

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 20, 1986 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Ed Ahrens, Robin Hunn, Mary Galligan, Ray Hauke,  
Lyn Goering

Revisor's Office: Norman Furse

Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

Bill Hollenbeck, Pittsburg State University

AMENDMENT TO MINUTES OF FEBRUARY 14, 1986 - INTRODUCTION OF BILL

Senator Bogina explained that, through a series of misunderstandings, a bill draft (Senate Bill 653) was delivered to him on the Senate floor. The Senate Transportation and Utilities had requested its introduction by that committee, but it was inadvertently labeled "Ways and Means." During conversations with the Revisor's Office, the President of the Senate and the Chairman of the Transportation and Utilities Committee, it was decided that the introduction should be by the Ways and Means Committee. Consequently, Senator Bogina asked the committee for approval to amend the minutes of February 14, 1986, to introduce a bill concerning the Kansas economic development highway improvement program. The bill was requested by the Governor.

Motion was made by Senator Johnston and seconded by Senator Feleciano to amend the minutes for February 14, 1986, to show that the above measure was introduced by this committee. The motion carried by voice vote.

INTRODUCTION OF BILLS

The Chairman presented the following bills which had been requested by the Governor's office to be introduced by the Senate Ways and Means Committee:  
(1) A measure providing an additional percentage of the state institutional building fund to be used for the correctional institutions building fund;  
(2) A measure providing that the crime victims reparations fund may be used for operations of that board.  
(3) A measure consolidating several funds in the animal health area into one fund.

Motion was made by Senator Johnston and seconded by Senator Kerr to introduce the above bills which had been requested by the Governor. The motion carried by voice vote.

Mr. Hauke distributed a memo dated February 12, 1986, concerning items in the Department of Administration Non-Reportable Budget. (See Attachment A) This memo includes recommendations by the full Committee concerning issues applicable to all state agencies. Mr. Hauke called the committee's attention to recommendation No. 4 on page 2 of the memo, regarding the state employee health insurance plan. He explained that the Budget Division of the Department of Administration is under the impression that the \$1 million in escrow with Blue Cross-Blue Shield is entirely attributable to dependents' contributions, and that the remaining \$1.3 million surplus is the state's share and should all be applied to reduce employer contributions for the coming fiscal year.

Mr. Hauke said that, due to the uncertainty surrounding the amounts described above, the Budget Division is seeking a clarification from the Employees

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S Statehouse, at 11:00 a.m./p.m. on February 20, 1986

Health Care Commission and Blue Cross-Blue Shield. He said it was not the intention of the Department of Administration to spend more than rightfully belongs to the state. There was a brief discussion concerning this item, after which the committee members agreed that any corrections to be made in various budgets because of the surplus in the health care fund will not be made until staff gets clarification of the correct amount.

SYSTEMWIDE ISSUES - STATE BOARD OF REGENTS

Ms. Galligan referred to Volume II of the Budget Analysis prepared by the Legislative Research Department; and further referred to Budget Memo 86-2 on page 2-1. She distributed a letter from Mr. Koplik, Kansas Board of Regents, containing a revised estimate of funds needed to pay accumulative sick leave to people who are retiring in FY 86. (Attachment B)

During ensuing discussion, Ms. Galligan said she assumed the figures on Attachment B are simply estimates. When asked by Senator Gannon if there is any significance to varying figures for smaller institutions, Ms. Galligan answered that there is a vast difference between faculties and pools of employees; therefore, each school's retirement figures will be different.

Senator Bogina reminded the committee that, before last year, state agencies had not set apart the estimate for accumulated sick leave. The Budget Division requested that this be done. However, the Legislature delayed any decision on the issue until this year. He suggested that a policy decision must be made concerning whether the Legislature wants to make an appropriation specifically for accumulated sick leave, or should the amount be included with salaries and wages.

The committee continued discussion concerning the subject of accumulated sick leave. It was noted that the state has been paying accumulated sick leave upon retirement since 1980. Ms. Galligan said that certain positions have been held open in the past to make up those amounts.

