

Approved 3-14-88
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

1:30 a.m./p.m. on February 29, 1988 in room 514-S of the Capitol.

All members were present except: Representatives Vancrum and King (both excused)

Committee staff present: Diane Duffy, Ellen Piekalkiewicz, Robin Hunn, Julian Efird,
Gloria Timmer, Legislative Research Department
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list.

HB 2644 - An Act enacting the KanWork act; establishing the KanWork program for public assistance recipients; granting certain powers to and imposing certain duties upon the secretary of social and rehabilitation services; creating the KanWork interagency coordinating committee and providing for the duties thereof; authorizing the development of state child care centers and providing for the licensing thereof; amending K.S.A. 65-503 and 65-517 and K.S.A. 1987 Supp. 75-3307b and repealing the existing sections.

This bill provides for a welfare reform program. The KanWork bill was recommended by the 1987 Special Interim Committee on SRS which studied SRS programs and the barriers to self-sufficiency for clients on the AFDC (Aid to Families with Dependent Children) program. Appropriations Subcommittee #4 studied and held numerous hearings on HB 2644. The Subcommittee's recommendations reviewed at this meeting incorporate a number of proposed amendments to HB 2644 suggested in testimony at the hearings (Attachment 1). A copy of balloon amendments making technical changes in the bill was distributed and reviewed by staff (Attachment 2).

Questions raised during discussion included whether the use of the JTPA program in KanWork will displace others who might qualify for training. Representative Miller stated the principal focus of JTPA is to help the disadvantaged, and AFDC recipients should be their priority. Representative Miller explained that state-run daycare was included in the bill to create work opportunities for people on public assistance and to make daycare available at a reasonable cost. One possibility for implementing this program, which is subject to appropriation, would be by SRS Area Office on a gradual basis. Chairman Bunten suggested locating daycare centers in nursing home facilities.

In response to a question, Representative Miller advised a waiver from the federal government to allow federal matching funds for extended medical services is not required.

Regarding grant diversion, the bill provides that when persons go to work in the private sector following community work experience, their SRS assistance grants are diverted and paid to the employers for up to nine months. The expense to the employer is the balance of the salary for the job. The object in these provisions is to provide as much incentive as possible for employers to participate. Representative Miller moved adoption of the subcommittee report as amended. Seconded by Representative Teagarden. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 1:30 ~~a.m.~~/p.m. on February 29, 1988

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.

DEPARTMENT OF REVENUE

The Subcommittee's recommended reductions in expenditures in FY 1988 are adjustments based on spending year-to-date (Attachment 3). Rep. Teagarden moved adoption of the FY 1988 subcommittee report. Seconded by Representative Miller. Motion carried. Representative Miller reviewed the FY 1989 subcommittee report (Attachment 4). Item #22 reflects the Governor's recommendation that the Motor Carrier Inspection enforcement activities be transferred administratively to the Highway Patrol. When legislation is considered to make this change, the question of moving the 174.0 FTE positions from KPERS to the Kansas Police and Firemen's Retirement System will be considered.

Subcommittee Recommendation #3 deleting \$7 million from the SGF and borrowing from the PMIB requires passage of legislation to borrow from the PMIB and to extend the provision designating 30 percent of Gaming Revenue Fund receipts for reappraisal. Several members expressed concern at making budgetary changes presupposing passage of legislation. The Subcommittee felt this recommendation would highlight the question for discussion in both houses. Representative Helgerson moved to restore the \$7 million deleted in Recommendation #3 from the SGF pending passage of legislation addressed by that recommendation. Seconded by Representative Wisdom. Motion failed.

Representative Miller moved adoption of the FY 1989 subcommittee report. Seconded by Representative Teagarden. Motion carried.

KANSAS LOTTERY

The Subcommittee concurs with the Governor's recommendations with adjustments noted in the report (Attachment 5). Representative Miller moved adoption of the subcommittee report for FY 1988. Seconded by Representative Teagarden. Motion carried.

In the report for FY 1989 (Attachment 6), Representative Miller explained that in Recommendation #2 the subcommittee felt that once all the bills had been paid for FY 1988, the net cash on hand, less \$2.5 million for a beginning balance, should be transferred to reappraisal. If \$3 million is transferred into reappraisal for FY 1989, the amount to be borrowed from the PMIB referred to in the Department of Revenue report would be \$4 million instead of \$7 million.

Representative Mainey noted that the agency requested 110 FTE positions for FY 1989 and the Governor increased that to 121 FTE positions. Staff stated the agency amended its request prior to the Governor's consideration of it. Representative Mainey offered a conceptual motion that the staff write-up be amended to state that an amended agency request was forwarded to the Governor. The Committee agreed to this change by consensus.

Representative Ott expressed displeasure with the way the electronic fund transfers from retailers are handled by the Kansas Lottery. He stated the process is burdensome and the retailers are uncertain for a period of three to seven days when the transfer will occur.

Representative Miller moved adoption of the FY 1989 subcommittee report as amended. Seconded by Representative Teagarden. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S Statehouse, at 1:30 ~~am~~/p.m. on February 29, 1988

Representative Miller moved that HB 2721, as amended, be recommended favorably for passage. Seconded by Representative Teagarden. Motion carried.

Representative Miller moved that HB 2644, as amended, be recommended favorably for passage. Seconded by Representative Teagarden. Motion carried.

Representative Shriver requested introduction of two bills concerning the Board of Indigents Defense Services. The bills would provide that the panel of attorneys in a region be appointed by the Regional Public Defender and that the receipts from the Board of Indigents' Defense Services' contracts with cities and counties for work be credited to the Indigents' Defense Services Fund rather than the State General Fund. Representative Shriver moved introduction of the bills and that they be combined into one bill. Seconded by Representative Chronister. Motion carried.

The meeting was adjourned at 3:35 p.m.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 2-29-88

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
R. D. GLOON	K.U. SCHOOL OF LAW LAWRENCE	INTERN - REP. MILLER
Ken Behr	Topeka	KALPCA
Sabrina Wells	Topeka	Budget Division
BEN COOPER	"	SRS
Carl Anderson	"	Ks Lottery
J. Amicille	Topeka	Ks Lottery
LARRY MONTGOMERY	TOPEKA	KANSAS LOTTERY
Stan Jones	Topeka	Dept of Revenue
Eugene Brant	Topeka	Dept of Revenue
Sam Walker	Topeka	Dept. of Revenue
H. Duncan	Topeka	Dept of Rev
Jan Bras	Topeka	Life at its Best!
Beta L. Wolf	Topeka	KDHR
Lucie Hartman	Topeka	Ks Bar Assoc
Mike Droga	"	Kansas Lottery
Craig Penner	Topeka	Kansas Lottery
Alvin S. [unclear]	East Base Topeka	Wichita Eagle & Beacon
Cheryl [unclear]	TOPEKA	Ks Office of Hispanic Affairs
Joan Strubley	Manhattan	KAPS
Helma Hunter Dordon	Topeka	SRS
Ruth Wilkin	Topeka	AAUP
John Schneid	Topeka	SRS
Phonny Burt	Topeka	SRS
Jan Allen	Topeka	SRS
Margie J. Byington	Topeka	SRS
Janet Schalonsky	"	"

SUBCOMMITTEE REPORT ON H.B. 2644-KanWork

H.B. 2644 provides for a welfare reform program. The bill was recommended by the 1987 Special Interim Committee on SRS which studied SRS programs and the barriers to self-sufficiency for clients of the AFDC (Aid to Families with Dependent Children) program.

