

Approved 1-26-88
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

1:30 ~~am~~/p.m. on January 19, 1988 in room 514-S of the Capitol.

All members were present except: Representatives Mainey and Wisdom (both excused)

Committee staff present: Diane Duffy, Legislative Research
Ellen Piekalkiewicz, Legislative Research
Ed Ahrens, Chief Fiscal Analyst
Richard Ryan, Director, Legislative Research
Gloria Timmer, Alan Conroy, Robin Hunn, Legis. Research
Jim Wilson, Revisors Office
Sharon Schwartz, Administrative Aide

Conferees appearing before the committee: Sue Krische, Committee Secretary

Others attending: See attached list.

Chairman Bunten called the meeting to order at 1:30 p.m. He announced that he is assigning HB 2644 to Representative Miller's subcommittee for review and possible modification during consideration of the SRS budget.

Ed Ahrens, Legislative Research, presented a profile of the State General Fund (SGF) based on the Governor's budget recommendations (Attachment 1). The profile shows in FY 1988 and FY 1989 the Governor's recommended increases or decreases in the budget relating to the SGF from the FY 1988 base. Staff indicated the list of Governor's recommended adjustments to the FY 1988 budget on the attachment is not exhaustive, but includes items of major consequence.

Representative Miller asked if the \$200,000 recommended supplemental for KBI-Gaming Operation Investigations was slated to be repaid to the SGF and staff stated they are not aware of a direct reimbursement provision.

Chairman Bunten noted that the net result of the Governor's adjustments, excluding the shift of reappraisal aid from a revenue to demand transfer, is \$24.2 million of additional spending in FY 1988. The major items in this figure are \$14.2 million for SRS, \$4.8 million for mental health and mental retardation hospitals, and \$2 million for the Corrections Officers Class Action Suit.

In reviewing the Governor's recommended expenditure changes-FY 1988 to FY 1989 on page three of the handout, it was noted that regarding Regents Institutions, the "Non-SGF General Use" funds of \$30.5 million are comprised of approximately \$12 million in carry-forward balance from FY 1988 hospital revenue funds, \$5.4 million in general revenue funds, and \$12 million in tuition.

Regarding the School District Equalization Act, Chairman Bunten asked the additional cost of increasing funding of transportation and special education by 1 percent. Staff stated that transportation at 95 percent vs. the recommended 94 percent would be an additional \$500,000 and special education at 90 percent vs. the recommended 89 percent would be an additional \$1.1 million.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 1:30 ~~am~~ p.m. on January 19, 1988

In response to a question, it was noted that there is no appropriation for the Capital Area Plaza Plan, because the proposal was to pay for the asthetic improvements of \$2.5 million from rental payments paid by the various agencies and kept in the State Building Depreciation Fund. In response to a question, staff stated there are no funds for Washburn University in the aid to Community Colleges.

Chairman Bunten pointed out several items not included in the proposed budget: (1) \$1.6 million mental health proposal dealing with grants to mental health hospitals as recommended by the 1987 Interim Committee; (2) all of phase three of the job study was not implemented--just that part including registered nurses and therapists; (3) the judges proposed 7 percent salary increase over a three-year period; and (4) the proposed junior college program that would increase state funding to Community Colleges to 40 percent over a five-year period.

The meeting was adjourned at 2:45 p.m.

**A PROFILE OF THE STATE GENERAL FUND BASED ON THE
GOVERNOR'S BUDGET RECOMMENDATIONS**

(\$ Millions)

A. FY 1988

		<u>FY 1988</u>
Beginning Balance		\$ 73.3
Consensus Estimate of Receipts	\$1,962.8	
Governor's Recommended Adjustments:		
County Reappraisal Aid Shifted to Expenditures	7.4	
Transfer to State Emergency Fund	(0.1)	
Adjusted Receipts		1,970.1
Expenditures Authorized by the 1987 Session*	1,866.1	
Governor's Recommended Adjustments:		
County Reappraisal Aid Demand Transfer	7.4	
LAVTRF and CCRSF Demand Transfers	0.2	
Homestead Property Tax Refunds	1.0	
SRS Medical Assistance	12.6	
SRS Homemaker and Other Non-Medical Programs	2.0	
School District Income Tax Rebate	(2.0)	
Community Colleges Formula State Aids	0.5	
Regents and Institutions Operating Expenditures	(0.8)	
KPERS-School Employer Contributions	(0.2)	
Ellsworth Bond Payment Shifted from FY 1989	1.2	
Set-aside for Corrections Officers Class Action Suit	2.0	
Purchase and Renovate Stockton Work Center	0.5	
Corrections Institutions, Inmate Health Care and Security	2.2	
Community Corrections Grants	0.2	
KBI-Gaming Operations Investigations	0.2	
Institutions for the Mentally Ill	2.2	
Winfield State Hospital	2.6	
Reserve for Longevity Bonus	1.0	
All Other	(1.6)	
Net Governor's Adjustments	<u>31.2</u>	
Adjusted Expenditures		<u>1,897.3</u>
Recommended Ending Balance (7.7 percent of Expend.)		\$ 146.1

