

Approved 3-9-87
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Buntten at
Chairperson

1:30 ~~am~~/p.m. on Wednesday, March 4, 19 87 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Gloria Timmer, Legislative Research
Diane Duffy, Legislative Research
Sharon Schwartz, Administrative Aide
Jim Wilson, Revisors Office
Nadine Young, Committee Secretary
Guest list (Attachment 1)

Conferees appearing before the committee:

Representative Dyck requested introduction of a bill that deals with prepaid insurance and recommended it be referred to the appropriate committee. Representative Heinemann moved that the bill be introduced. Representative Teagarden seconded. Motion carried.

BOARD OF AGRICULTURE

Representative Hamm presented the FY 1987 subcommittee report. There was no committee discussion. Representative Chronister presented the subcommittee report for FY 1988 (Attachment 2). There was discussion concerning Item #3 to provide two hours of initial legal assistance. It was felt that any legal assistance beyond 2 hours would require perhaps court appearance and that the individual would be responsible at that time. After brief discussion, Representative Chronister moved for adoption of the subcommittee report, excluding Item #12. Representative Heinemann seconded. Motion carried.

ANIMAL HEALTH

Representative Lowther presented the subcommittee report for FY 1987. Subcommittee concurs with Governor's recommendations. He also presented the subcommittee report for FY 1988 (Attachment 3) and moved for adoption. Representative King seconded. Motion carried.

GRAIN INSPECTION DEPARTMENT

Representative King read the subcommittee for FY 1987. Subcommittee concurs with Governor's recommendations with a couple of exceptions. Representative Solbach presented the FY 1988 subcommittee report (Attachment 4). There was no discussion. Representative Lowther moved for adoption of the reports. Seconded by Representative King. Motion carried.

KANSAS STATE FAIR

Representative Brady read the report for FY 1987. Subcommittee deleted \$17,795 from salaries from the State Fair Fee Fund. Representative Guldner presented the subcommittee report for FY 1988 and moved for adoption of the reports (Attachment 5). Representative Dyck seconded. Motion carried.

KANSAS WHEAT COMMISSION

Representative Helgerson read the subcommittee report for FY 1987 and for FY 1988 (Attachment 6). He then moved that the reports be adopted. Seconded by Representative Turnquist. Motion carried.

STATE CONSERVATION COMMISSION

Representative Lowther presented the subcommittee reports for FY 1987 and FY 1988 (Attachment 7). There being no discussion, he moved that the reports be adopted. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 1:30 ~~xxx~~ p.m. on Wednesday, March 4, 1987

KANSAS WATER OFFICE

Representative Mainey presented the report (Attachment 8). There was no discussion. On a motion by Representative Mainey and a second by Representative Chronister, the motion carried to adopt the report.

On the bill, Representative Chronister moved that HB 2182, as amended, be recommended favorable for passage. Seconded by Representative King. Motion carried.

Kansas Public Employees Retirement System, HB 2221

Representative Miller presented the subcommittee (Attachment 9) for FY 1987. Representative Teagarden presented the subcommittee report for FY 1988. Representative Miller moved that the reports be adopted. Seconded by Representative Teagarden. Motion carried.

PITTSBURG STATE UNIVERSITY, HB 2439

Representative Dyck read the FY 1987 subcommittee report. There was no discussion. The FY 1988 subcommittee report was also presented by Representative Dyck, he then moved that the two reports be adopted. Seconded by Representative Brady. Motion carried. (See Attachment 10)

KANSAS TECHNICAL INSTITUTE, HB 2439

Representative Lowther presented the subcommittee report (Attachment 11). KTI has experienced decreased enrollment in past few years. Subcommittee is recommending options for improvement, including a possible change of the institution's name. Another option is to market the institute's programs as a lab project for business students. Representative King moved that the report be adopted, Representative Lowther seconded. Motion carried.

BOARD OF REGENTS, HB 2439

Representative Ott presented the subcommittee report for FY 1987 (Attachment 12). Representative Fuller presented the FY 1988 subcommittee report. There was discussion concerning Item 11 which refers to instructors who are not well versed in the English language. Observation has been made that this continues to be a problem with the students understanding class instruction. Representative Duncan suggested that the word "instructors" be substituted with "teaching personnel". Committee agreed.

There was further discussion concerning the brochures that are sent out to eighth graders and junior/senior students. Representative Ott commented that the brochure contains information that should be in the hands of all students, the first one would really be targeted for the parents. Representative Duncan suggested the inclusion of a sentence that would direct the Board of Regents to coordinate this project with Board of Education because they are also working on a similar project. This would be an attempt to prevent duplicate brochures being sent to the students. Committee agreed.

Representative Ott moved that the subcommittee report be adopted. Seconded by Representative Wisdom. Motion carried.

KANSAS STATE UNIVERSITY, HB 2439

Representative Goossen presented the subcommittee report (Attachment 13). A technical amendment was suggested by Representative Shriver on the FY 1987 report. The supplemental appropriation of \$168,010 for Experimental Stations should be changed to read "organized research" rather than "experiment stations". Representative Duncan seconded. Motion carried.

Representative Duncan presented the subcommittee report for FY 1988. Representative Shriver presented a Minority Report (Attachment 14) for the purpose of keeping the issue of enrollment adjustment corridors before the committee. Representative Duncan moved that the subcommittee reports be adopted, Representative Goossen seconded. Motion carried.

Meeting adjourned at 3:40 p.m.

GUESTS

Date 3/4/87

Name	Address	Representing
Alan Steppat	Topoka	McGill & Assoc.
Chip Wheelen	Topoka	McGill & Assoc.
Bruce Gordon	Topoka	Kansas - NEA
Roger McCollister	Topoka	Kansas Legal Service
Cathy Moin		infirm
Rola Warner	Topoka	St. Conservation Comm
Kenneth Fren	Topoka	St. Conservation Comm
Charles Dodson	Topoka	KAPE
Lennie Krieho	Topoka	Kansas Water Office
Jackie Ulrich	Emporia	Rep. Mincey - Intern
Jacque Opkes	Topoka	Ks City, Ks. Schools
Richard S. Funk	Topoka	KAIB
Gretchen Storey		Div. of Budget
Jan Johnson	"	"
John Timmes	Lawrence	AA
Dorothy A. Barnes	Topoka	Board of Agriculture
Sam Reinbeck	Topoka	" " "
Don Jacka	Topoka	Board of Agriculture
Jake Roenbarg	Lewis	KBOR

SUBCOMMITTEE REPORT

Agency: Board of Agriculture

Bill No. 2395

Bill Sec. 18

Analyst: Rothe

Analysis Pg. No. 577

Budget Pg. No. 5-1

<u>Expenditure Summary</u>	<u>Agency Est. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 7,329,432	\$ 6,966,332	\$ --
Agency Fee Fund	2,238,356	2,262,595	--
Grain Commission Funds	1,286,717	1,286,669	--
Federal Meat and Poultry Inspection Fund	1,181,919	1,181,577	--
Other Federal Funds	361,120	363,737	6,060
Other Special Funds	7,500	7,500	--
Subtotal	<u>\$12,405,044</u>	<u>\$12,068,410</u>	<u>\$ 6,060</u>
Capital Improvements:			
State General Fund	\$ 9,887	\$ 9,887	\$ --
Agency Fee Funds	--	--	--
Subtotal	<u>\$ 9,887</u>	<u>\$ 9,887</u>	<u>\$ --</u>
TOTAL	<u>\$12,414,931</u>	<u>\$12,078,297</u>	<u>\$ 6,060</u>
FTE Positions	316.5	316.5	--

Agency Estimate/Governor's Recommendation

The agency's revised FY 1987 estimate of operating expenditures of \$12,405,044 reflects a net increase of \$59,456 above expenditures approved by the 1986 Legislature, and is \$767,346 (6.6 percent) above actual FY 1986 expenditures. The revised FY 1987 estimate includes \$7,329,432 from the State General Fund, an increase \$174,860 above the amount approved, and \$5,075,612 from special revenue funds, a decrease of \$115,404 from the amount approved.

The Governor recommends FY 1987 operating expenditures totaling \$12,068,410, a reduction of \$336,634 from the agency's revised estimate. The recommendation includes \$6,966,332 from the State General Fund (a reduction of \$363,100) and \$5,102,078 from special revenue funds (an increase of \$26,466). The State General Fund recommendation includes a lapse of \$251,874 as approved in H.B. 2049 during the 1987 Legislative Session, and a supplemental appropriation of \$63,634 to offset fee fund shortfalls.

House Subcommittee Recommendation

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

1. Shift \$30,060 from internal State General Fund savings to legal services in the FACTS program. \$30,000 has been identified as savings by the agency. The Subcommittee recommends that \$24,000 of this amount be used for FACTS legal services and the remaining \$6,060 be used for item 2. The Subcommittee also believes there is an additional \$9,000 in savings within the FACTS program which could be transferred to legal services.
2. Add \$12,120 to reinstate a Veterinarian II position in the Meat and Poultry Inspection program for the remainder of FY 1987, including \$6,060 from internal State General Fund savings and \$6,060 from the federal Meat and Poultry Fund. Funding for the position was lapsed in H.B. 2049.
3. Delete \$20,000 from the State General Fund for salaries and wages and add \$20,000 from the State General Fund for other operating expenditures to make a technical adjustment in the House supplemental appropriations bill (H.B. 2395).
4. The Subcommittee further recommends that the agency take the appropriate steps toward implementing a FACTS legal services co-pay fund. The recommendation is to provide the first two hours of legal assistance to eligible clients at no cost. An hourly fee would be charged for legal assistance provided beyond two hours. Fee receipts would be utilized to offset costs associated with provision of contracted legal services in the FACTS program. The Subcommittee further recommends the addition of a no-limit line item in the appropriation bill to be utilized for this purpose.