Background

The Interim Committee on SRS reviewed the following information on the AFDC program:

- Over 12 percent of the Kansas AFDC population has never worked.
- Over 44 percent have not worked in over two years.
- Over 69 percent are unskilled.
- Over 44 percent do not have a high school diploma.
- Many clients stay on AFDC because there are inadequate transitional services in the areas of daycare, medical care, and transportation. The current AFDC program does not provide incentives to seek employment rather than continue dependency on government; in fact, the system has many disincentives and barriers to self-sufficiency. Individuals who receive AFDC grants may be financially better off by staying on welfare than if they were to go to work full-time and pay child care and health care. Research and the experience of other states indicates that one of the most important components of a successful welfare reform program is provision of adequate transitional services in the areas of daycare, medical assistance, and transportation. Without adequate transitional services, clients too often end up back on public assistance.
- Many AFDC clients want to work.
- Nationwide, 54 percent of the women with children under age six and 51 percent of the women with children under age 3 are in the labor force. Current welfare programs are designed to pay clients to stay at home with their children, rather than work and seek self-sufficiency.
- Although SRS does have some work programs, the vast majority of AFDC clients are not involved in any work program. In FY 1987, only 2 percent of AFDC clients statewide participated in the Community Work Experience Program. The federal WIN (Work Incentive) program has been almost entirely eliminated due to federal funding cuts.
- National proposals for welfare reform all stress self-sufficiency and employment. The proposals call for provision of significant transitional services such as medical care and daycare to ensure

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Attachment 1

that clients stay off welfare. Congressional action on welfare reform appears to be stalled.

Summary of KanWork Provisions

The KanWork bill, as introduced, provides for the following:

1. The Secretary of SRS shall administer and be responsible for the KanWork program.
2. All AFDC clients whose youngest child is age three or over would be required to participate in KanWork. Clients with children under age three would be encouraged to participate. Provisions are included for exemptions for certain clients as determined by the Secretary of SRS through rules and regulations.
3. SRS shall evaluate all public assistance clients to determine whether the clients are required to participate in KanWork. The Secretary of SRS and the Secretary of the Department of Human Resources (DHR) shall enter into an agreement which provides that all AFDC clients who are determined to be job-ready shall be referred to DHR for initial employability assessment, goal setting, identification of support service needs, determination of employment and training needs, development of timelines for completion of activities and establishment of a written contract for self-sufficiency between the client and SRS.
4. Within the limits of appropriations, SRS shall establish and make available for eligible clients the following components of KanWork: unsupervised job search, supervised job search, job club, job referral and placement services, employment counseling, job training, community work experience, grant diversion, remedial education, college and community college education, vocation training, English as a second language instruction, and other programs that may be available through federal legislation.
5. Clients participating in the Community Work Experience Program component who are assigned to state agencies could count that experience in meeting civil service requirements.
6. SRS may enter into performance-based contracts for job development and services.
7. Support services during participation in KanWork are provided for as follows: (a) daycare would be provided through SRS reimbursement for private child care providers or through state daycare centers, (b) monthly transportation expenses would be provided, and (c) a volunteer program would be developed to provide family assistance services to clients.

8. Transitional services for clients who become employed and no longer receive AFDC cash grants are provided for as follows:
 - a. Daycare would be provided for up to six months upon employment (after which time the client could apply for the regular SRS low-income daycare program) and a fee would be charged to the client for that daycare based on a sliding scale.
 - b. Medical care would be provided for 12 months upon employment and no fee would be charged the first four months, one-third of the cost would be charged to the client the second four months and two-thirds of the cost would be charged to the client the last four months in the 12 month period. The bill requires SRS to seek a waiver from the federal government to allow federal matching funds for extended medical services.
 - c. Transportation assistance would be provided for up to six months upon employment.
 - d. Special needs allowances may be provided such as for a uniform or tools that are necessary for employment.
9. The KanWork Interagency Coordinating Committee is created to ensure cooperation among various levels of government, avoid duplication, encourage involvement by the private, public, and nonprofit sectors, and provide ongoing planning for the program. The Committee would be chaired by the Secretary of SRS and include the following members: (a) the Secretary of DHR; (2) the Secretary of the Department of Administration; (3) the Secretary of the Department of Commerce; and (4) the Chairperson of the State Board of Education. The membership would also include ten members to be appointed by the Governor including a representative from (a) the Kansas League of Municipalities, (b) the Kansas Association of Counties, (c) the financial community, (d) the business community, (e) organized labor, (f) the child support enforcement program of the judicial branch, and (g) a social services advocacy representative.
10. The bill amends the daycare licensing laws to provide that SRS shall license and inspect state daycare centers, rather than the Department of Health and Environment. The bill specifies that state daycare centers may provide services only for the children of KanWork participants or for state employees or both. The bill requires that staffing ratios at state daycare centers shall not be less than the staffing ratios required of other daycare centers.

Summary of Testimony on KanWork

The Committee held numerous hearings on H.B. 2644 and received testimony on the KanWork program from the following conferees: SRS, the

Department of Human Resources, the Kansas Association of School Boards, the Kansas Homes for the Aged, the Kansas League of Municipalities, Catholic Social Services, the Community Resource Council, the Department of Education, Topeka Family Shelter, Inc., Sharon Russell, the Kansas Hospital Association, the Kansas Chamber of Commerce and Industry, the K-NEA, the Kansas Legislative Policy Group, the Kansas Children's Service League, the Topeka Resource Center for the Handicapped, the Private Industry Council of Northeast Kansas, Ann Weick of the KU School of Social Welfare, the Topeka Housing Information Center, the Topeka Daycare Association, the Public Assistance Coalition, the superintendents of Parsons and Winfield State Hospital, and Let's Help.

The Subcommittee also received written testimony from persons unable to appear at meetings. Testimony was received from the Secretary of the Department of Administration, Ed Dutton of the KU School of Social Welfare, United Community Services of Johnson County, the Kansas Supreme Court, the SRS Advisory Council of Johnson County, and the Kansas Association of Community Action Directors.

The majority of the conferees were supportive of the bill. Many of the suggested changes to the bill are incorporated in the Subcommittee's recommendations. Other changes suggested include: the program should be voluntary rather than mandatory, teen fathers could be required to participate, additional members should be added to the Interagency Coordinating Committee, and there should not be a time limit on transitional services.

Subcommittee Recommendations

The Subcommittee recommends the following amendments to H.B. 2644:

1. The Subcommittee learned that SRS would generally prefer to contract with private daycare providers for state daycare centers, rather than set up centers staffed by state employees. The Subcommittee therefore recommends that the bill be amended to provide that state daycare centers will be licensed and inspected by the Department of Health and Environment as are other daycare centers. The Subcommittee further recommends that a provision be added to allow SRS and KDHE to enter into agreements if necessary to avoid any administrative complexities. The licensing of state daycare centers by SRS rather than KDHE was the area over which the most concern was expressed by conferees.
2. The Subcommittee recommends that there be a separate section in the bill regarding state daycare centers. The Subcommittee recommends that the state daycare centers be required to serve KanWork participants, but that the centers may also serve state employees. The Secretary should also be given the authority to enter into agreements with local governments and other agencies participating in the KanWork program to allow children of employees of those agencies to utilize state daycare centers. The Subcommittee believes that, by allowing agencies to utilize state daycare centers for their employees, those agencies may have greater incentive to participate in the KanWork program. State

and local agency employees using state daycare centers shall be charged a fee for that service based on a sliding scale.