There was discussion concerning whether or not total salaries will be reduced by the amount estimated to be needed for accumulated sick leave payments. Ms. Galligan said that present statute provides for absorption within the budget of these payments.

There was extended discussion concerning turnover of employees, shrinkage, etc. During this discussion, Senator Bogina asked why there is a distinction between payment of annual leave and sick leave. Ms. Galligan said she felt accumulated sick leave is more of an issue than accumulated annual leave because people tend to take annual leave each year, but they do not necessarily use all their sick leave each year.

Mr. Hollenbeck interjected that it is much harder this year to absorb the amounts in question than it has been in previous years, because Pittsburg State University has a large number of retirements.

Senator Werts asked if the count of sick leave paid by the state began on the one hundredth day, or after that day. Staff was not certain, but promised to get the answer for Senator Werts.

Ms. Galligan proceeded with her briefing, and called the committee's attention to the section on Telecommunications on page 2-5. In discussing the Governor's recommendations in this section, Senator Bogina asked if the Division of Information Systems and Communication (DISC) had reviewed the figures. Ms. Galligan answered that they had reviewed them, and agreed with the Governor's estimates for FY 1987. She said the assessment of DISC was that the \$410,000 recommended by the Governor probably would be accurate, given the schedule which has been developed. In addition, DISC estimated that there is potential for two supplementals in the current fiscal year; namely the University of Kansas and the University of Kansas Medical Center.

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Senator Bogina asked if funds for telecommunications purposes would be used to pay salaries for on-campus people. Ms. Galligan said the request from Pittsburg State University included a contractual amount for maintenance on the switches, but that was the exception. When asked by Senator Bogina if it would be more economical to contract all of the maintenance problems rather than to hire people in-house, Ms. Galligan indicated that it might be a judgment call.

Senator Johnston asked if there had been any consideration given to getting a bid from Southwestern Bell Telephone Company to perform the services for the telecommunications systems at the universities. Ms. Galligan said she did not know whether they had considered that in the planning process. Senator Feleciano commented that the maintenance of the telecommunications system should be done on a systemwide basis.

When asked by Senator Werts about the increase in F.T.E. (full time employees) as a result of the in-house telecommunications system, Ms. Galligan said the figures used by DISC would provide for a \$30,000 position, but no O.O.E. has been included in the figures.

Senator Bogina asked Ms. Galligan to make a request to the Board of Regents to review the possibility of a contractual arrangement with one vendor.

Ms. Galligan then discussed FY 1986 General Fees Fund Expenditures on page 2-6 of the memorandum. She called attention to the fact that Emporia State University and Kansas Technical Institute need a total of \$31,502. She explained that this would offset general fees shortfalls caused by a decline in enrollment. Ms. Galligan said the Governor's recommendation for ESU includes spending down balances, so that the \$20,251 could be made up in that way. However, at KTI, there is not sufficient balance to accomplish the same thing.

When asked by Senator Winter if she could identify what amount is from excess enrollment and what amount is for another reason, Ms. Galligan said this is identified in individual analyses for each institution.

Ms. Galligan then called attention to the second paragraph on page 2-7 of the memorandum being discussed, and noted that the Board of Regents' staff is confused about Legislative policy in this instance. They feel that the apparent policy is not to release fees; therefore, they feel compelled to come forward with fee fund adjustments each year.

In discussing the section on Student Tuition on page 2-7, Ms. Galligan noted that larger institutions have a larger share of their expenditures borne by student fees.

There was a brief discussion during Ms. Galligan's presentation of the new fee schedule for institutions of higher education on page 2-10. When asked by Senator Harder why, when tuition is the same at the three large universities, the University of Kansas shows a larger percentage of cost being paid from student fees, Ms. Galligan said the higher percentage results from the lower cost of operations due to economy of scale. Answering a question from Senator Bogina, Ms. Galligan said the percentages on page 2-8 include fees and tuition; but no fees are included in the figures on page 2-10.

There were questions from committee members concerning the Veterinary Medical Center at Kansas State University. Ms. Galligan said there had been two program improvements at the Center, one of which was tied to the increase in tuition. Answering a question from Senator Feleciano, Ms. Galligan said that the proposed contract with the State of Nebraska to send students to the Veterinary Medical Center is being reviewed by the Board of Regents and it is anticipated that it will be signed.

