

Approved 3-28-88
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Rochelle Chronister at
vice- Chairperson

12:15 ~~am~~/p.m. on March 9, 1988 in room 514-S of the Capitol.

All members were present except:

Representatives Buntten, Heinemann, and Lowther (all excused)

Committee staff present: Diane Duffy, Legislative Research
Ellen Piekalkiewicz, Legislative Research
Alan Conroy, Legislative Research
Jim Wilson, Revisor of Statutes
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Representative R. H. Miller
Secretary Ed Flentje, Department of Administration
Representative Kathleen Sebelius
Jerel Wright, Kansas Credit Union League
Charles Dodson, Kansas Association of Public Employees
Jerry Sloan, Office of Judicial Administrator
State Treasurer Joan Finney

Others attending: See attached list.

Chairman Chronister announced that SRS has requested introduction of a bill that increases the imprest fund limit in each area office from \$400,000 to \$500,000 to facilitate the turnaround on payment of child care (Attachment 1). Representative Teagarden moved introduction of the bill. Seconded by Representative Williams. Motion carried.

HB 2850 - An Act concerning compensation and benefits for state officers and employees; relating to cafeteria plans therefor; authorizing a dependent care assistance program; prescribing guidelines and duties with respect thereto; amending K.S.A. 1987 Supp. 75-6512 and repealing the existing section.

Representative R. H. Miller explained that HB 2850 was passed from the House Pensions and Investments Committee with no opposition. The bill directs the Department of Administration to add to the "cafeteria" plan of benefits a child care component. The state employee could voluntarily have their pay reduced and present vouchers for payment by the state for child care up to a maximum of \$200 per pay period. Advantage to the employee is that the money is tax free. Advantage to the state is that the state will not have to pay social security on the reduction in pay.

Secretary Ed Flentje, Department of Administration, testified the Administration supports HB 2850. He stated there will be a fiscal note on this bill as there will be some costs in administering it; however, the costs of administering the bill will most likely be more than offset by reduced FICA payments for the state. Secretary Flentje requested an amendment to HB 2850 that sets up a mechanism for capturing the reduced FICA payments for the cost of administration (Attachment 2). Representatives R. H. Miller and Sebelius, the sponsors of HB 2850, are favorable to the amendment. Representative Williams moved adoption of the amendment. Seconded by Representative Dyck. Motion carried. Representative Shriver moved that HB 2850 be amended as recommended by the Committee on Pension, Investments and Benefits and that HB 2850, as amended, be recommended favorably for passage. Seconded by Representative Goossen. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 12:15 ~~am~~/p.m. on March 9, 1988

HCR 5044 - A Concurrent Resolution concerning state employees' sick leave; requesting the modification of K.A.R. 1987 Supp. 1-9-5.

Representative Kathleen Sebelius explained that current law allows an employee 40 hours of sick leave to care for sick relatives. This resolution would delete the 40-hour limitation and would allow employees to use all their sick leave for sick relative care.

Secretary Flentje stated the Administration supports this resolution. Representative Teagarden moved HCR 5044 be recommended favorably for adoption. Seconded by Representative Williams. Motion carried.

HB 2900 - An Act relating to the payment of state salaries, wages and other benefits; allowing the direct deposit thereof; amending K.S.A. 74-4921 and repealing the existing section; also repealing K.S.A. 75-3733.

Representative David Miller explained that HB 2900 was introduced at the request of several employees in his district, as well as individuals who are receiving KPERS retirees' benefits. The bill directs that the state will set up a mechanism for direct deposit of individuals' checks.

Secretary Ed Flentje, Department of Administration, stated his support of the concept of direct deposit. Representative Williams advised that the fiscal note on this bill indicated the loss in investment income would be \$116,039. DISC estimates one-time data processing costs of \$51,340 for implementation.

Jerel Wright, Kansas Credit Union League, testified in support of HB 2900.

Charles Dodson, Kansas Association of Public Employees, appeared in support of HB 2900. He noted the importance of some employees receiving their checks on time and feels this option would benefit that group of employees.

