

Approved 6-6-89  
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Buntен at  
Chairperson

10:10 a.m./~~p.m.~~ on April 24, 1989 in room 514-S of the Capitol.

All members were present except: All present.

Committee staff present: Ed Ahrens, Richard Ryan, Ellen Piekalkiewicz, Debra Duncan, Laura Howard, Alan Conroy, Karen DeViney, Julian Efird, Scott Rothe, Diane Duffy, Kansas Legislative Research Dept. Jim Wilson, Revisor of Statutes Sharon Schwartz, Administrative Aide Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list.

Chairman Buntен announced that SB 378, which was passed by the Committee on April 20, needs a technical amendment. Representative Shriver moved to reconsider committee action on SB 378. Representative Goossen seconded. Motion carried. Back on the motion to pass favorably, Representative Chronister made a substitute motion to amend SB 378 to reconcile a conflict so that K.S.A. 39-709 as amended by SB 15 will not be published twice in the K.S.A.s and to recommend SB 378, as amended, favorably for passage. Representative Heinemann seconded. Motion carried.

Ed Ahrens, Kansas Legislative Research Department, reviewed a staff memorandum on the current status of the State General Fund dated April 13, 1989 (Attachment 1). Mr. Ahrens explained that the figures include the Conference Committee actions on regular appropriations bills. Items for Omnibus consideration, the Governor's vetoes, and the Governor's Budget Amendment No. 3 are not included. It was noted that each year there are built-in increases in the budget that will occur even if no additional spending is authorized by the Legislature. Staff stated there is a potential liability to the State in the pending court case involving the collection of taxes from certain pensioners, such as military pensioners. Representative Helgerson asked staff to give him the percentage increase in spending from FY89 to FY90 for both the House and Senate and the Governor. Chairman Buntен asked the Committee to keep these figures in mind as we proceed with consideration of items for omnibus.

Staff indicated the memorandum listing the Items for Omnibus Consideration does include the recommendations in the Governor's Budget Amendment No. 3 (Attachment 2). A copy of the Governor's Budget Amendment No. 3 was provided (Attachment 3). Staff explained that the Omnibus memorandum does not include the Governor's vetoes. The listing does include items deferred from subcommittee reports, items pending in Conference Committee, a few new recommendations by the State Building Committee, and technical adjustments. In response to a question about the Highway Sales Tax Transfer, staff advised that under current law the transfer in FY91 would be \$49.3 million. Under the current House version, the transfer in FY91 would be \$90.2 million.

Chairman Buntен announced that the Omnibus bill will be a Senate bill and we will begin deliberations on page 18 of the Research Department memorandum with the Youth Center at Atchinson. We will take up pp. 1-17 tomorrow.

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The meeting was recessed at 10:50 a.m. so that subcommittees could meet to consider the proposed items for omnibus.

Chairman Bunten reconvened the meeting at 1:40 p.m. He announced that SB 386, which was approved by the Committee on April 20, 1989, is no longer needed by the Board of Healing Arts. Representative Shriver moved to reconsider committee action on SB 386. Representative Chronister seconded. Motion carried. Representative Brady withdrew his motion to report SB 386 favorably for passage with the permission of the second, Representative Hoy.

OMNIBUS BILL

**YOUTH CENTER AT ATCHINSON**--The Committee approved Item A.

**YOUTH CENTER AT TOPEKA**--Representative Gatlin moved to delete Item A which recommends funding for an air-conditioning system at YCAT. Representative Moomaw seconded. Motion failed. Item A is approved. Representative Moomaw moved to delete Item B as it was addressed by the Legislature in Conference Committee. Representative Brady seconded. Motion carried.

**PUBLIC BROADCASTING COMMISSION**--Representative Chronister moved that \$175,000 from the Economic Development Initiatives Fund (EDIF) in FY89 and \$125,000 from the EDIF in FY91 be authorized for the relocation of KANZ-FM to Garden City and that these appropriations be matched on a dollar-for-dollar basis locally. Representative Teagarden seconded. Motion carried.

**STATE HISTORICAL SOCIETY**--Representative Hoy moved to delete Item A. Representative Vancrum seconded. Motion carried.

**DEPARTMENT OF COMMERCE**--Representative Fuller made a motion on Item A to fund the Program Director and Secretary I effective October, 1989 at \$110,867, which would include capital costs. Representative Francisco seconded. Motion carried. On Item B, Representative Kline moved to approve funding for HB 2485 of \$100,000 for payments to businesses and \$14,576 for printing both from the EDIF in FY90. Representative Fuller seconded. Motion failed. Representative Brady moved to approve \$100,000 from the EDIF in FY90 for payments to businesses participating in overseas trade shows. Representative Chronister seconded. Motion carried.

**KANSAS INC.**--Representative Teagarden moved to delete Item A. Representative Hamm seconded. Motion failed. Representative Wisdom moved that the \$50,000 for a study of the effects of reappraisal and classification on economic development in Kansas be funded from the EDIF. Representative Turnquist seconded. Motion carried.

**DEPARTMENT OF WILDLIFE AND PARKS**--The Committee approved Items A, B, C, and D for inclusion in the Omnibus bill.

**SECRETARY OF STATE**--Representative Goossen made a motion to delete Item A requesting \$1,500 to reprogram the agency's computer to implement SB 243. Representative Pottorff seconded. Motion carried.

**BOARD OF AGRICULTURE**--The Committee approved Items A and B. Item C - Representative Vancrum moved to increase fees from one-half cent per barrel to one cent per barrel to fund the Petroleum Measurement Enforcement Program (PMEP) and to shift six FTE PMEP inspectors from the Department of Revenue to the Board of Agriculture including funding of \$246,192 State General Fund in FY90. Representative

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Solbach seconded. It was noted that 11 FTE inspectors have been deleted from the Department of Revenue budget, so the Department will have the option to absorb 5 FTE. The motion carried. Representative Solbach moved that a bill to increase the fees from one-half cent to one cent per barrel for the PMP be introduced and referred directly to the House floor. Representative Vancrum seconded. Motion carried.

Item D - Representative Vancrum moved to appropriate \$64,604 State General Fund and \$4,800 from Pesticide Use Fees for 1 FTE Attorney II and 1 FTE Secretary I to develop pesticide management areas. Representative Solbach seconded. Motion carried.

Item E - Representative Vancrum moved to approve 1 FTE Ecological Chemigation Specialist for the Pesticide Use Program with funding of \$20,519 State General Fund. Representative Turnquist seconded. Motion carried.

Item F - Representative Vancrum moved to recommend that the Board of Agriculture and Department of Health and Environment (KDHE) enter into an interagency agreement for KDHE to inspect the restaurants preparing homemade ice cream and that \$3,000 from the Dairy Fee Fund be used to offset salaries and wages from the State General Fund in the Board of Agriculture budget. Representative Solbach seconded. Motion carried.

**STATE FAIR BOARD**--The Committee approved Item A.

**KANSAS WHEAT COMMISSION**--Item A has already been handled in the FY90 appropriations bill.

**KANSAS HIGHWAY PATROL**--The Committee took no action on Item A pending disposition of SB 358. The Committee approved Items B and C.

**DEPARTMENT OF TRANSPORTATION**--Item A required no action.

**REGENTS INSTITUTIONS - SYSTEMWIDE ISSUES**

Item A - Utilities

Representative Fuller made a motion that for FY89 the utility savings at seven institutions (excluding Pittsburg State) totaling \$747,701 be lapsed and that a supplemental State General Fund appropriation be made to Kansas State University in the amount of \$668,447 and for FY90 that the appropriation for utilities at seven institutions be reduced by \$747,701 and an additional amount be appropriated for Kansas State University of \$588,447. Representative Kline seconded. Representative Buntin made a substitute motion that the identified utility savings for FY89 and FY90 at seven institutions be adopted and that the FY89 and FY90 adjustments for Kansas State be half the amounts recommended by the Governor, or approximately \$334,223 for FY89 and approximately \$294,223 for FY90. Representative Chronister seconded. In response to a question, staff stated the Governor can approve transfers between State General Fund line items so that Kansas State University could cover the shortfall in utilities. Substitute motion failed. Representative Moomaw offered a substitute motion that the utility savings identified for FY89 and FY90 at seven institutions be adopted and that the adjustments for Kansas State University in FY89 and FY90 be reduced by \$100,000 (FY89 -\$568,447 and FY90 - \$488,447). Representative Hoy seconded. Motion failed. Representative Goossen made a substitute motion to adopt the identified savings at seven institutions in FY89 and FY90 and that the Governor's recommended supplemental for FY89 for Kansas State University in the amount of \$668,447

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be approved and that the adjustment for FY90 for Kansas State University in the amount of \$588,447 be deleted pending receipt of an expanded Post Audit study on the utility shortfall. Representative Shriver seconded. Motion carried.

Item B - General Fee Funds

Representative Gatlin pointed out that the Committee should be aware when considering the university budgets next year that the savings in the General Fee Fund at Wichita State University for FY89 was lapsed by the Legislature and no adjustment was made for Wichita State regarding the projected Fee Fund shortfall for FY90. The Committee concurred with Item B with the exception of the action taken on Kansas State University to approve additional support of \$1.5 million State General Fund in lieu of the \$1,941,026 recommended by the Governor.

**KANSAS STATE UNIVERSITY**

Item A - Utility Funding Shortfall

This item was handled previously under systemwide issues.

Item B - General Fees Fund Shortfall

Chairman Bunten expressed concern that underestimates in enrollment result in more State General Fund dollars being appropriated to the universities when he feels the estimates of student populations could be more accurate. The Governor recommends an additional \$1,941,026 State General Fund for Kansas State to cover the accounting error by the University in estimating fees for FY90. Representative Fuller moved that an additional \$1.5 million State General Fund be approved for FY90 at Kansas State University to cover an error in the General Fees revenue at Kansas State University. Representative Kline seconded. Staff determined there was no windfall to Kansas State in FY89 due to the error in estimating fee revenues. Motion carried. This motion funds an additional \$1.5 million SGF in the Kansas State University budget and assumes an additional \$441,000 in fee receipts.

Item C - The Committee approved these adjustments.

**BOARD OF REGENTS**--Regarding Item A, Representative Gatlin moved that \$24,400 (\$19,200 for one FTE Office Assistant II, \$2,500 for OOE, and \$2,700 for capital outlay) be approved to be funded one-third from the Minority Scholarship Program and two-thirds from the Nursing Student Scholarship Program. Representative Moomaw seconded. Motion carried. The Committee approved the technical adjustment in Item B.

**UNIVERSITY OF KANSAS**--The Committee approved Item A. Representative Goossen moved to delete Item B, as this adjustment was already made in SB 67. Representative Shriver seconded. Motion carried.

**FORT HAYS STATE UNIVERSITY**--The Committee approved Item A.

**EMPORIA STATE UNIVERSITY**--Representative Solbach stated there is no longer a need for Item A because HB 2339 provides the necessary authority. Representative Solbach moved to delete Item A. Representative Chronister seconded. Motion carried.

**KSU VETERINARY MEDICAL CENTER**--The Committee approved Item A.

**UNIVERSITY OF KANSAS MEDICAL CENTER**--The Committee approved the technical adjustments in Item A. In Item B, Representative Chronister moved that a University of Kansas Medical Center Private Practice

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Foundation Reserve Fund be established with a proviso that would allow transfer of the money from the Foundation Reserve Fund to the Health Care Stabilization Fund. Representative Teagarden seconded. Motion carried. Representative Chronister moved that if SB 350 passes, a line item should be designated in the Medical Center budget to permit shift differentials for nursing, respiratory therapy, medical technologists and radiation therapy. Representative Heinemann seconded. Motion carried.

WICHITA STATE UNIVERSITY--The adjustment in Item A was made in SB 67. Representative Moomaw moved that Item A be deleted. Representative Gatlin seconded. Motion carried.

KPERS--Representative Shriver moved to approve in Item A \$29,300 for computer development and programming and \$8,000 for staff travel to explain the retirement changes. Representative Goossen seconded. Motion carried.

Representative Shriver moved to approve an additional \$712,088 State General Fund for FY90 for local school employers' retirement contributions. Representative Goossen seconded. Motion carried.

KANSAS BUREAU OF INVESTIGATION--The Committee approved Item A. The expansion of the existing building in Item A would add 27,132 square feet to the present 54,900 square feet. The proposal in Item B to add two more stories to the building has not been reviewed by the Joint Committee on State Building Construction. Representative Kline made a motion to delete Item B. Representative Fuller seconded. Motion carried.

DEPARTMENT OF ADMINISTRATION--Regarding Item A, Representative Fuller made a motion to recommend for FY90 an appropriation of \$3,478,209 for the Central Management Information System and Computing Operations Fund with a proviso that the Department of Administration make on-going quarterly reports to the Legislative Budget Committee concerning the Kansas Financial Information Systems and other computer-related issues and to recommend the funding of DISC off budget funds including the Information Technology Fund, Information Technology Reserve Fund, and Central Mail Services Fund. Representative Kline seconded. Motion carried. Representative Mead made a motion to reconsider committee action on the Department of Administration. Representative Shriver seconded. Motion carried. Representative Wisdom expressed concern about DISC operations and Chairman Buntin stated his concern that DISC has no clear plan and yet the operations continue to grow significantly. Staff advised that the Peat-Marwick contract totals \$3.688 million to be financed over five years. Representative Wisdom made a substitute motion to delete approximately \$350,000, the FY90 funding for the Peat-Marwick contract, from the Department of Administration budget. Representative Hoy seconded. Representative Fuller believes the state needs the expertise of a professional like the Peat-Marwick organization. On a voice vote, substitute motion failed. On Representative Fuller's original motion, motion carried.

The Committee approved Item B.

KANSAS DEVELOPMENT FINANCE AUTHORITY--Representative Buntin moved to delete Item A. Representative Chronister seconded. Under this program, local banks review and authorize loans and invest 10 percent bank funds. State funds will be collateral for the loans. Motion failed. Representative Helgerson made a motion to fund the Kansas Basic Enterprises Loan Program with \$1 million from the EDIF as

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of January 10, 1990 and if these funds are not available by that date, the State General Fund should be used. Representative Pottorff seconded. Representative Heinemann stated this should be a general fund obligation because the money will be sitting idle as a guarantee on the loans. Representative Chronister supports funding of this loan program, because it will directly help rural Kansas. Representative Helgerson withdrew his motion with the agreement of the second, Representative Pottorff. Chairman Bunten appointed a subcommittee of Representative Chronister, chairman, Representative Gatlin and Representative Helgerson to study the question of funding of the Kansas Basic Enterprises Loan Program and to research the current fiscal status of the EDIF reporting at tomorrow's meeting.

The Committee will meet at 9:00 a.m. Tuesday, April 25. The meeting was adjourned at 5:55 p.m.



CURRENT STATUS - STATE GENERAL FUND

(Millions of Dollars)

	<u>House</u> <u>Actions</u>	<u>Senate</u> <u>Actions</u>
<b>FY 1989</b>		
<u>Beginning Balance</u>	\$ 301.2	\$ 301.2
<u>Receipts</u>		
Amended Budget Report	\$ 2,195.6	\$ 2,195.6
April Consensus Est.	11.3	11.3
Legislative Changes	--	--
Adjusted Receipts	<u>\$ 2,206.9</u>	<u>\$ 2,206.9</u>
<u>Expenditures</u>		
Amended Budget Report	\$ 2,174.5	\$ 2,174.5
Legislative Changes, Appropriation Bills Enacted	(1.8)	(1.8)
USD Income Tax Rebate, Actual <sup>a</sup>	4.1	4.1
H.B. 2548, Prison Construction	9.4	--
Adjusted Expenditures	<u>\$ 2,186.2</u>	<u>\$ 2,176.8</u>
<u>Ending Balance</u>		
Governor's Budget Report, as amended	\$ 322.3	\$ 322.3
Consensus Receipts	11.3	11.3
Expenditure Changes	(11.7)	(2.3)
Adjusted Balance	<u>\$ 321.9</u>	<u>\$ 331.3</u>
<b>FY 1990</b>		
<u>Receipts</u>		
Amended Budget Report	\$ 2,232.2	\$ 2,232.2
April Consensus Est.	14.9	14.9
Leg. Changes to Gov. Recommendations which are now included in consensus estimate	10.8	10.8
<u>Legislative Changes:</u>		
S.B. 4, Corporate Income Tax	(13.7)	--
H.B. 2008, State Water Plan, Severance Tax Diversion <sup>b</sup>	(2.0)	--
H.B. 2099, Transportation Assist.	(0.4)	--
Reduction in Transfer from County Reappraisal Fund (Also reduces SGF expenditures by same amount)	(5.5)	(5.5)
-Racing Commission Reimbursement	1.4	1.4
Transfer from Special Emp. Sec. Fund	0.3	0.3
Transfer to Att. Gen. Anti-trust Fund	(0.2)	(0.2)
Subtotal - Legislative Changes	<u>(20.1)</u>	<u>(4.0)</u>
Adjusted Receipts	<u>\$ 2,237.8</u>	<u>\$ 2,253.9</u>
<u>Expenditures</u>		
Gov. Budget Report, As Amended	\$ 2,363.3	\$ 2,363.3
Legislative Changes, Appropriation Bills Enacted	(536.6)	(536.6)
General State Aid <sup>c</sup>	539.3	539.3
Dept. of Admin. DISC Services	3.5	3.5
Highway Sales Tax Transfer, Law Change	29.6	18.7
State Pay Plan	3.4	--
Circuit Breaker <sup>d</sup>	24.1	24.1
Adjusted Expenditures	<u>\$ 2,426.6</u>	<u>\$ 2,412.3</u>
<u>Ending Balance</u>		
Gov. Budget Report, As Amended	\$ 191.1	\$ 191.1
April Consensus Est. of Receipts	37.0	37.0
Other Changes	(95.0)	(55.2)
Adjusted Balance	<u>\$ 133.1</u>	<u>\$ 172.9</u>

- a) Actual expenditures reported subsequent to first adjournment.
- b) As passed by the House, H.B. 2008 also provides a semi-annual transfer of \$3.0 million from the General Fund to the State Water Plan Fund. Pending legislative action, it is assumed that these transfers would replace General Fund appropriations for FY 1990.
- c) Governor's recommendation plus \$5.7 million hold-harmless.
- d) 85 percent of midpoint of range between \$14.9 million and \$41.8 million.