3. The Subcommittee also recommends a new section in the bill to allow children of teen parents who have not yet completed high school to utilize state daycare centers if the parent is willing to agree to continue in high school or a GED program. The Secretary of SRS should be allowed to enter into agreements with local education agencies for such a program. The Subcommittee received testimony that many teen parents do not complete their high school education due to the lack of daycare services. The Subcommittee notes that women who become pregnant as teenagers and fail to complete high school are the most likely to become long-term welfare recipients.
4. The Subcommittee recommends that the responsibilities of the Secretary of SRS and the Secretary of the Department of Human Resources be clarified in the bill. Specifically, SRS should be responsible for establishing a contract for self-sufficiency with the clients, assessing support service needs, and initial assessment of job readiness. The Department of Human Resources should be responsible for determining appropriate employment and training services for job-ready clients. The Subcommittee notes that these clarifications would better reflect the intent of the Interim Committee on SRS and that this clarification was simply overlooked previously.
5. The Subcommittee recommends that a section be added to provide for a participant grievance and appeal procedure as is the case with current SRS programs. This change was requested by SRS.
6. The Subcommittee recommends that the membership of the Interagency Coordinating Committee be changed as follows: the chairperson of the State Board of Education would be deleted and a representative of a local education agency is added. The Subcommittee received testimony from the Kansas Association of School Board requesting that a local education agency be represented on the committee. The Subcommittee also recommends that the Interagency Coordinating Committee be authorized to issue reports if necessary.
7. The Subcommittee recommends that state and local agencies be included in the list of entities authorized to provide job training for KanWork participants. This change simply further clarified the intent of the program.
8. The Subcommittee recommends that the section providing for transitional medical services be amended to allow SRS greater flexibility in designing a transitional medical program and to allow the receipt of federal matching funds if possible. The Subcommittee learned of possible new options under the Medicaid program which SRS is still studying. The Subcommittee recommends that up to 12 months of transitional medical assistance be

provided but believes that creative approaches to financing this service may allow the state to provide the same services for half the cost by using federal funds. The Subcommittee also recommends the addition of a provision that nothing in the bill shall preclude clients transitioning from KanWork from utilizing existing state or federal medical assistance programs. SRS currently operates the AFDC-Medical Only program which is not time-limited and could benefit many persons exiting the KanWork program.

9. The Subcommittee recommends that the Secretary be allowed to extend transitional daycare assistance for more than six months for certain cases be defined through rules and regulations. The Subcommittee believes there may be some clients who need longer transitional services to avoid a return to welfare.
10. The Subcommittee reviewed the Job Training Partnership Act (JTPA) program operated by the Department of Human Resources. The Subcommittee notes that other states have utilized the JTPA program in welfare reform and that the welfare reform bill passed by the U.S. House of Representatives includes significant involvement with the JTPA program. The Department of Human Resources reviewed ways in which the KanWork program, if enacted, could be incorporated into existing JTPA programs. The Subcommittee also received testimony from one of the state's Private Industry Councils which expressed an interest in participating in KanWork. Public assistance recipients are a targeted group in the state JTPA plan, and the Subcommittee recommends that the JTPA program be utilized to the extent possible to provide services for KanWork participants. The Subcommittee recommends that the new state plan for JTPA place more emphasis on services for SRS clients and that the state plan should include guidelines for coordination with the KanWork program. The Subcommittee believes that the JTPA program should be able to provide a major portion of the employment and training components of the KanWork program. The Department of Human Resources noted that funds are available for participant support services which could be used for transportation and other support services for KanWork participants. The Subcommittee notes that by using the federally-financed JTPA program for many of the employment, training, and support services of KanWork, that the cost of the KanWork program to the state should be significantly reduced and JTPA funds will be spent on the most needy persons.
11. The Subcommittee found that the Department of Human Resources may be the appropriate agency to track client's success after participation in KanWork, and therefore recommends the Secretary of SRS be allowed to contract for the tracking and monitoring of client's success for up to 15 months after leaving public assistance.
12. The Subcommittee also recommends several minor technical amendments.



Representative David Miller, Chairperson

Representative Robert Vancrum



Representative George Teagarden

2644-srs

HOUSE BILL No. 2644

By Special Committee on Ways and Means - SRS

Re Proposal No. 38

12-17

HA
2-29-88
Attachment 2

0017 AN ACT enacting the KanWork act; establishing the KanWork
 0018 program for public assistance recipients; granting certain
 0019 powers to and imposing certain duties upon the secretary of
 C social and rehabilitation services; creating the KanWork in-
 0021 teragency coordinating committee and providing for the
 0022 duties thereof; authorizing the development of state child care
 0023 centers and providing for the licensing thereof; amending
 0024 K.S.A. 65-503 and 65-517 and K.S.A. 1987 Supp. 75-3307b and
 0025 repealing the existing sections.

0026 *Be it enacted by the Legislature of the State of Kansas:*

0027 New Section 1. Sections 1 to 8, inclusive, and amendments
 0028 thereto, shall be known and may be cited as the KanWork act.

This act

0029 New Sec. 2. As used in the KanWork act, unless the context
 0030 clearly requires otherwise:

0031 (a) "Committee" means the KanWork interagency coordi-
 0032 nating committee established under section 8 and amendments
 0033 thereto.

0034 (b) "KanWork program" means the work experience and
 C training program for public assistance recipients established
 0036 under the KanWork act.

0037 (c) "Participant" means a public assistance recipient who
 0038 participates in the KanWork program.

0039 (d) "Secretary" means the secretary of social and rehabilita-
 0040 tion services.

0041 (e) "State child care center" means a child care center li-
 0042 censed under K.S.A. 75-3307b and amendments thereto.

K.S.A. 65-501 et seq.

0043 (f) The terms defined in K.S.A. 39-702 and amendments
 0044 thereto and used in the KanWork act have the meanings pro-

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0045 vided by K.S.A. 39-702 and amendments thereto.

0046 [New] Sec 3. (a) The secretary of social and rehabilitation
 0047 services shall be responsible for the planning, integration and
 0048 coordination of employment and related services for public as-
 0049 sistance recipients. All appropriate state and local agencies shall
 0050 cooperate with the secretary in the planning, integration and
 0051 coordination of employment and related services as provided
 0052 under the KanWork act.

0053 (b) [The] secretary shall establish and administer the KanWork
 0054 program for recipients of public assistance which shall consist of
 0055 the following components: Evaluation for eligibility and ser-
 0056 vices; job preparation, training and education; support services;
 0057 and transitional services.

0058 (c) The secretary shall adopt rules and regulations which
 0059 establish KanWork program requirements for eligibility for the
 0060 receipt of public assistance and which establish penalties to be
 0061 imposed when an assignment under a KanWork program re-
 0062 quirement is not completed without good cause. The secretary
 0063 may adopt rules and regulations establishing exemptions from
 0064 any such KanWork program requirements, except that no person
 0065 shall be exempt solely because such person provides care for a
 0066 child three years of age or older unless federal law or rules and
 0067 regulations specifically provide that such a person be exempt
 0068 and a waiver of such requirement cannot be obtained. Require-
 0069 ments, exemptions and penalties established under this subsec-
 0070 tion (c) shall be consistent with the provisions of any state or
 0071 federal law, rules and regulations or waiver granted under fed-
 0072 eral law or rules and regulations which relate thereto.

0073 (d) In carrying out the duties specified under the KanWork
 0074 act, the secretary shall seek the advice of and consult with the
 0075 KanWork interagency coordinating committee. The secretary
 0076 may enter into contracts as may be necessary to carry out the
 0077 provisions of the KanWork act.

