

Approved

1-22-90

Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

1:30 ~~am~~/p.m. on January 10, 1990 in room 514-S of the Capitol

All members were present except:

Representatives Lowther, Vancrum and Hoy (all excused)

Committee staff present: Ellen Piekalkiewicz, Debra Duncan, Ed Ahrens
Legislative Research Department
Jim Wilson, Revisor of Statutes
Eric Witkoski, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Michael O'Keefe, Director, Division of Budget

Others attending: See attached list.

Chairman Bunten announced his continued policy not to accept invitations from various interest groups as a full committee; these should be handled individually.

Michael O'Keefe, Director, Division of Budget, appeared to explain the new format for appropriations bills and to comment on the Governor's budget recommendations (Attachment 1). Mr. O'Keefe stated the Governor pulled \$66 million out of approved FY 1990 expenditures--\$31 million of which he has designated for property tax relief.

Mr. O'Keefe noted the FY 1991 budget is a tight one with only 1.6 percent growth. In this situation, the new format in appropriations bills provides the agencies flexibility. Two differences the Committee will notice are: (1) no lapses in FY 1990 with all savings reappropriated allowing the agencies 18 months to take care of FY 1990 savings; and (2) a single line in all budgets for operating expenditures in lieu of separate lines for salaries/wages and other operating expenditures (OOE). Mr. O'Keefe suggested that while allowing agencies to make choices to keep a program going, the inevitable check on this system is that they must come back to the Governor and Legislature with a budget the following year.

Chairman Bunten expressed concern that funds transferred to OOE would be considered part of the base in future years, but not the decrease in salaries and wages. In response, Mr. O'Keefe feels if the state changes from a shrinkage formula regarding salaries and wages to an actual shrinkage figure, the effect would be to discourage transfers from salaries and wages to OOE.

Representative Fuller questioned the way agencies have handled requests for equipment, as in the past there have been instances when the Legislature approves certain equipment for direct purchase and the agency chooses to long-term finance that equipment and purchase additional items with the funds appropriated. Mr. O'Keefe stated capital outlay requests should include method of finance to discourage this practice.

In response to a question, Mr. O'Keefe advised that the homeowners' tax relief is a two-year program funded over three years--\$17 million in FY 1990; \$9,555,000 in FY 1991; and \$455,000 in FY 1992. In FY 1990, the source of \$3 million is gaming revenues and the \$9,555,000

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,

room 514-S, Statehouse, at 1:30 ~~am~~ p.m. on January 10, 1990.

in FY 1991 is also gaming revenues. The Governor's recommendation for funding the commercial circuit breaker is \$14.8 million in revenue accelerators, \$3.5 million Economic Development Initiatives Fund (EDIF) and the balance from the State General Fund.

Budget Director O'Keefe will provide Representative Helgerson a schedule on EDIF funds showing what the Legislature approved for FY 1990, the Governor's revisions, and the Governor's recommendations for FY 1991.

Chairman Bunten asked if the Governor addressed in his budget the critical nursing shortage at KUMC. Mr. O'Keefe stated the legislation passed last session addressing this problem is probably too restrictive and may need to be revised. He stated the Governor would support this.

The meeting was adjourned at 2:20 p.m.

