of which \$1,695,791 would be in the Motor Pool Service fund and \$2,026,163 would be in the Motor Pool Depreciation Reserve Fund. The FY 1987 request projects a combined ending balance totaling \$2,158,565, of which \$1,702,602 would be in the Service Fund and \$455,963 would be in the Depreciation Reserve Fund. The actual combined fund balance was \$4,112,739 at the end of FY 1985, \$1,488,826 in the Service Fund and \$2,623,913 in the Depreciation Fund. During FY 1985 the Department charged 22 cents per mile for use of compact cars, which comprise the majority of the vehicles in the pool fleet. To reduce Motor Pool Fund balances, the compact car rates were reduced to 16 cents per mile. Similarly, all other motor pool rates were reduced by 6 cents per mile. (Staff Note: K.S.A. 75-4606 provides that state employees may be reimbursed for use of privately owned vehicles on official business. However, that reimbursement cannot exceed the mileage rate for motor pool vehicles, if a motor pool vehicle is available. Reduction of motor pool rates has thereby decreased the rates paid to employees for use of privately owned vehicles in many instances. According to the Department's staff this has decreased use of privately-owned vehicles and concurrently increased demand for motor pool vehicles. It is this increased demand which may result in expenditures exceeding the budget in certain areas, principally fuel. The agency's revenue estimates do not reflect any particular increase in motor pool use, a factor which would provide funding to offset the increased usage. The Department reduced motor pool rates as a method of decreasing balances,</p> | <p>5. The Governor's FY 1986 recommendations project ending balances totaling \$1,639,481, of which \$685,718 would be in the Motor Pool Service Fund and \$953,763 would be in the Motor Pool Depreciation Reserve Fund. The Governor's FY 1987 recommendations project ending balances totaling \$822,989, of which \$367,076 would be in the Motor Pool Service Fund and \$455,913 would be in the Motor Pool Depreciation Reserve Fund. These recommendations are predicated upon transferring a total of \$2,500,000 from motor pool funds to the State General Fund during FY 1986. The Governor's recommendations are based upon rates of 16 cents per mile for compact cars during both FY 1986 and FY 1987. (Staff Note: To sustain the FY 1987 level of motor pool operations in FY 1988, the rates would need to be increased by approximately seven cents per mile. The Governor's FY 1986 and FY 1987 recommendations increase anticipated receipts from charges to a level that assumes approximately 17.6 million miles traveled in motor pool vehicles.)</p> |

ItemGovernor's Recommendations

following Gubernatorial veto of an appropriation action which would have transferred \$2.5 million from the Motor Pool funds to the State General Fund. The Legislature may wish to review K.S.A. 75-4606. It would appear more cost effective for the state to adopt policies that encourage use of privately owned vehicles. The present reimbursement schedule seemingly has the opposite effect, encouraging use of state vehicles and increasing demands upon the motor pool fleet.)

F. **Worker's Compensation Fund.** The FY 1987 request includes \$5,203,099 to finance the state's workers compensation self insurance program. This amount would finance administrative costs associated with the self insurance program (\$819,170) and payment of claims (\$4,383,929). The assessment against covered payrolls will be .7 percent in both FY 1986 and FY 1987. That assessment was increased from .4 percent at the beginning of FY 1986. As the fund was not receiving revenue sufficient to meet claims during FY 1985, a State General Fund loan of \$550,000 was authorized and certain agencies advanced contributions for future payrolls. The FY 1986 budget is predicated upon repayment of the loan and a balance of \$708,238 is budgeted at the end of FY 1986. The FY 1987 budget projects a balance of \$1,250,749.

1. **State Operations.** The FY 1987 request includes \$819,170 for administrative operations of the Workers Compensation Unit. This request includes three FTE new positions, for a total expenditure of \$68,030 (including benefits). One new position would be an Attorney II, who would supervise cases that are being litigated and the assignment of them to intermittent field attorneys, a role now performed by the Division Director and Assistant Division Director. The second new

F. The Governor's revised FY 1986 recommendations include expenditure of \$4,600,449 from the Workers Compensation Self Insurance Fund. The FY 1987 recommendation is \$5,279,610. The Governor's recommendations project a balance in the fund of \$709,333 at the end of FY 1986 and \$1,186,826 at the end of FY 1987.