0078 (e) The secretary shall monitor and evaluate periodically the
 0079 Kanwork program and shall track job retention rates of partici-
 0080 pants for 15 months after a participant is employed and is no
 0081 longer eligible for cash assistance. Within the limits of appropri-

[Within the limits of appropriations therefor, the

[not more than

0082 ations therefor, the secretary may enter into contracts for mar-
 0083 keting and publishing information concerning the KanWork
 0084 program.

0085 (f) The secretary may seek waivers from program require-
 0086 ments of the federal government as may be needed to carry out
 0087 the provisions of the KanWork act and to maximize federal
 0088 matching and other funds with respect to the work experience
 0089 and training programs established under such act.

0090 New Sec. 4. (a) The secretary of social and rehabilitation
 0091 services shall provide for the evaluation of public assistance
 0092 recipients to determine whether such persons are required to
 0093 participate in the KanWork program. All public assistance recip-
 0094 ients not required to participate in the KanWork program shall be
 0095 encouraged to participate in such program. The secretary also
 0096 shall provide for the evaluation of KanWork participants to assess
 0097 the appropriate level of services needed by such participants
 0098 under the KanWork program.

0099 (b) The secretary of social and rehabilitation services and the
 0100 secretary of human resources shall enter into an agreement
 0101 which provides that all recipients of aid to families with depen-
 0102 dent children who are required to register under the manpower
 0103 services, training and employment program and who are deter-
 0104 mined by the secretary of social and rehabilitation services to be
 0105 job-ready shall initially be referred to the secretary of human
 0106 resources for the following services: Initial employability as-
 0107 essment, goal setting, identification of support service needs,
 0108 determination of employment and training needs, development
 0109 of timelines for completion of activities and establishment of a
 0110 written contract for self-sufficiency between the recipient and
 0111 the secretary of social and rehabilitation services.

0112 New Sec. 5. (a) Within the limits of appropriations therefor
 0113 and to the extent allowed under any applicable federal law or
 0114 rule and regulation adopted pursuant thereto, the secretary shall
 0115 establish and make available to eligible public assistance recip-
 0116 ients the job preparation, training and education component of
 0117 the KanWork program.

0118 (b) The job preparation element of the job preparation,

and may enter into contracts for assistance in monitoring
 and evaluating the KanWork program and in tracking job
 retention rates of applicants

; shall provide initial employability assessments, goal
 setting, identification of support service needs and
 development of timelines for completion of activities;
 and shall establish and enter into with such participants
 written contracts of participant self-sufficiency

KanWork program

and provision

Services

(c) KanWork participants may bring grievances and appeal
 decisions of the secretary under the KanWork program in
 accordance with grievance and appeal procedures established
 by the secretary by rules and regulations.

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0119 training and education component includes, but is not limited to,
0120 the following:

0121 (1) Unsupervised job search, in which the participant indi-
0122 vidually seeks work and makes periodic progress reports to the
0123 secretary or an agency contracting with the secretary.

0124 (2) Supervised job search which includes, but is not limited
0125 to, access to telephones to contact prospective employers, job
0126 orders, direct referrals to employers, or other organized methods
0127 of seeking work which are overseen, reviewed and critiqued by
0128 the secretary or an agent of the secretary. The amount and type of
0129 activity required during this supervised job search period shall
0130 be determined by the secretary and the participant, based on the
0131 participant's employment history and need for supportive ser-
0132 vices and shall be consistent with rules and regulations adopted
0133 by the secretary.

0134 (3) Job club workshops, including group or individual train-
0135 ing sessions, where participants learn various job finding and job
0136 retention skills. Workshops shall be conducted by persons
0137 trained in employment counseling. The skills taught in job clubs
0138 shall include preparation of an application, writing a resume,
0139 interviewing techniques, understanding employer requirements
0140 and expectations, telephone canvassing for job leads, proper
0141 dress and conduct on the job and ways to enhance self-esteem,
0142 self-image and confidence.

0143 (4) Job referral and placement services.

0144 (5) Employment counseling to assist persons to reach in-
0145 formed decisions on appropriate employment goals.

0146 (c) The training and education element of the job prepara-
0147 tion, training and education component includes, but is not
0148 limited to, the following:

0149 (1) Job training which includes, but is not limited to, training
0150 in industry-specific job skills in a classroom or onsite setting,
0151 including training provided by private industry, universities,
0152 community colleges and school districts.

0153 (2) Community work experience for a public or nonprofit
0154 agency that provides the participant the opportunity to develop
0155 basic work skills, practice and improve existing skills and ac-

[, state and local agencies

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0156 quire on-the-job experience established in accordance with the
0157 provisions of subsection (g) of K.S.A. 39-708c and amendments
0158 thereto or subsection (d)(B)(3) of K.S.A. 39-709 and amendments
0159 thereto, or both such sections. (3) Work experience through a
0160 grant diversion program which the secretary is hereby autho-
0161 rized to implement in which an employer receives a wage
0162 subsidy from money diverted in accordance with law from public
0163 assistance grants. Grant diversion shall be implemented through
0164 a contract entered into by the secretary and the employer.

0165 (4) Remedial education, which shall include adult basic ed-
0166 ucation, high school completion and general equivalency di-
0167 ploma instruction.

0168 (5) College and community college education, when that
0169 education provides sufficient employment skills training which
0170 can be expected to lead to employment based on a labor market
0171 needs assessment.

0172 (6) Vocational training in a community college, vocational
0173 technical school or local school district program which can be
0174 expected to lead to employment based upon a labor market
0175 needs assessment.

0176 (7) English language instruction for non-English speaking
0177 participants.

0178 (8) Other programs that may be made available through fed-
0179 eral legislation authorizing employment and training programs
0180 for public assistance recipients.

0181 (d) Workers assigned to state agencies under the KanWork
0182 program may participate in classified civil service examinations
0183 equivalent to the position occupied, as well as any other civil
0184 service examination for which the participant is qualified, and
0185 experience in the position occupied by the participant shall be
0186 included in determining whether the participant meets the ex-
0187 perience requirements for the particular position under the
0188 Kansas civil service act.

0189 (e) The secretary may enter into performance-based contracts
0190 with community service providers for job development and
0191 service provision.

0192 New Sec. 6. (a) Within the limits of appropriations therefor

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0193 and to the extent allowed under any applicable federal law or
 0194 rule and regulation adopted pursuant thereto, the secretary shall
 0195 provide the support service component of the KanWork program
 0196 to facilitate public assistance recipient participation and move-
 0197 ment toward self-sufficiency.

0198 (b) Support services shall include, but not be limited to, the
 0199 following:

0200 (1) Child care. Child care services shall be provided to every
 0201 participant in the KanWork program who is in need of such
 0202 services through reimbursement of private child care providers
 0203 or through state child care centers licensed under K.S.A. 75-
 0204 3307b and amendments thereto. Reimbursement to private child
 0205 care providers shall not exceed the fee charged to private clients
 0206 for the same service and may be lower than such fee if the private
 0207 child care provider agrees to charge a lower fee.

0208 (2) Transportation assistance. Transportation expenses in a
 0209 monthly amount to be established by the secretary by rules and
 0210 regulations shall be paid to a participant who needs such assist-
 0211 ance in order to participate in the KanWork program.

0212 (3) Family mentor program in which volunteers work di-
 0213 rectly with participants on home management, budgeting, nutri-
 0214 tion, hygiene, child care, family planning and other home-
 0215 related needs which affect self-sufficiency.

0216 New Sec. 7. (a) Within the limits of appropriations therefor
 0217 and to the extent allowed under any applicable federal law or
 0218 rule and regulation adopted pursuant thereto, the secretary shall
 0219 provide the transitional service component of the KanWork pro-
 0220 gram to facilitate public assistance recipient movement toward
 0221 self-sufficiency and employment retention.