GUEST LIST

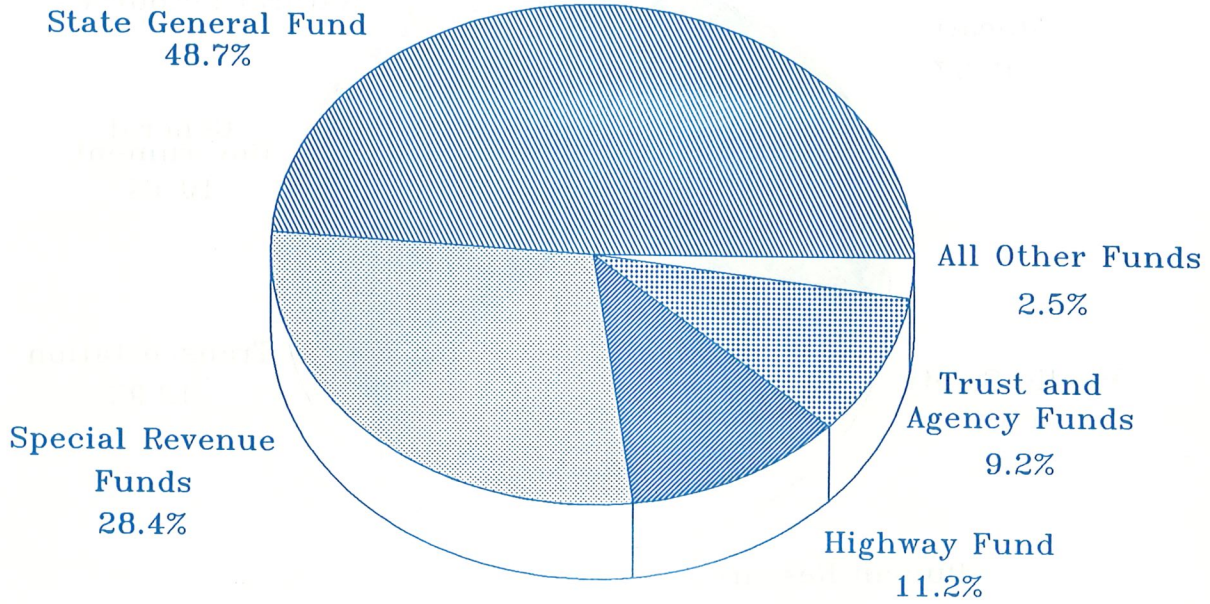
COMMITTEE: HOUSE APPROPRIATIONS

DATE: 1-10-90

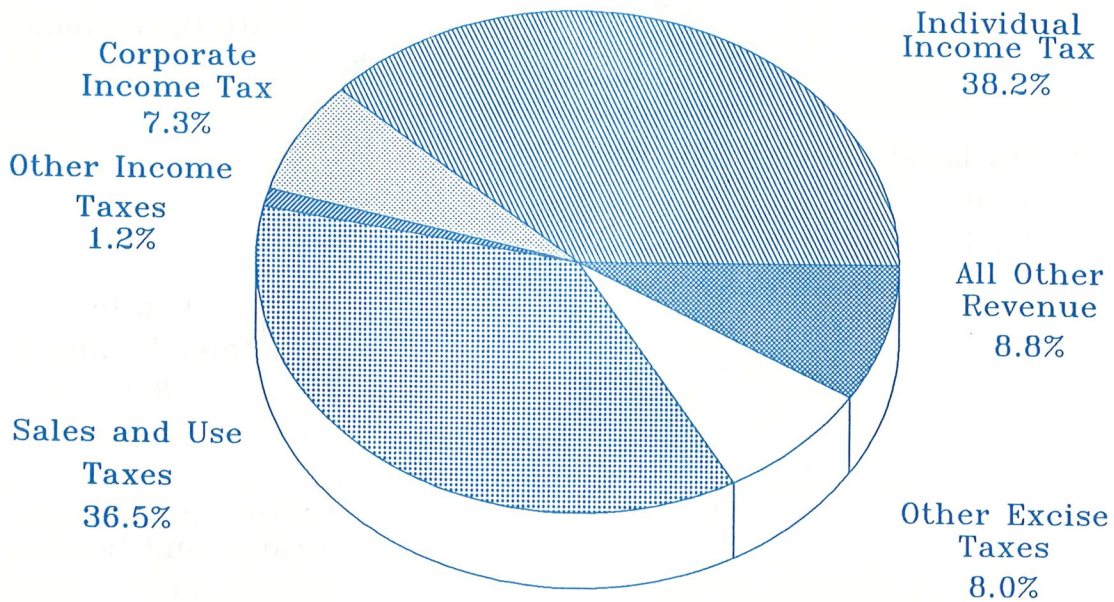
NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Geo Tugman	Topeka	DOB
Jim Langford	Topeka	DOB
Sherril Holliday	"	Budget
Gloria Timmer	Topeka	DOB
Cindy Gilpin	Topeka	DOB
David Dallen	Topeka	DOB
MIKE MUSCINA	Topeka	DOB
Kirby L. Stegman	Hout	DOB
Sabrina Wells	Topeka	"
Mike Bohnhoff	Topeka	DOB
Dan Hermes	topeka	DOB
Ed De Soignie	Topeka	Ks Contractors Assoc.
Cathy Holdenman	Wichita	City of Wichita
Bernie Koch	Wichita	Wichita Chamber
WALT DARLING	TOPEKA	DIVISION OF BUDGET
Alan Morgan	Lawrence	Governor's office intern
Tom Gross	Topeka	KS Hosp Assn.
Patrick A. Hawley	Topeka	McGraw Hill
Kevin Fosland	Lawrence	Tatam - Hoy
David A. Hawley	Wichita	Ks Ass Small Business
Louis Allen	TOPEKA	Ks Health Care Assn.
Jerry Sloan	Topeka	OIA
Ray Hauke	Topeka	K Board of Regents
Paul Shelby	Topeka	OIA
Bob Corkins	Topeka	KCCI

