

SUBCOMMITTEE REPORT

Agency: Department of Administration

Bill No. 571

Bill Sec. 3

Analyst: Mills

Analysis Pg. No. 587

Budget Pg. No. 1-59

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88 As Amended</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 19,622,077	\$ 19,440,012	\$ --
Aid to Local Units	1,310,735	1,310,735	--
Other Assistance	<u>32,000</u>	<u>32,000</u>	--
Subtotal - Operating	\$ 20,964,812	\$ 20,782,747	\$ --
Capital Improvements	<u>1,410,948</u>	<u>1,410,948</u>	--
Total	<u>\$ 22,375,760</u>	<u>\$ 22,193,695</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 18,414,528	\$ 18,386,288	\$ --
Other Assistance	--	--	--
Subtotal - Operating	\$ 18,414,528	\$ 18,386,288	\$ --
Capital Improvements	<u>1,013,172</u>	<u>1,013,172</u>	--
Total	<u>\$ 19,427,700</u>	<u>\$ 19,399,460</u>	<u>\$ --</u>
FTE Positions:			
Reportable	433.0	433.0	--
Nonreportable	<u>488.0</u>	<u>489.0</u>	--
Total	921.0	922.0	--

Agency Estimate/Governor's Recommendation

Revised FY 1988 Reportable Expenditure Summary. The revised FY 1988 State General Fund operating budget estimate of \$18,414,528 is a reduction of \$59,303 from the General Fund operating budget of \$18,473,831 approved by the 1987 Legislature. Also included in the FY 1988 operating budget is the estimated expenditure of \$2,550,284 from special revenue funds, a reduction of \$214,050 from the approved expenditure level.

The Governor's amended recommendation for the General Fund operating budget for FY 1988 is \$18,386,288, a reduction of \$87,543 from the approved operating budget. Also included in the FY 1988 operating budget is the recommended expenditure of \$2,396,459 from special revenue funds. The Governor recommends capital improvements expenditures in FY 1988 of \$1,013,172 from the State General Fund and \$397,776 from other funds. The Governor's amended recommendation for the General Fund operating budget is \$2,275 above the original recommendation; the difference is attributed to revised fringe benefits calculations. The one new position recommended for FY 1988 is in the Health Care Benefits program (Benefits Manager).

Senate Subcommittee Recommendation

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

1. An increase in the expenditure limitation on the Motor Pool Service Fund of \$600,000 in FY 1988 to allow the Department to conclude a settlement offer with the federal Department of Health and Human Services (DHHS) associated with a federal audit exception on Central Motor Pool charges. The basis for the DHHS position is two-fold: (1) the 1986 Legislature transferred \$2,543,800 from the two Motor Pool funds to the State General Fund; and (2) DHHS takes exception to the state's past practice of building into the Motor Pool rates money to expand the Motor Pool fleet and provide for replacement vehicles. The DHHS position is that the state owes the federal government \$852,699 due to Motor Pool overcharges to federally-funded programs during the period of July 1, 1973 to December 31, 1987. The settlement agreement proposed by the Department of Administration provides for a \$600,000 payment to DHHS in FY 1988. This would require an increase in the expenditure limitation on the Motor Pool Service Fund by a like amount.

Similar to the Motor Pool fund situation, DHHS takes the position that state rental charges for building space for federally-funded programs exceeded those allowable, based upon the following: (1) the 1986 Legislature transferred \$1,567,110 from the State Buildings Operating Fund to the State General Fund; and (2) the federal agency takes exception to the state's practice of operating state rental buildings as a pool, because their audit standards require that each building be considered separately. The settlement agreement proposed by the Department of Administration provides for the payment of \$30,048 in cash to the federal government; \$22,442 in rent credits for SRS and the federal government; and \$347,510 in rent credits to the Kansas Department of Human Resources and the U.S. Department of Labor, to be spread out through June 30, 1989. No increase in expenditure limitations appears necessary for this settlement agreement.

Senate Committee Recommendation

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

Senate Committee of the Whole Recommendation

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

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Senate Rec. FY 88</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 19,440,012	\$ --
Aid to Local Units	--	1,310,735	--
Other Assistance	--	32,000	--
Subtotal - Operating	--	\$ 20,782,747	\$ --
Capital Improvements	--	1,410,948	--
Total	\$ --	\$ 22,193,695	\$ --
State General Fund:			
State Operations	\$ --	\$ 18,386,288	\$ --
Other Assistance	--	--	--
Subtotal - Operating	--	\$ 18,386,288	\$ --
Capital Improvements	--	1,013,172	--
Total	\$ --	\$ 19,399,460	\$ --
FTE Positions:			
Reportable	--	433.0	--
Nonreportable	--	489.0	--
Total	--	922.0	--

The House Subcommittee concurs with the Senate Committee of the Whole 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.

Conference Committee Recommendation

The Conference Committee concurs with the House recommendation.

SUBCOMMITTEE REPORT

Agency: Department of Administration

Bill No. 550

Bill Sec. 2

Analyst: Mills

Analysis Pg. No. 587

Budget Pg. No. 1-59

<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	\$ 22,284,844	\$ 20,533,250	\$ (258,020)
Aid to Local Units	1,310,735	1,310,735	--
Other Assistance	<u>32,000</u>	<u>32,000</u>	--
Subtotal -- Operating	\$ 23,627,579	\$ 21,875,985	\$ (258,020)
Capital Improvements	<u>1,301,520</u>	<u>375,000</u>	--
TOTAL	<u>\$ 24,929,099</u>	<u>\$ 22,250,985</u>	<u>\$ (258,020)</u>
State General Fund:			
State Operations	\$ 20,805,514	\$ 19,301,631	\$ (258,020)
Other Assistance	--	--	--
Subtotal -- Operating	\$ 20,805,514	\$ 19,301,631	\$ (258,020)
Capital Improvements	<u>1,301,520</u>	<u>375,000</u>	--
TOTAL	<u>\$ 22,107,034</u>	<u>\$ 19,676,631</u>	<u>\$ (258,020)</u>
FTE Positions:			
Reportable	458.0	436.0	(4.0)
Nonreportable	<u>505.0</u>	<u>495.0</u>	--
TOTAL	<u>963.0</u>	<u>931.0</u>	<u>(4.0)</u>

