

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

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

8:00 a.m. ~~p.m.~~ on April 4, 1988 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Scott Rothe, Russ Mills, Julian Efird

Revisor's Office: Norman Furse

Committee Office: Judy Bromich, Pam Parker

Conferees appearing before the committee:

Michael O'Keefe, Director of Budget

Representative R. H. Miller

Representative Kathleen Sebelius

Ed Flentje, Secretary, Department of Administration

HB 3091 - Financing statewide reappraisal state aid for counties, loans from
from pooled money investment board.

Mr. O'Keefe presented his testimony. (Attachment 1)

Copies of a balloon draft including proposed amendments to HB 3091 were distributed and reviewed by staff. (Attachment 2) Senator Gaines moved, Senator Werts seconded, to adopt the amendments outlined in the balloon draft in Attachment 2. The motion carried on a voice vote.

Senator Harder moved, Senator Gaines seconded, to report HB 3091 favorably as amended. The motion carried on a roll call vote.

HB 2850 - State employee dependent care assistance program within "cafeteria"
plan.

Representative Miller explained HB 2850. In regard to his interest in child care legislation, he said he wanted to keep costs at a minimum and set a good example to the private sector in the state. He reported other states that have implemented this plan have had very good response from their employees. He understands that there is a positive fiscal note due to the fact that the money is federal income tax free to the employee, and the employer the state of Kansas, does not have to pay Social Security taxes on the amount of money withheld from employee's salary. That savings is more than enough to pay for administering the program. Representative Sebelius stated that she reenforced the remarks of Representative Miller.

Secretary Flentje stated that the administration is supportive of HB 2850. He asked that the deadline for implementation be set back to July 1 and it be set up so the ongoing funding of this program could be through reduced FICA payments on the part of the state. In answer to a question, Secretary Flentje stated that a great deal of care will be required in informing employees of the advantages and the liabilities of participating in the program.

Copies of the Dependent Care Assistance Program for the state of Illinois were distributed for information. (Attachment 3)

Senator Gaines moved, Senator Gannon seconded, to insert "K.S.A." in front of "Supp. 75-6512" on lines 25 and 119. The motion and second also included the recommendation to report HB 2850 favorably as amended. The motion carried on a roll call vote.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,
room 123-S, Statehouse, at 8:00 a.m. ~~xxx~~ on April 4, 1988

HCR - Requesting modification of sick leave regulation.

Representative Sebelius reviewed HCR 5044. Secretary Flentje stated that he is supportive of this measure.

Senator Harder moved, Senator Gannon seconded, to report HCR 5044 favorably. The motion carried on a roll call vote.

SB 741 - Full-time physician faculty self insured under health care provider insurance availability act.

There was discussion concerning the balances of the various professional corporations backing programs and faculty members at KUMC. Senator Talkington moved, Senator Gannon seconded, to report SB 741 favorably. During discussion, it was the Committee's feeling that through SB 741 the state would start paying malpractice insurance premiums by increasing compensation without being able to obtain information on malpractice claims. Since there was insufficient information provided to the Committee, Senator Werts made a substitute motion that this issue be recommended for an interim study. Senator Feleciano seconded the substitute motion and it carried on a voice vote.

SB 742 - State agencies authorized to enter into contracts with individuals attending schools of nursing.

Senator Winter offered a motion to report SB 742 favorably. Senator Feleciano seconded the motion. During discussion, Senator Johnston offered a substitute motion to amend SB 742 to indicate that rules and regulations be incorporated in order to provide consistency among state agencies. Senator Gaines seconded the motion. The Substitute motion carried on a voice vote.

Senator Winter moved, Senator Feleciano seconded, to report SB 742 favorably as amended. The motion carried on a roll call vote.

SB 587 - Authorizing state historical society to acquire Quindaro Town area in Wyandotte county for historical purposes.

Copies of a balloon draft of SB 587 were distributed (Attachment 4) and following discussion, Senator Feleciano moved, Senator Gaines seconded, to adopt the proposed amendment which authorizes the State Historical Society to acquire such area by gift. The motion carried on a voice vote.

Senator Feleciano moved, Senator Winter seconded, to report SB 587 favorably as amended. The motion carried on a roll call vote.

The meeting was adjourned.

STATE OF KANSAS
DEPARTMENT OF ADMINISTRATION
MIKE HAYDEN, Governor
MICHAEL F. O'KEEFE, Director of the Budget
Room 152-E, Capitol Building
(913) 296-2436

ATTACHMENT 1
SWAM 3

MEMORANDUM

TO: Senate Ways and Means Committee
FROM: Michael F. O'Keefe, Director of the Budget
DATE: April 4, 1988
SUBJECT: Testimony on House Bill No. 3091

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I TESTIFY IN OPPOSITION TO HB 3091 AND IN SUPPORT OF THE GOVERNOR'S RECOMMENDATION FOR FUNDING THE COST OF REIMBURSING COUNTIES FOR 50 PERCENT OF THE COSTS OF REAPPRAISAL.