Jerry Sloan, Office of Judicial Administrator, testified in support of HB 2900. The judiciary sends out 1,800 paychecks every month to 105 counties. He believes direct deposit provided in this bill would be used.

State Treasurer Joan Finney appeared in opposition to HB 2900 and submitted written testimony (Attachment 3). She stated the warrent issuance of payroll is earning the State General Fund an average of \$30,000 interest income on float each month--\$360,000 annually.

Representative Miller moved that HB 2900 be amended as recommended by the Committee on Pension, Investments and Benefits and the bill be recommended favorably for passage as amended. Seconded by Representative Guldner. Representative Solbach offered a substitute motion to table HB 2900. Seconded by Representative Hoy. Representative Solbach stated consideration of this bill should be tabled until questions on the fiscal note have been resolved. Representative Miller noted that most of the costs associated with this bill are in the area of "float" and this is not a fair justification for delaying payment of wages. On Representative Solbach's motion to table, motion failed. On Representative Miller's original motion, motion carried.

Representative Fuller requested introduction of a bill enabling four hospitals and physicians in Wichita to create a self-insurance fund. Representative Fuller moved introduction of the bill. Seconded by Representative Shriver. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 12:15 ~~am~~/p.m. on March 9, 1988

Representative Ott requested introduction of a bill proposed by the State Building Construction Committee creating a new state buildings depreciation fund authorizing expenditures for maintenance and repairs of capital complex buildings and the Governor's residence (Attachment 4). Representative Ott moved introduction of the bill. Seconded by Representative Teagarden. Motion carried.

The meeting was adjourned at 1:00 p.m.

DRAFT
3/1/88

_____ Bill No. _____

By _____

AN ACT concerning imprest funds in area offices of the department of social and rehabilitation services; amending K.S.A. 75-3061 and repealing the existing section.

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

Section 1. K.S.A. 75-3061 is hereby amended to read as follows: 75-3061. The secretary of social and rehabilitation services may establish an imprest fund in each area office, the total of such funds not to exceed ~~\$400,000~~ \$500,000.

Sec. 2. K.S.A. 75-3061 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

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Attachment 1



STATE OF KANSAS

MIKE HAYDEN, GOVERNOR

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

WINSTON BARTON, SECRETARY

DOCKING STATE OFFICE BUILDING
TOPEKA, KANSAS 66612-1570

February 8, 1988

H. Edward Flentje
Secretary of Administration
Room 263-East
Statehouse
Topeka, KS 66612

ATTENTION: Michael O'Keefe

Dear Secretary Flentje:

The Department of Social and Rehabilitation Services submits the following as additional documentation supporting our need for an increase in our imprest fund limitation from \$400,000 to \$500,000.

As you are aware, the Kansas Child Support Enforcement Program must, by federal law, provide support enforcement services to so called non-AFDC applicants who do not receive public assistance. To satisfy federal requirements for case processing, monitoring and distribution of funds, child support collected in such cases is sent to SRS from the courts. Since the state has no right to retain all or any part of the amount collected, it is imperative that the custodial parent and child receive a check from the state as soon as possible. Use of the SRS imprest fund has been the only reasonable method of expeditiously handling this transfer of funds. However, numerous problems have arisen where imprest funds have been exhausted and some of our most vulnerable citizens have had to wait a week or longer for desperately needed funds. A high level of citizen complaints have been made to the Governor's office and federal and state legislators because of such delays.

Currently, the child support enforcement program maintains approximately 20,000 non-AFDC cases. However, with a continued growth of between 1,500 to 2,000 cases per month, the demand on SRS imprest funds will double within the next year. I have every reason to anticipate phenomenal non-AFDC caseload growth because of a forthcoming public outreach effort which is required by federal law and designed to encourage application for services.

