

Approved _____

3/2/87
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Buntен at
Chairperson

8:00 A. M. on Friday, February 20, 1987 in room 514-S of the Capitol.

All members were present except: Representatives Ott, Wisdom and Fuller (all excused)

Committee staff present: Gloria Timmer, Legislative Research
Diane Duffy, Legislative Research
Jim Wilson, Revisor's Office
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Guest List (Attachment 1)

Committee continued with consideration of subcommittee reports for Fee Agency budgets, HB 2224.

SAVINGS AND LOAN DEPARTMENT

Representative Whiteman presented the subcommittee report (Attachment 2). Subcommittee concurs with the recommendation of the Governor for FY 1987. Subcommittee made a few minor adjustments in the recommended FY 1988 budget. Representative Teagarden moved that the subcommittee reports be adopted. Seconded by Representative Chronister. Motion carried.

ABSTRACTERS BOARD OF EXAMINERS

Representative Whiteman presented the subcommittee report (Attachment 3). Subcommittee concurs with Governor's recommendations for FY 1987 and FY 1988 with a slight adjustment in staff funding. Representative Chronister moved for adoption of the report. Representative Teagarden seconded. Motion carried.

STATE BANK COMMISSIONER

Representative Brown presented the subcommittee reports. Subcommittee has added \$39,716 for the purchase of microcomputers for FY 1987, to be used for the transmission and processing of examination reports. Subcommittee made several adjustments in the FY 1988 budget (Attachment 4). Representative Duncan moved that the subcommittee reports be adopted. Seconded by Representative Miller. Motion carried.

STATE BOARD OF TECHNICAL PROFESSIONS

Representative Kent Campbell presented the subcommittee report (Attachment 5). Representative Helgerson moved that the report be adopted. It was seconded by Representative Teagarden. Motion carried.

CONSUMER CREDIT COMMISSIONER

Representative Dean presented the subcommittee report (Attachment 6). The subcommittee concurs with the Governor's recommendations for FY 1987. One slight adjustment was made in the FY 1988 budget, relating to consumer credit education. Representative Solbach moved for adoption of the subcommittee report. Representative Turnquist seconded. Motion carried.

DEPARTMENT OF CREDIT UNIONS

Representative Pottorff presented the subcommittee report (Attachment 7). Subcommittee concurs with the recommendations of the Governor for FY 1987 and FY 1988. Representative Hoy moved that the report be adopted. Representative Helgerson seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 8:00 a.m. ~~xxx~~ on Friday, February 20, 1987

BOARD OF ACCOUNTANCY

Representative Douville presented the subcommittee report (Attachment 8). Subcommittee concurs with the Governor's recommendation for expenditures in FY 1987, but does not recommend the decrease to the expenditure limitation. Subcommittee made several minor adjustments in the funding for FY 1988. Representative Lowther moved that the subcommittee reports be adopted. Seconded by Representative Chronister. Motion carried.

BOARD OF NURSING

Representative Neufeld presented the subcommittee reports (Attachment 9). Subcommittee concurs with Governor's recommendation for FY 1987 with a slight adjustment. Subcommittee also concurs with FY 1988 recommendations but did note there needs to be a fee increase for professional and practical nurses. There was considerable discussion concerning the computer programming system for this agency. There appear to be some overruns in the cost of implementing the computer program because the agency has changed their mind several times in attempting to decide which program to go with. It was reported that there is an overrun in cost with one vendor of approximately \$35,000. Chairman Bunten reminded the committee that it is policy that no major purchases in computer systems will be made without the approval of D.I.S.C. It was reported that this agency has brought in consultants from another state to deal with the computer problem.

Representative Miller moved that the subcommittee reports for FY 1987 and FY 1988 be adopted. Seconded by Representative Teagarden. Motion carried.

BOARD OF EXAMINERS FOR HEARING AIDS

Representative Pottorf presented the subcommittee report (Attachment 10). Subcommittee made no adjustment to the FY 1987 recommendations, but did make a few minor adjustments to the FY 1988 recommendation. Representative Vancrum moved that the subcommittee report be adopted. Representative Teagarden seconded. Motion carried.

On the bill, Representative Chronister moved that HB 2224, as amended, be recommended favorable for passage. Representative Teagarden seconded. Motion carried.

Meeting adjourned at 9:00 a.m.

Date 2-20-87

Name

T. P. Anderson
Gov Dem
John Carlin

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SUBCOMMITTEE REPORT

Agency: Savings and Loan Dept.

Bill No. 2224

Bill Sec. 18

Analyst: Howard

Analysis Pg. No. 58

Budget Pg. No. 1-171

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 210,332	\$ 194,187	\$ 1,990
FTE Positions	5.5	5.5	--

Agency Request/Governor's Recommendation

The agency request for FY 1988 totals \$210,332, an increase of \$12,608 over the current year estimated expenditures. The request would maintain the same level of staffing at 5.5 FTE positions.

