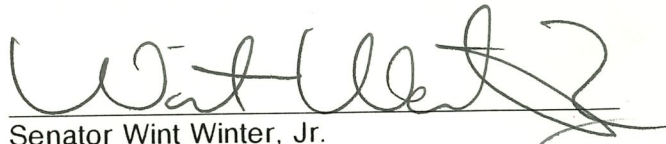


SENATE SUBCOMMITTEE REPORTS ON

H.B. 2796 – SUPPLEMENTAL APPROPRIATIONS BILL
and
H.B. 2808 – FY 1989 APPROPRIATIONS BILL

Sections Pertaining to:

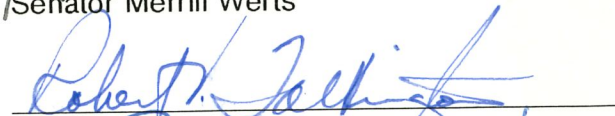
- Section 2 -- Commission on Civil Rights
- Section 3 -- Attorney General
- Section 4 -- Attorney General -- Kansas Bureau of Investigation
- Section 5 -- Kansas Public Disclosure Commission
- Section 6 -- Governor's Department
- Section 7 -- Department of Human Resources
- Section 8 -- Department of Commerce
- Section 9 -- Insurance Department
- Section 10 -- Kansas Arts Commission
- Section 11 -- Lieutenant Governor
- Section 12 -- State Board of Tax Appeals
- Section 13 -- Secretary of State
- Section 14 -- Kansas Commission on Veterans Affairs
- Section 15 -- Kansas Soldiers' Home
- Section 16 -- State Treasurer
- Section 17 -- Kansas Commission on the Bicentennial
of the United State Constitution
- Section 18 -- Kansas, Inc.
- Section 19 -- Kansas Technology Enterprise Corporation



Senator Wint Winter, Jr.
Subcommittee Chairperson



Senator Merrill Werts



Senator Robert V. Talkington



Senator Paul Feleciano, Jr.

SUBCOMMITTEE REPORT

Agency: Kansas Commission on
Civil Rights

Bill No. 2808

Bill Sec. 2

Analyst: Efird

Analysis Pg. No. 459

Budget Pg. No. 1-91

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 976,471	\$ 919,973	\$ 2,700
All Other Funds	409,548	441,910	1,004
TOTAL	<u>\$ 1,386,019</u>	<u>\$ 1,361,883</u>	<u>\$ 3,704</u>
FTE Positions	42.0	39.5	0.5

Agency Request/Governor's Recommendations

The Commission's request for FY 1989 includes increases totaling \$95,269 in expenditures, in part for adding 1.0 new staff and funding 1.5 authorized, but currently unfunded positions. The Commission requests State General Fund financing of \$976,471 and federal funding of \$409,548. The FY 1989 agency budget request proposes increasing the proportion of State General Fund financing to 70.5 percent and decreasing federal financing to 29.5 percent.

The Governor's recommendations would reduce the authorized FY 1989 FTE count by 1.5 positions which were not funded in FY 1988. An increase of \$72,330 in operating expenditures is recommended. Commission expenses would be financed by 67.6 percent from the State General Fund and 32.4 percent from federal funds in the Governor's FY 1989 recommendations.

House Subcommittee Recommendations

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

1. Add 0.5 FTE position to upgrade a current half-time intake worker to full-time in FY 1989 because of the workload. Financing of \$6,258 for salary may be shifted from other items. In addition, the Subcommittee recommends authorizing expenditure of \$1,004 from the agency's Conversion of Materials and Equipment Fund to help finance this position in FY 1989. Add \$2,700 from the State General Fund for commodities in addition to the Governor's recommended \$8,308.

Federal Fund Analysis. The Subcommittee makes no adjustments in the Governor's estimates for federal funds. The Subcommittee is concerned about the ending balance in FY 1989 since the burden on the State General Fund has been lessened in recent years by spending down the balance of federal funds. No such balance will be available in FY 1990 if the revenue and expenditure estimates are realized. The Subcommittee notes that the Governor's recommended pattern of FY 1989 financing is

two-thirds from the State General Fund and one-third from federal funds.

<u>Resource Estimate</u>	<u>Actual FY 87</u>	<u>Estimated FY 88</u>	<u>Estimated FY 89</u>
Beginning Balance	\$ 434,765	\$ 140,022	\$ 101,014
Net Receipts	<u>299,172</u>	<u>384,800</u>	<u>348,750</u>
Total Available	\$ 733,937	\$ 524,822	\$ 449,764
Less: Expenditures	<u>593,915</u>	<u>423,808</u>	<u>441,910</u>
Ending Balance	<u>\$ 140,022</u>	<u>\$ 101,014</u>	<u>\$ 7,854</u>

2. The Subcommittee believes that this proportion of financing should be maintained and is concerned that the proportion of State General Fund financing may be requested at higher levels in the future. The Subcommittee recommends that an examination of the agency's operations be undertaken as an interim study by a special committee, with a particular focus on the costs of enforcing both state and federal laws.
3. In addition, the Subcommittee recommends that the Chairman of the Appropriations Committee request a Post Audit study on the Civil Rights Commission and its operation with regard to state and federally required activities. The Post Audit study should examine the effectiveness and efficiency with which the agency conducts its activities, with a detailed analysis of how costs are apportioned between financing sources for federal and state-related activities.

House Committee Recommendation

The Committee concurs with its Subcommittee's report.

Senate Subcommittee Recommendation

The Subcommittee concurs with the House recommendations, with the following exceptions:

1. Add \$6,258 from the State General Fund to fully finance the cost of upgrading an existing halftone intake worker position to fulltime. The House had provided the additional 0.5 FTE position and \$1,004 from special revenue funds for fringe benefits, but directed the agency take the \$6,258 from other items by reducing their expenditures. The Senate Subcommittee action would finance the position with new funds.
2. Delete House recommendations 2 and 3 which call for an Interim study and a Post Audit study. The Subcommittee believes that the Commission has been studied enough in recent years and that further studies at this time would be too disruptive to the

agency. The Subcommittee notes that performance data from the Commission's annual reports indicates that since FY 1984 the Commission has closed almost as many cases as filed on a fiscal year basis. The data further reveal that in FY 1987 the number of complaints closed was greater than the number filed.

	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>
Complaints Filed	1,233	1,260	1,266	1,182
Complaints Closed	1,035	1,119	1,177	1,367

Summary of Legislative Adjustments to Governor's
FY 1989 Recommendations

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>Senate Subcommittee Adjustments</u>	<u>Total Adjustments</u>
State Operations:			
State General Fund	\$ 2,700	\$ 6,258	\$ 8,958
All Other Funds	<u>1,004</u>	<u>--</u>	<u>1,004</u>
TOTAL	<u>\$ 3,704</u>	<u>\$ 6,250</u>	<u>\$ 9,962</u>
FTE Positions	0.5	--	0.5

SUBCOMMITTEE REPORT

Agency: Attorney General

Bill No. 2796

Bill Sec. New

Analyst: Duffy

Analysis Pg. No. 463

Budget Pg. No. 1-3

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,764,659	\$ 2,764,792	\$ (201,000)
Other Assistance	<u>854,950</u>	<u>854,950</u>	<u>--</u>
TOTAL	<u>\$ 3,619,609</u>	<u>\$ 3,619,742</u>	<u>\$ (201,000)</u>
State General Fund:			
State Operations	\$ 2,558,200	\$ 2,558,118	\$ (201,000)
Other Assistance	<u>0</u>	<u>0</u>	<u>--</u>
TOTAL	<u>\$ 2,558,200</u>	<u>\$ 2,558,118</u>	<u>\$ (201,000)</u>
 FTE Positions	 55.0	 55.0	 --

Agency Estimate/Governor's Recommendation

The agency estimates \$2,764,659 in operating expenditures in FY 1988. Of this amount, \$2,558,200 is from the State General Fund. The State General Fund total reflects the amount approved by the 1987 Legislature, including a reappropriation of \$113,448 for additional operating expenditures for the water rights litigation. For other assistance, the agency estimates \$268,950 from the Tort Claims Fund and \$586,000 from the federal Criminal Justice Block Grant.

The Governor recommends FY 1988 operating expenditures of \$2,764,792, an increase of \$133 over the agency's estimate. The increase is reflected in salaries and wages. Of the total, \$2,558,118 is from the State General Fund, a reduction of \$82 from the authorized FY 1988 State General Fund expenditures. The Governor concurs with the agency's estimate for Special Revenue Funds, except for the Board of Polygraphists Fee Fund. The Governor recommends expenditures of \$12,719, a \$215 increase from the amount approved by the 1987 Legislature.

House Subcommittee Recommendation

FY 1988. The House Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. The Subcommittee recommends the reduction of \$201,000 from the FY 1988 appropriation for the Interstate Water Rights account, based on anticipated current year expenditures. The Subcommittee recommends that the \$201,000 be reappropriated to FY 1989 for a total of \$701,000 in FY 1989.

2. The Subcommittee recommends the transfer of \$100,000 from the State General Fund to the Antitrust Special Revenue Fund. The subcommittee notes that this special revenue fund supports the

antitrust section and that over the last several years the fund has been depleted. There are not sufficient funds to support the antitrust operation for FY 1988. The Subcommittee understands that there is pending litigation which would provide adequate revenue for antitrust operations for many years. It is the intention of the Subcommittee that the \$100,000 be considered as a loan and that the State General Fund be reimbursed upon resolution of the case. The Subcommittee recommends that H.B. 2796 include language to require that \$100,000 be transferred from the Antitrust Special Revenue to the State General Fund as soon as funds are available.

3. The Subcommittee notes that the Board of Polygraphists, established by the 1987 Legislature, has been unable to license polygraphists because it has been impossible to find persons meeting the statutorily required qualifications for two positions on the five member board. The Subcommittee alerts the Legislature that the 1987 Omnibus bill required that the \$12,000 from the State General Fund for start-up costs for the Board of Polygraphists be repaid as of July 1, 1988. The Subcommittee understands that there is pending legislation concerning the composition of the Board. If this legislation does not pass, the Subcommittee recommends that the requirement to transfer the \$12,000 on July 1, 1988 be repealed until such time as the Board is able to collect fees.

House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (201,000)	\$ 2,563,792	\$ --
Other Assistance	--	854,950	--
TOTAL	<u>\$ (201,000)</u>	<u>\$ 3,418,742</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ (201,000)	\$ 2,357,118	\$ --
Other Assistance	--	--	--
TOTAL	<u>\$ (201,000)</u>	<u>\$ 2,357,118</u>	<u>\$ --</u>
FTE Positions	--	55.0	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation with the following exception:

1. The Subcommittee recommends the repeal of 1987 Session Laws, Chapter 37, Section 17, subsection (c) which requires that the \$12,000 which was transferred from the State General Fund for start-up costs for the Board of Polygraphists be repaid on June 30, 1988. The Subcommittee understands that the Board of Polygraphists, established by the 1987 Legislature, has been unable to license polygraphists because it has been impossible to find persons meeting the statutorily required qualifications for two positions on the five-member board. The Subcommittee understands that this issue has been suggested as a topic for interim study and recommends that at such time as the Board is able to collect fees that the \$12,000 be transferred back to the State General Fund.

2796-082

SUBCOMMITTEE REPORT

Agency: Attorney General

Bill No. 2808

Bill Sec. 4

Analyst: Duffy

Analysis Pg. No. 463

Budget Pg. No. 1-3

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,735,848	\$ 2,687,399	\$ 195,800
Other Assistance	<u>473,000</u>	<u>473,000</u>	<u>--</u>
TOTAL	<u>\$ 3,208,848</u>	<u>\$ 3,160,399</u>	<u>\$ 195,800</u>
State General Fund:			
State Operations	\$ 2,529,240	\$ 2,482,329	\$ 195,800
Other Assistance	<u>0</u>	<u>0</u>	<u>--</u>
TOTAL	<u>\$ 2,529,240</u>	<u>\$ 2,482,329</u>	<u>\$ 195,800</u>
FTE Positions	57.0	56.0	--

Agency Estimate/Governor's Recommendation

For FY 1989, the agency requests operating expenditures of \$2,735,848, a reduction of \$28,811 from the FY 1988 estimate. Of this amount, \$2,529,240 is from the State General Fund. The FY 1989 request includes two new positions, a Public Information Officer II (\$24,464) and a Paralegal position (\$18,264). The request also reflects an increase in attorneys' salaries over FY 1988. The proposal involves an increase in salary of approximately \$3,000 for Assistant Attorney General positions and \$5,000 for Deputy Attorney General positions. The total cost of the attorney salary upgrades for FY 1989 would be approximately \$90,000. The Attorney General proposes to adopt a salary plan similar to the Civil Service plan. The proposal includes two Assistant Attorney General ranges comparable to those on the Civil Service salary plan and a third range for Deputy Attorneys General. The FY 1989 request includes \$500,000 for the water rights litigation between Kansas and Colorado.

The Governor recommends FY 1989 operating expenditures of \$2,687,399. The recommendation includes \$28,391 for a Public Information Officer II, \$82,461 for the 5.8 percent unclassified merit pool, and \$89,205 for salary upgrades for Assistant Attorneys General and Deputy Attorneys General. In addition, the Governor recommends a reduction of \$48,449 in operating expenditures from the amount requested.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. The Subcommittee recommends the addition of an estimated \$201,000 which was reappropriated from FY 1988 for the Water Rights account for a total estimated appropriation of \$701,000.

2. The Subcommittee recommends the reduction of \$5,200 from salaries and wages for temporary employees in the Consumer Protection program in FY 1989.

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation with the following adjustment:

1. Reduce \$8,303 from the State General Fund to reflect an adjustment in the calculation of health insurance benefits.

House Committee of the Whole Recommendation

The House Committee of the Whole Recommendation concurs with the recommendation of the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 89</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 187,497	\$ 2,874,896	\$ 5,200
Other Assistance	--	473,000	--
TOTAL	<u>\$ 187,497</u>	<u>\$ 3,347,896</u>	<u>\$ 5,200</u>
State General Fund:			
State Operations	\$ 187,497	\$ 2,669,826	\$ 5,200
Other Assistance	--	--	--
TOTAL	<u>\$ 187,497</u>	<u>\$ 2,669,826</u>	<u>\$ 5,200</u>
FTE Positions	--	56.0	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation with the following adjustment:

1. The Subcommittee recommends the addition of \$5,200 to salaries and wages for temporary employees in the Consumer Protection program. The Subcommittee is supportive of the Consumer Protection program and acknowledges the program's importance in protecting and educating consumers.

SUBCOMMITTEE REPORT

Agency: Attorney General -- KBI

Bill No. 2808

Bill Sec. 4

Analyst: Duffy

Analysis Pg. No. 472

Budget Pg. No. 4-51

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$13,414,383	\$ 7,085,084	\$ 25,200
Special Revenue Funds	227,227	227,227	--
TOTAL	<u>\$13,641,610</u>	<u>\$ 7,312,311</u>	<u>\$ 25,200</u>
FTE Positions	222.0	163.0	--

Agency Estimate/Governor's Recommendation

The agency's FY 1989 request for state operations total \$13,641,610, of which \$13,414,383 is from the State General Fund. The request is an increase of \$7,141,605 over the current year estimate. The request includes \$227,227 from Special Revenue Funds, including \$142,227 from the Criminal History Record Check Fees Fund.

The Governor recommends FY 1989 operating expenditures of \$7,312,311. The FY 1989 recommendation includes \$174,748 for a 4 percent increase for classified employees, \$8,105 for a 5.8 percent merit pool for unclassified employees, and adjustments to fringe benefit rates. The recommendation includes expenditures of \$7,085,084 from the State General Fund, \$142,227 from the Criminal History Record Check Fees Fund, \$65,000 from federal funds, \$10,000 from the Conversion account, and \$10,000 from the Evidence Purchase account.

House Subcommittee Recommendations

FY 1988. The House Subcommittee concurs with the Governor's recommendation for FY 1988.

FY 1989. The House Subcommittee concurs with the recommendation of the Governor for FY 1989 with the following adjustments:

1. The Subcommittee recommends the addition of \$25,200 for a Programmer II position for the Administration program. This position was recommended by the Governor; however, funds to support the position were inadvertently omitted from the Governor's budget recommendation.
2. The Subcommittee recommends a "no limit" expenditure limitation for the Criminal Justice Statistics--federal fund, which currently carries an expenditure limitation of \$40,000. The Subcommittee understands that additional federal funds may be available. The Subcommittee notes that the terms of the federal grant exclude using the federal funds for salaries and wages.