It is important to note the financial benefit the State of Kansas receives by effectively servicing large numbers of non-AFDC cases. Not only does the federal government pay for 68% of the expense in providing non-AFDC services, it

H. Edward Flentje

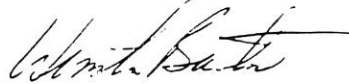
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also pays the state a 6-10% incentive on the amount collected. Consequently, the non-AFDC program returns approximately three dollars to the state for every state dollar invested. However, if we cannot quickly monitor and return collections to custodial parents and children we will rapidly lose credibility and potential state revenues.

The agency has issued over \$4,000,000.00 worth of payments through our imprest funds for the first six months of this fiscal year. These are for both emergency assistance payments and child support refunds.

Sincerely,



Winston Barton
Secretary

WB:JSD:HJH:rda

cc: Susan Duffy
Sandy Duncan
Mike Peters

75-3059 STATE DEPARTMENTS; PUBLIC OFFICERS, EMPLOYEES

History: L. 1976, ch. 413, § 2; L. 1977, ch. 294, § 3; L. 1978, ch. 348, § 1; L. 1982, ch. 352, § 1; L. 1983, ch. 284, § 5; L. 1984, ch. 316, § 1; April 26.

Source or prior law:
76-2601.

75-3059. Same; SRS, division of mental health and retardation services. The following imprest funds are hereby established for the division of mental health and retardation services of the department of social and rehabilitation services:

Kansas neurological institute	\$500.00
Larned state hospital	800.00
Osawatomie state hospital	500.00
Rainbow mental health facility	500.00
Topeka state hospital	2,000.00
Parsons state hospital and training center	500.00
Norton state hospital	800.00

History: L. 1976, ch. 413, § 3; L. 1978, ch. 348, § 2; L. 1978, ch. 349, § 7; July 1.

Source or prior law:
76-2601.

75-3060. Same; SRS, division of vocational rehabilitation services. The following imprest funds are hereby established for the division of vocational rehabilitation services of the department of social and rehabilitation services:

Vocational rehabilitation unit at K.N.I.	\$5,000.00
Vocational rehabilitation center at Salina	5,000.00
Vocational rehabilitation unit at Topeka state hospital	1,000.00
Vocational rehabilitation unit at Osawatomie state hospital	1,000.00
Vocational rehabilitation unit at Larned state hospital	1,000.00

History: L. 1976, ch. 413, § 4; July 1.

Source or prior law:
76-2601.

75-3061. Same; SRS, area offices. The secretary of social and rehabilitation services may establish an imprest fund in each area office, the total of such funds not to exceed ~~\$400,000~~ ^{\$200,000}.

History: L. 1976, ch. 413, § 5; L. 1982, ch. 353, § 1; July 1.

75-3062. Same; department of education. The following imprest fund is hereby established for the department of education:

School for the visually handicapped	\$500.00
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History: L. 1976, ch. 413, § 6; July 1.

Source or prior law:
76-2601.

75-3063. Same; department of revenue. The following imprest fund is hereby established for the department of revenue:

Director of alcoholic beverage control	\$500.00
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History: L. 1976, ch. 413, § 7; July 1.

Source or prior law:
76-2601.

75-3064. Same; department of transportation. The following imprest fund is hereby established:

Department of transportation	\$2,000.00
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History: L. 1976, ch. 413, § 8; July 1.

Source or prior law:
76-2601.

75-3065. Same; forestry, fish and game commission. The following imprest fund is hereby established:

Forestry, fish and game commission	\$500.00
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History: L. 1976, ch. 413, § 9; July 1.

Source or prior law:
76-2601.

75-3066. Same; department of economic development. The following imprest fund is hereby established:

Department of economic development	\$2,000.00
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History: L. 1976, ch. 413, § 10; July 1.

Source or prior law:
76-2601.

75-3067. Same; state treasurer imprest fund abolished. The imprest fund for the state treasurer is hereby abolished and all moneys in such fund shall be deposited in the state treasury and credited to the state general fund.

History: L. 1976, ch. 413, § 11; L. 1979, ch. 284, § 1; July 1.

Source or prior law:
76-2601.

75-3068. Same; insurance commissioner. The following imprest fund is hereby established:

Insurance commissioner	\$2,000
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History: L. 1976, ch. 413, § 12; L. 1980, ch. 267, § 1; July 1.

