

Approved 5-11-90
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

10:05 a.m. ~~p.m.~~ on April 16, 1990 in room 514-S of the Capitol.

All members were present except: Representatives Heinemann, Vancrum and Kline
(all excused)

Committee staff present: Ellen Piekalkiewicz, Debra Duncan, Scott Rothe,
Julian Efird, Pat Mah, Diane Duffy, Russ Mills,
Leah Robinson, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list.

Chairman Bunten distributed the staff memorandum of "Items for Omnibus Consideration" (Attachment 1) and advised the Committee that the meeting will be recessed until 11:15 a.m., so subcommittees can meet on the items pertaining to their agencies. The Chairman announced that at tomorrow's meeting at 9:00 a.m., we will review the Governor's Budget Amendments. On Monday, April 23, the Committee will meet to consider any vetoes and, if there are none at that time, we will go into regular session to consider bills still left on our calendar. The meeting was recessed at 10:15 a.m.

Chairman Bunten reconvened the meeting at 11:15 a.m. so the subcommittees could report progress. Several subcommittees still have items to complete, so the meeting was recessed until 1:30 p.m.

The Committee reconvened at 1:35 p.m. and took up consideration of the items for omnibus working from the staff memorandum.

DEPARTMENT OF REVENUE--The Committee approved Items A and B.

Item C - The Committee did not approve the one new FTE position or the funding requested for processing applications for transfer certificates.

Item D - The Committee approved this item.

Item E - During discussion, it was noted that revocation of licenses for possession is not a new program, but Sub HB 2292 includes juveniles for the first time. Representative Teagarden moved to delete Item E which requests a new FTE as a result of passage of Sub HB 2292. Representative Hamm seconded. Motion carried.

Items F(1), F(2), F(3), F(4), and F(5) - The Committee approved these items.

Items G(1), G(2), and G(3) - The Committee passed over these items which are in conference committee.

Item G(4) - The Committee approved this item establishing the Local Report Revolving Fund.

STATE BOARD OF TAX APPEALS--Item A - The Committee approved a total of \$20,000 for reprogramming the agency's case management software.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 10:05 a.m./~~PM~~ on April 16, 1990

KANSAS RACING COMMISSION--The Committee passed over Item A which is still in conference committee.

KANSAS REAL ESTATE COMMISSION--Item A - The Committee approved \$25,000 start-up financing from the Real Estate Fee Fund for the Real Estate Appraiser Board with a proviso for repayment of the \$25,000 in FY91 whenever the Appraiser Fee Fund balance is greater than \$39,157. One FTE position and meetings for the new Board were approved with total expenditures of \$39,157 from the Appraiser Fee Fund.

DEPARTMENT OF CORRECTIONS--Item A - The Committee deferred action on the purchase and renovation of the Wichita Work Release Center until receipt next week of the recommendation of the Joint Committee on State Building Construction. Representative Helgerson asked the State Building Construction Committee to provide him any documentation they receive on this proposal, especially from the Department of Administration.

Item B - The Committee position is to remain with the earlier decision of \$100,000 for juvenile funding and to leave funding for Community Corrections at \$10,761,594 as recommended by the Governor.

BOARD OF NURSING--Items A and B - The Committee approved both items.

PAROLE BOARD--Item A - The Committee approved this item adding \$9,605 from the State General Fund for deferred compensation and longevity bonuses.

PUBLIC DISCLOSURE COMMISSION--Item A - The Committee passed over Item A on HB 3065 which is in conference committee.

BOARD OF AGRICULTURE--Item A - The Committee approved reimbursing the State General Fund by \$74,045 which are projected additional receipts to the Dairy Fee Fund, less \$1,561 for publication of changes made by SB 421.

Item B - The Committee approved Item B.

Items C and D - The Committee approved \$51,657 for one Civil Engineer III position with expenses, to be funded from the Water Appropriation Certification Fee Fund.

Item E - The Committee made no recommendation on this item.

Item H - The Committee passed over this item on SB 767 which is still in conference committee.

DEPARTMENT OF EDUCATION--Items A, B, and C will need to be adjusted when the SDEA formula is decided. Representative Chronister advised the Committee that the subcommittee was notified today that the Special Education figures are significantly higher than anticipated--approximately \$4 million higher for FY91. The reason is there are 100 more teachers hired and in place than previously counted.

Item D - The Committee approved this item adding an Education Program Specialist.

Item E - The Committee did not approve this item.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 10:05 a.m./~~p.m.~~ on April 16, 1990

Item F - The Committee approved the establishment of a no-limit fund--"Truck Driver Training Fund," but did not approve the \$500 requested for communications and printing expenses.