Rochelle Chronister
Representative Rochelle Chronister
Subcommittee Chairperson

Bill Bunten
Representative Bill Bunten

David Heinemann
Representative David Heinemann

Donald Mainey
Representative Donald Mainey

Lee Hamm
Representative Lee Hamm

SUBCOMMITTEE REPORT

Agency: Board of Agriculture

Bill No. 2182

Bill Sec. 2

Analyst: Rothe

Analysis Pg. No. 577

Budget Pg. No. 5-1

<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	\$10,101,509	\$ 6,744,087	\$ 68,526
Agency Fee Funds	2,416,077	2,161,968	40,000
Grain Commission Funds	1,093,305	1,075,734	--
Federal Meat and Poultry Inspection Fund	1,138,281	1,050,426	28,889
Other Federal Funds	484,157	334,157	182,145
Other Special Funds	9,000	9,000	--
Subtotal	<u>\$15,242,329</u>	<u>\$11,375,372</u>	<u>\$ 319,560</u>
Capital Improvements:			
State General Fund	\$ 95,000	\$ 82,000	\$ --
Agency Fee Funds	--	--	--
Subtotal	<u>\$ 95,000</u>	<u>\$ 82,000</u>	<u>\$ --</u>
TOTAL	<u>\$15,337,329</u>	<u>\$11,457,372</u>	<u>\$ 319,560</u>
FTE Positions	358.5	292.0	7.0

Agency Request/Governor's Recommendation

The agency requests \$15,242,329 for operating expenditures in FY 1988, an increase of \$2,837,285 (22.9 percent) over the FY 1987 revised estimate. Of the increase, \$1,487,602 is attributed to salaries and wages, \$300,952 to travel, \$281,144 to fees for professional services, \$300,532 to capital outlay, and \$467,055 to all other expenditures. The FY 1988 request includes \$10,101,509 from the State General Fund, a \$2,772,077, or 37.8 percent increase over the FY 1987 revised estimate, and represents 66.3 percent of the total FY 1988 operating request. The agency requests a total of 358.5 FTE positions, an increase of 42.0 FTE over FY 1987. Expenditures requested for the new positions include \$1,142,837 for salaries and \$797,674 for other costs for a total of \$1,940,511.

The Governor recommends FY 1988 operating expenditures of \$11,375,372, a reduction of \$3,866,957 from the agency's request. The recommendation includes \$6,744,087 from the State General Fund (a reduction of \$3,357,422) and \$4,631,285 from special revenue funds (a reduction of \$509,535). The reduction includes \$1,890,874 from requested salaries and wages, \$1,610,553 from contractual services, \$76,295 from commodities, and \$289,235 from capital outlay. The Governor recommends a reduction of 24.5 FTE in the agency's position limitation as approved by the 1986 Legislature. The Governor recommends the addition of 1.0 position in the Division of Water Resources and the following reductions: 2.0 from the Administration Division; 9.5 from the Division of Inspections; 7.0 from

the Laboratory; 2.0 from the Marketing Division; and 5.0 from the Plant Health Division (Noxious Weeds). Salaries of 19.0 of these positions were lapsed in H.B. 2049.

House Subcommittee Recommendation

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

1. Reappropriate \$139 from the State General Fund for other operating expenditures and reduce expenditures from the Meat and Poultry Inspection Fee Fund by \$11,514 to correct technical errors in the agency's FY 1988 appropriations bill (H.B. 2182).
2. Delete \$244,562 and 5.0 FTE positions from the State General Fund for the FACTS program. The Subcommittee recommends that funding and positions for the FACTS program be included in the omnibus bill upon passage of an extension by both the House and Senate.
3. The Subcommittee recommends the implementation of a FACTS legal services co-pay fund. The recommendation is to provide the first two hours of legal assistance to eligible clients at no cost. An hourly fee would be charged for legal assistance provided beyond two hours. Fee receipts would be utilized to offset costs associated with the provision of contractual legal services in the FACTS program. The Subcommittee further recommends inclusion of a no-limit line item in the appropriation bill to be utilized for this purpose.
4. Add \$57,777 and 1.0 FTE position to reinstate a Veterinarian II position in the Meat and Poultry Inspection program, including \$28,888 from the State General Fund and \$28,889 from the federal Meat and Poultry Fund.
5. Add \$227,106 and 8.0 FTE positions in the Water Structures program for dam safety inspection. The recommendation includes \$50,361 and 1.0 Civil Engineer II from the State General Fund, and \$176,745 and 4.0 Civil Engineers, 1.0 Geologist, and 2.0 clerical positions from federal funds. The Subcommittee further recommends that the agency investigate the feasibility for initiating a fee system to offset costs associated with the inspection of dams.
6. Add \$25,000 from the State General Fund for a study in the Division of Water Resources.
7. Add \$120,000 to fund a "Blueprint for Agriculture" study, including \$40,000 from the State General Fund, \$40,000 from private industry funds, and \$40,000 from university in-kind funds.
8. Add \$5,400 from the federal Certification of Pesticide Applicators Fund for an optical scanning system for use with the pesticide applicator certification examination program.

9. Add \$168,839 and 3.0 FTE positions from the State General Fund to enhance the agency's domestic marketing program. The recommendation includes \$92,835 for salaries and \$76,004 for other operating expenditures.
10. The Subcommittee calls attention to H.B. 2520 which creates an Anhydrous Ammonia Fees Fund. The fund would enable the agency to register the 640 active anhydrous ammonia facilities in Kansas. Based on a \$50 annual fee per facility, estimated FY 1988 receipts would be \$32,000. In addition, H.B. 2520 would also require registration of the six portable reactor units producing ammoniated solutions for agricultural purposes in Kansas. Based on a \$250 annual fee, estimated FY 1988 receipts would be \$1,500. The Subcommittee recommends that upon passage of H.B. 2520 by both the House and the Senate, total FY 1988 expenditures from the proposed fund of \$33,500 be utilized to offset State General Fund expenditures.
11. The Subcommittee notes that the Joint Committee on State Building Construction concurred with the Governor's recommendation to expend \$82,000 from the State General Fund for roof and driveway improvements to the Agricultural Laboratory. The Subcommittee concurs with that recommendation.
12. The Subcommittee notes that agriculture has not received the necessary respect and recognition it deserves as the state's number one industry. In these difficult economic times it is imperative that the Legislature take a bold new initiative to give agriculture the recognition it deserves. The Subcommittee recommends that \$50,000 be transferred from the Arts Commission budget to match a general fund appropriation of \$50,000 for a total of \$100,000 to fund the placement of Ceres the "Goddess of Agriculture" on the Capitol dome to demonstrate to the nation and the world that Kansas has a deep commitment to agriculture.

Rochelle Chronister

Representative Rochelle Chronister
Subcommittee Chairperson

Bill Buntin

Representative Bill Buntin

David Heinemann

Representative David Heinemann

Donald Mainey

Representative Donald Mainey

Lee Hamm

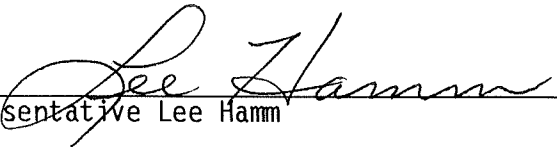
Representative Lee Hamm

046.88

MINORITY REPORT

There are still a number of us in the House who are opposed to putting a Goddess (Ceres, or any other) on top of the Capitol. Instead, I recommend a large Head of Wheat be placed on the Capitol dome, which better signifies what our state really is (the Wheat State).

Instead of utilizing General Fund money, a fee fund should be established and every legislator should be required to pay a fee for the project.



Representative Lee Hamm

046.88

SUBCOMMITTEE REPORT

Agency: Animal Health Department

Bill No. 2182

Bill Sec. 3

Analyst: Rothe

Analysis Pg. No. 598

Budget Pg. No. 5-17

<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	\$ 475,000	\$ 266,836	\$ 4,450
Special Revenue Funds	985,810	1,135,786	--
TOTAL	<u>\$ 1,460,810</u>	<u>\$ 1,402,622</u>	<u>\$ 4,450</u>
FTE Positions	40.0	40.0	--

Agency Request/Governor's Recommendation

The agency's FY 1988 request is \$1,460,810, of which \$475,000 (32.5 percent) is from the State General Fund. The total request is an increase of \$65,690 above the revised FY 1987 estimate. Increases requested for FY 1988 include \$18,506 for salaries, \$22,316 for rents due to a planned move to new offices, \$17,367 for travel due to mileage and subsistence rate increases, \$5,000 to print a new brand book, and \$2,501 for all other. Finally, the request includes a financing shift of \$202,413 from special revenue funds to the State General Fund in order to reverse the decline in fee fund balances.

The Governor recommends \$1,402,622 for FY 1988, a reduction of \$58,188 from the amount requested. Recommended financing includes \$266,836 from the State General Fund (19 percent, a reduction of \$208,164 from the amount requested) and \$1,135,786 from special revenue funds (81 percent, an increase of \$149,976). The Governor concurs with the agency's requested increase of \$22,316 for rents due to a move to new offices, and of \$5,000 to print a new brand book. The Governor recommends \$10,000 in FY 1988, in addition to \$5,000 in FY 1987, for the purchase of a computer system.

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. Add \$4,450 from the State General Fund to purchase brucellosis vaccination ear tags.

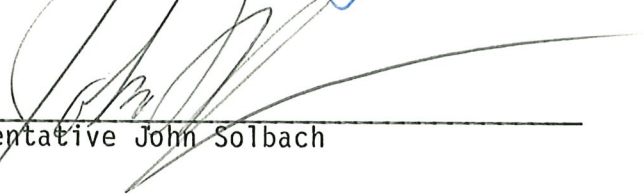
2. The Subcommittee reviewed the agency fee structure and notes a serious decline in ending balances from \$414,213 in FY 1985 to \$90,526 in FY 1988. Over half of the agency's fee receipts are derived from the Livestock Market Fee (currently at the statutory maximum of \$.10 per head) and the Veterinary inspection Fee (currently \$.07) both collected upon inspection of livestock at the 70 Kansas livestock markets. However, of the 4,250,000 livestock annually marketed, only 2,500,000 are sold at livestock markets. In fact, the number of markets has decreased from 89 in FY 1978 and the number of livestock sold at livestock markets has declined from 3,191,817 in FY 1978. As the number of inspections has declined the agency has attempted to increase receipts by raising inspection fees, resulting in still lower market sales. The Subcommittee concludes that declining market sales and fee fund balances will result in a severe drain on the State General Fund beginning in FY 1989 or FY 1990 unless a restructuring of agency fees is accomplished. The Subcommittee recommends that the agency immediately begin to review its current fees as well as to investigate the feasibility of implementing alternative or additional fees. The Subcommittee further recommends that the agency return to the Subcommittee in January, 1988 with a proposal to resolve its critical financing problems.