0222 (b) Transitional services shall include, but not be limited to,
 0223 the following:

0224 (1) Child care. Extended child care services shall be pro-
 0225 vided for a maximum of six months after a participant becomes
 0226 employed and is no longer eligible for child care services under
 0227 subsection (b) of section 6 and amendments thereto if such
 0228 services are needed to assist in employment retention. The
 0229 participant receiving such services shall contribute to the pay-

Except as otherwise provided in this subsection (b) (1),
 extended

The secretary may adopt rules and regulations to extend
 child care services beyond such six-month period if such
 extension is consistent with the purposes of the KanWork
 program.

0230 ment for such services through a sliding fee scale based upon
 0231 ability to pay established by rules and regulations of the secre-
 0232 tary.

0233 (2) Medical care. Extended medical care services shall be
 0234 provided for 12 months after a participant becomes employed not to exceed
 0235 and is no longer eligible for cash assistance unless the partici-
 0236 pant is otherwise covered by health benefits. The participant
 0237 covered for such services shall contribute to the payment of the
 0238 cost for such coverage through a fee as Follows: No fee for the
 0239 first four months of coverage, $\frac{1}{3}$ of the cost of such coverage
 0240 during the next four months and $\frac{2}{3}$ of the cost of such coverage
 0241 during the last four months of such twelve-month period. The
 0242 cost of such coverage shall be established annually by the secre- as
 0243 tary by rules and regulations. The secretary shall seek a waiver
 0244 from the federal department of health and human services to
 0245 allow federal matching funds for extended medical care service
 0246 coverage beyond that currently allowed by federal law.

0247 (3) Transportation assistance. Transportation expenses in the
 0248 monthly amount established by the secretary under subsection
 0249 (b) of section 6 and amendments thereto may be continued for six
 0250 months after a participant becomes employed and is no longer
 0251 eligible for transportation expenses under subsection (b) of sec-
 0252 tion 6 and amendments thereto if such transportation expenses
 0253 are needed to assist in employment retention. The amount of
 0254 such transportation expenses under this subsection (b)(3) may be
 0255 reduced in accordance with rules and regulations of the secre-
 0256 tary.

0 (4) Special needs allowances. The secretary may provide
 0258 participants special one-time allowances for clothing or uniform
 0259 requirements, car repairs, special tools, books or other special
 0260 need costs which are barriers to employment and which are not
 0261 otherwise covered at the time when the participant becomes
 0262 employed.

0263 New Sec. 8. (a) There is hereby created the KanWork in-
 0264 teragency coordinating committee which shall consist of the
 0265 following members: (1) No more than 10 members appointed by
 0266 the governor; (2) the secretary of social and rehabilitation ser-

(c) Nothing in the KanWork act shall be construed to preclude
 a participant transitioning from the KanWork program toward
 self-sufficiency and employment retention from utilizing
 existing state or federal assistance programs.

0267 vices; (3) the secretary of human resources; (4) the secretary of
0268 administration or the secretary's designee; (5) the secretary of and
0269 commerce or the secretary's designee; and (6) the chairperson of
0270 the state board of education or the chairperson's designee. Indi-

0271 viduals appointed to the committee by the governor shall in-
0272 clude: A representative of the Kansas league of municipalities; a

0273 representative of the Kansas association of counties; a repre- a representative of a local school district
0274 sentative of the financial community; a representative of the

0275 business community; a representative of organized labor; a rep-
0276 resentative of the child support enforcement program of the
0277 judicial branch; and a social services advocacy representative.

0278 (b) The members of the committee appointed by the gover-
0279 nor shall be appointed for two-year terms and until their succes-
0280 sors are appointed and qualified. Upon the vacancy of a position
0281 on the committee, the person appointing the member whose
0282 position is vacant, or the successor to the position of the person
0283 appointing such member, shall appoint a person to fill such
0284 vacancy.

0285 (c) The secretary of social and rehabilitation services shall
0286 serve as chairperson of the committee. The committee shall meet
0287 on the call of the chairperson. A majority of all the members of
0288 the committee shall constitute a quorum.

0289 (d) The committee shall provide oversight of the KanWork
0290 program to insure cooperation at all levels of government, to
0291 avoid duplication among agencies and programs, insure cooper-
0292 ation and smooth implementation of the program, encourage
0293 involvement by the public, private and nonprofit sectors in the
0294 state and provide ongoing planning for the program. In addition,
0295 the committee shall review periodically the use of funds under
0296 the federal job training and partnership act and other federal
0297 funds available for any similar programs.

and may issue reports as necessary

0298 (e) The secretary of social and rehabilitation services shall
0299 provide staff assistance and clerical services to the committee.
0300 Other state agencies shall cooperate with the committee by
0301 providing information and other assistance as may be helpful to
0302 the committee in carrying out its duties under this section.

0303 (f) The members of the committee who are not state officers

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0304 or employees and who are attending meetings of such commit-
0305 tee, or attending a subcommittee meeting thereof authorized by
0306 such committee, shall be paid amounts provided in subsection
0307 (e) of K.S.A. 75-3223 and amendments thereto. Amounts paid
0308 under this subsection (f) shall be from appropriations to the
0309 department of social and rehabilitation services upon warrants of
0310 the director of accounts and reports issued pursuant to vouchers
0311 approved by the secretary of social and rehabilitation services or
0312 a person designated by the secretary.

0313 Sec. 9. K.S.A. 65-503 is hereby amended to read as follows:
0314 65-503. (a) "Boarding home for children," as used in this act,
0315 means:

0316 (1) A place maintained by a person who has control or cus-
0317 tody of one or more children under 16 years of age unattended by
0318 parent or guardian for the purpose of providing the children with
0319 food or lodging, or both, except children related to the person by
0320 blood, marriage or legal adoption;

0321 (2) a children's home, orphanage or any day nursery or other
0322 institution of a type determined by the secretary to require
0323 regulation under the provisions of this act;

0324 (3) an association, organization or individual engaged in re-
0325 ceiving, caring for or finding homes for children under 16 years
0326 of age who are orphans, children in need of care, deprived
0327 children or children who need day care, or a place maintained by
0328 such association, organization or individual for the purpose of
0329 caring for children under 16 years of age; or

0330 (4) any receiving or detention home for children under 16
0331 years of age provided or maintained by, or receiving aid from any
0332 city or county or the state.

0333 (b) "Boarding home for children" shall not include a family
0334 day care home defined in K.S.A. 65-517 and amendments thereto
0335 or state child care center licensed under K.S.A. 75-3307b and
0336 amendments thereto.

0337 Sec. 10. K.S.A. 65-517 is hereby amended to read as follows:
0338 65-517. (a) "Family day care home" means a place maintained for
0339 the purpose of providing children with food or lodging, or both,
0340 away from such children's home or homes, for less than twenty-

0341 four hours a day, if:

0342 (1) Not more than six of the children cared for at such place
0343 are less than sixteen years of age; and

0344 (2) not more than three of the children cared for at such place
0345 are less than ~~eighteen~~ 18 months of age.

0346 (b) Any children of a person maintaining a place referred to
0347 in subsection (a) shall count toward the limitations of subsection
0348 (a) if such children are cared for at such place.

0349 (c) A person shall not be considered to be maintaining a
0350 family day care home as defined in subsection (a), if only chil-
0351 dren who are related by blood, marriage or legal adoption to such
0352 person are cared for.