Item G - The Committee approved this item.

ATTORNEY GENERAL--Item A - The Committee deleted one position of assistant Attorney General and \$41,075 in funding from the Attorney General's budget. Representative Moomaw moved to delete an additional \$1,500 for OOE from the Attorney General's budget. Representative Gatlin seconded. Staff advised that the Attorney General's office has not paid OOE for this position, but has only paid the continuing education registration of \$150. Representative Moomaw withdrew his motion with the consent of the second, Representative Gatlin.

KANSAS SCHOOL FOR THE VISUALLY HANDICAPPED--Item A - The Committee approved Item A. The school submitted an additional item for consideration in which they requested \$31,245 State General Fund for salaries and OOE for FY90. Representative Lowther stated the need for additional funds is for the purchase of braille textbooks and the replacement of equipment on loan which was taken back by USD 500. The Committee approved the addition of half the total request--approximately \$7,873 in salaries and \$7,714 in OOE.

DEPARTMENT OF COMMERCE--Items A and B - The Committee approved Items A and B.

Items C, D, and E - The Committee passed over these items which are now in conference committee.

KANSAS, INC.--Item A - The Committee approved Item A which creates the no-limit Information Network of Kansas Fund.

Item B - The Committee approved Item B.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES--Item A - Representative Goossen recommended no action now to add funds for medical assistance in the Omnibus bill. Agency estimates are up \$13 million from those originally received by the Subcommittee and the Subcommittee recommends adjustments be considered in Conference Committee.

Item B - The Committee approved putting back into the Omnibus bill the same amount in the original House position on mental health reform. The Committee took no action now on the one field staff position added in the original position on mental health reform.

Item C - The Committee made no recommendation on Item C stating they would support the decision of the Conference Committee, as this item involves all federal funds.

At the request of Chairman Buntten, the Subcommittee looked at SRS rent monies and recommended staying with the original House position.

YOUTH CENTER AT TOPEKA--The Committee approved Item A which would add \$205,000 for the education contract.

KANSAS STATE HISTORICAL SOCIETY--Item A - The Committee passed over Item A, as it is in Conference Committee.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 10:05 a.m.~~p.m.~~ on April 16, 19⁹⁰

Item B - The Committee approved \$170,171 for museum security and \$27,500 for security equipment maintenance to be put together in one line item.

KANSAS BOARD OF BARBERING--In Item A the Committee approved \$280 in per diem and \$880 travel expenses for the additional Board member to attend eight meetings.

LARNED STATE HOSPITAL--Item A - The Committee passed over this item as the categorical aid rate is still in question.

Item B - The Committee approved Item B.

OSAWATOMIE STATE HOSPITAL--Item A - The Committee passed over this item which will be adjusted when the categorical aid rate is determined.

Item B - The Committee approved Item B.

RAINBOW MENTAL HEALTH FACILITY--Item A - The Committee passed over this item dealing with categorical aid.

TOPEKA STATE HOSPITAL--Item A - The Committee passed over this item on categorical aid.

Item B - The Committee approved Item B.

DEPARTMENT OF HUMAN RESOURCES--Item A - The Committee approved this item which would fund one new assistant rehabilitation administrator in the amount of \$73,374 from the Workers Compensation Fee Fund.

COMMISSION ON VETERANS AFFAIRS/KANSAS SOLDIERS' HOME--Item A - The Committee approved Item A.

WINFIELD STATE HOSPITAL AND TRAINING CENTER--Item A requesting a technical adjustment was approved by the Committee. The categorical aid item was passed over pending determination of the proper rate. Additional technical adjustments necessary to reflect Legislative intent were approved by the Committee.

DEPARTMENT OF WILDLIFE AND PARKS--The Committee approved this item regarding HB 2919.

PARSONS STATE HOSPITAL AND TRAINING CENTER AND KANSAS NEUROLOGICAL INSTITUTE--The Committee passed over the question of categorical aid at the present time for these institutions. In a letter to the Chairman, Parsons is requesting an addition of \$88,230 for commodities to their FY90 budget. The Committee did not approve this request.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (KPERS)--Item A - The Committee took no action on this item pending passage of SB 508 noting the local school employers' contributions would have to be paid eventually at the necessary level. Regarding an additional request by the agency for a position to perform duties recommended by a recent post audit, the Committee did not approve the addition of that position suggesting the position be included in the agency's FY92 budget request.