Representative James Lowther
Subcommittee Chairperson



Representative Kenneth King



Representative John Solbach

SUBCOMMITTEE REPORT

Agency: Grain Inspection Department

Bill No. 2395

Bill Sec. NA

Analyst: Rothe

Analysis Pg. No. 604

Budget Pg. No. 5-37

<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	\$ 5,042,875	\$ 5,033,668	\$ (17,490)
FTE Positions	175.0	175.0	--

Agency Estimate/Governor's Recommendation

The agency estimates FY 1987 operating expenditures of \$5,042,875 as approved by the 1986 Legislature. The agency eliminated a Grain Sampler Weigher I and a Keyboard Operator I, and added a Personnel Administrator I for a total of 175 FTE positions, one below the position limitation of 176 approved by the 1986 Legislature.

The Governor recommends \$5,033,668 in operating expenditures for FY 1987 a reduction of \$9,207 from the agency's estimate. The recommendation includes increases of \$48,875 for contract sampling and \$13,329 for salaries above the agency's estimate, and reductions of \$25,364 from capital outlay, \$24,557 from travel, \$11,902 from rents, and \$9,588 from other costs.

House Subcommittee Recommendation

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

1. Delete \$57,490 from salaries. Turnover savings are possible due to vacancies in 2.0 Grain Sampler Weigher I positions (12 months), 1.0 Grain Sampler Weigher I (eight months), and 1.0 Assistant Director (five months). The Subcommittee further recommends the elimination of these positions in FY 1988.
2. Add \$40,000 for contract sampling for total expenditures of \$275,000. The Subcommittee supports the program in that receipts continue to exceed agency expenditures. Actual FY 1985 expenditures of \$174,274 for contract sampling returned \$507,993 in receipts. Actual FY 1986 expenditures of \$229,360 returned \$700,997 in receipts.

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

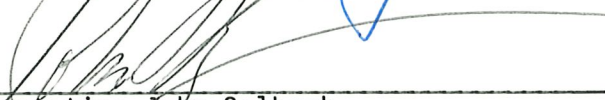
<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>
Beginning Balance	\$ 2,066,788	\$ 1,954,427
Net Receipts	4,669,532	4,674,982
Total Funds Available	<u>\$ 6,736,320</u>	<u>\$ 6,629,409</u>
Less: Expenditures Reportable	4,532,207	5,016,178
Federal Fees Remitted	249,686	255,000
Ending Balance	<u>\$ 1,954,427</u>	<u>\$ 1,358,231</u>



Representative James Lowther
Subcommittee Chairperson



Representative Kenneth King



Representative John Solbach

SUBCOMMITTEE REPORT

Agency: Grain Inspection Department Bill No. 2182 Bill Sec. 4
Analyst: Rothe Analysis Pg. No. 604 Budget Pg. No. 5-37

<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	\$ 5,238,962	\$ 5,033,712	\$ (21,674)
FTE Positions	175.0	175.0	(3.0)

Agency Request/Governor's Recommendation

The agency requests FY 1988 operating expenditures of \$5,238,962, an increase of \$196,087 (3.9 percent) above the agency's FY 1987 estimate. The increase is due in large part to the agency's proposal to expand the contract sampling program, as well as to increases in motor pool, subsistence, and lodging rates.

The Governor recommends \$5,033,712 in operating expenditures for FY 1988, a reduction of \$205,250 from the agency's request. The recommendation includes reductions of \$45,490 from salaries, \$110,385 from travel, \$26,175 from contract sampling, and \$23,200 from other costs.

House Subcommittee Recommendation

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

1. Delete \$46,674 from salaries and decrease the FTE position limitation by three to reflect the elimination of 3.0 Grain Sampler Weighers I.
2. The Subcommittee calls attention to H.B. 2246 which proposes the elimination of the agency's Assistant Director, Personnel Director, and Supervising Weighmaster. The Subcommittee recommends that a salary decrease of \$120,522 be included in the omnibus bill upon passage of H.B. 2246 by both the House and Senate.
3. Add \$25,000 for contract sampling for total expenditures of \$275,000.
4. The Subcommittee notes the agency's need for additional license fee income. Because figures show that minimum (\$250) and maximum (\$3,050) warehouseman license fees are already higher than fees charged in surrounding states, the Subcommittee does not recommend a fee increase at this time.

5. The Subcommittee recommends that legislation be introduced that would permit the agency to charge a public warehouseman an annual warehouse capacity fee for each functional unit owned rather than a fee based on the total capacity of all functional units owned.
6. The Subcommittee recommends that legislation be introduced that would change the frequency of grain warehouse inspections from at least three times in two years to at least once a year. The proposed change would enable examiners to perform lengthier or more frequent examinations of problem warehouses. Second, to conform with an April 1, 1987 federal rule change, the legislation would increase from \$25,000 to \$50,000 the minimum net worth requirement to operate a public grain warehouse, and would raise the maximum net worth requirement by increasing the rate used to determine the requirement from \$.20 to \$.25 per bushel of warehouse storage capacity.
7. The Subcommittee recommends that legislation be introduced that would permit a public warehouseman, in lieu of a bond, to submit an FDIC-insured certificate of deposit to the director of the Grain Inspection Department for the benefit of all persons selling grain to the warehouseman.
8. The Subcommittee recommends that when a check for grain by a warehouseman does not clear a bank within ten days, the grain producer may ask that the grain be put back in the warehouseman's daily position record as an open storage obligation. The Subcommittee recommends the introduction of legislation to accomplish the recommendation.
9. The Subcommittee supports H.B. 2173 which was passed by the House. This bill authorizes the Director of the Grain Inspection Department to bring civil action in the district court against any grain warehouseman who has adulterated grain. The Subcommittee urges the agency to utilize this cause of action to clearly demonstrate that Kansas supports the sale of clean grain. Receipts collected from civil damages and the award of attorney fees are to be deposited in the agency's Grain Inspection Fee Fund and should be more than sufficient to offset costs associated with civil action.

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

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 2,066,788	\$ 1,954,427	\$ 1,358,231
Net Receipts	4,669,532	4,674,982	4,678,750
Total Funds Available	<u>\$ 6,736,320</u>	<u>\$ 6,629,409</u>	<u>\$ 6,036,981</u>
Less: Expenditures Reportable	4,532,207	5,016,178	5,012,038
Federal Fees Remitted	249,686	255,000	255,000
Ending Balance	<u>\$ 1,954,427</u>	<u>\$ 1,358,231</u>	<u>\$ 769,943</u>



Representative James Lowther
Subcommittee Chairperson



Representative Kenneth King



Representative John Solbach

SUBCOMMITTEE REPORT

Agency: Kansas State Fair

Bill No. 2395

Bill Sec. 19

Analyst: Rothe

Analysis Pg. No. 607

Budget Pg. No. 5-29

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,159,341	\$ 2,174,317	\$ (17,795)
Capital Improvements	847,498	767,498	--
TOTAL	<u>\$ 3,006,839</u>	<u>\$ 2,941,815</u>	<u>\$ (17,795)</u>
State General Fund:			
Capital Improvements	\$ 847,498	\$ 767,498	\$ --
FTE Positions	16.0	16.0	--

Agency Estimate/Governor's Recommendation

Although total receipts for the 1986 Kansas State Fair were \$53,233 higher than receipts from the 1985 Fair, the 1986 Fair generated approximately \$226,500 less revenue than originally anticipated. Gate attendance increased from 298,457 during the 1985 Fair to 312,144 during the 1986 Fair. 1984 gate attendance was 343,241. Grandstand attendance was 101,844 in 1984, 71,844 in 1985, and 64,103 in 1986. The agency's revised FY 1987 estimate of operating expenditures totals \$2,159,341, a reduction of \$183,623 from the amount approved during the 1986 Legislative Session. The agency requests an FY 1987 supplemental appropriation of \$120,000 from the State General Fund for special maintenance of fairground facilities.

The Governor recommends operating expenditures of \$2,174,317 for FY 1987, an increase of \$14,976 above the agency's request. The Governor recommends the expenditure of \$25,000 from the Nonfair Days Activities Fund to conduct a study on the feasibility of using fairground facilities for parimutuel racing events. The Governor recommends a supplemental appropriation of \$40,000 from the State General Fund for special maintenance of fairground facilities in addition to the \$80,000 appropriated by the 1986 Legislature.

House Subcommittee Adjustments

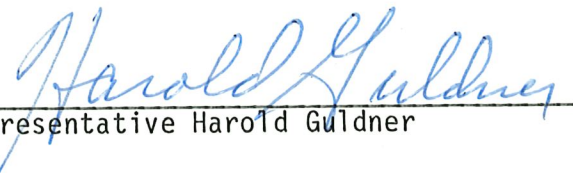
FY 1987. The Subcommittee concurs with the Governor's recommendation with the following exception:

1. Delete \$17,795 from salaries from the State Fair Fee Fund. The Special Events Coordinator position, approved during the 1986 Legislature, has not yet been filled.