THE LOTTERY WAS ORIGINALLY ESTIMATED TO COVER ALL THE COSTS FOR FY 1989. DUE TO LOWER THAN ESTIMATED LOTTERY PROCEEDS AND HIGHER COSTS, THERE IS A SHORTFALL OF APPROXIMATELY \$7.0 MILLION.

THE GOVERNOR RECOMMENDS:

1. STATE GENERAL FUND APPROPRIATIONS OF \$7.0 MILLION FOR FY 1989
2. ONE YEAR EXTENSION OF CURRENT GAMING REVENUE FUND TRANSFER OF 30 PERCENT TO REAPPRAISAL TO FY 1990

ATTACHMENT 1
SWAM 4-4-88

3. REIMBURSEMENT OF STATE GENERAL FUNDS AT THE END OF FY 1990 BY TRANSFERRING THE BALANCE OF THE COUNTY REAPPRAISAL FUND TO THE STATE GENERAL FUND.

HOUSE BILL NO. 3091 WOULD PROVIDE FOR FUNDS TO BE BORROWED FROM THE POOLED MONEY INVESTMENT BOARD IN FY 1989 TO PAY FOR REAPPRAISAL.

IT PROVIDES THAT THE LOAN BE REPAYED, WITH INTEREST FROM THE COUNTY REAPPRAISAL FUND, BUT DOES NOT PROVIDE FUNDS TO THE REAPPRAISAL FUND.

THE BILL ALSO PROVIDES FOR THE TRANSFER FROM THE LOTTERY OPERATING FUND ON JULY 1, 1988 OF ALL BALANCES IN EXCESS OF \$2.5 MILLION.

WE ESTIMATE THE IMPACT TO BE A REPAYMENT OF \$7.0 MILLION IN PRINCIPAL AND APPROXIMATELY \$400,000 IN INTEREST TO THE POOLED MONEY INVESTMENT BOARD.

WE OPPOSE THE BILL FOR THE FOLLOWING REASONS:

1. THE GOVERNOR BELIEVES THAT THIS BORROWING SENDS THE WRONG MESSAGE CONCERNING THE STATE'S FISCAL INTEGRITY.
2. FURTHER, IT INCREASES EXPENDITURES BY \$400,000 IN INTEREST PAYMENTS.

3. FINALLY, WE BELIEVE THAT THE LOTTERY OPERATING FUND "EXCESS" BALANCES SHOULD BE TRANSFERRED IN THE CURRENT YEAR WITH 10 PERCENT TO THE CORRECTIONAL INSTITUTIONS BUILDING FUND, 60 PERCENT TO THE ECONOMIC DEVELOPMENT INITIATIVES FUND, AND 30 PERCENT TO THE COUNTY REAPPRAISAL FUND.

3313

HOUSE BILL No. 3091

By Committee on Appropriations

3-14

Proposed Amendments

0016 AN ACT concerning financing of statewide reappraisal of real
0017 property; relating to state aid for costs incurred by counties
0018 therefor; authorizing loans of certain state moneys by the
0019 pooled money investment board therefor; prescribing terms
0020 and conditions for such loans; amending K.S.A. 1987 Supp.
0021 74-8711 and repealing the existing section.

79-4802 and 79-4804
 sections

0022 *Be it enacted by the Legislature of the State of Kansas:*

0023 New Section 1. To provide the moneys for the purposes of
0024 paying a portion of the costs incurred by counties in carrying out
0025 the program of statewide reappraisal of real property as autho-
0026 rized and provided by K.S.A. 1987 Supp. 79-1478 and amend-
0027 ments thereto, the pooled money investment board is authorized
0028 and directed to make loans to the secretary of revenue, in the
0029 amounts and at such times as may be prescribed by the secretary
0030 of revenue in accordance with and subject to the provisions of
0031 this section, except that the total amount of such loans shall not
0032 exceed \$7,000,000. The terms of each such loan shall provide for
0033 repayment on or before July 1, 1990, in accordance with the
0034 provisions of this section. The secretary of revenue is hereby
0035 authorized to enter into loan agreements with the pooled money
0036 investment board to provide any amounts required, in addition
0037 to the amounts credited to and available in the county reap-
0038 praisal fund, in order to make payments to counties in accord-
0039 ance with the statewide payment schedule adopted by the sec-
0040 retary pursuant to K.S.A. 1987 Supp. 79-1478 and amendments
0041 thereto. All proceeds of such loans shall be credited to the county
0042 reappraisal fund. The pooled money investment board is hereby
0043 authorized and directed to use any moneys in the active ac-
0044 counts, inactive accounts or time deposits, open accounts, of the
0045 state of Kansas to provide funds for such loans. Each such loan

ATTACHMENT 2
SWAM 4/4/88

ATTACHMENT 2
SWAM
4-4-88

0046 shall bear interest at a rate equal to the interest rate being paid
0047 on state inactive account moneys at the time of making such loan.
0048 The loan principal and interest thereon of each such loan shall
0049 be payable solely from moneys credited to the county reappraisal
0050 fund, as provided by appropriations acts or as otherwise pro-
0051 vided by statute. No such loan shall be deemed to be an indebt-
0052 edness or debt of the state of Kansas within the meaning of
0053 section 6 of article 11 of the constitution of the state of Kansas.