3. The Subcommittee recommends an increase in the expenditure limitation for the Missing Persons Clearing house--federal fund from \$5,000 to \$15,000. The Subcommittee understands that additional federal funds (\$10,000 to \$15,000) may be available for training purposes.
4. The Subcommittee recommends the establishment of a special revenue fund with an expenditure limitation of \$2,000 for the Attorney General's Committee on Crime Prevention. This fund would allow the KBI to accept and spend money for training seminars.
5. The Subcommittee recommends the establishment of a special revenue fund with a "no limit" expenditure limitation for the Forensic Laboratory. According to Bureau officials, noncriminal justice agencies would be charged fees for laboratory tests and the revenue would be used for the acquisition of laboratory equipment and materials. In addition, federal drug funds maybe available for the acquisition of laboratory equipment.
6. The Subcommittee recommends the establishment of a special revenue fund with a \$0 expenditure limitation for investigations performed for the Lottery and Racing Commission. The Subcommittee recommends that the KBI charge the Lottery and Racing Commission for the total costs, including basic agent salaries, incurred by the KBI in conducting investigations. The Subcommittee recommends that all amounts recovered by the KBI from the Lottery and Racing Commission be used to offset State General Fund expenditures in the KBI. The Governor recommended and the Legislature concurred with a State General Fund Emergency Supplemental for the addition of eight FTE (seven Special Agent Is and one Clerical) and associated operating costs for an investigation gaming unit to handle the necessary investigations resulting from the addition of parimutuel wagering and the statewide lottery. Investigations were being conducted at the expense of the Bureau's regular activities. The Subcommittee believes that these costs and others associated with the Lottery and Racing Commission should be recovered by the KBI and used to reduce the obligation of the State General Fund in future years.
7. The Subcommittee recommends the introduction of legislation to allow the KBI to fix, charge and collect fees. The KBI is authorized to fix, charge and collect fees by proviso in the appropriation bill for two current fee funds (Local Law Enforcement Personnel Education and Training Fees Fund and the Criminal History Record Check Fees Fund). The Subcommittee understands that there is some question as to the legality of authorizing the director of the KBI to fix, charge, and collect fees by proviso, therefore, the Subcommittee believes that in light of this question that authorization be established in substantive legislation. The Subcommittee notes that if this

legislation does not pass, any additional fee funds that are created will require provisos to authorize the KBI to collect fees.

The Subcommittee suggests that the bill require the KBI to fix, charge and collect fees for services provided noncriminal justice entities including governmental agencies and private organizations in accordance with rules and regulations. The Subcommittee believes that some type of fee schedule for the various services and various entities is necessary to allow the KBI to recover all or a portion of costs.

The Subcommittee is aware of a problem between the Kansas Department of Health and Environment (KDHE) and the KBI which involves the reimbursement of the KBI for record checks. The Subcommittee directs the KBI to review the \$3 fee currently being charged to determine if it is appropriate and to work with KDHE to resolve any differences.

- 8. The Subcommittee understands that \$12,000 was included in the agency's FY 1989 budget request to provide standardized rape kits for Kansas hospitals. Although the Governor's recommendation did not include funding, the KBI intends to provide the kits and will absorb the costs within the recommended operating budget, according to Bureau officials.

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole

The House Committee of the Whole concurs with the Committee's recommendation.

<u>Expenditure Summary</u>	<u>House Adj. FY 89</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 25,200	\$ 7,110,284	\$ --
Special Revenue Funds	--	<u>227,227</u>	--
TOTAL	<u>\$ 25,200</u>	<u>\$ 7,337,511</u>	<u>\$ --</u>
FTE Positions	--	163.0	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation with the following comment:

1. The Senate Subcommittee strongly supports the provision of standardized rape kits for Kansas hospitals. Bureau officials assured the Subcommittee that the KBI will supply the standardized rape kits using resources available in the recommended operating budget.

2808kbi9/DD

SUBCOMMITTEE REPORT

Agency: Public Disclosure Commission Bill No. 2796 Bill Sec. 8
 Analyst: Piekalkiewicz Analysis Pg. No. 484 Budget Pg. No. 1-159

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 183,533	\$ 183,817	\$ --
FTE Positions	6.0	5.0	--

Agency Request/Governor's Recommendation

The Commission requests FY 1988 expenditures of \$183,817. Of the total, \$134,954 is for salaries and wages, \$11,735 for legal services, \$10,178 for rent, \$8,365 for communications, and \$18,301 for other operation expenditures.

The Governor recommends \$183,817 for the Commission in FY 1988, an increase of \$282 above the agency estimate. The recommendation includes a \$3,284 increase in salaries and wages and a reduction in other operating expenditures.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor.

House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

House Committee of the Whole Recommendation

The Committee of the Whole concurs with the recommendation of the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
State Operations	\$ --	\$ 183,817	\$ 6,000
FTE Positions	--	5.0	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation with the following adjustment:

1. The Subcommittee has learned that expenditures to date for legal services total \$11,925 and that the agency expects to incur an additional \$6,000 for these services. The House recommendation for FY 1988 for legal services is \$11,735, a reduction of \$2,297 from actual FY 1987 expenditures. The Senate Subcommittee recommends an additional \$6,000 for legal services.

SUBCOMMITTEE REPORT

Agency: Public Disclosure Commission Bill No. 2808 Bill Sec. 5
Analyst: Piekalkiewicz Analysis Pg. No. 484 Budget Pg. No. 1-159

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 219,187	\$ 192,312	\$ --
FTE Positions	6.0	5.0	--

Agency Request/Governor's Recommendation

The Commission requests an FY 1989 budget of \$219,187. The request includes a total of \$158,976 for salaries and wages for 6.0 FTE, \$5,500 for temporary help for computer data entry, \$14,350 for legal services, \$10,248 for rent, \$9,722 for communications, \$7,414 for travel and subsistence, and \$12,977 for other operating expenditures.

The Governor recommends \$192,312 for the Commission for FY 1989, including reductions in communications (\$2,422), travel and subsistence (\$2,081), and legal services (\$1,000) from the agency request. The recommendation includes \$3,387 for the requested temporary help.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations with the following comment:

1. While the Subcommittee recognizes the agency's need for temporary help for the specific task of data entry, the Subcommittee feels that the full-time staff of the agency should become proficient in computer skills to enable them to access information and generate reports.

House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

House Committee of the Whole Recommendation

The Committee of the Whole concurs with the recommendation of the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 89</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
State Operations State General Fund	\$ --	\$ 192,312	\$ 2,613
FTE Positions	--	5.0	--

Senate Subcommittee Recommendation

The Senate concurs with the House recommendation with the following adjustments:

1. Addition of \$2,113 to the House recommendation of \$3,387 for temporary help to enter campaign finance and lobbying report data on the Commission's computer. The Subcommittee notes that data from 3,900 reports must be entered on the computer. The Subcommittee has learned the \$3,387 recommended by the House will not fully fund the data entry project. The Subcommittee believes that all the data needs to be entered, not merely a partial amount, for the Commission to make proper use of its computer.
2. Addition of \$500 for tuition for computer courses for the Commission's full-time staff.

SUBCOMMITTEE REPORT

Agency: Governor's Department

Bill No. 2808

Bill Sec. 6

Analyst: Ahrens

Analysis Pg. No. 488

Budget Pg. No. 1-15

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89 As Amended</u>	<u>Subcommittee Adjustments</u>
State General Fund:			
Operating Expenditures	\$ 1,265,514	\$ 1,295,326	\$ --
FTE Positions	30.0	30.0	--

Governor's Recommendation

The FY 1989 budget recommendation totals \$1,300,051, an increase of \$65,091 over the current year estimate. The recommendation includes salaries and benefits of \$873,680, an increase of \$94,974 above the FY 1988 estimate. An additional FTE position is budgeted for secretarial assistance. Nonsalary expenses of \$426,371 are budgeted for FY 1989, a decrease of \$29,883 from the FY 1988 estimate. Subsequent to publication of the Governor's Budget Report, the Director of the Budget informed the Chairman of the Appropriations Committee that group health insurance costs for FY 1989 are overstated by \$4,725 and that this adjustment will be reported in the Governor's amended budget report. The Director noted that the adjustment was not reflected in H.B. 2808, as introduced.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's amended recommendation for the Governor's Department. The adjustments to Section 6 of H.B. 2808 to reflect the amended budget are a decrease of \$3,744 in the line item for Administration and a decrease of \$981 in the line item for the Governor's residence.

House Committee Recommendation

The House Committee concurs.

House Committee of the Whole Recommendation

The House Committee of the Whole concurred with the recommendations of the House Committee for the Governor's Department budget. A New Section 21 was added which prohibits the Governor or any other state agency to expend moneys for the purchase or other acquisition, including lease purchase or lease with option to purchase, of a helicopter. No action of the State Finance Council shall be effective to authorize any such prohibited expenditures. The prohibition does not apply to the leasing of a helicopter without option to

acquire or acquisition of such by the Adjutant General for use by the Army or Air National Guard.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House with respect to the budget of the Governor's Department but recommends the deletion of Section 21 and the technical amendments related thereto. No proposal for acquisition of a helicopter has been brought before this Legislature by any state agency, and this Subcommittee opposes the retention in the bill of any language which would prospectively inhibit the exercise of legislative decision making with regard to such a proposal. Adoption of the amendment may have been an expression of intent that any proposal for acquisition of a helicopter be clearly identified and brought before the Legislature to stand or fall on its merits. If so, this Subcommittee agrees with the intent but not with the manner in which it was expressed. Therefore, the Subcommittee recommends that any future proposal for purchase of a helicopter for use by state agencies follow past precedent and be brought forth as a separate line item authorization for legislative consideration and disposition.

The Subcommittee notes that several state agencies are financing the Governor's office space in Wichita and Johnson County under a cost sharing agreement. The Subcommittee has been unable to identify any particular source of funds for this cost sharing agreement in the budgets it has reviewed and expresses concern that these costs must be absorbed from the agencies operating budgets. The Subcommittee also notes that this method of financing has been used in prior years to fund the Washington liaison contract. Following are sections (1) and (2) of the cost sharing agreement:

1. Each party shall contribute to a central clearing fund established for distribution purposes the following amounts:

	<u>FY 1988</u>	<u>Subsequent Fiscal Years</u>
Department of Administration	\$3,750	\$ 5,000
Department of Commerce	3,750	5,000
Department of Revenue	3,750	5,000
Department of Human Resources		10,000
Department of Corrections	3,750	5,000
Department of Health and Environment	3,750	5,000
Department of Wildlife and Parks	1,875	2,500
Department of Transportation	7,500	10,000
Kansas Water Office	1,875	2,500
Kansas Technology Enterprise Corporation	1,875	2,500

2. Said funds shall be utilized to establish and maintain office space in downtown Wichita, Kansas and at a central location in Johnson County, Kansas.

SUBCOMMITTEE REPORT

Agency: Department of Human Resources Bill No. 2796 Bill Sec. 14

Analyst: West Analysis Pg. No. 490 Budget Pg. No. 2-11

Expenditure Summary	Agency Req. FY 88	Governor's Rec. FY 88	Subcommittee Adjustments
All Funds:			
State Operations	\$ 33,275,310	\$ 32,868,081	\$ 22,330
Other Assistance	<u>207,608,720</u>	<u>207,608,720</u>	<u>(15,000,000)</u>
Subtotal -- Operating	\$240,884,030	\$240,476,801	\$ (14,977,670)
Capital Improvements	<u>95,761</u>	<u>95,761</u>	<u>--</u>
TOTAL	<u>\$240,979,791</u>	<u>\$240,572,562</u>	<u>\$ (14,977,670)</u>
State General Fund:			
State Operations	\$ 1,176,191	\$ 1,208,991	\$ (46,184)
FTE Positions	909.9	888.9	--

Agency Request/Governor's Recommendation

State General Fund. The Department's current year estimate for State General Fund expenditures totals \$1,716,191, a decrease of \$26,153 in salary expenditures from the amount approved by the 1987 Legislature. The agency indicates the anticipated decrease is due to greater turnover savings.

The Governor recommends total FY 1988 State General Fund expenditures of \$1,208,991, an increase of \$32,800 from the agency's estimate. Salary and wage expenses are increased by \$2,177 and other operating expenses for the Industrial Safety program are increased by \$30,737. Net other changes decrease total State General Fund expenditures by \$114. The Governor recommends a supplemental State General Fund appropriation of \$30,623 to finance the current year recommendation for other operating expenses.

Other Funds. The Department estimates FY 1988 operating expenditures from non-State General Fund sources will total \$239,707,843, a decrease of \$18,086,652 from the budget approved by the 1987 Legislature. Estimated unemployment benefit payments are decreased by \$19,000,000, while continued federal funding for the Work Incentive program (\$750,000), the JTPA Dislocated Farmworker program -- (REAP) (\$340,762), and a JTPA Discretionary grant (\$719,238) are included. JTPA administration expenditures are decreased by \$528,427. Of this amount, \$366,563 is associated with the decision of SDA II to discontinue its administration contract with the agency. Regular JTPA benefits are decreased by \$407,331.

Other revisions to the current year estimate include increases in Unemployment Insurance Administration (\$344,138) for 21.0 additional FTE positions and Data Processing (\$121,500) associated with the transfer of data processing responsibilities from the Employment Security Systems Institute (ESSI). Additional salary savings of \$495,256 are also included. Net other changes increase total expenditures by \$42,576. In addition, subsequent to the submission of the budget, the agency requested an expenditure limitation increase of \$135,504

for the Workmen's Compensation Fee Fund associated with the computerization of that program's files.

The Governor recommends FY 1988 operating expenditures from non-State General Fund sources of \$239,267,810, a decrease of \$440,033 from the agency's estimate. Salaries and wages are decreased by \$526,232 to reflect revisions in health insurance rates and fringe benefits, a decrease of 21.0 FTE positions in the Unemployment Insurance program, a delay in hiring new personnel in the Workers' Compensation program, and increased temporary salaries for the computerization of Workers' Compensation files. Other operating expenses are increased by \$92,456 for the file computerization project. Net other changes decrease total expenditures by \$6,257. The Governor recommends an expenditure limitation increase of \$82,934 to \$2,065,523 for the Workmen's Compensation Fee Fund.

Capital Improvements. The agency estimates expenditures of \$95,761 for capital improvement projects in FY 1988, an amount unchanged from the budget approved by the 1987 Legislature. The Governor concurs with the agency's estimate for capital improvement projects.

House Subcommittee Recommendations

The Subcommittee concurs with the budget as recommended by the Governor, with the following adjustments:

1. Reduce salaries and wages for the General Administration program by \$12,000 based on year-to-date expenditures. The reduction is financed by \$912 State General Fund, \$461 Workmen's Compensation Fee Fund, and \$10,627 from other funding source in the same ratio as used in the plan for financing FY 1988 salaries and wages.
2. Reduce office supplies for the Support Services program by \$20,000 based on year-to-date expenditures. The reduction should be financed in the same ratio as used in the plan for financing the program's other operating expenses.
3. The Subcommittee was informed that the anticipated decreases in federal funding for the Unemployment Insurance program may not actually occur and recommends that the Senate Ways and Means Subcommittee review the recommended FY 1988 budget for this program to determine if adjustments are required.
4. Decrease anticipated unemployment insurance benefit payments by \$15,000,000 based on revised estimates from the agency.
5. Reduce salaries and wages for the Worker's Compensation program by \$25,000 (fee fund) based on year-to-date expenditures.
6. Reduce other operating expenses for the Worker's Compensation program by \$15,000 (fee fund) based on year-to-date expenditures.

7. Reduce salaries and wages for the Labor Relations and Employment Standards program by \$10,000 (State General Fund) based on year-to-date expenditures.
8. Reduce salaries and wages (\$5,990) and communications expenses (\$3,000) from the State General Fund for the Hispanic Affairs program based on year-to-date expenditures.
9. Add increased state operations expenditures of \$139,320 from JTPA Title III formula funds for the Rural Employment Assistance Program (REAP) at the request of the agency.
10. Reduce State General Fund expenditures in the Industrial Safety program for salaries and wages (\$20,000) and travel (\$6,000) based on year-to-date expenditures.
11. The Subcommittee recommends that State General Fund savings identified in this report for other operating expenses be utilized to reduce the supplemental appropriation recommended by the Governor and that the State General Fund salary and wage savings identified in this report be lapsed.

House Committee Recommendation

The House Committee concurs with the budget as submitted by the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the budget as submitted by the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 22,330	\$ 32,890,411	\$ 3,000
Other Assistance	<u>(15,000,000)</u>	<u>192,608,720</u>	<u>--</u>
Subtotal -- Operating	\$ (14,977,670)	\$225,499,131	\$ 3,000
Capital Improvements	<u>--</u>	<u>95,761</u>	<u>--</u>
TOTAL	<u>\$ (14,977,670)</u>	<u>\$225,594,892</u>	<u>\$ 3,000</u>
State General Fund:			
State Operations	\$ (46,184)	\$ 1,162,807	\$ 5,500
FTE Positions	--	888.9	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the budget as submitted by the House, with the following adjustments:

1. Restore \$3,000 for communication expenses for the Hispanic Affairs program, based on updated information from the agency.
2. Add \$2,500 from the State General Fund to finance the portion of central motor pool charges which will no longer be paid by the federal government.

2796-296/PW

SUBCOMMITTEE REPORT

Agency: Department of Human Resources Bill No. 2808 Bill Sec. 7
 Analyst: West Analysis Pg. No. 490 Budget Pg. No. 2-11

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 33,159,263	\$ 33,186,821	\$ 71,639
Other Assistance	221,796,327	221,515,648	(15,000,000)
Subtotal - Operating	\$254,955,590	\$254,702,469	\$(14,928,361)
Capital Improvements	160,661	160,661	--
TOTAL	<u>\$255,116,251</u>	<u>\$254,863,130</u>	<u>\$(14,928,361)</u>
State General Fund:			
State Operations	\$ 1,501,925	\$ 1,380,357	\$ (116,996)
Other Assistance	520,679	240,000	(240,000)
Total	<u>\$ 2,022,604</u>	<u>\$ 1,620,357</u>	<u>\$ (356,996)</u>
FTE Positions	911.0	876.0	(2.0)

Agency Estimate/Governor's Recommendation

State General Fund. The Department requests \$2,022,604 from the State General Fund in FY 1989, an increase of \$846,413 from the current year estimate of \$1,176,191. Of the requested increase, \$650,000 is associated with the Dislocated Farmworker -- Rural Employment Assistance Program (REAP). The agency states that federal funding for the program will be unavailable in FY 1989 and that the program is one of the most effective in providing necessary services to farmers and ranchers who are being forced off their lands. Other revisions include increases for the Hispanic Affairs (\$50,176) and Handicapped Worker (\$95,725) programs associated with new positions and program expansions. Net other changes increase total expenditures by \$50,962.