* Estimate of expenditures at end of 1987 Session increased by \$5.1 million for potential shifting of expenditures and decreased by \$1.0 million for salary plan savings.

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Attachment 1

B. FY 1989

	<u>FY 1989</u>
Recommended Beginning Balance	\$ 146.1
Consensus Estimate of Receipts, 2.9% Increase	2,019.4
Governor's Recommended Adjustments:	
Income Tax Reform	(21.3)
Sales and Use Tax Exemption	<u>(7.3)</u>
Adjusted Receipts, 1.1% Increase	1,990.8
Governor's Recommended Expenditures:	
FY 1988 Recommendation	1,897.3
State Operations, Increase of 5.8%	43.0
Local Aid, Increase of 5.7%	52.0
Other Assistance, Increase of 2.9%	7.0
Capital Improvements, Decrease of 65.9%	<u>(8.7)</u>
Total Increase in Expenditures 4.9%	<u>93.4</u>
Recommended Expenditures	<u>1,990.6</u>
Recommended Ending Balance (7.4 percent of Expend.)	\$ 146.3

Additional Employee Compensation and Benefits
in Recommended FY 1989 State General Fund Budget
(\$ Millions)

	<u>FY 1988</u>	<u>FY 1989</u>
A. Annualization of FY 1988 Benefits		
2% Classified and Non-Regents Unclassified	\$ --	\$ 4.0*
Judicial Branch Nonjudicial Employees	--	0.8
Classified Job Study, Mechanics and Laborers	--	<u>0.4*</u>
Subtotal	<u>--</u>	<u>5.2</u>
B. Step Movement Classified and Non-Regents Unclassified Employees (1.73%)	--	6.9*
C. Salary Plan Revision		
4% Classified and Non-Regents Unclassified	--	16.0*
Longevity Bonus (Classified Employees)	1.0	1.0
D. Employees Health Insurance CY 1988 and Projected CY 1989 Rates	1.3*	3.6*
E. Job Study, Registered Nurses and Therapists		
TOTAL	<u>0.3</u>	<u>0.7</u>
	\$ 2.6	\$ 33.4

* Research Department estimates.

STATE GENERAL FUND -- GOVERNOR'S RECOMMENDED
EXPENDITURES, FY 1989

In Thousands

	<u>Amount</u>	<u>Percent of Total</u>	<u>Cumulative Percent</u>
State Aid for Education	\$ 865,796	43.49%	
Bd. of Regents and Institutions	341,730	17.17	60.66%
Other Education*	<u>13,522</u>	<u>0.68</u>	<u>61.34</u>
Subtotal, Education	1,221,048	61.34	61.34
State Aid Except Education	92,631	4.65	65.99
SRS-OAGB**	227,893	11.45	77.44
Dept. of Corrections, Its Institu- tions, and Youth Centers	92,295	4.64	82.08
State Hospitals	82,176	4.13	86.21
SRS -- State Operations	59,478	2.99	89.20
Judicial Branch	48,702	2.45	91.65
Dept. of Revenue -- State Operations	26,123	1.31	92.96
Highway Patrol	20,858	1.05	94.01
Dept. of Administration	19,642	0.99	95.00
Dept. of Health and Environ. -- Oper.	16,034	0.80	95.80
Legislative Branch	13,230	0.66	96.46
Exec. Branch Elected Officials	11,168	0.56	97.02
All Other***	<u>59,342</u>	<u>2.98</u>	<u>100.00</u>
TOTAL	\$1,990,620	100.00%	

* Department of Education operations, Schools for the Deaf and Visually Handicapped, State Library operations, and Public Broadcasting Commission.

** Other assistance, grants, and benefits, e.g., medical assistance, aid to families with dependent children, foster care and adoption support, general assistance, and alcohol and drug abuse programs.

*** Includes \$1.0 million for salary bonus not allocated among agencies and institutions.

Kansas Legislative Research Department
January 15, 1988

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