Agency Estimate/Governor's Recommendation

1. Reportable Budget Summary. The FY 1989 reportable operating request of \$23,627,579 is a \$2,662,767 (12.7 percent) increase over the FY 1988 operating request of \$20,964,812. Major components of the requested increase include: (1) 17 new positions for the Division of Accounts and Reports (\$412,596); (2) a minicomputer (\$113,752) and 17 microcomputers (\$46,667) for the Division of Accounts and Reports; (3) computer software for the acquisition of a personnel package for the Division of Personnel Services (\$350,000), and software for the Division of Purchases to complete the acquisition of an Automated Procurement System which was begun in FY 1988 (\$250,000); (4) funding for three new positions in Personnel Services to implement a Benefits Analysis Program which would monitor and manage all state employee fringe benefits (\$155,000); (5) funding for six new positions in Purchases to implement the Automated Procurement System (\$34,708), to implement a cooperative purchasing program for local units of government (\$79,184), and to provide an auditing program of purchases made by state agencies under their local agency purchasing authority (\$66,190); (6) funding to expand the state's Uniform Object Code to a five-digit code (\$110,000); (7) funding for the Secretary of Administration to begin the development of a financial management system which would be integrated with other system initiatives contained in the Central Management Systems (DISC) budget (\$500,000); and (8) federal grants to local units of government under the Anti-Drug Abuse program (\$1,000,735). Additionally, the FY 1989 reportable request contains \$1,301,520 for capital improvements at state buildings.

The Governor's revised recommendation for the FY 1989 reportable operating budget is \$21,875,985, a 5.3 percent increase over the Governor's recommendation for FY 1988. The Governor's recommendations include: (1) 3.0 new positions for the Division of Accounts and Reports (\$104,927); (2) computer software for the acquisition of a personnel package for the Division of Personnel Services (\$350,000), and software for the Division of Purchases to complete the acquisition of an Automated Procurement System which was begun in FY 1988 (\$250,000); (3) 3.0 new positions in the Division of Personnel Services to implement a Benefits Analysis Program which would monitor and manage all state employee fringe benefits (\$155,000); (4) 2.0 new positions in Personnel Services for the implementation of a new Drug Testing Program involving state law enforcement and corrections officers, cabinet secretaries, and members of the Governor's staff (\$219,537); (5) federal grants to local units of government under the Anti-Drug Abuse program (\$1,000,735); (6) salaries and wages funding of \$522,877 for a 5.8 percent merit pool for unclassified employees (\$115,754) and a 4 percent salary adjustment for classified employees (\$407,123); and (7) capital outlay funding for the Division of Accounts and Reports to acquire 17 microcomputers, 20 calculators, and other equipment (\$59,308). The Governor does not recommend funding for the minicomputer requested by Accounts and Reports (\$113,752), for the three new programs proposed by the Division of Purchases (\$313,932), or for the financial management system (\$500,000). The Governor's recommendations for FY 1989 reflect a net increase of 3.0 FTE positions in the reportable operating budget (from 433.0 to 436.0 positions), as follows: deletion of 5.0 positions in Accounts and Reports and creation of 3.0 new positions for debt setoff and fiscal agency activities; creation of 5.0 new positions in Personnel Services (3.0 for the Benefits Analysis Program and 2.0 for the Drug Testing Program); deletion of one position in Architectural Services; and creation of one new Painter position in Buildings and Grounds. For FY 1989, the Governor recommends capital improvements funding of \$375,000 (State General Fund) as part of a multiyear appropriation for exterior stone repairs at the Statehouse.

2. Nonreportable Budget Summary. The FY 1989 nonreportable budget request contains total funding of \$59,677,663, which is an increase of \$3,755,396 (7.0 percent) over the FY 1988 estimate of \$55,922,267. Major items in the FY 1989 nonreportable request include: (1) 15 new positions for the Division of Information Systems and Communications (\$358,620); (2) funding for DISC-- Information Systems for computer equipment (\$2,932,616) and rentals (\$1,838,838); (3) funding for DISC -- Telecommunications for telecommunications equipment (\$6,010,087) and rentals (\$1,142,917); (4) funding for the KANS-A-N network (\$7,165,452); (5) replacement of motor pool vehicles (\$1,926,840); (6) payment to the Pooled Money Investment Board (PMIB) for the Printing Plant loan (\$659,860); and (7) payment to PMIB to pay principal and interest on the building loan (\$1,265,145), and payment for debt retirement of renovation bonds (\$444,508) on the Landon State Office Building. The FY 1989 nonreportable request includes \$710,000 for capital improvements at state buildings.

The Governor recommends an FY 1989 nonreportable budget of \$58,703,261, financed from various charges to state agencies. Major items in the Governor's FY 1989 nonreportable budget include: (1) 7.0 new positions for the Division of Information Systems and Communications, 5.0 for the telecommunications network (\$95,122), and 2.0 for the Information Systems program (\$61,926); (2) funding for DISC -- Information Systems for computer equipment (\$2,461,712)

and for space and equipment rentals (\$1,694,653); (3) funding for DISC -- Telecommunications for telecommunications equipment (\$5,868,648) and space and equipment rentals (\$1,142,917); (4) funding for the KANS-A-N network (\$7,165,452); (5) replacement of motor pool vehicles (\$1,656,030); (6) payment to PMIB for the Printing Plant loan (\$659,860); (7) payment to PMIB to pay principal and interest on the building loan (\$1,265,145) and payment for debt retirement of renovation bonds (\$444,508) on the Landon State Office Building; (8) funding to support operation of the Docking State Office Building, Forbes properties, the Landon State Office Building, the Wichita State Office Building, and the Capitol Complex Heating Plant (\$8,579,638); and (9) salaries and wages funding of \$476,738 for a 5.8 percent merit pool for unclassified employees (\$21,667) and for a 4 percent salary adjustment for classified employees (\$455,071). The Governor's recommendations for FY 1989 reflect a net increase of 7.0 FTE positions in the nonreportable operating budget (from 488.0 to 495.0 positions), as follows: creation of 7.0 new positions in DISC; deletion of 1.0 position in the Printing Plant; and addition of 1.0 new position (\$49,144) for the Health Care Benefits program. The Governor also recommends a total of \$1,025,100 from the State Buildings Depreciation Fund for capital improvements projects at state buildings.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following exceptions:

1. Reduction of \$103,020 (State General Fund) and deletion of 1.0 Personnel Management Specialist IV position associated with the proposed Drug Testing Program for law enforcement officers, corrections officers, Cabinet-level officials, and staff of the Governor's Office. The Senate Subcommittee recommends that the new program be limited to corrections officers only. The recommendation of the Senate Subcommittee would provide funding of \$116,517 for the drug testing program, including 1.0 Office Assistant III position (\$17,260), other operating expenditures (\$7,951), and laboratory fees for 2,665 tests and retests of corrections officer positions (\$91,306).
2. Reduction of \$155,000 (State General Fund) and deletion of 3.0 positions recommended for the proposed Benefits Analysis Program which would monitor and manage all state employee fringe benefits. The Senate Subcommittee believes that a consultant's study of the issue of state employee fringe benefits would be more cost-effective than creating three new positions in the Department. The Senate Subcommittee recommends that the House Committee confer with the Secretary of Administration on the desirability of contracting with a specialist in employee benefits for an analysis of the state's employee benefits situation.
3. Reduction of \$365,100 of the expenditure limitation on the State Buildings Depreciation Fund. The Governor's recommendation proposes to fund four maintenance and capital improvement projects (at the Statehouse, Judicial Center, Printing Plant, and Cedar Crest) from the State Buildings Depreciation Fund. The Senate Subcommittee notes that K.S.A. 75-3655 limits the use of

this Fund to maintenance and capital improvement projects at Forbes, the Docking and Landon State Office Buildings, and the 500 block of Kansas Avenue. Use of this funding source to finance capital improvements at the buildings proposed in the Governor's recommendation would require the amendment of K.S.A. 75-3655.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee recommendation, with the following adjustments:

1. Addition of \$5,000 (State General Fund) for a capital improvement project to complete the Law Enforcement Memorial on the Statehouse grounds. The project would place a bronze state seal on the Law Enforcement Memorial.
2. Introduction of a bill, requested by the Department of Administration, to combine the Computer Services Fund and the Communications Services Fund into a single fund.

Senate Committee of the Whole Recommendation

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

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Senate Rec. FY 89</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (258,020)	\$20,275,230	\$ (24,547)
Aid to Local Units	--	1,310,735	--
Other Assistance	--	32,000	--
Subtotal - Operating	\$ (258,020)	\$21,617,965	\$ (24,547)
Capital Improvements	5,000	380,000	--
Total	<u>\$ (253,020)</u>	<u>\$21,997,965</u>	<u>\$ (24,547)</u>
State General Fund:			
State Operations	\$ (258,020)	\$19,043,611	\$ (24,547)
Other Assistance	--	--	--
Subtotal - Operating	\$ (258,020)	\$19,043,611	\$ (24,547)
Capital Improvements	5,000	380,000	--
Total	<u>\$ (253,020)</u>	<u>\$19,423,611</u>	<u>\$ (24,547)</u>
FTE Positions:			
Reportable	(4.0)	432.0	1.0
Nonreportable	--	495.0	--
Total	(4.0)	927.0	1.0

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

1. Reduction of \$116,517 (State General Fund) and 1.0 FTE Office Assistant III position associated with the proposed Drug Testing Program for certain state employees. The House Subcommittee notes that legislation (S.B. 643) which would authorize the proposed Drug Testing Program is currently pending before the Legislature. The House Subcommittee recommends that no funding be included for this program until the substantive legislation is approved and more specific information regarding the program is available.
2. Restoration of \$91,970 (State General Fund) and 2.0 FTE positions for the proposed Benefits Analysis Program which would monitor and manage all state employee fringe benefits. The House Subcommittee recommendation includes \$85,176 for salaries and wages and \$6,794 for other operating expenditures.
3. The House Subcommittee was advised by the Division of Information Systems and Communications (DISC) that the 1987 Legislature approved an FY 1988 appropriation of \$48,000 (State General Fund) to the Public Broadcasting Commission for a DISC study of telecommunications capabilities for the interconnection of state facilities and public broadcasting stations. Staff of DISC stated that the entire amount is not needed and that \$23,000 could be returned to the State General Fund. The House Subcommittee recommends that appropriate transfer language be added to the bill to effect such a transfer.
4. The House Subcommittee was also advised by DISC that actual revenues into the Computer Services Fund from various rate charges to state agencies for computer services are exceeding those projected in FY 1988. The House Subcommittee recommends that DISC utilize any excess revenues to reduce outstanding debt on computer equipment, including current Certificate of Participation obligations.
5. The House Subcommittee also received a briefing from the Director of the Division of Information Systems and Communications regarding the current status of the state's computer and telecommunications systems. In particular, the Director discussed future plans for the UNISYS (Sperry) computer, which is currently running at capacity with three applications: KIPPS, CASK, and Accounts Receivable/Setoff programs. The Director noted two possible options: (1) offload CASK and Accounts Receivable onto a microcomputer and move KIPPS to the IBM side; or (2) increase the technology of the UNISYS (Sperry) computer. The Director stated that there were currently no plans to upgrade the UNISYS computer. The House Subcommittee was also advised that a private firm (Back Up Recovery Services) has submitted three proposals to DISC under which the firm would buy the

UNISYS computer and operate the current applications on a contractual basis. The Director stated that a three-year period would be necessary for the migration of the current applications from the UNISYS to the IBM side. The proposals are currently being evaluated by the Department of Administration.

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, with the following adjustments:

1. Addition of new language providing that no moneys appropriated for FY 1989 shall be expended under any Certificate of Participation entered into by the Secretary of Administration or issued by the Kansas Development Finance Authority after June 30, 1988, other than Certificates issued for the sole purpose of refinancing existing Certificates issued prior to July 1, 1988.
2. Addition of a proviso on the Health Care Benefits Program Fund providing that no expenditures shall be made from the fund after July 31, 1988 under the wellness program or other separate program for contracts financed by a system of payments imposed for participation in the state health care benefits program, which system of payments imposes any penalty, provides any discount, or provides for any other difference in the amount payable by a participant that is based on the participant's personal condition, habit, activities, or practices that the State Employees Health Care Commission has determined constitute a health risk.
3. Addition of a new section providing that no moneys appropriated to any state agency for FY 1988 or FY 1989 shall be expended for any implementation of the Capitol Area Master Plan for capital improvements, including expenditures for preliminary or final planning, until such Capitol Area Master Plan has been approved by the Senate and the House by adoption of a concurrent resolution containing such approval or by enactment of an appropriations act containing such approval. No action of the State Finance Council shall be effective to approve or authorize such plan or any expenditure for implementation of the plan.
4. Addition of a new section providing that no moneys appropriated to any state agency for FY 1988 or FY 1989 shall be expended for the acquisition of real property, unless specifically authorized by statute to acquire title to such real property. No action of the State Finance Council shall be effective to approve the

expenditure of such moneys, unless specifically authorized by statute to acquire title to real property. The section shall not apply to the acquisition of real property by the Department of Transportation for state highway purposes.