0353 (d) *The term "family day care home" shall not include a*
0354 *state child care center licensed under K.S.A. 75-3307b and*
0355 *amendments thereto.*

0356 Sec. 11. K.S.A. 1987 Stupp. 75-3307b is hereby amended to
0357 read as follows: 75-3307b. (a) The enforcement of the laws
0358 relating to the hospitalization of mentally ill persons of this state
0359 in a psychiatric hospital and the diagnosis, care, training or
0360 treatment of persons in community mental health centers or
0361 facilities for the mentally ill, mentally retarded or other handi-
0362 capped persons *and the operation of state child care centers is*
0363 *entrusted to the secretary of social and rehabilitation services.*
0364 The secretary may adopt rules and regulations on the following
0365 matters, so far as the same are not inconsistent with any laws of
0366 this state:

0367 (1) The licensing, certification or accrediting of private hos-
0368 pitals as suitable for the detention, care or treatment of mentally
0369 ill persons, and the withdrawal of licenses granted for causes
0370 shown;

0371 (2) the forms to be observed relating to the hospitalization,
0372 admission, transfer, custody and discharge of patients;

0373 (3) the visitation and inspection of psychiatric hospitals and
0374 of all persons detained therein;

0375 (4) the setting of standards, the inspection and the licensing
0376 of all community mental health centers which receive or have
0377 received any state or federal funds, and the withdrawal of it

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0378 licenses granted for causes shown;

0379 (5) the setting of standards, the inspection and licensing of all
0380 facilities for the mentally ill, mentally retarded or other handi-
0381 capped persons receiving assistance through the department of
0382 social and rehabilitation services which receive or have received
0383 after June 30, 1967, any state or federal funds, or facilities where
0384 mentally ill, mentally retarded or other handicapped persons
0385 reside who require supervision or require limited assistance
0386 with the taking of medication, and the withdrawal of licenses
0387 granted for causes shown. The secretary may adopt rules and
0388 regulations that allow the facility to assist a resident with the
0389 taking of medication when the medication is in a labeled con-
0390 tainer dispensed by a pharmacist. No license for a residential
0391 facility for eight or more persons may be issued under this
0392 paragraph unless the secretary of health and environment has
0393 approved the facility as meeting the licensing standards for a
0394 lodging establishment under the food service and lodging act;
0395 (6) *the setting of standards, the inspection and licensing of*
0396 *all state child care centers and the withdrawal of licenses*
0397 *granted for causes shown. A state child care center is a center*
0398 *which provides care to one or more children under 16 years of*
0399 *age unattended by parent or guardian for the purpose of pro-*
0400 *viding those children with care for less than 24 hours a day and*
0401 *which is operated by the secretary of social and rehabilitation*
0402 *services or is operated by a nonprofit organization pursuant to a*
0403 *contract with the secretary of social and rehabilitation services.*
0404 *A state child care center may provide child care services only for*
0405 *the children of KanWork participants or for the children of*
0406 *officers and employees of the state of Kansas, or both. The*
0407 *secretary by rules and regulations shall establish a sliding fee*
0408 *scale for such child care services based upon ability to pay. The*
0409 *standards established by the secretary shall provide for staffing*
0410 *ratios of not less than that required for the licensure of a*
0411 *boarding home for children under K.S.A. 65-501 et seq., and*
0412 *amendments thereto, which serves a similar number of children*
0413 *as the state child care center. The provisions of K.S.A. 65-516*
0414 *and amendments thereto which relate to boarding homes for*

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0415 ~~children and family day care homes are hereby made applicable~~
0416 ~~to state child care centers;~~

0417 ~~(6) (7) reports and information to be furnished to the secre-~~
0418 ~~tary by the superintendents or other executive officers of all~~
0419 ~~psychiatric hospitals, community mental health centers or facili-~~
0420 ~~ties for the mentally retarded and facilities serving other handi-~~
0421 ~~capped persons receiving assistance through the department of~~
0422 ~~social and rehabilitation services and state child care centers.~~

0423 ~~(b) An entity holding a license as a community mental health~~
0424 ~~center under paragraph (4) of subsection (a) on the day immedi-~~
0425 ~~ately preceding the effective date of this act, but which does not~~
0426 ~~meet the definition of a community mental health center set forth~~
0427 ~~this act, shall continue to be licensed as a community mental~~
0428 ~~health center as long as the entity remains affiliated with a~~
0429 ~~licensed community mental health center and continues to meet~~
0430 ~~the licensing standards established by the secretary.~~

0431 ~~Sec. 12. K.S.A. 65-503 and 65-517 and K.S.A. 1987 Supp.~~
0432 ~~75-3307b are hereby repealed.~~

0433 Sec. 13. This act shall take effect and be in force from and
0434 after its publication in the statute book.

Sec. 9. See attached
10

Sec. 9. (a) The secretary of social and rehabilitation services shall establish state child care centers and may operate such centers or enter into contracts with private providers for the operation of such centers. State child care centers shall be licensed under the provisions of K.S.A. 65-501 et seq. and amendments thereto. The secretary of social and rehabilitation services and the secretary of health and environment are hereby authorized to enter into joint agreements as may be necessary to facilitate the establishment and operation of state child care centers.

(b) A state child care center shall provide child care services for children of KanWork participants. A state child care center may provide child care services for children of state employees; children of employees of local governments and other agencies participating in the KanWork program which have entered into agreements with the secretary authorizing their employees to utilize state child care center services; and children of teenage parents who have not yet completed high school if the parent is working to complete high school or is working for a high school equivalency certificate and if the school district has entered into an agreement with the secretary that such teenage parents will be allowed to continue attending school.

(c) The secretary by rules and regulations shall establish a sliding fee scale based upon ability to pay for child care services provided by a state child care center. All persons whose children are utilizing such child care services shall pay a fee for the services based upon such sliding fee scale.

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 2796

Bill Sec. 10

Analyst: Efirid

Analysis Pg. No. 144

Budget Pg. No. 1-161

<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	\$ 49,287,842	\$ 48,134,131	\$ 887,110
Aid to Local Units	17,844,262	17,998,876	(1,054,050)
Other Assistance	<u>1,875,000</u>	<u>1,875,000</u>	--
SUBTOTAL	\$ 69,007,104	\$ 69,008,007	\$ (166,940)
Capital Improvements	<u>298,570</u>	<u>298,570</u>	--
TOTAL	<u>\$ 69,305,674</u>	<u>\$ 69,306,577</u>	<u>\$ (166,940)</u>
State General Fund:			
State Operations	\$ 24,733,167	\$ 24,616,266	\$ (112,919)
Aid to Local Units	<u>346,169</u>	<u>7,775,869</u>	--
TOTAL	<u>\$ 25,079,336</u>	<u>\$ 32,392,135</u>	<u>\$ (112,919)</u>
FTE Positions	1,529.0	1,529.0	--

Agency Request/Governor's Recommendation

The agency requests a State General Fund supplemental of \$74,027 for state operations. In addition, numerous other adjustments are made in the approved budget with expenditure limitation adjustments sought for many of the agency's funds.

The net impact of the recommendations in the Governor's Budget Report would result in an increase of \$47,106 above the approved budget from various non-State General Fund sources and a reduction of 3.0 FTE positions from the approved level. In addition, the Governor recommends that \$7,429,700 budgeted as a transfer from the State General Fund to the County Reappraisal Fund be expended from the State General Fund as state aid.

House Subcommittee Recommendations

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

1. Appropriate the State Gaming Revenue Fund to the Treasurer's Office and provide for the transfer of the amounts approved by the 1987 Legislature to be distributed among the funds identified in KSA 1987 Supp. 79-4801 et. seq. In the case of the County Reappraisal Fund, a authorization for a transfer of at least \$1,970,300 should be included in the Department of Revenue's supplemental appropriation bill for transfer in the fourth quarter of this fiscal year.