Source or prior law:
76-2601.

PROPOSED AMENDMENT TO H. B. NO. 2850

For Consideration by House Committee on Appropriations

Be amended as recommended by the Committee on Pensions, Investments and Benefits and the bill, as printed with amendments by House Committee, be further amended:

On page 1, following line 37, by inserting the following section to read as follows:

"Sec. 2. K.S.A. 75-6507 is hereby amended to read as follows: 75-6507. (a) The health care benefits program fund is hereby abolished and any reference to the health care benefits program fund in any statute, contract or other document shall be deemed to be a reference to the cafeteria benefits fund established by this section. There is hereby created in the state treasury the health--care--benefits--program cafeteria benefits fund. On the effective date of this act, the director of accounts and reports shall transfer all moneys in the health care benefits program fund to the cafeteria benefits fund and all liabilities of the health care benefits program fund are hereby transferred to and imposed upon the cafeteria benefits fund.

(b) The cost of the state health care benefits program, including the costs of administering the program, shall be paid from this fund. The Kansas state employees health care commission shall remit all moneys received by or for the commission pursuant to the state health care benefits program to the state treasurer. Upon receipt of such remittance the state treasurer shall deposit the entire amount thereof in the state treasury to the credit of the health-care-benefits-program cafeteria benefits fund.

(c) Each state agency shall pay into the cafeteria benefits fund amounts specified by the secretary of administration to pay for costs of administering the cafeteria plan as provided by law, including the costs of benefits provided thereunder.

(d) All expenditures from the health-care--benefits--program cafeteria benefits fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and

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reports issued pursuant to vouchers approved by: (1) The chairperson of the Kansas state employees health care commission or by a person or persons designated by the chairperson, for expenditures relating to the health care benefits program, and (2) the secretary of administration or by a person or persons designated by the secretary, for expenditures relating to administering the cafeteria plan as provided by law, including the costs of benefits provided thereunder. The director of accounts and reports shall issue warrants pursuant to vouchers approved under this section for payments from the health--care benefits-program cafeteria benefits fund notwithstanding the fact that claims for such payments were not submitted or processed for payment from money appropriated for the fiscal year in which the fund first became liable to make such payments.";

By renumbering sections 2, 3 and 4 as sections 3, 4 and 5, respectively;

On page 2, in line 73, following "K.S.A.", by inserting "75-6507 and"; also in line 73, by striking "is" and inserting "are";

In the title, in line 21, following "K.S.A.", by inserting "75-6507 and"; in line 22, by striking "section" and inserting "sections";

And the bill be passed as amended.

STATEMENT BY JOAN FINNEY, STATE TREASURER
BEFORE THE KANSAS HOUSE APPROPRIATIONS COMMITTEE
WEDNESDAY, MARCH 9, 1988

RE: House Bills 2900 and 2850

Mr. Chairman,

House Bill 2900 relates to direct deposit of the state payroll.

I wish to present the following facts for your review and use in determining the costs associated with HB 2900:

1) Warrant issuance of payroll is earning the state general fund an average of \$30,000 interest income on float each month; \$360,000 annually;

2) Bank charges for EFT transactions are 10¢ to 25¢ per item as opposed to warrant processing costs, which are 1.5¢ to 4¢ per item;

3) Additional costs will be incurred in maintaining two systems - warrant issuance and EFT.

Delays experienced back in 1985 by some Department of Transportation employees in Douglas County in receiving their payroll warrants no longer exist and have not occurred for several years, due to procedures established through cooperation among the Department of Transportation staff, the Division of Accounts and Reports and the State Treasurer's Office.

I am not convinced that state employees are clamoring for passage of this bill. On paydays it will

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still be necessary for them to go to their financial institutions to obtain spending money and to transact other financial business.

I believe this expenditure and loss of income which will result from passage of HB 2900 is unnecessary. I submit that there is an optional federal plan which, if implemented in Kansas state government, would be economically beneficial to the state and its' future citizens. I refer to the federal tax withholding provision available to working fathers and mothers who are paying for child care out of pre-tax dollars.