Because of time considerations, it was necessary to postpone study of the remainder of the memo.

CONTINUATION SHEET

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room 123-S, Statehouse, at 11:00 a.m./p.m. on February 20, 1986

APPROVAL OF MINUTES

Motion was made by Senator Doyen and seconded by Senator Werts to approve committee minutes for February 10, February 12, and February 14 as amended. The motion carried by voice vote.

The meeting was adjourned by the Chairman.

Systemwide Recommendations of the Senate Ways and Means Committee

RE: Items in the Department of Administration Non-Reportable Budget

February 12, 1986

The Senate Ways and Means Committee submits the following recommendations concerning Department of Administration related items. These recommendations will be used by individual subcommittees considering agency budgets.

1. Information Systems. The Committee believes reductions are possible to the DISC-Information Systems budget based upon two factors, equipment acquisition at less than anticipated costs and reduction of the Computer Services Fund balance. Adjusting these two items allows decrease to several agency budgets, which are high volume users of DISC computer services. Attachment I of this report reflects amounts that can be deleted from 13 agency budgets. Deletion of those amounts from the 13 agency budgets allows a reduction in State General fund expenditures of approximately \$550,000. The specific savings observed by the Committee are as follows.
  - a. The Department of Administration has acquired an upgrade to the IBM compatible center at substantially less than budgeted. The Governor's FY 1987 budget presumes monthly expenditures of \$95,079 for this equipment. However, monthly expenditures will actually be \$49,049. This allows a reduction in FY 1987 expenditures of \$552,360, which is prorated among major users of the IBM center on Attachment I.
  - b. The Governor's FY 1987 recommendations contain an ending balance in the Computer Services Fund of \$1,800,675. The Senate Ways and Means Committee is of the opinion that a fund balance of one months revenue is justified for purposes of cash flow. The Committee observes no justification for a fund balance exceeding cash flow. Consequently, the Committee recommends a reduction to the charges of users totaling \$520,146. The impact of this reduction on major users is reflected in Attachment I.
2. Telecommunications — Long Distance Expenditures. The Committee learned that the Kansas Corporation Commission's order on long distance tariffs will result in KANS-A-N system rate increases later than originally anticipated. This allows a reduction in agency long distance budgets during FY 1986 and a reduction in FY 1987 budgets, due to a lower base upon which increases are computed. The total impact of these decreases, will result in statewide reductions for the combined fiscal years ranging from approximately \$800,000 to \$1,600,000 depending upon agency utilization. The Committee recommends the following:

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- a. That individual Subcommittees review agency KANSAN expenditures on a month by month basis. The fiscal year 1986 budget for an agency should be computed to allow 15 percent inflation for rate increases in May and June.
  - b. Once a reasonable estimate of FY 1986 has been produced FY 1987 should be computed by inflating the FY 1986 estimate by 11 percent. This computation would provide a basic budget allowing no increase in utilization. Additional amounts for increased utilization can be considered by Subcommittees on an agency by agency basis.
3. Santa Fe Move. The Committee reviewed expenditures for moving agencies to the Santa Fe Building. The Committee concurs with the Governor's recommendation that moving expenditures be financed from special revenue funds whenever possible. The Committee learned that all expenditures for movable partitions in the Santa Fe Building have been financed from the Property Contingency Fund, which is essentially interchangeable with the State General Fund. The committee recommends that these partitions be financed from special revenue funds whenever possible. This shift would reduce demands on the Property Contingency Fund by approximately \$144,000. Attachment II indicates the specific agencies which the Committee recommends have partitions financed from special revenue funds.
  4. State Employee Health Insurance Plan. The Committee reviewed expenditures for the state employee health insurance program. The Committee discussed the \$2.3 million "surplus" (resulting from premium income exceeding claims during the most recent contract year) and \$1.0 million of that surplus which is being held by Blue Cross and Blue Shield in a Rate Stabilization Reserve Account. Some uncertainty surrounds the proportions of the remaining \$1.3 million attributable to state employees compared to dependents. As clarification is being sought from the Employees Health Care Commission and Blue Cross and Blue Shield, the Committee is making no recommendations for adjustment to the Governor's recommendations at this time.