The Governor recommends \$1,620,357 from the State General Fund in FY 1989, an increase of \$411,366 from the current year recommendation of \$1,208,991. Of the recommended increase, \$325,000 is associated with continued funding for REAP. Other revisions from the current year recommendation include increases in salary expenses (\$74,299) and other operating expenses (\$12,067).

Computer Equipment Replacement. The agency requests \$1,093,950 for replacement of the magnetic tape and direct access storage device computer subsystems. The agency states that the requested equipment would replace equipment subject to repeated breakdowns and high maintenance expenses. The request would be funded by a federal grant of \$779,550 and \$314,400 from the Penalty and Interest Fund. The request reflects a decrease of \$286,225 from the current year estimate for replacement computer equipment. The Governor concurs with the request for replacement computer equipment in both years.

Other Funds. All other operating expenditures requested by the agency in FY 1989 total \$251,839,036, an increase of \$13,511,368 from the current year estimate. Unemployment insurance benefits are expected to increase by \$15,000,000. Federally funded programs which are expected to decrease include Work Incentive (\$750,000) and JTPA (\$1,443,072). All other revisions increase total expenditures by \$704,440.

The Governor recommends \$251,988,162 from non-State General Fund sources for all other operating expenses of the agency in FY 1989. The recommendation represents an increase of \$14,100,527 from the current year recommendation of \$237,887,635 for the same items. Salaries and wages are increased by \$773,418, other operating expenses are decreased by \$339,817, and other assistance payments are increased by \$13,666,928 to reflect increased unemployment benefits (\$15,000,000) and reductions in federally funded programs (\$1,333,072).

Capital Improvements. The agency requests \$160,661 for seven capital improvement projects in FY 1989. The Governor concurs with the agency's capital improvement request.

House Subcommittee Recommendations

FY 1989. The House Subcommittee concurs with the budget as recommended by the Governor, with the following adjustments:

1. The Subcommittee learned that while the agency has revised its organizational chart its programs for financing have not been changed. The Subcommittee notes that this makes it very difficult to track financing and programmatic changes and directs that the agency develop a system whereby organizational and programmatic elements are better matched with the budget document.
2. The Subcommittee notes that anticipated reductions in federal funds for the Unemployment Insurance Administration program may not occur and recommends that the Senate Ways and Means Subcommittee review the program to determine if revisions to the FY 1989 budget are required.
3. Reduce anticipated payments for unemployment insurance benefits by \$15,000,000 based on updated agency estimates.
4. Reduce salaries and wages for the Worker's Compensation program by \$60,212 (fee fund) and delete 2.0 F.T.E. positions associated with an additional Administrative Law Judge and a support position. The recommendation provides for seven Administrative Law Judges which is the maximum number permitted under current law. The Subcommittee notes that both S.B. 431, which is currently in conference committee and provides for ten judges, and H.B. 2832, which is currently in the House Committee on Labor and Industry and provides for eight judges, would raise the statutory limit on the number of Administrative

Law Judges and recommends that funding for additional judges be reviewed again if either bill should pass.

5. Reduce communication expenses for the Workers' Compensation program by \$8,659 (fee fund). This recommendation provides for a 2 percent increase over the FY 1988 recommendation.
6. Reduce communication expenses for the Labor Relations and Employment Standards program by \$7,541 (State General Fund). This recommendation provides for a 2 percent increase over the FY 1988 recommendation.
7. Shift \$8,000 of salary and wage expenses for the Industrial Safety program from the State General Fund to the Industrial Safety Conference special projects fund. The Subcommittee received testimony that the Industrial Safety staff spend a significant amount of time in preparation for the conference and the Subcommittee notes that the FY 1988 conference had receipts which were over \$8,000 greater than expenses.
8. The Subcommittee notes that building rent for the Industrial Safety program is recommended to increase 79.4 percent above the agency's request. The Subcommittee learned that this increase is attributable to other functions of the agency moving from leased property at 512 W. Sixth in Topeka, with the vacated space being changed to the Industrial Safety program. The Subcommittee reduces State General Fund financed rent \$15,115 and utilities \$1,340 to the original amount requested and recommends that the agency and the Department of Administration review the lease and the property to determine if other state functions could move into the vacated space or if modifications to the lease should be made.
9. The Subcommittee learned that additional funding for the WIN program will be available for at least the first quarter of FY 1989 and recommends that the expenditure limitation on the Work Incentive Program-Federal Fund be raised from \$0 to \$164,506.
10. The Subcommittee notes that the Employment Security Systems Institute (ESSI) may receive additional funding for expanded programs in FY 1989 and recommends that the Senate Ways and Means Subcommittee review the budget for the Institute to determine if revisions to the budget are required.
11. The Subcommittee learned that the State General Fund money recommended for the Rural Employment Assistance Program (REAP) will be utilized to match with JTPA Title III formula funds. The Subcommittee recommends that REAP's State General Fund financing of \$325,000 be shifted to the Special Employment Security-Penalty and Interest Fund. The Subcommittee also recommends that REAP be established as a separate subprogram in order that actual and anticipated expenditures can be monitored in a closer manner in future years.

12. The Subcommittee reviewed the Job Training Partnership Act (JTPA) program operated by the Department of Human Resources. The Subcommittee notes that other states have utilized the JTPA program in welfare reform and that the welfare reform bill passed by the U.S. House of Representatives includes significant involvement with the JTPA program. The Department of Human Resources reviewed ways in which the KanWork program, if enacted, could be incorporated into existing JTPA programs. The Subcommittee also received testimony from one of the state's Private Industry Councils which expressed an interest in participating in KanWork.

Public assistance recipients are a targeted group in the state JTPA plan, and the Subcommittee recommends that the JTPA program be utilized to the extent possible to provide services for KanWork participants. The Subcommittee recommends that the new state plan should include guidelines for coordination with the KanWork program. The Subcommittee believes that the JTPA program should be able to provide a major portion of the employment and training components of the KanWork program. The Department of Human Resources noted that funds are available for participant support services which could be used for transportation and other support services for KanWork participants. The Subcommittee notes that by using the federally-financed JTPA program for many of the employment, training, and support services of KanWork, that the cost of the KanWork program to the state should be significantly reduced and JTPA funds will be spent on the most needy persons. The Subcommittee notes that further modifications to the Department of Human Resources FY 1989 budget may be required in the omnibus appropriations bill if KanWork passes.

House Committee Recommendations

The House Committee concurs with the budget as submitted by the Subcommittee.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the budget as submitted by the House Committee.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Recommend.</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 71,639	\$ 33,258,460	\$ --
Other Assistance	(15,000,000)	206,515,648	--
Subtotal - Operating	\$(14,928,361)	\$239,774,108	\$ --
Capital Improvements	--	160,661	--
TOTAL	<u>\$(14,928,361)</u>	<u>\$239,934,769</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ (116,996)	\$ 1,263,361	\$ 14,050
Other Assistance	(240,000)	--	--
Total	<u>\$(356,996)</u>	<u>\$ 1,263,361</u>	<u>\$ 14,050</u>
FTE Positions	(2.0)	874.0	

Senate Subcommittee Recommendation

FY 1989. The Senate Subcommittee concurs with the budget as submitted by the House, with the following adjustments:

1. Add \$15,000 (\$5,000 State General Fund and \$10,000 Penalty and Interest Fund) to finance central motor pool charges which will no longer be paid by the federal government.
2. Restore \$9,050 from the State General Fund with a corresponding decrease from the OSHA Federal Fund associated with the rent and utility reductions recommended for the Industrial Safety Program to reflect the percentage of that program which is federally funded.
3. The Subcommittee concurs with the recommendation to fund the Rural Employment Assistance Program (REAP) from the Penalty and Interest Fund. The Subcommittee received the opinion of the Department's attorney that the statute governing the fund, K.S.A. 1987 Supp. 44-716a, does not allow for the expenditure of these funds for REAP. The Subcommittee notes, however, that Section 27 of this bill would amend the statute to permit expenditures for REAP. The Subcommittee also notes that of the \$276,339 expended for the program in the first half of the fiscal year, 43.9 percent is for administration expenses. If this program is to continue, the Subcommittee recommends that funds be spent more efficiently.

4. The Subcommittee directs that the Department utilize JTPA funds to the greatest extent possible to support KanWork if that program is approved by the Legislature.
5. The Subcommittee recommends that the Department and the Department of Commerce meet and develop a report on the use and coordination of JTPA funds with the Kansas Industrial Training program. This report should be presented to the Joint Economic Development Committee and the appropriate Appropriations and Ways and Means Subcommittees no later than the start of the 1989 Legislative Session.
6. The Subcommittee was informed that funding for the Work Incentive Program (WIN) was passed through the Employment Security Administration Fund instead of the WIN Federal Fund in prior years. The Subcommittee recommends that a proviso be placed on the Employment Security Administration Fund to permit expenditures for the WIN program and that the WIN Federal Fund be returned to a zero expenditure limitation.
7. The Subcommittee notes that the Department may receive a major federal grant for retraining displaced auto workers in conjunction with Missouri, the auto manufacturers, and the UAW. The Department's budget may require adjustment in the Omnibus bill if final approval for the grant is received.
8. The Subcommittee recommends technical adjustments to Section 27 of this bill in order to reflect the revolving fund function of a portion of the penalty and interest expenditures and to increase the permanent expenditure authority (excluding REAP) from \$100,000 to \$110,000 to reflect the Subcommittee's recommendations.

SUBCOMMITTEE REPORT

Agency: Department of Commerce

Bill No. 2796

Bill Sec. 4

Analyst: West

Analysis Pg. No. 508

Budget Pg. No. 1-111

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,950,411	\$ 6,951,550	\$ 20,145
Local Aid	14,733,000	14,733,000	--
Other Assistance	<u>638,000</u>	<u>638,000</u>	<u>--</u>
TOTAL	<u>\$22,321,411</u>	<u>\$22,322,550</u>	<u>\$ 20,145</u>
State General Fund:			
State Operations	\$ 5,400,636	\$ 5,292,786	\$ (23)
Other Assistance	<u>563,000</u>	<u>563,000</u>	<u>--</u>
TOTAL	<u>\$ 5,963,636</u>	<u>\$ 5,855,786</u>	<u>\$ (23)</u>
Economic Development Initiatives Fund:			
State Operations	\$ 556,000	\$ 624,300	\$ --
Other Assistance	<u>75,000</u>	<u>75,000</u>	<u>--</u>
TOTAL	<u>\$ 631,000</u>	<u>\$ 699,300</u>	<u>\$ --</u>
FTE Positions	96.5	96.5	(1.0)

Agency Request/Governor's Recommendation

The Department requests several supplemental State General Fund appropriations totaling \$4,373 in order to implement the FY 1988 pay plan. Technical problems prevented the transfer of funds which would have financed pay plan adjustments for this agency. The Governor recommends several supplemental State General Fund appropriations totaling \$19,524 to finance revised fringe benefits and to hire a Public Information Officer for the agency. The Governor proposes that a vacant Industrial Development Representative position be abolished. In addition, the Governor recommends a supplemental appropriation of \$68,300 from the EDIF to finance the promotion of Kansas products at Bloomingdales, and an increase of \$14,500 from the sale of existing equipment for the first payments on a new computer system. The Governor also recommends the lapse of \$125,523 from the FY 1988 State General Fund appropriations for the agency.

House Subcommittee Recommendation

FY 1988. The House Subcommittee concurs with the budget as recommended by the Governor, with the following adjustments:

1. Add \$7,285 from the State General Fund to replace federal funding in the Minority Business program. The Subcommittee learned that recent federal budget cuts have resulted in the loss of the grant for that program.

2. Increase expenditures on the Community Development Block Grant Administrative Match Fund by \$20,168. The Subcommittee was informed that this amount could be applied to the purchase of the new computer system.
3. Delete \$7,308 and 1.0 FTE position from the State General Fund associated with the new Public Information Officer position. The Subcommittee recommends that the agency use existing personnel for the public information function.
4. The Subcommittee recommends that FY 1988 State General Fund savings be reappropriated to FY 1989 and be used to partially finance that year's operations instead of being lapsed.

House Committee Recommendation

The House Committee concurs with the budget as submitted by the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the budget as submitted by the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 20,145	\$ 6,971,695	\$ 7,308
Local Aid	--	14,733,000	--
Other Assistance	--	638,000	--
TOTAL	<u>\$ 20,145</u>	<u>\$ 22,342,695</u>	<u>\$ 7,308</u>
State General Fund:			
State Operations	\$ (23)	\$ 5,292,763	\$ 7,308
Other Assistance	--	563,000	--
TOTAL	<u>\$ (23)</u>	<u>\$ 5,855,763</u>	<u>\$ 7,308</u>
Economic Development Initiatives Fund:			
State Operations	\$ --	\$ 624,300	\$ --
Other Assistance	--	75,000	--
TOTAL	<u>\$ --</u>	<u>\$ 699,300</u>	<u>\$ --</u>
FTE Positions	(1.0)	95.5	1.0

Senate Subcommittee Adjustments

FY 1988. The Senate Subcommittee concurs with the budget as submitted by the House, with the following adjustment:

1. Restore \$7,308 and 1.0 FTE position associated with the Public Information Officer.

SUBCOMMITTEE REPORT

Agency: Department of Commerce

Bill No. 2808

Bill Sec. 8

Analyst: West

Analysis Pg. No. 508

Budget Pg. No. 1-111

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 9,200,433	\$ 6,988,481	\$ 40,266
Local Aid	29,880,505	20,284,000	--
Other Assistance	<u>650,000</u>	<u>780,000</u>	<u>(50,000)</u>
TOTAL	<u>\$39,730,938</u>	<u>\$28,052,481</u>	<u>\$ (9,734)</u>
State General Fund:			
State Operations	\$ 7,222,790	\$ 5,150,546	\$ 37,409
Other Assistance	<u>500,000</u>	<u>500,000</u>	<u>--</u>
TOTAL	<u>\$ 7,722,790</u>	<u>\$ 5,650,546</u>	<u>\$ 37,409</u>
Economic Development Initiatives Fund:			
State Operations	\$ 923,081	\$ 773,883	\$ (8,088)
Local Aid	15,147,505	5,551,000	--
Other Assistance	<u>150,000</u>	<u>280,000</u>	<u>(50,000)</u>
TOTAL	<u>\$ 16,220,586</u>	<u>\$ 6,604,883</u>	<u>\$ (58,088)</u>
FTE Positions	119.5	98.5	(1.0)

Agency Estimate/Governor's Recommendation

State Operations. The Department requests \$9,200,433 including \$7,222,790 from the State General Fund, \$923,081 from the Economic Development Initiatives Fund (EDIF) and \$1,054,562 from other funding sources for state operations in FY 1989. The request represents an increase from the current year estimate of \$2,250,022 including \$1,822,154 from the State General Fund and reflects the addition of 24.0 positions. Major increases reflected in the Department's request include \$720,000 for tourism studies and promotions, an additional \$275,000 for the Kansas Industrial Training (KIT) program, \$250,000 for a tourism matching grant program, \$150,000 for a worker productivity study, and \$609,614 for the requested new positions.

The Governor recommends an FY 1989 state operations budget of \$6,988,481 including \$5,150,546 from the State General Fund, \$773,883 from the EDIF, and \$1,064,052 from other funding sources. The Governor's recommendation includes \$82,249 for an additional 3.0 FTE positions and \$125,570 for salary increases. One existing position is abolished.

Local Aid. The Department requests \$29,880,505 for payments to local units of government in FY 1989. The request includes \$14,000,000 for grants under the Small Cities CDBG program, \$733,000 for grants under the Rental Rehabilitation program, \$14,867,505 from the EDIF for two new programs to provide loans to local units of government for infrastructure improvements and to private businesses for fixed asset acquisition or working capital, and \$280,000 from the EDIF for a

program to provide grants to nonprofit organizations to support the establishment of small business incubator facilities.

The Governor recommends \$20,284,000 for aid to local units of government in FY 1989. The Governor concurs with the estimated expenditures for the Small Cities CDBG and the Rental Rehabilitation programs, and recommends \$5,500,000 from the EDIF to provide loans to local units of government for infrastructure improvements and \$51,000 from the EDIF to provide assistance to smaller cities enrolled in the Main Street program.

Other Assistance. The Department requests \$650,000 in FY 1989 to continue grants to the Certified Development Companies (\$400,000) and the Small Business Development Centers (\$250,000). The FY 1989 request would be financed by \$500,000 from the State General Fund and \$150,000 from the EDIF.

The Governor recommends \$780,000 for other assistance in FY 1989. The Governor concurs with the amounts requested for grants to the Certified Development Companies and the Small Business Development Centers. The Governor also recommends \$80,000 from the EDIF for operating grants for small business incubators and \$50,000 from the EDIF to provide awards to secondary schools which show the greatest improvement in national test scores.