0054 Sec. 2. K.S.A. 1987 Supp. 74-8711 is hereby amended to read
0055 as follows: 74-8711. (a) There is hereby established in the state
0056 treasury the lottery operating fund.

0057 (b) The executive director shall remit at least weekly to the
0058 state treasurer all moneys collected from the sale of lottery
0059 tickets and shares and any other moneys received by or on behalf
0060 of the Kansas lottery. Upon receipt of any such remittance, the
0061 state treasurer shall deposit the entire amount thereof in the state
0062 treasury and credit it to the lottery operating fund. Moneys
0063 credited to the fund shall be expended or transferred only as
0064 provided by this act. Expenditures from such fund shall be made
0065 in accordance with appropriations acts upon warrants of the
0066 director of accounts and reports issued pursuant to vouchers
0067 approved by the executive director or by a person designated by
0068 the executive director.

0069 (c) Moneys in the lottery operating fund shall be used for:
0070 (1) The payment of expenses of the lottery, which shall
0071 include all costs incurred in the operation and administration of
0072 the Kansas lottery; all costs resulting from contracts entered into
0073 for the purchase or lease of goods and services needed for
0074 operation of the lottery, including but not limited to supplies,
0075 materials, tickets, independent studies and surveys, data trans-
0076 mission, advertising, printing, promotion, incentives, public re-
0077 lations, communications, and distribution of tickets and shares;
0078 and reimbursement of costs of facilities and services provided by
0079 other state agencies;

0080 (2) the payment of compensation to lottery retailers;

0081 (3) transfers of moneys to the lottery prize payment fund
0082 pursuant to K.S.A. 1987 Supp. 74-8712 and amendments thereto;

Section 1.

0083 (4) transfers to the state general fund pursuant to K.S.A. 1987
0084 Supp. 74-8713 and amendments thereto;

0085 (5) transfers to the state gaming revenues fund pursuant to
0086 subsection (d); and

0087 (6) ~~the transfer to the county reappraisal fund pursuant to~~
0088 ~~subsection (e).~~

transfers
appropriation acts relating thereto

0089 (d) The state treasurer director of accounts and reports shall
0090 transfer moneys in the lottery operating fund to the state gaming
0091 revenues fund created by K.S.A. 1986 1987 Supp. 79-4801 and
0092 amendments thereto, at least quarterly as follows: (1) For the
0093 fiscal year commencing July 1, 1987, in an amount equal to the
0094 moneys in such fund in excess of those needed for the purposes
0095 described in subsections (e)(1) through (e)(4), as certified by the
0096 executive director; and (2) monthly, for fiscal years commencing
0097 on or after July 1, 1988,;

0098 (1) In an amount equal to the amount specified by subsection
0099 ~~(d)(1)~~ moneys in the lottery operating fund in excess of those
0100 needed for the purposes described in subsections (c)(1) through
0101 (c)(4), as certified by the executive director; or

0102 (2) an amount equal to not less than 30% of total revenues
0103 from the sales of lottery tickets and shares during the fiscal year,
0104 whichever is greater.

0105 ~~(e) On July 1, 1988, the director of accounts and reports shall~~
0106 ~~transfer from the lottery operating fund to the county reap-~~
0107 ~~praisal fund, for the purpose of paying part of the costs of~~
0108 ~~reappraisal, the amount equal to the amount of any unencum-~~
0109 ~~bered balance as of June 30, 1988, less \$2,500,000.~~

see attached

0110 Sec. ~~3~~ K.S.A. 1987 Supp. 74-8711 ~~is~~ hereby repealed.

4

0111 Sec. ~~4~~ This act shall take effect and be in force from and
0112 after its publication in the statute book.

79-4802 and 79-4804 are

5

Sec. 2. K.S.A. 1987 Supp. 79-4802 is hereby amended to read as follows: 79-4802. (a) An amount equal to 30% of all moneys credited to the state gaming revenues fund shall be transferred to the county reappraisal fund, which is hereby created in the state treasury, for the purpose of paying a portion of the costs incurred by counties in carrying out the program of statewide reappraisal of real property as authorized and provided by K.S.A. ~~1985~~ 1987 Supp. 79-1478 and amendments thereto. No such transfer shall be made after June 30, ~~1989~~ 1990.

(b) On June 30, 1990, the director of accounts and reports shall transfer the entire unencumbered balance of moneys in the county reappraisal fund to the state general fund for the purpose of reimbursing the state general fund for payments made by the state for costs incurred by counties in carrying out the program of statewide reappraisal of real property.

(c) On July 1, 1990, the county reappraisal fund is hereby abolished. The provisions of this section shall expire on July 1, 1990.