1. The Governor's recommendations include \$802,191 for administrative operations of the Workers Compensation Unit in FY 1987. The Governor is recommending the three new positions in the agency request.

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position would be a Special Investigator I who would do more in depth investigation of certain claims than is presently done by the agency's four Claims Investigators II. Finally, a Word Processing Typist II is requested to assist the existing staff in payments processing.

2. **Claims.** The FY 1987 request of \$4,383,929 for claims payment is an increase of \$571,817 or 15 percent to the approved FY 1986 budget of \$3,812,112. Actual expenditure for claims was: \$3,358,231 in FY 1985; \$3,417,957 in FY 1984; and \$2,758,923 in FY 1983. (Staff Note: The FY 1987 request is considerably above actual FY 1985 expenditures. As reflected by the expenditure history claims can vary considerably in one year. However, claims trends could be reviewed to determine whether a revision in collections is possible.)

G. Buildings and Grounds. The nonreportable operating budget request includes \$10,168,745 during FY 1987 from the State Buildings Operating Fund. This budget continues the 133 positions in the approved FY 1986 budget and requests 54 positions for the Santa Fe Building. If expenditures related to the Santa Fe Building are excluded, this buildings and grounds request is a .3 percent decrease to the revised request. This small reduction is largely the result of annualizing anticipated savings from the new capitol complex heating system. Several special revenue funds underlie the operation of state buildings. A more complete discussion of those funds is included in the final section of this analysis.

1. **State Office Building.** The FY 1987 operating request is \$3,096,936 and includes the present 88 positions. The FY 1987 salary and wage request of \$1,381,523 is based upon 4 percent turnover, as is the approved FY 1986

Governor's Recommendations

2. The Governor concurs with the agency's projections for claims payments of \$3,812,112 in FY 1986 and \$4,383,929 in FY 1987.

G. The Governor is recommending \$9,589,820 from the State Building Operating Fund during FY 1987. This recommendation continues the 133 positions in the approved FY 1986 budget and includes 46 positions for the Santa Fe Building.

1. The Governor is recommending an FY 1987 budget of \$2,994,311 for operation of the State Office Building, a recommendation that includes the present 88 positions. The Governor recommends a utilities

| Item | Governor's Recommendations |
|---|--|
| <p>budget. Utilities expenditures are estimated at \$1,203,463 during FY 1987, a slight decrease to the revised FY 1986 budget of \$1,211,798. The FY 1987 request includes \$194,956 for services of the Capitol Area Security Patrol, a 12 percent increase to the approved budget. (Staff Note: Actual staff turnover savings were 8.2 percent during FY 1985, indicating a potential area for review in the FY 1986 and FY 1987 budgets. As no particular increase in security services is being proposed, a 12 percent increase in security expenditures may not be necessary.)</p> | <p>budget of \$1,150,000 during both FY 1986 and FY 1987. The Governor's recommendations include an increase of approximately 2.3 percent in expenditures for services of the Capitol Area Security Patrol. The Governor's salary recommendations include turnover savings of approximately 4 percent.</p> |
| <p>2. 503 Kansas Avenue. The FY 1987 request includes \$498,235 to finance operating costs at 503 Kansas Avenue thru March, 1987. This request includes salary and wage expenditures of \$130,495 to continue the existing 15 positions for nine months. Additionally, \$191,072 is requested for rental payments to the city of Topeka. The contract for sale of this building to the city of Topeka, assumes vacancy by June 1, 1986. The final major item in this request is \$140,805 for utilities. (Staff Note: As this material was being assembled a rental rate was being negotiated with the city. It should be noted that the moving schedule of the Division of Architectural Services projects vacancy of this building by January 1, 1987.)</p> | <p>2. The Governor is recommending an FY 1987 budget of \$494,851 to finance operating costs for nine months at 503 Kansas Avenue. The recommendation includes \$127,111 in salaries and wages for 15 positions. The Governor concurs with the agency's request of \$191,072 in rental payments and \$140,805 for utilities.</p> |
| <p>3. Forbes. The FY 1987 request contains \$758,027 for the Forbes properties, a request which continues the approved 23 positions. Major items in the FY 1987 request include salaries and wages (\$347,381); utilities (\$236,849); and security services from the Capitol Area Security Patrol (\$77,995). The request for utilities compares to actual expenditures of \$245,938 in FY 1985 and a revised FY 1986 budget of \$285,026.</p> | <p>3. The Governor recommends an FY 1987 budget of \$741,398 for operation of the Forbes property. This recommendation includes salaries and wages of \$338,391 for 23 positions; utilities (\$236,849); and security services (\$71,115).</p> |