*6/2/89  
net increase  
annualized  
49.3 FY91  
90.2 FY91  
version*



PROJECTED STATE GENERAL FUND FINANCES

In Millions

	House Actions			Senate Actions		
	FY 1990	FY 1991	Assumptions	FY 1990	FY 1991	Assumptions
1. Beginning Balance	\$ 321.9	\$ 133.1		\$ 331.3	\$ 172.9	
Receipts						
Base	2,241.8	2,241.8	no increase	2,257.9	2,257.9	no increase
Nonrecurring	(4.0)	--		(4.0)	--	
Total	2,237.8	2,241.8		2,253.9	2,257.9	
Expenditures	2,426.6	2,426.6	no increase	2,412.3	2,412.3	no increase
Ending Balance	133.1	(51.7)		172.9	18.5	
% of Expenditures	5.5%	--		7.2%	0.8%	
2. Beginning Balance	321.9	133.1		331.3	172.9	
Receipts						
Base	2,241.8	2,286.6	2% increase	2,257.9	2,303.1	2% increase
Nonrecurring	(4.0)	--		(4.0)	--	
Total	2,237.8	2,286.6		2,253.9	2,303.1	
Expenditures	2,426.6	2,426.6	no increase	2,412.3	2,412.3	no increase
Ending Balance	133.1	(6.9)		172.9	63.7	
% of Expenditures	5.5%	--		7.2%	2.6%	
3. Beginning Balance	321.9	133.1		331.3	172.9	
Receipts						
Base	2,241.8	2,353.9	5% increase	2,257.9	2,370.8	5% increase
Nonrecurring	(4.0)	--		(4.0)	--	
Total	2,237.8	2,353.9		2,253.9	2,370.8	
Expenditures	2,426.6	2,353.9	3% decrease	2,412.3	2,370.8	1.7% decrease
Ending Balance	133.1	133.1		172.9	172.9	
% of Expenditures	5.5%	5.7%		7.2%	7.3%	
4. Beginning Balance	321.9	133.1		331.3	172.9	
Receipts						
Base	2,241.8	2,547.9	13.7% increase	2,257.9	2,532.9	12.2% increase
Nonrecurring	(4.0)	--		(4.0)	--	
Total	2,237.8	2,547.9		2,253.9	2,532.9	
Expenditures	2,426.6	2,547.9	5% increase	2,412.3	2,532.9	5% increase
Ending Balance	133.1	133.1		172.9	172.9	
% of Expenditures	5.5%	5.2%		7.2%	6.8%	
5. Beginning Balance	321.9	133.1		331.3	172.9	
Receipts						
Base	2,241.8	2,605.9	16.2% increase	2,257.9	2,551.1	13% increase
Nonrecurring	(4.0)	--		(4.0)	--	
Total	2,237.8	2,605.9		2,253.9	2,551.1	
Expenditures	2,426.6	2,547.9	5% increase	2,412.3	2,532.9	5% increase
Ending Balance	133.1	191.1	Target Balance	172.9	191.1	Target Balance
% of Expenditures	5.5%	7.5%		7.2%	7.5%	

Kansas Legislative Research Department  
April 14, 1989

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## ITEMS FOR OMNIBUS CONSIDERATION

Department of Revenue

A. FY 1989. (1) Retirements. One item deferred until the Omnibus bill concerns the costs of retiring personnel. Last session, the 1988 Legislature appropriated \$125,000 from the State General Fund to pay for retirements. This fiscal year the agency estimates retirements will cost \$95,237, of which \$58,435 is from the State General Fund and \$36,802 is from the DOV Operating Fund. The Subcommittee's recommendation to review this item during Omnibus is related to the 3.5 percent salary turnover savings rate approved for the agency in FY 1989. No retirement pay was budgeted by the agency and retirements will increase the turnover savings which the agency must generate in order to finance their costs, if no other legislative action is taken.

(2) H.B. 2041 and H.B. 2518 (law). Both bills involved changes in the sales tax law. The agency plans to consolidate its mailing of all notices to retailers explaining the changes for these and any other bills which might pass. Mailing and printing costs are estimated at \$7,162 to notify retailers of sales tax changes passed by the 1989 Legislature.

B. FY 1990. (1) S.B. 24 (law). S.B. 24 amends both the income tax and homestead property tax refund laws. Annual administrative costs are estimated by the agency to total \$366,604. Additional staffing is requested for 8.0 FTE new positions and nine new part-time positions. Six of the new FTE positions and five of the part-time positions would work in taxpayer service areas. Two of the new FTE positions and four of the part-time positions would be assigned to the data processing area.

Annual funding of \$366,604 is requested for expenses of new staff, supplies and services: \$239,899 for salaries and wages and \$129,050 for other expenses. As an alternative to full-year financing, in the first year of implementing S.B. 24, FY 1990 costs of \$154,432 are estimated to add staff as additional work arises. Other operating costs are estimated at \$107,650 in FY 1990 by phasing in staff as needed. One-time expenses of \$19,055 also are estimated. Total FY 1990 expenses are estimated at \$281,137 if staggered implementation is used.

(2) S.B. 101 (law). The bill provides businesses with additional tax credits for cash investments in Kansas Venture Capital, Inc. The agency indicates that 1.0 FTE new position is needed in the business tax bureau for reviewing the tax returns which claim this credit, adjusting returns as needed, and answering questions about the credit. The agency requests annual funding of \$29,316, of which \$24,254 is for salaries and benefits and \$5,062 for other operating expenses. Since the bill amends current law, no phase-in of costs appears possible.

(3) S.B. 250 (law). This bill implements the federally-mandated Commercial Motor Vehicle Safety Act of 1986, including provisions which require

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4-24-89  
Attachment 2

a Commercial Drivers License (CDL). The agency estimates that 155,000 current licensees will require a CDL. Annual administrative costs are estimated at \$1,439,306 in FY 1991 and \$1,673,705 in FY 1992. For FY 1990, the agency requests \$488,000 for converting the current driver license files to the CDL format. The agency plans to contract with a private vendor to convert the driver license files over a 16-month period, with an estimated FY 1991 cost of \$488,000 to continue the conversion contract that fiscal year. Financing will be from the DOV Operating Fund.

(4) H.B. 2032 (law). The bill allows an income or privilege tax credit to any taxpayer who pays for or provides child day care services for dependent children of the taxpayer's employees.

The agency indicates that 2.0 FTE new positions are needed. One new FTE would be used for reviewing the tax returns which claim this credit, adjusting returns as needed, and answering questions about the credit. This new position would be in addition to the other requested new position for S.B. 101 which also will work credits in corporate tax returns. A second new FTE position is requested for the income tax bureau to handle taxpayer phone calls and questions, resolve errors, and insure taxpayer compliance.

The agency requests annual funding of \$51,094, including \$45,474 for 2.0 FTE new positions and \$5,620 for other operating expenses. As an alternative to full-year financing, FY 1990 salaries and wages of \$22,737 would be required to add these positions for six months since the first returns will be filed after January 1, 1990. Other operating expenses are estimated at \$2,932 for continuing costs and \$2,256 for one-time expenses.

(5) H.B. 2177 (law). The bill exempts mobile homes and travel trailers from registration if used as living quarters and are not used on highways. The agency estimates cost savings of \$8,160 from the DOV Operating Fund due to reductions in the number of license plates and decals required and for corresponding savings in mailing expenses.

(6) H.B. 2483 (law). The bill implements new driver license vision standards. The agency indicates that an increase in the number of exams and licenses will result. An estimated 9,300 applicants who failed to meet current vision requirements may request a driver test under provisions of this bill and the agency indicates that it will need 4.0 FTE new positions to serve as driver license examiners.

Annual expenditures of \$109,496 are requested, including \$97,016 for 4.0 FTE new positions and \$12,480 for other operating expenses in FY 1990. The bill is effective July 1, 1989. The agency indicates that its fiscal note assumes that all of the 9,300 denied applicants will request a drive test.

(7) S.B. 220 (pending). The bill includes provisions concerning the intangibles tax and would require the Department of Revenue to provide data for use by local units of government. The agency requests 3.0 FTE new positions: one for business registration, one for tax compliance, and one for intangibles tax matters. The latter two positions were added as a result of House amendments to the original bill. The Senate version of the bill had a fiscal note for 1.0 FTE to work on business registrations.

Annual costs are requested at \$75,712, including \$69,416 for salaries and wages and \$6,296 for other operating expenses. As an alternative to full-year financing, staggered hiring of the three positions would reduced the staff costs to \$34,708 and the other operating costs to \$5,648 in FY 1990. The business registration expense alone is estimated at \$8,873 for partial year staffing and \$216 for other costs in FY 1990 if the Senate version of the bill were approved. (Annual costs for the Senate version are \$17,746 for staff and \$432 for other expenses.)

C. Governor's Budget Amendment No. 3 -- DISC Rate Reduction. The Governor recommends reductions in FY 1989 and FY 1990 expenditures for DISC fees to reflect lower DISC rates. Savings are estimated at \$101,143 in FY 1989 and at \$461,344 in FY 1990. The 1989 Legislature previously incorporated these adjustments into S.B. 80 and S.B. 31.

### Homestead Property Tax

A. Senate Bill No. 24 (law) modifies individual income tax rates and makes other changes in the state's income tax laws. In addition, the bill increases payments under the Homestead Property Tax Refund program and under the School District Income Tax Rebate program, both of which were addressed during the regular 1989 Session. The Legislature deferred consideration of the property tax "circuit breaker" provision until the Omnibus bill. That provision in S.B. 24 provides for a refund for those taxpayers meeting certain age, disability and dependent status; whose income does not exceed \$35,000; and who experienced an increase of at least 50 percent in their property taxes between CY 1988 and CY 1989. For CY 1989, the refund is 50 percent of the increase in property taxes, not to exceed \$500. CY 1989 refunds will occur in two fiscal years, FY 1990 and FY 1991 since the refund filing period runs from January 1, 1990, to October 15, 1990. For CY 1990, the refund is limited to 25 percent of the increase and refunds will be payable over two fiscal years, FY 1990 and FY 1991.

In a joint memorandum of April 6, 1989, the Budget Division and the Research Department reported cost estimates for the circuit breaker provisions using different assumptions. A summary table from the memorandum is shown below with references to more detailed tables in the joint memorandum which is available to supplement this document. The estimates are subject to an unusually large margin of error due to a lack of recent data, and efforts to refine the estimates are continuing. Each of the amounts shown in the table is actually 85 percent of the midpoint of a possible range of costs. For example, Research Department reports on the status of the General Fund use the FY 1990 figure of \$24.1 million, which is 85 percent of the midpoint of a range between \$14.9 million and \$41.8 million.

Estimated Fiscal Year Cost for Each  
of the Assumed Programs

<u>Table</u>	<u>Cap</u>	<u>Assumptions</u>	<u>In Millions</u>		
			<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
1	\$500	April 3 Estimate, Renters Included	\$31.4	\$21.2	\$2.8

Renters Excluded

<u>Table</u>	<u>Cap</u>	<u>% of Renters That Were Included in April 3 Est.</u>	<u>In Millions</u>		
			<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
2	\$500	10%	\$25.5	\$17.3	\$2.3
3	500	15	24.1	16.3	2.2
4	500	20	22.3	15.3	2.0

The Legislature may wish to consider making a separate appropriation for paying FY 1990 refunds under the "circuit-breaker" provision.

Kansas Racing Commission

A. Governor's Budget Amendment No. 3 -- Commission Compensation. The Governor recommends an addition of \$120,000 in expenditures for FY 1990 in order to continue the current rate of compensation at \$2,000 per month for the five members of the Racing Commission. Financing is recommended from the State Racing Fund. The 1989 Legislature previously reviewed this question. S.B. 31 includes financing of \$60,000 to pay Commissioners \$1,000 per month in FY 1990.

State Department of Education

A. General State Aid to School Districts. The Conference Committee on S.B. 28 (the Department of Education's budget) recommended that all funding for general state aid to school districts be considered in the Omnibus bill.

H.B. 2085, which contains amendments to the School District Equalization Act, has been agreed to by the Legislature and presented to the Governor. Computer printouts to illustrate the agreement adopted by the Legislature were based upon the amount of general state aid recommended by the Governor (\$533,527,252), plus \$5,733,829 for hold harmless aid that would be received by 35 school districts, for a total of \$539,261,081.

B. Fort Leavenworth School District (USD 207). The United States Department of Education has applied increasing pressure on Kansas in the last several years to fund the Fort Leavenworth School District in a manner more comparable to other districts in the state or risk losing federal emergency funds under Section 3(d) 2(b) of P.L. 874. Based on conversations with federal

officials, Department of Education staff think the state will be in compliance with federal requirements if the appropriation for Fort Leavenworth on a per-pupil basis equals 65 percent of the average per pupil amount of general state aid appropriated for school districts. If general state aid, including hold harmless aid, is appropriated based on the amounts assumed when H.B. 2085 was approved by the Legislature (see item A above), an additional \$15,088 would be needed for Fort Leavenworth to reflect the increase in general state aid over the Governor's recommendation. The addition would bring the FY 1990 appropriation for Fort Leavenworth to \$1,460,054.

C. Governor's Budget Amendment No. 3, Item No. 1 -- Department of Education. Governor's Budget Amendment No. 3 makes adjustments to the Governor's original recommendations for Special Education Aid, School Transportation Aid, and aid programs for the community colleges. The amended amounts do not reflect any changes of a policy nature. The amended amounts result in a net increase of \$233,389 to the original FY 1989 recommendations and \$800,482 to the original FY 1990 recommendations. The factors leading to these revisions to the Governor's recommendations have already been taken into account in the appropriations approved by the Legislature; but the legislative adjustments that were made differ to a relatively minor extent from the amounts contained in the Governor's amendment and are apparently due to varying treatment with respect to audit adjustments. Should the Legislature wish to conform to the Governor's amendment on this matter, the following adjustments could be made:

Reduce the FY 1989 and FY 1990 expenditures for School Transportation Aid by \$100,000 and \$63,810, respectively.

Reduce the FY 1989 expenditures for Community College Credit Hour Aid by \$19,405 and increase such aid for FY 1990 by \$35,438.

#### Kansas School for the Visually Handicapped

A. The Joint Committee on State Building Construction recommends an appropriation of \$55,000 in FY 1990 from the State Institutions Building Fund to replace a roof on the Brighton Recreation Center at the School for the Visually Handicapped. The Recreation Center, built in 1961, houses a swimming pool and an activities area. The roof consists of four arches covered with roofing felt and tar with a water outlet and downspout at each valley. According to the School, the roof leaks and the outlets and downspouts need to be repaired. Of the amount requested, \$51,150 is for construction and \$3,850 is for architectural fees.

#### Department of Insurance

A. Governor's Budget Amendment No. 3, Item No. 19. Governor's Budget Amendment No. 3 makes technical adjustments for FY 1990 which add \$3,092 to expenditures from special revenue funds. This adjustment has already been made by the Legislature.

Department of Corrections

A. Sub. Senate Bill No. 49 mandates that all counties adopt community corrections programs and makes a number of changes in the administration of community corrections programs, in sentencing procedures and penalties, and in the computation of good time credits. Under S.B. 49, each county must establish a community corrections program by July 1, 1990 using one of the following options: (1) establish a single county program; (2) enter into a contract with an existing program to provide community corrections services; or (3) enter into an agreement with other counties to establish a regional or multi-county community corrections program. The bill also creates a five-member State Community Corrections Board with the following powers: (1) to hear appeals from decisions of the Secretary of Corrections regarding the determination of grant amounts for community corrections programs; (2) to hear appeals from decisions of the Secretary regarding the organization of new community corrections programs and plans for such services; and (3) to review minimum operating standards and performance evaluation standards established by the Secretary for community corrections programs.

The language of the bill relating to the timetable for implementation of the new programs is ambiguous. The Department of Corrections (DOC) has presented two implementation schedules and requests that the legislative intent regarding the implementation schedule be expressed in the appropriations bill. Option A assumes activities of planning and review only in FY 1990, with actual implementation beginning in FY 1991. Option B assumes start-up for half of the new counties and enhancement of existing programs for six months in FY 1990 and full operation in FY 1991. The Department's estimates for both options are summarized below.

	<u>Option A</u> <u>FY 1990</u>	<u>Option B</u> <u>FY 1990</u>
Planning	\$ 232,500	\$ 232,500
New Counties	--	2,500,000
Expansion	--	1,000,000
DOC -- 3.0 Community Corrections FTE	113,105	113,105
DOC -- 10.0 Parole Staff	362,284	362,284
State Community Corrections Board	<u>66,625</u>	<u>88,250</u>
TOTAL	<u>\$ 774,514</u>	<u>\$ 4,296,139</u>

The DOC estimate assumes that planning funds of \$232,500 will be needed in FY 1990 to provide the 93 counties currently not participating in the program with planning funds. The Department indicates that an annual amount of \$2.0 million could be used as the estimate of the additional costs for participating county program expansion, and that \$2.5 million would be the estimate for bringing new counties on-line for the last half of FY 1990. The Department estimates that the new State Community Corrections Board would require \$88,250 in FY 1990 for 2.0 positions (a hearing officer/director and a clerical position) which is composed of \$54,934 for salaries and \$27,566 for other operating expenditures. The Department estimates that expanding community corrections to all counties will require 3.0 additional DOC staff (a Community Program Consultant I, a Management Analyst II, and an Office Assistant II) at a salary cost of \$81,955 and \$31,150 for other operating expenditures. The Department estimates that the liberalized good time credit provisions of the bill will

result in the conditional release of 200 inmates and the release on parole of approximately 200 inmates and requests 8.0 additional Parole Officer I positions and 2.0 clerical positions at a cost of \$362,284 in FY 1990. (Note: The table does not include funding of \$1.2 million in FY 1989 and \$1.971 million already appropriated for correctional conservation camps.)

B. House Bill No. 2199 requires that the county or district attorney of the county where an inmate was convicted to give written notice of the time and place of the public hearings conducted by the Kansas Parole Board to victims of the crime. The bill also provides that the Board shall consider comments of the victim and the victim's family, comments of the public, official comments, and the capacity of the state correctional facilities. The Secretary of Corrections is directed to provide notice to victims prior to inmates being released into the community under a program supervised by the Secretary of Corrections.

The Department of Corrections estimates approximately 1,900 notifications will be sent annually to victims. The Department estimates assembling and mailing these notices will require the addition of a half-time Office Assistant IV and supplies and equipment totaling \$16,615. Included in this amount are salary and wages of \$11,040, \$2,500 for postage and supplies, and one-time capital outlay expenditures of \$3,075.

C. Governor's Budget Amendment No. 3 -- FY 1989 Adjustments. The Governor recommends the reduction in FY 1989 of \$360,000 from the Department of Corrections' (DOC) community residential services program and \$267,340 from the DOC sex offender program because of delays in the start-up dates of the programs. The Legislature has already reduced the community program by \$360,000 and the sex offender program by \$239,200.