Sec. 3. K.S.A. 1987 Supp. 79-4804 is hereby amended to read as follows: 79-4804. (a) An amount equal to 60% of all moneys credited to the state gaming revenues fund shall be transferred and credited to the state economic development initiatives fund which is hereby created in the state treasury. Expenditures from the state economic development initiatives fund shall be made in accordance with appropriation acts for the financing of such programs supporting and enhancing the existing economic foundation of the state and fostering growth through the

expansion of current, and the establishment and attraction of new, commercial and industrial enterprises as provided by this section and as may be authorized by law and not less than 1/2 of such money shall be distributed equally among the five congressional districts. From and after July 1, ~~1989~~ 1990, an amount equal to 90% of all moneys credited to the state gaming revenues fund shall be transferred and credited to the state economic development initiatives fund created by this section. All moneys credited to the state economic development initiatives fund shall be credited within the fund, as provided by law, to an account or accounts of the fund which are created by this section.

(b) There is hereby created the Kansas capital formation account in the state economic development initiatives fund. All moneys credited to the Kansas capital formation account shall be used to provide, encourage and implement capital development and formation in Kansas.

(c) There is hereby created the Kansas economic development research and development account in the state economic development initiatives fund. All moneys credited to the Kansas economic development research and development account shall be used to promote, encourage and implement research and development programs and activities in Kansas and technical assistance funded through state educational institutions under the supervision and control of the state board of regents or other Kansas colleges and universities.

(d) There is hereby created the Kansas economic development

endowment account in the state economic development initiatives fund. All moneys credited to the Kansas economic development endowment account shall be accumulated and invested as provided in this section to provide an ongoing source of funds which shall be used for economic development activities in Kansas, including but not limited to continuing appropriations or demand transfers for programs and projects which shall include, but are not limited to, specific community infrastructure projects in Kansas that stimulate economic growth.

(e) Except as provided in subsection (f), the pooled money investment board may invest and reinvest moneys credited to the state economic development initiatives fund in obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof. All moneys received as interest earned by the investment of the moneys credited to the state economic development initiatives fund shall be deposited in the state treasury and credited to the Kansas economic development endowment account of such fund.

(f) Moneys credited to the Kansas economic development endowment account of the state economic development initiatives fund may be invested in government guaranteed loans and debentures as provided by law in addition to the investments authorized by subsection (e) or in lieu of such investments. All moneys received as interest earned by the investment under this subsection of the moneys credited to the Kansas economic development endowment account shall be deposited in the state treasury and credited to the Kansas economic development endowment account of the state economic development initiatives fund.

ATTACHMENT 2
SWAM 4/4



CMS

State of Illinois • James R. Thompson, Governor • Department of Central Management Services

ATTACHMENT 2
SWAM 4-4-8

**STATE OF ILLINOIS
DEPENDENT CARE ASSISTANCE PROGRAM
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES**

**THE TAX-ADVANTAGED WAY TO PAY
FOR DEPENDENT CARE EXPENSES**

A concern of many working parents is finding high quality care for their dependents. When they do find it, they realize just how expensive good care is. Sometimes the cost of dependent care makes you wonder: "Can I afford to work?" The answer? Yes! Because the Illinois Department of Central Management Services is introducing a new program that lets you use tax-free dollars to pay for dependent care.

Because the State of Illinois recognizes the importance of high-quality, reliable dependent care and is

well-aware of the associated costs — we're doing something about it. We're making care for your dependents more affordable by giving you the opportunity to pay for dependent care the tax-advantaged way — with tax-free dollars from a flexible spending account. Since the State of Illinois flexible spending account is designed to help with your dependent care expenses, we're calling it the Dependent Care Assistance Account — or, the DCAA.

**TAX-FREE DOLLARS?
HOW DO I GET THEM?**

Tax-free dollars are easy to come by — if you are a State of Illinois employee. All you have to do is decide how much to contribute to the DCAA. The amount of your contribution is deducted from your pay and deposited into your DCAA before Illinois, Federal and Social Security* taxes are withheld. So this amount doesn't appear on your W-2 Form as taxable income — and a lower taxable income means you pay less taxes.

These tax-free dollars are then deposited to your DCAA. When you have an eligible dependent care expense, you pay for the expense and apply for reimbursement from your account. Then, you are reimbursed for the amount of the expense with these tax-free dollars.

* Please note that since your contribution is deducted before Social Security taxes are withheld, the benefit you eventually receive from Social Security may be slightly reduced.

**HOW SOON CAN I
BEGIN CONTRIBUTING?**

If you are an employee of the State of Illinois, you can start contributing to the DCAA beginning with your first paycheck of a tax year. If you are a

new employee and join the plan during the year (that is, after January 1), you can enroll within 30 days following your date of hire. At this date, retirees and annuitants (except for 75-day retirees) may not participate.

If you are married, both you and your spouse must work outside of your home in order to be eligible for the DCAA. Your spouse may be self-employed, as long as your dependents are cared for by an eligible dependent care provider. If your spouse is disabled or a full-time student, you can use the DCAA even though your spouse may not be employed.

To begin your participation in the plan, complete and return to your Group Insurance Representative the attached enrollment form before November 17. This form asks for information on your family situation that pertains to DCAA participation, such as dependents' names and ages and the amount of your contribution.