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4. **Heating Plant.** The FY 1987 request includes \$268,937 for the new state heating plant. Major items of expenditure in this request include salaries and wages (\$142,797) for seven employees and \$95,626 for natural gas. The revised FY 1986 budget includes \$192,132 for gas. (Staff Note: Some decreased utility expenditures will occur during FY 1986, resulting from discontinuance of the old printing plant. The utility budget during the current fiscal year may be an area for potential review.)

5. **Santa Fe Building.** The FY 1987 request includes \$5,546,610 for operation of the Santa Fe Building. This request includes: (1) salaries and wages for 54 positions (\$628,952); (2) utilities (\$1,323,990); (3) a payment to the PMIB for all accumulated interest on the building loan (\$3,088,555); and (4) capital outlay items totaling \$109,857. (Staff Note: All positions are budgeted for a full fiscal year. As agencies are scheduled for phased move to the Santa Fe Building, the need for janitorial support could seemingly be phased accordingly. The utilities estimate was produced from consumption data accumulated in the original report on the Santa Fe Building of April, 1982. Of the FY 1987 request for capital outlay \$100,000 is for installation of automatic building control operating systems, similar to those installed in the State Office Building. Narrative materials in the agency request indicates that without this equipment it would be necessary to have additional building operations staff.)

H. **Wichita Office Building.** The FY 1987 request includes \$949,090 for operating expenditures associated with the State Office Building in Wichita. These expenditures would be divided among the agencies located in that building on a square footage basis,

Governor's Recommendations

4. The Governor is recommending a FY 1987 budget of \$265,318 for the heating plant. This recommendation includes \$139,178 in salaries and wages for seven positions and \$95,626 for utilities. The revised FY 1986 budget contains \$192,132 for utilities.

5. The Governor recommends an FY 1987 operating budget of \$5,093,942 for operation of the Santa Fe Building. This recommendation includes: (1) salaries and wages for 46 positions (\$431,942); utilities (\$1,068,332); payment to the PMIB for accumulated interest (\$3,088,555); and capital outlay totaling \$109,857. (Staff Note: The positions budgeted in FY 1987 are not budgeted for a full fiscal year. The Governor's recommendations presume 7.6 percent turnover savings.)

H. The Governor recommends an FY 1987 operating budget of \$948,470. Of this amount \$23,220 is salaries for one FTE. The Governor concurs with the agency's request of \$514,250 for rental; \$140,000 for remodeling; \$205,000 for utilities;

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similar to the method utilized to finance operating expenditures in many state office buildings. Major expenditures associated with that building are: rental (\$514,250); utilities (\$205,000); remodeling expenditure (\$140,000); custodial contract (\$42,000); and one staff employee (\$23,840). (Staff Note: The revised FY 1986 budget does not include any revision for FY 1986 expenditures at the Wichita Building. Nevertheless, the Department estimates that approximately \$500,000 will be expended for operation of this building during FY 1986. The Legislature may wish to review the expenditure estimates in this request. Revisions may be possible based upon more recent information.)