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2. Reduce the capital outlay expenditures from \$429,393 to \$344,134, the amount approved by the 1987 Legislature, less \$1,682 of State General Fund savings in reappraisal financing. Other reductions are \$41,237 from the State General Fund and \$44,021 from the DOV Operating Fund.
3. Reduce contractual services expenditures by \$40,000 from the State General Fund in the Division of Collections.
4. Express concern about the higher than expected increases in expenditures due to implementation of the Vehicle Information Processing System (VIPS), especially in regard to data processing services from the Division of Information Systems and Computing (DISC). The agency indicated that a recent projection for the current fiscal year estimates \$300,000 of additional expenses associated with VIPS data processing charges might be incurred if present trends continue. The Subcommittee takes no action, pending DISC evaluation of the situation and recommendations to be considered during Omnibus.
5. Shift \$1,054,050 from state aid to capital outlay -- state operations, an amount equal to one-third of the financing recommended for reimbursement to counties for VIPS equipment. Since the agency is acquiring computer equipment for some counties and retaining title, the expense should not be considered state aid to local units.
6. Add a provision that financing from the Reimbursement to Counties for VIPS account may be used as capital outlay for acquiring computer equipment and software.
7. Reduce \$10,000 from the DOV Operating Fund for temporary salaries budgeted in Personnel Services.
8. Reduce \$20,000 from the State General Fund for travel and subsistence in the Audit Services Bureau.
9. Concur with the agency's desire to raise the pay from \$3.35 to \$4.22 and \$4.65 per hour for seasonal workers who are employed during income tax filing season. The Subcommittee believes that the agency has sufficient financial resources to pay the higher rates without a supplemental appropriation estimated by the agency at \$30,000 from the State General Fund.
10. Reduce \$50,000 from the State General Fund for travel and subsistence of the Alcohol Beverage Control Division.



Representative David Miller, Chairman



Representative George Teagarden

Representative Bob Vancrum

2796-565

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 2721

Bill Sec. 3

Analyst: Efirid

Analysis Pg. No. 144

Budget Pg. No. 1-161

<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	\$ 56,130,197	\$ 48,908,495	\$ 270,301
Aid to Local Units	22,641,856	22,438,813	(902,007)
Other Assistance	<u>2,500,000</u>	<u>2,500,000</u>	--
SUBTOTAL	\$ 81,272,053	\$ 73,847,308	\$ (631,706)
Capital Improvements	191,869	--	--
TOTAL	<u>\$ 81,463,922</u>	<u>\$ 73,847,308</u>	<u>\$ (631,706)</u>
State General Fund:			
State Operations	\$ 29,102,459	\$ 26,165,451	\$ (449,863)
Aid to Local Units	--	<u>7,000,000</u>	<u>(7,000,000)</u>
TOTAL	<u>\$ 29,102,459</u>	<u>\$ 33,165,451</u>	<u>\$ (7,449,863)</u>
FTE Positions	1,355.0	1,355.0	(34.0)

Agency Estimate/Governor's Recommendation

The agency proposes establishment of a Division of Collections to improve its ability to collect delinquent taxes. Continued financing of statewide reappraisal is requested, including \$15,000,000 to partially reimburse counties. Data processing and related charges are increased as VIPS will be implemented in all Kansas counties.

The Governor's recommendations continue current levels of service, including implementation of VIPS and statewide reappraisal. Establishment of a Division of Collections is provided in the budget. The Motor Carrier Inspection (MCI) enforcement activities are transferred to the Highway Patrol's budget. House Subcommittee Recommendations The Subcommittee concurs with the Governor's recommendations except for the following:

1. Recommend introduction of legislation which would enable the Secretary of Revenue to negotiate and to contract with a vendor to provide an automated collection system (ACS) to enhance the collection of delinquent taxes, with reimbursement to the vendor based on paying a percentage of the difference between current collections of delinquent accounts and collections realized through the automated system.
2. Recommend introduction of legislation to collect unclaimed mineral royalty payments currently held by oil and gas companies and to place those funds in a state trust fund, with interest accruing to the State General Fund. Oklahoma adopted a similar procedure in 1985.

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3. Delete the State General Fund appropriation of \$7,000,000 for reappraisal state aid and introduce legislation to allow up to \$7,000,000 to be borrowed from the Pooled Money Investment Board, to be repaid with funds in FY 1990 from the State Gaming Revenue Fund by extending for one year the current provision that 30 percent of the State Gaming Revenue Fund receipts be transferred to the County Reappraisal Fund to be used for reimbursing reappraisal expenses.
4. Appropriate the State Gaming Revenue Fund to the Treasurer's Office In addition, increase the expenditure limitation to \$15,000,000 in FY 1989 for the County Reappraisal Fund, which would shift \$7,000,000 of FY 1989 expenditures from the State General Fund to other funding sources.
5. Delete 20.0 FTE positions from the agency's recommended limitation of 1,355.0. No reduction in financing is recommended since the Subcommittee feels that the salary turnover rate is excessive. The agency averaged 79 vacant positions the first four months of this fiscal year and reported 72 vacant positions as of February 15, 1988.
6. Reduce \$42,228 from the State General Fund for reclassifications. The Subcommittee has reviewed the Governor's recommended reclassifications and chooses not to recommend funding for these positions.
7. Reduce contractual services expenditures by \$20,137 from the State General Fund in the Division of Collections.
8. Concern is expressed about the increases in expenditures due to VIPS implementation, especially in regard to data processing fees charged by the Division of Information Systems and Computing (DISC). Note a letter from the Director of DISC discussing the situation, but which was received too late for any consideration. Recommend that the Senate Subcommittee review this letter.
9. Shift from the state aid to capital outlay--state operations one-third of the financing or \$902,007 from the DOV Operating Fund originally appropriated for reimbursement to counties for VIPS equipment. The agency is purchasing computer equipment for some counties and retaining title rather than reimbursing counties for previous purchases of computer equipment.
10. Add a proviso that financing from the Reimbursement to Counties for VIPS account may be used as capital outlay for acquiring computer equipment and software.
11. Delete 7.0 FTE data entry positions due to implementation of VIPS. Savings are estimated at \$124,511 from the DOV Operating Fund.
12. Delete 7.0 FTE data processing programmer and systems analyst positions which are scheduled to work on sales tax. The


Subcommittee believes that the inability of the agency to implement successfully the Kansas Integrated Business Tax System (K-BITS) does not provide a justification to make another attempt to correct past failures. Savings are estimated at \$250,000 from the State General Fund.

13. Add \$165,000 to the State General Fund--Reappraisal account in order to finance 10 intermittent staff to assist during the hearing and appeals process anticipated with statewide reappraisal in 1989. Funding of \$123,147 is allocated for salaries and wages while \$41,853 is made available for other operating expenses, including travel. No new FTE positions are recommended.
14. Reduce \$100,000 from the State General Fund associated with membership in the Multi-State Tax Commission. The Subcommittee notes that the funding was included only in the "C" level budget.
15. Reduce \$69,678 from the State General Fund for rent of ABC office space. Information was requested regarding the anticipated Division of Alcohol Beverage Control relocation to the Docking State Office Building but the agency failed to provide an update in a timely manner.
16. Reduce \$10,000 from the DOV Operating Fund for temporary salaries budgeted in Personnel Services.
17. Reduce \$10,000 from the State General Fund for professional fees in the Legal Services Bureau.
18. Reduce \$40,000 from the State General Fund in the Planning and Research Bureau to reflect salary savings which will be realized by needing fewer staff next year due to the acquisition of new personal computing equipment this fiscal year. The Subcommittee notes that the new computers and other related new equipment were purchased with \$40,000 added last Session in the Omnibus bill for ABC to buy new personal computers. Instead, ABC was given a used AT&T minicomputer, terminals and other equipment previously used in the Planning and Research Bureau.
19. Reduce \$2,640 from the State General Fund and \$2,566 from the DOV Operating Fund for reclassifying two secretarial positions to higher paid classifications in the Planning and Research Bureau.
20. Reduce \$20,000 from the State General Fund for travel and subsistence in the Audit Services Bureau.
21. Reduce \$60,180 from the State General Fund for travel and subsistence of the Alcohol Beverage Control Division.
22. Note the Governor's recommended transfer to the Highway Patrol of the Motor Carrier Inspection (MCI) enforcement activities, 174.0 FTE positions, and financing from the State Highway Fund.