Conference Committee Recommendation

The Conference Committee concurs with the House recommendation, with the following adjustments:

1. Addition of \$221,523 (State General Fund) and 2.0 FTE positions for the Drug Testing Program. The recommended funding provides for 1.0 Personnel Management Specialist IV and 1.0 Office Assistant IV (\$56,029), operating expenses (\$15,494), and laboratory testing (\$150,000) for the implementation of S.B. 643.
2. Concur with the restoration of \$91,970 and 2.0 FTE positions for the Benefits Analysis Program.
3. The Conference Committee deletes the new language regarding Certificate of Participation (item 1 in HCOW recommendation).
4. The Conference committee modifies the proviso regarding the Health Care Benefits Program Fund (item 2 in HCOW recommendation).
5. The Conference Committee deletes the new section regarding the Capitol Area Master Plan (item 3 in HCOW recommendation).
6. The Conference Committee deletes the new section regarding the acquisition of real property (item 4 in HCOW recommendation).
7. The Conference Committee recommends addition of a new section providing that no moneys appropriated to any state agency for FY 1988 or FY 1989 shall be expended for the acquisition of real property, unless specifically authorized by statute to acquire title to such real property. No action of the State Finance Council shall be effective to approve the expenditure of such moneys, unless specifically authorized by statute to acquire title to real property. The section shall not apply to the acquisition of real property by the Department of Transportation for state highway purposes, the Board of Regents, the Department of Health and Environment for purposes relating to mined-land conservation and reclamation, or any higher educational institution in accordance with an agreement with an endowment association or with the Wichita Public Building Commission.

SUBCOMMITTEE REPORT

Agency: State Finance Council

Bill No. 571

Bill Sec. 2

Analyst: Mills

Analysis Pg. No. 611

Budget Pg. No. 1-125

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State General Fund	\$ 1,500	\$ 1,500	\$ --
FTE Positions	0.0	0.0	--

Agency Estimate/Governor's Recommendation

The agency submits an estimate for FY 1988 of \$1,500 for compensation and travel of legislative members of the State Finance Council. Actual FY 1987 expenditures were \$1,377. The agency's request also includes an FY 1988 transfer of \$356,000 from the State General Fund to the State Emergency Fund. This transfer would restore the balance of the State Emergency Fund to \$1.0 million (Staff Note: In past years, it had been legislative policy to annually provide transfers from the State General Fund to restore the balance of the State Emergency Fund to the \$1.0 million level. No such transfer was approved in FY 1986. For FY 1987, the Legislature approved a transfer of \$447,750 from the State Self-Insurance Reserve Fund, which resulted in a balance in the State Emergency Fund of \$750,000. The balance in the State Emergency Fund was \$644,000 on October 20, 1987.)

The Governor concurs with the agency request of \$1,500 in FY 1988. In addition, the Governor recommends a transfer of \$106,000 in FY 1988 from the State General Fund to the State Emergency Fund, to result in a balance in the State Emergency Fund of \$750,000 in FY 1988. Also, S.B. 571 would appropriate \$1.0 million (State General Fund) to the State Finance Council for FY 1988 implementation of the state employee longevity bonus pay plan recommended by the Governor. The Governor's budget recommendation includes a reserve of \$2.2 million (All Funds) in both FY 1988 and FY 1989 to implement the longevity pay plan.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments:

1. Deletion of the language which would appropriate \$1.0 million (State General Fund) to the State Finance Council for implementation of the longevity pay plan in FY 1988.
2. A technical correction to carry out the Governor's recommendation to transfer \$106,000 in FY 1988 from the State General Fund to the State Emergency Fund.

MINORITY REPORT

Funding for longevity is crucial in order to more adequately recognize the contributions of many long-term employees of the state of Kansas.

I feel the funding of longevity should be included in this Committee's recommendation because:

In FY 1986, long-term employees received no salary increases.

In FY 1987, long-term employees received a 3 percent salary increase.

In FY 1988, long-term employees received a 2 percent salary increase for one-half year.

In addition, we have greatly reduced the top salaries which these employees might have reached due to the implementation of the Pay Matrix in FY 1986.

For these and other reasons I support the Governor's program for full funding of the longevity pay program.

Respectfully submitted,

Senator Paul Feleciano, Jr.
Assistant Minority Leader

SUBCOMMITTEE REPORT

Agency: State Finance Council

Bill No. 550

Bill Sec. 3

Analyst: Mills

Analysis Pg. No. 611

Budget Pg. No. 1-125

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State General Fund	\$ 1,600	\$ 1,600	\$ --
FTE Positions	0.0	0.0	--

Agency Request/Governor's Recommendation

The agency submits an estimate of \$1,600 for FY 1989 for compensation and travel of legislative members of the State Finance Council. Actual FY 1987 expenditures were \$1,377.

The Governor concurs with the agency request of \$1,600 in FY 1989. In addition, S.B. 550 would appropriate \$1.0 million (State General Fund) to the State Finance Council for FY 1989 implementation of the state employee longevity bonus pay plan recommended by the Governor. The Governor's budget recommendation includes a reserve of \$2.2 million (All Funds) in both FY 1988 and FY 1989 to implement the longevity pay plan.

Senate Subcommittee Recommendation

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

1. Deletion of the language which would appropriate \$1.0 million (State General Fund) to the State Finance Council for implementation of the longevity pay plan in FY 1989.

550-174/RM

SUBCOMMITTEE REPORT

Agency: Department of Wildlife
and Parks

Bill No. 571

Bill Sec. 27

Analyst: West

Analysis Pg. No. 612

Budget Pg. No. 7-15

<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	\$ 16,567,038	\$ 16,470,063	\$ --
Local Aid	500,000	500,000	--
Subtotal -- Operating	\$ 17,067,038	\$ 16,970,063	\$ --
Capital Improvements	3,582,966	3,531,466	--
TOTAL	<u>\$ 20,650,004</u>	<u>\$ 20,501,529</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 2,263,324	\$ 2,351,658	\$ --
Capital Improvements	456,548	456,548	--
TOTAL	<u>\$ 2,719,872</u>	<u>\$ 2,808,206</u>	<u>\$ --</u>
FTE Positions	395.0	394.0	--

Agency Estimate/Governor's Recommendation

State Operations. The agency estimates FY 1988 expenditures for state operations will total \$16,567,038 including \$2,263,324 from the State General Fund. The agency requests expenditure limitation increases for the Park Fee Fund (\$46,412), the Fish and Game Fee Fund (\$38,158), the Boat Account (\$10,049), and the Nongame Wildlife Improvement Fund (\$34) for increased salary expenses and administration costs associated with the reorganization of the agency. Other revisions include an increase of \$18,528 associated with the reappropriation of donations for improvements at the Mined Lands Wildlife Area, increased expenditures of \$19,650 from the Fish and Game Gift Fund, and decreased expenditures of \$128,200 for the Federal Areas program. In addition, the agency requests a 3.0 FTE position limitation increase of 395.0 FTE positions associated with unclassified positions in the Administration Division. Subsequent to the submission of the Department's budget, the agency requested a State General Fund supplemental appropriation of \$79,379 to offset Park Fee Fund expenditures due to lower than anticipated park revenue.