House Subcommittee Recommendations

FY 1989. The House Subcommittee concurs with the budget as recommended by the Governor, with the following adjustments:

1. Reduce FY 1989 State General Fund appropriations to reflect the reapportionment of FY 1988 savings.
2. Delete \$28,424 (State General Fund) and 1.0 FTE position associated with the Public Information Officer position. The Subcommittee recommends that the agency use existing personnel for the public information function.
3. Shift funding for the Computer Programmer position (\$25,892) and associated operating costs of \$2,904 from the EDIF to the State General Fund.
4. Delete \$44,899 from EDIF expenditures associated with video equipment. The Subcommittee recommends that the Department explore using the facilities of Regents' institutions, Washburn University, and public television stations for the production of videos. The Subcommittee notes that in addition to being cost effective, use of educational facilities would allow for additional experience for Kansas students.
5. Add \$55,607 from the EDIF to complete the purchase of new computer equipment in FY 1989. The Subcommittee learned that the purchase contract does not have an early payment penalty and that completion of the purchase in FY 1989 would save the state approximately \$15,000 over the five-year contract.

6. Add increased expenditures from the CDBG federal fund of \$10,945 associated with the purchase of computer equipment.
7. Add \$3,976 from the State General Fund for a technical adjustment regarding maintenance contracts.
8. Amend the appropriation for Coal Commission research to require a one-to-one match on expenditures.
9. The Subcommittee recommends that in future years the Joint Committee on Economic Development review proposals for the expenditure of the Economic Development Initiatives Fund and make recommendations to the Senate Ways and Means Committee and the House Appropriations Committee.
10. Add \$33,061 from the State General Fund to replace federal funding for the Minority Business program.
11. The Subcommittee notes that \$300,000 was spent on the Superconducting Supercollider (SSC) project with little if any results.
12. Add \$10,000 from the EDIF to increase the contract with the Kansas Association of Broadcasters to \$30,000. The Subcommittee received testimony that association members provided \$440,782 in free advertising to the state in FY 1987 and are anticipated to provide almost \$500,000 in advertising in the current year. The Subcommittee expects that with the additional funds, the dollar value of air time will increase in future years.
13. The Subcommittee notes that a great deal of the information provided about Kansas tourism is produced by convention bureaus. While this information is useful, it has a tendency to promote site specific instead of regional tourism activities. The Subcommittee recommends that the Department work closely with regional tourism groups to broaden the impact of tourism promotions.
14. Delete \$50,000 from the EDIF associated with the education awards program.
15. The Subcommittee notes that H.B. 2909, which creates a Small Business Loan program, has passed the House Economic Development Committee and recommends that the Senate Ways and Means Subcommittee consider financing this program when the Department of Commerce's budget is reviewed.

House Committee Recommendation

The House Committee concurs with the budget as submitted by the Subcommittee, with the following adjustment:

1. Delete \$26,899 from the State General Fund and \$4,638 from other funding sources associated with increasing turnover savings rates from 1.5 percent to 2.5 percent of salaries and wages.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the budget as submitted by the House Committee.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 8,729	\$ 6,997,210	\$ 875,680
Local Units	--	20,284,000	(1,000,000)
Other Assistance	(50,000)	730,000	20,000
Total	<u>\$ (41,271)</u>	<u>\$ 28,011,210</u>	<u>\$ (104,320)</u>
State General Fund:			
State Operations	\$ 10,510	\$ 5,161,056	\$ 70,148
Other Assistance	--	500,000	--
Total	<u>\$ 10,510</u>	<u>\$ 5,661,056</u>	<u>\$ 70,148</u>
Economic Development			
Initiatives Fund:			
State Operations	\$ (8,088)	\$ 765,745	\$ 805,532
Local Aid	--	5,551,000	(1,000,000)
Other Assistance	(50,000)	230,000	20,000
Total	<u>\$ (58,088)</u>	<u>\$ 6,546,795</u>	<u>\$ (174,468)</u>
FTE Positions	(1.0)	97.5	3.0

Senate Subcommittee Recommendation

FY 1989. The Senate Subcommittee concurs with the budget as submitted by the House with the following adjustments:

1. Restore \$28,424 and 1.0 FTE position from the State General Fund associated with the Public Information Officer position. The Subcommittee notes that a survey conducted for the Business Retention report indicated that up to 88 percent of the businesses in mid-sized Kansas towns did not know about the state's economic development programs.
2. Add \$14,390 from the State General fund for video equipment and production time at television studios.
3. Add \$12,284 from the State General Fund for increased rental costs due to the move of KTEC's office.

4. Add \$25,000 from the EDIF for grants for Small Business Development Centers.
5. Add \$25,000 from the EDIF for grants for Certified Development Companies.
6. Add \$700,000 from the EDIF for the Kansas Industrial Training (KIT) program.
7. Restore \$50,000 from the EDIF for the Education Awards program.
8. Reduce EDIF funding for the Infrastructure loan program by \$1,000,000 to \$4,500,000.
9. Add \$75,000 from the EDIF to support tourism programs at the Secretary's discretion. The Subcommittee notes that this would allow additional funding for national tourism convention support and regional marketing studies.
10. Add \$45,582 and 2.0 FTE positions to finance an EDRII (\$23,598), a Secretary I (\$14,484), and \$7,500 for other operating expenses associated with the Kansas Film Commission. This recommendation is financed by \$38,082 from the EDIF and \$7,500 from the State General Fund.
11. Shift \$7,550 in state operations support for the Existing Industry Division from the EDIF to the State General Fund.
12. Delete \$80,000 from the EDIF associated with incubator grants.
13. The Subcommittee concurs with the recommendation of the House Subcommittee that expenditures from the EDIF should be reviewed by the Joint Economic Development Committee starting with the 1989 Legislative Session. The Committee could then report their recommendations to the Senate Ways and Means Committee, the House Appropriations Committee, and the appropriate subcommittees.

SUBCOMMITTEE REPORT

Agency: Insurance Department

Bill No. 2796

Bill Sec. 5

Analyst: Rampey

Analysis Pg. No. 534

Budget Pg. No. 1-129

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 9,326,133	\$ 9,327,500	\$ (60,000)
Local Aid	4,504,591	4,504,591	--
Other Assistance	<u>35,479,184</u>	<u>35,479,184</u>	--
Total	<u>\$ 49,309,908</u>	<u>\$ 49,311,275</u>	<u>\$ (60,000)</u>
State General Fund:			
State Operations	\$ 3,952,191	\$ 3,952,473	\$ (60,000)
FTE Positions	149.2	149.2	--

Agency Estimate/Governor's Recommendation

FY 1988. Estimated expenditures are \$49,309,908, of which \$3,952,191 is from the State General Fund. The Governor recommends expenditures of \$49,311,275, of which \$3,952,473 is from the State General Fund.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor, with the following exception:

1. Delete \$60,000 from the State General Fund for salaries and wages and reappropriate for FY 1989. The savings were identified by the Insurance Department and occurred at the beginning of the fiscal year when positions held vacant as a result of budget reductions in FY 1987 could not be filled immediately.

House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

House Committee of the Whole

The House Committee of the Whole concurs with the recommendations of the Committee.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House.

SUBCOMMITTEE REPORT

Agency: Insurance Department

Bill No. 2808

Bill Sec. 9

Analyst: Rampey

Analysis Pg. No. 534

Budget Pg. No. 1-129

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Amended Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 9,859,768	\$ 9,967,487	\$ --
Local Aid	5,157,757	5,157,757	--
Other Assistance	<u>39,442,709</u>	<u>39,442,709</u>	--
Total	<u>\$ 54,460,234</u>	<u>\$ 54,567,953</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 4,085,667	\$ 4,170,178	\$ --
FTE Positions	151.2	150.2	(1.0)

Agency Estimate/Governor's Recommendation

The Insurance Department estimates expenditures of \$54,460,234, of which \$4,085,667 would be from the State General Fund. The State General Fund portion includes \$35,529 for the salaries and benefits of 2.0 FTE new positions.

The Governor recommends expenditures of \$54,591,343, an increase of \$131,109 over the Department's request. The increase is all in the operating portion of the Department's budget and includes \$23,390 that is overstated for group health insurance. That amount has been deleted in the Governor's amended recommendation (\$18,885 from the State General Fund and \$4,505 from other funds). The Governor recommends expenditures of \$4,189,063 from the State General Fund, which include funding for one new position.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation, with the following exception:

1. Delete 1.0 FTE position from the group funded workers' compensation program. The program was created by the 1983 Legislature, which approved the addition of 2.0 FTE new positions to administer it. The positions have never been filled. Beginning in FY 1989, the Department plans to fill one position half-time. All expenses associated with the program are paid from assessments against the self-insurance pools. (There are presently three pools and two or three more could form in FY 1989.)

The Subcommittee questions the need for the Department to be authorized 2.0 FTE positions when the positions have never been filled and the Department considers a part-time employee

adequate to administer the program for the coming year. No reduction in funding is involved in the Subcommittee's recommendation because the Department has not budgeted salaries for the vacant positions.

House Committee Recommendations

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole

The House Committee of the Whole concurs with the recommendations of the Committee.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the House and makes the following comments:

1. The Subcommittee suggests that the Insurance Department investigate the possibility of using microfilming services provided by the Department of Corrections or, as an alternative, by the Department of Revenue. Using services provided by other state agencies could assist the Insurance Department in its attempts to microfilm records without the Department having to hire additional staff. Among the agencies that use Department of Corrections microfilming services is the Department of Human Resources for the workers' compensation program.
2. The Subcommittee reviewed the extent to which the Insurance Department relies on contracted legal services in connection with the health care stabilization program and the workers' compensation program, and notes that these services cost more than \$3.0 million in FY 1987. The Subcommittee encourages the Department to consider using the Attorney General's office for all or part of the legal work for which it presently contracts. Further, the Subcommittee recommends that the issue of legal services for the Insurance Department be considered by the Senate Judiciary Committee as part of its work on tort reform.
3. The Subcommittee wishes to report on the status of the Health Care Stabilization Fund. The present surcharge is 90 percent, which is expected to generate \$28.8 million in FY 1988. The balance in the Fund has been increasing in recent years and, as of December, 1987, was \$46,568,472. If court decisions concerning the constitutionality of recent legislation affecting payments from the Fund are upheld, current outstanding liability against the Fund is estimated to be \$115.4 million.

SUBCOMMITTEE REPORT

Agency: Kansas Arts Commission

Bill No. 2808

Bill Sec. 10

Analyst: Holt

Analysis Pg. No. 544

Budget Pg. No. 1-87

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 381,444	\$ 326,765	\$ 7,172
Programming Grants	<u>1,288,694</u>	<u>802,984</u>	<u>77,347</u>
TOTAL	<u>\$ 1,670,138</u>	<u>\$ 1,129,749</u>	<u>\$ 84,519</u>
State General Fund:			
State Operations	\$ 301,660	\$ 254,797	\$ 7,172
Programming Grants	<u>855,940</u>	<u>309,801</u>	<u>--</u>
TOTAL	<u>\$ 1,157,600</u>	<u>\$ 564,598</u>	<u>\$ 7,172</u>
Economic Development Initiatives Fund:			
State Operations	\$ --	\$ --	\$ --
Programming Grants	<u>--</u>	<u>50,000</u>	<u>87,768</u>
TOTAL	<u>\$ --</u>	<u>\$ 50,000</u>	<u>\$ 87,768</u>
FTE Positions	10.0	8.0	--

Agency Request/Governor's Recommendation

The agency's request for operating expenditures in FY 1989 totals \$1,670,138, of which \$1,157,600 is from the State General Fund. Total requested expenditures represent an increase of \$646,112, or 63.1 percent, above the agency's revised estimate, which is largely attributable to the proposed addition of 2.0 FTE positions (\$39,223) and to requested increased expenditures for arts programming (\$573,831). Requested State General Fund expenditures of \$855,940 for arts programming in FY 1989 reflect an increase of \$496,139 above estimated current year State General Fund expenditures.

The Governor's recommendation for operating expenditures in FY 1989 totals \$1,129,749, of which \$564,598 is from the State General Fund. Total recommended expenditures represent an increase of \$113,274 above the FY 1988 recommendation, due to increases of federal funds (\$93,353), fee fund and special gifts fund expenditures (\$530), and authorized expenditures from the Economic Development Initiatives Fund (\$50,000), offset by a reduction from the State General Fund (\$30,459) and projected unexpended programming grant moneys (\$150). Recommended total expenditures for arts programming exceed by \$88,121 or 12.3 percent current year recommended expenditures of \$714,863. No funding is recommended for the two requested additional positions.

House Subcommittee Recommendation

FY 1988. The House Subcommittee concurs with the Governor's FY 1988 recommendation of \$1,016,475 (\$595,057 from the State General Fund; \$421,418 from other funds) with the following adjustment:

1. Add \$82,808 in federal funds for arts programming. The agency did not realize that the Governor had recommended \$122,808 to be carried forward to FY 1989 and had expended all but approximately \$40,000 of the recommended carryforward balance. This recommendation need not be reflected in the House supplemental bill (H.B. 2796), as the agency's federal moneys are credited to a no-limit fund.

FY 1989. The House Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Add \$6,817 from the State General Fund for the salary and fringe benefits differential of the unclassified Executive Director. An Executive Director was hired in December, 1987 at a higher salary than that of her predecessor. Although the salary was approved by the Governor, due to the timing of the appointment, the salary differential was not reflected in the Governor's recommendation. In addition, \$355 is recommended for the differential in the 5.8 percent merit pool for unclassified employees.
2. Add \$87,768 from the Economic Development Initiatives Fund for the proposed Rural Arts Initiatives program. It is recommended that these expenditures finance matching grants for predominantly rural counties in the state and that they not be used for program administration. The Subcommittee notes that in its proposal to the Governor, Kansas, Inc. recommended \$700,000 from the Economic Development Initiatives Fund for the arts. The Subcommittee also recalls the House Appropriation Committee's report from the previous year which recognized the importance of the arts to the state's economic growth and recommended that a portion of the state gaming revenues, pending future Appropriation Committee action, be appropriated for arts programs in future fiscal years. The Subcommittee believes that recommended expenditures of \$87,768 for programming grants represent an important step in responding to the recommendations of Kansas, Inc. and the House Committee. The Subcommittee also recommends that the 1989 Legislature determine the need, if any, for additional administrative support or staff after the Rural Initiatives program has been operational for several months.
3. Reduce \$10,421 from federal funds in FY 1989. Pursuant to the Governor's FY 1989 recommendation, the agency learned that it will have \$55,000 more in federal Basic State Grant support than had been anticipated. However, this projected increase will be more than offset by reduced carryforward expenditures from FY 1988. The agency has requested that the Governor include \$10,000 in a Budget Amendment to offset this projected shortfall.

and the Subcommittee defers to the Governor's decision on this matter.

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendations for FY 1988 and FY 1989.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the House Committee's recommendations for FY 1988 and FY 1989.

Senate Subcommittee Recommendation

FY 1988. The Senate Subcommittee concurs with the House recommendation for FY 1988 with the following adjustment.

1. Reduce \$12,000 from the State General Fund in turnover savings; these expenditures should be reappropriated in FY 1989.

<u>Expenditure Summary</u>	<u>House Adj. FY 89</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 7,172	\$ 333,937	\$ --
Programming Grants	77,347	880,331	322,304
TOTAL	<u>\$ 84,519</u>	<u>\$ 1,214,268</u>	<u>\$ 322,304</u>
State General Fund:			
State Operations	\$ 7,172	\$ 261,969	\$ --
Programming Grants	--	309,801	50,000
TOTAL	<u>\$ 7,172</u>	<u>\$ 571,770</u>	<u>\$ 50,000</u>
Economic Development Initiatives Fund:			
State Operations	\$ --	\$ --	\$ --
Programming Grants	87,768	137,768	312,232
TOTAL	<u>\$ 87,768</u>	<u>\$ 137,768</u>	<u>\$ 312,232</u>
FTE Positions	--	8.0	--

FY 1989. The Senate Subcommittee concurs with the House recommendation for FY 1989 with the following adjustments:

1. Reappropriate \$12,000 from the State General Fund from FY 1988 and add \$38,000 from the State General Fund for arts programming grants. The effect of this recommendation is to

increase by a total of \$50,000, State General Fund expenditures for arts programming; this increase would effectively restore to the FY 1988 funding level of \$359,801 the state's General Fund commitment to arts programming.

2. Add \$50,000 from the Economic Development Initiatives Fund to be transferred to the agency in the first quarter of FY 1989. This increase would offset a projected reduction of approximately the same amount in federal funds. The Senate Subcommittee recommends that \$39,928 be reduced from federal funds in addition to \$10,421 already reduced by the House to reflect the revised estimate for FY 1989 federal expenditures, now projected at \$50,349 less than the Governor's recommendation from that funding source.

Pursuant to the House Committee's recommendation, the agency was informed that it would receive \$12,350 less for the federal Arts in Education program grant than had been projected for FY 1989 and than had been assumed by both the Governor and House. Further adjustments to estimated current year non-reportable federal expenditures and to the carryforward balance of federal funds into FY 1990 also increased the agency's anticipated shortfall of federal funds in FY 1989. Subsequent to the House recommendation, the agency revised its request for a Governor's Budget Amendment from \$10,000 to \$50,000 from the State General Fund. The Senate Subcommittee recommends that the requested \$50,000 be added in FY 1989 but that it be funded from the Economic Development Initiatives Fund instead of the State General Fund.