Financing

All Funds



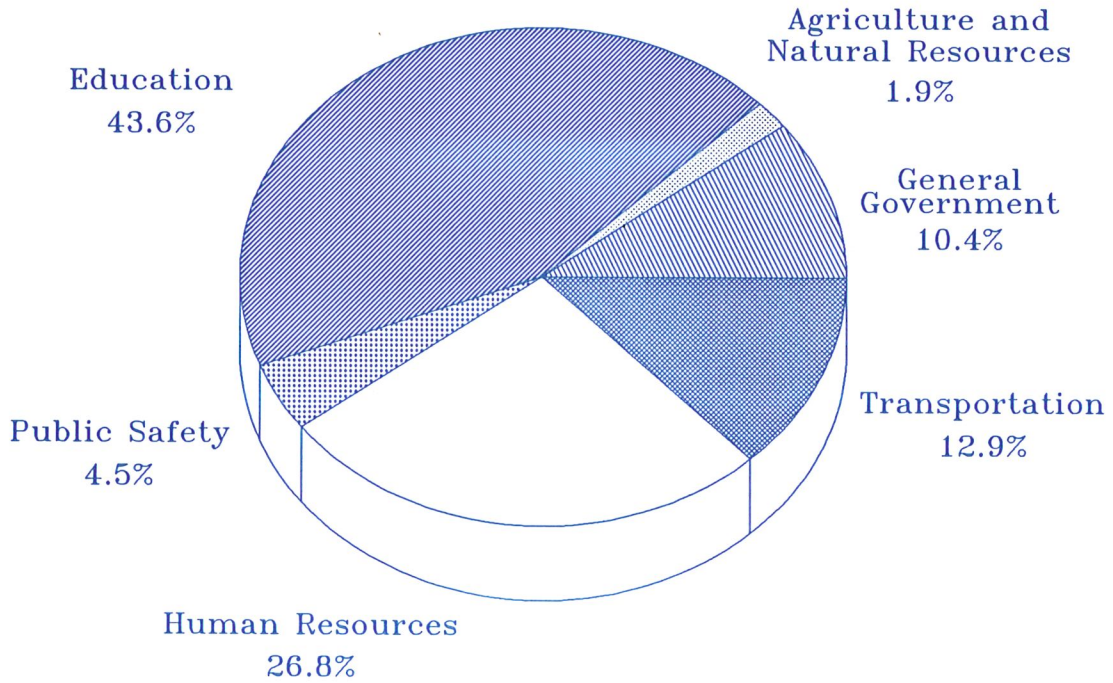
State General Fund



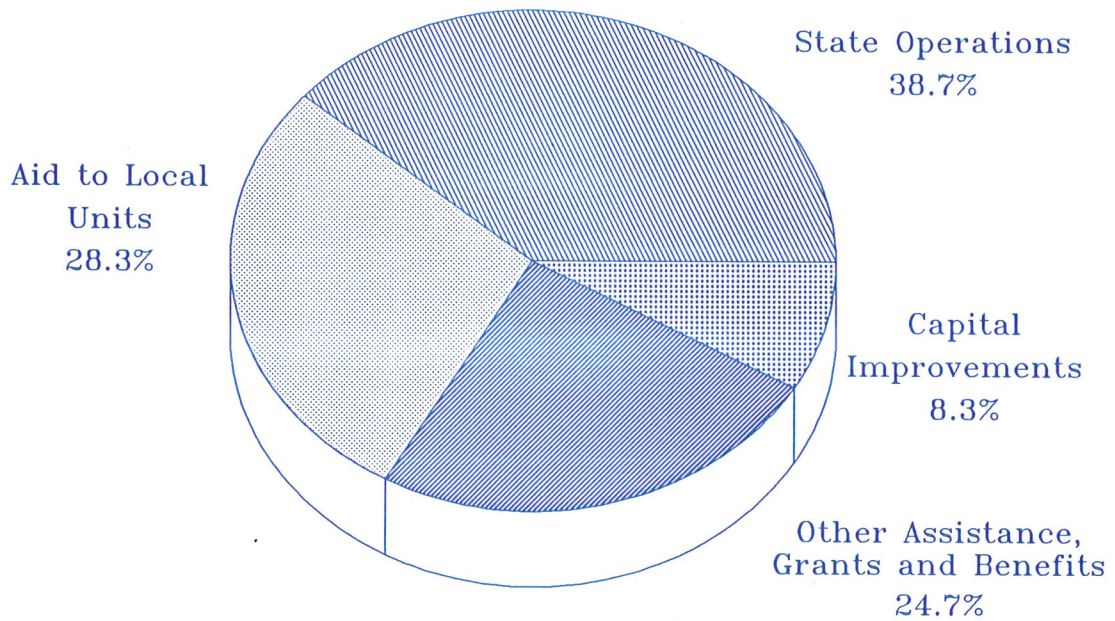
Fiscal Year 1991

All Funds

By Function



By Category



Fiscal Year 1991

1-2

All Funds

The Governor recommends total FY 1991 expenditures from all sources of \$5.0 billion. Over 53 percent of that total budget is recommended for aid to local units of government (28.3 percent) or for direct assistance payments to or on behalf of individuals (24.7 percent). Aid to local school districts, community colleges and area vocational-technical schools accounts for nearly 80 percent of the aid expenditures. Aid recommendations also include \$113.7 million for local road and bridge programs.

The \$81.3 million to city and county governments and \$1.1 billion to school districts contribute directly to property tax relief. The entire \$1.4 billion in local aid contributes to lower property taxes.

Expenditures for direct assistance to Kansans consist largely of public assistance, medical assistance, unemployment insurance benefits, and individual

retirement benefits. They also include property tax relief to individuals and commercial property taxpayers of \$57 million in FY 1990 and \$22 million in FY 1991. In addition, the Governor recommends measures to the Legislature that would provide an additional \$4.0 million in FY 1990 and \$11.0 in FY 1991.

The Governor also recommends \$421.0 million for capital improvement expenditures and \$1.9 billion for the operation of state agencies and institutions. Recommended outlays for the Department of Transportation account for 84 percent (\$354.0 million) of the recommended spending in the capital improvement category. A detailed listing of capital improvement projects is contained in the Capital Budget section of this volume.