The Governor recommends an FY 1988 state operations budget of \$16,470,063, a decrease of \$96,975 from the agency's estimate. Salaries and wages are decreased by \$32,869 to reflect revised salaries, fringe benefits, and health insurance rates and a delay until FY 1989 in hiring the requested Special Assistant position. Other revisions from the agency's current year estimate include an increase of \$15,000 for a consultant to assist in the process of merging the files maintained by the two former state agencies and decreases in contractual repairs (\$35,000), travel (\$16,000), other supplies (\$10,000), printing (\$8,000), animal and fish food (\$6,000), utilities (\$4,000), and capital outlay (\$106). The Governor's recommendation is financed by \$2,351,658 from the State General Fund, \$10,619,468 from the Fish and Game Fee Fund, \$2,176,093 from the Park Fee Fund and \$1,322,844 from other funding sources. The Governor

recommends a supplemental State General Fund appropriation of \$88,334, an expenditure limitation increase on the Nongame Wildlife Improvement Fund of \$49 to \$140,026 and an increase in the agency's position limitation of 2.0 to 394.0.

Local Aid. The agency estimates payments of \$500,000 in FY 1988 to local units of government for recreational facility development from the federal Land and Water Conservation Fund, an amount unchanged from the budget approved by the 1987 Legislature. The Governor concurs with the estimated expenditures for aid to local units of government.

Capital Improvements. The agency's FY 1988 capital improvement estimate of \$3,582,966, including \$456,548 from the State General Fund, reflects the reappropriation of \$158,584 from the State General Fund and \$2,023,403 from other funds for 23 projects from FY 1987 to FY 1988.

The Governor recommends \$3,531,466, including \$456,548 from the State General Fund, for capital improvement projects in FY 1988, a decrease of \$51,500 from the agency's current year estimate. The recommendation reflects a reduction in the use of Land and Water Conservation Fund moneys on state park projects (\$31,270), and a reduction in funding for Reservoir Development of \$20,230.

Senate Subcommittee Recommendation

FY 1988. The Subcommittee concurs with the budget recommended by the Governor, with the following adjustment:

1. Increase the agency's FY 1988 position limitation by 2.0 FTE positions for a technical adjustment to the bill. The Subcommittee notes that the Governor recommended this position limitation increase but that the implementing language was inadvertently omitted from S.B. 571.

SUBCOMMITTEE REPORT

Agency: Department of Wildlife
and Parks

Bill No. 550

Bill Sec. 4

Analyst: West

Analysis Pg. No. 612

Budget Pg. No. 7-15

<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	\$ 18,690,940	\$ 18,820,852	\$ --
Local Aid	500,000	500,000	--
Subtotal - Operating	<u>\$ 19,190,940</u>	<u>\$ 19,320,852</u>	<u>\$ --</u>
Capital Improvements	2,906,091	2,387,591	--
Total	<u>\$ 22,097,031</u>	<u>\$ 21,708,443</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 3,115,339	\$ 3,037,668	\$ --
Capital Improvements	1,638,918	--	--
Total	<u>\$ 4,754,257</u>	<u>\$ 3,037,668</u>	<u>\$ --</u>
Economic Development Initiatives Fund:			
Capital Improvements	\$ --	\$ 1,092,512	\$ --
FTE Positions	400.5	401.0	--

Agency Request/Governor's Recommendation

State Operations. The agency requests an FY 1989 state operations budget of \$18,690,940, including \$3,115,339 from the State General Fund. The request represents increases of \$852,015 from the State General Fund and \$1,271,887 from other funding sources from the current year estimate of \$16,567,038. The request includes \$106,493 for 5.5 FTE new positions, and \$150,000 for a cost sharing program with land owners enrolled in the conservation reserve program for habitat development.

The Governor recommends an FY 1989 state operations budget of \$18,820,852, including \$3,037,668 from the State General Fund. The FY 1989 recommendation reflects increases of \$686,010 from the State General Fund and \$1,664,779 from other funding sources from the current year recommendation of \$16,470,063. The Governor's recommendation includes \$202,181 for 7.0 FTE new positions and \$150,000 for a conservation reserve assistance program.

Local Aid. The agency estimates payment of \$500,000 in FY 1989 from the federal Land and Water Conservation Fund to local units of government to assist in the financing of recreational facilities, an amount unchanged from the current year estimate. The Governor concurs with the estimated expenditures for aid to local units of government.

Capital Improvements. The agency requests \$2,906,091, including \$1,623,918 from the State General Fund, in FY 1989 for 29 capital improvement projects. The Governor recommends \$2,387,591, including \$1,092,512 from the

Economic Development Initiatives Fund (EDIF) for 21 capital improvement projects in FY 1989. The Governor recommends no State General Fund financing for capital improvement projects in FY 1989.

Senate Subcommittee Recommendation

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

1. Make a technical adjustment to the title of a capital improvement project reappropriated to FY 1989.
2. Change the expenditure limitation for the Migratory Waterfowl Propagation and Protection Fund to no limit at the request of the Secretary.
3. Remove the gift and donation funds for Cheney, Meade, and Lake Scott State Parks from the bill. The Subcommittee was informed that these funds do not contain moneys at this time and that any donations for a state park would be placed in a single park gift and donations fund. In addition, the Subcommittee notes that H.B. 2628, which would create a single interest-bearing gift and donations fund for the agency, has passed the House and is currently awaiting action in the Senate Energy and Natural Resources Committee. The Subcommittee has received the assurances of the Secretary of Wildlife and Park that any donations which are placed in a single gift and donations account will be tracked separately within that account and expended in the manner intended by the donor.
4. The Subcommittee concurs with the recommendations of the Joint Committee on State Building Construction which concur with the capital improvement recommendations of the Governor, with the exception of the addition of a proviso limiting the expenditure of construction funds for Hillsdale State Park until the master plan for park development has been reviewed by the Joint Committee.
5. The Subcommittee notes that State General Fund state operations expenditures for the agency are recommended to increase \$686,010 from FY 1988. Attachment I provides the plan for financing for the two divisions of the agency which utilize the State General Fund as a funding source. The Subcommittee was informed that of the increase in expenditures, \$97,462 can be attributed to cost of living salary adjustments, \$233,793 (including \$172,105 for capital outlay) is directly associated with the expansion of the inmate work crew program to four additional state parks, and \$200,291 can be attributed to replacement equipment for the care and maintenance of the state parks. The Subcommittee notes that no State General Fund dollars are being utilized to support the wildlife programs.