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

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>
<u>State Fair Fee Fund:</u>		
Beginning Balance	\$ 171,862	\$ 51,347
Net Receipts	1,972,142	2,025,375
Funds Available	<u>\$ 2,144,004</u>	<u>\$ 2,076,722</u>
Less: Expenditures	1,960,272	1,947,967
Nonexpense Items	132,385	76,775
Ending Balance	<u><u>\$ 51,347</u></u>	<u><u>\$ 51,980</u></u>
<u>Nonfair Days Act. Fund:</u>		
Beginning Balance	\$ 134,851	\$ 95,872
Net Receipts	132,093	155,900
Funds Available	<u>\$ 266,944</u>	<u>\$ 251,772</u>
Less: Expenditures	162,948	208,555
Nonexpense Items	8,124	9,200
Ending Balance	<u><u>\$ 95,872</u></u>	<u><u>\$ 34,017</u></u>


 Representative Harold Dyck
 Subcommittee Chairperson


 Representative Harold Guldner


 Representative William Brady

SUBCOMMITTEE REPORT

Agency: Kansas State Fair

Bill No. 2182

Bill Sec. 5

Analyst: Rothe

Analysis Pg. No. 607

Budget Pg. No. 5-29

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,451,016	\$ 2,342,263	\$ 6,023
Capital Improvements	1,301,000	150,000	--
TOTAL	<u>\$ 3,752,016</u>	<u>\$ 2,492,263</u>	<u>\$ 6,023</u>
State General Fund:			
Capital Improvements	\$ 1,301,000	\$ 150,000	\$ --
FTE Positions	16.0	16.0	16.0

Agency Request/Governor's Recommendation

For FY 1988, the Fair requests operating expenditures of \$2,451,016, an increase of \$291,675 above the revised FY 1987 estimate of \$2,159,341. The request includes \$11,720 to provide a 5 percent salary adjustment to temporary positions, and \$15,000 for additional printing to support the Fair's 75th anniversary celebration. Other increases include \$30,389 for all other salaries and wages, \$217,612 for other contractual services, \$10,300 for commodities, and \$6,654 for capital outlay. The Fair requests \$1,101,000 to complete renovation of the grandstand. The total project cost is estimated to be \$2,071,000.

The Governor recommends FY 1988 operating expenditures of \$2,342,263, a reduction of \$108,753 from the agency's request. The recommendation eliminates the requested 5 percent salary adjustment for temporary employees, and reduces printing costs by \$15,000, repairs by \$10,000, utilities by \$13,000, capital outlay by \$19,050, other contractual services by \$32,372, and other supplies by \$8,500. The Governor does not recommend continued funding for the grandstand renovation project for FY 1988, pending the results of a study to examine the feasibility of using the fairgrounds for parimutuel racing events.

House Subcommittee Recommendation

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

1. Add \$4,273 from the State Fair Fee Fund for open class award premiums. The Subcommittee's recommendation includes \$104,273 for FY 1988 for premiums which are utilized to defray the expense of exhibiting at the State Fair.
2. Add \$1,750 from the State Fair Fee Fund for the Youth subprogram. The minimum age restriction will be lowered for 4-H show participants from 12 to 10 years of age during the 1987 Fair resulting in additional expenditures for judges' travel, as well as premiums, ribbons, and trophies.

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

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
<u>State Fair Fee Fund:</u>			
Beginning Balance	\$ 171,862	\$ 51,347	\$ 51,980
Net Receipts	1,972,142	2,025,375	2,352,586
Funds Available	<u>\$ 2,144,004</u>	<u>\$ 2,076,722</u>	<u>\$ 2,404,566</u>
Less: Expenditures	1,960,272	1,947,967	2,154,043
Nonexpense Items	132,385	76,775	133,459
Ending Balance	<u><u>\$ 51,347</u></u>	<u><u>\$ 51,980</u></u>	<u><u>\$ 117,064</u></u>
<u>Nonfair Days Act. Fund:</u>			
Beginning Balance	\$ 134,851	\$ 95,872	\$ 34,017
Net Receipts	132,093	155,900	181,900
Funds Available	<u>\$ 266,944</u>	<u>\$ 251,772</u>	<u>\$ 215,917</u>
Less: Expenditures	162,948	208,555	194,243
Nonexpense Items	8,124	9,200	9,200
Ending Balance	<u><u>\$ 95,872</u></u>	<u><u>\$ 34,017</u></u>	<u><u>\$ 12,474</u></u>


 Representative Harold Dyck
 Subcommittee Chairperson


 Representative Harold Guldner


 Representative William Brady

SUBCOMMITTEE REPORT

Agency: Kansas Wheat Commission **Bill No.** 2395 **Bill Sec.** NA
Analyst: Rothe **Analysis Pg. No.** 614 **Budget Pg. No.** 5-47

<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	\$ 1,314,520	\$ 1,299,142	\$ (35,820)
FTE Positions	8.0	8.0	--

Agency Estimate/Governor's Recommendation

The agency's FY 1987 estimate of expenditures of \$1,314,520 reflects a decrease of \$89,336 from the amount approved during the 1986 Session, and a decrease of \$294,112 from FY 1986 actual expenditures. Most of the decrease results from an \$88,269 reduction in proposed research contracts.

The Governor recommends \$1,299,142 for FY 1987, a reduction of \$15,378 from the agency's estimate. Recommended increases include \$472 for salaries and wages and \$500 for communications. Reductions include \$12,000 from travel and subsistence, \$1,600 from supplies, and \$2,750 from other costs.

House Subcommittee Recommendation

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

1. Reduce contractual research by \$36,450 including \$20,000 from special projects, \$11,400 from Kansas State University projects, and \$5,050 from the Wheat Foods Council. The recommendation reduces the Governor's recommendation from \$826,281 to \$789,831.
2. Add \$630 for capital outlay to replace a broken chair and for additional computer software.

The Subcommittee reviewed the Commission's revised estimate of receipts for FY 1987. The following table reflects receipt and expenditure adjustments made by the Subcommittee:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>
Beginning Balance	\$ 806,533	\$ 593,200
Net Receipts	1,485,403	1,003,220
Total Funds Available	<u>\$2,291,936</u>	<u>\$1,596,420</u>
Less: Expenditures	1,609,069	1,263,322
Nonreportables	89,667	60,500
Ending Balance	<u>\$ 593,200</u>	<u>\$ 272,598</u>

Representative Rex Hoy
Subcommittee Chairperson

Representative Henry Helgeson, Jr.

Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Kansas Wheat Commission **Bill No.** 2182 **Bill Sec.** 6
Analyst: Rothe **Analysis Pg. No.** 614 **Budget Pg. No.** 5-47

<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	\$ 1,428,303	\$ 1,350,547	\$ (80,462)
FTE Positions	8.0	8.0	--

Agency Request/Governor's Recommendation

The agency requests expenditures of \$1,428,303 for FY 1988, an increase of \$113,783 over the revised FY 1987 estimate. The increase is due in large part to increased funding for contracts with Kansas State University and the U.S. Wheat Associates (\$94,469), and for salary step movement and reallocations (\$9,364).

The Governor recommends \$1,350,547 for FY 1988, a reduction of \$77,756 from the agency's request. Reductions include \$38,000 for the U.S. Wheat Associates contract, \$20,000 for other contracts, \$7,000 for travel and subsistence, \$5,000 for public service announcement costs, and \$7,756 for other costs.

House Subcommittee Recommendation

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

1. Reduce contractual research by \$80,812, including reductions of \$71,512 from the U.S. Wheat Associates and \$14,300 from Kansas State University projects, and an increase of \$5,000 for research with the Wheat Foods Council. The recommendation reduces the Governor's recommendation from \$862,750 to \$781,938.
2. Reduce capital outlay by \$150 to reflect the replacement of a chair in FY 1987 rather than in FY 1988.
3. Add \$500 for supplies associated with 4-H wheat test plots and with promotion of resale items.

4. The Subcommittee suggests that as the Commission becomes aware of value-added research projects, it should not feel limited to being the sole contractor of such research. The Commission is encouraged to approach the Department of Commerce and other agencies for alternative funding sources.

The Subcommittee reviewed the Commission's revised estimate of receipts for FY 1987 and FY 1988. The following table reflects receipt and expenditure adjustments made by the Subcommittee:

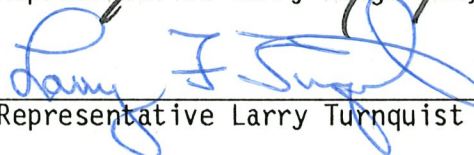
<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 806,533	\$ 593,200	\$ 272,598
Net Receipts	1,485,403	1,003,220	1,327,000
Total Funds Available	\$ 2,291,936	\$ 1,596,420	\$ 1,599,598
Less: Expenditures	1,609,069	1,263,322	1,270,085
Nonreportables	89,667	60,500	78,100
Ending Balance	<u>\$ 593,200</u>	<u>\$ 272,598</u>	<u>\$ 251,413</u>



Representative Rex Hoy
Subcommittee Chairperson



Representative Henry Helgerson, Jr.



Representative Larry Turnquist

SUBCOMMITTEE REPORT

**Agency: State Conservation
Commission**

Bill No. 2182

Bill Sec. 7

Analyst: Powers

Analysis Pg. No. 617

Budget Pg. No. 5-27

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ 583,704	\$ 322,565	\$ --
Aid to Local Units	6,699,468	1,777,476	--
Other Assistance	7,750,000	1,730,000	--
TOTAL	<u>\$15,033,172</u>	<u>\$ 3,830,041</u>	<u>\$ --</u>
FTE Positions	12.0	7.0	--

Agency Request/Governor's Recommendation

The agency's State General Fund budget request for FY 1988 totals \$15,033,172, an increase of \$11,235,871 or 296 percent above the agency's FY 1987 revised estimate of \$3,797,301. The request includes funding for 5 FTE positions, of which 3.0 FTE would be classified positions and 2.0 FTE would be unclassified professional staff. Also requested are major increases in ongoing state aid and assistance programs. The Commission requested \$150,000 for contractual services to assist in watershed planning assistance.

The Governor recommends a total of \$3,830,041 in FY 1988 expenditures, including funding for 7.0 FTE positions. The recommendation includes a 1.6 percent step movement increase for unclassified employees. In addition, \$100,000 is recommended for watershed planning assistance targeted for the Upper Black Vermillion watershed area where river channelization has created a major downstream siltation problem. The following table lists the expenditure levels for conservation programs contained in the FY 1987 Governor's recommendation, including the \$144,931 lapsed in 1987 H.B. 2049, the FY 1988 agency request, and the FY 1988 Governor's recommendation:

<u>Local Aid/ Other Assistance Programs</u>	<u>FY 1987 Gov. Rec.</u>	<u>FY 1988 Request</u>	<u>FY 1988 Gov. Rec.</u>
State Aid to Conservation			
Districts	\$ 770,955	\$ 767,476	\$ 767,476
Watershed Dam Construction	998,316	2,000,000	769,648
Multipurpose Small Lakes Program	110,000	3,859,751	320,352
Water Resources Cost-Share Program	1,370,601	2,750,000	1,500,000
High Priority Cost-Share Program	188,645	5,000,000	230,000
Benefit Area Program	--	72,241	--
TOTAL	<u>\$ 3,438,517</u>	<u>\$14,449,468</u>	<u>\$ 3,587,476</u>

House Subcommittee Recommendation

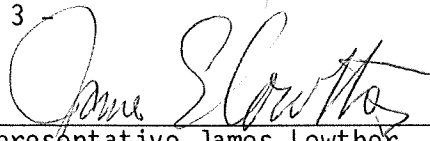
FY 1987. The Subcommittee concurs with the Governor's recommendation.