Attachment I

Disc Information Systems Revenue -Senate Ways & Means Rec.

Agency Use Of DISC Information Systems	Revised Governor's FY 1986 Rec.	Governor's FY 1987 Rec.	Agency Percent Total	Utilization Percent Excluding DoA	Pronata of Equip Savings	Pronata of Fund Bal. Reduction	Pronata of Total Reduction
*****	*****	*****	*****	*****	*****	*****	*****
Department of Revenue	3,096,023	4,401,456	32.70	46.4	256,295	170,088	426,383
Department of Admin	3,899,854	3,979,114	29.56	0.0	0	153,755	153,755
Soc. and Rehab. Svc.	1,487,283	1,791,393	13.31	18.9	104,396	69,232	173,628
Dept. of Transportation	1,040,579	1,099,364	8.17	11.6	64,074	42,496	106,570
Health and Environment	303,252	310,708	2.31	3.3	18,228	12,015	30,243
Ks. Bureau of Investig.	260,060	221,900	1.65	2.3	12,704	8,582	21,286
Dept. of Agriculture	152,947	161,174	1.2	1.7	9,390	6,242	15,632
Ks Pub Emp Ret Sys (KPEERS)	466,704	583,307	4.33	6.2	34,246	22,522	56,768
Ks Highway Patrol	130,729	141,287	1.05	1.5	8,285	5,462	13,747
Ks Fish and Game	126,707	124,615	0.93	1.3	7,181	4,837	12,018
Ks Corporation Comm	102,900	119,613	0.89	1.3	7,181	4,629	11,810
Judicial Branch	98,284	83,757	0.62	0.9	4,971	3,225	8,196
State Dept of Education	73,875	79,525	0.57	0.8	4,419	2,965	7,384
All Other Agencies	282,260	364,787	2.71	3.8	20,990	14,096	35,086
TOTAL	11,521,457	13,462,000			552,360	520,146	1,072,506

Governor's Recommendations

Attachment II

A. Santa Fe Office Building

<u>No.</u>	<u>Agency</u>	<u>Additional Rent</u>		<u>Moving Costs</u>		<u>Partitions</u>	<u>Shift to Special Revenue Funds</u>
		<u>SGF</u>	<u>Other</u>	<u>SGF</u>	<u>Other</u>	<u>Other</u>	
028	Board of Accountancy	\$ --	\$ 2,232	\$ --	\$ 380	\$ --	\$
055	Animal Health Department	2,354	9,415	488	1,950	19,400	19,400
058	Commission on Civil Rights	23,988	--	4,007	--	12,000	
102	Behavioral Sciences Board	--	3,256	--	485	--	
105	Healing Arts Board	--	--	--	1,430	11,664	11,664
159	Credit Union Department	--	45	--	401	3,244	3,244
173	Department of Administration						
	DISC	--	137,737	--	223,679	--	
	Health Care Commission	--	2,727	--	150	1,200	1,200
	Equal Employment Opportunity Office	412	--	932	--	7,452	
	Accounts and Reports	36,374	--	17,500	--	--	
	Personnel Services	--	--	11,523	--	2,835	
	Purchases	4,203	--	4,426	--	--	
	Pooled Money Investment Board	1,498	--	457	--	--	
204	Board of Mortuary Arts	--	4,627	--	375	--	
234	Fire Marshal	2,445	--	2,600	--	21,465	