The Governor recommends \$194,187 in expenditures for FY 1988, a reduction of \$16,145 from the agency request. The Governor's recommendation increases salaries and wages (\$1,079) and reduces communication (\$979) and travel (\$16,245).

FY 1987. The Subcommittee concurs with the recommendation of the Governor.

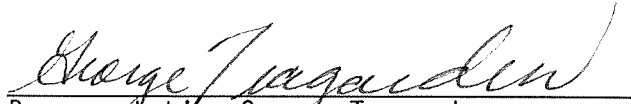
FY 1988. The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Add \$274 to salaries and wages to provide a \$34,000 base salary, exclusive of fringe benefits, for the Commissioner, as recommended by the 1986 Legislature.
2. Add \$1,716 to travel and subsistence to provide adequate funds for the department to carry out their statutorily mandated duties. The Subcommittee notes that the department is required by law to make inspections at least every 18 months at each state-chartered savings and loan association. The Federal Home Loan Bank Board actually dictates the schedule of inspections and an increase in the number of inspections could substantially affect travel and subsistence. The Subcommittee's recommendation would provide a total of \$16,000 for travel and subsistence.
3. The Subcommittee would also note that the Savings and Loan Department has been cutting its assessments to reduce its ending balance. The Subcommittee requests that the Commissioner continue

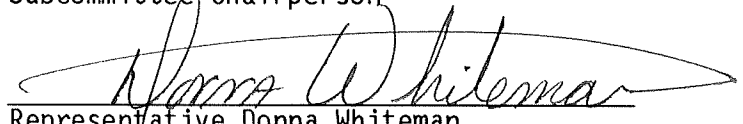
to monitor the balance to insure that ending balances are maintained at an adequate level to carry out the functions of the department.

The fee fund analysis, based on the recommendations of the Subcommittee, is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 158,619	\$ 207,562	\$ 158,533
Net Receipts	215,732	137,780	137,780
Total Funds Available	\$ 374,351	\$ 345,342	\$ 296,313
Less: Expenditures	166,789	186,809	196,177
Ending Balance	<u>\$ 207,562</u>	<u>\$ 158,533</u>	<u>\$ 100,136</u>



Representative George Teagarden
Subcommittee Chairperson



Representative Donna Whiteman

SUBCOMMITTEE REPORT

Agency: Abstracters Board of
Examiners

Bill No. 2224

Bill Sec. 2

Analyst: Efirid

Analysis Pg. No. 9

Budget Pg. No. 1-185

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations: Fee Fund	\$ 16,352	\$ 16,065	\$ (456)
FTE Positions	--	--	--

Agency Request/Governor's Recommendations

FY 1987. The Board makes no changes in its approved level of expenditures. The Governor concurs with the approved level of funding, but adjusts the proportion of expenditures for staffing and other operating expenses.

FY 1988. The Board's FY 1988 request includes \$12,197 for salaries and wages and \$4,155 for other operating expenses, representing an increase of \$2,687 over this fiscal year. The Governor recommends \$11,910 for staffing and \$4,155 for other expenses.

House Subcommittee Recommendations

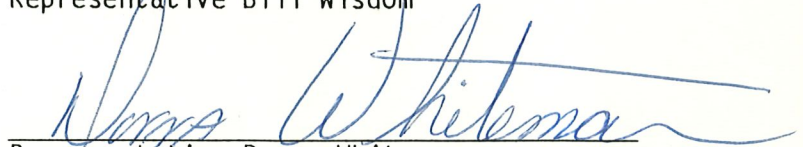
The Subcommittee concurs with the Governor's recommendations for FY 1987 and FY 1988 with the following adjustments:

1. FY 1988 -- Reduce staff funding by \$456 as a result of increasing the part-time executive secretary to \$4,961 (salary only) and decreasing the hourly paid temporary staff to \$5,015 (salary only). The Subcommittee seeks to keep funding for both staff approximately equal.

Fee Fund Analysis. The recommended budget for FY 1987 and FY 1988 will reduce the carryover balance of the fee fund. The recommended FY 1988 expenditures are 23.9 percent greater than the Board's estimated receipts, indicating that within three years or less a fee increase may be needed as the carryover balance is reduced further by spending more than fees generate.