The Governor recommends the addition of \$526,303 in FY 1989 from the State General Fund for the payment of medical expenses which were incurred prior to December 18, 1988, at which time the Department entered into a contract with Correctional Medical Services, Inc. (CMS) to provide medical and mental health care services. The amount represents higher than anticipated medical bills not received until after the beginning of the medical contract.

The Governor recommends the establishment of a no-limit fund entitled "Library Grant - Federal Fund" for FY 1989 to allow for the expenditure of \$11,893 in special revenue funds among the following correctional institutions for the acquisition of books.

	<u>FY 1989</u>
Kansas State Penitentiary	\$ 8,350
Kansas State Industrial Reformatory	703
Osawatomie Correctional Facility	1,840
State Reception and Diagnostic Center	<u>1,000</u>
TOTAL	<u>\$ 11,893</u>

For FY 1989, the amount budgeted for county jail payments is recommended to increase State General Fund expenditures by \$143,727 for payments to reimburse local units for the cost of housing inmates who are awaiting a parole violator hearing.

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D. Governor's Budget Amendment No. 3 -- Reductions in Operating Expenditures. The Governor recommends a net reduction of \$124,075 from the State General Fund in FY 1990 operating expenditures for certain correctional institutions to reflect compliance with the mandated population limitations by the recent decisions of the U.S. District Court. Reductions were made in communications, clothing, supplies, and incentive pay.

	<u>FY 1990</u>
Kansas State Penitentiary	\$ (32,000)
Kansas State Industrial Reformatory	(65,000)
State Correctional-Vocational Training Center	(10,000)
State Reception and Diagnostic Center	(2,000)
Kansas Correctional Institution at Lansing	62,350
Norton Correctional Facility	(17,500)
Stockton Correctional Facility	(8,000)
Ellsworth Correctional Facility	(28,500)
County Jails	(23,425)
TOTAL	<u>\$ (124,075)</u>

E. Governor's Budget Amendment No. 3 -- Contingency Funds for Housing Inmates. For FY 1990, the budget recommendation for DOC is increased by \$2,445,600, all from the State General Fund. This amount will provide contingency funds for housing inmates until new bedspace is constructed. These are inmates who cannot be placed in existing facilities because of the population caps on those institutions.

F. Governor's Budget Amendment No. 3 -- Central Office Computer System. For FY 1990, the budget recommendation for the Central Management program of DOC is amended to increase expenditures by \$130,000, all of which would be from the State General Fund. The recommendation includes 1.0 FTE position for a Programmer III and operational and capital costs for a computer system. The Programmer III will be involved in developing the updated integrated computer system.

G. Governor's Budget Amendment No. 3 -- Transfer of Parole Coordinator Positions. For FY 1990, the budget recommendation for the Community Services program in DOC is amended to reduce State General Fund expenditures by \$96,306 to reflect the transfer of salaries and wages for 4.0 FTE positions to three correctional institutions. The positions will serve as parole coordinators at the State Industrial Reformatory, the State Penitentiary, and the Norton Correctional Facility. They will assist inmates in the preparation of parole plans. The State Industrial Reformatory will receive 2.0 FTE positions and \$47,646, the State Penitentiary 1.0 FTE position and \$18,940, and the Norton Correctional Facility 1.0 FTE position and \$29,720.

H. Governor's Budget Amendment No. 3 -- Transfer of Inmate Medical Funds. For FY 1990, the budget for the Inmate Medical and Mental Health program in DOC is amended to transfer \$20,738 in State General Fund expenditures to the following facilities: \$5,103 to the Osawatomie Correctional Facility; \$5,435

to the Wichita Work Release Center; \$2,400 to the Stockton Correctional Facility; \$5,000 to the Norton Correctional Facility; and \$2,800 to the Topeka Correctional Facility. These expenditures were inadvertently transferred to the Department's budget and are needed at the facility level to finance inmate drug tests and other professional services.

I. Governor's Budget Amendment No. 3 -- Reduction of Medical Staff Positions. The Governor recommends the reduction of 46.0 FTE positions in FY 1990 in DOC to reflect the correct number of medical personnel which have opted to remain state employees rather than employees under the Department's systemwide medical contract.

J. Governor's Budget Amendment No. 3 -- Capital Punishment Funding Reductions. Reductions totaling \$368,380 in capital improvements from the State General Fund in FY 1990 are recommended from the Kansas State Penitentiary, the Kansas Correctional Institution at Lansing, and DOC's budgets in order to reflect the failure to enact capital punishment.

Department of Corrections	\$(130,880)
Kansas State Penitentiary	(222,868)
Kansas Correctional Institution at Lansing	<u>(14,632)</u>
TOTAL	<u>\$(368,380)</u>

The funding at KSP included \$197,868 for 11.0 FTE positions. These recommended reductions have already been made by the Legislature during its consideration of Sub. H.B. 2037.

State Industrial Reformatory

A. Governor's Budget Amendment No. 3 -- FY 1989 Supplemental. For FY 1989 the Governor recommends that the budget for the State Industrial Reformatory be increased by \$154,181, of which \$126,181 would be from the State General Fund. Because of the population cap at the State Penitentiary, this institution has been the major center for the intake and movement of inmates in the correctional system. In addition, this institution incurred some additional costs in handling an inmate disturbance.

Kansas Sentencing Commission

A. S.B. 50 establishes a 13-member Kansas Sentencing Commission. The Commission is charged with developing sentencing standards which will reduce disparity and specify circumstances under which imprisonment is appropriate and establish a presumed sentence for offenders. The Commission is required to take into consideration current sentencing and release practices and correctional resources and facilities capacities. Further, the Commission is to determine the continued need for or role of the Kansas Parole Board and whether good time credits for determining parole eligibility and conditional release should be continued. An interim report and recommended guidelines must be submitted to the Legislature on or before February 1, 1990, with the final report due on the commencement of the 1991 Legislative Session.

The Commission membership shall include: the Chief Justice or his designee; two district court judges appointed by the Chief Justice; the Attorney General or his designee; one public defender, one private defense counsel, one county or district attorney, two members of the general public, at least one of whom shall be a member of a racial minority group, and a director of a community corrections program, all appointed by the Governor; the Secretary of Corrections or his designee; the Chairperson of the Kansas Parole Board or his designee; and a court services officer appointed by the Chief Justice. Four members of the Legislature shall be ex officio nonvoting members of the Commission. One each shall be appointed by the President and Minority Leader in the Senate and by the Speaker and Minority Leader in the House. The Governor shall appoint a chairperson and no more than three of the Governor's appointments may be from the same political party. The Commission is empowered to hire an executive director and other necessary staff. Commission members are authorized to receive compensation, subsistence allowances, mileage, and other expenses.

The Department of Corrections estimates that \$4,350 would be needed in FY 1989 and \$446,989 in FY 1990. This estimate is based on staffing and expenditures used by the Minnesota Sentencing Guidelines Commission. Expenditures in FY 1989 are subsistence and mileage costs for four commission meetings to organize the Commission and recruit a director. Expenditures in FY 1990 include salary and wages for five permanent positions and eight temporary positions, estimated to be \$188,250 and \$84,726, respectively. The Department estimates \$174,013 will be needed to acquire rental space, provide travel reimbursement, communications, printing, consulting fees, and supplies; and to purchase data processing equipment, software, a copy machine, and office furniture and equipment.

#### Department of Social and Rehabilitation Services

A. Children's Services Study. In Substitute for H.B. 2028, the House recommended \$500,000 for a comprehensive evaluation of the state's services for children, including the judicial process, the schools, the foster care system, and the family services system, to be performed by a nationally recognized standard-setting organization. The Conference Committee concurred with the Senate recommendation to delete the funding, but to have SRS contact such national organizations to obtain cost estimates. SRS is to report this information to the Legislature for Omnibus consideration.

B. Building Committee Recommendation. The Joint Committee on State Building Construction recommends \$69,450 from the SIBF to repair the roof at the Kansas Vocational Rehabilitation Center. This recommendation is not in any appropriations bill. Previous attempts to repair the roof have not succeeded, and it is estimated that repair costs will increase by 10 percent with each additional year's delay.

C. Building Committee Recommendation. The Joint Building Committee recommends that, effective in FY 1990, the operation of the Wichita State Office Building be transferred from the Department of Administration to SRS, which is currently the sole occupant of the building. The transfer was suggested by the Department of Administration, and SRS concurs. Currently, the Department of Administration employs one person to manage the facility and charges rent to SRS to cover all costs (i.e., debt service, utilities, salary, maintenance, etc.).

The rental charges are credited to this fund, and all expenditures are from this fund.

With the proposed transfer, the Department of Administration would retain the title and responsibility for debt service and capital improvements. SRS would assume responsibility for all operating expenditures, and would continue to pay some rent to the Department of Administration to cover debt service and capital improvement costs.

Legislative action to accomplish the transfer would involve the addition of 1.0 FTE to SRS's position limitation (as well as a decrease of 1.0 FTE from the Department of Administration), an increase of \$30,043 in the agency's salary and wage limitation, and an equivalent decrease in the agency's limitation on other operating expenditures. The Legislature may wish to establish a fund within SRS parallel to the existing Wichita State Office Building fund in the Department of Administration into which SRS would pay "rent" to cover maintenance costs and the salary of the facility manager. The amount currently budgeted for this purpose by the Department of Administration is \$406,464.

D. Technical Adjustment. Substitute for H.B. 2028 includes an expenditure limit for the federal social services block grant (SSBG) of \$29,183,696, as recommended by the Governor. The agency subsequently learned that the state's estimated allocation for State FY 1990 will be \$27,203,000. The Legislature may wish to reduce the expenditure limit accordingly. (The \$27.2 million limit would not allow for carryover of SSBG funds from FY 1989 to 1990. However, because the Legislature has provided financing from the State General Fund to make up a shortfall in SSBG funds in the home care program in the current fiscal year, federal funds should not be available to carry forward into FY 1990.) The Legislature has also made up part of the SSBG shortfall in FY 1990 by appropriating an additional \$1,030,067 from the State General Fund for the home care program.

E. Technical Adjustment. For FY 1990, the Governor recommended that the KanWork program be expanded to three additional counties, Wyandotte, Butler and Ford, and that the number of KanWork staff be increased by 50.0 FTE positions. The Conference Committee recommended that KanWork be expanded to seven additional counties to be designated by the agency, and added 86 FTE positions to the program. Part of the added positions duplicate the Governor's recommendation. To accurately reflect the Legislature's decision, the number of new positions for the KanWork program should be reduced by 50.

F. Technical Adjustment. Substitute for H.B. 2028 sets an expenditure limit of \$158,146,880 for state operations, and within that total, limits of \$106,188,967 for salaries and wages and \$51,957,913 for other operating expenditures. To accurately reflect legislative adjustments, these limits need to be revised as follows: \$158,218,114 for state operations, \$106,072,420 for salaries and wages, and \$52,145,694 for other operating expenditures.

G. Technical Adjustment. An amount of \$810,200 was approved for FY 1989 for a fence to be constructed around the perimeter of the Youth Center at Topeka. The Legislature may wish to consider reappropriating the funding for the project to FY 1990.

H. Senate Bill No. 15 suspends the state's division of assets law once the new division of assets provisions in the federal Medicare Catastrophic Coverage Act take effect on September 30, 1989. The Department states that the federal law will preempt state law and will require additional expenditures due to provisions which allow the noninstitutionalized spouse to retain additional income and resources. The estimated fiscal impact is \$176,196, of which \$81,050 would be financed from the State General Fund.

I. House Bill No. 2333 establishes a self-sufficiency trust fund in the State Treasury for deposits pursuant to an agreement with the trust naming one or more beneficiaries who are eligible for services from the Department of Social and Rehabilitation Services. SRS must maintain a separate account in the trust fund for each named beneficiary. Parents of developmentally disabled persons can set up these trust funds so that their children may receive services beyond those normally provided by the Department. The trust fund income would not affect the individual's financial eligibility for SRS services. The Department's cost estimate for this legislation is \$87,476 for 3.0 FTE positions (Social Services Administrator II, Accountant II, and Office Assistant II). The fiscal note from the Division of the Budget states that 50 percent of this cost, or \$43,700, would be from the State General Fund and 50 percent from federal funds. However, according to the Department, federal match would not be available, and all of the financing must be derived from the State General Fund. —

H.B. 2333 also creates a special fund for the developmentally disabled for contributions from any source and which must be used for services for low-income developmentally disabled persons or other low-income persons eligible for SRS services. The two funds established by this new law, the self-sufficiency trust fund and the special fund for the developmentally disabled, should be added to the SRS appropriations bill with no expenditure limits.

J. House Bill No. 2012 amends state law pertaining to attendant care services provided by SRS, and requires the agency to develop an alternative Home and Community-Based Services program under which clients may select, train, manage, pay and dismiss their attendants. The Department's estimate of fiscal impact is \$131,818 (\$65,909 State General Fund) for 1.0 FTE position, computer updates, and other program costs.

K. House Bill No. 2168 (Governor) requires foster parents to report to the court every six months on the child's adjustment and progress. SRS must notify the parents when the report is due, and provide the reporting form and the address of the judge to whom it is to be submitted. SRS had originally projected little fiscal impact from this legislation, because it was assumed that foster parent notification and associated paperwork would be handled by the courts. SRS now estimates the fiscal impact to be \$206,773 (\$155,080 State General Fund) for 8.5 FTE positions (.5 program technicians for each area office).

L. Governor's Budget Amendment No. 3, Item No. 4 -- Transfer of Nursing Home Inspection to Department of Health and Environment. For FY 1990, the Governor has directed that the nursing home inspection duties performed by SRS be transferred to the Department of Health and Environment along with 29 FTE positions. The FY 1990 cost of these positions is \$1,206,880, of which \$961,912 is for salaries and wages and \$244,968 is for other operating expenditures.

The federal Medicaid program provides part of the financing for this program. If the positions remained in SRS, the financing would be \$351,565 from the State General Fund and \$855,315 from federal funds. With the transfer to KDHE, federal matching funds increase by \$49,845, thus reducing the match needed from the State General Fund by the same amount. According to SRS, to meet federal requirements, the federal and state shares of these nursing home inspection expenditures must continue to be shown in the SRS budget, although now as contractual services.

GBA No. 3 would require the following adjustments to the FY 1990 SRS budget: decreasing the position limit by 29.0 FTE positions, decreasing the salary and wage expenditure limitation by \$961,912 and increasing the limit on other operating expenditures by the same amount, and decreasing the appropriation from the State General Fund for other medical assistance by \$49,845.

M. Governor's Budget Amendment No. 3, Item No. 5 -- Reduction of KanWork Expenditures. For the current fiscal year, the Governor recommends reducing expenditures for the KanWork program by \$2,532,646, of which \$1,635,374 would be expenditures from the State General Fund, due to program start-up savings. The amount to be reduced from the State General Fund reflects state financing of 64.6 percent, a slight change from the 63 percent in the Governor's initial recommendation. H.B. 2063 reduces expenditures for KanWork by \$2,777,646 (\$1,637,956 State General Fund). The Legislature's reduction reflects two separate decisions: to reduce expenditures by \$2,532,646 (\$1,392,956 State General Fund) due to start-up savings, and to reduce expenditures by \$245,000 to offset a direct appropriation to Wichita State University to help construct a KanWork day care center. The Legislature may wish to consider amending its expenditure reduction of \$2,532,646 to coincide with the Governor's recommendation that \$1,635,374 of that amount is from the State General Fund. The total reduction of \$2,777,646 in H.B. 2063 would not change, but the share from the State General Fund would be reduced by an additional \$242,418, from \$1,637,956 to \$1,880,374.

N. Governor's Budget Amendment No. 3, Item No. 6 -- Changes to the CAECSES Computer System. For the current fiscal year, the Governor recommends additional expenditures of \$3,767,986 (\$1,284,800 State General Fund) for the CAECSES computer system (Comprehensive Automated Eligibility Child Support Enforcement System). Of the total amount, \$3,267,986 (\$1,159,800 State General Fund) is recommended for additional equipment because the existing equipment has reached maximum capacity, and \$500,000 (\$125,000 State General Fund) is recommended for changes required by the federal Medicare Catastrophic Coverage Act and revised child support enforcement regulations.

O. Governor's Budget Amendment No. 3, Item No. 7 -- Increase for Child Day Care Services. This item adds \$362,965 (\$337,965 State General Fund) to the FY 1990 Governor's budget recommendation to pay SRS child care providers a minimum of 75 percent of the cost of child care in each of the 17 SRS areas. This will allow SRS to place more children in higher cost urban areas. Substitute for H.B. 2028 already contains funding for this reimbursement method, as well as funding for an additional 550 child care slots.

P. Governor's Budget Amendment No. 3, Item No. 8 -- Caseloads for AFDC, GA, and Medical Assistance. For FY 1989 and 1990, the Governor recommends additional funding for cash and medical assistance to reflect revised caseload and cost projections prepared by SRS on March 15, 1989. The Governor's

recommendation is therefore revised to provide for the following caseloads (in person months):

	<u>FY 1989</u>	<u>FY 1990</u>
AFDC	846,000	843,000
General Assistance	71,500	72,500

To finance these caseloads, the Governor recommends the following additional amounts for cash and medical assistance:

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$1,198,531	\$3,562,656
Other Funds	681,476	3,270,855
All Funds	<u>\$1,880,007</u>	<u>\$6,883,511</u>

H.B. 2063 and Substitute for H.B. 2028 already reflect these caseload and cost adjustments, and include the amounts the Governor is recommending.

Q. Governor's Budget Amendment No. 3, Item No. 10 -- Comprehensive Screening Unit School Contract. GBA No. 3 recommends that the Y 1990 SRS budget for the Comprehensive Screening Unit, which is being transferred from Topeka State Hospital to Youth Services, be reduced by \$159,147 from the State General Fund, the amount budgeted for the screening unit's portion of the school contract with U.S.D. 501. The Governor recommends that this funding continue to be provided through the Topeka State Hospital budget. This recommendation would also require that the SRS limit on other operating expenditures be reduced by \$159,147.

#### Department on Aging

A. Governor's Budget Amendment No. 3, Item No. 14 -- State Match for Nutrition Program. For FY 1990, the Governor recommends an additional expenditure of \$8,306 from the State General Fund for the Older Americans Act nutrition program to meet federal requirements pertaining to state match. H.B. 2029 already includes this amount to correct the problem.

#### Larned State Hospital

A. Categorical Aid. The amount appropriated in S.B. 28 will provide for an estimated categorical aid rate of \$17,022 per eligible teaching unit for special education services in FY 1990. The FY 1990 special education budget for Larned is based on a categorical aid rate of \$15,443 per eligible teaching unit. The House and Senate Committees concurred that the increase in categorical aid should be used to offset the reduction in the school contract recommended by the Governor before any decrease to State General Fund financing is made. The increased categorical aid rate would provide total categorical aid funding of

\$209,818, an increase of \$4,138 over the amount on which the hospital's budget request is predicated. However, the increase does not completely offset the \$9,696 reduction from the hospital's request recommended by the Governor.