23. Reduce \$37,743 for salaries and wages, \$7,023 for other operating costs from the DOV Operating Fund, and 2.0 FTE positions from MCI which were suppose to be transferred to the Highway Patrol but were left in the Division of Vehicle's budget by mistake.
24. Note a reduction of \$4,390 from the DOV Operating Fund expenditures to correct a miscalculation in health insurance costs only for technical adjustment in the Governor's recommended budget.



Representative David Miller,
Chairman



Representative George Teagarden

Representative Bob Vancrum

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 2796

Bill Sec. 6

Analyst: Efird

Analysis Pg. No. 162

Budget Pg. No. 1-147

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
Lottery Operating Fund:			
State Operations	\$ 15,232,754	\$ 16,555,093	\$ (483,880)
Lottery Prize Claims	<u>8,966,053</u>	<u>10,864,000</u>	<u>--</u>
TOTAL	<u>\$ 24,198,807</u>	<u>\$ 27,419,093</u>	<u>\$ (483,880)</u>
FTE Positions	110.0	109.0	--

Agency Request/Governor's Recommendations

The agency's revised estimate for the current fiscal year includes a reduction of \$423,547 in approved expenditures for state operations and adds \$8,966,053 in lottery prize claim payments which were not addressed by the 1987 Legislature in its review of the Kansas Lottery budget.

For FY 1988, the Governor recommends state operations expenditures which are \$1,322,339 higher than the agency's September 1987 estimate. Also included in the Governor's FY 1988 recommendation is \$10,864,000 of estimated state paid lottery prize claims, an increase of \$1,897,947 above the agency's September 1987 estimate. The increases in state operations and prize claim expenditures are attributable to inclusion of a multistate lottery game in the estimates. The Governor's FY 1988 recommendations are \$898,792 higher than the budget approved for state operations and add \$10,864,000 for the payment of prizes.

House Subcommittee Recommendations

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

1. Reduce estimated expenditures for salaries and wages by \$483,880 due to higher than budgeted salary turnover savings due to a slower than expected hiring of personnel. No adjustment is recommended in the salary and wage limitation, but the reduction will offset the Governor's recommended \$898,792 increase in the Lottery Operating Fund expenditure limitation for state operations.
2. Recommend that all unclassified staff be given a net salary increase equal to that of the December 18, 1987, pay increase awarded to classified staff. The Subcommittee feels that all employees should be treated the same with regard to pay cost-of-living raises and that such pay adjustment should be granted to

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unclassified staff. The Subcommittee learned that a few unclassified staff did receive a pay increase effective December 18, 1987, but most unclassified staff received no salary adjustments at that time.



Representative David Miller, Chairman



Representative George Teagarden

Representative Robert Vancurm

2796-450

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 2721

Bill Sec. 4

Analyst: Efird

Analysis Pg. No. 162

Budget Pg. No. 1-147

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
Lottery Operating Fund:			
State Operations	\$ 16,352,818	\$ 15,646,716	\$ --
Lottery Prize Claims	<u>15,664,917</u>	<u>16,040,000</u>	<u>--</u>
TOTAL	<u>\$ 32,017,735</u>	<u>\$ 31,686,716</u>	<u>\$ --</u>
 FTE Positions	 110.0	 121.0	 (4.0)

Agency Request/Governor's Recommendation

Expenditures of \$32,017,735 and staffing of 110.0 FTE are requested for the Kansas Lottery. The agency requests state operations expenditures of \$16,352,818. Also included in the request is \$15,664,917 for lottery prize claims to be paid by the agency.

The Governor's recommended expenditures in FY 1989 include a reduction of \$706,102 in state operations and an increase of \$375,083 in state paid lottery prize claim payments. Additional staffing is recommended to provide 121.0 FTE positions in FY 1989, an increase of 12.0 FTE positions over this fiscal year. Some capital outlay expenditures were accelerated to FY 1988 for acquiring data processing equipment.

House Subcommittee Recommendations

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

1. Reduce recommended new FTE positions by 4.0 and provide a total of 8.0 FTE new positions, four sales representatives and four vault personnel to handle tickets at regional offices. No reduction is recommended for salaries and wages since the Subcommittee believes that four special projects positions should be utilized for the remaining sales positions recommended by the Governor and that after one year's experience it can be determined if the positions should be made permanent.
2. Instruct the Director of Accounts and Reports to transfer on July 1, 1988, all receipts in the Lottery Operating Fund, less \$2,500,000 for a beginning fund balance in FY 1989, and to deposit the transfer in the County Reappraisal Fund for paying part of the costs of reappraisal in FY 1989.

HA
2-29-88
Attachment 6

Lottery Operating Fund Analysis

	<u>Estimated FY 1988</u>	<u>Estimated FY 1989</u>
Beginning Balance	\$ 116,450***	\$ 3,314,120
Receipts:		
Gross Sales	\$ 61,232,000	\$ 84,000,000
Other Sources	231,000	75,800
Transfers	<u>2,100,000</u>	<u>0</u>
Subtotal--Receipts	<u>\$ 63,563,000</u>	<u>\$ 84,075,800</u>
TOTAL RESOURCES AVAILABLE	<u>\$ 63,679,450</u>	<u>\$ 87,389,920</u>
Less Expenditures:		
State Operations	\$ 16,071,213***	\$ 15,646,716
State Paid Prizes	<u>10,864,000</u>	<u>16,040,000</u>
Subtotal--Operating Expenditures	<u>\$ 26,935,213</u>	<u>\$ 31,686,716</u>
Retailer Paid Prizes	\$ 18,305,600	\$ 21,760,000
Retailer Commissions	<u>3,600,000</u>	<u>4,200,000</u>
Subtotal--Nonreportable Expenses	<u>\$ 21,905,600</u>	<u>\$ 25,960,000</u>
TOTAL EXPENDITURES	<u>\$ 48,840,813</u>	<u>\$ 57,646,716</u>
RESOURCES REMAINING	<u>\$ 14,838,637</u>	<u>\$ 29,743,204</u>
Less Transfers:		
To State General Fund	\$ 3,024,517	\$ 0
To Gaming Revenues Fund	8,500,000	25,200,000
To County Reappraisal Fund	<u>0</u>	<u>814,120***</u>
Subtotal--Transfers	<u>\$ 11,524,517</u>	<u>\$ 26,014,120</u>
TOTAL DEMANDS	<u>\$ 60,365,330</u>	<u>\$ 83,660,836</u>
Ending Balance	<u>\$ 3,314,120</u>	<u>\$ 3,729,084</u>

David Miller

Representative David Miller, Chairman

George Teagarden

Representative George Teagarden

Representative Robert Vancrum

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