3. Add \$262,232 from the Economic Development Initiatives Fund for arts programming for a total of \$400,000 for new arts programming from that funding source. Of total expenditures of \$400,000, \$200,000 should be transferred to the agency in the second quarter of FY 1989 and \$200,000 in the third quarter.
4. Recommend that \$400,000 of expenditures of \$450,000 from the Economic Development Initiatives Fund be used for support of arts programming, such as the Rural Arts Initiatives program or programs or functions that promote economic development, such as, but not restricted to, the following: challenge grants for arts organizations; capital improvements for arts facilities; theater and dance company touring incentives; visual arts programs; performances by major art companies; and development of promotional video on the arts in Kansas. The Subcommittee's intent should be reflected in a proviso in 1988 H.B. 2808 governing the State Economic Development Initiatives Fund.
5. Authorize the agency to hire a half-time arts program coordinator on a special projects basis, if needed, to administer the Rural Arts Initiatives program.

6. The Senate Subcommittee notes that Kansas, Inc. recommended for FY 1989 \$700,000 from the Economic Development Initiatives Fund for enhancement to arts programming and believes that the House recommendation, while an increase of \$87,768 from that funding source above the Governor's recommendation, falls considerably short of that recommendation. Particularly in light of a projected federal shortfall and reduced State General Fund expenditures from the FY 1988 funding level, the House recommendation would essentially serve to replace funds for existing arts programming instead of funding program enhancements, as intended by Kansas, Inc. in its recommendation.

SUBCOMMITTEE REPORT

Agency: Lieutenant Governor Bill No. 2808 Bill Sec. 11
 Analyst: Ahrens Analysis Pg. No. 553 Budget Pg. No. 1-21

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89 As Amended</u>	<u>Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ 101,500	\$ 105,971	\$ --
FTE Positions	3.0	3.0	--

Agency Request/Governor's Recommendation

The FY 1989 budget request of the agency totals \$101,500, an increase of \$1,300 above the agency's estimate for FY 1988. The Governor recommends a budget of \$106,603 for FY 1989, which is \$5,103 above the agency's request. Salaries are increased by \$5,303, resulting from the application of a 4 percent increase to the salary shown for the Lieutenant Governor, the addition of a \$2,761 (5.8 percent) merit salary pool for the two staff positions, and a re-calculation of fringe benefits. Requested expenditures for contractual services are reduced by \$200.

The Director of the Budget has reported to the Appropriations Committee Chairman that in the Governor's recommendation as shown in the Budget Report, group health insurance is overstated by \$632 and that the Governor's amended budget will be reduced by that amount. H.B. 2808, as introduced, is not adjusted for this amendment.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation as amended to correct the overstatement of health insurance by \$632 and recommends amendment of H.B. 2808 accordingly.

House Committee and Committee of the Whole Recommendation

The House Committee and Committee of the Whole concur.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs.

SUBCOMMITTEE REPORT

Agency: State Board of Tax Appeals

Bill No. 2808

Bill Sec. 12

Analyst: Efirid

Analysis Pg. No. 554

Budget Pg. No. 1-185

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 855,344	\$ 784,046*	\$ (27,422)
All Other Funds	4,480	4,480	--
FTE Positions	18.0	18.0	(3.0)

* Amended

Agency Estimate/Governor's Recommendation

The Board's FY 1989 request includes an increase of \$168,946, which is 24.5 percent more than the revised FY 1988 estimate. Of the increase, \$103,680 is requested for salaries and wages and \$65,266 for other operating expenses. Program enhancements are requested in preparing for statewide reappraisal and handling an increased caseload which the Board estimates will total 12,000 in FY 1989.

For FY 1989, the Governor recommends a net increase of \$103,558 in total expenditures and 3.0 FTE new positions to assist with an anticipated increase in workload with implementation of statewide reappraisal.

House Subcommittee Recommendations

FY 1988. The Subcommittee concurs with the Governor's recommendations, with the following exceptions:

1. Concur with the agency's intent to buy a new telephone system using savings from current appropriations.
2. Note that receipts which should have been deposited into the State General Fund were incorrectly deposited into the agency's fee fund, but that the Division of Accounts and Reports corrected its mistake.

FY 1989. The Subcommittee concurs with the Governor's recommendations, with the following exceptions:

1. Adjust the calculation of health insurance benefits to reflect a reduction of \$2,731 as noted in the Director of the Budget's memorandum. This adjustment should be made in the appropriations bill.

2. Delete 3.0 FTE new positions and State General Fund financing of \$52,247 for salaries and benefits.
3. Add \$25,000 from the State General Fund for salaries and benefits of intermittent clerical staff and law clerks to assist with the office workload. The Subcommittee notes that the Governor's recommendation includes \$8,288 for the salary of one other new law clerk.
4. Reduce \$4,088 for the purchase of five executive chairs and other capital outlay items.
5. Add \$1,299 for a 20 MB personal computer and monochrome monitor; \$1,682 for a laser printer; \$480 for eight chairs and \$452 for two tables to use in the combination conference and second hearing room. A total of \$3,913 is added from the State General Fund for capital outlay.
6. Note a possible underfinancing of the agency's rent budget if the Department of Administration begins assessing the cost of hallway space.

House Committee Recommendation

The Committee concurs with its Subcommittee's report.

Senate Subcommittee Recommendation

FY 1988. The Subcommittee concurs with the House recommendations, with the following exceptions:

1. Add a proviso to the agency's Duplicating Fees Fund to allow expenditures in FY 1988 for part of the cost of a new telephone system. Other State General Fund savings would make up the balance of the \$4,403 expenditure. The Board indicates that savings of \$795 will be realized by purchasing its new telephone system outright instead of financing it through a certificate of participation.

FY 1989. The Subcommittee concurs with the House recommendations, with the following exceptions:

1. Restore 3.0 FTE positions and \$52,247 from the State General Fund for salaries and benefits of new staff to assist with the Board's backlog of cases and with appeals from statewide reappraisal.

2. Delete \$25,000 from the State General Fund for intermittent staff approved by House in lieu of the 3.0 new FTE positions restored above.
3. Add \$1,820 from the State General Fund for capital outlay to equip the three new staff.

Summary of Legislative Adjustments to
Governor's FY 1989 Recommendations

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>Senate Subcommittee Adjustments</u>	<u>Total Adjustments</u>
State Operations:			
State General Fund	\$ (27,422)	\$ 29,067	\$ 1,645
All Other Funds	--	--	--
TOTAL	<u>\$ (27,422)</u>	<u>\$ 29,067</u>	<u>\$ 1,645</u>
FTE Positions	(3.0)	3.0	--

SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. 2796

Bill Sec. NA

Analyst: Rothe

Analysis Pg. No. 557

Budget Pg. No. 1-23

<u>Expenditure Summary</u>	<u>Agency Est. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund:			
Noncensus	\$ 1,248,194	\$ 1,242,747	\$ --
Census	3,329,916	3,329,916	--
UCC Fee Fund	734,886	730,849	--
Other Special Funds	261,965	261,965	--
TOTAL	\$ 5,574,961	\$ 5,565,477	\$ --
 FTE Positions	 61.0	 61.0	 --

Agency Estimate/Governor's Recommendation

The agency estimates FY 1988 expenditures of \$5,574,963, an increase of \$109,985 from no-limit special revenue funds above the amount approved by the 1987 Legislature. Estimated State General Fund expenditures include \$1,248,194 for noncensus expenditures and \$3,329,916 for census expenditures. Other estimated expenditures include \$734,886 from the Uniform Commercial Code (UCC) Fee Fund (an increase of \$140,249 above the previously estimated amount), \$138,445 from the Kansas Register Fee Fund (an increase of \$3,437), and \$123,522 from other special revenue funds (a decrease of \$33,701).

The Governor recommends FY 1988 expenditures of \$5,565,477, a reduction of \$9,486 from the agency's estimate due to salary and benefit rate adjustments.

House Subcommittee Recommendation

FY 1988. The Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. Transfer \$200,000 from the UCC Fee Fund to the State General Fund. The recommendation would decrease the estimated FY 1988 ending balance from \$316,953 to \$116,953.
2. The Subcommittee notes that the state census being conducted by the Secretary of State is on schedule. Over 67 percent of census cards have been returned and 64 percent of all precincts have been canvassed. Most of the canvasser positions will be terminated by March 1. Approximately 1,375 personnel are, or have been employed, at the five regional offices and 20 persons are employed at the central office in Topeka. All precinct boundary maps, sent to county election officers for review, have been returned and have been tentatively approved by the Secretary of State. The regional offices are scheduled to close

in March and editing and compilation of precinct census data will begin. The Subcommittee notes that the Governor recommends reappropriation authority in the event that it becomes necessary to spend previously appropriated funds in FY 1989.

House Committee Recommendation

The Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund:			
Noncensus	\$ --	\$ 1,242,747	\$ --
Census	--	3,329,916	--
UCC Fee Fund	--	730,849	--
Other Special Funds	--	261,965	--
TOTAL	<u>\$ --</u>	<u>\$ 5,565,477</u>	<u>\$ --</u>
FTE Positions	--	61.0	--

Senate Subcommittee Recommendation

The Subcommittee concurs with the House's recommendation with the following adjustment:

1. Lapse \$200,000 from the State General Fund in state census expenditures. The agency feels comfortable that it will have an unexpended FY 1988 ending balance of at least \$200,000. The Subcommittee recommends a further review of census expenditures and balances during the consideration of the Omnibus Bill.

SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. 2808

Bill Sec. 13

Analyst: Rothe

Analysis Pg. No. 557

Budget Pg. No. 1-23

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund:			
Noncensus	\$ 1,285,800	\$ 1,333,318	\$ (5,959)
Census	--	--	--
UCC Fee Fund	764,191	795,788	(3,624)
Other Special Funds	<u>220,784</u>	<u>220,784</u>	<u>--</u>
TOTAL	<u>\$ 2,270,775</u>	<u>\$ 2,349,890</u>	<u>\$ (9,583)</u>
FTE Positions	61.0	61.0	--

Agency Request/Governor's Recommendation

The agency's FY 1989 request totals \$2,270,775, an increase of \$25,728 above the FY 1988 estimate of noncensus expenditures, and would maintain the same 61.0 FTE positions approved for the current fiscal year. No census expenditures are requested for FY 1989. The request includes \$1,285,800 from the State General Fund, (an increase of \$37,606, or 3.0 percent above the FY 1988 estimate of noncensus expenditures), and \$984,975 from special revenue funds (a decrease of \$11,878).

The Governor recommends \$2,349,890 for FY 1989, an increase of \$79,115 in salaries above the agency's request (including an increase of \$47,518 from the State General Fund and \$31,597 from the Uniform Commercial Code (UCC) Fee Fund). The recommendation includes \$66,465 for a 5.8 percent unclassified merit pool salary adjustment, \$8,827 for a salary adjustment for seasonal and temporary positions, and \$3,823 for health insurance and other benefit rate adjustments.

House Subcommittee Recommendation

FY 1989. The Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Delete \$9,583 from salaries and wages to correct health insurance costs, including \$5,959 from the State General Fund and \$3,624 from the UCC Fee Fund. The recommendation is in concurrence with a Governor's Budget Amendment.
2. The Subcommittee notes that changing computer technology permits the largest users of the UCC filing system to retrieve UCC transactions by either purchasing rolls of UCC microfilm or by directly accessing the Secretary of State's IBM System 36 computer. The Secretary of State requests that K.S.A. 84-9-411 be amended to reflect the agency's current practice of permitting

direct access to the UCC system and to allow the Secretary and Registers of Deeds to charge for all costs associated with the dissemination of UCC information. The Subcommittee recommends the introduction of a bill as requested and notes the impact on the following users of the UCC system:

- a. Registers of Deeds currently disseminate UCC information from data obtained by mail from the Secretary of State, retaining \$2 of each \$5 charged. The proposed amendment would permit the Secretary of State and Registers of Deeds to establish a fee (by rules and regulations) which takes into account all costs associated with establishing and maintaining the UCC system. Sufficient receipts would permit additional Registers of Deeds to have direct access to the Secretary's computer system or to purchase rolls of UCC microfilm. As a result, Registers of Deeds could provide faster service and more timely information to the public.
- b. The Secretary of State currently conducts 85,000 annual UCC searches for the Agricultural Stabilization and Conservation Service (ASCS). Because the number of searches provided for the ASCS fluctuates, the Secretary must hire temporary employees to assist with UCC transaction surges. If the Secretary were allowed to charge a fee sufficient to account for all costs associated with establishing and maintaining the UCC system, the Secretary could encourage the ASCS to perform its own searches by purchasing UCC microfilm or by accessing the Secretary's computer. As a result, the level of UCC searches in the Secretary's office would stabilize.
- c. Currently, the Secretary of State cannot prevent a private business from purchasing rolls of UCC microfilm (at \$8 per roll), establishing a separate UCC system, and reselling the information at a profit. The requested legislation would permit the Secretary to set a fee on UCC microfilm and other UCC information which reflects all costs associated with creating and maintaining the UCC system, including data entry, microfilming, editing, personnel, and equipment costs.

House Committee Recommendation

The Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund:			
Noncensus	\$ (5,959)	\$ 1,327,359	\$ --
Census	--	--	--
UCC Fee Fund	(3,624)	792,164	--
Other Special Funds	--	<u>220,784</u>	--
TOTAL	<u>\$ (9,583)</u>	<u>\$ 2,340,307</u>	<u>\$ --</u>
FTE Positions	--	61.0	

Senate Subcommittee Recommendation

The Subcommittee concurs with the House's recommendation with the following observation:

1. The Subcommittee supports passage of H.B. 3090 as recommended and introduced by the House Committee on Appropriations. The bill would enable the Secretary to establish a fee (by rules and regulations) for the dissemination of UCC information which takes into account all costs associated with establishing and maintaining the UCC system. Passage of the bill should result in a leveling off of UCC searches with a concurrent stabilization of receipts and expenditures.

SUBCOMMITTEE REPORT

Agency: Kansas Commission on
Veterans Affairs

Bill No. 2796

Bill Sec. 16

Analyst: Duffy

Analysis Pg. No. 572

Budget Pg. No. 2-63

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,283,956	\$ 1,277,237	\$ --
Other Assistance	<u>22,000</u>	<u>22,000</u>	<u>--</u>
TOTAL	<u>\$ 1,305,956</u>	<u>\$ 1,299,237</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 1,221,740	\$ 1,224,399	\$ --
Other Assistance	<u>22,000</u>	<u>22,000</u>	<u>--</u>
TOTAL	<u>\$ 1,243,740</u>	<u>\$ 1,246,399</u>	<u>\$ --</u>
FTE Positions	56.0	56.0	--

Agency Estimate/Governor's Recommendation

The agency estimates expenditures of \$1,305,956, a reduction of \$1,705 from the amount authorized by the 1987 Legislature. The reduction is reflected in the State General Fund. The total State General Fund expenditures of \$1,243,740, includes \$20,000 for Tuition Assistance and \$2,000 for the World War I Grant. The agency estimates expenditures of \$62,216 from the federal fee fund.

The Governor recommends total operating expenditures for FY 1988 of \$1,299,237, a reduction of \$6,719 from the agency's FY 1988 estimate. The expenditure reduction is reflected in salaries and wages (\$2,645), contractual services (\$4,395) and commodities (\$250). The recommendation includes increased expenditures in capital outlay (\$571). The Governor's recommendation for financing includes \$1,246,399 from the State General Fund, an increase of \$2,659 from the FY 1988 estimate; and \$52,838 from federal funds, a decrease of \$9,378 from the agency's estimate. The Governor recommends a decrease in expenditures from the federal fee fund to increase the balance in that fund.

House Subcommittee Recommendation

FY 1988. The House Subcommittee concurs with the Governor's recommendation with the following observation:

1. The Subcommittee notes that based on current projections, the tuition assistance program for dependents of persons who died as a result of a service-connected injury suffered during the Vietnam conflict or of persons declared missing in action or prisoners of war in that conflict appears inadequate to meet existing and projected obligations. The Governor's recommendation included \$20,000 for this program. The Subcommittee

understands that a GBA will be requested and the Subcommittee suggests that this issue be revisited during Omnibus.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 1,277,237	\$ (8,000)
Other Assistance	--	22,000	8,000
TOTAL	<u>\$ --</u>	<u>\$ 1,299,237</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ --	\$ 1,224,399	\$ (8,000)
Other Assistance	-	22,000	8,000
TOTAL	<u>\$ --</u>	<u>\$ 1,246,399</u>	<u>\$ 0</u>
FTE Positions	--	56.0	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendations with the following adjustment:

1. The Subcommittee recommends that \$8,000 be shifted from the FY 1988 salaries and wages line-item to the educational claims line-item. It is anticipated, due to unexpected turnover, that the agency will experience savings in salaries and wages. Currently, educational claims exceed the FY 1988 appropriation of \$20,000. The Subcommittee recommends that any unexpended funds in the educational claims account be reappropriated to FY 1989. This educational account provides reimbursement of post-secondary educational fees and tuition for any eligible dependent of a Kansas veteran, who was Killed in Action, was a Prisoner of War, or was Missing in Action in the Vietnam Conflict.