FORT HAYS STATE UNIVERSITY--The Committee took no action on Item A pending receipt of a Governor's Budget Amendment.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 10:05 a.m.~~p.m.~~ on April 16, 1990.

BOARD OF REGENTS--The Committee approved the addition of \$250,000 for the Teacher Scholarship Program, but did not approve \$3,500 requested for administrative costs.

WICHITA STATE UNIVERSITY--The Committee did not approve an increase in the total FY90 appropriation for utilities of \$2,629,127.

STATE FIRE MARSHAL--The Committee passed over Items A and B pending further investigation.

JUDICIAL BRANCH--Item A - The Subcommittee recommended approval of a total of \$49,561 (\$21,561 for a Secretary II; \$3,000 for OOE; and \$25,000 for temporary assistance in the district courts). Representative Gatlin moved that all funding for Item A - HB 2645 be deleted. Representative Moomaw seconded. Representative Hoy stated there are 345 municipal courts and 105 district courts in the state from which information must be gathered per HB 2645 and he feels some funding should be provided. The motion carried.

Item B - The Committee passed over this item as HB 2734 is still in Conference Committee.

JUDICIAL COUNCIL--The Legislature asked for a study of the distribution of judges throughout the state and the Judicial Council will need more meetings to accomplish this study. The Committee approved eight additional meetings and funding of \$8,296.

DEPARTMENT OF ADMINISTRATIVE--Item A - The Committee took no action pending receipt of a Governor's Budget Amendment.

Item B - Pertaining to HB 2836, the Committee approved \$95,962 for the inspection of inventory function of the Division of Accounts and Reports and \$65,382 for the "preaudit" function.

Item C - The Committee passed over this item as SB 310 is still in conference.

Item D - The Committee confirmed remaining with the House position imposing an expenditure limitation of \$33,808,491 on DISC.

KANSAS BUREAU OF INVESTIGATION--Item A - The Committee approved this technical adjustment. In discussion of a DNA laboratory under the KBI, Representative Francisco feels having this lab available in Kansas would save local law enforcement hundreds of man-hours in investigations. Representative Francisco moved to approve \$155,285 for a DNA lab at the KBI and to give the agency the authority to charge fees to raise money to cover the cost. Representative Fuller seconded. Staff advised that the FBI does not charge for DNA screenings, but may take six months, and private labs charge \$500 for the service. The motion carried.

DEPARTMENT OF HEALTH AND ENVIRONMENT--Items A, B, C, and D - The Committee did not approve these funding requests.

Items E and F - The Committee passed over these items as SB 736 and SB 310 are still in conference.

DEPARTMENT OF INSURANCE--Items A and B - The Committee approved one FTE Policy Examiner I position and funding for two-thirds of a year, which would be two-thirds of \$34,159, for HB 2610 and HB 3027.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 10:05 a.m.~~p.m.~~ on April 16, 1990.

DEPARTMENT OF TRANSPORTATION--Item A - The Committee approved this request for a no-limit Highway Special Permit Fund.

Item B - The Committee approved adding \$357,849 for FY91 for 11 FTE existing vacant positions associated with increased right-of-way activities in the State Construction Program.

Representative Shriver pointed out that \$1 million was appropriated in FY90 for the Regents' Center and \$1 million in FY91. The funds were for site work and debt service, but the FY91 funds will not be needed in that fiscal year. Representative Shriver moved to shift the FY91 appropriation of \$1 million to FY92. Representative Goossen seconded. Motion carried.

Representative Chronister reported that the CURB Board has asked for an additional attorney and Subcommittee No. 1 is not recommending this request.

Representative Fuller requested staff to provide her more up-to-date figures on utility costs at Wichita State University. She expressed concern at leaving the university short in this area.

Representative Turnquist advises that the State Conservation Commission has requested \$3,300 in FY91 for increased rent costs associated with the agency's new lease. He stated a Governor's Budget Amendment has been requested on this and the Chairman stated we would consider it at tomorrow's meeting when the GBA's are reviewed.

Representative Lowther noted there has been a request for Emporia State University regarding the enrollment adjustment and it was decided this matter would be considered at the meeting tomorrow. Representative Moomaw stated he has a letter from the Kansas Water Office regarding \$5,000 which was deleted from their budget for consideration at tomorrow's meeting.

Representative Teagarden moved that the minutes of March 13, 14, 15, 19, 20, 21, and 23, 1990, be approved as written. Representative Francisco seconded. Motion carried.

The meeting tomorrow will begin at 9:00 a.m. The meeting was adjourned at 4:45 p.m.