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 14,030	\$ 13,895	\$ 12,830
Net Receipts	12,680	12,600	12,600
Total Funds Available	\$ 26,710	26,495	25,430
Less: Expenditures	12,815	13,665	15,609
Ending Balance	<u>\$ 13,895</u>	<u>\$ 12,830</u>	<u>\$ 9,821</u>


Representative Bill Wisdom


Representative Donna Whiteman

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SUBCOMMITTEE REPORT

Agency: State Bank Commissioner

Bill No. 2224

Bill Sec. 4

Analyst: Howard

Analysis Pg. No. 14

Budget Pg. No. 1-85

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 2,448,587	\$ 2,332,398	\$ (12,036)
FTE Positions	68.0	67.0	(.5)*

* 1.0 FTE position eliminated after six months of FY 1988.

Agency Request/Governor's Recommendation

The agency requests \$2,448,587 in FY 1988, an increase of \$235,928 over the current year estimated expenditures. The request would fund the current level of 68.0 FTE positions. The majority of the increase is in salaries and wages. Full-year implementation of the clerical study is reflected in the request. In addition, the agency request includes \$93,285 exclusive of fringe benefits, to provide merit step and promotional increases to financial examiners.

The Governor recommends \$2,332,398 for FY 1988, a reduction of \$116,189 from the agency request. The recommendation would fund 67.0 FTE positions, a reduction of 1.0 FTE from the current year. The Governor's recommendation would eliminate a clerical position. In addition, the Governor's recommendation would reduce funds for merit steps and promotional increases for financial examiners to \$35,893, exclusive of fringe benefits, an amount equal to 2.5 percent of the FY 1987 base pay for examiners.

House Subcommittee Recommendation

FY 1988. The Subcommittee concurs with the Governor's recommendations for FY 1988 with the following exceptions:

1. Add \$11,962 to salaries and wages to reflect revised estimates based on actual turnover during the current year.
2. Add \$15,000 for travel and subsistence. The Subcommittee believes the \$45.00 estimated subsistence rate reflected in the Governor's recommendation for this agency is too low based on actual subsistence experience of examiners. The Subcommittee feels that adequate funding for travel and subsistence for examiners is crucial to the mission of this agency.

3. Delete \$31,044 in capital outlay for the purchase of microcomputers and accessories due to the Subcommittee's recommendation that this equipment be purchased in FY 1987. (See FY 1987 report, Item No. 1.)
4. Delete \$7,954 in salaries and wages to reflect the elimination of a 1.0 FTE Keyboard Operator I on December 18, 1987, in connection with the computerization of the examination operations. The Governor's recommendation for FY 1988 included the elimination of one Keyboard Operator I; the Subcommittee's recommendation would eliminate one additional clerical position due to the purchase of the microcomputers during FY 1987. The Subcommittee's recommendation would leave one remaining position in the typing pool after the first six months of FY 1988.
5. The Subcommittee would also draw the Committee's attention to some current problems related to out-of-trust sales and difficulties which have been encountered by individuals seeking prosecution of such activities. Several instances have occurred where the county attorney had neither the time and resources nor the willingness to prosecute. In at least one situation a county attorney did not prosecute such a sale due to his own conflict of interest because he also represented the defendant. The Attorney General's office has also not had the time or resources to pursue such actions. The Subcommittee understands that the Kansas Bankers Association (KBA) is currently studying the issue and finishing recommendations on the matter. This Subcommittee requests that the Bank Commissioner, in coordination with the KBA, study the issue and explore possible solutions to the problem. This Subcommittee requests that the Bank Commissioner present his conclusions in a report to be submitted to the 1988 Legislature on or before January 12, 1988.

The fee fund analysis, based on the House Subcommittee's adjustments, is as follows:

<u>Bank Commissioner Fee Fund</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 139,539	\$ 308,756	\$ 213,223
Net Receipts	2,175,989	2,155,917	2,321,573
Total Funds Available	<u>\$ 2,315,528</u>	<u>\$ 2,464,673</u>	<u>\$ 2,534,796</u>
Less: Expenditures	2,006,772	2,251,450	2,320,362
Ending Balance	<u><u>\$ 308,756</u></u>	<u><u>\$ 213,223</u></u>	<u><u>\$ 214,434</u></u>

Nancy Brown

 Representative Nancy Brown

J.S. Duncan

 Representative J. Santford Duncan

SUBCOMMITTEE REPORT

Agency: State Bank Commissioner Bill No. 2395 Bill Sec. New
Analyst: Howard Analysis Pg. No. 14 Budget Pg. No. 1-85

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 2,212,659	\$ 2,211,734	\$ 39,716
FTE Positions	68.0	68.0	--

Agency Request/Governor's Recommendation

The agency estimates FY 1987 expenditures of \$2,212,659, a reduction of \$8,785 from the expenditure limitation approved by the 1986 Legislature of \$2,221,444. During FY 1987 the agency has purchased a microcomputer for the Topeka office at a cost of \$3,239 originally allocated for word processing equipment. The purchase is part of a pilot project to begin the use of computers in the examining field.