I. Unemployment Claims Audit Fund. The FY 1987 request includes expenditures of \$87,000 from the Unemployment Claims Audit Fund. The Department is proposing that unemployment claims auditing be performed by 3.0 FTE to be located in the Division of Personnel Services. This request is based upon three new Personnel Management Specialists for this auditing. The revised FY 1986 request includes \$232,000 in contractual services for such auditing. (Staff Note: The FY 1987 request presumes an assessment of covered payroll, which will result in collections of \$98,174. This special revenue fund receives its revenue from an assessment of covered payroll not to exceed .1 percent of covered wages.)

J. Certificates of Participation. The Department is requesting expenditure of \$33,757 in FY 1987 from the Certificates of Participation Proceeds Fund. This request includes one new Central Accountant to process paperwork associated with the Certificates of Participation program. This position would coordinate crediting the proper certificate account with the amounts paid by various agencies for items financed with those certificates.

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and \$42,000 for a custodial contract. The Governor's revised FY 1986 budget includes \$488,000 for operation of this building.

I. The Governor is not recommending additional staff for auditing unemployment claims. The Governor's FY 1987 recommendations include \$150,000 for contractual services to perform such audits. The Governor's revised FY 1986 recommendations reduce expenditures for such contracts to \$16,856 during the current fiscal year. All FY 1987 expenditures would be from existing balances, as no assessment of covered payroll is budgeted in the Governor's FY 1987 recommendations.

J. The Governor is recommending FY 1987 expenditure of \$39,112 from the Certificates of Participation Proceeds Fund. This recommendation includes one new Central Accountant. Additionally, the Governor's revised FY 1986 recommendations include salary expenditure of \$25,367 for this position for approximately nine months of the fiscal year.

AID TO LOCAL UNITS

| <u>Item</u> | <u>Governor's Recommendations</u> |
|---|---|
| A. Both the revised FY 1986 budget and the FY 1987 request include \$450,000 for aid to local units of government. This expenditure is a passthrough of federal funds to cities, counties, and school districts adjacent to federal reservoirs. The approved FY 1986 budget includes \$525,000, the revised budget reflecting a reduction in anticipated availability of this funding. Actual expenditures were \$456,309 in FY 1985. | A. The Governor's FY 1986 and FY 1987 recommendations concur with the agency's projection of \$450,000 during each year for aid to local units. |

ASSISTANCE AND GRANTS

| <u>Item</u> | <u>Governor's Recommendations</u> |
|--|---|
| A. Both the revised FY 1986 budget and the FY 1987 request include \$30,000 in the assistance and grants object of expenditure. These amounts represent payment of claims resulting from cancellation of state warrants one year after the date of issuance. | A. The Governor's recommendations include \$30,000 during both FY 1986 and FY 1987 for payment of claims. |

CAPITAL IMPROVEMENTS

| Project | Request FY 1987 | Governor Rec. FY 1987 |
|--|------------------------|-----------------------------|
| Special Maintenance -- Statehouse, Judicial Center, and Printing Plant | \$ 200,000 | \$ --4 |
| Special Maintenance -- State Office Building, Forbes, 503 Kansas Avenue, Heating Plant, and Santa Fe | 225,000 | 150,000 |
| Special Maintenance -- Cedar Crest | 35,000 | --4 |
| Renovation of Santa Fe Facility | 3,780,000 ¹ | 5,280,000 ³ |
| Relocate Cooling Towers -- State Office Bldg. | 141,230 ¹ | 141,230 ¹ |
| Stone and Exterior Repair -- Statehouse | 375,000 ² | --4 |
| Resurface Parking Lot One | 245,000 | 245,000 |
| Fire Code and Safety -- Capitol Complex | 106,590 | -- |
| Special Air Conditioning -- Forbes Building No. 740 | 23,520 | 23,520 |
| Replace Convector Piping -- State Office Bldg. | 200,000 | 200,000 |
| Rotunda Lighting and Receptacles -- Statehouse | 32,350 | -- |
| Energy Conservation -- Capitol Complex | 50,000 | -- |
| Exterior Stone and Window Repairs -- State Office Building | 487,000 | -- |
| Cedar Crest Capital Improvements | 45,000 | -- |
| Roof Repairs -- State Office Building, South Wing, Third Floor | 50,000 | 50,000 |
| Replace Fire Line -- Forbes | 35,000 | 35,000 |
| Transformer Replacement -- State Office Bldg. | 29,000 | 29,000 |
| Interior Repairs and Renovation -- Statehouse | 75,000 | -- |
| Resurface Loading Dock Ramp -- State Office Building | 115,000 | -- |
| Repair Sanitary Sewer -- Forbes Complex | 14,000 | -- |
| Subsurface Drainage -- Kansas Judicial Center | 25,000 | -- |
| Repair Drives and Parking Lots -- Forbes Building 740 | 75,000 | -- |
| Replace Cooling Tower -- Forbes | 37,120 | -- |
| Maintenance Barn -- Cedar Crest | 60,000 | -- |
| Renovate First Floor Area -- Forbes Building 740 | 29,000 | 329,200 ⁵ |
| Renovate State Office Building | -- | 233,279 |
| Total | <u>\$ 6,489,810</u> | <u>\$ 6,716,229</u> |