ITEMS FOR OMNIBUS CONSIDERATION

Department of Revenue

A. **Senate Bill No. 485 (law)** authorizes County Treasurers to process and mail a copy of title applications to the lienholders. The agency indicates that allowing counties to mail a copy of the title application to the lienholder will require that a current four-part state form be changed to a five-part form. The Division of Vehicles currently provides on an annual basis 2.4 million four-part Title and Registration Application forms to County Treasurers. The increased cost for a five-part form is estimated at \$40,000 per year. The agency requests \$40,000 in FY 1991 for the added costs of new forms. Financing would be from the DOV Operating Fund.

B. **Senate Bill No. 486 (law)** prohibits the brokering of new and used motor vehicles effective January 1, 1991. Currently, there are 154 broker licenses issued at \$50 each. Eliminating these licenses will result in a decrease of \$7,700 of revenue which helps offset the expenses of the Dealer Licensing Bureau in the Department of Revenue. No reduction in administrative costs is estimated by the agency.

C. **Senate Bill No. 531 (law)** concerns disposal of salvage vehicles through the use of a transfer certificate. The Director of Vehicles will issue the new transfer certificates when owners of vehicles do not possess title for the vehicles, and when the vehicles are to be dismantled or recycled. The Director may charge fees not to exceed the original title fee for transfer certificates. In addition to data processing costs noted below in item F, the agency requests 1.0 new FTE position to be responsible for processing all applications for transfer certificates, determining validity of ownership, and issuing either duplicate titles or transfer certificates. FY 1991 cost of the new position is estimated at \$18,716 from the DOV Operating Fund for salary and benefits, plus \$1,650 to equip the new position.

D. **Senate Bill No. 695 (law)** allows the Secretary of Revenue to enter into the International Fuel Tax Agreement (IFTA) for collection and refund of interstate fuel taxes collected pursuant to K.S.A. 79-34,108 et seq. The agency requests \$70,000 in FY 1991 to purchase a computer software program to implement IFTA. The agency's budget request for FY 1991 included \$1,500 for a membership fee in IFTA and \$70,000 to purchase the Lockheed IFTA computer program. The financing requested in the budget was from the DOV Operating Fund.

E. **Sub. for House Bill No. 2292 (law)** authorizes revocation by the court of juveniles' drivers licenses for possession, use or abuse of any alcoholic beverage, controlled substance, or both. In addition to FY 1990 data processing costs noted below in item F, the agency requests 1.0 new FTE position in FY 1991, with costs of \$18,716 for staff and one-time capital outlay expenses of \$1,650. The Division of Vehicles estimates that an increase of 3,000 driver license suspensions and reinstatements will result from passage of this bill, and that on-going administrative costs will be in addition to the unit's current funding. Financing is requested from the DOV Operating Fund.

F. **Data Processing Costs for Bills Passed:** Senate Bill No. 484 (Governor), Senate Bill No. 531 (law), Senate Bill No. 573 (law), Sub. for House Bill No. 2292 (law), House Bill No. 2735 (law). The agency estimates one-time data processing costs of \$34,206 from the DOV Operating Fund associated with passage of the listed bills. Of

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that amount, \$31,048 is attributed to salaries and benefits for programmers and \$3,158 is attributed to other operating expenses.

1. **Senate Bill No. 484 (Governor)** pertains to the Kansas Uniform Commercial Driver License Act and establishes the Truck Driver Training Fund in the Department of Education for distributing state aid to postsecondary schools with truck driver training programs. The establishment of a new fund would require the Department of Revenue to make programming changes to the agency's fiscal deposit system. Data processing charges of \$5,025 for salaries and benefits of programmers and \$1,150 for computer time are estimated in FY 1991 with financing requested from the DOV Operating Fund.

2. **Senate Bill No. 531 (law)** concerns disposal of salvage vehicles through the use of a transfer certificate. The Director of Vehicles will issue the new transfer certificates when owners of vehicles do not possess title for the vehicles, and when the vehicles are to be dismantled or recycled. Data processing charges of \$6,960 for salaries and benefits of programmers and \$375 for computer time are estimated in FY 1990 with financing requested from the DOV Operating Fund.

3. **Senate Bill No. 573 (law)** permits issuance of a new 60-day harvest permit for farm trucks registered either in Kansas or in another state, as well as a new annual, proportional registration of trucks or truck tractors engaged in custom harvesting. Data processing charges of \$13,210 for salaries and benefits of programmers, \$441 for computer time, and \$500 to revise forms and permits are estimated over two fiscal years, with financing requested from the DOV Operating Fund.