The following summarizes estimated receipts, expenditures, and ending balances for four of the agency's fee funds in FY 1989, based on the Subcommittee's recommendation:

<u>Fund</u>	<u>Beginning Balance</u>	<u>Net Receipts</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Fish and Game Fee Fund	\$7,774,052	\$12,890,800	\$ 13,364,093	\$7,300,759
Boat Account	788,110	600,000	576,112	811,998
Park Fee Fund	103,920	2,340,651	2,340,547	104,024
Nongame Fund	217,863	175,000	142,905	249,958

550-710/PW

**DEPARTMENT OF WILDLIFE AND PARKS
ADMINISTRATION AND PARK OPERATIONS DIVISIONS**

Plan for Financing
FY 1988-FY 1989

Administration Division

	<u>FY 1988</u>	<u>FY 1989</u>	<u>Change</u>	<u>Percent</u>
All Funds				
Salaries and Wages	\$ 1,892,295	\$ 2,095,910	\$ 203,615	10.8%
Other Operating Expenses	<u>1,100,083</u>	<u>1,248,121</u>	<u>148,038</u>	13.5
TOTAL -- State Operations	\$ 2,992,378	\$ 3,344,031	\$ 351,653	11.8%
State General Fund				
Salaries and Wages	\$ 388,368	\$ 338,005	\$ (50,363)	(13.0)%
Other Operating Expenses	<u>88,334</u>	<u>19,466</u>	<u>(68,868)</u>	(78.0)
TOTAL -- State Operations	\$ 476,702	\$ 357,471	\$ (119,231)	(25.0)%
All Other Funds				
Salaries and Wages	\$ 1,503,927	\$ 1,757,905	\$ 253,978	16.9%
Other Operating Expenses	<u>1,011,749</u>	<u>1,228,655</u>	<u>216,906</u>	21.4
TOTAL - State Operations	\$ 2,515,676	\$ 2,986,560	\$ 470,884	18.7%

Park Operations Division

	<u>FY 1988</u>	<u>FY 1989</u>	<u>Change</u>	<u>Percent</u>
All Funds				
Salaries and Wages	\$ 2,696,329	\$ 3,109,131	\$ 412,802	15.3%
Other Operating Expenses	<u>1,152,647</u>	<u>1,621,893</u>	<u>469,246</u>	40.7
TOTAL -- State Operations	\$ 3,848,976	\$ 4,731,024	\$ 882,048	22.9%
State General Fund				
Salaries and Wages	\$ 1,802,323	\$ 2,196,005	\$ 393,682	21.8%
Other Operating Expenses	<u>72,633</u>	<u>484,192</u>	<u>411,559</u>	566.6
TOTAL -- State Operations	\$ 1,874,956	\$ 2,680,197	\$ 805,241	43.0%
Park Fee Fund				
Salaries and Wages	\$ 894,006	\$ 913,126	\$ 19,120	2.1%
Other Operating Expenses	<u>1,080,014</u>	<u>1,137,701</u>	<u>57,687</u>	5.3
TOTAL -- State Operations	\$ 1,974,020	\$ 2,050,827	\$ 76,807	3.9%

STATE GENERAL FUND -- STATE OPERATIONS

<u>FY 1986</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>Change FY 86-89</u>	<u>Percent</u>	<u>Change FY 88-89</u>	<u>Percent</u>
\$2,581,066	\$2,351,658	\$3,037,668	\$456,602	17.7%	\$686,010	29.2%

parcs-sr/PW/jar

SUBCOMMITTEE REPORT

Agency: Kansas Corporation Commission Bill No. 571 Bill Sec. 4
 Analyst: Howard Analysis Pg. No. 629 Budget Pg. No. 1-95

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Special Revenue Funds:			
State Operations	\$13,915,641	\$13,373,639	\$ (301,219)
Other Assistance	<u>2,521,674</u>	<u>2,521,674</u>	<u>--</u>
TOTAL	<u>\$16,437,315</u>	<u>\$15,895,313</u>	<u>\$ (301,219)</u>
 FTE Positions	 272.5	 272.5	 --

Agency Estimate/Governor's Recommendation

The agency estimates current year expenditures of \$16,437,315, including \$13,915,641 for state operations and \$2,521,674 for other assistance. The estimate equals the amount approved by the 1987 Legislature. Subsequent to the agency's budget submission the Finance Council approved an increase of \$22,900 to the expenditure limitation on the Energy Conservation Bank due to the receipt of increases in several expenditure limitations to reflect financing modifications within the Administrative Services Division. The agency's budget submission does not include revisions to the operating budget for the Conservation Division, although the agency anticipates that expenditure reductions of over \$500,000 will be made in the current year in response to a declining balance in the Conservation Fee Fund.

The Governor recommends a total budget of \$15,895,313 for FY 1988, including \$13,373,619 for state operations and \$2,521,674 for other assistance. The Governor's recommendation for state operations is a reduction of \$542,002 from the agency estimate. The recommendation includes reductions of \$336,670 in the Conservation Division, \$152,898 in the Utilities Division, and net reductions of \$52,434 in all other divisions. The Governor concurs with the agency estimate of \$2,521,674 for other assistance.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor with the following exception:

1. Delete \$301,219 in salaries from the Conservation Division to reflect savings from staff layoffs. The agency implemented a layoff plan effective June 17, 1987, in which 14 positions were laid off to curtail expenditures from the Conservation Fee Fund.

SUBCOMMITTEE REPORT

Agency: Kansas Corporation Commission Bill No. 550

Bill Sec. 5

Analyst: Howard

Analysis Pg. No. 629

Budget Pg. No. 1-95

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Special Revenue Funds:			
State Operations	\$13,560,809	\$12,930,465	\$ 14,958
Other Assistance	<u>2,937,034</u>	<u>2,937,034</u>	<u>70,270</u>
TOTAL	<u>\$16,497,843</u>	<u>\$15,867,499</u>	<u>\$ 85,228</u>
FTE Positions	263.0	253.0	--

Agency Estimate/Governor's Recommendation

The Commission requests a total budget of \$16,497,843 for FY 1989, of which \$13,560,809 is for state operations and \$2,937,034 is other assistance. The request includes funding for 263.0 FTE positions, a reduction of 9.5 FTE from the current year estimate. The request includes the abolition of 11.5 FTE positions and the addition of 2.0 FTE new Special Investigator positions for the Motor Carrier Safety Assistance Program in the Transportation Division. The agency's request for the Conservation Division in FY 1989 reflects a complete recovery in the oil industry and would reinstate the 14.0 FTE positions laid off during the current year. The agency's request includes \$82,921 for continued implementation of the agency's computerized management information system.