The implementation of this federal child care plan, under the provisions of HB 2850, would result in cost savings of 7 1/2% of social security payments on pre-tax dollars for each employee who is paying for child care and a like amount in savings for the state.

There may be other benefits that our employees would much rather have than those included in HB 2900.

I will be pleased to respond to questions.

_____ BILL NO. _____

By

AN ACT creating the state buildings and grounds fund; transferring certain moneys thereto and abolishing certain funds; amending K.S.A. 75-3765 and 75-3768 and repealing the existing sections; and also repealing K.S.A. 75-3615, 75-3617, 75-3632, 75-3637, 75-3638, 75-3646, 75-3650, 75-3653, 75-3654 and 75-3655.

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

New Section 1. (a) There is hereby created in the state treasury the state buildings and grounds fund. All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of administration or by a person designated by the secretary.

(b) On the effective date of this act, the director of accounts and reports shall transfer all moneys in the state buildings operating fund, created pursuant to K.S.A. 75-3654, the state buildings depreciation fund, created pursuant to K.S.A. 75-3655, and the building and ground fund, established pursuant to K.S.A. 75-3765, to the state buildings and grounds fund.

(c) On the effective date of this act, all liabilities of the state buildings operating fund, the state buildings depreciation fund and the building and ground fund are hereby imposed on the state buildings and grounds fund, and the state buildings operating fund, the state buildings depreciation fund and the building and ground fund are hereby abolished. Any reference to such funds abolished by this act in any statute, contract or other document shall be deemed to refer to the state buildings and grounds fund.

Sec. 2. K.S.A. 75-3765 is hereby amended to read as

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follows: 75-3765. The secretary of administration shall assign space and facilities in all state owned or operated property or buildings in Shawnee county, Kansas, except the state capitol building, Kansas state reception and diagnostic center, the Kansas neurological institute, the youth center at Topeka, the employment security administrative office building, 401 Topeka avenue, Kansas state employment service building, 1309 Topeka avenue, the Topeka state hospital, state highway shops and laboratory and property of the Kansas national guard, for the use of the various state agencies and may determine, fix and establish a system of rental charges ~~by--the--square--foot--and collect--the--same--monthly--for-space-and-facilities-occupied-by each-state-agency-whenever-any-appropriation-for-rental-for-space and-facilities-is-made-therefor, in-an-amount-not-to-exceed--the amount--appropriated. The-amounts-collected-shall-be-remitted-by the-secretary-of-administration-to-the-state--treasurer--and--the state--treasurer-shall-deposit-such-amounts-in-the-state-treasury to-the-credit-of--the--building--and--ground--fund, except--that amounts--collected--for--space-and-facilities-in-the-state-office building--located--between--Ninth,--Tenth,--Harrison--and--Topeka streets-shall-be-deposited-in-the-state-treasury-to-the-credit-of the--fund--provided--in-K.S.A.--75-3615. Notwithstanding-the-other provisions-of-this-section, charge-for-and-deposit-of-rentals-for the-buildings-and-properties-to-which-K.S.A.--75-3629-to--75-3647, and--amendments--thereto, apply-shall-be-in-compliance-with-said statutes.~~ Such charges shall be deposited in the state treasury and credited to the state buildings and grounds fund created by section 1 and amendments thereto.

Sec. 3. K.S.A. 75-3768 is hereby amended to read as follows: 75-3768. Any rents or charges for the use of any parking facilities ~~owned-by-the-state~~ under the control of the secretary of administration shall be remitted ~~by-the-secretary-of administration~~ to the state treasurer and the state treasurer shall deposit the same in the state treasury to the credit of the building state buildings and grounds fund created by K.S.A.

75-3765 section 1 and amendments thereto.

Sec. 4. K.S.A. 75-3615, 75-3617, 75-3632, 75-3637, 75-3638, 75-3646, 75-3650, 75-3653, 75-3654, 75-3655, 75-3765 and 75-3768 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.