| <u>Project Financing</u> | <u>Request FY 1987</u> | <u>Governor Rec. FY 1987</u> |
|--|----------------------------|--------------------------------------|
| State General Fund | \$ 5,108,460 | \$ -- |
| State Buildings Depreciation Fund | 1,281,350 | 1,707,950 |
| Buildings and Grounds Fund | 100,000 | 245,000 |
| Property Contingency Fund | 0 | 233,279 |
| Santa Fe Office Building Renovation Fund | 0 | 4,530,000 |

- 1) Funds previously appropriated.
- 2) Multiyear financing requested.
- 3) The Governor recommends: (1) a Pooled Money Investment Board loan of \$4,530,000; (2) lapse of \$3,030,000 previously appropriated from the State General Fund for FY 1987; (3) a total of \$6.1 million for the Santa Fe Building renovation, when the certificate recommendation is combined with previously appropriated financing from the Property Contingency Fund and State Buildings Depreciation Fund.
- 4) This recommendation reflects the Governor's basic budget. The Governor's investment budget contains State General Fund capital improvements totaling \$325,000 (\$150,000 for Statehouse Special Maintenance; \$150,000 for Exterior Statehouse Stone Repair; and \$25,000 for Special Maintenance at Cedar Crest).
- 5) The Governor recommends that actual improvements occur during FY 1987. The original request included only planning funds in FY 1987. The Governor recommends a supplemental FY 1986 appropriation of \$29,000 for planning of this project.
- 6) The above table reports capital improvements contained in both the reportable and nonreportable budget. It therefore differs from tabular totals at the front of this budget, which reflect only the reportable expenditures.

OTHER INFORMATION

A variety of special revenue funds are involved in the finance of state buildings under the jurisdiction of the Department of Administration. These funds are involved in both the operating and capital improvements of state buildings. Additionally, certain funds are a part of the Santa Fe Building acquisition and related expenditures. The following paragraphs identify the funds, describe their uses, indicate their revenue source, and list their statutory reference.

State Buildings Operating Fund (K.S.A. 75-3654). The State Buildings Operating Fund is the fund to which collections are deposited that result from renting space to various state agencies. Although the fund is created by K.S.A. 75-3654, authority to deposit revenue to it is contained in various sections (i.e., K.S.A. 75-3615, 75-3638, 75-3646, and 75-3650), which specify that

revenue collected from rental of the State Office Building, 503 Kansas Avenue, Forbes property, and the Santa Fe Building be deposited in the State Buildings Operating Fund. This fund is traditionally used for operating expenses (principally salaries, utilities, security contracts, and supplies) related to the abovementioned buildings. Additionally, K.S.A. 75-3650 specifies that the fund shall be used to pay principal and interest on loans resulting from acquisition of the Santa Fe Building. Typically, expenditures are not made from this fund for capital improvements. The Governor's recommendations project transfer of \$1.3 million from this fund to the State General Fund and a balance of \$2,025,910 at the end of FY 1986. The Governor's FY 1987 recommendations reflect transfer of \$3,848,910 from the Santa Fe Escrow Account to the Buildings Operating Fund, of which \$3,088,555 will be paid to the PMIB. This would result in \$760,355 to be used for other purposes. The Governor's recommendations include a balance of \$1,944,791 at the end of FY 1987. Typically, a balance equivalent to one and one-half months revenue (approximately \$750,000) is retained in this fund. Additionally, those balances can finance payment of the Santa Fe loan, beginning in FY 1988, without large increases in rental rates. Finally, they can be transferred to the depreciation account described in the following paragraph.