The Governor recommends a total budget of \$15,867,499 for the Corporation Commission in FY 1989, including \$12,930,465 for state operations and \$2,937,034 for other assistance. The recommendation for state operations is a reduction of \$630,344 and 10.0 FTE from the agency request and includes funding for 253.0 FTE positions. The Governor's recommendation would reinstate 6.0 FTE positions laid off in the Conservation Division during the current year. The Governor's recommendation includes a multiyear plan for expenditure of oil overcharge funds.

Senate Subcommittee Recommendations

The Subcommittee concurs with the recommendations of the Governor with the following exceptions:

1. Add \$4,920 to capital outlay in the Transportation Division to accurately reflect the Division's share of the installment payment on Xerox equipment.
2. Delete \$12,215 from salaries and wages in the Administration Division as a technical adjustment to reduce overstated group health insurance costs.
3. Add \$22,253 in the Conservation Division for data processing support costs. The Division's data processing costs have risen in

recent years, primarily due to commitment to the Water Database and the transfer of certain responsibilities from the Kansas Department of Health and Environment.

4. Add \$70,270 from the Energy Grants Management Fund in other assistance as a technical adjustment to fund the recommended energy projects.
5. The Subcommittee makes the following recommendations concerning the expenditure of oil overcharge funds in FY 1989. The Subcommittee recommends that programs eligible for "Warner Amendment" funds be funded entirely from those funds in FY 1989 and that non-Warner funds not be expended for these purposes. The Subcommittee believes that the non-Warner funds, which have a greater flexibility in their use, should not be utilized for these restrictive purposes. The Subcommittee also recommends that an interim study be conducted in order to develop options for the use of these non-Warner funds in order to provide the greatest long-term benefit to the state. The Subcommittee recommends that the projects funded in FY 1989 which are not eligible for Warner funds be deleted, with the exception of the Dakota Aquifer Study in the Geological Survey. The Subcommittee questions the use of these funds for highway projects and noxious weed control and recommends that expenditures from the Energy Grants Management Fund be reduced by \$1,540,000 in FY 1989 to eliminate these projects. The Subcommittee would further request that the Corporation Commission seek preliminary approval from the U.S. Department of Energy for the Dakota Aquifer study in order that the Legislature might receive timely guidance on the appropriateness of the project. Finally, the Subcommittee recommends that the Corporation Commission pursue alternatives to the current investment of the funds and believes a higher yield would be possible than the current 6.4 percent rate projected for the funds. The attached table summarizes the recommendations of the Subcommittee for FY 1989.
6. Add \$11,861 to the Gas Pipeline Safety Federal Fund for salaries and wages and \$4,204 to the Gas Pipeline Inspection Fee Fund for other operating expenditures and delete \$16,065 from the Public Service Regulatory Fund as a technical adjustment to allow the agency to finance the Gas Pipeline Safety Program from available federal funds and gas pipeline assessments.
7. Add \$9,916 to the Abandoned Mined-Land Reclamation program for salaries and wages and delete \$9,916 from the Administration and Enforcement program in the Mined Lands Division to reflect a reassignment of the staff responsibilities of two clerical positions between the two programs.
8. The Subcommittee also recommends the introduction of legislation to address a budgeting problem faced by the Transportation Division. The bill would increase the \$200,000 balance in the motor carrier license fee fund to \$400,000. At present, all

unencumbered balances over \$200,000 in the motor carrier license fee fund are transferred to the State Highway Fund twice a year. The Subcommittee recommends this balance be increased to \$400,000, due to the increase in the annual operating budget of the Transportation Division since the \$200,000 level was established in 1970, and cash flow problems experienced by the agency.

9. The Subcommittee recommends the inclusion of a section in the bill to list the nonstatutory unclassified positions within the agency.
10. The Subcommittee would also draw the Committee's attention to several items which may require consideration during the omnibus session. The Commission may seek increased expenditure authority for a number of its federal energy grant funds in order to expend accrued interest on these funds and in order to expend additional federal dollars not anticipated at the time of budget submission. The agency anticipates receiving up to \$80,000 in additional federal solar bank funds.

OIL OVERCHARGE EXPENDITURE PLAN

	<u>Gov. Rec. FY 1989</u>		<u>Senate Subcommittee Rec. FY 1989</u>	
	<u>Warner Funds</u>	<u>Non-Warner Funds</u>	<u>Warner Funds</u>	<u>Non-Warner Funds</u>
<u>Warner-Eligible Programs</u>				
KCC:				
Energy Extension Service (EES)	\$ 56,357	\$ 20,000	\$ 76,357	\$ --
Institutional Conservation Program (ICP)	1,609,583	70,000	1,679,583	--
State Energy Conservation Program (SECP)	<u>880,520</u>	<u>310,822</u>	<u>1,191,342</u>	<u>--</u>
Subtotal	<u>\$2,546,460</u>	<u>\$ 400,822</u>	<u>\$ 2,947,282</u>	<u>\$ --</u>
SRS:				
Low-Income Energy Assistance Program (LIEAP)	\$3,031,397	\$ 677,273	\$3,708,670	\$ --
Weatherization Assistance Program (WAP)	<u>266,858</u>	<u>380,000</u>	<u>646,858</u>	<u>--</u>
Subtotal	<u>\$3,298,255</u>	<u>\$1,057,273</u>	<u>\$4,355,528</u>	<u>\$ --</u>
Total (Warner-Eligible)	\$5,844,715	\$1,458,095	\$7,302,810	\$ --
<u>Non-Warner Eligible Programs</u>				
KDOT:				
Highway and Bridge Maintenance	\$ --	\$1,500,000	\$ --	\$ --
Board of Agriculture:				
Noxious Weed Control	--	40,000	--	--
University of Kansas Geological Survey:				
Dakota Aquifer Study	<u>--</u>	<u>170,000</u>	<u>--</u>	<u>170,000</u>
Total (Non-Warner Eligible)	\$ --	\$1,710,000	\$ --	\$ 170,000
TOTAL EXPENDITURES	5,844,715	3,168,095	7,302,810	170,000
		<u>\$9,012,810</u>		<u>\$7,472,810</u>

SUBCOMMITTEE REPORT

Agency: State Historical Society

Bill No. 550

Bill Sec. 6

Analyst: Holt

Analysis Pg. No. 642

Budget Pg. No. 7-1

<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	\$ 5,719,843	\$ 5,016,493	\$ 30,433
Aid to Local Units	73,000	73,000	(19,000)
Other Assistance	51,000	36,000	--
Subtotal	<u>\$ 5,843,843</u>	<u>\$ 5,125,493</u>	<u>\$ 11,433</u>
Capital Improvements	9,970,605	374,650	--
Total	<u>\$ 15,814,448</u>	<u>\$ 5,500,143</u>	<u>\$ 11,433</u>
State General Fund:			
State Operations	\$ 5,304,355	\$ 4,623,178	\$ 32,053
Aid to Local Units	--	--	--
Other Assistance	25,000	10,000	--
Subtotal	<u>\$ 5,329,355</u>	<u>\$ 4,633,178</u>	<u>\$ 32,053</u>
Capital Improvements	9,970,605	374,650	--
Total	<u>\$ 15,299,960</u>	<u>\$ 5,007,828</u>	<u>\$ 32,053</u>
FTE Positions	166.0	143.0	--