The Governor recommends FY 1987 expenditures of \$2,211,734, a reduction of \$925 from the agency estimate. The Governor's recommendation would increase salaries and wages (\$4,706), and reduce travel (\$4,554), and professional services (\$1,077).

House Subcommittee Recommendations

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

1. Add \$39,716 for the purchase of 17 microcomputers and accessories in FY 1987. Thirteen microcomputers would be located in field offices and four in the central office in Topeka for use by the review examiners. This recommendation would enable the Banking Department to utilize microcomputers for the transmission and processing of examination reports. The Governor's recommendation for FY 1988 includes funds for 13 microcomputers in the field offices. This Subcommittee believes computerization should be completed during FY 1987. In addition, the Subcommittee's recommendations would provide four microcomputers for use by review examiners in the central office. The recommendation allows the reduction of clerical support in FY 1988. This recommendation would increase the expenditure limitation by \$30,006 to \$2,251,450. (See FY 1988 report, Item Nos. 3 and 4.)

The fee fund analysis, based on the House Subcommittee's adjustments, is as follows:

<u>Bank Commissioner Fee Fund</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>
Beginning Balance	\$ 139,539	\$ 308,756
Net Receipts	2,175,898	2,155,917
Total Funds Available	<u>\$ 2,315,528</u>	<u>\$ 2,464,673</u>
Less: Expenditures	2,006,772	2,251,450
Ending Balance	<u>\$ 308,756</u>	<u>\$ 213,223</u>



Representative Nancy Brown



Representative J. Santford Duncan

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SUBCOMMITTEE REPORT

Agency: State Board of Technical Professions Bill No. 2224

Bill Sec. 20

Analyst: Efird

Analysis Pg. No. 64

Budget Pg. No. 1-211

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Fee Fund	\$ 263,066	\$ 233,606	\$ (9,290)
FTE Positions	4.0	4.0	--

Agency Request/Governor's Recommendations

FY 1987. The Board makes no changes in its approved level of expenditures. The Governor reduces recommended expenditures by \$7,213.

FY 1988. The Board's FY 1988 request includes \$93,515 for salaries and wages and \$169,551 for other operating expenses. Increased expenditures of \$37,178 over the current fiscal year are attributed primarily to other operating expenses. The Governor's recommendations provide an increase of \$14,931 in expenditures, of which \$11,847 is attributed to other operating expenses.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations for FY 1987 and FY 1988 with the following exceptions:

1. FY 1987 -- Continue leasing a copy machine instead of purchasing a new one. The Board previously shared a machine with another office. Because of its move to a new location, the previous arrangement is no longer possible. However, it does have a 36-month lease. Capital outlay was used to buy partitions and savings from other areas should pay for the lease.
2. FY 1988 -- Delete \$9,290 for computer-related equipment and software, pending development of a data processing plan. Either during the Senate Ways and Means or Omnibus process this year, a review of additional information about the Board's data processing needs may be possible if a plan becomes available. The Subcommittee would reconsider capital outlay if the planning document is available.
3. The Subcommittee notes that in concurring with the Governor's recommendations for contractual services, estimated fees for an attorney's services are reduced from the agency's request of \$21,600 to \$11,600 in FY 1988. Expenditures to date in FY 1987 for


seven months are \$16,089. Average annual expenses over the past five years have been \$17,314 for an attorney. The Subcommittee believes that the Board may find more cost-effective ways of securing an attorney's services and that the Governor's recommended financing may be sufficient to pay FY 1988 costs if the Board pursues other possible alternatives. However, the Subcommittee is concerned about the \$10,000 reduction since it does not appear as a systemwide measure taken in all fee agencies which use contract attorneys. The Subcommittee did not have time to explore possible sharing of attorneys by two or more fee agencies such as Pharmacy and Technical Professions, or employing intermittent attorneys who would be placed on the salary range for an Attorney I or Attorney II as is the practice in some cabinet agencies. It is suggested that the Senate Ways and Means Subcommittee which will review all fee agencies address the systemwide question of fee agencies using contract attorneys who are paid from \$50 per hour to \$67 per hour.

4. The Subcommittee recommends introduction of a bill to reduce the cost of biennial license fees from the statutory \$50 maximum to a \$25 maximum which is \$5 lower than the current fee of \$30 established by regulations. This Subcommittee has addressed the question of high ending balances in previous years by recommending that the Board take certain actions to reduce the ending balances. Ending balances have continued to grow and the Board has not addressed the previous recommendations in a manner which would reduce those balances. The Subcommittee recommendation, if implemented, will reduce ending balances by lowering fee receipts an estimated \$25,000 each year.

Fee Fund Analysis. The fee fund carryover balance has been greater than the annual expenditures for the past four years. In FY 1983, the ending balance was \$248,101 and expenditures were \$165,388. Each subsequent year the ending balance has increased: FY 1983 \$248,101; FY 1984 \$257,622; FY 1985 \$274,965; FY 1986 \$289,844.

