

Approved January 20, 1988  
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA at  
Chairperson

11:15 a.m./~~p.m.~~ on January 14, 1988 in room 123-S of the Capitol.

All members were present except:

Senators Doyen and Harder who were excused

Committee staff present:

Research Department: Scott Rothe, Russ Mills, Robin Hunn

Revisor's Office: Norman Furse

Committee Staff: Judy Bromich and Pam Parker

Conferees appearing before the committee:

A motion was made by Senator Talkington and seconded by Senator Feleciano to introduce all 1988 appropriation bills submitted to the Senate requested by the Governor's Office. The motion carried by voice vote.

SB 483 - An act making and concerning appropriations for the fiscal year ending June 30, 1988, for the attorney general and attorney general -- Kansas bureau of investigation.

Mike O'Keefe, Director, Division of Budget, reviewed SB 483.

John D. Pinegar, Deputy Director, Kansas Bureau of Investigation (KBI), presented testimony. (Attachment 1) In answer to questions, Mr. Pinegar stated that the KBI, in cooperation with the Lottery Commission, performs three different levels of background investigation. The question was raised as to whether the funds to pay KBI for background investigations could come from the Gaming Revenue Fund. Mr. O'Keefe stated that it is hoped that the Lottery will be able to make enough of a transfer to meet existing commitments out of the Gaming Revenue Fund in the current year. The Chairman suggested this should be studied during subcommittee deliberations or create a FY 1987 supplemental to change the original appropriation. Mr. O'Keefe suggested that if funds are taken from the Gaming Revenue Fund, it should be done on the basis of a payback of the General Fund at the end of the year. He thought there would be some technical difficulties of changing the distribution formula.

The Chairman recommended that SB 483 be amended to provide for covering a shortage of Low Income Energy Assistance Program (LIEAP) funds which will occur due to action by the Federal Government during the last week of 1986. Staff distributed and reviewed a memorandum dated January 14, 1988 to Senator Bogina regarding the LIEAP Funding. (Attachment 2) Senator Johnston moved, Senator Gannon seconded, to amend SB 483 to include financing of the estimated \$2.1 million shortfall in the LIEAP Funds to be financed from the oil overcharge funds. The motion carried. Additional information provided the Committee was dated January 13, 1988. (Attachment 3)

Senator Werts made a motion for an Executive Meeting of the Senate Ways and Means Committee to be concluded at 11:55 a.m. (Attachment 4) Senator Talkington seconded the motion. The motion carried. The Senate Ways and Means Committee reconvened in Room 123-S, Statehouse, at 11:55 a.m.

Senator Feleciano moved and Senator Johnston seconded the approval of SB 483 as previously amended. The motion carried by roll call vote.

The meeting was adjourned.



TESTIMONY OF DAVID E. JOHNSON, DIRECTOR  
KANSAS BUREAU OF INVESTIGATION  
BEFORE THE  
SENATE COMMITTEE ON WAYS AND MEANS  
THURSDAY, JANUARY 14, 1988  
ROOM 123-S  
STATE CAPITOL

INTRODUCTION:

Chairman Bogina, Vice-Chairman Wertz, members of the Senate Ways and Means Committee, I am John D. Pinegar, Deputy Director of the Kansas Bureau of Investigation. Director Johnson requested that I present the following testimony in his behalf today. Regretfully, the Director is not able to be present due to the unexpected death of his father.

BACKGROUND:

The State of Kansas has marked a historic change by embarking on a new state lottery and a state parimutuel wagering act. The nature of wagering requires extensive oversight by the legislative and executive branches of government as well as a strong, effective investigative agency to ensure the mandates of the legislature are executed with honesty and integrity.

REQUEST:

We request seven (7) additional Special Agent I positions and one (1) Office Assistant II to assist in meeting the challenges of assisting both the Kansas Racing Commission and Kansas Lottery Commission and to ensure that adequate law enforcement oversight is in place to investigate and help protect the state from those in the criminal element who may attempt to illegally influence lottery and/or parimutuel activities.

The Bureau would assign the special investigation gaming unit to the Special Services program for the primary purpose of conducting investigations relating to the lottery and parimutuel acts as they are implemented. Background investigations, forged tickets, financial investigations, gaming violations, and theft of tickets are just a portion of the potential investigative needs of these activities.

JUSTIFICATION:

Due to the tremendous increase in the Bureau caseload brought on by the lottery, parimutuel and other background investigations, the urgent need has developed to immediately increase the number of special agent positions to address the current demands and requests of both the Kansas Racing Commission and Kansas Lottery. It is important to recognize the fact that due to the nature of both of those state agency's demands it is unlikely their need for Bureau services will reduce.