4. **Sub. for House Bill No. 2292 (law)** authorizes revocation by the court of juveniles' drivers licenses for possession, use or abuse of any alcoholic beverage, controlled substance, or both. Data processing charges of \$2,771 for salaries and benefits of programmers and \$192 for computer time are estimated in FY 1990 with financing requested from the DOV Operating Fund.

5. **House Bill No. 2735 (law)** allows a motor vehicle dealer who demonstrates trucks and truck tractors to obtain a 15-day trip permit for operating a motor vehicle under actual working conditions for a prospective purchaser. Data processing charges of \$3,082 for salaries and benefits of programmers and \$500 for computer time are estimated in FY 1990 with financing requested from the DOV Operating Fund.

G. Data Processing and Other Costs for Other Bills in Conference Committee: Senate Bill No. 310, Senate Bill No. 481, House Bill No. 2621, and House Bill No. 2637.

1. **Senate Bill No. 310 (conference)** as passed by the Senate would impose a privilege fee of \$1.00 on each new tire sold at retail, with fees to be remitted monthly to the Department of Revenue and credited to a Waste Tire Management Fund to be created in the State Treasury. Annual revenues of \$2.6 million are estimated and the agency requests administrative costs to implement and administer the new excise tax. The House amendments to the bill removed the \$1.00 fee on the sale of tires and deleted the Waste Tire Management Fund provision which impacted the Department of Revenue. The House version of the bill has no administrative impact on the agency.

The Senate version of S.B. 310 would require the Department of Revenue to administer a new tax. The agency estimates FY 1990 expenses of \$24,378 for data

processing costs to implement the new tax, including \$22,078 for programmer salaries and benefits and \$2,300 for computer processing time. FY 1991 expenses of \$113,882 are estimated, including \$99,636 for 5.0 new FTE positions, \$2,362 for programmer salaries and benefits, \$5,320 for commodities, \$480 for telephone services, and \$6,084 for capital outlay to equip four new employees. Financing is requested from the State General Fund rather than the Waste Tire Management Fund.

2. **Senate Bill No. 481 (conference)** concerns issuance of special license plates and an increase in cost of duplicate motor vehicle registrations. The bill as amended by the House added provisions to allow a surviving spouse of a former prisoner of war to keep the special X-POW license plate. The House version also added the issuance of special plates for survivors of Pearl Harbor. Data processing salaries and benefits of \$4,020 are requested for programming work and computer time is estimated at \$825 in FY 1990. Costs of the new Pearl Harbor license plates are estimated at \$2.85 each for 100 eligible applicants, or a total of \$285 from the DOV Operating Fund in FY 1991.

3. **House Bill No. 2621 (conference)** eliminates the estimated sales tax payments for taxpayers with annual liabilities of \$32,000 or more and replaces that requirement with a monthly deposit mechanism based on prior tax liability. The agency indicates that the bill would save considerable time, effort and expense in developing the new integrated business tax system known as BTIMS (the Business Tax Information Management System). The agency's fiscal note states that failure to implement this bill would result in expenditures of \$45,000 for salaries and benefits associated with programming time. The agency estimates implementation of the bill's provision will cost \$8,185 in FY 1990 and \$2,734 in FY 1991 for data processing expenses. Those expenses include \$7,035 for salaries and benefits for programming time and \$1,150 for computer time in FY 1990 and \$1,584 for salaries and benefits for programming time and \$1,150 for computer time in FY 1991. Financing is requested from the State General Fund.

4. **House Bill No. 2637 (conference)** would require the agency to provide certain types of information to cities and counties which impose local taxes. Upon request by either city or county officials, the Director of Taxation would be required to provide a monthly report listing certain information about local retailers' sales tax collections and/or transient guest tax collections. The Director of Taxation would be allowed to assess a fee for issuance of such reports. The agency indicates that one-time expenses for writing three new computer programs to produce the reports would cost \$2,744 in FY 1990, with \$2,169 for salaries and benefits of programming time and \$575 for computer time. The bill provides that the cost of processing each city or county request would be borne by the local unit, but no revolving fund is authorized by the bill. The agency requests establishing the Local Report Revolving Fund pursuant to H.B. 2637 to recover costs and pay expenses related to making reports available to local units of government.