Once your enrollment form is processed by the Department of Central Management Services, payroll deduction of your contributions begins with your first paycheck issued after January 1 and occurs each pay period. Looking at the following chart, you can see how contributing \$5,000 to the DCAA each year would affect the amount of each paycheck:

Pay Schedule	DCAA Deduction From Each Paycheck
Semi-monthly	\$208.33
Bi-weekly	\$192.30
Monthly	\$416.66

**HOW MUCH CAN I
CONTRIBUTE TO THE DCAA?**

Perhaps the best way to determine how much to contribute to the DCAA for next year is to examine your dependent care expenses for the current year. Add up your receipts and cancelled checks and then think about how your expenses next year will compare to those of last year. We've included a short worksheet section to help you.

It's important to calculate the amount of your deposits carefully for a couple of reasons. To begin with, any money left in your DCAA after reimbursement of one plan year's expenses cannot be carried over and applied toward next year's expenses. Instead, these amounts are forfeited according to Internal Revenue Service regulations. At the end of the plan year, all forfeited amounts are added together and divided evenly among all participants as taxable income.

Also, once you have determined your contribution amount, it stays in

force until the end of your tax year. At that time, you will be given the opportunity to re-enroll and make any changes for the upcoming tax year.

The minimum contribution to the DCAA is \$20 each month. The maximum annual deposit is the lesser of:

- \$5,000
- Your taxable income
- Your spouse's taxable income

Taxable income includes income from all sources, not just the State of Illinois. Note that \$5,000 is a combined annual maximum for the plan. That is, if you and your spouse are both State of Illinois employees and you are both contributing to the DCAA, your contributions together cannot total more than \$5,000. However, if your spouse has a dependent care account available through another employer, you and your spouse can each contribute up to \$5,000.

If you are hired after the start of a plan year, the minimum you can contribute is still \$20 each month. The maximum is a proportionate amount of the 12-month maximum. This amount is determined by the number of months you actually participate.

The DCAA is designed so that participants at all pay levels benefit equitably. To ensure that this occurs, the Internal Revenue Service requires that the plan pass a discrimination test. If the plan does not pass the test, it is possible that the contributions made by highly compensated employees may be limited.

You are considered a highly compensated employee of the State of Illinois if you are an officer of the State or a State-related enterprise and your total compensation is over \$75,000. If your compensation is greater than \$50,000 and you are in the top 20% compensation bracket, you are also considered a highly compensated employee.

FAMILY STATUS CHANGES

There are, however, instances when you will be able to change your contribution rate in mid-year if certain changes occur in your family. Under

the following circumstances you may change or stop your contributions to the DCAA:

- Marriage
- Divorce
- Death
- Birth or adoption of a child
- Termination of your spouse's employment
- Increase or reduction in family income resulting from a change in or loss of employment

The change in your family status must be reflected in your contribution change. For example, if your spouse is promoted, you can increase your contribution but cannot reduce it.

**ARE ALL OF MY DEPENDENT
CARE EXPENSES ELIGIBLE
FOR REIMBURSEMENT?**

The DCAA can be used to reimburse several different types of expenses for your eligible dependents. Generally, eligible dependents are your children under age 15 whom you claim as exemptions on your Federal tax return. However, your dependents over age 15 (including your spouse) who require care may also be eligible dependents if they:

- Spend eight or more hours a day in your home,
- Are physically or mentally incapable of being left alone, and
- Are claimed as dependents on your Federal tax return.

Not all dependents are the same, and neither are all dependent care expenses. The dependent care you need depends on the number and ages of your dependents and their individual needs. So the DCAA covers several different dependent care expenses:

- Day care centers (Where applicable, must be state and locally licensed)
- Nursery school and pre-school (Private or public, for children up to age six, as long as they are not also in a full-time school environment. Note that kindergarten is considered full time.)

- Before and after-school care
- Special education schools your children require so you can be gainfully employed
- Babysitter or nurse (Or any other dependent care services provided inside or outside your home, but not by your child under the age of 19 years, or any individual you claim as a dependent for income tax purposes. So, for example, as long as you don't claim them as dependent, grandparents could provide care for your dependents and you could reimburse them from your DCAA.)
- Housekeeper (If you have a housekeeper who cares for your dependents as well as your house, you can use the DCAA to pay that portion of the expense that is due to dependent care.)

- Transportation related to dependent care services

Which expenses are not considered eligible for reimbursement from your DCAA? Food and clothing expenses, summer camp and special instruction, i.e., dance, music, art and swimming lessons, are some expenses which are not eligible for reimbursement.

**HOW DO I GET REIMBURSED
FROM MY DCAA?**

Each month, you will receive a turnaround claim form from the Illinois Department of Central Management Services. This form includes the following pre-printed information: your name, Social Security number, account balance and any carry-over amounts that could not be reimbursed in the previous month because your claim was larger than your account balance. If you do not have any expenses for the month, retain the form for a future month's expenses.

If you do have expenses, you should complete the form, attach bills, invoices, receipts, cancelled checks or other statements verifying the amount of the expense, sign the claim form and return it to the Department of Central Management Services.

The minimum monthly reimbursement amount is \$50. This minimum is



ENROLLMENT FORM

waived for the last claim you submit each year, so if you have any reimbursable dependent care expenses at the end of the year, complete the claim form regardless of the amount.

