

Approved 3-2-88
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 February 24, 1988 in room 514-S of the Capitol.

All members were present except: Representatives Brady, Vancrum, and Helgerson
(all excused)

Committee staff present: Diane Duffy, Ellen Piekalkiewicz, Alan Conroy,
Julian Efird, Legislative Research
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list.

HB 2721 - An Act making and concerning appropriations for the fiscal year ending June 30, 1989, for the Kansas public employees retirement system, department of revenue, Kansas lottery and Kansas racing commission; authorizing certain transfers and fees, imposing certain restrictions and limitations, and directing or authorizing certain receipts and disbursements and acts incidental to the foregoing.

KPERS

The Subcommittee concurs with the Governor's recommendations for FY 1988 with slight adjustments and recommends that additional funds possibly needed for communication expenses be sought through a Governor's Budget Amendment (Attachment 1). The Subcommittee concurs with the Governor's recommendations for FY 1989 with adjustments (Attachment 2). Representative Miller moved adoption of the subcommittee reports for FY 1988 and FY 1989. Seconded by Representative Teagarden. Motion carried.

KANSAS RACING COMMISSION

The Subcommittee concurs with the Governor's recommendations for FY 1988 and FY 1989 with the exceptions noted in the report (Attachment 3). Representative Mainey asked when racing will be underway in Kansas. Representative Lowther stated the chairman of the Racing Commission believes there will be racing in various locations throughout the state. Regarding large dual tracks, at this time there is one Kansas applicant and two or three more are expected. If one is approved, racing could commence during FY 1989. Representative Lowther moved adoption of the subcommittee report. Seconded by Representative Solbach. Motion carried.

Subcommittee reports on HB 2721 will be completed at the Committee meeting on Monday, February 29, 1988.

The Administration requested introduction of a bill designating a portion of US Highway 81 as the Frank Carlson Memorial Highway (Attachment 4). Representative Dyck moved introduction of the bill. Seconded by Representative Shriver. Motion carried.

The meeting was adjourned at 1:55 p.m.

SUBCOMMITTEE REPORT

Agency: Kansas Public Employees
Retirement System (KPERS)

Bill No. 2796

Bill Sec. 7

Analyst: Conroy

Analysis Pg. No. 137

Budget Pg. No. 1-149
3-34

<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	\$ 2,737,730	\$ 2,630,413	\$ 13,325
Aid to Local Units	48,820,221	48,640,710	--
Other Assistance	<u>128,721,035</u>	<u>128,721,035</u>	--
Total	<u>\$180,278,986</u>	<u>\$179,992,158</u>	<u>\$ 13,325</u>
State General Fund:			
Aid to Local Units	\$ 48,820,221	\$ 48,640,710	\$ --
FTE Positions	63.0	63.0	--

Agency Estimate/Governor's Recommendation

The agency's FY 1988 revised estimate totals \$180,278,986. The revised FY 1988 estimate for operating expenses is \$2,737,730, the same amount as originally approved. The agency's FY 1988 estimate for state aid to local units of government for public schools employers' contributions is also the same amount as originally approved, \$48,820,221. The FY 1988 revised estimate for other assistance of public employee benefits is \$128,721,035, or \$6,135,958 above the original FY 1988 amount.

The Governor's recommendation for FY 1988 is \$179,992,158, which includes a reduction of \$107,317 for state operations below the agency's estimate. The Governor has also decreased the amount of funds for public school employers' contributions from the estimated amount of \$48,820,221 to \$48,640,710, or a reduction of \$179,511. The Governor concurs with the agency's revised estimate of \$128,721,035 for employee benefits.

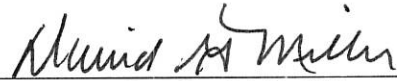
House Subcommittee Recommendations

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

1. Add \$15,000 for unanticipated Division of Information Systems and Communications (DISC) line charges.
2. Delete \$15,000 for capital outlay items.