State Board of Tax Appeals

A. **Deferral of Computer-Related Items.** The House Subcommittee recommended a DISC study of the Board's data processing needs and reconsideration of computer-related items during Omnibus. The Governor's FY 1990 budget recommendations included \$30,514 for computer-related capital outlay, which were reduced by the Legislature, pending review during Omnibus of the DISC study. DISC provided a report on April 10, 1990, which recommends expenditures totaling \$25,000 in FY 1990 to

address the Board's computer problems. Included in the recommendations are \$20,000 for reprogramming the case management software and \$5,000 for training agency personnel to manage the existing computer hardware.

The DISC report indicates that the Board will not need a new computer system as earlier requested, and that a combination of modifying office procedures, reprogramming the case management software, and training staff will provide an alternative to buying a new minicomputer system. The DISC report indicates that after implementation of the initial recommendations, which should cost no more than \$25,000, there are other hardware alternatives for upgrading the current minicomputer rather than buying a new system. No fiscal year timeframe for purchasing an additional \$35,500 worth of storage and memory upgrades is recommended. The DISC report notes that, if the current system reaches 80 percent storage utilization (after the initial alternatives are implemented), then an upgrade will be required. The DISC study further notes that "the growth in case load is unpredictable at this time and will take constant monitoring."

Kansas Racing Commission

A. **Senate Bill No. 428 (conference)** includes amendments to the Kansas Parimutuel Racing Act. Among the changes, the bill would establish the unclassified position of Director of Racing Operations. The additional salary and benefits are estimated at \$57,031 by the Racing Commission, with financing from the State Racing Fund. The new Director would supervise racing judges and stewards. The position was requested in the agency's FY 1991 budget as a classified staff position. The Governor did not recommend the new FTE position. The Racing Commission requests \$7,500 for additional operating expenditures resulting primarily from travel and subsistence. S.B. 450 includes \$36,000 additional financing for a supervisor of racing judges and stewards if the Racing Commission should hire one rather than a clerk. Taking that appropriation into account, the net financing for 1.0 new FTE position in FY 1991 would be \$21,031 for salary and \$7,500 for other operating costs, or a total of \$28,531 from the State Racing Fund.

Kansas Real Estate Commission

A. **Senate Bill No. 755 (law)** establishes the Real Estate Appraiser Board which is attached to the Kansas Real Estate Commission for administrative purposes. The purpose of the Board is to license and certify real estate appraisers pursuant to a federal requirement. The bill also authorizes the Appraiser Fee Fund. The Legislature will need to consider a State General Fund appropriation or a transfer to the new fee fund for financing initial operations of the new Board since it must draft rules and regulations before it may begin collecting application fees for licensing and certifying appraisers. For FY 1991, the Commission estimates that start-up financing of \$25,000 may be needed, and that expenditures of \$39,157 plus 1.0 FTE position would be required. The difference (\$14,157) between initial financing and total expenditures should be collected in application fees during the second half of FY 1991.

A preliminary budget for the new Board includes \$13,361 for Board meetings, of which \$3,617 would pay \$35 per diem compensation to the eight members for 12 meeting days and \$9,744 for travel and subsistence to Board meetings. Salaries and benefits are estimated at \$20,477 for 1.0 FTE position and a temporary position. Other operating expenses of \$5,319 are requested for communications, rents and commodities. Total expenditures are estimated at \$39,157 in FY 1991. The Real Estate Commission

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estimates FY 1991 receipts may total \$58,000 for deposit to the new fee fund, if 500 appraisers apply for certification.

Department of Corrections

A. Purchase and Renovate Facility for the Wichita Work Release Center. The Department of Corrections has submitted a request for FY 1990 supplemental funding of \$1,700,000 (State General Fund) to permit the purchase of the Santa Fe Trail Transportation Building for use as a work release center. The Senate Ways and Means Committee recommended this proposal be an item for Omnibus review. The building, located at 401 South Emporia in Wichita, is a trilevel office building enclosing 52,911 square feet; the building was constructed in 1958. The Department proposes to vacate the two Market Street buildings and consolidate the Work Release Center in the Santa Fe Trail Transportation Building. Current lease costs for the two Market Street buildings are \$144,752 per year; the purchase price for the two Market properties is estimated at \$1.5 million. The total cost for acquisition of the Santa Fe property is \$1.7 million, which is composed of a \$700,000 purchase price, \$245,000 for renovation, and \$755,000 for capital outlay to furnish and equip the facility.