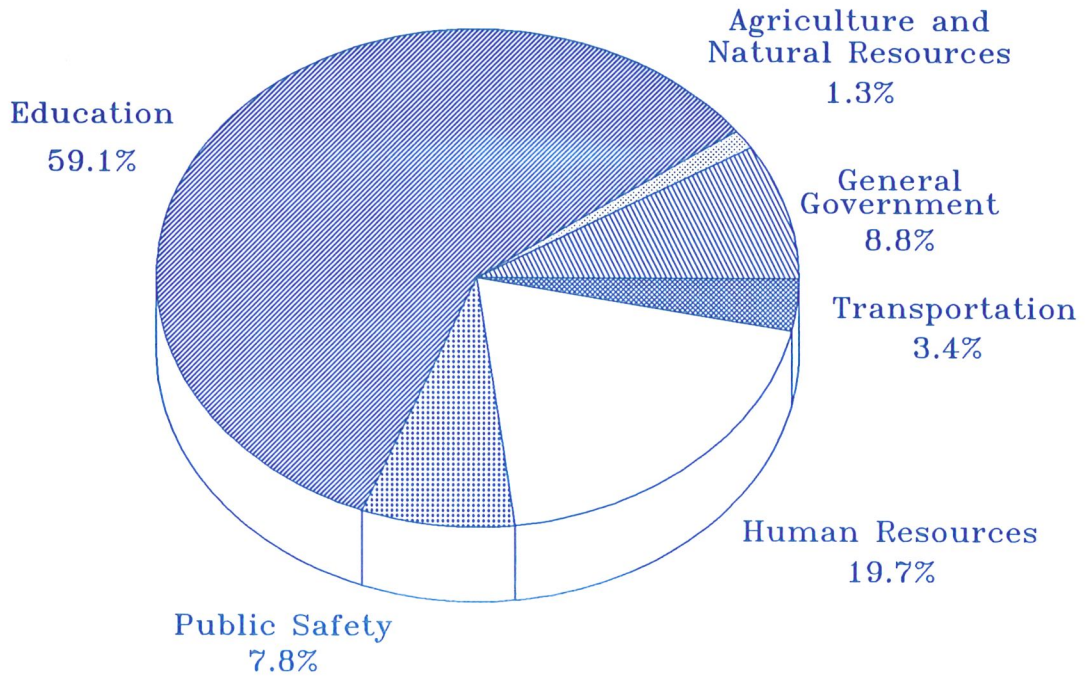
Education agencies constitute nearly 46 percent of the state operations costs.

FY 1991 Recommended Expenditures from All Funds

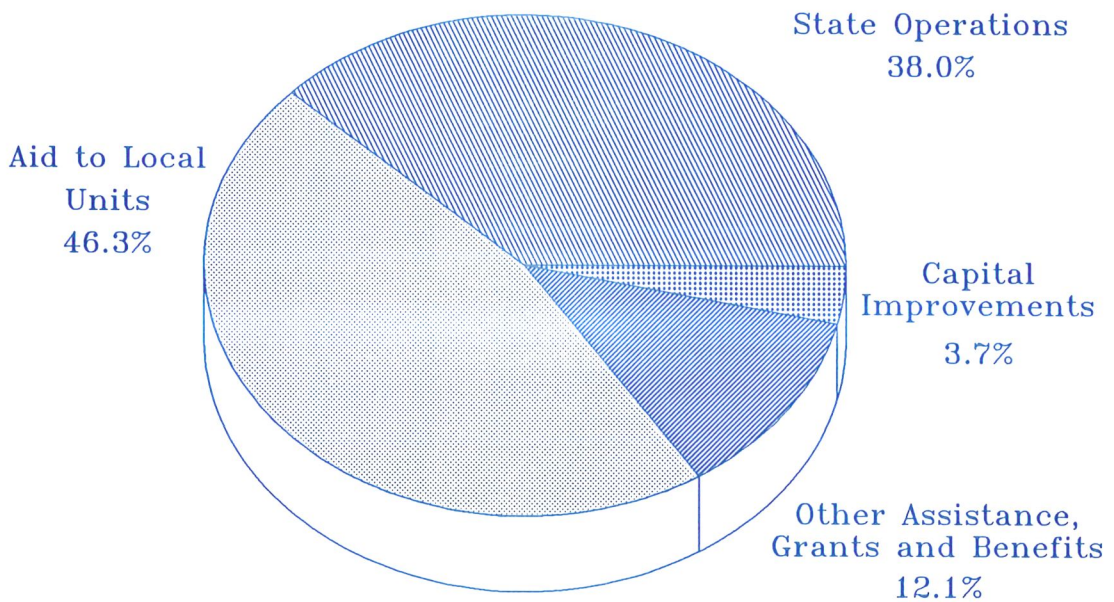
	State Operations	Local Aid	Assistance Grants & Benefits	Capital Improvements	Total
General Government	\$227.3	\$105.9	\$193.2	\$0.7	\$527.1
Human Resources	376.3	69.2	898.2	6.7	\$1,350.3
Education	888.4	1,120.2	150.5	38.4	\$2,197.6
Public Safety	194.9	12.9	2.0	15.3	\$225.2
Ag & Natural Resources	78.8	5.5	3.2	5.8	\$93.3
Transportation	183.3	113.7	0.2	354.0	\$651.1
Total	\$1,949.0	\$1,427.5	\$1,247.4	\$420.9	\$5,044.7