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 274,968	\$ 289,844	\$ 288,859
Net Receipts	199,590	217,690	220,784
Total Funds Available	\$ 474,566	\$ 507,534	\$ 509,643
Less: Expenditures	184,722	218,675	224,316
Ending Balance	<u>\$ 289,844</u>	<u>\$ 288,859</u>	<u>\$ 285,327</u>


 Representative Kent Campbell


 Representative Henry Helgerson

SUBCOMMITTEE REPORT

Agency: Consumer Credit Commissioner Bill No. 2224 Bill Sec. 13
 Analyst: Rothe Analysis Pg. No. 42 Budget Pg. No. 1-89

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 331,316	\$ 329,582	\$ --
FTE Positions	8.0	8.0	--

Agency Request/Governor's Recommendation

The Commissioner requests \$331,316 for FY 1988, \$36,917 above the revised FY 1987 estimate of \$294,399. The request includes \$239,181 for salaries, \$32,614 for travel, \$18,048 for rent, \$14,300 for computer software programming (a new item), and \$27,173 for other operating expenditures. A nonreportable payment of \$65,000 for consumer credit education would also be made.

The Governor recommends \$329,582 for FY 1988, a reduction of \$1,734 from the Commissioner's request. The recommendation includes increases of \$1,631 in salaries, \$650 in software programming, and \$150 in other costs, and decreases of \$3,665 in travel, and \$500 in office supplies. The Governor does not recommend the payment of \$65,000 to conduct a consumer education program.

House Subcommittee Recommendation

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

FY 1988. The Subcommittee concurs with the Governor's recommendation with the following exception:

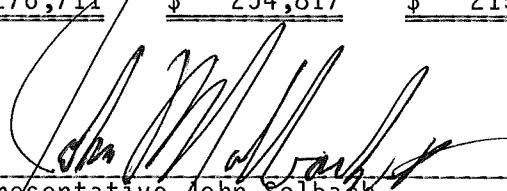
1. Transfer \$65,000 from the Consumer Credit Fee Fund to the Kansas Council on Economic Education and authorize the Commissioner to enter into a contract with the Council to conduct a consumer credit education program for the third year in a row. In response to the Subcommittee's request, the Council provided a revised plan for improving its focus on consumer credit education. Semiquarterly reports indicate the Council is carrying out its charge as well as is possible. The Council assures the Subcommittee that its focus on consumer credit education will increase and agrees with the need to inform consumers of their right to be treated fairly by financial institutions and businesses extending credit. Such education is in the best interest of both the public and state-regulated businesses. The Subcommittee recommends that at least 30

percent of the Council's total annual program expenditures be devoted to consumer credit education either directly or in conjunction with other consumer economic education programs. The Subcommittee notes that in comparison to the Commissioner's previous contract with the State Department of Education, the \$65,000 contract with the Council is being utilized more effectively in teaching about consumer credit, is reaching more people, and is not being expended primarily on administrative salaries.

2. The Subcommittee concurs with the Governor's recommended increase in supervisory travel from 1,500 miles in FY 1987 to 2,500 miles in FY 1988. The active and consumer-oriented Commissioner is planning additional travel in order to provide consumer credit information directly to the public while becoming better informed herself on the level of public awareness.

The fee fund analysis, based on the House Subcommittee's adjustment, is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 293,907	\$ 276,711	\$ 254,817
Net Receipts	331,227	337,400	355,360
Total Funds Available	<u>\$ 625,134</u>	<u>\$ 614,111</u>	<u>\$ 610,177</u>
Less: Expenditures	283,423	294,294	329,582
Nonreportable Expenditures	65,000	65,000	65,000
Ending Balance	<u>\$ 276,711</u>	<u>\$ 254,817</u>	<u>\$ 215,595</u>



Representative John Solbach
Subcommittee Chairperson



Representative George Dean

SUBCOMMITTEE REPORT

Agency: Dept. of Credit Unions Bill No. 2224 Bill Sec. 9
 Analyst: Howard Analysis Pg. No. 32 Budget Pg. No. 1-105

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 414,667	\$ 407,242	\$ --
FTE Positions	10.0	10.0	--

Agency Request/Governor's Recommendation

The agency requests \$414,667 of expenditures for FY 1988, an increase of \$65,203 over the current year estimated expenditures. The request would include one additional position of review examiner for a total of 10.0 FTE positions. The request reflects increases in salaries and wages, travel and capital outlay, and a net increase of \$155 in all other operating expenditures.