The current Wichita Work Release Center, located at 320 North Market and 309 North Market, provides bedspace for 182 minimum custody male and female inmates at its location near downtown Wichita, Kansas. The Center began operation in January, 1976 following legislation authorizing establishment of such a center during the 1974 Legislative Session. On August 1, 1989, the Department terminated its contract with the VIP, Inc., company for operation of community residential centers in Topeka and Wichita. DOC leased space at 309 North Market to house 76 inmates; and the 320 North Market building now houses 106 inmates, for a program total of 182 inmates. The FY 1991 budget of \$2,012,769 and 51.0 FTE positions is based on an average daily inmate population of 182.

The Work Release Center houses both men and women and provides a structured residential setting for inmates who are within eight months of their parole eligibility date. The Center provides a transitional period for offenders prior to reentering the community with the emphasis on establishing job stability. The Center provides housing for inmates, food services, recreational opportunities, and uses community resources to provide substance abuse and mental health counseling.

The Joint Committee on State Building Construction did not recommend funding for this project in FY 1990. The House Appropriation Subcommittee which reviewed the Department's budget recommends that the Joint Committee on Building Construction review this proposed acquisition in some detail.

B. Community Corrections Funding. During legislative budget review, the Senate Ways and Means Committee recommended that the issue of funding for Community Corrections Act (CCA) programs be an item for Omnibus consideration.

The Governor's recommendation for Community Corrections in FY 1991 is \$10,865,242, a reduction of \$7,294,931 from the agency request. The net change from the current year to the budget year is an increase of \$2,331,769 or 27.3 percent. The FY 1991 agency request is composed of \$172,344 for salaries and wages for 5.0 positions, \$33,030 for other operating expenditures, \$2,462,080 for community correctional conservation camps, and \$15,492,719 for grants to local CCA programs, including \$5.2 million for new county CCA programs. The 5.0 approved positions are 1.0 Community

Corrections Specialist, 3.0 Community Program Consultant II positions, and an Office Assistant II. The FY 1991 salaries and wages recommendation will support 3.0 positions, a reduction of 2.0 positions from the 5.0 approved for the current year. The 2.0 positions eliminated are Community Program Consultant II positions (\$68,482). The Governor's recommendation for FY 1991 includes \$93,843 for salaries, \$9,805 for other operating expenditures, and \$10,761,594 for aid to local units (which is composed of \$600,000 for a community correctional conservation camp in Labette County and \$10,161,594 for community corrections grants). The Governor's recommendation for FY 1990 is composed of \$183,002 for salaries, \$18,713 for other operating expenditures, and \$8,331,758 for community corrections grants (no funding is recommended for correctional conservation camps in FY 1990).

The table below indicates the agency request and the Governor's recommendation for community corrections grants in FY 1991.

	<u>Agency Req.</u> <u>FY 1991</u>	<u>Gov. Rec.</u> <u>FY 1991</u>
Bourbon/Linn/Miami	\$ 233,612	\$ 233,612
Douglas	408,992	336,056
Jackson	35,988	35,988
Jefferson	35,987	35,987
Johnson	2,826,810	1,599,773
Leavenworth	295,551	295,551
Montgomery	314,213	314,213
Pottawatomie	35,988	35,988
Riley	267,454	267,454
Saline	347,971	321,392
Sedgwick	2,907,355	2,228,792
Shawnee	925,334	925,334
Wabaunsee	35,988	35,988
Wyandotte	1,621,476	1,295,466
Subtotal	<u>\$ 10,292,719</u>	<u>\$ 7,961,594</u>
Additional Existing Co.	--	1,000,000
New County Programs	5,200,000	1,200,000
CCC Camps	<u>2,462,080</u>	<u>600,000</u>
TOTAL	<u>\$ 17,954,799</u>	<u>\$ 10,761,594</u>

The 1990 Legislature has also approved an additional \$100,000 over the Governor's recommendation for CCA grants. The additional funding is intended to enhance juvenile programs under the CCA. (In FY 1989, 214 juveniles were provided services under the CCA at a reported expenditure of \$318,936, or an average cost of \$1,490 per case.)

Board of Nursing

A. **Technical Adjustment.** The final version of H.B. 2729 does not accurately reflect the amount that was approved by the 1990 Legislature (\$675,687). To correct this error, \$16,565 should be added to the FY 1990 expenditure limitation for the Board of Nursing Fee Fund.

B. Computer Disk Pack. According to the Board of Nursing, it could be several months before the Board of Healing Arts will have its own computer system installed and will no longer share a system with the Board of Nursing and the Pharmacy Board. Information indicates that the earliest possible date will be June 30, 1990 before the new computer system at the Board of Healing Arts will be functioning and that it may be sometime in FY 1991 before the Board of Healing Arts can completely remove all of its files from the shared system. According to the Board of Nursing, all of the existing computer space has been utilized and the addition of a disk pack is necessary in order to increase the computer space for processing and storage of the Board of Nursing's files. To fund this expenditure, the Board is requesting that \$4,200 be added to the FY 1991 expenditure limitation for the Board of Nursing Fee Fund.