In addition, you can be reimbursed only up to your account balance. If you submit a claim for reimbursement that is larger than your account balance, you will be reimbursed up to your account balance. The unreimbursable amount will be paid to you in the next claim period when the necessary funds have been deposited into your

DCAA through payroll deduction.

The amount you contribute to the DCAA in a given year can only be used to reimburse expenses incurred in that same year. However, you have until March 31 of the next year to submit a claim for those expenses. All claims must be received by March 31 following the end of the plan year. Remember, any amount remaining in your DCAA after this date is forfeited in accordance with IRS regulations.

Each October you will receive a statement showing the current bal-

ance of your account so that you can keep track of the money in your DCAA. And each January you will receive a statement showing the total amount of reimbursements you have received from the plan for the previous year. For example, in October 1987, you will receive a statement showing your 1987 account balance. Then in January 1988, you will receive a statement providing your total reimbursements for 1987. In addition, your turnaround claim form keeps a running account balance.

DEPENDENT CARE ASSISTANCE
 ACCOUNT WORKSHEET

HOW MUCH SHOULD I DEPOSIT INTO MY DCAA?

Your new Dependent Care Assistance Account (DCAA) allows all State of Illinois employees to pay for eligible dependent care expenses on a tax-free basis. This means the money is deposited before Federal and Illinois taxes are withheld from your pay. You will have the option to participate in the DCAA beginning January 1, 1987.

This worksheet will assist you in calculating how much to deposit for dependent care expenses. It is important to plan carefully how much you deposit in your DCAA. If you have money left in the account at the end of the year and you have no claims for expenses by March 31 of the next year, you will forfeit your unused balance in accordance with IRS regulations.

Your DCAA can provide a convenient way to pay for dependent care expenses while saving you money. Take time to analyze your dependent care expenses. When you calculate your DCAA deposit, consider the following questions:

- Do you pay your housekeeper part of the day to care for your child?

- Do you pay for after-school care for a child under age 15?
- Do you have a dependent attending nursery school this year?

DEPENDENT CARE ASSISTANCE ACCOUNT (DCAA)

List the amount you spent or anticipate spending for:

	Last Year's Actual Expenses	Next Year's Projected Expenses
Babysitter	\$ _____	\$ _____
Day-care center	\$ _____	\$ _____
Nursery school	\$ _____	\$ _____
Adult in-home day care	\$ _____	\$ _____
Other	\$ _____	\$ _____
Total	\$ _____	\$ _____

Continued on back panel

Section A — Type of Transaction

- | | | |
|--|--|---|
| 1. <input type="checkbox"/> Initial enrollment | 5. <input type="checkbox"/> Revocation* | 8. <input type="checkbox"/> Name change (state previous name) |
| 2. <input type="checkbox"/> Re-enrollment | 6. <input type="checkbox"/> Change of home address | _____ |
| 3. <input type="checkbox"/> New employee | 7. <input type="checkbox"/> Addition of dependents | 9. <input type="checkbox"/> Transfer to new agency |
| 4. <input type="checkbox"/> Change deposit amount* | | effective date ____/____/____ |

*A change in the deposit amount or revocation can only take place if there is a change in family status. This requires the completion of a form certifying the change in status.

IF INITIAL ENROLLMENT, RE-ENROLLMENT OR NEW EMPLOYEE, COMPLETE THE ENTIRE FORM. IF ANY OTHER TYPE OF TRANSACTION, COMPLETE ONLY EMPLOYEE NAME, SOCIAL SECURITY NUMBER AND NEW INFORMATION.

Section B — Employee Information

Last Name	First	Initial	Social Security No.
_____	_____	_____	() _____
Street Address	City	State	Zip Code
_____	_____	_____	_____
Agency	_____		
Work Address	City	State	Zip Code
_____	_____	_____	_____
Pay Code	Employee Salary (Annual)	Position Code	Marital Status
_____	_____	_____	_____

Shaded areas completed by Group Insurance Representative

Section C — Spouse Information

(Your spouse is the person you are married to at the end of the plan year.)

Last Name	First	Initial	Social Security No.
_____	_____	_____	_____
Employer	_____		
Employer Address	City	State	Zip Code
_____	_____	_____	_____

Is your spouse

- A full time student?
Name of School: _____
- Physically or mentally incapable of self care?
If either box is checked,
enter \$2400 in the spouse income for one dependent or
enter \$4800 in the spouse income for two or more dependents.

Annual Income of Spouse: \$ _____

If your spouse is contributing to the Dependent Care Assistance Plan, your and your spouse's contribution can total no more than \$5,000 annually. Your spouse's annual contribution is \$ _____



Section D — Dependent Information

(List the names of all dependents you want covered under the plan.)