B. Work Therapy Patient Benefit Fund. The Department of Social and Rehabilitation Services (SRS) has been informed by the Division of Accounts and Reports that the work therapy accounts used by the hospitals to pay patient salaries and benefits for work therapy programs have no basis in law. As a technical adjustment, a no-limit work therapy patient benefit fund could be established. A proviso could state that all revenues received from the work therapy program would be credited to the fund and that expenditures for patient salaries and benefits would be made from the fund.

#### Topeka State Hospital

A. Categorical Aid. The amount appropriated in S.B. 28 will provide for an estimated categorical aid rate of \$17,022 per eligible teaching unit for special education services in FY 1990. The FY 1990 special education budget for Topeka is based on a categorical aid rate of \$15,443 per eligible teaching unit. The House and Senate Committees concurred that the increase in categorical aid should offset the reduction in the school contract recommended by the Governor before any decrease to State General Fund financing is made. The increased categorical aid rate would provide a total increase in categorical aid funding of \$43,153 for the hospital's portion of the school contract. However, the increase does not completely offset the \$52,808 reduction from the hospital's request recommended by the Governor.

B. Chapter I Funds. The Governor recommended an expenditure limitation of \$95,520 for the federal Chapter I fund. However, the bill as introduced contained an expenditure limitation of \$92,520. As a technical adjustment, the expenditure limitation should be increased to \$95,520 to reflect the amount of federal funds to be transferred to the hospital for the school program.

C. Work Therapy Patient Benefit Fund. The Department of Social and Rehabilitation Services (SRS) has been informed by the Division of Accounts and Reports that the work therapy accounts used by the hospitals to pay patient salaries and benefits for work therapy programs have no basis in law. As a technical adjustment, a no-limit work therapy patient benefit fund could be established. A proviso could state that all revenues received from the work therapy program would be credited to the fund and that expenditures for patient salaries and benefits would be made from the fund.

D. Governor's Budget Amendment No. 3, Item 10 -- Comprehensive Screening Unit School Contract. The Governor recommends \$159,147 in additional State General Fund money for the Topeka State Hospital budget to finance the Comprehensive Screening Unit portion of the hospital's school contract with U.S.D. 501. A corresponding amount of \$159,147 in State General Fund money would be removed from the budget of the Comprehensive Screening Unit within the Department of Social and Rehabilitation Services, Division of Youth Services.



### Osawatomie State Hospital

A. Categorical Aid. The amount appropriated in S.B. 28 will provide for an estimated categorical aid rate of \$17,022 per eligible teaching unit for special education services in FY 1990. The FY 1990 special education budget for Osawatomie is based on a categorical aid rate of \$15,443 per eligible teaching unit. The House and Senate Committees concurred that the increase in categorical aid should offset the reduction in the school contract recommended by the Governor before any decrease to State General Fund financing is made. The increased categorical aid rate would provide total categorical aid funding of \$322,226, an increase of \$32,948 over the amount on which the hospital's budget is predicated. However, the increase does not completely offset the \$69,591 reduction from the hospital's request recommended by the Governor.

B. Title XIX Fund. As a technical adjustment, the amount of \$2,612,385 authorized by section 5(c) of H.B. 2028 to be transferred by the Division of Accounts and Reports from the institutional receipts from the Title XIX-federal fund of the Department of Social and Rehabilitation Services to the Title XIX fund of Osawatomie State Hospital should be decreased to \$2,600,905, to agree with the expenditure limitation authorized for that fund.

C. Work Therapy Patient Benefit Fund. The Department of Social and Rehabilitation Services (SRS) has been informed by the Division of Accounts and Reports that the work therapy accounts used by the hospitals to pay patient salaries and benefits for work therapy programs have no basis in law. As a technical adjustment, a no-limit work therapy patient benefit fund could be established. A proviso could state that all revenues received from the work therapy program would be credited to the fund and that expenditures for patient salaries and benefits would be made from the fund.

D. Joint Committee on State Building Construction Recommendation. Subsequent to the recommendation of the Conference Committee on H.B. 2028, the Joint Committee on State Building Construction recommended funding of \$44,700 from the State Institutions Building Fund to remodel the dining area of Biddle cafeteria. Funding for this project was not recommended by the Governor and the appropriations bill does not currently include funding for the project.

### Rainbow Mental Health Facility

A. Categorical Aid. The amount appropriated in S.B. 28 will provide for an estimated categorical aid rate of \$17,022 per eligible teaching unit for special education services in FY 1990. The FY 1990 special education budget for Rainbow is based on a categorical aid rate of \$15,443 per eligible teaching unit. The House and Senate Committees concurred that the increase in categorical aid should be used to offset the reduction in the school contract recommended by the Governor before any decrease to State General Fund financing is made. The increased categorical aid rate would provide total categorical aid funding of \$349,512, an increase of \$41,518 over the amount on which the hospital's budget is predicated and \$21 more than the recommended reduction in the funding of the contract.

Kansas Neurological Institute

A. Senate Subcommittee Recommendation. During legislative budget review, the Senate Subcommittee acknowledged the agency's anticipated GBA request for 5 Mental Retardation Specialist positions. The Subcommittee noted that, due to a recent appointment of a new superintendent at KNI, these 5 positions were not included in the original budget presented to the Governor for consideration. The Senate Subcommittee requested that these positions be reviewed during Omnibus.

B. Categorical Aid. S.B. 28 appropriates an estimated categorical aid rate of \$17,022 per eligible teaching unit for special education services. The education budgets for the state mental retardation hospitals, as approved in H.B. 2028, are based on a categorical rate of \$15,443 per eligible teaching unit. Adjustment to the KNI budget, using a rate of \$17,022, would allow a reduction of \$41,038 to the State General Fund appropriation contained in H.B. 2028.

C. Work Therapy Patient Benefit Fund. The Department of Social and Rehabilitation Services (SRS) has been informed by the Division of Accounts and Reports that the work therapy accounts used by the hospitals to pay patient salaries and benefits for work therapy programs have no basis in law. As a technical adjustment, a no-limit Work Therapy Patient Benefit Fund could be established. A proviso could state that all revenues received from the work therapy program would be credited to the fund and that expenditures for patient salaries and benefits would be made from the fund.

Winfield State Hospital and Training Center.

A. Senate Subcommittee Recommendation. During legislative budget review, the House and Senate Subcommittees expressed concern regarding Winfield's 47 percent turnover rate among the 32 nurses recruited in the current fiscal year. The Senate Subcommittee suggested that SRS investigate the feasibility of presenting nurses with a bonus as an incentive to stay; noting that the Senate Subcommittee would entertain such a request during Omnibus.

B. Categorical Aid. Senate Bill 28 appropriates an estimated categorical aid rate of \$17,022 per eligible teaching unit for special education services. The education budgets for the state mental retardation hospitals, as approved in H.B. 2028, are based on a categorical aid rate of \$15,443 per eligible teaching unit. Adjustment to the Winfield budget, using a rate of \$17,022, would allow a reduction of \$52,498 from the State General Fund appropriation contained in H.B. 2028.

C. Work Therapy Patient Benefit Fund. The Department of Social and Rehabilitation Services (SRS) has been informed by the Division of Accounts and Reports that the work therapy accounts used by some of the hospitals to pay patient salaries and benefits for work therapy programs have no basis in law. Winfield currently does not have a work therapy account. As a technical adjustment, a no-limit Work Therapy Patient Benefit Fund could be established. A proviso could state that all revenues received from the work therapy program would be credited to the fund and that expenditures for patient salaries and benefits would be made from the fund.

Parsons State Hospital and Training Center.

A. Categorical Aid. Senate Bill 28 appropriates an estimated categorical aid rate of \$17,022 per eligible teaching unit for special education services. The education budgets for the state mental retardation hospitals, as approved in H.B. 2028, are based on a categorical aid rate of \$15,443 per eligible teaching unit. Adjustment to the Parsons budget, using a rate of \$17,022, would allow a reduction of \$23,716 to the State General Fund appropriation contained in H.B. 2028.

B. Work Therapy Patient Benefit Fund. During the current legislative session, with the endorsement of the House and Senate Subcommittees, Parsons requested approval from the Division of Accounts and Reports, to establish a nonappropriated work therapy fund to enable the agency to separate funds relating to client work therapy. Division of Accounts and Reports denied this request, and informed the Department of Social and Rehabilitation Services (SRS) that the work therapy accounts used by the hospitals to pay patient salaries and benefits for work therapy programs have no basis in law. As a technical adjustment, a no-limit Work Therapy Patient Benefit Fund could be established. A proviso could state that all revenues received from the work therapy program would be credited to the fund and that expenditures for patient salaries and benefits would be made from the fund. -

Youth Center at Atchison

A. Technical Adjustment. Reduce the line item for salaries and wages by \$17,722 and increase the line item for other operating expenditures by the same amount for a technical adjustment to H.B. 2027.

Youth Center at Topeka

A. Joint Committee on State Building Construction Recommendation. The Joint Committee on State Building Construction has recommended \$58,900 from the State Institutions Building Fund for FY 1990 for final planning on a project to install a new central heating and air conditioning system in the administration building, auditorium/gym, and dining facility/kitchen. The total estimated project cost is \$667,700, of which \$561,100 is for construction costs, \$61,700 for architect's fees, \$28,100 for project contingency, and \$16,800 for miscellaneous costs. The project was not recommended by the Governor.

B. Governor's Budget Amendment No. 3, Item No. 22 recommends the addition of \$209,372 from the State General Fund to fund six additional Youth Service Specialists and four additional security personnel. In the Governor's Budget Report funding was included for three additional Youth Service Specialists. The Legislature approved a total of 19 additional Youth Service Specialists and ten additional security personnel in H.B. 2040.

Public Broadcasting Commission

A. KANZ-FM Radio Station (Pierceville). The Public Broadcasting Commission has requested \$175,000 for FY 1990 and \$125,000 for FY 1991 in state aid for KANZ-FM to relocate to Garden City and to establish an equipment

endowment fund. The House Subcommittee, which reviewed the request, recommended that the request be considered as a possible item for the Omnibus Session. In combination with \$300,000 in private contributions, the total project cost is \$600,000. The breakdown of the project costs is as follows:

Studio Renovation	\$ 200,000
Studio Relocation and Move	50,000
Translator Upgrade	80,000
Satellite Studios	20,000
Equipment Capital Reserve Fund	150,000
Endowment/Cash Reserve	100,000
TOTAL	<u>\$ 600,000</u>

State Historical Society

A. S.B. 206 transfers administration of the Law Enforcement Memorial Fund from the Director of Architectural Services to the Secretary of the State Historical Society. Currently, the fund, which has a no-limit expenditure limitation, is in the Department of Administration's budget. Passage of S.B. 206 requires a transfer of the fund to the State Historical Society.

B. H.B. 2144 (Governor) enacts the Kansas Unmarked Burial Sites Preservation Act. The act provides protection for unmarked human burial sites and associated remains on private and public property in the state. The bill would make it illegal to disturb unmarked human burial sites, and to own or display human bones except by permit. The bill creates the Unmarked Burial Sites Preservation Board to be attached to the State Historical Society. The Board will consist of nine members, including the State Archaeologist. The Secretary of the State Historical Society would serve as the secretary of the board and the Society is required by the act to provide office space and staff necessary for the board to perform its duties.

The board is directed to maintain a registry of unmarked human burial sites; to initiate necessary action by the Attorney General for the enforcement of the act; to consult with all interested parties on occasions of disturbance of unmarked burial sites to determine a proper course of action; issue permits for the excavation, study, display and reinterment of human skeletal remains from unmarked burial sites and the artifacts interred with such remains; and to adopt rules and regulations required for the administration and enforcement of the act.

The State Historical Society estimates that expenditures of \$56,834 from the State General Fund would be necessary to administer the provisions of H.B. 2144. The estimate includes \$25,546 for an Archaeologist II, \$7,830 for a part-time Secretary I, and \$6,768 for a part-time Laboratory Technician II. The positions are requested as limited term positions. Estimated other operating expenditures would include \$5,310 for travel, subsistence, and per diem compensation for board members, \$2,880 for staff travel, \$8,000 for contractual studies, and \$500 for supplies and equipment.

Board of Barber Examiners

A. Governor's Budget Amendment No. 3, Item No. 21 recommends the addition of \$7,615 in special revenue funds for salaries and wages for FY 1990.

The increased funding would provide financing for a full-time administrative assistant. Presently, the administrative assistant is a half-time position and the Board has a full-time office assistant. The Legislature recommended that the administrative assistant remain as a half-time position and that the office assistant remain as a full-time position.

#### Department of Commerce

A. Senate Bill No. 21 establishes the Kansas Export Finance program within the Department of Commerce, creates the Kansas Export Loan Guarantee Fund, and establishes a three-member loan review committee. The program is designed to expand the state's share of the international export market by providing for a guarantee of a portion of the commercial pre-export and post-export credit risks. The Department indicates that funding of \$195,356 is required for administration of the program in FY 1990, including \$113,206 for 3.0 FTE positions (a Program Director, an Industrial Development Representative II, and a Secretary I), \$49,280 for operating expenses, one-time capital costs of \$28,500, and \$4,370 for review committee expenses. It should be noted that the agency estimate for review committee expenses is based on a five-member committee instead of the three-member committee created by the bill. The 1989 Legislature has provided for the transfer of \$750,000 from the EDIF in FY 1990 to capitalize the Kansas Export Loan Guarantee Fund in S.B. 31.

B. House Bill No. 2485 authorizes the Secretary of Commerce to provide financial assistance in the form of reimbursements to Kansas small business concerns for expenses related to participation in overseas trade shows. The bill also creates the Trade Show Promotion Fund for payment of financial assistance to eligible business concerns. Financial assistance payments to an individual business may not exceed \$3,500 per trade show or \$7,000 per year. The Department indicates that \$14,576 would be required to administer the program in FY 1990. In addition, the agency requests \$100,000 in FY 1990 for payments to eligible business concerns.

#### Kansas, Inc.

A. Governor's Budget Amendment No. 3, Item No. 25 -- Reappraisal Study. GBA No. 3 recommends the addition of \$50,000 from the State General Fund to the budget of Kansas, Inc. in FY 1990 to finance a study of the effects of reappraisal and classification on economic development in Kansas. It is further recommended that these additional funds be exempted by proviso from the match requirements of K.S.A. 74-8009, which requires that state funds for Kansas, Inc. be matched from nonstate sources on a 2 to 1 state/nonstate basis.

#### Department of Wildlife and Parks

A. House Bill No. 2005 recodifies the statutes relating to the Department of Wildlife and Parks and changes the titles of several existing special revenue funds. Technical adjustments are required to the agency's FY 1990 appropriations to provide proper references to the new special revenue funds. No additional expenditures are requested by the agency for implementation of H.B. 2005.

B. Governor's Budget Amendment No. 3, Item No. 9. As a technical adjustment, the Governor recommends an increase of \$63,390, including \$19,195 from the State General Fund, for salaries and wages. It should be noted that the 1989 Legislature has previously addressed technical salary and wage adjustments totaling \$45,025, including \$13,165 from the State General Fund. This results in a balance of \$6,030 from the State General Fund and \$12,335 from special revenue funds which would be required to concur with the Governor's recommendation for salaries and wages for the Department.

C. Governor's Budget Amendment No. 3, Item No. 9. The Governor also recommends an additional \$27,000 from the Fish and Game Fee Fund (which will be renamed the Wildlife Fee Fund effective July 1, 1989 due to the passage of H.B. 2005) to allow the installation of a water supply line to the proposed habitat center at the El Dorado Honor Camp. The FY 1990 recommendation for the habitat center of \$36,210 included \$5,000 to drill a well at the site, but it has subsequently been determined that the water quality is inadequate and the additional funding is required to develop an alternative water supply.

D. Governor's Budget Amendment No. 3, Item No. 9. In addition, the Governor recommends the creation of a no-limit Federal Grant Fund in order to allow the Department to utilize federal grants to the maximum extent possible. Currently, the Department does not have flexibility to receive and spend unanticipated federal grants without decreasing previously approved expenditures or obtaining an increase in expenditure limitations. The GBA notes that any unappropriated federal grants would still require the Governor's approval before expenditures are authorized. It should be noted that the Legislature has approved an increase in the expenditure limitation on the Fish and Game Fee Fund for FY 1990 for a federally financed study on Meadowlarks. Should the Legislature authorize the establishment of the Federal Grant Fund, the expenditure limitation of the Fish and Game Fee Fund could be reduced by \$28,380. The Legislature may also wish to consider whether limitations should be placed on the Federal Grant Fund regarding total expenditures from the fund or the type of grants received.

#### Secretary of State

A. Senate Bill No. 243 (pending) would end the disclosure of certain financial information received from corporations by the Secretary of State and currently maintained as a public record. The Secretary of State's Office indicates that \$1,500 from the State General Fund would be required in FY 1989 to reprogram the agency's computer system in order to implement the new law.

#### Board of Agriculture

A. H.B. 2133 (law) increases the statutory minimum and maximum limitations for fees charged for seed tests or examinations conducted by the Board of Agriculture Seed Laboratory. Minimum fees are increased from \$1 to \$5 and maximum fees from \$20 to \$45. For FY 1990 the agency intends to increase the existing fee from \$20 to \$40 by rule and regulation. Additional revenue of \$14,408 would be available in the Seed Examination Fee Fund for FY 1990. Existing Seed Examination Fee Fund receipts (estimated at \$111,706 for FY 1990) are utilized to offset a portion of the salary expenditures of laboratory personnel.

B. H.B. 2422 (law) authorizes the Board of Agriculture to promulgate rules and regulations for the handling, storage, and disposal of commercial fertilizers and fertilizer material in bulk to prevent contamination of the environment. The bill requires approval of the Secretary prior to the construction or alteration of a fertilizer manufacturing or storage facility. Such facilities would be required to install equipment or dikes which allow fertilizer to be recaptured if spilled. The Board of Agriculture requests additional FY 1990 expenditures of \$57,826 from the Fertilizer Fee Fund. Requested are \$18,000 for the salary of 1 FTE new Keyboard Operator I and \$28,000 for the salary of 1 FTE new Agricultural Inspector III. Other new operating costs would total \$11,826, including \$9,000 for contractual services, \$700 for supplies, and \$2,126 for capital outlay. Facility inspections would be conducted by existing field staff.