The Governor recommends \$407,242 of expenditures for FY 1988, a reduction of \$7,425 from the agency request. The recommendation reflects an increase in salaries and wages (\$824) and dues (\$400), and reductions in communications (\$1,400), repairs (\$100), travel (\$6,949), and office supplies (\$200). The Governor's recommendation would fund 10.0 FTE positions, including the additional position of review examiner (Financial Examiner IV) requested by the agency.

House Subcommittee Recommendations

FY 1987. The Subcommittee concurs with the recommendations of the Governor.

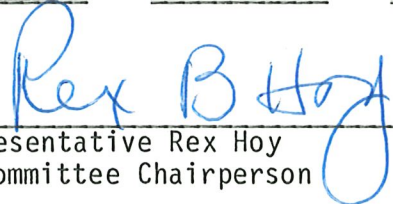
FY 1988. The Subcommittee concurs with the recommendations of the Governor with the following comments:


1. The Subcommittee would note H.B. 2407, which would amend the current statute requiring the administrator to examine each credit union annually. H.B. 2407 would require examination every 18 months. The bill would bring examination frequency into conformity with other financial regulatory agencies, including federal regulatory agencies. This Subcommittee would support the intent of the bill, which is currently in the House Committee on Commercial and Financial Institutions.

2. The Subcommittee would note the department's plan to begin computerization of their operations and concurs with this plan. The Subcommittee would encourage the department to seek assistance from DISC in designing a program which would allow the transmission of field reports to the central office via telephone modem to eliminate duplication of effort. This Subcommittee expects to see such a program next year which would allow these computer operations.

The fee fund analysis based on the House Subcommittee's recommendation is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 213,958	\$ 205,037	\$ 186,688
Net Receipts	317,098	331,115	380,177
Total Available Funds	<u>\$ 531,056</u>	<u>\$ 536,152</u>	<u>\$ 566,865</u>
Less: Expenditures	326,019	349,464	407,242
Ending Balance	<u><u>\$ 205,037</u></u>	<u><u>\$ 186,688</u></u>	<u><u>\$ 159,623</u></u>


 Representative Rex Hoy
 Subcommittee Chairperson


 Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Board of Accountancy

Bill No. 2395

Bill Sec. 2

Analyst: Duffy

Analysis Pg. No. 10

Budget Pg. No. 1-187

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Funds	\$ 151,470	\$ 149,848	\$ --
FTE Positions	2.7	2.7	--

Agency's Request/Governor's Recommendation

The Board of Accountancy estimates expenditures for FY 1987 to be \$151,470, a reduction of \$1,860 from the amount approved by the 1986 Legislature.

The Governor recommends expenditures of \$149,848 for FY 1987 and recommends a \$1,500 decrease to the expenditure limitation of the Board of Accountancy Fee Fund.

House Subcommittee Recommendation

FY 1987. The Subcommittee concurs with the Governor's recommendation for expenditures in FY 1987, but does not recommend decreasing the agency's expenditure limitation. The Subcommittee recommends striking Section 2(a) from H.B. 2395. The Subcommittee recognizes the delay in implementing the Positive Enforcement Program and it is their intent that the \$1,500 approved for FY 1987 be expended for the program in FY 1988. The Subcommittee believes that the proposed program for peer review of CPA's and firms is meritorious and that the Board should complete development of the program and be prepared to implement it in July, 1987.



 Representative James Lowther
 Subcommittee Chairperson



 Representative Arthur Douville

028.87

SUBCOMMITTEE REPORT

Agency: Board of Accountancy

Bill No. 2224

Bill Sec. 3

Analyst: Duffy

Analysis Pg. No. 10

Budget Pg. No. 1-187

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Funds	\$ 180,816	\$ 165,859	\$ (19)
FTE Positions	3.0	2.7	--

Agency's Request/Governor's Recommendation

The Board of Accountancy requests expenditures of \$180,816 for 3.0 FTE positions. The FY 1988 request reflects a continuation of current agency activities, including full funding (\$3,000) for the Positive Enforcement Program (PEP). The Board proposes to increase the statutory maximum for fees for the CPA exam and certification.

The Governor recommends expenditures of \$165,859, a reduction of \$14,957 from the agency's request. The Governor does not recommend an increase of .3 FTE positions, funds for the Positive Enforcement Program or an increase in the statutory maximum for exam and certification fees.