<u>No.</u>	<u>Agency</u>	<u>Additional Rent</u>		<u>Moving Costs</u>		<u>Partitions</u>	<u>Shift to Special Revenue Funds</u>
		<u>SGF</u>	<u>Other</u>	<u>SGF</u>	<u>Other</u>	<u>Other</u>	
264	Department of Health and Environment	202,915 <sup>1</sup>	--	20,454	--	117,450	
280	Highway Patrol - CASP	--	--	458	--	3,769	3,769
296	Department of Human Resources	--	117,790	--	15,019	45,090	45,090
482	Board of Nursing	--	4,851	--	1,609	14,985	14,985
503	Park and Resources Authority	2,134	--	2,310	--	16,937	
521	Department of Corrections	17,469	--	12,978	--	8,100	8,100
523	Parole Board	8,986	--	1,728	--	--	
531	Board of Pharmacy	--	--	--	450	3,645	3,645
549	Real Estate Commission	--	5,730	--	1,500	--	
597	Savings and Loan Department	--	--	--	465	2,916	2,916
625	Securities Commissioner	--	440	--	1,885	13,661	13,661
663	Board of Technical Professions	--	4,905	--	700	--	
670	State Treasurer	28,964	--	27,343	--	--	
Total		\$331,742	\$293,755	\$107,204	\$250,478	\$305,813	

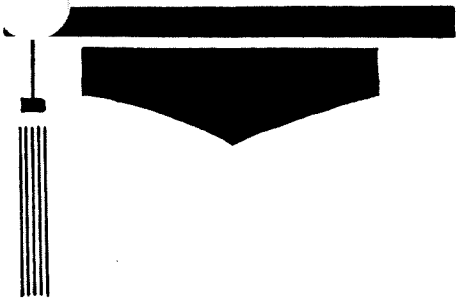
B. State Office Building

<u>No.</u>	<u>Agency</u>	<u>Additional Rent</u>		<u>Moving Costs</u>		<u>Partitions</u>	<u>Shift to Special Revenue Funds</u>
		<u>SGF</u>	<u>Other</u>	<u>SGF</u>	<u>Other</u>	<u>Other</u>	
082	Attorney General	\$ 71,941	\$ 4,267	\$ 8,703	\$ 516	\$ 50,952	
143	Corporation Commission	--	8,507	--	--	--	
173	Department of Administration General Services	--	17,600	--	1,715	--	
	Buildings and Grounds	--	11,440	--	1,440	8,320	8,320
280	Highway Patrol - CASP	1,467	3,593	32	78	480	
328	Indigents Defense Services	--	--	616	--	--	
562	Board of Tax Appeals	1,562	--	--	--	--	
565	Department of Revenue	70,624	31,651	15,624	--	41,780	
628	Department of Social and Rehabilitation Services	20,205	10,881	2,182	1,173	16,040	8,020
Total		\$165,799	\$87,939	\$27,157	\$4,922	\$117,572	
Grand Total - Santa Fe Office and State Office Buildings		\$497,541 <sup>2</sup>	\$381,694 <sup>2</sup>	\$134,361 <sup>3</sup>	\$255,400 <sup>2</sup>	\$423,385 <sup>3</sup>	\$144,014

<sup>1</sup> Includes additional rent and miscellaneous costs for Building 321 due to later occupancy of Santa Fe Building.

<sup>2</sup> Included in individual agency budgets.

<sup>3</sup> Financed from Property Contingency Fund in Department of Administration.



# KANSAS BOARD OF REGENTS

Suite 609 Capitol Tower 400 S.W. Eighth  
Topeka, Kansas 66603 Telephone (913) 296-3421

February 5, 1986

Ms. Mary Galligan  
Legislative Research  
545-N., Statehouse  
Topeka, Kansas 66612

Dear Mary:

In accordance with my presentation to the Senate Ways and Means Committee regarding the Board's FY 1986 supplemental request to fund accumulated sick-leave payments, I am herewith reporting the Regents institutions' revised estimates of FY 1986 sick-leave payments to retirees.

Based on actual expenditures through February 1 for retirements which have already occurred this fiscal year and projected payments for the balance of the fiscal year, the institutions have submitted the following revised estimates of FY 1986 expenditures for accumulated sick-leave payments:

KU	\$200,000
KUMC	115,000
KSU	248,400
KSUVMC	32,712
WSU	109,530
ESU	90,100
PSU	113,200
FHSU	40,600
KTI	<u>3,588</u>
TOTAL	\$953,130

The revised estimate is \$44,030 more than the original estimate and represents our current and most reliable projection of the current year's obligation.

Sincerely,

Stanley Z. Koplik  
Executive Director

cc: David Dallam