C. S.B. 272 (law) transfers the Petroleum Measurement Enforcement Program (PMEP) from the Department of Revenue to the Board of Agriculture in FY 1990. The function of PMEP is to assure the correct calibration of wholesale meters at pipeline terminals and refineries, the calibration of retail metering devices and vehicle tanks, and to test for alcohol in motor fuels. The Director of Taxation of the Department of Revenue will continue to collect a fee of one-half cent per barrel (50 gallons) from the individual first selling, offering for sale, using or delivering gasoline, other motor vehicle fuels, or kerosene within Kansas. The bill does not change the requirement that the fee is to be reduced if it appears that total receipts will exceed PMEP expenditures. Fee receipts (\$142,291 was collected in FY 1988) will continue to be credited to the State General Fund.

The Governor's FY 1990 budget recommendation includes PMEP financing in the Board of Agriculture of \$398,672 from the State General Fund and the shift of all 11 FTE PMEP inspectors from the Department of Revenue. Financing and FTE positions were deleted from both agencies pending passage of S.B. 272. The Board of Agriculture estimates an FY 1990 fiscal impact of \$398,672 from the State General Fund, including \$299,017 for the salaries and wages of 11 FTE positions transferred from the Department of Revenue. Other expenditures include \$90,382 for contractual services, \$5,265 for commodities, and \$4,008 for capital outlay.

D. S.B. 3 (Governor) authorizes the Secretary of the Board of Agriculture to develop pesticide management areas (based on precipitation, topography, soil type, water table depth, and other relevant factors) when notified that a particular pesticide poses a serious threat to the public. The bill could require individuals in such management areas to utilize certain management techniques or be restricted from use of a specific pesticide on fields of certain soil types or with shallow water tables to prevent contamination of the water supply. The bill requires the Secretary to initiate a statewide program to educate the public on pesticide management areas and plans, utilizing other state agencies if necessary. In order to protect the health and environment of the state, the Secretary is also authorized to promulgate rules and regulations imposing limitations on the use of any pesticide in a manner inconsistent with its label or labeling.

The Board of Agriculture estimates an FY 1990 fiscal note of \$110,371 and 3 FTE new positions, including \$4,800 from new Pesticide Use Fees, and \$105,571 from the State General Fund. The fiscal note includes \$38,300 for the salary of 1 FTE Attorney II in the Topeka office who would provide legal advice

to a technical advisory committee during development of pesticide management plans, prepare required notices of hearing and orders designating pesticide management areas, represent the agency in any civil enforcement actions, and perform other legal duties associated with the establishment and enforcement of pesticide management plans. The fiscal note also includes \$33,500 for the salary of 1 FTE Ecological Specialist who would have primary field responsibility for the enforcement of pesticide management plans and the development and distribution of educational materials. Finally, 1 FTE Secretary I (\$19,489 salary) would provide clerical assistance for the attorney. All other FY 1990 expenditures are estimated at \$19,082 including \$13,322 for contractual services, \$600 for commodities, and \$5,160 for capital outlay.

E. S.B. 2 (pending) amends the Chemigation Safety Law. The bill requires individuals who spread animal wastes in irrigation systems to obtain chemigation user's permits (12 users @ \$60 equals \$720 in new receipts). Chemigation user permit fees would be increased from \$50 to \$50 plus \$10 for each additional point of diversion (\$13,390 new receipts). A chemigation equipment operator would need to be certified (\$10 fee, \$5,000 new receipts) through examination or as a pesticide applicator in the category of chemigation. New Chemigation Fee Fund receipts for FY 1990 are estimated at \$19,110.

S.B. 2 was recommended for introduction by the 1988 Special Committee on Agriculture and Livestock following a study of Kansas chemigation laws (Proposal No. 1). The interim committee recommended the addition of 2 FTE Ecological Chemigation Specialists in the Pesticide Use Program. The Board of Agriculture estimates an FY 1990 fiscal note on S.B. 2 of \$79,258, including \$19,110 from new Chemigation Fee Fund receipts and \$60,148 from the State General Fund. The amount includes \$65,466 for the salaries of 2 FTE new Chemigation Specialists, \$9,292 for contractual services, \$900 for commodities, and \$3,600 for capital outlay. The new positions would join one existing field position in the inspection of over 10,000 center pivot irrigation systems which could potentially be used for chemigation and of the 2,500 registered chemigation wells. A second Chemigation Specialist was added in the Board of Agriculture's FY 1990 appropriations bill (S.B. 29) totaling \$39,797 from the State General Fund. A subcommittee of the House Committee on Appropriations recommended that during consideration of the Omnibus Bill and upon passage of S.B. 2, new chemigation fee receipts of \$19,110 be used to partially offset the State General Fund appropriation for the new position.

F. H.B. 2293 (pending) would permit restaurants to prepare ice cream for sale to customers under certain conditions. The Board of Agriculture estimates that approximately 100 restaurants would be licensed to prepare homemade ice cream as manufacturers. New Dairy Fee Fund receipts of \$3,000 would be realized in FY 1990 from a \$40 fee on each of approximately 75 restaurants which do not currently pay a fee for counter freezer inspections. The agency requests that an additional inspector be hired to perform monthly inspections and sampling of the restaurants. The agency's estimated FY 1990 fiscal note of \$34,591 would be financed by \$3,000 from the Dairy Fee Fund and \$31,591 from the State General Fund. New expenditures include \$22,676 for the salary of 1 FTE Agricultural Inspector I, \$11,715 for contractual services and \$200 for supplies.



### State Fair Board

A. Technical Adjustment. A line item was inadvertently omitted from the State Fair Board's FY 1990 appropriations bill (S.B. 29). A State Fair Capital Improvements Fund line item needs to be added for FY 1990. The fund was appropriated as a "no-limit" line item for FY 1989.

### Kansas Wheat Commission

A. Governor's Budget Amendment No. 3, Item No. 2 increases the Governor's FY 1990 recommendation for the Wheat Commission's contract with the U.S. Wheat Associates by \$131,904 (from \$450,000 to \$581,904). The agency's FY 1990 appropriations bill (S.B. 29) already reflects this adjustment.

### Kansas Highway Patrol

A. S.B. 358 (First House Committee) would permit the Attorney General to appoint an assistant attorney general to be assigned to the Kansas Highway Patrol. S.B. 358 is currently in the Senate Committee on Ways and Means. If S.B. 358 is not enacted, \$37,660 from the State General Fund and 1 FTE unclassified Attorney could be deleted from the Kansas Highway Patrol for FY 1990. The position was added in the Patrol's FY 1990 appropriations bill (H.B. 2027).

B. Governor's Budget Amendment No. 3, Item No. 17. For FY 1989 and FY 1990, the Governor recommends that the appropriation language of the Highway Patrol be amended to include a fund entitled "Interagency Motor Vehicle Fuel and Storeroom Sales Fund" with a "no-limit" expenditure limitation. This fund will replace the "Interagency Motor Vehicle Fuel Sales Fund." The establishment of such a fund would allow the Patrol to purchase gasoline and storeroom supplies for the Motor Carrier Inspection Division, Capitol Area Security Patrol, and the Motor Carrier Safety Assistance Program on a centralized basis and still allow expenditures to be charged back to the appropriate special revenue funds without those expenditures being reported a second time as General Fees Fund expenditures.

C. Governor's Budget Amendment No. 3, Item No. 17 increases the Governor's FY 1990 salaries and wages recommendation for the Highway Patrol by \$202,198. The Governor recommends that the Patrol continue to provide a one-range salary differential (from Range 22 to 23) for troopers with four or more years of service. Phase III of the Comprehensive Job Rate and Classification Study had discontinued the differential for FY 1990. The recommended increase of \$202,198 includes \$160,940 from the State General Fund, \$14,172 from the Motor Carrier Safety Assistance Program Fund, and \$27,086 from the Turnpike Fund. The recommendation, like Phase III, provides a one-step salary increase.

### Kansas Department of Transportation

A. H.B. 2014 (pending) would authorize substantial additional financing for a comprehensive highway construction program. Copies of KDOT's fiscal note on H.B. 2014, prepared on the Senate's version of the bill, are available from the Kansas Legislative Research Department.

Regents Institutions - Systemwide Issues

A. Governor's Budget Amendment No. 3, Item 16 - Utilities. The Governor recommends a net reduction in the utility expenditures at the Regent's institutions in FY 1989 (\$79,254) and FY 1990 (\$159,254) resulting in savings to the State General Fund. The Governor notes the revised estimates received and verified by the Board of Regents during April of the current year. For FY 1989 the Governor recommends that the savings at seven institutions totaling \$747,701 be lapsed and that a supplemental State General Fund appropriation be made to Kansas State University in the amount of \$668,447. The Governor does not recommend any utilities adjustment for Pittsburg State University in FY 1989 or FY 1990. The Legislature in S.B. 80 lapsed the amounts as recommended by the Governor for the seven institutions totaling \$747,701 (State General Fund). (See also within this document under the heading Kansas State University -- Utility Shortfall.)

The Governor also amends his FY 1990 recommendation for utilities in the same amounts as in FY 1989 with the exception of Kansas State University. Due to a portion of the FY 1989 supplemental funding being attributed to one-time expenses (\$80,000), the additional amount recommended for KSU in FY 1990 is \$588,447. The net utility adjustments is a reduction of \$159,254 (State General Fund) in FY 1990. The following table displays the Governor's original recommendation and revised recommendation for both FY 1989 and FY 1990 with a net adjustment column for each fiscal year.

Governor's Revised Recommendations  
Regents' Institutions Systemwide Utility Expenditures

	FY 1989			FY 1990		
	Governor's Budget Report	Governor's Revised Rec.	Net Adjust- ment	Governor's Budget Report	Governor's Revised Rec.	Net Adjust- ment
KU	\$ 5,846,432	\$ 5,463,087	\$ (383,345)	\$ 6,215,620	\$ 5,832,275	\$ (383,345)
KUMC	4,664,525	4,646,427	(18,098)	4,797,970	4,779,872	(18,098)
KSU	4,723,822	5,392,269	668,447	4,767,392	5,355,839	588,447
KSUVMC	808,402	768,612	(39,790)	808,402	768,612	(39,790)
WSU	2,911,940	2,665,186	(246,754)	3,039,644	2,792,890	(246,754)
ESU	717,006	685,796	(31,210)	717,006	685,796	(31,210)
FHSU	806,817	788,470	(18,347)	806,817	788,470	(18,347)
PSU	1,008,043	1,008,043	--	1,008,043	1,008,043	--
KCT	133,460	123,303	(10,157)	133,460	123,303	(10,157)
TOTAL	<u>\$ 21,620,447</u>	<u>\$ 21,541,193</u>	<u>\$ (79,254)</u>	<u>\$ 22,294,354</u>	<u>\$ 22,135,100</u>	<u>\$ (159,254)</u>

B. Governor's Budget Amendment No. 3, Item 16 -- General Fee Funds. The Governor recommends that general fee funds be adjusted in FY 1990 to utilize available additional revenues to increase fee fund expenditures and reduce State General Fund appropriations where applicable. Where revenues are projected to decline, the Governor recommends reductions in the fee fund expenditure limitations and an increase in the State General Fund by the same amount.

The Governor's recommendations reflect the revised revenue estimates for the general fee funds for FY 1989 and FY 1990 as submitted by the Regents

institutions. The revised FY 1989 estimates indicate additional revenue of \$1,089,306 which will be available and will increase the carryforward balances for seven institutions by that amount. However, the FY 1990 revised estimates indicate fee fund revenues above the Governor's original recommendation at two institutions and a shortfall at seven institutions. The net amount of the shortfall in FY 1990 is \$2,436,229. Within the Governor's recommendations for FY 1990 is \$1,941,026 (State General Fund) for Kansas State University to correct a technical computer error that over stated fee fund receipt estimates by that amount. The net amount of the general fees funds reduction for the two year period FY 1989 and FY 1990 is \$1,346,923 with a corresponding increase in State General Fund support. (See also within this document under the heading Kansas State University -- General Fees Fund Shortfall.)

The Legislature in S.B. 67 has already adjusted the FY 1990 general fees fund limitations and State General Fund support at three institutions that had projected an increase in available general fee fund receipts. The Legislature did not make adjustments in four institutions that had projected shortfall in general fee funds receipts, ranging from 0.5 percent to 2.1 percent. The Legislature for Wichita State University increased the General Fee Fund limitation by \$457,879 and reduced the State General Fund support by \$457,879 in FY 1989. No adjustment was made for WSU regarding the projected fee fund shortfall for FY 1990 (1.8 percent). Finally, the Legislature deferred consideration of the shortfall in fee funds at KSU to the omnibus appropriation bill. The following table displays the Governor's original and revised recommendations for expenditures from general fee funds for FY 1989 and FY 1990 with columns showing the net adjustments.

Governor's Revised Recommendations  
Regents' Institutions General Fee Fund Estimates

	FY 1989			FY 1990		
	Governor's Budget Report	Governor's Revised Rec.	Net Adjust- ment	Governor's Budget Report	Governor's Revised Rec.	Net Adjust- ment
KU	\$ 39,469,129	\$ 39,469,129	\$ --	\$ 41,018,340	\$ 41,215,340	\$ 197,000
KUMC	5,571,492	5,571,492	--	6,008,617	5,887,899	(120,718)
KSU	22,661,515	23,031,826	370,311	25,832,358	23,521,021	(2,311,337)
KSUVMC	2,711,903	2,725,974	14,071	3,096,534	3,067,023	(29,511)
WSU	13,911,554	14,369,433	457,879	14,986,019	14,726,932	(259,087)
ESU	4,961,297	4,962,743	1,446	5,095,755	5,061,839	(33,916)
FHSU	4,134,682	4,142,318	7,636	4,389,702	4,361,834	(27,868)
PSU	6,108,717	6,315,046	206,329	5,765,089	5,916,337	151,248
KCT	348,273	379,907	31,634	358,751	356,711	(2,040)
TOTAL	<u>\$ 99,878,562</u>	<u>\$ 100,967,868</u>		<u>\$ 106,551,165</u>	<u>\$ 104,114,936</u>	
Net Adjustment			<u>\$ 1,089,306</u>			<u>\$ (2,436,229)</u>
GRAND TOTAL Adjustments						<u><b>\$(1,346,923)</b></u>

Kansas State University

A. Utility Funding Shortfall. The House Appropriations Subcommittee for Kansas State University noted the agency's request for \$698,447 (State General Fund) in additional utility funding for FY 1989. The Subcommittee recommended that pending receipt of a Legislative Post Audit study on the reasons for the utility funding shortfall, that the issue be reviewed further for possible inclusion in the omnibus appropriation bill. The current FY 1989 amount approved for utilities at Kansas State University is \$4,723,822.

The Legislative Division of Post Audit recently conducted a 100-hour special audit on the reasons for the utility funding shortfall at Kansas State University. In general the study concluded that the projected utility funding shortfall was the result of substantial utility rate increases combined with unexpectedly heavy usage. The study also indicated the shortfall did not appear to be connected with the new Bramlage Coliseum, nor with a recent change in the Board of Regents policy related to the suggestion that the State pay the full operating costs of certain athletic facilities. Within Governor's Budget Amendment No. 3, the Governor recommends a State General Fund supplemental appropriation of \$668,447 to address the utility shortfall. (See also Regents' Institutions -- Systemwide Issues -- Utilities within this document.)

B. General Fees Fund Shortfall. The House Appropriations Subcommittee for Kansas State University also noted the request of the agency for \$1,941,026 (State General Fund) in FY 1990 to correct a technical error that resulted in the General Fees Fund receipts being overstated. The Subcommittee deferred action pending further review for the omnibus appropriation bill.

Recently, Kansas State University officials discovered a technical computer error made in the fall General Fees Fund revised estimate. In the calculation of actual Fall 1988 revenue, tuition refunds were added to instead of subtracted from gross fee revenue. As a result, fee revenues for FY 1989 were overstated by approximately \$900,000. Because the estimate for the succeeding year is based on the current year's estimate, fee revenues for FY 1990 were also overstated by the same amount. Along with an estimated reduction in continuing education revenues, the compounded fiscal impact of the error over the two years yields a projected shortfall in General Fee Fund receipts of \$1,941,026. The Board of Regents has requested that this shortfall be addressed through additional support from the State General Fund. Within Governor's Budget Amendment No. 3, the Governor recommends additional State General Fund support in FY 1990 of \$1,941,026 and a corresponding reduction in General Fee Fund expenditures. (See also Regents' Institutions -- Systemwide Issues -- General Fee Funds within this document.)

C. Technical Adjustments. S.B. 80 makes several appropriations to Kansas State University from the State General Fund to finance current expenditures for health insurance and implementation of Phase III salary enhancements. The line item for the Southeast Kansas Agricultural Experiment Station operations was inadvertently understated by \$50. To correct the error an additional \$50 should be appropriated to the agency from the State General Fund.

S.B. 67 through 11 different line items appropriates \$95,600,730 from the State General Fund for operational support at Kansas State University. The agency has requested that a total of \$2,891,298 be shifted among line items to more accurately reflect the expenditure of the funds. The total appropriation amount would not be changed by this action.

S.B. 67 establishes the position limitations of KSU for the classified service at 1,920.4 FTE and for the unclassified service at 2,283.8 FTE. The Legislature's intent within S.B. 67 was a classified position limitation of 1,913.4 FTE and for the unclassified service 2,290.8 FTE. To correct the error an adjustment should be made to reduce the position limitation by 7.0 FTE for the classified service and increase the position limitation for the unclassified service by 7.0 FTE.

### Board of Regents

A. House Bill No. 2279 (law) creates the Nursing Student Scholarship Program. The program will be administered by the State Board of Regents and will provide not more than 250 scholarships annually to students attending any public or private university in the State of Kansas, community college, area vocational school, or nursing diploma school. Each scholarship may not exceed \$3,500 a year, 50 percent of which would be financed by the State and 50 percent of which would be financed by a sponsoring institution. The agency has estimated the first year cost of scholarships to the state will be \$435,000, all from the State General Fund. The amount was included in the FY 1990 Governor's Budget Report, but was deleted pending legislative action on H.B. 2279.

The agency has requested a total of \$26,200 (State General Fund) and 1.0 additional FTE position for the administrative impact of H.B. 2279. The request includes \$19,200 for an Office Assistant II; \$1,800 for additional office rent; \$2,500 for other operating expenditures; and \$2,700 for capital outlay items. The bill will also require an expenditure authorization of \$435,000 from the new statutorily created Nursing Student Scholarship Program Fund to accept and receive funds from sponsoring health care institutions.

Within Governor's Budget Amendment No. 3, Item No. 16, the Governor amends his recommendation for the Board of Regents to reflect the addition of 1.0 FTE position for the agency to administer the nursing student scholarship program. The Governor recommends that the position be funded within the \$435,000 (State General Fund) amount originally recommended for the program.