FY 1988. The House Subcommittee concurs with the Governor's budget recommendations with the following qualifications:

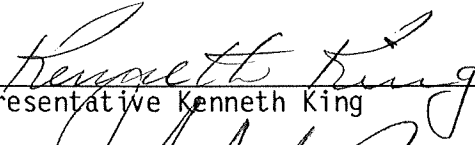
1. The Subcommittee notes that the Governor has not recommended any appropriation for a salary upgrade of unclassified professional employees. The agency had requested \$15,012 for that purpose. The Subcommittee was told that the Governor will be submitting a proposal with the salary plan revision which will provide a pool of funds to be used to fund unclassified salary upgrades. The Subcommittee supports the funding of the salary upgrade of the unclassified professional employees, as requested.
2. The Subcommittee also notes that the funding enhancements requested by the agency are part of the fiscal requirements to implement the State Water Plan in FY 1988. Expenditures totaling \$12,768,216 are projected for implementation of various elements of the State Water Plan in the next fiscal year. Of that amount, \$6,988,927 is identified as the funding needed to implement programs under the jurisdiction of the State Conservation Commission. The Subcommittee feels that one consolidated decision must be made by this Legislature as to the total amount needed to fund the State Water Plan, rather than separate decisions affecting the budgets of several agencies with Water Plan proposals. In addition, the Kansas Water Authority should develop a priority list of Kansas Water Plan programs and projects for consideration by the Legislature. The Subcommittee endorses enhanced funding of State Water Plan programs, particularly the water resources cost-share program and the high priority cost-share program. However, given the prevailing fiscal constraints, the Subcommittee recommends that any decision regarding funding of the State Water Plan should be delayed until estimates of future revenues are more favorable.

It should be noted that the Governor's FY 1988 recommendation of \$3,830,041 for the Conservation Commission represents an increase of only \$36,740 over the amount appropriated for FY 1987; a total of \$144,931 was lapsed in the FY 1987 budget.

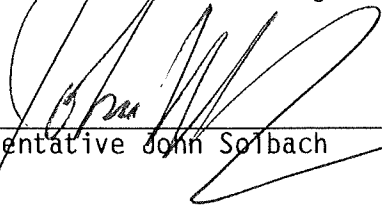
3. The Subcommittee proposes the following changes to the appropriation language in 1987 H.B. 2182, section 7, concerning the State Conservation Commission. On lines 285 and 315, the references to privately-owned land should read "privately and publicly owned" land. Both the Water Resources cost-sharing program and the state targeted cost-share program are available on both privately and publicly owned land. Finally, on line 301, the line item should read "For assistance in construction of watershed dams," in lieu of "for construction of watersheds."



Representative James Lowther
Subcommittee Chairman



Representative Kenneth King



Representative John Solbach

634.88

SUBCOMMITTEE REPORT

Agency: Kansas Water Office

Bill No. 2182

Bill Sec. 8

Analyst: Powers

Analysis Pg. No. 623

Budget Pg. No. 5-45

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ 3,476,989	\$ 3,195,033	\$ --
Federal Funds	--	--	--
TOTAL	<u>\$ 3,476,989</u>	<u>\$ 3,195,033</u>	<u>---</u>
FTE Positions	22.0	22.0	--

Agency Request/Governor's Recommendation

The agency's FY 1988 request is for \$3,476,989 from the State General Fund. The total request represents an increase of \$943,878 or 27.0 percent above the agency's revised estimate, which is largely attributable to the state expenditure of \$776,445 for operation and maintenance costs at John Redmond Lake. The costs are for major embankment and riprap repair made on the main dam at John Redmond. The full operation and maintenance costs for such repairs are recovered in the following fiscal year through the rate setting procedures adopted by the Legislature for the sale of state-controlled water from certain federal reservoirs in the state.

The FY 1988 budget request includes additional funding of: \$93,500 for continuation of the Stream/Aquifer Interaction Study; \$100,000 for continuation of a research project on the Dakota Aquifer; \$68,150 for additional gauges to collect surface water and sediment data to assist implementation of large reservoir management, river restoration policies, and minimum desirable streamflow policies in the State Water Plan; and \$61,234 for increased payment to the federal government in the annual principal and interest payment on Hillsdale Lake.

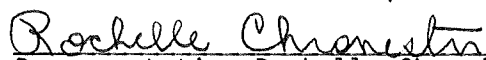
The Governor recommends the expenditure of \$3,195,033, an increase of \$677,670 over the FY 1987 recommendation. The recommended increase is attributable to inclusion of the repair costs at John Redmond Lake, the increased payment on Hillsdale Lake, and the deletion of payments to the federal government on Milford Reservoir for water not needed to satisfy water demands of water contract holders.

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 qualification:


1. The Subcommittee supports the continuation of the Dakota Aquifer research project that was funded by the Legislature for FY 1986 with the appropriation of \$100,000 from the Conservation Fee Fund of the State Corporation Commission. The Subcommittee understands that the study, which had been delayed in its implementation, will be concluded by July 1, 1987. The Subcommittee also understands that the State Corporation Commission has received authority from the Finance Council to expend \$24,000 in federal funds for study of the Dakota aquifer. In the 1986 Session, H.B. 3078 was enacted which transferred the duties of protection of groundwater from oil and gas activities from the Department of Health and Environment to the State Corporation Commission. The study of the Dakota aquifer, funded by the U.S. Geological Survey, was transferred to the Commission along with the Department staff persons who were engaged in the study and were transferred to the Commission under H.B. 3078. The Subcommittee proposes that any additional funding for the Dakota aquifer study be placed in the State Corporation Commission budget.



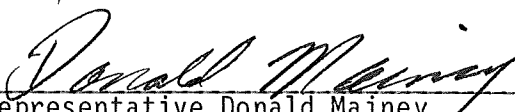
Representative Rochelle Chronister
Subcommittee Chairperson



Representative Bill Buntin



Representative David Heinemann



Representative Donald Mainey



Representative Lee Hamm

SUBCOMMITTEE REPORT

Agency: Kansas Public Employees
Retirement System (KPERs)

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 69

Budget Pg. No. 1-141
3-31

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,726,968	\$ 3,517,740	\$ (160,000)
Aid to Local Units	44,157,336	32,957,336	11,615,220
Other Assistance	115,143,183	115,143,183	--
TOTAL	<u>\$163,027,487</u>	<u>\$151,618,259</u>	<u>\$11,455,220</u>
State General Fund:			
Aid to Local Units	\$ 44,157,336	\$ 32,957,336	\$11,615,220
FTE Positions	60.0	60.0	--

Agency Request/Governor's Recommendation

The agency's FY 1987 revised estimate totals \$163,027,587. A State General Fund supplemental appropriation of \$586,336 is requested for employers' retirement contributions for public school employees. The revised FY 1987 estimate for operating expenses is a net decrease of \$228,925 from the approved amount of \$3,267,731. The largest portion of the reduction is in data processing fees.


The Governor's recommendation for FY 1987 is \$151,618,259, which includes a reduction of \$209,328 for state operations below the agency's estimate. The Governor has also decreased the amount of funds for public school employers' contributions from the agency estimated amount of \$44,157,336 to \$32,957,336 or a reduction of \$11,200,000. The Governor recommends delaying one quarterly payment from FY 1987 to FY 1988.

House Subcommittee Recommendation

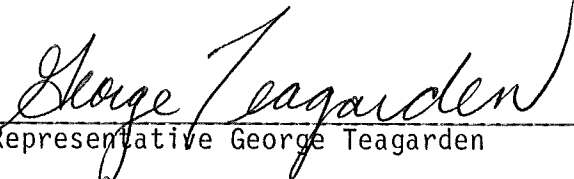
FY 1987. The House Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Delete \$150,000 for total contractual services based on current and estimated expenditure patterns.
2. Delete \$10,000 for commodities based on current and estimated expenditure patterns.


3. Add \$11,615,220 (all from the State General Fund) to fully fund the statutorily required public school employers' contributions. The amount includes \$10,849,673 for the April 1, 1987 quarterly transfer and \$765,547 in supplemental funds based on higher than estimated school payrolls. The Subcommittee notes that delaying the April 1, 1987 quarterly public school employers' contributions requires a change in existing law which has not passed the 1987 Legislature. S.B. 163 which would delay the transfer is currently in this Committee. The Subcommittee also points out that delaying the required employers' contributions would set a dangerous precedent and mark a major shift in public policy in terms of funding our public employees retirement system in the most responsible and actuarially sound manner. The Subcommittee is concerned that once the precedent is set and the state begins to shift and delay employers' retirement contributions that the financial soundness of the retirement system will suffer. Finally, the Subcommittee notes that under existing federal law a private pension plan would not be allowed to make such sweeping changes as contained in S.B. 163. Kansas has always taken the lead in responsible funding for our public employees retirement system and the Subcommittee urges that this policy not change.



Representative David G. Miller
Subcommittee Chairman



Representative George Teagarden



Representative Bob Vancrum

SUBCOMMITTEE REPORT

Agency: Kansas Public Employees
Retirement System (KPERs)

Bill No. 2221

Bill Sec. 2

Analyst: Conroy

Analysis Pg. No. 69

Budget Pg. No. 1-141
3-31

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,304,701	\$ 3,219,035	\$ (60,000)
Aid to Local Units	46,365,647	57,898,061	(11,700,000)
Other Assistance	122,585,077	122,585,077	--
TOTAL	<u>\$172,255,425</u>	<u>\$183,702,173</u>	<u>\$(11,760,000)</u>
State General Fund:			
Aid to Local Units	\$ 46,365,647	\$ 57,898,061	\$(11,700,000)
FTE Positions	60.0	60.0	--

Agency Request/Governor's Recommendation

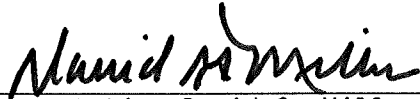
The KPERs operating budget request for FY 1988 totals \$172,255,425. In state operations the agency is proposing continued development of the agency's data processing system and implementation of a toll-free number to serve members of the retirement system. The increase requested for local aid for the public school employers' contributions for retirement is based on school budget limitations of 2 percent and 3.5 percent and a certified employer contribution rate of 4.1 percent. Public employees retirement and disability benefits are estimated to increase by \$7,441,894 or 6.5 percent from the FY 1987 revised estimate.