House Subcommittee Recommendation

FY 1988. The Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Shift \$100 from temporary staff to other professional services for court reporting services. The Subcommittee notes that the Board is required to retain a court reporter for all public disciplinary hearings.
2. Add \$651 to travel to allow the Board's executive secretary to attend the National Association of State Boards of Accountancy (NASBA) Administrator's meeting.
3. Add \$455 to all other services for increased dues to the National Association of State Boards of Accountancy.
4. Reduce \$2,625 from commodities for the purchase of 2,100 registers (Register of Persons and Firms Permitted to Practice as Certified Public Accounts) for CPA permit holders. The Subcommittee recommends the introduction of legislation to repeal K.S.A. 1-

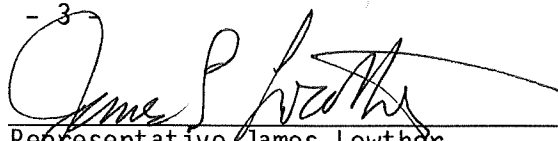
201(c) which requires the Board to print, publish, and distribute an annual register to each public accountant holding a permit to practice.

5. The Subcommittee recommends that the \$1,500 approved for the Positive Enforcement Program in FY 1987 not be spent in FY 1987 because of delays in implementation but should be expended in FY 1988. Although the agency requests \$3,000 for 60 reviews in FY 1988, the Subcommittee suggests that during the first year of the program approximately 30 reviews be performed at an estimated cost of \$50 each in order for this new program to be thoroughly planned and implemented. The Subcommittee believes that the proposed program for peer review of CPA's and firms is meritorious and that the Board should complete development of the program and be prepared to implement it in July, 1987.
6. The Subcommittee recommends the introduction of legislation to give the Board authority to adopt rules and regulations to govern the Positive Enforcement Program and to allow the agency to collect fees to recover all or part of the costs associated with the Positive Enforcement Program; however, the fee shall not exceed \$100 per report submitted for review.
7. The Subcommittee understands that an increase in the cost of CPA exams and grading services by the American Institute of CPAs will result in the costs to the Board being greater than the fee income generated by persons sitting for the exam. The Subcommittee recommends the introduction of legislation to allow the Board to increase fees for CPA examinations; however, it is the Subcommittee's intent that examination fees be increased only to cover the increased cost of the exams. The Subcommittee recommends that fees be set at the following statutory maximums and suggests that for FY 1988 the Board establish by regulation, the following fees:

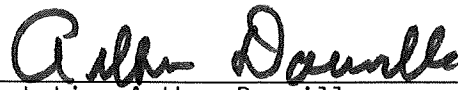
	<u>Statutory Maximum</u>	<u>Recommended Fee</u>
Initial Exam	\$ 125	\$ 112.50
Complete Re-Exam	100	92.50
Partial Re-Exam (3)	75	67.50
Partial Re-Exam (2)	60	55.00
Partial Re-Exam (1)	50	42.50

The fee fund analysis, based on the Subcommittee's recommendations for expenditures and the FY 1988 Subcommittee's recommended fee increase for the CPA examination and certification is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 44,978	\$ 38,740	\$ 32,194
Net Receipts	138,410	143,302	154,695
Total Funds Available	\$ 183,388	\$ 182,042	\$ 186,889
Less: Expenditures	144,648	149,848	164,340
Ending Balance	<u>\$ 38,740</u>	<u>\$ 32,194</u>	<u>\$ 22,549</u>

-3-


Representative James Lowther
Subcommittee Chairperson



Representative Arthur Douville

028.88

SUBCOMMITTEE REPORT

Agency: Board of Nursing

Bill No. --

Bill Sec. --

Analyst: Duffy

Analysis Pg. No. 45

Budget Pg. No. 1-203

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 489,191	\$ 469,154	\$ 2,500
FTE Positions	11.0	11.0	--

Agency Estimate/Governor's Recommendation

The Board of Nursing estimates expenditures of \$489,191 for FY 1987, an increase of \$11,668 over the expenditure limitation.

The Governor recommends \$469,154 for FY 1987 expenditures, a reduction of \$20,037 from the agency's revised request. Major areas of reduction are printing, repairing and servicing, and stationery and office supplies.

House Subcommittee Recommendation

FY 1987. The Subcommittee concurs with the recommendation of the Governor, with the following exception:

1. Add \$500 for repairs and servicing of equipment and \$2,000 for printing and advertising for the new computer system. The addition to the budget would result in expenditures of \$471,654 in FY 1987, which is \$5,869 less than the expenditure limitation authorized by the 1986 Legislature.

In 1986, the Board entered into a shared-computer system with the Board of Healing Arts and the Board of Pharmacy. The Board of Nursing paid \$51,547 in FY 1986, has already paid \$33,923 in FY 1987, and has budgeted \$41,389, plus funds for computer supplies in FY 1988.

Since 1986, the three agencies have sought to upgrade the system by asking DISC to approve additional equipment or computer capacity that was not part of the original plan. (In some cases, specific requests for additional equipment were approved by the Legislature.) Partly as a result of this, additional costs totaling \$89,000 have been incurred for the shared system.