Employment of these agents will allow for continuity of investigations for the gaming activities. The establishment of the gaming investigation unit will also allow the Bureau adequate personnel to maintain the current level of investigative assistance available to local law enforcement agencies. Without additional positions, the Bureau would be forced to draw upon those Special Agents assigned primarily to assist local law enforcement agencies in their criminal investigation efforts to help investigate gaming activities, personnel backgrounds, and licensure backgrounds. The Bureau must fulfill its Legislative mandate of assisting local law enforcement agencies as well as assume new roles of investigating and ensuring the integrity of Kansas' new lottery and parimutuel acts. The proposed Special Investigation/Gaming Unit will allow the Bureau to perform these functions in a responsive and capable manner.

During the last 6 months of 1987, a total of 3,444 hours of Special Agents working time has been consumed by Lottery Background Investigations. A total of 33 Special Agents have participated in this task. Fair Labor Standards Act (FLSA) rules limit Special Agents to working 1,114.5 hours in a 6 month period. The Lottery Backgrounds represent slightly more than 3 Special Agents total working time in the 6 month period. The Director of the Bureau selectively assigned Special Agents to the background investigations in order to minimize any possible adverse impact upon pending criminal investigations.

Based upon the history of other states which have implemented lottery or parimutuel laws, and upon our 6 month experience, we believe the impact of parimutuel will be greater than lottery and we do not believe the impact of lottery and parimutuel investigations will decrease.

Based upon consultation with law enforcement counterparts in states in which parimutuel wagering and lottery activities are currently being conducted our research has demonstrated those states which have a dedicated unit of personnel within their investigative agency perform the background investigations of both parimutuel and lottery, and subsequent criminal investigations that occur, in a more effective and efficient manner.

Such a dedicated unit can provide continuity of investigations, reduce the impact of assigning agents involved in pending criminal investigations and assist in other criminal investigations at the state and local level as time allows.

In order to avoid any delays in implementation of parimutuel, it is necessary to fund this unit now. The needs of the Racing Commission for extensive assistance in the background investigations of applicants for licensure and employment are immediate. The Bureau is scheduled to commence Special Agent training in February. We cannot

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delay any longer if we are to include this unit within this Special Agent class.

**CONCLUSION:**

Thank you for your consideration. Mr. Chairman, I am pleased to answer any questions from the Committee.

## KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Room 545-N - Statehouse

Phone 296-3181

January 14, 1988

TO: SENATOR AUGUST BOGINA

Office No. 123-S

RE: LIEAP FUNDING

The following is in response to your inquiry regarding LIEAP funding. The federal LIEAP block grant program provides funds for assistance in utility payments for eligible individuals. (Currently, persons with incomes at or below 60 percent of the state's median income level are eligible for the winter heating program.) The main program operated by Social and Rehabilitation Services (SRS) is a winter heating program. LIEAP regulations allow transfer of 10 percent of the total federal block grant to other block grants (in the past SRS has used this transfer to fund the Homemaker program), 10 percent for administration, and 15 percent for weatherization. SRS has fully utilized these authorized transfers in the past, thus decreasing the funding available for the LIEAP utility assistance program.

Federal LIEAP funding has declined significantly in recent years, by 9.9 percent in FY 1987 and by 16 percent in FY 1988. The federal government has assumed that states will use oil overcharge moneys to offset cuts in federal LIEAP funds.

The approved budget for the LIEAP utility assistance program in FY 1988 totals \$13,523,728. This amount includes \$2,231,397 in oil overcharge funds, as approved by the 1987 Legislature. Based on actual expenditures in FY 1987 and allowing for an estimated 7 percent caseload growth, SRS now estimates that \$14,454,884 will be needed for the LIEAP utility assistance program in FY 1988.

Federal funding for LIEAP in FY 1988 was substantially reduced in December 1987, after the agency had submitted their budget request. SRS now estimates that there is a shortfall of \$2,096,392 to maintain the LIEAP program at its current benefit level. Although SRS usually sends out LIEAP assistance checks beginning in the second week of December, SRS has not sent out any checks yet this winter, due to the federal funding cutbacks and the uncertainty of the total amount of funds that will be available.

Several options exist for providing the winter LIEAP program in FY 1988:

1. Assistance payments could be reduced by approximately 18 percent. (Eligibility determinations for the program have already

been completed, so SRS cannot change the eligibility standards at this point in the fiscal year.)

2. The LIEAP funds planned for weatherization expenditures (approximately \$2 million) could instead be used for winter utility assistance.
3. Oil overcharge funds could be used to finance the estimated \$2.1 million shortfall.

In FY 1987, approximately 50,000 households received winter heating assistance from LIEAP. The average annual benefit level was \$204.

SRS also projects significant shortfalls to maintain the LIEAP program at current benefits levels in FY 1989. Assuming no further cutback in federal funds, SRS projects the shortfall in FY 1989 at \$6.5 million. The Governor's recommendations provide for \$3,708,670 in oil overcharge funds for LIEAP in FY 1989, leaving an estimated shortfall of approximately \$2.8 million to maintain the current program benefits.