For FY 1988 the Governor recommends a total budget of \$183,702,173, or \$11,446,748 above the agency request. The Governor's recommendation for state operations is \$3,219,035 or \$85,666 less than the agency requested. The Governor recommends \$57,898,061 or \$11,532,414 above the agency request for public school employers' contributions. The recommendation is based on delaying one quarterly payment from FY 1987 to FY 1988 and also changing the FY 1988 payments from quarterly to semi-annually. The FY 1988 recommendation is based on school budget limitations of 2 percent and 3.5 percent, an employer contribution rate of 4.1 percent, and \$500,000 in interest for the delay in the FY 1987 payment.

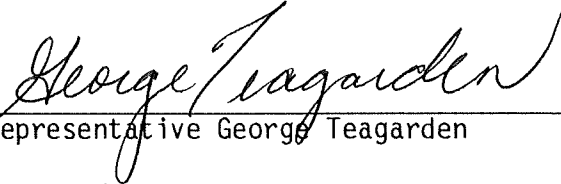
House Subcommittee Recommendation

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

1. Delete \$50,000 for total contractual services based on lower than anticipated expenditures. The Committee notes in particular the 41.5 percent increase in utilities in FY 1988 from the FY 1986 actual.
2. Delete \$10,000 for commodities based on lower than anticipated expenditures.
3. Delete \$11,700,000 for public school employers' contributions. (See discussion in the agency's FY 1987 Subcommittee report.) The amount includes \$11,200,000 in the delayed FY 1987 quarterly transfer and \$500,000 in interest the Governor has recommended as payment to KPERS for the delayed transfer.



Representative David G. Miller
Subcommittee Chairman



Representative George Teagarden



Representative Bob Vancrum

SUBCOMMITTEE REPORT

Agency: Pittsburg State University Bill No. Bill Sec.
 Analyst: Hauke Analysis Pg. No. 169 Budget Pg. No. 3-59

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State General Fund	\$ --	\$ (66,420)	\$ (25,185)
General Fees Fund	100,740	141,975	--

Summary of Agency Request/Governor's Recommendation

The University request included \$100,740 in release of General Fees Fund balances, the result of tuition income from increased student numbers. The Governor is recommending an increase of \$141,975 to the General Fee Fund expenditure limitation, of which \$66,420 would replace State General Fund expenditures and \$75,555 would allow an expenditure increase, due to increased enrollment.

House Subcommittee Recommendations

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

1. Based upon the systemwide recommendations of the full Committee.

Lapse \$25,185 from the State General Fund due to release of 50 percent of unanticipated tuition collections rather than 75 percent as recommended by the Governor. The net effect of this transaction shifts an additional \$25,185 in expenditures from the State General Fund to the General Fees Fund. The Committee recommends that the General Fund savings, resulting from these shifts, be lapsed rather than reappropriated. The recommendation increases to \$91,605 the total lapsed and allows expenditures of \$50,370 due to increased enrollment. (Note: This recommendation was included in H.B. 2100.)



Representative Harold Dyck
Subcommittee Chairperson



Representative Bill Brady



Representative Harold Guldner

385.87

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. 2439

Bill Sec. 6

Analyst: Hauke

Analysis Pg. No. 169

Budget Pg. No. 3-59

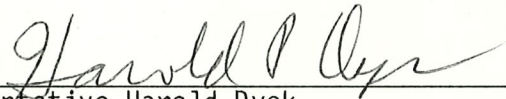
<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$18,776,095	\$17,219,668	\$ (179,902)
General Fees Fund	4,330,752	4,579,698	--
General Use Funds	<u>\$23,106,847</u>	<u>\$21,799,366</u>	<u>\$ (179,902)</u>
Restricted Use Funds	4,279,550	4,279,550	--
Subtotal - State Operations	<u>\$27,386,397</u>	<u>\$26,078,916</u>	<u>\$ (179,902)</u>
Other Assistance:			
State General Fund	\$ 20,895	\$ 20,398	\$ --
Other General Use	--	--	--
Restricted Use Funds	<u>1,450,005</u>	<u>1,450,005</u>	<u>--</u>
Subtotal - Other Assistance	<u>\$ 1,470,900</u>	<u>\$ 1,470,403</u>	<u>\$ --</u>
Total General Use Operating Funds	<u>\$23,127,742</u>	<u>\$21,819,764</u>	<u>\$ (179,902)</u>
Total Operating Ex- penditures	<u>\$28,857,297</u>	<u>\$27,549,319</u>	<u>\$ (179,902)</u>
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educ. Building Fund	681,000	421,000	--
Other Funds	--	--	--
Subtotal - Capital Improvements	<u>\$ 681,000</u>	<u>\$ 421,000</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$29,538,297</u></u>	<u><u>\$27,970,319</u></u>	<u><u>\$ (179,902)</u></u>
FTE Positions:			
Classified	275.0	269.4	--
Unclassified	<u>338.6</u>	<u>328.1</u>	<u>--</u>
TOTAL	<u><u>613.6</u></u>	<u><u>597.5</u></u>	<u><u>--</u></u>

House Subcommittee Recommendations

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

1. Based upon the systemwide recommendations of the full Committee:

- a. Deletion of \$110,275 from the salaries and wages account for a 1 percent increase in the employer contribution to the unclassified employee retirement program.
 - b. Deletion of \$54,135 for a special other operating expenditure allocation, which was not to become a part of the agency base.
 - c. Decrease of \$15,492 to the Governor's recommendations for the other operating expenditures base budget. This adjustment is necessary to finance the Committee recommendation that each institution receive a 2 percent increase in their base budget for other operating expenditures.
2. The Subcommittee adopts the recommendations of the Joint Committee on State Building Construction concerning PSU. The Joint Committee concurred with the Governor that \$197,000 should be expended from the Educational Building Fund for renovations at the Technology Education Center.



Representative Harold Dyck
Subcommittee Chairman



Representative Bill Brady



Representative Harold Guldner

SUBCOMMITTEE REPORT

Agency: Kansas Technical Institute

Bill No. 2439

Bill Sec. 11

Analyst: Hauke

Analysis Pg. No. 210

Budget Pg. No. 3-43

<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	\$ 3,680,855	\$ 3,129,851	\$ 98,838
General Fees Fund	315,770	252,000	--
General Use Funds	<u>\$ 3,996,625</u>	<u>\$ 3,381,851</u>	<u>\$ 98,838</u>
Restricted Use	356,868	356,868	--
Subtotal - State Operations	<u>\$ 4,353,493</u>	<u>\$ 3,738,719</u>	<u>\$ 98,838</u>
Other Assistance:			
Restricted Use	\$ 160,000	\$ 160,000	\$ --
Subtotal - Other Assistance	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ --</u>
Total - General Use Funds	<u>\$ 3,996,625</u>	<u>\$ 3,381,851</u>	<u>\$ 98,838</u>
Total Operating Expendi- tures	<u>\$ 4,513,493</u>	<u>\$ 3,898,719</u>	<u>\$ 98,838</u>
Capital Improvements:			
State General Fund Educational Building Fund	\$ -- <u>300,000</u>	\$ -- <u>--</u>	\$ -- <u>--</u>
Subtotal - Capital Improvements	<u>\$ 300,000</u>	<u>\$ --</u>	<u>\$ 98,838</u>
GRAND TOTAL	<u><u>\$ 4,813,493</u></u>	<u><u>\$ 3,898,719</u></u>	<u><u>\$ 98,838</u></u>
FTE Positions:			
Classified	41.0	39.0	--
Unclassified	<u>61.5</u>	<u>49.0</u>	<u>7.5</u>
TOTAL	<u><u>102.5</u></u>	<u><u>88.0</u></u>	<u><u>7.5</u></u>

House Subcommittee Recommendations

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

1. Based upon the systemwide recommendations of the full Committee:

- a. Deletion of \$17,999 in salaries and wages expenditures for a 1 percent increase in the employer contribution to the unclassified employee retirement program.
 - b. Deletion of \$13,356 for a special other operating expenditure allocation, which was not to become a part of the agency base.
2. The Subcommittee reviewed the enrollment adjustment procedure that was developed for Kansas Technical Institute. Fiscal Year 1988 is the first year in which this new enrollment adjustment procedure would be applied to Kansas Tech. The Subcommittee recommends that this procedure be utilized to develop future budget requests.
3. The Subcommittee recognizes that a significant problem exists related to the enrollment decline at this institution. Therefore, the Subcommittee recommends that a one time enrollment adjustment exception be granted. Specifically, the Subcommittee is recommending restoration of \$126,000 in the \$198,378 deleted due to the enrollment adjustment. In making this recommendation the Subcommittee submits the following:

- a. The Subcommittee recommends that Kansas Tech. proceed with plans to enhance an Engineering Technology program in Wichita. The Subcommittee observes that the institution needs to increase its enrollment, while the Wichita area needs a viable engineering technology program. Therefore, both the institution and the Wichita economy will benefit from this program. The Subcommittee observes that industry in Wichita has expressed considerable interest in this program. The Subcommittee further observes that an enhancement of this program coincides with an increased emphasis on technical training and economic development initiatives, which are currently proposed for the state.
- b. Kansas Tech.'s Engineering Technology efforts in Wichita have been successful. During the fall of 1986, 41 students enrolled in Wichita classes offered by Kansas Tech. The institution projects that during the fall of 1987 14 courses would be offered to a total of 164 students.
- c. The Subcommittee recommends expenditure of the \$126,000 as follows:

Lease of classroom and laboratory space	\$72,000
Adjunct Teaching Staff	15,000
Utilities	5,000
Other Operating Expenditures	9,000
Fixtures, furnishings and equipment	25,000
TOTAL	<u>\$126,000</u>

- d. To allow monitoring of this program, the Subcommittee recommends that it be appropriated as a separate line item. Further, the Subcommittee recommends that as a part of its budget submittal to the 1988 Legislature, the institute report concerning its activities in Wichita. This report should include separate tallies of courses taught in Wichita and the enrollments in those courses.
 - e. The Subcommittee was apprised of the Institute's contracts with private industry in providing specialized training for employees. These classes do not generate credit hours, but do generate fees for the Institute. The Subcommittee recognizes the value of this instruction to industry and the Institute's need for fee revenue. The Subcommittee encourages the development of additional contract instruction. The Subcommittee recommends that in its budget submittal to the 1988 Legislature, the Institute report concerning its contract instruction activities on campus and in Wichita, including sessions conducted and dollars generated.
4. The Subcommittee recommends that the FY 1988 utilities budget at Kansas Technical Institute be reduced by \$13,372. The Governor has recommended \$126,072 and the Subcommittee observes that KTI is the only Regents' institution in which the Governor's recommendations contain a utilities increase. The Subcommittee recommends this reduction, so that all Regents' institutions are treated consistently. The Subcommittee also notes that actual FY 1986 utility expenditures were \$109,590. The Subcommittee's recommendation would decrease the FY 1988 budget to the FY 1987 authorization of \$112,700.
 5. The Subcommittee reviewed the Development Officer position, which was approved by the 1986 Legislature. When the position was approved with full General Use financing in FY 1987, it was intended that General Use financing of it be phased out over three years. In accordance with this intent, the Institute's FY 1988 request financed half of the position from restricted use funds and half from general use funds. The Governor's FY 1988 recommendations delete all general use financing for the position. The Subcommittee recommends \$17,565 in general use funds during FY 1988 to finance half the cost of this position. Of this amount \$16,065 is salaries and \$1,500 is other operating expenditures. The Subcommittee believes this is consistent with original legislative intent concerning this position.
 6. The Subcommittee concurs with the recommendations of the Joint Committee on State Building Construction concerning Kansas Tech. The Subcommittee specifically endorses the Joint Committee's recommendation that Kansas Tech. develop a plan for dormitory space and obtain an appraisal of the value of its south campus.

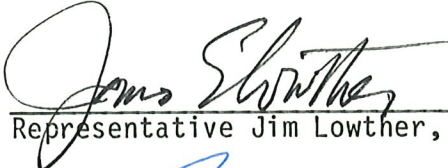
The Subcommittee believes that the agency would benefit from operation of a single campus.

7. The Subcommittee reviewed the FTE position limitation at Kansas Tech. and makes two specific recommendations which increase the total FTE limitation by 7.5:

a. The Subcommittee learned that the Governor's recommendations include a restricted use financed pilot training program. However, the Governor's recommendations do not include the 3.0 FTE positions (2 unclassified and 1 classified), which were a part of that program. Therefore, the Subcommittee recommends increase of the position limitation by three FTE to accommodate these positions.

b. The Subcommittee received an appeal from the agency concerning the manner in which the enrollment adjustment is applied. Specifically, the Governor deleted 7.0 FTE unclassified positions as a part of the negative enrollment adjustment. The agency intends to hold 2.5 positions vacant and absorb the remainder of the reduction within other operating expenditures. Therefore, the Subcommittee recommends restoration of position authority for 4.5 FTE positions.


8. The Subcommittee believes that Kansas Technical Institute has a considerable image problem. Its existence is not well known and many view its programs as equivalent to those of a vocational-technical school. The Subcommittee believes that several options exist for improvement, including a possible change of the institution's name and marketing strategy. The Subcommittee recommends that the Board of Regents and the institution develop a plan for improving the image of this institution. Seemingly, one possible option includes the marketing of Kansas Technical Institute's programs as a laboratory project for business students at one of the Regents' universities.



Representative Jim Lowther, Chairman



Representative Kenneth King



Representative John Solbach

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. 2439

Bill Sec. 10

Analyst: Hauke

Analysis Pg. No. 216

Budget Pg. No. 3-71

<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	\$ 1,545,924	\$ 1,414,375	\$ 30,699
Other Funds	--	--	--
Subtotal	<u>\$ 1,545,924</u>	<u>\$ 1,414,375</u>	<u>\$ 30,699</u>
Aid to Local Units:			
Federal Aid	\$ --	\$ --	\$ --
Other Assistance:			
State General Fund	\$ 5,845,000	\$ 4,995,000	\$ (80,087)
Other Funds	805,438	910,438	80,087
Subtotal	<u>\$ 6,650,438</u>	<u>\$ 5,905,438</u>	<u>\$ --</u>
Total - Operating Expenditures	<u>\$ 8,196,362</u>	<u>\$ 7,319,813</u>	<u>\$ 30,699</u>
Capital Improvements:			
State General Fund	\$ 4,000,000	\$ --	\$1,500,000
Educ. Building Fund	--	1,500,000	(1,500,000)
Subtotal	<u>\$ 4,000,000</u>	<u>\$ 1,500,000</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$12,196,362</u>	<u>\$ 8,819,813</u>	<u>\$ 30,699</u>
FTE Positions	17.0	17.0	--

House Subcommittee Recommendations

FY 1987. The Subcommittee concurs with the Governor's recommendations with one exception:

1. The Subcommittee recommends that the FY 1987 travel and subsistence budget be reduced to the amount of FY 1986 expenditures, a reduction of \$3,485. The Subcommittee makes this recommendation upon review of expenditures to date in FY 1987. The Subcommittee recommends that the savings be reappropriated to FY 1988 and new appropriations be reduced by an equal amount.

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

1. Based upon the systemwide recommendations of the full Committee:
 - a. Delete \$4,301 in salaries and wages expenditures for a 1 percent increase in the employer contribution to the unclassified employee retirement program.
 - b. Recommend that the Board substantially increase the tuition charged of nonresident students.
2. The Subcommittee reviewed the Osteopathic Scholarship Repayment Fund and found its balance to be \$45,087. Inasmuch as all scholarships have been made from this fund for the current fiscal year, the Subcommittee recommends that this balance be utilized to offset State General Fund expenditures during FY 1988. Consequently, the Subcommittee recommends that the Osteopathic Scholarship Repayment Fund be appropriated with an FY 1988 expenditure limitation of \$45,087 and that the State General Fund appropriation for Osteopathic Scholarships be reduced by an equal amount.
3. The Subcommittee observes that an FY 1987 ending balance of approximately \$125,000 will occur in the State Scholarship Discontinued Attendance Fund. This compares to a \$90,000 balance which is estimated in the Governor's recommendations and utilized as an offset to FY 1988 State General Fund expenditures. The Subcommittee recommends that the additional \$35,000 in estimated fund balance be utilized to offset FY 1988 State General Fund expenditures for the State Scholarship program. The Subcommittee recognizes that a fund balance of this magnitude is unusual and will not be available on a recurring basis to finance this program. Fund balances in this fund have typically been approximately \$10,000.
4. The Subcommittee reviewed the reciprocal agreement with the University of Missouri. The Subcommittee learned that due to the volume of Missouri students attending architecture programs in Kansas, the \$40,000 payment to Missouri may no longer be appropriate. The Subcommittee understands the mutual desirability of continuing this agreement. Therefore, the Subcommittee recommends the \$40,000 in FY 1988, due to the difficulty for Missouri to accommodate its discontinuance on short notice. However, it is the recommendation of this Subcommittee that FY 1988 be the last payment for this agreement and that the Board not request this item in its FY 1989 budget.
5. The Subcommittee observes that appropriations proviso limits total awards to \$1,950 for students receiving both a Tuition Grant and a State Scholarship, rather than the approximately \$2,450 which would result if the maximum allowable award for each program were summed. Inasmuch as the State Scholarship program was not fully subscribed, during FY 1987, the Subcommittee recommends removing this proviso during FY 1988. In making this recommendation, the Subcommittee notes that provisos also control the total

expenditure for Tuition Grants and that the Board does not exceed the total State General Fund appropriation.

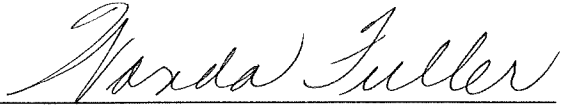
6. During discussions with several students, the Subcommittee learned that off-campus work study programs vary among the universities. The Subcommittee recommends that the Board establish uniform eligibility guidelines for student participation in this program.
7. The Subcommittee is recommending that an interim legislative committee assess the unmet need for graduate level programs in the greater Kansas City area, which could potentially be met by Kansas Regents' institutions. The Subcommittee observes that the University of Kansas has requested funds for a program improvement related to such graduate programs. The Subcommittee believes that study is required of the overall unmet need for graduate instruction in the Kansas City area and the extent to which it could be met by Regents' institutions. The Subcommittee believes that this study should include review of possible locations for the programs and the extent to which private industry would be willing to finance development of graduate programs for their employees.
8. The Subcommittee reviewed the Board's request for a digest to be distributed to college bound students. The Subcommittee also received requests concerning this item from the Associated Students of Kansas. The Subcommittee is making the following recommendations concerning such a digest:
 - a. The Subcommittee believes that two publications are necessary. One should be a simple brochure directed toward eighth graders, advising them of the desired curriculum to be taken by college bound students. The second publication should be targeted toward high school juniors and seniors. It should include: the accreditation and specialties of the various Regents' institutions; tuition and fees; financial assistance; and contacts for further information.
 - b. The Subcommittee recommends that the Board prepare a plan for these publications to include content, targeted audience, and distribution method. The Subcommittee recommends that during FY 1988 university descriptions in the brochures be limited to Regents' institutions. However, the Subcommittee recommends that in future years the brochures be expanded to include descriptions of Washburn, community colleges, and private colleges. The Subcommittee believes that those institutions would contribute financially to the publication, if material concerning them was included.
 - c. The Subcommittee adds \$35,000 to the Board's FY 1988 budget to initiate the first year of these digests. The Subcommittee recognizes that this is substantially less than the \$56,363 requested by the Board for this project. However, the Subcommittee recommends that the

emphasis of these publications be content, rather than format. Therefore, the Subcommittee recommends that the publication be a tabloid format, rather than the more expensive multi-color, glossy-paper format, which the Board's request envisions.