Based upon recommendations of the Subcommittee in fiscal years 1987 and 1988, the fee fund analysis is as follows. The FY 1988 estimate assumes a \$10-\$12 increase for fees for professional and practical nurses, which is two-thirds the increase requested by the agency and recommended by the Governor:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 185,110	\$ 155,119	\$ 119,169
Net Receipts	406,445	435,704	494,316
Total Funds Available	\$ 591,555	\$ 590,823	\$ 613,485
Less: Expenditures	436,436	471,654	481,185
Ending Balance	<u>\$ 155,119</u>	<u>\$ 119,169</u>	<u>\$ 132,200</u>



Representative David Miller
Subcommittee Chairperson



Representative Melvin Neufeld

SUBCOMMITTEE REPORT

Agency: Board of Nursing

Bill No. 2224

Bill Sec. 14

Analyst: Duffy

Analysis Pg. No. 45

Budget Pg. No. 1-203

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 569,668	\$ 481,185	\$ --
FTE Positions	12.0	11.0	--

Agency Estimate/Governor's Recommendation

The Board of Nursing requests expenditures of \$569,668 in FY 1988. The agency requests \$33,038, including fringe benefits, to fund a new Nursing Education Specialist position and \$40,109 for the new computer system. The agency proposes to increase fees for professional nurses and practical nurses to their statutory maximums.

The Governor recommends expenditures of \$481,185 and concurs with the agency's request to increase fees for professional and practical nurses to their statutory maximums. The Governor does not recommend funding for the new Nursing Education Specialist position.

House Subcommittee Recommendations

FY 1988. The Subcommittee concurs with the total expenditures recommended by the Governor but notes the following:

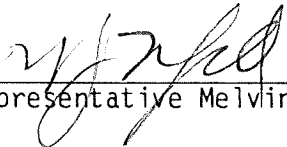
1. The Subcommittee considered the Board's request for a new Nursing Education Specialist position, and believes the purchase of the new computer system should be completed in FY 1988 before a new position is added.
2. The Subcommittee acknowledges the need for additional funds to contract for investigative services and recommends shifting \$1,000 from travel to professional services.
3. The Subcommittee recommends a fee increase for professional and practical nurses, but does not recommend increasing the fees to their statutory maximums. The Subcommittee encourages the Board to review its sources of revenue, particularly the fees of continuing education providers.

Apparently in order to spread payments over a longer period of time, DISC entered into a Certificate of Participation agreement whereby interest payments for the system would add \$46,877 to the cost of the project.

It is the Subcommittee's opinion that the Board should complete its purchase within the three-year period and pay higher amounts in FY 1987 and FY 1988 rather than finance the system with a certificate of participation. According to DISC, an additional amount of \$18,484 would be needed in FY 1987 and a total of \$41,389 would be needed in FY 1988 to complete the Board of Nursing's share of the system. The Subcommittee recommends that the additional \$18,484 (in addition to the \$33,923 that has already been paid to DISC) be shifted from capital outlay to pay DISC fees in the FY 1987 budget. It is the Subcommittee's understanding that the certificate can be cancelled and the Subcommittee encourages DISC to do so as soon as possible.



Representative David Miller



Representative Melvin Neufeld

482.87

SUBCOMMITTEE REPORT

Agency: Bd. of Examiners for
Hearing Aids

Bill No. 2224

Bill Sec. 12

Analyst: Rampey

Analysis Pg. No. 40

Budget Pg. No. 1-199

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 16,378	\$ 13,030	\$ 500
FTE Positions	--	--	--

House Subcommittee Recommendation

FY 1987. The Subcommittee makes no adjustment to the FY 1987 estimate of \$10,015, which is the amount approved by the 1986 Legislature and recommended by the Governor.

FY 1988. The Subcommittee concurs with the Governor's recommendation, with the following change and comment:

1. Add \$500 for travel and subsistence for additional examination days. Normally, the Board schedules two-day examinations twice a year. According to the Board's director, there has been an increase in the number of persons seeking licenses who must be examined.

Therefore, the Board wishes to schedule an additional two-day session for examinations.

2. The Subcommittee encourages the Board to change its rules and regulations to raise the amount it currently charges for a license renewal. (The Board presently charges \$25 for the annual renewal. The statutory maximum is \$50.) The Subcommittee notes that, while the Board's expenditures have risen, no recent increase has been made in fees.

An analysis of the Board's fee fund reflecting the Subcommittee's recommendations is shown below:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 29,567	\$ 26,918	\$ 21,803
Net Receipts	4,979	4,900	4,900
Total Funds Available	\$ 34,546	\$ 31,818	\$ 26,703
Less: Expenditures	7,628	10,015	13,530
Ending Balance	<u>\$ 26,918</u>	<u>\$ 21,803</u>	<u>\$ 13,173</u>



Representative Robert Vancrum, Chairman



Representative Jo Ann Pottorff

266.88