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Attachment 1*

3. Add \$13,325 for contractual services based on the current and estimated expenditure patterns.
4. The Subcommittee notes that additional funds may be needed by the agency for communication expenses, especially postage. If additional funds are required, the Subcommittee recommends that the agency seek a Governor's Budget Amendment for the increased resources.



Representative David G. Miller
Subcommittee Chairman



Representative George Teagarden

Representative Robert Vancrum

2796-365/AC

SUBCOMMITTEE REPORT

Agency: Kansas Public Employees
Retirement System (KPERs)

Bill No. 2721

Bill Sec. 2

Analyst: Conroy

Analysis Pg. No. 137

Budget Pg. No. 1-149
3-34

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,955,728	\$ 2,811,530	\$ 7,565
Aid to Local Units	36,845,638	36,453,239	--
Other Assistance	<u>136,641,155</u>	<u>136,641,155</u>	--
Total	<u>\$176,442,521</u>	<u>\$175,905,924</u>	<u>\$ 7,565</u>
State General Fund:			
State Operations	\$ 6,000	\$ 6,000	\$ --
Aid to Local Units	<u>36,845,638</u>	<u>36,453,239</u>	--
Total	<u>\$ 36,851,638</u>	<u>\$ 36,459,239</u>	<u>\$ --</u>
FTE Positions	63.0	63.0	--

Agency Estimate/Governor's Recommendation

The KPERs operating budget request for FY 1989 totals \$176,442,521. The agency request for state operations of \$2,955,728 is an 8.0 percent increase above the agency's FY 1988 estimate. In state operations, the agency is proposing continued development of the agency's data processing system, hiring a consultant for a centralized correspondence file, and implementation of a toll-free number to serve members of the retirement system. A decrease is reflected in the local aid amount for public school employers' contributions, since the FY 1988 amount includes one quarter's payment plus interest from FY 1987 (\$11,678,000). Public employees retirement and disability benefits are estimated to increase by \$7,920,120 or 6.2 percent.

For FY 1989, the Governor recommends a total budget of \$175,905,924, or \$536,597 below the agency's request. The Governor's recommendation for state operations is \$2,811,530, or \$144,198 less than the agency requested. The Governor recommends continued development of the agency's data processing system and implementation of a toll-free number to serve members of the retirement system. The Governor recommends \$36,453,239, or \$392,399 less than the agency request, for public school employers' contributions. The FY 1989 recommendation is based on school budget limitations of 2.0 percent to 4.0 percent and an employer contribution rate of 3.04 percent. The Governor concurs with the agency request of \$136,641,155 for public employee retirement and disability payments.

House Subcommittee Recommendations

FY 1989. The House Subcommittee concurs with the Governor's recommendations with the following adjustments:

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Attachment 2

1. Add \$10,000 for unanticipated Division of Information Systems and Communications (DISC) line charges.
2. Add \$5,000 for printing to ensure the current level of informational material is available to members and participating employers in the budget year.
3. Add \$4,000 for travel and subsistence for members of KPERS Board of Trustees. The Subcommittee notes that the funds could be used for Board members to travel to interview prospective KPERS Fund investment managers, which has been very beneficial in the past. The Subcommittee further notes that the majority of Board members are new which could require additional travel for orientation of the new members.
4. Add \$10,065 to correct an oversight for actuarial services to meet the guidelines of the Governmental Accounting Standards Board.
5. Delete \$20,000 for various capital outlay items.
6. Delete \$1,500 for official hospitality. The Subcommittee recommends that the FY 1988 level of \$1,500 for official hospitality continue in FY 1989.
7. The Subcommittee concurs with the Governor's recommendation that a sublimitation on salaries and wages be placed on the overall administrative expenses account. The Subcommittee notes this FY 1989 change for the Committee.