	Name Last, First, Initial	Relationship	Date of Birth	Soc. Sec. No. (If available)	Check If Handicapped
1.	_____	_____	_____	_____	<input type="checkbox"/>
2.	_____	_____	_____	_____	<input type="checkbox"/>
3.	_____	_____	_____	_____	<input type="checkbox"/>
4.	_____	_____	_____	_____	<input type="checkbox"/>
5.	_____	_____	_____	_____	<input type="checkbox"/>

Section E — Deduction Authorization/Revocation

I authorize the State of Illinois to deduct from my total compensation the amount of \$ _____ for each (check one)

Monthly Semi-monthly Bi-weekly pay period. My deductions should begin on: ____/____/____

The estimated annual expense for my dependent care is \$ _____

or

I hereby revoke participation effective the pay period starting ____/____/____

Section F — Certification Statement

I understand that:

- I may not change or stop my deposits to these accounts during the plan year unless my family status changes, and then only changes consistent with the change in family status will be permitted.
- I understand that missed deductions will be adjusted on subsequent payrolls.
- I will lose any unused balance remaining in my account as of the end of the plan year. However, I may receive a payment as additional taxable compensation when all unused balances are reallocated among plan participants.
- My signature on this form indicates that I certify that to the best of my knowledge the information on this form is accurate; and that I am responsible for any discrepancies that may affect my status with the Internal Revenue Service.

Employee Signature: _____ Date: ____/____/____

Send the completed form to your Group Insurance Representative.

AGENCY USE ONLY

Reviewed by: _____

Date ____/____/____ FSA Code: _____ GIR Code: _____

IS THE DCAA THE BEST WAY FOR ME TO PAY DEPENDENT CARE EXPENSES?

The opportunity to pay for dependent care expenses using tax-free dollars sounds too good to pass up — and it may be. It's important to note, however, that if you are reimbursed from your DCAA for an expense, you cannot claim that expense for a tax credit on your Federal tax return. If your gross pay is less than \$28,000 you are generally

better off using the dependent care credit on your tax return. However, we recommend you do your own calculations to verify which is better for your particular circumstances.

Here are four examples of employees with different situations.

EXAMPLES

#1 MARRIED — 2 DEPENDENTS

	Without DCAA or Tax Credit	With Dependent Care Credit on Tax Form	With DCAA
1. Annual Pay	35,000	35,000	35,000
2. Before-Tax Benefit Expense	0	0	5,000
3. Taxable Income (1 minus 2)**	35,000	35,000	30,000
4. Tax*			
• FICA, Federal, State	13,304	13,304	11,403
• Tax Credit (+)**	0	960	0
5. Take Home Pay (3 minus 4)	21,696	22,656	15,597
6. After-Tax Benefit Expense	5,000	5,000	0
7. Real Disposable Income (5 minus 6)	16,696	17,656	15,597

#2 SINGLE, HEAD OF HOUSEHOLD — 2 DEPENDENTS

	Without DCAA or Tax Credit	With Dependent Care Credit on Tax Form	With DCAA
1. Annual Pay	16,000	16,000	16,000
2. Before-Tax Benefit Expense	0	0	2,400
3. Taxable Income (1 minus 2)**	16,000	16,000	13,600
4. Tax*			
• FICA, Federal, State	4,002	4,002	3,401
• Tax Credit (+)**	0	648	0
5. Take Home Pay (3 minus 4)	11,998	12,646	10,199
6. After-Tax Benefit Expense	2,400	2,400	0
7. Real Disposable Income (5 minus 6)	9,598	10,246	10,199

#3 SINGLE, HEAD OF HOUSEHOLD — 2 DEPENDENTS

	Without DCAA or Tax Credit	With Dependent Care Credit on Tax Form	With DCAA
1. Annual Pay	25,000	25,000	25,000
2. Before-Tax Benefit Expense	0	0	4,000
3. Taxable Income (1 minus 2)**	25,000	25,000	21,000
4. Tax*			
• FICA, Federal, State	9,503	9,503	5,252
• Tax Credit (+)**	0	880	0
5. Take Home Pay (3 minus 4)	15,497	16,377	15,748
6. After-Tax Benefit Expense	4,000	4,000	0
7. Real Disposable Income (5 minus 6)	11,497	12,377	15,748

#4 MARRIED — 2 DEPENDENTS

	Without DCAA or Tax Credit	With Dependent Care Credit on Tax Form	With DCAA
1. Annual Pay	60,000	60,000	60,000
2. Before-Tax Benefit Expense	0	0	5,000
3. Taxable Income (1 minus 2)**	60,000	60,000	55,000
4. Tax*			
• FICA, Federal, State	21,680	21,680	20,155
• Tax Credit (+)**	0	960	0
5. Take Home Pay (3 minus 4)	38,320	39,280	34,845
6. After-Tax Benefit Expense	5,000	5,000	0
7. Real Disposable Income (5 minus 6)	33,320	34,280	34,845

*Based on 28% and 15% Federal tax rates, 2 1/4% Illinois tax rate, and 7.51% Social Security tax rate.


**No assumptions have been made in these examples as to other deductions. These other deductions may make the Dependent Care Credit more advantageous.