9. The Subcommittee adopts the recommendations of the Joint Committee on State Building Construction. The Joint Committee's recommendations finance the major institutional maintenance account from the State General Fund, rather than the Educational Building Fund, as recommended by the Governor. Nevertheless, the Joint Committee reduced State General Fund expenditures at the University of Kansas by financing \$1.5 million in New Science Library construction from the Educational Building Fund, rather than the State General Fund.
10. The Subcommittee reviewed appropriations for the Vocational Scholarship program established by the 1986 Legislature. The Subcommittee learned that 1986 H.B. 2675 authorizes a fee to be charged for a scholarship applicant examination. The bill further specifies that collections shall be deposited to the Vocational Educational Scholarship Examination Fees Fund. To administer this provision it is necessary to appropriate the fund. The Subcommittee is recommending that it be appropriated as a no-limit fund during FY 1988.
11. During the 1985 Session of the Legislature, the Subcommittee on the Board of Regents reported that certain instructors are not well versed in the English language. The Board subsequently directed individual institutions to monitor this problem. The Subcommittee observes that instructors who do not communicate well in English continue to be a problem. The Subcommittee recommends that the Board monitor this situation more closely and develop uniform standards for screening the English speaking ability of instructors.
12. The Subcommittee believes that students frequently have difficulty substituting their community college credit hours for required courses at Regents institutions. The Subcommittee recognizes that under the present governance structure the Board of Regents has no authority to mandate that credits transfer. Nonetheless, individual institutions and community colleges have identified courses which they consider equivalent and credits which they will transfer. The Subcommittee observes that the students would be served if better information were available concerning those credits which will transfer. The Subcommittee recommends that the Board and its institutions prepare a plan, prior to the 1988 Legislature, detailing a formalized procedure by which students can obtain information on those transfer agreements which exist.



Representative Bob Ott
Subcommittee Chairman



Representative Wanda Fuller



Representative Bill Wisdom

561.88

SUBCOMMITTEE REPORT

Agency: Kansas State University **Bill No.** N/A **Bill Sec.** N/A
Analyst: Hauke **Analysis Pg. No.** 149 **Budget Pg. No.** 3-35

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State General Fund	\$ 327,984	\$ (289,640)	\$ (31,018)
General Fees Fund	124,146	710,715	--
Federal General Use Funds	(327,984)	(327,984)	--

Summary of Agency Request/Governor's Recommendation

The University request includes \$124,146 in release of General Fee fund balances, the result of tuition income from increased student headcount. The Governor is recommending an increase of \$710,715 to the General Fees Fund expenditure limitation, of which \$617,624 would replace State General Fund expenditures and \$93,091 would allow an expenditure increase, due to increased enrollment. The University request and Governor's recommendation also includes supplemental State General Funds of \$327,984 to replace a loss of federal funding for the Extension Program (\$159,974) and the Agricultural Experiment Stations (\$168,010).

House Subcommittee Recommendation

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

1. Based upon the systemwide recommendations of the full Committee.

Lapse \$31,018 from the State General Fund due to release of 50 percent of unanticipated tuition collections rather than 75 percent as recommended by the Governor. The net effect of this transaction shifts an additional \$31,018 in expenditures from the State General Fund to the General Fees Fund. The Committee recommends that the General Fund savings, resulting from these shifts, be lapsed rather than reappropriated. The recommendation increases to \$648,642 the total lapsed and allows expenditure of \$62,073 due to increased enrollment. (Note: This recommendation was included in H.B. 2100.)


 Representative J. Santford Duncan
 Chairman


 Representative Duane Goossen


 Representative Jack Shriver

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 2439

Bill Sec. 3

Analyst: Hauke

Analysis Pg. No. 149

Budget Pg. No. 3-35

<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	\$ 91,425,442	\$ 83,582,614	\$ (777,079)
General Fees Fund	16,950,083	18,058,498	--
Land Grant Funds	6,022,031	6,512,715	--
Endowment Interest	100,000	100,000	--
General Use Funds	<u>\$114,497,556</u>	<u>\$108,253,827</u>	<u>\$ (777,079)</u>
Restricted Use	53,767,798	54,092,902	121,305
Subtotal - State Operations	<u>\$168,265,354</u>	<u>\$162,346,729</u>	<u>\$ (655,774)</u>
Aid to Local Units:			
Restricted Use	\$ 84,976	\$ 84,976	\$ --
Other Assistance:			
State General Fund	\$ 136,277	\$ 132,968	\$ --
Other General Use	--	--	--
Restricted Use	<u>5,706,181</u>	<u>5,706,181</u>	<u>--</u>
Subtotal - Other Assistance	<u>\$ 5,842,458</u>	<u>\$ 5,839,149</u>	<u>\$ --</u>
Total General Use			
Operating Funds	\$114,633,833	\$108,386,795	\$ (655,774)
Total Operating Expend.	<u>\$174,192,788</u>	<u>\$168,270,854</u>	<u>\$ (655,774)</u>
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educ. Building Fund	6,438,000	6,768,000	--
Other Funds	<u>11,365,000</u>	<u>11,365,000</u>	<u>--</u>
Subtotal - Capital Improvements	<u>\$ 17,803,000</u>	<u>\$ 18,133,100</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$191,995,788</u>	<u>\$186,403,854</u>	<u>\$ (655,774)</u>
FTE Positions:			
Classified	1,878.2	1,861.1	--
Unclassified	<u>2,197.4</u>	<u>2,198.4</u>	<u>--</u>
TOTAL	<u>4,075.6</u>	<u>4,059.5</u>	<u>--</u>

House Subcommittee Recommendations

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

1. Based upon the systemwide recommendations of the full Committee:
 - a. Deletion of \$419,838 in salaries and wages expenditures for a 1 percent increase in the employer contribution to the unclassified employee retirement program.
 - b. Deletion of \$184,968 for a special other operating expenditure allocation, which was not to become a part of the agency base.
 - c. Increase of \$89,032 in the Governor's recommendations for the other operating expenditures base budget. This adjustment is necessary to finance the Committee recommendation that each institution receive an overall 2 percent increase in their base budget for other operating expenditures.
2. The Subcommittee recommends a decrease of \$121,305 in the University's budget for other operating expenditures due to installation of a new telecommunications system. The Governor's recommendations for this system financed all expenditures from general use funds. Inasmuch as 59 percent of the costs associated with the new system will be financed from restricted use funds, the Subcommittee recommends reduction in the General Fund appropriation.
3. The Subcommittee deletes \$100,000 from the utility account. The Subcommittee reviewed utility appropriations and believes that this amount was a mathematical error in the Governor's recommendations.
4. The Subcommittee is recommending that \$100,000 be shifted from the salaries and wages account of KSU to the salaries and wages account of the Veterinary Medical Center. The Subcommittee notes that KSU typically shifts a relatively large sum from salaries and wages to other operating expenditures. The Subcommittee believes its recommendations will assist in addressing staffing deficiencies at the Veterinary Medical Center.
5. The Subcommittee received a request from the University for \$125,000 to repair a generator. The generator is important to KSU as it produces electricity at less cost than that which must be purchased from Kansas Power and Light Company. The payback on repair of this generator is approximately one to 1.3 years. The generator is used most during the winter months and it must be repaired by the beginning of the next heating season, if cost savings are to be realized from it. Materials furnished to the Joint Committee on State Building Construction by the Board Office

indicate an unobligated balance of approximately \$65,000 in the Board's major maintenance account, which the Subcommittee recommends be devoted to this project in FY 1987. The Subcommittee recommends that the remaining \$60,000 be appropriated to KSU in FY 1988 to allow completion of repairs on this generator.

6. The Subcommittee reviewed the University's request for operating funds related to the telecommunications center. The Subcommittee notes that KSU received \$6.0 million in federal funds for this project. However, the federal funds are for equipping and constructing a center and do not include operating funds. Consequently, the University is requesting \$1.5 million from the State General Fund for operations from the Legislature. The Subcommittee is not recommending appropriation of additional funds for operation of this center. The Subcommittee believes that it is not appropriate for the state to be obligated by receipt of federal funds for a project not specifically approved by the Legislature. Therefore, the Subcommittee recommends that operating funds for the center be financed by internal reallocations or by amending the grant request to include operating funds.
7. The Subcommittee recognizes that the telecommunications center is to be an important resource for the Extension program and that a primary focus of the center will be Extension. However, in approving this Center on May 15, 1986, the Board of Regents indicated that it was to be used by the other institutions, as well as KSU. The Subcommittee believes that the control of the Center should not be in an office that is unique to the mission of only one university. Therefore, the Subcommittee recommends that the control of this Center be in the KSU Office Of The Provost, rather than in the Office of Extension.
8. The Subcommittee learned that operating funds for Weber Hall were inadvertently omitted from the agency's request. The remodeled and expanded Weber Hall will become operational during the fall of 1987. The Subcommittee would recommend favorable consideration of a Governor's Budget Amendment on Weber operations when and if one is received. The University has requested \$128,651 in operating funds for this building.
9. The Subcommittee concurs with the recommendations of the Joint Committee on State Building Construction concerning capital improvements at Kansas State University. The Joint Committee has recommended approval of all improvements recommended by the Governor.



Representative J. Santford Duncan
Chairman



Representative Duane Goossen

MINORITY REPORT

I concur with the recommendations of the Subcommittee with one exception. I recommend a 3.5 percent decrease corridor on the enrollment adjustment during FY 1988, rather than the 2.5 percent corridor contained in the Governor's recommendations. My recommendation coincides with that of the Special Committee on Financing of Regents' Institutions. During FY 1988 a 3.5 percent decrease corridor would only impact Kansas State University. It would reduce their negative enrollment adjustment by \$342,145.

The Special Committee on Financing Regents' Institutions also recommended that all program improvements be financed through internal reallocations. Since no FY 1988 program improvements were recommended by the Governor it appears that all program redirection must be derived by reallocations during the coming year. Therefore, I believe it is important to finance the corridor recommendations of the Special Committee.


Representative Jack Shriver

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