Agency Request/Governor's Recommendation

The Historical Society's FY 1989 request for state operations totals \$5,719,843 (\$5,304,355 from the State General Fund; \$415,488 from other revenue sources). This request reflects an increase of \$563,804 (\$520,677 from the State General Fund and \$43,127 from other revenue sources) above the FY 1988 revised estimate. Included in this request is proposed funding for an additional 23.0 FTE positions, retention of 7.0 FTE positions currently scheduled for termination in May, 1988, associated expenditures of \$100,000 to begin reinterpretation of the historic sites, and \$215,565 for capital outlay expenditures.

The Governor's FY 1989 recommendation for state operations totals \$5,016,493 (\$4,623,178 from the State General Fund; \$393,315 from other revenue sources). This recommendation reflects a total reduction of \$150,087 consisting of reduced expenditures of \$169,483 from the State General Fund, partially offset by an increase of \$19,396 from other revenue sources. No funding is recommended for additional positions. Funding is recommended, as requested, for retention of 7.0 FTE positions to begin reinterpretation of the historic sites and for capital outlay expenditures, including the purchase of six microcomputer systems. Funding is also included in 1988 S.B. 550 for reinterpretation activities.

Senate Subcommittee Recommendations

FY 1988. The Senate Subcommittee concurs with the Governor's recommendation of \$5,251,839 for operating expenditures and \$103,736 for capital improvement expenditures in FY 1988.

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

1. Reduce \$7,800 (\$5,850 from the State General Fund; \$1,950 from federal funds) for overstated health insurance expenditures.
2. Add \$8,505 from the State General Fund to reallocate a utility worker position (Museum program) to a Historic Preservation Specialist II (Administration program). This reallocation would occur in mid FY 1989. The reallocated position would be responsible for monitoring the condition of 57 historic and non-historic structures under the agency's purview and planning for, maintaining, and supervising their repair. According to the agency, the Division of Architectural Services does not have an architect who specializes in historic preservation.
3. Reduce \$350 in overstated State General Fund expenditures for shelves in the Archives subprogram.
4. Pending a Governor's Budget Amendment, add State General Fund expenditures totaling \$16,409 for the following: \$11,609 to correct for understated expenditures for the Executive Secretary's salary; \$3,308 for reallocations of both a Museum Specialist position and Secretary II position (Museum program) which were recommended by the Division of Personnel Services and were apparently inadvertently omitted in the Governor's recommendation; and \$1,492 for subscriptions to professional journals and magazines (Museum program).
5. Add \$11,887 from the State General Fund for the following six historic sites: John Brown Museum, Highland Presbyterian Mission, Funston Home, Goodnow House, Grinter Place, and Kaw Indian Mission. The Subcommittee recommends that this amount be used exclusively for operating expenditures and temporary assistance, if needed, and not for capital outlay purchases. The Subcommittee would encourage the agency to seek funding for such purchases from communities or the private sector. In addition, the Subcommittee recommends deletion of the provision governing the Historic Properties appropriation in 1988 S.B. 550 which directs additional operating expenditures in excess of the amounts designated for the above six properties to be provided by local entities or private support. The Subcommittee notes that this provision was retained from the 1987 appropriations bill governing FY 1988 expenditures, but cannot be implemented in FY 1989 since the Governor made no recommendation for the funding levels of specific properties but only for the aggregate Historic Properties program.

6. The Subcommittee notes that the agency requested, and the Governor did not recommend, \$15,000 from the State General Fund to upgrade ventilation systems in some of the Museum laboratories. It is recommended that the House review that request pending recommendations by the Joint Committee on Building Construction, but that no expenditures be added for that purpose at this time.
7. Add \$1,122 from the State General Fund for travel associated with the annual two-week dig in the Archeology subprogram.
8. The Subcommittee notes that the agency requested \$4,000 for a replacement video system, not recommended by the Governor. It is recommended that private sector funding be solicited for this equipment.
9. Add \$660 (\$330 from the State General Fund; \$330 from federal funds) for the purchase of five file cabinets in the Historic Preservations program.
10. Include in 1988 S.B. 550 a provision governing appropriations for the Museum which would reappropriate from FY 1988 expenditures of \$2,432, not associated with museum exhibit construction. The Subcommittee believes that this will more accurately reflect the Governor's recommendation.
11. Reduce the expenditure limitation of the All Sports Hall of Fame Fund from \$26,000 to \$7,000, as it does not appear that the interest generated to finance the operations of the Hall will exceed \$7,000 in FY 1989. The Committee also recommends that the All Sports Hall of Fame Trust Fund be included in 1988 S.B. 550 with a zero limit expenditure. Language should also be inserted which would allow the Director of Accounts and Reports to transfer interest moneys from the trust fund to the operating fund whenever interest is accrued.
12. Remove the expenditure limitation on the Historic Preservation Overhead Fees Fund to afford the agency greater expenditure flexibility, should more money be received. The expenditure limitation in 1988 S.B. 550 is currently set at \$15,000.
13. Delete the line item in 1988 S.B. 550 on the Historical Survey Federal Fund Grant, as the agency no longer receives moneys for that purpose.
14. The Subcommittee notes that the expenditure limitation for the Archeology Fee Fund in 1988 S.B. 550 is set at \$191,612. The Subcommittee learned, however, that receipts as of February 23, 1988 have only totaled \$57,325, and \$36,230 of that amount was carried forward from FY 1988. The Subcommittee is concerned that projected expenditures for the fee-funded portion of the Archeology subprogram may be overstated and that the House should continue to monitor receipts and review this issue.

15. The Subcommittee learned that the University of Kansas has not remitted payment of the surcharge for ticket sales for inter-collegiate athletic events in accordance with K.S.A. 74-2915. The interest from investment of these moneys, in conjunction with payments from other universities, will be used to partially finance the operations of the All Sports Hall of Fame. The Subcommittee notes that payment was due on January 1, 1988, and strongly urges the University of Kansas to comply with legislative intent.
16. Include in 1988 S.B. 550 a line item for the Eisenhower Centennial Fund. This is to be a no-limit fund, the same as in FY 1988.

550-288/LH