B. Technical Adjustment. The Legislature in S.B. 67 approved the expenditure of \$4.0 million from the Educational Building Fund for major repairs, special maintenance remodeling and energy conservation projects for the Regents institutions. The funds were appropriated to the Board of Regents. However, a proviso that authorizes the Board to transfer the funds from this account to project accounts at Regents' institutions was omitted. A proviso is needed to authorize the transfer of funds.

University of Kansas

A. Technical Adjustment. S.B. 67 appropriates from the Educational Building Fund a total of \$679,000 for two capital improvement projects. The projects include the remodeling of Fowler Shops and Broadcast Hall (\$530,000) and a major utility analysis (\$149,000). The bill does not specifically state that the appropriation is for FY 1990, although that was the Legislature's intent. To clarify that the funding for the projects is for the budget year, FY 1990 should be referenced in the appropriation.

B. Governor's Budget Amendment No. 3, Item No. 16. The Governor amends his salary and wage recommended amount for the University of Kansas to make a technical adjustment. The original Governor's recommendation inappropriately included funding for health insurance for graduate teaching assistants who are not eligible for health insurance benefits. To correct this oversight the Governor reduces his recommendation for salaries and wages at the institution in FY 1990 by \$363,078 (State General Fund). The Legislature in S.B. 67 has already made this adjustment.

Fort Hays State University

A. Joint Committee on State Building Construction Recommendation. The Joint Committee on State Building Construction recently recommended an expanded parking lot improvement project for Fort Hays State University in FY 1990. The recommendation includes an additional \$118,007 from the Parking Fees Fund to complete surfacing and other improvements of a parking lot that currently has only a dirt/rock surface. The project reflects the first step of a recently completed study for a ten-year plan for parking lot improvements on the campus.

Emporia State University

A. House Bill No. 2339 (law) authorizes Emporia State University to initiate and complete a capital improvement project for the renovation of the Memorial Union facility. The project will be financed from bonds issued by the Kansas Development Finance Authority and retired through additional student fees. The bill requires that additional restricted fee accounts be established for the agency to handle the financing and payment of the bonds.

Kansas State University Veterinary Medical Center

A. Technical Adjustment. S.B. 67 authorizes the President of Kansas State University to direct that up to 50 percent of the additional receipts to the Hospital and Diagnostic Laboratory Revenue Fund above \$1,412,550 may be transferred to the Hospital and Diagnostic Laboratory Improvement Fund. The bill erroneously cites FY 1989 rather than FY 1990. To correct the error FY 1990 should be referenced.

University of Kansas Medical Center

A. Technical Adjustments. The Legislature in S.B. 67 approved the agency's request of \$4,423,597 for full funding of the Margin of Excellence

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program and 34.5 FTE positions. However, in the final version of S.B. 67 the additional positions were omitted. To correct the oversight, 34.5 FTE positions should be added to the agency's position limitation.

S.B. 67 authorizes medical students enrolled at the Medical Center to be self-insured by the State of Kansas while in clinical training at the Medical Center or at other health care institutions. The bill incorrectly references the current fiscal year rather than FY 1990 for the self-insurance coverage. To correct the oversight, FY 1990 should be cited for the self-insurance coverage.

S.B. 67 authorizes the agency to transfer \$35,000 from the General Fees Fund to match available federal funds in the National Direct Student Loan program. The most recent information that the agency has received indicates that an additional \$10,000 in general fee funds will be required to fully match the available federal funds.

B. S.B. 18 (conference committee) relates to medical malpractice insurance for full-time physician faculty of the University of Kansas Medical Center as well as the Health Care Stabilization Fund, the Tort Claims Act and other medical malpractice issues. Specifically, the bill references a University of Kansas Medical Center Private Practice Foundation Reserve Fund for full-time physician faculty members. The physician faculty members would pay 50 percent of the amount of the medical malpractice insurance premium paid by the physician faculty members in 1989 for basic coverage into this new fund. The fund would be used to pay judgments, settlements, and attorney fees arising out of the rendering of professional services by the private physician foundations or their physician faculty. S.B. 18 would require that a Medical Center Private Practice Foundation Reserve Fund be established within the Medical Center's budget.

#### Wichita State University

A. Governor's Budget Amendment No. 3, Item No. 16. The Governor amends his salary and wage recommended amount for Wichita State University to make a technical adjustment. The original Governor's recommendation understated the salaries and wage amount by \$219,579 because of inaccurate shrinkage calculations. The Governor amends his budget to add \$219,579 (State General Fund) for salaries and wages in FY 1990 to correct the oversight. The Legislature in S.B. 67 has already made this adjustment.

#### Kansas Public Employees Retirement System

A. H.B. 2403 (conference) is the omnibus retirement bill which mainly affects the Kansas Public Employees Retirement System (KPERS), Kansas Police and Fire Retirement System (KP&F), and Judges Retirement System. The bill makes numerous changes in the benefits for active members and retirants of KPERS. The agency is requesting a total of \$83,941 for costs associated with implementation of the bill. The request includes \$14,641 for two temporary Office Assistants II; \$1,000 for a special mailing to 4,000 retirants for possible adjustment of their withholding tax amount; \$5,800 for printing member election forms and updating manuals; \$8,000 for additional staff travel to explain the various changes to employee groups; \$29,300 for computer development and programming

costs to reflect the retirement changes; and \$25,200 to update six informative video productions for the changes in benefits.

B. Governor's Budget Amendment No. 3, Item No. 3. This budget amendment item contains the Governor's revised recommendations for the Kansas Public Employees Retirement System (KPERS) local school employer contributions for FY 1989 and FY 1990. The state pays the entire employers' retirement contribution for local school employees. The Governor recommends an additional \$662,000 in FY 1989 and \$712,088 in FY 1990, both financed from the State General Fund. The Governor recommends the additional funds based on actual expenditures through the first six months of FY 1989. The total amount recommended by the Governor for KPERS school employers' contributions in FY 1989 is \$37,115,239 and \$38,714,590 for FY 1990. The Legislature in H.B. 2063 appropriated \$662,000 (State General Fund) in FY 1989 for additional KPERS school employers' contributions.

### Kansas Bureau of Investigation

A. Joint Committee on State Building Construction Recommendation. At the request of the Senate Ways and Means Committee, the Joint Committee on State Building Construction reviewed the KBI's proposal for a new lease of the KBI headquarters at 1620 Tyler. The new lease would involve new construction to expand the existing facility.

The existing building, also known as the old Crane Junior High School, was constructed in 1929 and was purchased from U.S.D. 501 by H. T. Paul in 1984. The building was renovated and remodeled and leased to the KBI. Shortly thereafter, H. T. Paul sold the building to Sovereign Realty Company. The current lease, negotiated in 1984, provides for a five-year term and a lease payment of \$360,000, annually. The terms of the current lease provide for a total of 54,900 square feet at cost of \$7.32 per square foot for the office space and \$1.00 per square foot for the unimproved fourth floor which is used for storage. The current lease expires October 1, 1989.

In January, 1989 the Department of Administration with the assistance of the KBI, published a Request for Proposal (RFP) for space for the KBI, including preliminary space requirements of 69,000 gross square feet. Further, the RFP stated that the state was interested in reviewing options which might provide access to an additional 40,000 gross square feet adjacent to, or co-located with the basic 69,000 square feet. Lease of the additional space would be considered as an option. There were several proposals submitted in response to the RFP. The proposal preferred by the Department of Administration is that of H. T. Paul. The H. T. Paul proposal involves leasing the existing KBI facility, as well as construction of a 27,132 square foot addition to the current facility. According to the KBI, the addition is necessary to meet the office space requirements and the special environment needs for both the computer center and the forensic laboratory. The lease proposal provides for an annual lease amount of \$943,356. The lease is for a ten-year term with an increase effective the beginning of the sixth year based upon the CPI/U. Additionally, the lease provides the state with an option to purchase the building prior to January 1991 for a price not to exceed \$7.9 million.

The KBI estimates that the new lease would require an additional \$355,590 from the State General Fund in FY 1990 and includes \$253,458 for rent

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(six months at the new lease rate), \$14,923 for utilities, \$12,209 and 1.0 FTE position for an additional custodian position, and \$75,000 for relocation expenses.

B. Governor's Budget Amendment No. 3 -- KBI Headquarters. GBA No. 3 recommends an additional appropriation of \$900,000 in FY 1990, a portion of which would be for rent for the KBI and the remainder would be for the Property Contingency Fund of the Department of Administration to serve as a guarantee for the developer. The GBA states that the additional appropriation would "allow for expansion of rental space for the KBI at newly negotiated rates and additional expansion at the same site to allow for movement of the Kansas Highway Patrol when its existing leases expire in June, 1990 and Emergency Medical Services when its lease expires June, 1991."

#### Department of Administration

A. House Subcommittee Recommendation. During legislative budget review, the House Subcommittee recommended that the line-items in the appropriation bill for the Division of Information Systems and Communications (DISC) be removed from the FY 1990 appropriation bill until further review and resolution of certain issues. This recommendation deleted DISC off budget funds including the Information Technology Fund, Information Technology Reserve Fund, and Central Mail Services Fund. Further, \$3,478,209 in the State General Fund line-item, Central Management Information System and Computing Operations Fund, was deleted.

B. Joint Committee on State Building Construction Recommendation. At the suggestion of the Department of Administration, the Joint Committee on State Building Construction recommended that the operation of the Wichita State Office Building be transferred from the Department of Administration to the Department of Social and Rehabilitation Services (SRS), if both departments were in agreement.

Currently, SRS is the sole occupant of the Wichita State Office Building. The Department of Administration employs one individual to manage the facility and charges rent to SRS to cover the costs of operating the building (i.e., debt service, utilities, salary, maintenance, etc.) The rental charges are credited to this fund and all expenditures are from this fund. Under the Department of Administration's proposal, title to the building would remain with the Department of Administration in the event that SRS should vacate the facility. According to the Department of Administration, in order to maximize federal funds SRS should assume responsibility for all operating expenditures and the Department of Administration should retain responsibility for debt service and capital improvements.

Legislative action to accomplish the transfer would involve the deletion of 1.0 FTE from the Department of Administration and the addition of 1.0 FTE to SRS's position limitation. Further, due to the transfer, operating expenditures for the Wichita Office Building in the Department of Administration's appropriation may be reduced by \$406,464.

Kansas Development Finance Authority

A. H.B. 2020 (law) authorizes the Kansas Development Finance Authority to develop and implement the Kansas Basic Enterprises Loan Program and issue bonds to finance program loans. The bill creates the Kansas Basic Enterprises Loan Guarantee Fund. Moneys credited to this fund are to be used by the Kansas Development Finance Authority (KDFA) as security for bonds to be used to finance loans to "Kansas basic enterprises."

The KDFA indicates that administration costs associated with the Kansas Basic Enterprises Loan Program would be covered by administration fees charged for individual loans, and no legislative action is required to implement the administration portion of the program. Legislative action may be required, however, to capitalize the Kansas Basic Enterprises Guarantee Fund. The bill is silent as to the method of capitalizing the Loan Guarantee Fund. The KDFA appeared before the Senate Committee on Economic Development on March 6, 1989 in support of H.B. 2020. In written testimony, the KDFA spokesperson stated that

"the loan guarantee fund is the essential feature in that without it bonds cannot be issued. The guarantee fund provides the needed credit enhancement that negates the diversity-of-credit problem that plagues all private sector pooled bond issues. The guarantee fund can be leveraged through a bond issue to produce a loan pool up to two or three times the size of the guarantee fund. The loan guarantee fund must contain at least one million dollars in order to attract bond underwriters to the program with at least a two million dollar bond issue."

The bill does provide that any expenditures from the Loan Guarantee Fund shall be subject to appropriation acts.

Judicial Branch

A. S.B. 126 (Governor) establishes a mandatory certification, training, and continuing education program for nonlawyer municipal judges to be administered by the Supreme Court. The bill also establishes a Municipal Judges Training Fund for the above purposes as well as the continuing education of municipal judges that are admitted to the practice of law in Kansas. A fee not to exceed \$1 shall be imposed on all municipal court cases to fund the program.

The Office of Judicial Administration requests first-year start-up funding from the State General Fund. Thereafter, there may be adequate receipts to the Municipal Judges Training Fund to cover expenditures related to the passage of this legislation. According to the Office of Judicial Administration, the current municipal judge roster contains 318 names. Of this total, 175 municipal judges would be required to be certified under S.B. 126 within eighteen months of the date this act is published in the statute book.

The Office of Judicial Administration estimates total costs for FY 1990 of \$76,480. The Division of Budget fiscal note states that total costs are estimated to be \$76,390. The breakdown of costs requested by the Office of Judicial Administration is as follows:

Salaries and Wages (includes fringe benefits)	
Educational Specialist	\$ 25,647
Secretary	22,453
Subtotal	<u>\$ 48,100</u>
Planning and standards conferences	\$ 3,375
Regional certification conferences	16,000
Printing and advertising	3,500
Capital Outlay	3,790
Other	1,715
TOTAL	<u>\$ 76,480</u>

B. S.R. 1837 requests the Chief Justice of the Kansas Supreme court to appoint an advisory committee to review the Kansas Child Support Guidelines and report to the Kansas Supreme Court as expeditiously as possible any suggested modifications to the guidelines based on federal requirements of the Family Support Act of 1988, concerns enumerated by the Senate, and any other problems that may exist.

According to the Chief Justice, he is appointing a committee of 11 members with statewide representation to serve on the advisory committee and intends for the committee to begin work in April, 1989. The Chief Justice requests an additional appropriation of \$13,500 in FY 1989 and \$15,000 in FY 1990 for expenditures associated with the advisory committee.

#### Board of Indigents' Defense Services

A. House Subcommittee Recommendation. During second house legislative budget review, the House Subcommittee received a request from Legal Services for Prisoners, Inc. (LSP) for an additional \$108,120 in FY 1990 to expand the current LSP operation. LSP is a nonprofit corporation organized to provide legal assistance to indigent inmates of Kansas correctional facilities. The courts have held that all state prison inmates have a constitutional right of meaningful access to the courts. The Board of Indigents' Defense Services contracts with the corporation each year for LSP's operation.

The House Subcommittee was informed that over the last eight years the prison population has increased from approximately 2,500 inmates to 6,000 inmates. The Subcommittee stated concern about LSP's ability to provide services to inmates in light of the number of inmates in the system and the expansion of correctional facilities throughout the state. Further, the Subcommittee noted that it was premature to address the LSP proposal prior to final decisions concerning the Correctional system which may affect LSP; therefore, the Subcommittee recommended that the LSP proposal be reviewed during Omnibus.

Currently, LSP operates two branch offices which are located inside Kansas State Industrial Reformatory and Kansas State Penitentiary. LSP proposes to establish two new branch offices, one at the Hutchinson Correctional Work Facility and another in Hays. The Hutchinson office would also serve Winfield, Toronto, and El Dorado facilities. The Hays office would serve the Norton, Stockton, Larned, and Ellsworth facilities. LSP requests \$108,120 in addition to the current FY 1990 appropriation of \$306,589 for a total amount of \$414,719. The proposal includes the following:

Salaries and Wages	
1.0 Attorney -- Hutchinson	\$ 32,058
1.0 Attorney -- Hays	32,058
1.0 Secretary -- Hutchinson	17,937
.5 Secretary -- Hays	8,979
Subtotal Salaries and Wages	<u>\$ 91,032</u>
Communication	\$ 1,832
Rent	2,643
Travel and Subsistence	2,223
Printing and Advertising	2,064
Other Contractual Services (malpractice insurance)	1,314
Commodities	2,889
Capital Outlay	4,123
TOTAL	<u>\$ 108,120</u>

Attorney General

A. Governor's Budget Amendment No. 3 -- Technical Amendment. GBA No. 3 recommends the addition of \$2,513 to correct an omission in the Governor's budget to provide the statutory salary increase for the Attorney General which results from the 4 percent increase to the basic state pay plan. The Legislature addressed this item and added \$2,513 to the FY 1990 appropriation for the Attorney General.

B. Governor's Budget Amendment No. 3 -- Antitrust Special Revenue Fund. GBA No. 3 recommends a State General Fund appropriation of \$154,503 to supplement the antitrust special revenue fund in FY 1990. The Governor's original budget recommendation for FY 1990 included expenditures of \$179,093 from the antitrust special revenue fund. Receipts to the antitrust special revenue fund are anticipated to be insufficient to support the antitrust operation in FY 1990. The Legislature addressed this item by a transfer of \$154,503 in FY 1990 from the State General Fund to the antitrust special revenue fund.

C. Governor's Budget Amendment No. 3 -- Kansas v. Colorado Water Rights Litigation. GBA No. 3 recommends the addition of \$568,131 in FY 1990 for professional services involving case preparation and trial work in the matter of Kansas v. Colorado. The Legislature addressed this item and added \$568,131 in FY 1990 for the Kansas v. Colorado litigation.

D. H.B. 2200 concerns victims of crime and changes the official designation of the Crime Victims Reparations Board to the Crime Victims Compensation Board. The new Board is established under the jurisdiction of the Attorney General, with a statewide victims rights coordinator also established in the Office of the Attorney General. The victims rights coordinator is charged with creating, coordinating and assisting in the operation of local victim-witness programs throughout the state; responding to a statewide victims rights telephone hotline; and administering the Crime Victims Assistance Fund. The Crime Victims Compensation Fund would replace the Crime Victims Reparations Fund, and a new fund, the Crime Victims Assistance Fund is also created.

The bill eliminates the current means test used to determine a victims's claim. The funeral allowance is increased from \$750 to \$2,000. Maximum compensation payable in cases of death is raised from \$10,000 to \$25,000. The amount of docket fees distributed to the Board is increased from \$2 to \$5. In addition, marriage license fees are increased from \$25 to \$40, increasing the amount credited to the Protection from Abuse Fund for domestic violence programs from \$8 to \$23. Also contained in the bill are increases in certain other fees and court costs as well as provisions for the disposition of moneys from the forfeiture of appearance bonds.

The Legislature authorized \$1,097,346 for the Crime Victims Reparations Board in the budget of the Attorney General in S.B. 39. This includes \$141,976 from the State General Fund for state operations (which has been vetoed by the Governor) for 4.0 FTE positions and \$955,370 from special revenue and federal funds for aid to local units and other assistance. The current approved budget includes \$195,125 from the Protection from Abuse Fund for domestic violence programs, and \$518,748 from the Crime Victims Reparations Fund for payment of Crime Victims Claims. In addition, federal funds totaling \$241,497 were authorized for crime victims claims, domestic abuse, and rape prevention programs.