The State General Fund

By Function



By Category



Fiscal Year 1991

State General Fund

The Governor's proposals allocate over 46 percent of all general fund dollars for aid to local units of government. Recommended aid totals \$1,137.2 million and consists primarily of \$1,016.5 million in aid for education and approximately \$65.4 million for city and county property tax relief and revenue sharing. Other local aid includes nearly \$10 million for local roads, nearly \$46 million for programs relating to improvement of individuals' health or work skills, and for community corrections.

Recommended expenditures for the operation of state agencies and institutions account for \$933.5 million or 38 percent of all general fund expenditures. Of the total state operations expenditures, \$421.2 million, or 45 percent, is contained in the budgets of educational institutions.

Assistance expenditures, which are direct payments to or on behalf of individuals, total \$296.6 million or 12.1 percent of the total. The majority of expenditures in this category are for public assistance payments to needy families and individuals and medical assistance payments on their behalf. Also included, however, is direct property tax relief to homeowners and commercial property owners. The budget includes a total of \$53.6 million in State General Fund expenditures in FY 1990 and \$12.7 million in FY 1991 for the homeowners' circuit breaker, commercial circuit breaker, and homestead property tax refund program.

Approximately 81 percent of the capital improvement expenditures of \$73.6 million are for transportation.

FY 1991 Recommended Expenditures from the State General Fund

	State Operations	Local Aid	Assistance Grants & Benefits	Capital Improvements	Total
General Government	\$146.5	\$65.5	\$4.3	\$0.7	\$217.0
Human Resources	173.2	33.3	277.0	0.0	\$483.4
Education	421.2	1,016.5	10.1	5.5	\$1,453.4
Public Safety	169.1	10.9	2.0	8.6	\$190.6
Ag & Natural Resources	23.5	1.3	3.2	3.0	\$31.0
Transportation	0.0	9.8	0.0	73.6	\$83.4
Total	\$933.5	\$1,137.2	\$296.6	\$91.4	\$2,458.7

State General Fund Summary

	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
Beginning Balance	\$19.7	\$73.3	\$301.2	\$371.4	\$249.5
Plus: Released Encumbrances	1.6	1.7	1.7		
Adjusted Balance	\$21.3	\$74.9	\$303.0	\$371.4	\$249.5
Plus: Revenues	\$1,778.5	\$2,113.1	\$2,228.3	\$2,297.9	\$2,337.0
Recommended Adjustments	---	---	---	0.2	0.5
Total Revenues	\$1,778.5	\$2,113.1	\$2,228.3	\$2,298.1	\$2,337.4
Total Available	\$1,799.8	\$2,188.0	\$2,531.3	\$2,669.5	\$2,586.9
Minus: Expenditures	\$1,726.6	\$1,886.8	\$2,159.9	\$2,420.0	\$2,458.7
Ending Balance	\$73.3	\$301.2	\$371.4	\$249.5	\$128.2
<i>As Percent of Expenditures</i>	4.2%	16.0%	17.2%	10.3%	5.2%
Revenues Minus Expenditures	\$52.0	\$226.3	\$68.4	(\$121.9)	(\$121.3)
Percent Change from Prior Year:					
Revenues	8.4%	18.8%	5.5%	3.1%	1.7%
Expenditures	-0.9%	9.3%	14.5%	12.0%	1.6%