Robin Hunn  
Fiscal Analyst

RH/jl

LIEAP Block Grant Funding  
FY 1988

1/13/88

FUNDING RECEIVED DURING STATE FY 1988

1) Beginning Balance at 7-1-87	\$ 1,291,077
2) State FY 1988 Appropriated Oil Overcharge Supplement	2,231,397
3) Federal 1988 Block Grant	<u>13,090,396</u>
Total Funding Available in State FY 88	\$16,612,870

LESS STATE FY 1988 EXPENDITURES

Summer Cooling LIEAP benefits for elderly and disabled	-2,551,985
Summer Crisis LIEAP benefits for medically needy	- 231,554
Homemaker Program Set-Aside (10%)	-1,309,039
Weatherization Program Transfer (15%) - Includes Adm.	-1,963,559
Administration - LIEAP (Direct and allowable indirects)	<u>- 981,780</u>
5) Balance available for Winter LIEAP	\$9,574,953
4) Total Amount needed for Winter LIEAP	<u>-11,671,345</u>
6) Shortage	(\$2,096,392)

- 1) Carryover from 1987 program
- 2) State oil overcharge funds originally recommended by Gov. Hayden and as they appear in 1988 State of the State message for LIEAP
- 3) FY 1988 federal LIHEAP block grant allotment for the State of Kansas at the congressionally recommended national funding level of \$1.531 billion
- 4) Total amount needed for 1988 winter LIEAP program
- 5) Total amount available for winter LIEAP program
- 6) Shortage in funds needed to maintain 1988 winter LIEAP program at 1987 level

No recommendation was made by Gov. Hayden for a LIEAP supplemental appropriation from oil overcharge funds to make up the FY 1988 shortage in the winter LIEAP program.



LIEAP Block Grant Funding  
1989

FUNDING ANTICIPATED FOR STATE FY 1989

1) Beginning balance at 7-1-88	\$ 0
2) State FY 1989 Recommended Oil Overcharge Supplement	3,708,670
3) Estimated Federal 1989 Block Grant	<u>13,090,396</u>
Total Funding Available in State FY 89	\$16,799,066

LESS STATE FY 1989 EXPENDITURES

Summer Cooling LIEAP benefits for elderly and disabled	-2,628,544
Summer Crisis LIEAP benefits for medically needy	- 233,869
Homemaker Program Set-Aside (10%)	-1,309,039
Weatherization Program Transfer (15%) - Includes Adm.	-1,963,559
Administration - LIEAP (Direct and allowable indirects)	<u>- 981,780</u>
5) Balance available for Winter LIEAP	\$9,682,275
4) Total Amount needed for Winter LIEAP	<u>-12,488,133</u>
6) Shortage	(\$2,805,858)

- 1) No carryover funds from 1988 program available
- 2) State oil overcharge funds recommended by Gov. Hayden and as they appear in 1988 State of the State message for LIEAP
- 3) Estimated FY 1989 federal LIHEAP block grant allotment for the State of Kansas at the congressionally recommended national funding level of \$1.531 billion in 1988
- 4) Total amount needed to operate the 1989 winter LIEAP program at the 1987 level
- 5) Total amount available for 1989 winter LIEAP program
- 6) Shortage in funds needed to maintain 1989 winter LIEAP program at 1987 level

Sources: Kathy Valentine. Dept. of SRS., Administrator, LIEAP program.  
Sabrina Wells, Analyst, Legislative Division of the Budget  
The State of Kansas Budget, Vol. I, Sec. 4-9.

SENATE WAYS AND MEANS COMMITTEE

MOTION FOR EXECUTIVE MEETING

January 14, 1988

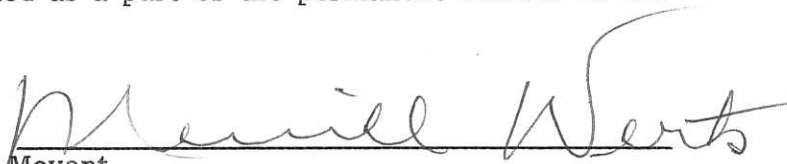
I move that the Senate Ways and Means Committee recess at this time for the purpose of meeting in closed Executive Session. This motion is made pursuant to K.S.A. 75-4319 and is for the purpose of conducting privileged communications with attorneys for the State in accordance with K.S.A. 60-426 regarding pending litigation.

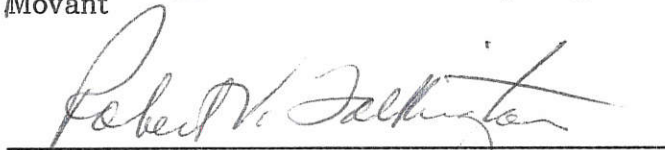
The Executive Session is justified by the need to preserve the attorney/client privilege in the above-mentioned review of pending litigation.

The only subject that will be discussed in this closed session is the case of Robinson v. Department of Corrections, Leavenworth County Case No. 87-C-126.

The recess will be concluded and the Committee will re-open its meeting to the public at 11<sup>55</sup> a.m., on January 14, 1988.

This motion, if passed, shall be recorded in the minutes of the Committee and shall be maintained as a part of the permanent records of the Committee.

  
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Movant

  
\_\_\_\_\_  
Second