SUBCOMMITTEE REPORT

Agency: Kansas Commission on Veterans
Affairs

Bill No. 2808

Bill Sec. 14

Analyst: Duffy

Analysis Pg. No. 572

Budget Pg. No. 2-63

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,336,731	\$ 1,365,434	\$ 10,811
Other Assistance	<u>22,000</u>	<u>22,000</u>	<u>--</u>
TOTAL	<u>\$ 1,358,731</u>	<u>\$ 1,387,434</u>	<u>\$ 10,811</u>
State General Fund:			
State Operations	\$ 1,269,106	\$ 1,305,181	\$ 10,811
Other Assistance	<u>22,000</u>	<u>22,000</u>	<u>--</u>
TOTAL	<u>\$ 1,291,106</u>	<u>\$ 1,327,181</u>	<u>\$ 10,811</u>
FTE Positions	58.0	56.0	2.0

Agency Estimate/Governor's Recommendation

The agency requests a total of \$1,358,731 for expenditures in FY 1989, a 3.9 percent increase over the FY 1988 approved expenditures. The request includes two additional FTE positions to restore eight three-quarter time Office Assistants to full-time. This would bring the 14 field offices to the level of staffing authorized in FY 1987. In addition, the request includes additional travel and subsistence funds to provide a staffing conference to train agency personnel.

The Governor recommends total operating expenditures for FY 1989 of \$1,387,434, an increase of \$88,197 (6.8 percent) over the FY 1988 recommendation. The FY 1989 recommendation includes a 4 percent increase for classified employees (\$43,686), a 5.8 percent merit salary pool for unclassified employees (\$2,558) and adjustments to fringe benefit rates and turnover (\$2,656). The Governor also recommends \$20,000 in professional services for the first phase of a contracted study of the appropriate means to address the needs of aging veterans. The Governor's financing recommendations include \$1,327,181 from the State General Fund, an increase of \$36,075 over the agency's FY 1989 request; and \$60,253 from the federal fee fund, a decrease of \$7,373 from the agency's request.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. The Subcommittee recommends the addition of \$30,811 and 2.0 FTE positions to restore eight three-quarter time Office Assistants to full-time. This would bring the 14 field offices to the level of staffing prior to the FY 1987 lapse.

2. The Subcommittee recommends the reduction of \$20,000 from professional services for the first phase of a contracted study to address the needs of aging veterans.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole

The House Committee of the Whole concurs with the recommendation of the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 89</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 10,811	\$ 1,376,245	\$ (10,811)
Other Assistance	--	22,000	--
TOTAL	<u>\$ 10,811</u>	<u>\$ 1,398,245</u>	<u>\$ (10,811)</u>
State General Fund:			
State Operations	\$ 10,811	\$ 1,315,992	\$ (10,811)
Other Assistance	--	22,000	--
TOTAL	<u>\$ 10,811</u>	<u>\$ 1,337,992</u>	<u>\$ (10,811)</u>
FTE Positions	2.0	58.0	(2.0)

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation with the following adjustment:

1. Delete \$30,811 and 2.0 FTE positions recommended by the House to increase eight three-quarter-time Office Assistants to full-time.
2. Add \$20,000 to professional services for a contracted study to address the needs of aging veterans.

SUBCOMMITTEE REPORT

Agency: Kansas Soldiers Home

Bill No. 2796

Bill Sec. 15

Analyst: Duffy

Analysis Pg. No. 560

Budget Pg. No. 2-31

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 923,239	\$ 932,443	\$ (10,000)
General Fees Fund	2,171,888	2,126,303	0
Subtotal	<u>\$ 3,095,127</u>	<u>\$ 3,058,746</u>	<u>\$ (10,000)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 116,727	\$ --
State Inst. Bldg. Fund	184,981	102,000	--
Subtotal	<u>\$ 184,981</u>	<u>\$ 218,727</u>	<u>\$ --</u>
 TOTAL	 <u>\$ 3,280,108</u>	 <u>\$ 3,277,473</u>	 <u>\$ (10,000)</u>

FTE Positions

135.8

135.8

--

Agency Estimate/Governor's Recommendation

The agency's FY 1988 estimate for operating expenditures of \$3,095,127 is as authorized by the 1987 Legislature. No supplemental funding or significant change to the approved budget is proposed.

The Governor recommends an operating budget of \$3,058,746 in FY 1988, a reduction of \$36,381 from the approved estimate. Reductions are reflected in communications, utilities and food. The FY 1988 recommendation includes additional funds for salaries and wages for the registered nurse (RN) salary upgrade (\$3,096) and adjustment to fringe benefit rates. The FY 1988 recommendation also includes capital outlay expenditures of \$40,500, an increase of \$21,600 over the agency's FY 1988 estimate. In addition, the Governor recommends that two capital improvement projects totaling \$116,727 requested from the State Institutions Building Fund for FY 1989 be funded from the State General Fund in FY 1988. The Governor's recommendation for financing of the operating budget reflects a State General Fund supplemental appropriation of \$7,062 and a decrease in expenditures from the Fee Fund of \$45,585 in FY 1988.

House Subcommittee Recommendation

FY 1988. The House Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. The Subcommittee recommends the reduction of \$10,000 from salaries and wages in FY 1988 because the agency has been unable to fill a Medical Records Technician position which was approved by the 1987 Legislature. The Subcommittee notes that the position was approved because the agency's medical records

had been cited as deficient in surveys by the Kansas Department of Health and Environment and the Veterans Administration. The Subcommittee joins the agency's concern over the inability to find a qualified applicant to fill the position and understands that the agency is considering contracting with a licensed medical records technician from a private hospital to consult with the medical records department. The Subcommittee encourages the agency to investigate all options, including using employees currently employed by the state. For example, the Subcommittee learned that Larned State Hospital currently has two licensed medical record technicians. The Subcommittee believes that they may be able to provide temporary assistance until the agency is able to recruit or train their own licensed medical record technician.

2. The Subcommittee wishes to note that although we concur with the Governor's recommendation to shift from the agency's FY 1989 capital outlay request a tractor (\$20,000), the Subcommittee is concerned that \$20,000 may not be adequate to purchase a new, reliable tractor to meet the needs of the Soldiers Home. The Subcommittee directs the agency to review the replacement costs and explore the possibility of purchasing a used tractor.
3. The Subcommittee recommends that the expenditure limitation of the Soldiers' Home fee fund be reduced from \$2,171,888 to \$2,126,303 to accurately reflect the recommendation of the Governor.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole

The House Committee of the Whole concurs with the recommendations of the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ (10,000)	\$ 922,443	\$ --
General Fees Fund	--	2,126,303	--
Subtotal	<u>\$ (10,000)</u>	<u>\$ 3,048,746</u>	<u>\$ --</u>
Capital Improvements:			
State General Fund	\$ --	\$ 116,727	\$ (116,727)
State Inst. Bldg. Fund	--	102,000	--
Subtotal	<u>\$ --</u>	<u>\$ 218,727</u>	<u>\$ (116,727)</u>
TOTAL	<u>\$ (10,000)</u>	<u>\$ 3,267,473</u>	<u>\$ (116,727)</u>
FTE Positions	--	135.8	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation with the following adjustment:

1. Delete \$116,727 for two capital improvement projects (replace and repair streets -- \$108,927; raze 13 cottages -- \$7,800) recommended for FY 1988 from the State General Fund and add \$116,727 for the two projects in FY 1989 from the State Institutions Building Fund.

SUBCOMMITTEE REPORT

Agency: Kansas Soldiers Home

Bill No. 2808

Bill Sec. 15

Analyst: Duffy

Analysis Pg. No. 560

Budget Pg. No. 2-31

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,046,969	\$ 1,093,870	\$ (35,000)
General Fees Fund	2,133,048	2,188,887	--
Subtotal	<u>\$ 3,180,017</u>	<u>\$ 3,282,757</u>	<u>\$ (35,000)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ --
State Inst. Bldg. Fund	186,727	20,000	--
Subtotal	<u>\$ 186,727</u>	<u>\$ 20,000</u>	<u>\$ --</u>
TOTAL	<u>\$ 3,366,744</u>	<u>\$ 3,302,757</u>	<u>\$ (35,000)</u>
FTE Positions	135.8	135.8	--

Agency Estimate/Governor's Recommendation

The agency requests a total of \$3,366,744 for expenditures in FY 1989, a 2.6 percent increase over the total expenditures approved for FY 1988. The agency requests funding for the existing 135.8 FTE positions and proposes no major changes in the operation of the Soldiers Home.

The Governor recommends an FY 1989 operating budget of \$3,282,757, an increase of \$224,011 (7.3 percent) over the FY 1988 recommendation. The FY 1989 recommendation include additional funds for the salary upgrade for RNs (\$10,180), a 4 percent increase for classified employees (\$86,831), a 5.8 percent merit pool for unclassified employees (\$2,436), and adjustment to fringe benefit rates. The Governor recommends \$2,600 for capital outlay items, a reduction of \$21,600 from the agency's request. A tractor and mimeograph machine were shifted from FY 1989 and recommended for FY 1988. The Governor's recommendation for FY 1989 financing includes \$1,093,870 from the State General Fund, an increase of \$46,901 over the agency's request and \$2,188,887 from the fee fund, an increase of \$55,839 from the \$2,133,048 requested by the Soldiers Home.

House Subcommittee Recommendation

FY 1989. The House Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. The Subcommittee recommends the reduction of \$30,000 from utilities for total FY 1989 utility expenditures of \$270,000.

2. The Subcommittee recommends the reduction of \$5,000 from salaries and wages for temporary employees for total expenditures of \$37,416 for temporary employees.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole

The House Committee of the Whole concurs with the recommendation of the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 89</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ (35,000)	\$ 1,058,870	\$ --
General Fee Fund	--	2,188,887	--
Subtotal	<u>\$ (35,000)</u>	<u>\$ 3,247,757</u>	<u>\$ --</u>
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
State Institutions			
Building Fund	--	20,000	116,727
Subtotal	<u>\$ --</u>	<u>\$ 20,000</u>	<u>\$ 116,727</u>
TOTAL	<u>\$ (35,000)</u>	<u>\$ 3,267,757</u>	<u>\$ 116,727</u>
 FTE Positions	 --	 135.8	 --

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation with the following adjustments:

1. Amend the appropriation bill (H.B. 2808) to reflect the re-appropriation of \$20,000 for major maintenance and repairs from FY 1988 to FY 1989.
2. Add \$116,727 from the State Institutions Building Fund for two capital improvement projects totaling \$116,727 (replace and repair streets -- \$108,927; raze 13 cottages -- \$7,800).

SUBCOMMITTEE REPORT

Agency: State Treasurer

Bill No. 2796

Bill Sec. 11

Analyst: Mills

Analysis Pg. No. 566

Budget Pg. No. 1-187

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,693,289	\$ 1,694,565	\$ --
Aid to Local Units	60,474,071	60,692,808	--
Debt Service	661,810	661,810	--
Total	\$ 62,829,170	\$ 63,049,183	\$ --
State General Fund:			
State Operations	\$ 1,658,289	\$ 1,659,565	\$ --
Aid to Local Units	52,844,061	53,062,798	--
Total	\$ 54,502,350	\$ 54,722,363	\$ --
FTE Positions	52.0	52.0	--

Agency Estimate/Governor's Recommendation

FY 1988. The revised FY 1988 expenditure estimates submitted by the agency total \$1,693,289 for state operations, exclusive of debt service, and \$661,810 for debt service. This revised estimate equals the amount approved by the 1987 Legislature and maintains the staffing level of 52.0 FTE positions.

The Governor recommends an FY 1988 state operations expenditure of \$1,694,565, of which \$35,000 is from the Unclaimed Property Contract Fund. The amount recommended is an increase of \$1,276 over the agency estimate, all of which is attributable to revised calculations for FICA and group health insurance. The Governor recommends an FY 1988 supplemental appropriation of \$1,276 for the revised salary recommendation. The Governor concurs with the estimate for debt service of \$661,810.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1988.

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation for FY 1988.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the House Committee recommendation for FY 1988.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 88</u>	<u>Senate Sub. Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 1,694,565	\$ --
Aid to Local Units	--	60,692,808	--
Debt Service	--	661,810	--
Total	<u>\$ --</u>	<u>\$ 63,049,183</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ --	\$ 1,659,565	\$ --
Aid to Local Units	--	53,062,798	--
Total	<u>\$ --</u>	<u>\$ 54,722,363</u>	<u>\$ --</u>
FTE Positions	--	52.0	--

The Senate Subcommittee concurs with the House recommendation for FY 1988.

2796-670/RM

SUBCOMMITTEE REPORT

Agency: State Treasurer

Bill No. 2808

Bill Sec. 16

Analyst: Mills

Analysis Pg. No. 566

Budget Pg. No. 1-187

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89 As Amended</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,796,384	\$ 1,789,121	\$ --
Aid to Local Units	65,528,000	66,047,000	--
Debt Service	680,591	680,591	--
Total	<u>\$ 68,004,975</u>	<u>\$ 68,516,712</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 1,761,384	\$ 1,747,621	\$ --
Aid to Local Units	57,828,000	58,347,000	--
Total	<u>\$ 59,589,384</u>	<u>\$ 60,094,621</u>	<u>\$ --</u>
FTE Positions	54.0	52.0	--

Agency Estimate/Governor's Recommendation

The agency requests FY 1989 expenditures for state operations of \$1,796,384, exclusive of debt service. Of the total request, \$1,761,384 is from the State General Fund and \$35,000 is from the Unclaimed Property Contract Fund. The request represents an increase in State General Fund expenditures of \$103,095 or 6.2 percent over the FY 1988 estimate of \$1,658,289. The request would increase the current level of staffing from the 52.0 FTE positions authorized for FY 1988 to 54.0 positions, an increase of 2.0 FTE positions. The two new positions are in the Bond Registration subprogram: one Financial Securities Officer I (\$15,228) and one Office Assistant II (\$13,140). The FY 1989 request also includes funding for overtime payments and seasonal help (\$16,040); for two three-year insurance policies covering money and securities in the Treasurer's safekeeping and vault contents (\$15,035); for the Treasurer's share of the state's assessment for the funding of the Governmental Accounting Standards Board (\$5,536); for three independent valuations of municipal securities pledged to the Treasurer (\$9,000); for an intercom system for the various departments in the office (\$2,000); and for lease payments on existing computer hardware (\$14,977) and a new memory upgrade, terminal, and printer (\$3,400 for a three-year lease-purchase arrangement totaling \$10,200). The agency's FY 1989 budget request estimates university debt service at \$680,591.

The Governor recommends FY 1989 expenditures of \$1,789,121 for state operations, which is composed of \$1,747,621 from the State General Fund, \$35,000 from the Unclaimed Property Contract Fund, and \$6,500 from the Bond Registration Fee Fund. The Governor's recommendation would fund the 52.0 FTE positions currently authorized. The Governor's recommendation for FY 1989 includes funding for 4 percent salary increases for classified employees (\$30,727) and a 5.8 percent merit pool for unclassified employees (\$21,200); for renewal of two insurance contracts which cover money and securities in the Treasurer's safekeeping (\$15,035); for three independent valuations of municipal securities

pledged to the Treasurer (\$9,000); and for lease payments on existing computer hardware (\$14,977), and for the purchase of hardware to increase the processing memory of the Treasurer's computer (\$6,500).

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1989, with the following additional recommendations:

1. The House Subcommittee recommends that the agency utilize additional cross-training of Bond Registration and other staff and more use of "floating" staff in order that new staff positions will not be needed in FY 1989.
2. The House Subcommittee notes that the Bond Registration Fee Fund was abolished by legislative action several years ago. However, no provision was made for the disposition of the fund's balance (\$18,598). The Governor's recommendation for FY 1989 proposes to expend \$6,500 of the balance for the requested computer memory upgrade and to transfer the remaining balance (\$12,098) to the State General Fund. The Subcommittee concurs with the Governor's recommendation and recommends that appropriate transfer language be placed in H.B. 2808.

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation for FY 1989.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the House Committee recommendation for FY 1989.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 89</u>	<u>Senate Sub. Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 1,789,121	\$ --
Aid to Local Units	--	66,047,000	--
Debt Service	--	680,591	--
Total	<u>\$ --</u>	<u>\$ 68,516,712</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ --	\$ 1,747,621	\$ --
Aid to Local Units	--	58,347,000	--
Total	<u>\$ --</u>	<u>\$ 60,094,621</u>	<u>\$ --</u>
FTE Positions	--	52.0	--

The Senate Subcommittee concurs with the House recommendation for FY 1989.

2808-670/RM

SUBCOMMITTEE REPORT

Agency: Kansas Commission on the
Bicentennial of the United States

Bill No. 2808

Bill Sec. 17

Analyst: Holt

Analysis Pg. No. --

Budget Pg. No. --

Agency Estimate/Governor's Recommendation

No agency request or Governor's recommendation has been submitted for FY 1989 expenditures.

House Subcommittee Recommendation

The House Subcommittee notes that Section 17 of 1988 H.B. 2808 includes two no-limit funds for the Kansas Commission on the Bicentennial of the United States Constitution and recommends no adjustments to that section of the bill.

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation for FY 1989.

Senate Subcommittee Recommendation

The Senate Subcommittee recommends that any unexpended portion of \$50,000 in supplemental State General Fund expenditures already recommended by the Senate and included in 1988 S.B. 571 (Senate supplemental bill) be re-appropriated in 1989, provided that the unencumbered balance from that Fund exceeds \$100.

SUBCOMMITTEE REPORT

Agency: Kansas, Inc.