Representative David G. Miller
Subcommittee Chairman



Representative George Teagarden

Representative Robert Vancrum

SUBCOMMITTEE REPORT

Agency: Kansas Racing Commission

Bill No. 2721

Bill Sec. 5

Analyst: Efird

Analysis Pg. No. 167 Budget Pg. No. 1-155

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Fee Fund	\$ 733,484	\$ 831,273	\$ --
FTE Positions	14.0	14.0	--

Agency Estimate/Governor's Recommendation

FY 1988. The Commission estimates reductions of \$194,913 in its approved budget of \$648,277 for this fiscal year, primarily due to delays in implementing parimutuel racing and in hiring staff. Financing in FY 1988 would be primarily from State General Fund transfers totaling \$423,364, with \$20,000 of fee income projected by the Commission.

The Governor recommends further adjustments in the Racing Commission's revised estimate, with reductions of \$205,372 in the approved budget. No revision is recommended in the current approved expenditure limitation of \$648,277. The Governor concurs with the agency's plan for financing in the current fiscal year but projects slightly more carryover.

FY 1989. The Commission requests expenditures of \$733,484, with financing of \$230,000 from a State General Fund transfer and the remainder from estimated fee receipts.

The Governor recommends an expenditure limitation of \$831,273 which includes \$731,273 of financing plus an additional \$100,000 which may be made available to the Racing Commission upon approval of the Budget Director as contingency financing for unanticipated contractual services. Recommended financing would include \$180,000 from the Economic Development Initiatives Fund, with an additional \$100,000 for contingencies if needed, and the remainder of financing from fee receipts and carryover from the current fiscal year.

House Subcommittee Recommendations

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

1. In FY 1988, reduce by \$22,427 the estimated salary and wage expenditures since staff are being added at a rate slower than anticipated by the schedule used to derive the Governor's recommendations this fiscal year. The Subcommittee recommendations assumes a 10.0 percent salary turnover rate instead of the 1.5 percent rate included in the Governor's recommendation. No adjustment in the expenditure limitation is recommended.

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Attachment 3

2. In FY 1989, the Subcommittee concurs with the intent to begin repaying the State General Fund for startup costs associated with the Racing Commission, but feels that insufficient funds will be available to implement repayment in FY 1989 as provided in the appropriations bill. Since 1988 H.B. 2772 Sec. 5(d) would establish in statute the payback provision, the language in the appropriations bill is not needed and should be stricken.
3. In FY 1989, the Subcommittee recommends that the transfer provision in the appropriations bill, which pertains to providing, if needed, an additional \$100,000 of financing from the State Economic Development Fund, be made subject to approval of the State Finance Council rather than the Director of the Budget.

Fee Fund Analysis

<u>Resource Estimate</u>	<u>Actual FY 87</u>	<u>Estimated FY 88</u>	<u>Estimated FY 89</u>
Beginning Balance	\$ --	\$ 58,866	\$ 56,986
Net Receipts	--	20,000	523,650
Transfers	<u>101,402</u>	<u>398,598</u>	<u>280,000</u>
Total Available	\$ 101,402	\$ 477,464	\$ 860,636
Less Expenditures	<u>42,536</u>	<u>420,478</u>	<u>831,273</u>
Ending Balance	<u>\$ 58,866</u>	<u>\$ 56,986</u>	<u>\$ 29,363</u>



Representative James Lowther
Chairperson



Representative Kenneth King



Representative John Solbach

HOUSE BILL NO. _____

By Committee on Appropriations

AN ACT designating a portion of United States highway 81 as the Frank Carlson memorial highway.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The portion of United States highway 81 where it enters the state on the Kansas-Nebraska line on the north thence south to the junction of interstate highway I-70 is hereby designated the Frank Carlson memorial highway. The secretary of transportation shall place suitable signs along the highway right-of-way at proper intervals to indicate the highway is the Frank Carlson memorial highway. The secretary of transportation may accept and administer gifts and donations to aid in obtaining suitable highway signs.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

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Attachment 4