PLAN FACTS AT A GLANCE

Objective	To provide employees with a tax-efficient way to pay for dependent care expenses.	Account Statements	Monthly, you receive a running account balance as part of your turnaround claim form. Each October, you receive a special statement showing your remaining balance. Each January, you receive a statement showing your account activity for the entire year.
Eligibility	Any employee of the State of Illinois can participate.	Changes	You can stop or change your contributions if you have a change in family status such as birth, adoption, marriage, divorce, death, or loss of your spouse's job.
Enrollment	Complete and return the attached enrollment form to your Group Insurance Representative by November 17.	Forfeitures	Money left in your account on March 31 is forfeited according to IRS regulations. Forfeited amounts are combined and distributed evenly among all participants as taxable income.
Contributions	On a before-tax basis through payroll deduction. The minimum monthly contribution is \$20; the maximum annual contribution is the lesser of \$5,000 or your or your spouse's taxable income.	Tax Advantages	The DCAA allows you to pay for several dependent care expenses with tax-free dollars. It is important to remember that expenses that are reimbursed by the DCAA cannot be claimed for tax credit on your Federal tax return.
Reimbursement	Submit a claim form, with receipts, to the Illinois Department of Central Management Services up to once a month. The minimum reimbursement is \$50; the maximum is your account balance. Note that there is no minimum amount for the last claim of the year.		





PLAN FACTS AT A GLANCE

Objective	To provide employees with a tax-efficient way to pay for dependent care expenses.	Account Statements	Monthly, you receive a running account balance as part of your turn-around claim form. Each October, you receive a special statement showing your remaining balance. Each January, you receive a statement showing your account activity for the entire year.
Eligibility	Any employee of the State of Illinois can participate.	Changes	You can stop or change your contributions if you have a change in family status such as birth, adoption, marriage, divorce, death, or loss of your spouse's job.
Enrollment	Complete and return the attached enrollment form to your Group Insurance Representative by November 17.	Forfeitures	Money left in your account on March 31 is forfeited according to IRS regulations. Forfeited amounts are combined and distributed evenly among all participants as taxable income.
Contributions	On a before-tax basis through payroll deduction. The minimum monthly contribution is \$20; the maximum annual contribution is the lesser of \$5,000 or your or your spouse's taxable income.	Tax Advantages	The DCAA allows you to pay for several dependent care expenses with tax-free dollars. It is important to remember that expenses that are reimbursed by the DCAA cannot be claimed for tax credit on your Federal tax return.
Reimbursement	Submit a claim form, with receipts, to the Illinois Department of Central Management Services up to once a month. The minimum reimbursement is \$50; the maximum is your account balance. Note that there is no minimum amount for the last claim of the year.		



SENATE BILL No. 587

By Senators Mulich, Anderson and Strick

2-8

Proposed Amendments

ATTACHMENT
SUNAW

ATTACHMENT
SUNAW
4-88

0016 AN ACT declaring historic Quindaro town area located in
0017 Wyandotte county to possess unusual historical interest; au- or part thereof by gift
0018 thorizing the state historical society to acquire such area for
0019 and in the name of the state of Kansas.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. Historic Quindaro town area located in Wyan-
0022 dotte county, Kansas, is hereby declared to possess unusual
0023 historical interest. This town evolved through the cooperation of
0024 the Wyandot Indian landowners, white free-staters and black
0025 freedmen. It is the site of the only safe port-of-entry for the
0026 free-state abolition sympathizers that came to settle Kansas ter-
0027 ritory to insure free statehood status for Kansas, and it served as
0028 an "underground railroad station" for slaves to realize their
0029 deliverance to freedom. In addition, this area is the locale of the
0030 Freedman's university, one of the state's first educational facili-
0031 ties.

0032 Sec. 2. (a) The state historical society is authorized and em-
0033 powered to acquire by gift, purchase or by condemnation pro-
0034 ceedings in fee simple in the name of the state from moneys
0035 appropriated for such purpose all or part of the historic Quindaro
0036 town area located in the northwest quarter of section 29 and the
0037 northeast quarter of section 30, township 10 south, range 25 east,
0038 Wyandotte county, Kansas, as may be specified by appropriation
0039 act of the legislature. Before any agreement is made to purchase
0040 such land, three disinterested appraisers shall be appointed in
0041 accordance with the provisions of K.S.A. 75-3043a and amend-
0042 ments thereto to determine the market value thereof, and no
0043 agreement shall be entered into nor purchase made of the land so
0044 appraised for a consideration greater than such market value

appraisal. If the state historical society is unable to negotiate an agreement to purchase the lands herein described, the society may discontinue negotiation and proceed to acquire the fee simple title to such lands by exercising the power of eminent domain and the attorney general, upon request from the state historical society or its authorized designee, shall immediately exercise the power of eminent domain in the name of the state for the acquisition of such property.

(b) The land described in subsection (a) shall be acquired in the name of the state of Kansas. If an agreement is reached to acquire the land by gift ~~or to purchase such land~~, the agreement shall not become effective and the state historical society shall not take title to such land acquired ~~by gift or issue a voucher in payment thereof for such land purchased~~ until the attorney general has examined the abstract of title and deed to such land and has determined that such conveyance will convey such land in fee simple to the state of Kansas. Tracts of such land may be acquired separately ~~either by gift, negotiation or condemnation~~.

Sec. 3. Upon acquisition of the property as authorized by this act, the same shall be placed under the control and management of the state historical society and the society shall have power to adopt rules and regulations relating to the use, preservation, improvement, control and maintenance thereof.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.