Bill No. 2808

Bill Sec. 18

Analyst: West

Analysis Pg. No. 576

Budget Pg. No. 1-145

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds	\$ 456,252	\$ 437,700	\$ (15)
State General Funds	304,168	291,770	--

Agency Request/Governor's Recommendation

Kansas, Inc. requests an FY 1989 budget of \$456,252 including \$304,168 from the State General Fund, an increase of \$18,627 from the current year estimate. The corporation reports that one-third of the FY 1989 budget would be financed from nonstate sources as mandated by K.S.A. 1987 Supp. 74-8009. The Governor recommends an FY 1989 budget of \$437,700 including \$291,770 from the State General Fund, a slight increase from the current year recommendation.

House Subcommittee Recommendation

FY 1989. The House Subcommittee concurs with the budget as recommended by the Governor, with the following adjustments:

1. Add \$570 for a technical adjustment to office rents.
2. Deduct \$4,779 from travel and subsistence associated with misplaced per diem payments for Board members.
3. Add \$5,178 to salaries and wages for per diem payments and fringe benefits.
4. Deduct \$26,293 from salaries and wages associated with a lower salary for the new president and fringe benefit savings.
5. The Subcommittee notes that solicitation of private sector funding for the agency would be easier if the contributors knew that their contributions were supporting research activities instead of rent and salaries. The Subcommittee recommends that State General Fund appropriations be first applied to salaries and wages, then nonresearch other operating expenses, and the balance to research if funding remains.
6. The Subcommittee recommends that the State General Fund savings identified in this report be added to contractual research after the nonresearch budget has been financed. This would allow for an increase in contractual research of \$25,269 to \$188,934.

7. Decrease total expenditures by \$15 to restore the financing to the two to one state/private match mandated by K.S.A. 1987 Supp. 74-8009.
8. Decrease the FY 1989 State General Fund appropriation by \$15,188 to reflect the reappropriation of savings from FY 1988.

House Committee Recommendation

The House Committee concurs with the budget as submitted by the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the budget as submitted by the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 89</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
All Funds	\$ (15)	\$ 437,685	\$ 74,970
State General Fund	--	291,770	--
Economic Development Initiative Fund	--	--	75,000

Senate Subcommittee Recommendation

FY 1989. The Senate Subcommittee concurs with the budget as submitted by the House, with the following adjustments:

1. Add \$75,000 from the EDIF for special studies, with the addition of a proviso that this expenditure not be subject to the two-to-one state/private matching requirements. The EDIF funding should be transferred to Kansas, Inc. on October 1, 1988.
2. Reduce total expenditures by \$30 for a technical adjustment.
3. The Subcommittee recommends that Kansas, Inc. consider reviews of the JTPA and CDBG programs as economic development tools. The Subcommittee would bring to the attention of Kansas, Inc. the recommendation in the Senate Subcommittee report on the Department of Human Resources regarding coordination of the JTPA and KIT programs.
4. The Subcommittee notes that S.B. 739 has been introduced which would allow for "in kind" contributions to be counted towards the private sector match required for Kansas, Inc. The Subcommittee

notes that passage of this bill would help with the problems currently encountered in raising matching funds for Kansas, Inc.

SUBCOMMITTEE REPORT

Agency: Kansas, Inc.

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 576

Budget Pg. No. 1-145

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds	\$ 437,625	\$ 437,625	\$ (22,782)
State General Fund	291,750	291,720	(15,158)

Agency Estimate/Governor's Recommendation

The FY 1988 budget estimate for Kansas, Inc. is \$437,625 including \$291,750 from the State General Fund, an amount unchanged from the budget approved by the 1987 Legislature. Kansas, Inc. reports that revisions in the estimated expenditures for several items have been made in order to more accurately reflect anticipated expenses in the current year. Major revisions include an increase in the cost of office rent (\$12,553) and decreases in contractual research (\$9,653), travel and subsistence (\$6,000), and printing expenses (\$5,500). Net other revisions increase total expenditures by \$8,600.

The Governor recommends an FY 1988 budget of \$436,625. Salary expenses are increased by \$2,984 to reflect revised fringe benefit and health insurance rates with an offsetting decrease in contractual research.

House Subcommittee Recommendation

FY 1988. The House Subcommittee concurs with the budget as recommended by the Governor, with the following adjustments:

1. Add \$142 for a technical adjustment for office rents.
2. Add \$5,171 for per diem compensation and fringe benefits for Board members which was misidentified as travel and subsistence expenses.
3. Deduct \$4,779 from travel and subsistence associated with misidentified per diem payments.
4. Deduct \$23,316 from salaries and wages for additional turnover savings generated by the change in Kansas, Inc.'s president.

5. The Subcommittee recommends that the State General Fund savings be reappropriated to FY 1989 and be utilized to partially finance that year.

House Committee Recommendation

The House Committee concurs with the budget as submitted by the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the budget as submitted by the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
All Funds	\$ (22,782)	\$ 414,843	\$ --
State General Fund	(15,158)	276,562	--

Senate Subcommittee Recommendation

FY 1988. The Senate Subcommittee concurs with the budget as recommended by the House.

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corporation

Bill No. 2796

Bill Sec. 9

Analyst: West

Analysis Pg. No. 579

Budget Pg. No. 1-157

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 192,334	\$ 216,333	\$ 8,358
Other Assistance	<u>3,500,401</u>	<u>3,480,013</u>	<u>(374,612)</u>
TOTAL	<u>\$ 3,692,735</u>	<u>\$ 3,696,346</u>	<u>\$ (366,254)</u>
State General Fund			
State Operations	\$ 192,334	\$ 216,333	\$ 8,358
Other Assistance	<u>1,350,401</u>	<u>1,330,013</u>	<u>(329,612)</u>
TOTAL	<u>\$ 1,542,735</u>	<u>\$ 1,546,346</u>	<u>\$ (321,254)</u>
Economic Development Initiatives Fund:			
Other Assistance	\$ 2,150,000	\$ 2,150,000	\$ (45,000)

Agency Request/Governor's Recommendation

FY 1988. The Kansas Technology Enterprise Corporation (KTEC) estimates FY 1988 expenditures to be \$3,692,735 including \$1,542,735 from the State General Fund and \$2,150,000 from the Economic Development Initiatives Fund (EDIF). The Governor recommends an FY 1988 budget of \$3,696,346 including \$1,546,346 from the State General Fund and \$2,150,000 from the EDIF.

State Operations. The FY 1988 estimate for state operations of \$192,334 is unchanged from the amount approved by the 1987 Legislature. Internal shifts within the state operations budget include an increase of \$15,099 for the salary of an office assistant which is financed by reductions in several categories of contractual services. Subsequent to the receipt of the KTEC's budget, the Corporation submitted a request for a supplemental State General Fund appropriation of \$120,000. The request would provide \$20,388 to finance an anticipated shortfall in the current year operations, \$39,804 to relocate the Corporation's office and purchase computing equipment, and \$59,808 to finance the start-up costs associated with the Corporation's seed capital program and implementation of the industrial liaison, marketing, and technical referral activities. The Corporation proposes to finance the supplemental appropriation with an offsetting lapse of \$120,000 from the funds available for the Small Business Innovation Research (SBIR) Matching Grant program. The Governor recommends an FY 1988 state operations budget of \$216,333, an increase of \$23,999 from the Corporation's estimate. At the request of the Corporation, the Governor issued an executive directive which transferred \$20,338 from the funds available for the SBIR Matching Grant program to state operations in order to finance an anticipated shortfall in the current year operations. In addition, the Governor recommends a supplemental State General Fund appropriation of \$3,611 to fund increased health insurance costs and revised fringe benefits.

Other Assistance. The FY 1988 estimate for other assistance totals \$3,500,401 including \$1,350,401 from the State General Fund and \$2,150,000 from the EDIF. The State General Fund estimate reflects the reappropriation of \$795,401 for projects approved under the Research Matching Grant program, which are awaiting the required private sector match and \$100,000 associated with the SBIR Matching Grant program. Including reappropriations, the FY 1988 budget estimate provides \$1,100,401 from the State General Fund for the Research Matching Grant program and \$250,000 for the SBIR Matching Grant program. Additional funding for the Research Matching Grant program is provided through the EDIF in the current year. Subsequent to the submission of KTEC's budget, the Corporation proposed a lapse of \$120,000 from the SBIR Matching Grant program in order to finance a supplemental funding request for state operations. The Governor's recommendation for other assistance of \$3,480,013 reflects the transfer of \$20,388 from the SBIR Matching Grant program to state operations. The Governor otherwise concurs with the Corporation's current year estimate.

House Subcommittee Recommendation

The House Subcommittee concurs with the budget as recommended by the Governor, with the following adjustments:

1. Add \$2,000 from the State General Fund for official hospitality and modify the Corporation's line item to permit the purchase of meals.
2. Add \$3,358 from the State General Fund for travel and subsistence.
3. Add \$3,000 from the State General Fund for communications.
4. Reduce funding available in FY 1988 for the Small Business Innovation Research Matching Grant program to \$150,000. Of the \$79,612 thus released, the Subcommittee recommends that \$11,969 be lapsed in order to finance the State General Fund supplements recommended for the Corporation. The Subcommittee recommends that the balance be transferred to state operations and be reappropriated to finance FY 1989 state operations.
5. Lapse \$250,000 from the State General Fund portion of the Advanced Technology Research Matching Grant program and replace it with \$250,000 from the Economic Development Initiatives Fund (EDIF).

6. The Subcommittee recommends that the agency not spend the \$295,000 from the EDIF available for equipment grants in the current year and instead make those funds available in FY 1989.

House Committee Recommendations

The House Committee concurs with the budget as submitted by the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the budget as submitted by the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 8,358	\$ 224,691	\$ --
Other Assistance	(374,612)	3,105,401	--
TOTAL	<u>\$ (366,254)</u>	<u>\$ 3,330,092</u>	<u>\$ --</u>
State General Fund			
State Operations	\$ 8,358	\$ 224,691	\$ --
Other Assistance	(329,612)	1,000,401	--
TOTAL	<u>\$ (321,254)</u>	<u>\$ 1,225,092</u>	<u>\$ --</u>
Economic Development Initiatives Fund:			
Other Assistance	\$ (45,000)	\$ 2,105,000	\$ --

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the budget as submitted by the House Committee, with the following comment:

1. The Subcommittee does not believe it appropriate to fund KOOD -- Public Television from the EDIF. The Subcommittee recommends that the full Committee consider an amendment to H.B. 2796 to delete this funding.

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corporation

Bill No. 2808

Bill Sec. 19

Analyst: West

Analysis Pg. No. 579

Budget Pg. No. 1-157

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 849,189	\$ 204,119	\$ 167,499
Other Assistance	8,750,000	2,280,000	1,320,000
Total	<u>\$ 9,599,189</u>	<u>\$ 2,484,119</u>	<u>\$ 1,487,499</u>
State General Fund:			
State Operations	\$ 849,189	\$ --	\$ 371,618
Other Assistance	2,500,000	--	--
Total	<u>\$ 3,349,189</u>	<u>\$ --</u>	<u>\$ 371,618</u>
Economic Development Initiatives Fund:			
State Operations	\$ --	\$ 204,119	\$ (204,119)
Other Assistance	6,250,000	2,280,000	1,320,000
Total	<u>\$ 6,250,000</u>	<u>\$ 2,484,119</u>	<u>\$ 1,115,881</u>

FTE Positions

Agency Request/Governor's Recommendation

State Operations. The Corporation's FY 1989 state operations request of \$849,189 from the State General Fund includes \$256,528 for seven additional employees, \$230,000 for a major promotion effort advertising the Corporation's services and programs, and funding to move the Corporation's office from its current location within the Department of Commerce. The Governor recommends an FY 1989 state operations budget of \$204,119 from the Economic Development Initiatives Fund (EDIF), which continues KTEC at the current level of activity.

Other Assistance. The Corporation's FY 1989 request of \$8,750,000 for other assistance provides for increased funding for several programs. The State General Fund request of \$2,500,000 would provide funding for two programs which started prior to FY 1988, the Research Matching Grant program (\$2,000,000) and the SBIR Matching Grant program (\$500,000). The \$6,250,000 requested from the EDIF would provide increased funding for programs scheduled to start in FY 1988, including \$1,250,000 for additional support for the Centers of Excellence, \$1,500,000 for the Seed Capital Investment Fund, \$500,000 to develop innovation centers, and \$3,000,000 for research equipment grants. The Governor recommends \$2,280,000 from the EDIF for other assistance in FY 1989.

House Subcommittee Recommendation

FY 1989. The House Subcommittee concurs with the budget as recommended by the Governor, with the following adjustments:

1. Shift financing for state operations expenditures totaling \$204,119 from the EDIF to the State General Fund.
2. Add \$23,673 from the State General Fund for promotional expenses.
3. Add \$15,000 from the State General Fund for legal fees, consulting services, external peer review, and an annual financial audit. The Subcommittee recommends that the Corporation explore the use of the financial auditing services of the Division of Post Audit if those services would appear to be more cost effective.
4. The Subcommittee recommends that KTEC, the Department of Commerce, and Kansas, Inc., review their office space requirements for both FY 1989 and for the period three to five years in the future to determine the need or desirability to relocate all or part of agency functions to other office space and report back to the 1988 Legislature.
5. Add \$12,400 from the State General Fund for travel and subsistence expenses.
6. Add \$11,000 from the State General Fund for support of the annual Technology Exposition and monthly technical seminars.
7. Add \$7,229 from the State General Fund for communication expenses.
8. Add \$4,600 from the State General Fund for office supplies. The Subcommittee notes that the resulting budget of \$5,000 is \$500 below actual FY 1987 expenditures.
9. Add \$10,000 from the State General Fund for office furniture and computer equipment. The Subcommittee recommends that the Corporation review available technologies to determine if more cost effective equipment is available. The Subcommittee also recommends that any computer systems purchased be compatible with other systems being purchased by economic development agencies.
10. Add \$83,597 from the State General Fund to finance the hiring of a fund manager and to upgrade the Clerk Typist position to Executive Secretary.
11. Add reappropriation language to the state operations line item to permit the use of \$67,643 in FY 1988 savings to partially finance

the FY 1989 recommendations. Also add language to allow the expenditure of state operations funds for official hospitality.

12. The Subcommittee notes that funding for per diem compensation may be required for the FY 1989 budget. The Corporation requested \$32,000 for committee expenses, but did not provide a breakdown of what those funds would be used for. The Subcommittee recommends that the Senate Ways and Means Subcommittee review the need for additional funding for per diem compensation.
13. Add \$390,000 from the EDIF for the Research Matching Grant program. In addition, add language to permit the reappropriation of unexpended FY 1988 funds for the program.
14. Add \$150,000 from the EDIF for the Small Business Innovation Research (SBIR) Grants program.
15. The Subcommittee notes that KTEC is in the process of establishing criteria for the creation and development of centers of excellence and centers for advanced technology.
16. Add \$110,000 from the EDIF for the Research Equipment Grant program. In addition, add language to permit the reappropriation of unexpended FY 1988 funds for this program. The Subcommittee notes that total FY 1989 funding for the program is recommended at \$700,000 when the FY 1988 recommendation is considered.
17. Add \$250,000 from the EDIF for the Seed Capital Fund. In addition, add language to permit the reappropriation of uninvested FY 1988 funds.
18. Add \$125,000 from the EDIF for innovation centers. In addition, add language to permit the reappropriation of unencumbered FY 1988 funds.
19. The Subcommittee recommends that EDIF funding for KTEC be transferred to the corporation in equal quarterly installments.

House Committee Recommendation

The House Committee concurs with the budget as submitted by the Subcommittee.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the budget as submitted by the Subcommittee.

<u>Expenditure Summary</u>	<u>House Adj. FY 89</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 167,499	\$ 371,618	\$ 221,882
Other Assistance	<u>1,320,000</u>	<u>3,600,000</u>	<u>1,845,000</u>
TOTAL	<u>\$ 1,487,499</u>	<u>\$ 3,971,618</u>	<u>\$ 2,066,882</u>
State General Fund:			
State Operations	\$ 371,618	\$ 371,618	\$ (146,927)
Other Assistance	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL	<u>371,618</u>	<u>371,618</u>	<u>\$ (146,927)</u>
Economic Development Initiatives Fund:			
State Operations	\$ (204,119)	\$ --	\$ 368,809
Other Assistance	<u>1,320,000</u>	<u>3,600,000</u>	<u>1,845,000</u>
TOTAL	<u>\$ 1,115,881</u>	<u>\$ 3,600,000</u>	<u>\$ 2,213,809</u>

Senate Subcommittee Recommendation

FY 1989. The Senate Subcommittee concurs with the budget as submitted by the House, with the following adjustments:

1. Add \$97,666 for salaries and wages for an Editor-Publisher, an Investment Analyst, and a Marketing Specialist positions.
2. Add \$32,000 for Board of Director and Committee expenses.
3. Add \$12,000 for communications.
4. Add \$25,000 for printing and advertising expenses.
5. Add \$10,216 for rents in order to allow KTEC to move to different office space.
6. Add \$15,000 for professional fees.
7. Add \$30,000 for capital outlay.
8. The Subcommittee recommends that State General Fund financing for state operations be reduced to the same level as is currently recommended for FY 1988. The Subcommittee recommends that State General Fund expenditures be reduced by \$146,927 and that the balance of the state operations recommendation (\$368,809) be funded by the EDIF. The Subcommittee further recommends that KTEC reserve the state operations EDIF funding for the entire year from the first quarter transfer.
9. Add \$250,000 from the EDIF for the Research Matching Grants program.