The following table provides estimates of current approved expenditures for the Board by special revenue fund and an estimate of total revenue which will be available to each fund based upon the provisions of H.B. 2200:

	<u>S.B. 39</u>	<u>H.B. 2200</u>
Crime Victims Reparations Fund	\$ 518,748	\$ --
Crime Victims Compensation Fund	--	1,549,771
Crime Victims Assistance Fund	--	326,268

In its fiscal note for H.B. 2200, the Attorney General's Office requests that "No Limit" funds be established for the newly created Crime Victims Compensation Fund and Crime Victims Assistance Fund in order that any available funds may be used for crime victims assistance grants and programs. In addition, the Attorney General estimates a fiscal note of \$70,944 for the establishment of a Victims Rights Coordinator and support staff within the Office of the Attorney General. The estimate includes \$65,944 from the State General Fund and \$5,000 from the Crime Victims Assistance Fund. The estimate includes funding for 2.0 FTE positions (\$49,162) and other operating expenditures (\$21,782). This amount includes funding for an Administrative Officer III and an Office Assistant III for 11 months. The Attorney General requests that the costs of these positions be funded from the State General Fund as recommended by the Attorney General's Victims' Rights Task Force in order that the proceeds in the Crime Victims Assistance Fund may be used entirely for grants to victim programs and services to victims of crime. The Victims Rights Coordinator will be responsible for creating, coordinating, and assisting local victim-witness programs throughout the state. The Attorney General's Task Force estimated that additional expenditures of \$25,000 would be incurred in claims due to the increase in the burial expense from \$750 to \$2,000, and that increasing the maximum payment award from \$10,000 to \$25,000 would result in increased costs of up to \$135,000 in FY 1990.

Board of Veterinary Examiners

A. H.B. 2424 authorizes the State Board of Veterinary Examiners to contract with an impaired veterinarian committee of an appropriate professional society or other organization for evaluation, intervention, treatment referral, and monitoring of impaired veterinarians. The estimated cost to enter into such a contract is \$40,700. The Board of Veterinary Examiners is entirely fee supported. Current approved expenditures and revenue projections indicate that the Board of Veterinary Examiners will have ending balances of \$132,470 in FY 1989 and \$137,292 in FY 1990. Approved expenditures for FY 1990 total \$67,978.

State Corporation Commission

A. Commissioner Salaries. A salary increase of four percent for the first half of FY 1990 and an additional four percent for the last half of the fiscal year was approved for Court of Appeals judges in S.B. 27, the appropriations bill for the Judicial agencies. The salary of the Chairman of the Corporation Commission is statutorily tied to the salary of the Chief Judge of the Court of Appeals and the salaries of the other two Commissioners are tied to the Court of Appeals Judges. Increasing the salaries of the three Commissioners to provide for an additional 4 percent increase for the last half of the fiscal year will require additional expenditure authority of \$8,893, including \$5,336 from the Public Service Regulation Fund, \$1,930 from the Motor Carrier License Fees Fund and \$1,627 from the Conservation Fee Fund.

B. FY 1989 Financing Adjustments. During review of the budget of the Corporation Commission, subcommittees were informed by the agency that financing modifications to the FY 1989 budget would be requested during the Omnibus Session and the Senate Subcommittee recommended that these adjustments be considered at that time. The financing modifications requested by the agency remain within the originally authorized expenditure limitation established for the Commission agencywide. The need to adjust various funds is attributed to shifts in expenditure patterns due to unanticipated needs such as a management audit of Union Gas. The Commission curtailed expenditures in other areas in order to meet all of its obligations within its currently authorized budget. The effect of these financing modifications is to increase expenditures from the Public Service Regulation Fund by \$223,358, and to reduce expenditures from the Motor Carrier License Fees Fund by \$140,628 and the Conservation Fee Fund by \$81,850. In addition, minor adjustments are made to several other funds.

C. FY 1990 Financing Adjustments. During review of the budget of the Corporation Commission, testimony was received from the Commission that certain financing modifications to the FY 1990 budget would be necessary and the Senate Subcommittee recommended that this item be addressed during the Omnibus Session. The agency has examined actual expenditure patterns during the current fiscal year in order to estimate expenditure patterns in FY 1990. In addition, the agency has decentralized its word processing function and placed staff within the agency's various divisions according to anticipated needs. The financing modifications would not alter the overall agency expenditures but would require adjustments to several funds. The effect of these financing modifications is to increase expenditures from the Public Service Regulation Fund by \$109,345 and to reduce expenditures from the Motor Carrier License Fees Fund by \$98,757 and the Conservation Fee Fund by \$9,795. In addition, minor adjustments are made to several other funds.

D. FY 1990 Consulting Services. During review of the budget of the Corporation Commission, testimony was received from the Commission that additional funds would be requested in FY 1990 for consulting services related to regulatory activity. The Senate Subcommittee recommended that this item receive omnibus consideration. The Governor's budget provides for \$100,000 in consulting services within the budget of the Utilities Division. The agency estimates that an additional \$150,000 will be necessary for a total consulting budget of \$250,000. The agency has identified several factors which have contributed to the need for additional expenditure authority. These include the shift of a previously authorized and budgeted telecommunications cost study from FY 1989 to FY 1990 with anticipated expenditures totaling \$120,000 and increased expenditures related to legal representation at the federal level. The additional expenditures would be financed from the Public Service Regulation Fund.

E. H.B. 2454 (pending) amends existing laws concerning the material and testing of natural gas pipelines. The agency reports no fiscal impact from these provisions of the bill. The Senate Committee of the Whole amended the bill to include provisions of S.B. 105 establishing a Citizens' Utility Ratepayers Board. The agency estimates expenditures of \$252,967 would be necessary for the Board, including \$54,609 for salaries and wages for 1.5 FTE positions, \$150,000 for consulting services, and \$48,358 for other operating expenditures. The approved budget for the State Corporation Commission includes \$252,967 for the Board from the Public Service Regulation Fund. The passage of the bill would create an independent board and would shift funding of the Board to the State General Fund. In addition, the authorized expenditures for the Corporation Commission could be reduced by \$252,967 and 1.5 FTE positions.

F. H.B. 2456 (pending) authorizes personnel of the State Corporation Commission Pipeline Safety Program to conduct on-site investigations in connection with accidents or fires caused by natural gas. In addition, the bill further authorizes the Commission to enter into contracts with local units of government. Such contracts would enable the Commission to train building inspectors or other designated parties to inspect new installations of natural gas pipeline between a main and residential property and to report the inspection results to the Commission. The Commission estimates a fiscal impact for the provision of the bill authorizing the KCC to enter into contracts with local units of government. The Commission estimates additional expenditure authority of \$156,969 from the Public Service Regulation Fund would be necessary to implement this provision. The estimated fiscal impact includes funding for two additional positions for instructors to train local personnel to inspect natural gas pipelines. The estimate includes \$94,690 in salaries, \$11,648 in travel and \$20,885 in other operating expenditures. In addition, the agency estimates \$29,746 in one-time costs associated with initial implementation of the provision.

#### Department of Health and Environment

A. S.B. 6 authorizes the establishment of voluntary hazardous waste collection programs and permits the Secretary of Health and Environment to coordinate these programs and adopt rules and regulations for conducting such programs. The bill permits the Secretary to grant to local units of government, individually or jointly, up to 50 percent of the cost of conducting the

collection program. In addition, the bill establishes a hazardous waste collection fund for the receipt of any gifts or grants. Finally, the bill requires that the Secretary submit a report on hazardous waste collection programs carried out during the preceding calendar year prior to the beginning of each legislative session.

The agency estimates state operations expenditures of \$43,925 in FY 1990, including \$34,825 for 1.0 FTE Health and Environment Planning Consultant, and \$9,100 in other operating expenditures. In addition, the agency estimates funding for the grant program at a level of \$150,000 in FY 1990 to be matched with \$150,000 from participating local governments. The agency estimates that this level of funding could support programs in seven-nine small cities (\$20,000 each); or one medium city (\$40,000-\$50,000) and one large city (\$90,000); or combinations of these alternatives.

B. Governor's Budget Amendment No. 3, Item No. 4 recommends the transfer of nursing home inspection duties performed by the Department of Social and Rehabilitation Services to the Department of Health and Environment for the purpose of streamlining the inspection and regulation of nursing homes within the state. The transfer will reassign 29 positions from the Department of Social and Rehabilitation Services to the Department of Health and Environment and will increase expenditures for KDHE by \$1,206,880 from Title XIX funds.

C. Governor's Budget Amendment No. 3, Item No. 15 recommends several funding adjustments to the budget of the Department of Health and Environment in FY 1989 and FY 1990 to facilitate full funding for DTP vaccines in both fiscal years. The Legislature has already authorized these funding shifts in H.B. 2029 and H.B. 2063.

#### Animal Health Department

A. Governor's Budget Amendment No. 3, Item No. 23 recommends an additional \$60,000 from the State General Fund in FY 1989 for the Animal Health Department to address a shortfall in agency fee fund receipts of the Companion Animal Program. It is stated in the text of the amendment that the agency is expected to revise the program for FY 1990 to ensure that it will be financed by fees authorized for the support of the Companion Animal Program.

#### State Fire Marshal

A. Governor's Budget Amendment No. 3, Item No. 13 recommends the addition of \$74,459 from the State General Fund and 2.0 FTE additional positions for the regulation and inspection of users of explosive chemicals within the state. In Executive Order No. 88-112 the Governor directed the Secretary of the Department of Health and Environment and the Adjutant General to present recommendations to the State Emergency Response Commission (SERC) on a method of determining what explosive materials are in use or storage in Kansas and the reporting of such materials not presently covered under existing statutes of the federal and state right-to-know acts. Current Kansas law authorizes the State Fire Marshal to issue administrative rules and regulations to protect the public from dangers associated with explosives. SERC recommended to the Governor that the Fire Marshal develop and implement regulations to carry out the intent of the executive order. This budget amendment includes funding for two additional



inspectors (\$47,429) and other operating expenditures (\$27,030). The recommendation for other operating expenditures includes \$14,100 for travel, \$5,000 for DISC fees for systems upgrade and program development and \$7,930 for all other expenditures.

STATE OF KANSAS



DIVISION OF THE BUDGET

MIKE HAYDEN,  
Governor  
MICHAEL F. O'KEEFE  
Director of the Budget

Room 152-E  
State Capitol Building  
Topeka, Kansas 66612-1575  
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April 24, 1989

Budget Amendment

The Honorable Gus Bogina, Chairperson  
Committee on Ways and Means  
Senate Chamber  
Third Floor, Statehouse

and

The Honorable Bill Bunten, Chairperson  
Committee on Appropriations  
House of Representatives  
Third Floor, Statehouse

Gentlemen:

This letter contains several amendments to the Governor's budget recommendations for fiscal years 1989 and 1990. They are summarized as follows:

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$1,873,033	\$ 9,007,324
All Other Funds	<u>2,166,070</u>	<u>2,392,563</u>
All Funds	\$4,039,103	\$11,399,887

HA  
4-24-89  
Attachment 3

## State General Fund Summary

## Governor's Recommendation

	<u>FY 1989</u>	<u>FY 1990</u>
Beginning Balance	\$ 301.7	\$ 327.4
Consensus Revenue, as Recommended	2,206.9	2,247.2*
Expenditures, as Amended**	<u>2,181.2</u>	<u>2,371.9</u>
Balance	\$ 327.4	\$ 202.7

Note: \* Excludes \$10.8 million in individual income tax reduction recommended but not adopted.

\*\* Includes adjustments to demand transfers resulting from the April 4 revised consensus revenue estimate.

1. Department of Education

The FY 1990 Governor's Report on the Budget recommended an amount of \$101,654,027 for FY 1989 and \$108,599,381 for FY 1990 as special education aid. The Department of Education has revised the estimate for FY 1989 and FY 1990. In order to maintain funding of excess cost as recommended by the Governor, the Governor's FY 1989 recommendation is reduced by \$393,995 and the FY 1990 recommendation is reduced by \$1,438,226.

The FY 1990 Governor's Report on the Budget recommended an amount of \$42,903,839 for transportation aid in FY 1989 and \$43,573,162 for FY 1990. Re-estimates based upon the Department of Education's February 25th payment for transportation aid produces a reduction from the Governor's recommended amount in FY 1989 of \$500,000 and for FY 1990 of \$327,297.

The Governor's recommended funding for community college credit hour aid for FY 1989 is amended to \$27,120,061 based upon enrollment data for the fall and spring semester. The FY 1990 recommendation is amended to \$29,686,763, of which \$28,749,094 is for regular credit hour aid and \$937,669 is for ancillary credit hour aid. The amended FY 1990 amount continues the recommended five percent increase estimate.

FY 1990 general state aid recommendation is amended to \$868,834, of which \$400,000 is general state aid and \$468,834 is ancillary general state aid.

The Governor's FY 1989 recommendation for out-district state aid is amended to \$8,079,604 based upon fall and spring enrollments. The FY 1990 recommendation is increased to \$10,257,862.

	<u>FY 1989</u>	<u>FY 1990</u>
Special Education	\$ (393,995)	\$(1,438,226)
Transportation	(500,000)	(327,297)
Community College:		
Credit Hour Aid	852,628	1,188,079
General State Aid	--	(646,792)
Out-District Aid	<u>274,756</u>	<u>423,754</u>
	\$ 233,389	\$ (800,482)
State General Fund	\$ 233,389	\$ (800,482)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 233,389	\$ (800,483)

## 2. Kansas Wheat Commission

For FY 1990, the Governor recommended \$450,000 for the Kansas Wheat Commission's contract with U.S. Wheat Associates, pending the outcome of U.S. Wheat Associates' annual meeting. At the annual meeting, the contract price was set at \$581,904. The additional funds needed to meet the contract price is \$131,904.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$     --	\$     --
All Other Funds	<u>      --</u>	<u>  131,904</u>
All Funds	\$     --	\$  131,904

## 3. Kansas Public Employees Retirement System

In FY 1989, the budget recommendations for KPERS local school employer contributions are increased by \$662,000. This amount will be financed from the State General Fund. KPERS has re-estimated the amount required for the FY 1989 contributions based upon expenditures through the first six months and has determined that an amount of \$27,115,239 will be required. The recommendation is made to avoid underpayment of local employer contributions into KPERS in FY 1989 and a possible supplemental appropriation for FY 1990. The comparable adjustment recommended for FY 1990 is \$712,088.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$  662,000	\$  712,088
All Other Funds	<u>      --</u>	<u>      --</u>
All Funds	\$  662,000	\$  712,088

## 4. Department of Social and Rehabilitation Services

For FY 1990, the Governor has directed that the nursing home inspection duties performed by the Department of Social and Rehabilitation Services will be transferred to the Department of Health and Environment. This transfer will streamline the inspection and regulation of nursing homes within the state. The transfer will require no additional state expenditures or any new positions.

The transfer of duties will reassign 29 positions from the Department of Social and Rehabilitation Services to the Department of Health and Environment. The transfer will reduce the FY 1990 expenditure for SRS by \$1,206,880, of which \$351,565 is from the State General Fund. The FY 1990 expenditures for KDHE will increase by \$1,206,880. However, because of a favorable federal match rate, the required State General Fund expenditures for KDHE will be \$301,720, a reduction of \$49,845.

(Department of Social and Rehabilitation Services)

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ (351,565)
All Other Funds	<u>--</u>	<u>(855,315)</u>
All Funds	\$ --	\$(1,206,880)

(Department of Health and Environment)

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ 301,720
All Other Funds	<u>--</u>	<u>905,160</u>
All Funds	\$ --	\$ 1,206,880

5. Reduction of KanWork Program Expenditures

For FY 1989, the budget recommendations for the KanWork program are amended to reduce expenditures by \$2,532,646, of which \$1,635,374 would be expenditures from the State General Fund. The KanWork program is new for FY 1989, and the start-up of the program will not require the amount of expenditures originally estimated.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$(1,635,374)	\$ --
All Other Funds	<u>(897,272)</u>	<u>--</u>
All Funds	\$(2,532,646)	\$ --

6. Changes to CAECSES Computer System for Catastrophic Health Act

In FY 1989, an amount of \$500,000 is added to modify the CAECSES computer system software in order to implement changes required by the Federal Catastrophic Health Act of 1988 and regulation changes for determination of child support eligibility. Of the amount recommended, \$125,000 would be expenditures from the State General Fund.

The Governor also amends his recommend to include an upgrade to the system. The existing equipment has reached maximum capacity and the Department of Social and Rehabilitation Services will not be able to include all counties in the CAECSES system unless additional processing capacity is provided. Failure to implement the CAECSES statewide will result in non-compliance with federal law. The recommendation is for an additional expenditure of \$3,267,986 in FY 1989. Of this amount, \$1,159,800 would be financed from the State General Fund.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ 1,284,800	\$ --
All Other Funds	<u>2,483,186</u>	<u>--</u>
All Funds	\$ 3,767,986	\$ --

#### 7. Increase for Child Day Care Services

The budget recommendation for the Department of Social and Rehabilitation Services is amended to adopt the new system of child day care services reimbursement approved by the Legislature for FY 1990. This system will allow the Department to pay a minimum of 75 percent of the cost of child care for each of the 17 areas in the state, rather than utilize a statewide rate as required by the current system of child day care reimbursement. This change in the reimbursement payment system to providers will allow the Department to place more children in day care facilities located in higher cost urban areas.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ 337,965
All Other Funds	<u>--</u>	<u>24,270</u>
All Funds	\$ --	\$ 362,235

#### 8. Caseloads for AFDC, GA, and Medical Assistance

For FY 1989 and FY 1990, the amounts included in the FY 1990 Governor's Report on the Budget for AFDC, General Assistance, and Medical Assistance caseload are increased to reflect revised estimates developed by the Department of Social and Rehabilitation Services. The Department determined on March 15, 1989, that the original recommendations included in the budget would be inadequate. The recommendations are therefore revised to provide for the following caseloads for FY 1989 and FY 1990:

	<u>FY 1989</u>	<u>FY 1990</u>
AFDC	846,000	843,000
General Assistance	71,500	72,500

In order to finance these revised caseloads, the amounts indicated in the table below are recommended:

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ 1,198,531	\$ 3,562,656
All Other Funds	<u>681,476</u>	<u>3,270,855</u>
All Funds	\$ 1,880,007	\$ 6,833,511

9. Department of Wildlife and Parks

For FY 1990, the Governor's salaries and wages recommendation for the Department of Wildlife and Parks was miscalculated. The recommendation does not include adequate funds for salary increases and fringe benefits. Additional expenditures of \$63,390 will be required to finance salaries and wages adequately in FY 1990, of which \$19,195 is from the State General Fund.