State Buildings Depreciation Fund (K.S.A. 75-3655). The Depreciation Fund receives its revenue from transfers from the State Buildings Operating Fund. The actual transfer amount is determined by the Secretary of Administration but it cannot be less than 5 percent of the collections for rental in the state buildings from which the State Buildings Operating Fund receives its revenue. Expenditures are limited to capital improvements, maintenance, and replacement of depreciable machinery at: the State Office Building; Forbes properties; the 500 Kansas Avenue properties; and the Santa Fe Building. The Governor's FY 1987 recommendations would transfer approximately 20.7 percent of estimated rental collections (\$1,356,082) to this Depreciation Fund. The Governor is also recommending expenditure of \$1,707,950 from the fund and an FY 1987 ending balance of \$85,000.

Buildings and Grounds Fund (K.S.A. 75-3765 and 75-3768). The Buildings and Grounds Fund receives rental collections from agencies involved in building rental, other than for the buildings covered by the State Buildings Operating Fund. Additionally, it receives collections from state employees renting space in state-owned parking lots. Presently, the Fund receives revenue from rental of two Topeka storage facilities located at 1016 North Kansas Avenue and 4000 East Tenth. Revenue during FY 1987 is estimated at \$209,025, of which \$62,300 is from the storage facilities and \$146,340 is from rental of parking space. Expenditures have been for operating expenditures related to the storage facilities and the parking lots. Additionally, the Fund is used for capital improvements related to parking lots, principally repaving. During FY 1986 the Governor is recommending use of the fund for certain operating expenditures. During FY 1986 the Fund is being used for three separate projects totaling \$435,625: (1) redevelopment of the site formerly occupied by the old printing plant (\$213,005); resurfacing of Parking Lot No. 2 (\$82,250); and (3) landscaping associated with the 125th Anniversary celebration (\$140,370). In FY 1987 the Governor is recommending that this fund be used for one project, repaving and landscaping of Parking Lot No. 1 (\$245,000). At the end of FY 1987, this fund is projected to have a balance of \$20,549.

Property Contingency Fund (K.S.A. 75-3652). The Property Contingency Fund received the revenue from sale of the properties in the 500 Block of Kansas Avenue to the city of Topeka. The fund is to be used for repayment of

indebtedness on that property. Remaining funds are to be used for supplemental rents, moving costs, equipment, space modification, remodeling, and other costs associated with moving state agencies. The property contingency fund is allowed to retain estimated interest from its fund balance. During FY 1986 the Governor is recommending expenditure of the previously authorized \$726,250 to initiate improvements to the Santa Fe Building. The Governor recommends FY 1987 expenditures totaling \$791,025, of which \$134,361 would finance moving expenditures, \$423,385 would finance purchase of moveable partitions and \$233,279 would finance renovations in the State Office Building. The Governor's recommendations would result in a balance of \$224,596 at the end of FY 1987.

Santa Fe Escrow Account. The Escrow Account is credited with the loan from the Pooled Money Investment Board and is presently invested in U.S. Treasury obligations. Upon payment of the building purchase price (\$11,245,000), it is estimated that approximately \$3.7 million will remain in the account, which will continue to earn interest. Of this amount approximately \$3.1 million will be used for the initial payment of accumulated interest to the Pooled Money Investment Board during September of 1986. Upon this interest payment, the Department of Administration estimates approximately \$760,000 will transfer to the State Buildings Operating Fund. As mentioned above the Governor's recommendations liquidate the escrow account during FY 1987.

MEMORANDUM

To: House Committee on Computers, Communications and Technology

From: Kansas Legislative Research Department

Major Computer Related Actions Subsequent to 1985 Legislative Session

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

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