10. Add \$295,000 from the EDIF for the Research Equipment Grants program.
11. Add \$250,000 from the EDIF for Seed Capital investments.
12. Add \$150,000 from the EDIF for an Industrial Liaison program.
13. Add \$250,000 from the EDIF for a program to provide grants to community colleges and vocational education schools for business training equipment directly related to economic development and job creation.
14. Delete \$250,000 from the EDIF associated with Incubator grants. The Subcommittee was informed that KTEC intends to support businesses which might locate in an incubator facility through investments from the Seed Capital Fund.
15. Add \$300,000 for special projects which would enhance economic development but do not come under any of KTEC's already established programs.
16. Add \$600,000 from the EDIF for Centers of Excellence. This recommendation provides a total of \$1,200,000 for Centers of Excellence in KTEC's budget. The Subcommittee recommends that a portion of these funds be made available to establish new Centers of Excellence which are created by the 1988 Legislature or which meet KTEC's criteria as a Center of Excellence. The Subcommittee notes that this funding could be used to finance the value-added food processing center created by S.B. 599 and recommends that the section of that bill dealing with appropriations be stricken. The Subcommittee has conferred with the sponsor of S.B. 599 who supports this method of funding. The Subcommittee also recommends that the full Ways and Means Committee consider an amendment to H.B. 2794 to remove the matching fund requirement from the appropriations for the Centers of Excellence.
17. The Subcommittee on General Government appropriations recommends that, due to the number of agencies and issues now involved in the bill, consideration be given in future years to dividing the bill between two or more Subcommittees. Such a division perhaps could be made between EDIF and non-EDIF agencies.
18. The Subcommittee recommends that EDIF funding for KTEC be transferred in equal quarterly installments with the exception of the first quarter transfer. One-half of the first quarter transfer should occur on July 1, 1988, with the second half to occur on July 1, 1988 or as soon thereafter as funds are available.

19. Attachment I provides a comparison of the Governor's recommendation and legislative recommendations for EDIF expenditures as of March 24, 1988, including this Subcommittee report.

ECONOMIC DEVELOPMENT INITIATIVES FUND

<u>Bill</u> <u>No.</u>	-	Gov. Rec. <u>FY 1989</u>	Legislative <u>Rec. (3/24/88)</u>
	Anticipated Revenues	\$ 15,120,000	\$ 15,120,000
	Carry Forward Balance	<u>1,610,300</u>	<u>1,360,300</u>
	Total Available Resources	<u>\$ 16,730,300</u>	<u>\$ 16,480,300</u>
	<u>Recommended Expenditures</u>		
2733	Wellington Multipurpose Small Lake	\$ 917,482	\$ --
550	Cedar Bluff Reservoir	365,418	365,418
2733	Centralia Site 50 Multipurpose Small Lake	240,000	--
550	Hillsdale Reservoir	700,000	700,000
572	Saltwater Contamination Clean-Up	1,250,000	1,250,000
550	Wetlands Purchase	27,094	27,094
572	Galena Clean-Up	<u>500,000</u>	<u>500,000</u>
	Subtotal -- Natural Resources	<u>\$ 3,999,994</u>	<u>\$ 2,842,512</u>
2808	Kansas Technology Enterprise Corporation		
	Research Matching Grants	\$ 610,000	\$ 1,250,000
	Business Innovative Research Grants	150,000	300,000
	Research Equipment Grants	295,000	700,000
	Centers of Excellence	600,000	1,200,000
	Seed Capital	500,000	1,000,000
	Incubators	125,000	--
	Operations	204,119	368,809
			Special Projects
300,000	Industry Liaison	--	150,000
	Training Equipment Grants	--	<u>250,000</u>
	Subtotal -- KTEC	<u>\$ 2,484,119</u>	<u>\$ 5,518,809</u>
2808	Commerce		
	Small Business Development Centers	\$ 75,000	\$ 100,000
	Certified Development Companies	75,000	100,000
	Development Company/Center Support	7,550	--
	Kansas Industrial Training	500,000	1,200,000
	Film Commission	31,000	69,082
	Computerization	66,434	93,245
	Video Equipment	44,899	--
	Infrastructure Loan Program	5,500,000	4,500,000
	Main Street Program Expansion	75,000	75,000
	Education Awards	50,000	50,000
	Tourism	100,000	185,000
	Small Business Incubators	<u>80,000</u>	--
	Subtotal -- Commerce	<u>\$ 6,604,883</u>	<u>\$ 6,372,327</u>
	Public Broadcasting		
	KOOD Television -- Lakin*	\$ 300,000	\$ 300,000
2733	Agriculture		
	Arkansas River Study	\$ 25,000	\$ 25,000
	Marketing Program Expansion	<u>178,696</u>	<u>178,696</u>
	Subtotal -- Agriculture	<u>\$ 203,696</u>	<u>\$ 203,696</u>
2721	Racing Commission Operations	\$ 280,000	\$ 280,000
2808	Arts	\$ 50,000	\$ 450,000
2808	Special Studies -- Kansas, Inc.	\$ --	\$ 75,000
	TOTAL EXPENDITURES	<u>\$ 13,922,692</u>	<u>\$ 16,042,344</u>
	Ending Balance	<u>\$ 2,807,608</u>	<u>\$ 437,956</u>

* Appropriated by the 1987 Legislature.

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corporation

Bill No. 2808

Bill Sec. 19

Analyst: West-

Analysis Pg. No. 579

Budget Pg. No. 1-157

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 849,189	\$ 204,119	\$ 167,499
Other Assistance	8,750,000	2,280,000	1,320,000
Total	\$ 9,599,189	\$ 2,484,119	\$ 1,487,499
State General Fund:			
State Operations	\$ 849,189	\$ --	\$ 371,618
Other Assistance	2,500,000	--	--
Total	\$ 3,349,189	\$ --	\$ 371,618
Economic Development Initiatives Fund:			
State Operations	\$ --	\$ 204,119	\$ (204,119)
Other Assistance	6,250,000	2,280,000	1,320,000
Total	\$ 6,250,000	\$ 2,484,119	\$ 1,115,881

FTE Positions

Agency Request Governor's Recommendation

State Operations. The Corporation's FY 1989 state operations request of \$849,189 from the State General Fund includes \$256,528 for seven additional employees, \$230,000 for a major promotion effort advertising the Corporation's services and programs, and funding to move the Corporation's office from its current location within the Department of Commerce. The Governor recommends an FY 1989 state operations budget of \$204,119 from the Economic Development Initiatives Fund (EDIF), which continues KTEC at the current level of activity.

Other Assistance. The Corporation's FY 1989 request of \$8,750,000 for other assistance provides for increased funding for several programs. The State General Fund request of \$2,500,000 would provide funding for two programs which started prior to FY 1988, the Research Matching Grant program (\$2,000,000) and the SBIR Matching Grant program (\$500,000). The \$6,250,000 requested from the EDIF would provide increased funding for programs scheduled to start in FY 1988, including \$1,250,000 for additional support for the Centers of Excellence, \$1,500,000 for the Seed Capital Investment Fund, \$500,000 to develop innovation centers, and \$3,000,000 for research equipment grants. The Governor recommends \$2,280,000 from the EDIF for other assistance in FY 1989.

House Subcommittee Recommendation

FY- 1989. The House Subcommittee concurs with the budget as recommended by the Governor, with the following adjustments:

1. Shift financing for state operations expenditures totaling \$204,119 from the EDIF to the State General Fund.
2. Add \$23,673 from the State General Fund for promotional expenses.
3. Add \$15,000 from the State General Fund for legal fees, consulting services, external peer review, and an annual financial audit. The Subcommittee recommends that the Corporation explore the use of the financial auditing services of the Division of Post Audit if those services would appear to be more cost effective.
4. The Subcommittee recommends that KTEC, the Department of Commerce, and Kansas, Inc., review their office space requirements for both FY 1989 and for the period three to five years in the future to determine the need or desirability to relocate all or part of agency functions to other office space and report back to the 1988 Legislature.
5. Add \$12,400 from the State General Fund for travel and subsistence expenses.
6. Add \$11,000 from the State General Fund for support of the annual Technology Exposition and monthly technical seminars.
7. Add \$7,229 from the State General Fund for communication expenses.
8. Add \$4,600 from the State General Fund for office supplies. The Subcommittee notes that the resulting budget of \$5,000 is \$500 below actual FY 1987 expenditures.
9. Add \$10,000 from the State General Fund for office furniture and computer equipment. The Subcommittee recommends that the Corporation review available technologies to determine if more cost effective equipment is available. The Subcommittee also recommends that any computer systems purchased be compatible with other systems being purchased by economic development agencies.
10. Add \$83,597 from the State General Fund to finance the hiring of a fund manager and to upgrade the Clerk Typist position to Executive Secretary.
11. Add reappropriation language to the state operations line item to permit the use of \$67,643 in FY 1988 savings to partially finance

the FY 1989 recommendations. Also add language to allow the expenditure of state operations funds for official hospitality.

12. The Subcommittee notes that funding for per diem compensation may be required for the FY 1989 budget. The Corporation requested \$32,000 for committee expenses, but did not provide a breakdown of what those funds would be used for. The Subcommittee recommends that the Senate Ways and Means Subcommittee review the need for additional funding for per diem compensation.
13. Add \$390,000 from the EDIF for the Research Matching Grant program. In addition, add language to permit the reappropriation of unexpended FY 1988 funds for the program.
14. Add \$150,000 from the EDIF for the Small Business Innovation Research (SBIR) Grants program.
15. The Subcommittee notes that KTEC is in the process of establishing criteria for the creation and development of centers of excellence and centers for advanced technology.
16. Add \$110,000 from the EDIF for the Research Equipment Grant program. In addition, add language to permit the reappropriation of unexpended FY 1988 funds for this program. The Subcommittee notes that total FY 1989 funding for the program is recommended at \$700,000 when the FY 1988 recommendation is considered.
17. Add \$250,000 from the EDIF for the Seed Capital Fund. In addition, add language to permit the reappropriation of uninvested FY 1988 funds.
18. Add \$125,000 from the EDIF for innovation centers. In addition, add language to permit the reappropriation of unencumbered FY 1988 funds.
19. The Subcommittee recommends that EDIF funding for KTEC be transferred to the corporation in equal quarterly installments.

House Committee Recommendation

The House Committee concurs with the budget as submitted by the Subcommittee.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the budget as submitted by the Subcommittee.

<u>Expenditure Summary</u>	<u>House Adj. FY 89</u>	<u>House Rec. FY 89</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 167,499	\$ 371,618	\$ 221,882
Other Assistance	<u>1,320,000</u>	<u>3,600,000</u>	<u>1,845,000</u>
TOTAL	<u>\$ 1,487,499</u>	<u>\$ 3,971,618</u>	<u>\$ 2,066,882</u>
State General Fund:			
State Operations	\$ 371,618	\$ 371,618	\$ (146,927)
Other Assistance	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL	<u>371,618</u>	<u>371,618</u>	<u>\$ (146,927)</u>
Economic Development Initiatives Fund:			
State Operations	\$ (204,119)	\$ --	\$ 368,809
Other Assistance	<u>1,320,000</u>	<u>3,600,000</u>	<u>1,845,000</u>
TOTAL	<u>\$ 1,115,881</u>	<u>\$ 3,600,000</u>	<u>\$ 2,213,809</u>

Senate Subcommittee Recommendation

FY 1989. The Senate Subcommittee concurs with the budget as submitted by the House, with the following adjustments:

1. Add \$97,666 for salaries and wages for an Editor-Publisher, an Investment Analyst, and a Marketing Specialist positions.
2. Add \$32,000 for Board of Director and Committee expenses.
3. Add \$12,000 for communications.
4. Add \$25,000 for printing and advertising expenses.
5. Add \$10,216 for rents in order to allow KTEC to move to different office space.
6. Add \$15,000 for professional fees.
7. Add \$30,000 for capital outlay.
8. The Subcommittee recommends that State General Fund financing for state operations be reduced to the same level as is currently recommended for FY 1988. The Subcommittee recommends that State General Fund expenditures be reduced by \$146,927 and that the balance of the state operations recommendation (\$368,809) be funded by the EDIF. The Subcommittee further recommends that KTEC reserve the state operations EDIF funding for the entire year from the first quarter transfer.
9. Add \$250,000 from the EDIF for the Research Matching Grants program.

10. Add \$295,000 from the EDIF for the Research Equipment Grants program.
11. Add \$250,000 from the EDIF for Seed Capital investments.
12. Add \$150,000 from the EDIF for an Industrial Liaison program.
13. Add \$250,000 from the EDIF for a program to provide grants to community colleges and vocational education schools for business training equipment directly related to economic development and job creation.
14. Delete \$250,000 from the EDIF associated with Incubator grants. The Subcommittee was informed that KTEC intends to support businesses which might locate in an incubator facility through investments from the Seed Capital Fund.
15. Add \$300,000 for special projects which would enhance economic development but do not come under any of KTEC's already established programs.
16. Add \$600,000 from the EDIF for Centers of Excellence. This recommendation provides a total of \$1,200,000 for Centers of Excellence in KTEC's budget. The Subcommittee recommends that a portion of these funds be made available to establish new Centers of Excellence which are created by the 1988 Legislature or which meet KTEC's criteria as a Center of Excellence. The Subcommittee notes that this funding could be used to finance the value-added food processing center created by S.B. 599 and recommends that the section of that bill dealing with appropriations be stricken. The Subcommittee has conferred with the sponsor of S.B. 599 who supports this method of funding. The Subcommittee also recommends that the full Ways and Means Committee consider an amendment to H.B. 2794 to remove the matching fund requirement from the appropriations for the Centers of Excellence.
17. The Subcommittee on General Government appropriations recommends that, due to the number of agencies and issues now involved in the bill, consideration be given in future years to dividing the bill between two or more Subcommittees. Such a division perhaps could be made between EDIF and non-EDIF agencies.
18. The Subcommittee recommends that EDIF funding for KTEC be transferred in equal quarterly installments with the exception of the first quarter transfer. One-half of the first quarter transfer should occur on July 1, 1988, with the second half to occur on July 1, 1988 or as soon thereafter as funds are available.

19. Attachment I provides a comparison of the Governor's recommendation and legislative recommendations for EDIF expenditures as of March 24, 1988, including this Subcommittee report.

ECONOMIC DEVELOPMENT INITIATIVES FUND

<u>Bill No.</u>		<u>Gov. Rec. FY 1989</u>	<u>Legislative Rec. (3/24/88)</u>
	Anticipated Revenues	\$ 15,120,000	\$ 15,120,000
	Carry Forward Balance	<u>1,610,300</u>	<u>1,360,300</u>
	Total Available Resources	<u>\$ 16,730,300</u>	<u>\$ 16,480,300</u>
	<u>Recommended Expenditures</u>		
2733	Wellington Multipurpose Small Lake	\$ 917,482	\$ --
550	Cedar Bluff Reservoir	365,418	365,418
2733	Centralia Site 50 Multipurpose Small Lake	240,000	--
550	Hillsdale Reservoir	700,000	700,000
572	Saltwater Contamination Clean-Up	1,250,000	1,250,000
550	Wetlands Purchase	27,094	27,094
572	Galena Clean-Up	<u>500,000</u>	<u>500,000</u>
	Subtotal -- Natural Resources	<u>\$ 3,999,994</u>	<u>\$ 2,842,512</u>
2808	Kansas Technology Enterprise Corporation		
	Research Matching Grants	\$ 610,000	\$ 1,250,000
	Business Innovative Research Grants	150,000	300,000
	Research Equipment Grants	295,000	700,000
	Centers of Excellence	600,000	1,200,000
	Seed Capital	500,000	1,000,000
	Incubators	125,000	--
	Operations	204,119	368,809
			Special Projects
300,000	Industry Liaison	--	150,000
	Training Equipment Grants	--	<u>250,000</u>
	Subtotal -- KTEC	<u>\$ 2,484,119</u>	<u>\$ 5,518,809</u>
2808	Commerce		
	Small Business Development Centers	\$ 75,000	\$ 100,000
	Certified Development Companies	75,000	100,000
	Development Company/Center Support	7,550	--
	Kansas Industrial Training	500,000	1,200,000
	Film Commission	31,000	69,082
	Computerization	66,434	93,245
	Video Equipment	44,899	--
	Infrastructure Loan Program	5,500,000	4,500,000
	Main Street Program Expansion	75,000	75,000
	Education Awards	50,000	50,000
	Tourism	100,000	185,000
	Small Business Incubators	<u>80,000</u>	<u>--</u>
	Subtotal -- Commerce	<u>\$ 6,604,883</u>	<u>\$ 6,372,327</u>
	Public Broadcasting		
	KOOD Television -- Lakin*	\$ 300,000	\$ 300,000
2733	Agriculture		
	Arkansas River Study	\$ 25,000	\$ 25,000
	Marketing Program Expansion	<u>178,696</u>	<u>178,696</u>
	Subtotal -- Agriculture	<u>\$ 203,696</u>	<u>\$ 203,696</u>
2721	Racing Commission Operations	\$ 280,000	\$ 280,000
2808	Arts	\$ 50,000	\$ 450,000
2808	Special Studies -- Kansas, Inc.	\$ --	\$ 75,000
	TOTAL EXPENDITURES	<u>\$ 13,922,692</u>	<u>\$ 16,042,344</u>
	Ending Balance	<u>\$ 2,807,608</u>	<u>\$ 437,956</u>

* Appropriated by the 1987 Legislature.