The Governor also amends his FY 1990 recommendation of \$36,210 for a habitat center at the El Dorado Honor Camp. The recommendation will supply needed habitat materials for use by the Department in its efforts to provide improved habitat for wildlife and is financed from the Forestry, Fish and Game Fee Fund. However, since the submission of the budget recommendations, the Department has determined that an additional amount of \$27,000 will be required to install a waterline from the proposed habitat center to the City of El Dorado water supply line from the El Dorado reservoir. The recommendations included \$5,000 to drill a well at the site, but it has now been determined that the water quality is not adequate and an alternative water source is required. It is recommended that the budget be amended to provide a total of \$32,000 for a waterline to the habitat center.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ 19,195
All Other Funds	<u>--</u>	<u>71,195</u>
All Funds	\$ --	\$ 90,390

The Department of Wildlife and Parks during a fiscal year is the recipient of unanticipated federal grants received for research or other related interests of the Department. Currently, the Department does not have adequate flexibility in the existing fund structure of the Department to receive and spend these grants without decreasing planned expenditures for the Department. In order for the Department to utilize federal funds to the maximum extent possible, the creation of a no limit fund entitled "Federal Grant Fund" is recommended. The Governor reviews all unappropriated federal grants received by the Department before expenditures are authorized.



#### 10. Topeka State Hospital

In FY 1990, Topeka State Hospital would appropriate additional state general funds totalling \$159,147 to finance its school contract and \$159,147 would be removed from the Comprehensive Screening Unit budget within the Department of Social and Rehabilitation Services, Division of Youth Services. This shift of funding will allow the hospital to provide education services for the Comprehensive Screening Unit and avoid double counting of the funding. The arrangement will help simplify the relationship between Youth Services and Topeka State Hospital.

#### 11. Department of Corrections

The Governor amends his recommendations for the Department of Corrections and its institutions by \$208,764 for FY 1989 and \$2,083,145 for FY 1990 as noted in the following paragraphs.

For FY 1990, the budget recommendation for the Central Management program is amended to increase expenditures by \$130,000, all of which would be from the State General Fund. The recommendation includes 1.0 FTE position for a Programmer III and operational and capital costs for a computer system. The Programmer III will be involved in developing the updated integrated computer system.

For FY 1989, the budget for county jail payments is amended to increase State General Fund expenditures by \$143,727 for payments to reimburse local units for the cost of housing inmates who are awaiting a parole violator hearing.

For FY 1990, the budget recommendation for the Department of Corrections is increased by \$2,445,600, all from the State General Fund. This amount will provide contingency funds for housing inmates until new bedspace is constructed. These are inmates who cannot be placed in existing facilities because of the population caps on those institutions.

The Governor recommends the establishment of a no limit fund entitled "Library Grant - Federal Fund" for FY 1989 to allow for the expenditure of \$11,893 in special revenue funds among the following correctional institutions for the acquisition of books.

	<u>FY 1989</u>
Kansas State Penitentiary	\$ 8,350
Kansas State Industrial Reformatory	703
Osawatomie Correctional Facility	1,840
State Reception and Diagnostic Center	<u>1,000</u>
Total	\$11,893

The Governor recommends reductions of \$124,075 in state general funds in FY 1990 operating expenditures for certain correctional institutions in order to comply with the mandated population limitations by the recent decision of the U.S. District Court. Reductions were made in communications, clothing, supplies, and incentive pay.

	<u>FY 1990</u>
Kansas State Penitentiary	\$ (32,000)
Kansas State Industrial Reformatory	(65,000)
State Correctional-Vocational Training Center	(10,000)
State Reception and Diagnostic Center	(2,000)
Kansas Correctional Institution at Lansing	62,350
Norton Correctional Facility	(17,500)
Stockton Correctional Facility	(8,000)
Ellsworth Correctional Facility	(28,500)
County Jails	<u>(23,425)</u>
Total	\$(124,075)

The Governor recommends the reduction in FY 1989 of \$360,000 from the Department of Corrections community residential services program and \$267,340 from the Department of Corrections Sex Offender program because of delays in the start-up dates of the programs.

The Governor recommends the addition of \$526,303 in FY 1989 in state general funds for the payment of medical expenses which were incurred prior to December 18, 1989, at which time the Department entered into a contract with Correctional Medical Services, Inc. (CMS) to provide medical and mental health care services. The amount represents higher than anticipated medical bills not received until after the beginning of the medical contract.

Reductions totaling \$368,380 in capital improvements from the State General Fund in FY 1990 are recommended from the Kansas State Penitentiary, the Kansas Correctional Institution at Lansing, and the Department of Corrections' budgets in order to reflect the Legislature's failure to enact capital punishment. Although the Governor strongly supports establishing capital punishment in Kansas, the actions of the Legislature make it unnecessary to recommend funding for this initiative for FY 1990.

	<u>FY 1990</u>
Department of Corrections	\$130,880
Kansas State Penitentiary	222,868
Kansas Correctional Institution at Lansing	<u>14,632</u>
Total	\$368,380

For FY 1989, the budget for the State Industrial Reformatory is increased by \$154,181, of which \$126,181 would be expenditures from the State General Fund. Because of the population cap at the State

Penitentiary, this institution has been the major center for the intake and movement of inmates in the correctional system. In addition, this institution incurred some additional costs in handling an inmate disturbance.

For FY 1990, the budget recommendation for the Community Services program in the Department of Corrections is amended to reduce State General Fund expenditures by \$96,306 to reflect the transfer of salaries and wages for 4.0 FTE positions to three correctional institutions. The positions will serve as parole coordinators at the State Industrial Reformatory, the State Penitentiary and the Norton Correctional Facility. They will assist inmates in the preparation of parole plans. The State Industrial Reformatory will receive 2.0 FTE positions and \$47,646, the State Penitentiary 1.0 FTE position and \$18,940 and the Norton Correctional Facility 1.0 FTE position and \$29,720.

For FY 1990, the budget for the Inmate Medical and Mental Health program in the Department of Corrections is amended to transfer \$20,738 in State General Fund expenditures to the following facilities: \$5,103 to the Osawatomie Correctional Facility; \$5,435 to the Wichita Work Release Center; \$2,400 to the Stockton Correctional Facility; \$5,000 to the Norton Correctional Facility; and \$2,800 to the Topeka Correctional Facility. These expenditures were inadvertently transferred to the Department's budget and are needed at the facility level to finance inmate drug tests and other professional services.

The Governor recommends the reduction of 46.0 FTE positions in the Department of Corrections to reflect the correct number of medical personnel which have opted to remain state employees rather than employees under the Department's systemwide medical contract.

	<u>FY 1989</u>	<u>FY 1990</u>
Computer Enhancement	\$ 0	\$ 130,000
County Jail Payments	143,727	
Contingency for Intern Placement		2,445,600
Federal Library Grants	11,893	
Population Adjustments		(124,075)
Community Service Adjustment	(360,000)	
Sex Offender Program Adjustment	(267,340)	
Medical Expenses	526,303	
Capital Improvements		(368,380)
KSIR Operating	<u>154,764</u>	<u>          </u>
	\$ 208,764	\$2,083,145
State General Fund	\$168,871	\$2,083,145
All Other Funds	<u>39,893</u>	<u>          </u>
All Funds	\$208,764	\$2,083,145

## 12. Kansas Bureau of Investigation

The Governor amends his budget for building rent for the Kansas Bureau of Investigation by \$355,590 and appropriates \$544,410 from the State General Fund to the Property Contingency Fund of the Department of Administration to allow for expansion of rental space for the Bureau at newly negotiated rates and additional expansion at the same site to allow for movement of the Kansas Highway Patrol when its existing leases expire in June, 1990, and Emergency Medical Services when its lease expires June, 1991. The appropriation to the Property Contingency Fund is necessary to serve as a guarantee for the developer for the additional space.

	<u>FY 1989</u>	<u>FY 1990</u>
KBI Rent	\$ --	\$ 355,590
Property Contingency Fund	<u>--</u>	<u>544,410</u>
Total	\$ --	\$ 900,000
State General Fund	\$ --	\$ 900,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 900,000

## 13. State Fire Marshal

For FY 1990, the addition of \$74,459 is recommended to fund 2.0 additional FTE positions and related operating expenditures to regulate and inspect users of explosive chemicals in the state.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ 74,459
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 74,459

## 14. Department on Aging

The Department on Aging should have received an additional \$8,306 in state general funds to match fully the Older Americans Act Nutrition and Transportation program grant funds in FY 1990. This amount is needed for the match for the OAA nutrition program.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ 8,306
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 8,306

#### 15. Department of Health and Environment

The Local Health program in the Department of Health and Environment was awarded a competitive grant from the federal Department of Health and Human Services in the amount of \$125,000, effective October 1, 1988. This amount is to be used to establish a home visitor program for at risk children from the ages of one to five. The Governor included this amount in the FY 1990 Governor's Report on the Budget for FY 1989. Executive Directive 89-132 was signed February 16, 1989, which allowed the Department to receive and expend these federal funds in FY 1989. The amount of \$125,000 was inadvertently placed in Fees-Professional Services, object code 270, rather than in Aid to Local Units of Government, object code 510.

For FY 1989, the Department of Health and Environment has established that several funding shifts are necessary to facilitate full funding for DTP vaccine in FY 1989. While these shifts in funding do not increase the overall recommendation they should be made to allow the funding changes. An expenditure limitation increase for federal immunization grant funds is necessary, as is a funding shift of \$100,000 in federal Maternal and Child Health funds to the State General Fund -- Adolescent Health program. The amount of \$100,000 in state general funds -- Adolescent Health program will be shifted to fund the purchase of vaccines by the Bureau of Epidemiology.

Similar adjustments are necessary for FY 1990. The amount of \$300,000 in capital outlay for communications, which was mistakenly included in the recommendation, should be shifted to the Bureau of Epidemiology to fund the purchase of DTP vaccine. Maternal and Child Health Primary Care -- federal funds should be used for the adolescent health program, and the funds recommended from the State General Fund for adolescent health should be used for vaccines.

#### 16. Board of Regents

The Governor recommends amendments to the Board of Regents institutions totalling reductions of \$79,254 in FY 1989 and \$302,753 in FY 1990. State General Fund amendments total a reduction of \$79,254 in FY 1989 and an increase of \$1,044,170 in FY 1990.

The Governor amends recommendations for utilities based upon revised estimates received and verified this April. The Governor recommends that the savings be lapsed from the FY 1989 utility budgets and recommends supplemental funding for the Kansas State University shortfall. This recommendation does not include \$30,000 contingency funding in the KSU supplemental appropriation.

Recommended FY 1989 estimates are as follows:

	<u>GBR</u>	<u>Revised Estimates</u>	<u>Projected Savings (Deficit)</u>
KU	5,846,432	5,463,087	\$383,345
KUMC	4,664,525	4,646,427	18,098
KSU	4,723,822	5,392,269	(668,447)
KSUVMC	808,402	768,612	39,790
ESU	717,006	685,796	31,210
FHSU	802,459	784,112	18,347
KCOT	133,460	123,303	10,157
WSU	2,911,940	2,665,186	<u>246,754</u>
Total			\$ 79,254

The FY 1990 base recommendation for utilities is the same as FY 1989 with the exception of Kansas State University. Because a portion of the FY 1989 shortfall is attributed to one-time expenses, the KSU FY 1990 base utility recommendation is \$5,312,269.

The Regents institutions have submitted revised revenue estimates for the general fees funds for FY 1989 and FY 1990. The revised FY 1989 estimates indicate additional revenue will be available and will increase the carryforward balances for seven institutions. The FY 1990 revised estimates indicate fee fund revenues above the recommendations at two institutions and a shortfall at seven institutions.

The Governor recommends that fee funds be adjusted in FY 1990 to utilize the additional revenues fully and to increase fee fund expenditures and reduce State General Fund appropriations where applicable. Where revenues are projected to decline, the Governor recommends reductions in the fee fund expenditure limitations and an increase in the State General Fund by the same amount. In addition, a significant technical error has been discovered in the KSU estimates. The Governor's recommendation includes funding to correct that error.

	<u>FY 1990 Fee Fund Adjust.</u>	<u>FY 1990 SGF Adj.</u>
KU	\$ 197,000	\$ (197,000)
KUMC	(120,718)	120,718
KSU	(\$1,941,026)	1,941,026
KSUVMC	(15,440)	15,440
ESU	(32,470)	32,470
FHSU	(20,232)	20,232
PSU	357,577	(357,577)
KCOT	29,594	(29,594)
WSU	<u>198,792</u>	<u>(198,792)</u>
	(\$1,346,923)	\$1,346,923

The Governor recommends 1.0 FTE position for the Board Office to administer the Nurse Scholarship Program. The position would be funded within expenditures recommended in the initial budget submission.

The Governor's FY 1990 amended budget recommendation for the University of Kansas inappropriately includes funding for health insurance for graduate teaching assistants who are not eligible for health insurance benefits. The salary and wage budget is therefore overstated by \$363,078.

The Governor's FY 1990 budget recommendation for Wichita State University is understated for salaries and wages by \$219,579 because of inaccurate shrinkage calculations. Additional state general funds of \$219,579 are recommended to fund the salary and wage budget fully.

	<u>FY 1989</u>	<u>FY 1990</u>
Utilities	\$ (79,254)	\$ (159,254)
Fees	--	--
KU Health Insurance	--	(363,078)
WSU Salaries and Wages	--	<u>219,579</u>
	<u>\$ (79,254)</u>	<u>(302,753)</u>
State General Fund	\$ (79,254)	\$ 1,044,170
All Other Funds	--	<u>(1,346,923)</u>
All Funds	<u>\$ (79,254)</u>	<u>\$ (302,754)</u>

#### 17. Kansas Highway Patrol

The Governor increased the salary and wages recommendation for the Comprehensive Classification and Job Rate Study implementation for June 17, 1989 by \$202,198. This will fully fund the implementation and adjusts for new estimated costs of it.

For FY 1989 and FY 1990, the Governor also recommends that the appropriation language of the Highway Patrol be amended to include a fund entitled "Interagency Motor Vehicle Fuel and Storeroom Sales Fund" with a no limit expenditure limitation. This fund will replace the "Interagency Motor Vehicle Fuel Sales Fund." The establishment of such a fund would allow the Patrol to purchase gasoline and storeroom supplies for the Motor Carrier Inspection Division, Capitol Area Security Patrol, and the Motor Carrier Safety Assistance Program on a centralized basis and still allow expenditures to be charged back to the appropriate special revenue funds without those expenditures being reported a second time as General Fees Fund expenditures.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ 160,940
All Other Funds	--	<u>41,258</u>
All Funds	<u>\$ 233,389</u>	<u>\$ 202,198</u>

18. Attorney General

The Governor amends his FY 1990 budget to correct an omission of \$2,513 to provide for a four percent COLA for the Attorney General.

The Governor's original recommendation for FY 1990 for the Office of the Attorney General includes expenditures from the Antitrust Special Revenue Fund. A State General Fund appropriation of \$154,503 is required to supplement this revenue fund in FY 1990. Therefore, it is recommended that \$154,503 be appropriated from the State General Fund. The State General Fund is to receive reimbursement for all transfers and appropriations with regard to this fund at such time as antitrust litigation proceeds are available.

Finally, the Governor recommends increasing his FY 1990 budget recommendations for professional services involving case preparation and trial work in the matter of Kansas v. Colorado is increased by \$568,131. These expenditures are to be made from the State General Fund. A judgment in favor of Kansas in this matter is vital in assuring that Kansas receive its legal share of water resources in accordance with the terms of the Arkansas River Compact.

	<u>FY 1989</u>	<u>FY 1990</u>
Technical Adjustment	\$ --	\$ 2,513
Anti-Trust Fund	--	--
Kansas v. Colorado	--	<u>568,131</u>
	<u>\$ --</u>	<u>\$ 570,644</u>
State General Fund	\$ --	\$ 725,147
All Other Funds	--	<u>(154,503)</u>
All Funds	<u>\$ --</u>	<u>\$ 570,644</u>

19. Insurance Department

The Insurance Department is to receive \$493 for salaries and wages from the Firefighters' Relief Fund and \$2,599 from the Workers' Compensation Fund. These additional amounts reflect the Governor's actual recommendation for group health insurance increases in FY 1990.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>3,092</u>
All Funds	<u>\$ --</u>	<u>\$ 3,092</u>



20. Department of Revenue

The Governor recommends the reduction of \$101,143 in FY 1989 and \$461,344 in FY 1990 because of a reduction in DISC charges. This funding is in addition to the recommendations contained in the FY 1990 Governor's Report on the Budget.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ (19,930)	\$ (29,792)
All Other Funds	<u>(81,213)</u>	<u>(431,552)</u>
All Funds	\$ (101,143)	\$(461,344)

21. Barber Board

The Board of Barber Examiners' budget is recommended to be increased by \$7,615 in special revenue funds for salaries and wages for FY 1990. The increased funding is recommended in order to allow financing for a salary upgrade from a half-time to a full-time position within the Board's current FTE allocation.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>7,615</u>
All Funds	\$ --	\$ 7,615

22. Youth Center at Topeka

For FY 1990, the addition of \$209,372 from the State General Fund is recommended to fund six additional Youth Service Specialists to provide double coverage on all shifts in all cottages and to fund four additional security personnel to provide security for area residents, staff, and residents at the Youth Center at Topeka.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ 209,372
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 209,372

23. Animal Health Department

For FY 1989, an additional \$60,000 in state general funds is recommended for the Animal Health Department. The funds will address a shortfall in agency fee fund receipts in the Companion Animal Program. For FY 1990, the agency is expected to revise the program to ensure that it will be financed by fees authorized by the Companion Animal Program.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ 60,000	\$ --
All Other Funds	<u>(60,000)</u>	<u>--</u>
All Funds	\$ --	\$ --

24. Kansas Racing Commission

FY 1990 will be the first year in which major racetrack facilities will become operational in Kansas. It is anticipated that the workload of the five-member Racing Commission will not decline. It is recommended that the Racing Commission receive additional expenditure authority of \$120,000 from the State Racing Fund to continue the current rate of compensation of \$2,000 per month for members of the Racing Commission in FY 1990.

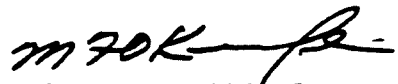
	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>120,000</u>
All Funds	\$ --	\$ 120,000

25. Kansas, Inc.

For FY 1990, an increase of \$50,000 from the State General Fund is recommended for appropriation to Kansas, Inc. to provide for a study of the effects of reappraisal and classification on economic development in Kansas. It is further recommended that these additional funds be exempted by proviso from the match requirements of KSA 74-8009.

	<u>FY 1989</u>	<u>FY 1990</u>
State General Fund	\$ --	\$ 50,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 50,000

Sincerely,



Michael F. O'Keefe  
Director of the Budget