Parole Board

A. Salaries and Wages. The salaries of Parole Board members are linked by K.S.A. 22-3708 to the salaries of certain judges of the Judicial Branch. The Governor recommended a 1.5 percent cost of living adjustment for the salary of these judges. However, the Governor's recommendation for the Parole Board included a 2.5 percent increase in salaries for the Board members in addition to the 1.5 percent cost of living adjustment. Since the Board members salaries are tied to the judges' salaries, they could not have received the 2.5 percent salary increase. Passage of S.B. 449 would provide for the 2.5 percent increase in salaries for the judges and, therefore, enable the Parole Board members to receive the higher salaries that have already been provided for in the Governor's recommendation.

However, the Governor's recommendation did not include funds for Board members' deferred compensation and longevity bonuses for classified employees. The Legislature did not fund these items since the funds for the 2.5 percent salary increase recommended by the Governor could be used to fund the deferred compensation and longevity costs. Now that funds may be spent for the Board members' salary increases because of the passage of S.B. 449, not enough money remains to fund the deferred compensation and longevity bonuses. Should the Legislature choose to fund the Board's deferred compensation and the longevity bonus expenditures, \$9,605 from the State General Fund will need to be added to the Board's FY 1991 appropriation. (This amount assumes the 2.0 percent turnover savings rate that was approved by the Legislature.)

Public Disclosure Commission

A. House Bill No. 3065 (conference). There are two versions of H.B. 3065 being reviewed by the Conference Committee. The House version would abolish the Kansas Public Disclosure Commission and create the Kansas Governmental Ethics Commission. The new Governmental Ethics Commission would consist of nine members as compared to five members for the Public Disclosure Commission. The bill also provides that the Ethics Commission shall appoint an Executive Director. Current law states that the Public Disclosure Commission may appoint an Executive Director. Assuming that a 1.0 FTE position would be added rather than using existing staff for the appointment of an Executive Director to the Commission, the FY 1991 costs of the bill are estimated by the Public Disclosure Commission to be \$51,099 for the 1.0 FTE position (\$43,399), the additional 4.0 Commission members (\$4,076), and other costs (printing -- \$722, postage -- \$425, and capital outlay -- \$2,477). These costs would be offset, in part, by the estimated receipts that would be raised by passage of the bill.

Receipts would be raised by increasing the lobbyist registration fees by \$10 and implementing a fee for the registration of political committees. Estimated receipts from the registration of political committees would be \$17,005, existing receipts for lobbyists are \$14,820, and anticipated receipts from the increase in lobbyist registration fees would be \$9,880, for a total of \$41,705. All of the receipts would go into a fund that would be established by the bill for the Governmental Ethics Commission. (Under current law, receipts from the registration of lobbyist fees are credited to the State General Fund.)

The Senate version of the bill would establish the Kansas Select Commission on Ethical Conduct. The duties of the Commission would be to study and review existing laws relating to all aspects of governmental ethics including conflict of interest, public disclosure by public officers and employees, and campaign finance; the need for additional laws pertaining to ethical standards for elective and appointed governmental offices and members of state boards and commissions established by law; and the preservation of the part-time citizen Legislature. The Commission would be required to file an interim report to the 1990 regular session, if deemed necessary, and to make a final report and recommendations to the Legislature on or before January 1, 1991. Members of the Commission would be paid compensation, subsistence allowances, mileage and other expenses. The membership of the Commission would consist of 10 appointed members (of whom four must be members of the Legislature) and the Secretary of State or a designated appointee of the Secretary. The provisions of the act would expire upon delivery of the Commission's final report to the Legislature. This version of the bill would not impact the Commission's budget. Expenses of the Commission would be paid from the appropriation for legislative expenses and, therefore, special appropriation language will not be required.

Board of Agriculture

A. **Senate Bill No. 421 (law)** makes several changes to Kansas laws concerning dairy products. The bill clarifies and strengthens the State Dairy Commissioner's authority to enforce health standards for dairy products. S.B. 421 also makes major adjustments to the fees paid by the dairy industry. The bill establishes annual license fees of \$120 for dairy manufacturing plants and for businesses which distribute dairy products; \$50 for businesses which freeze dairy dessert mixes, businesses which produce dairy containers, and businesses which freeze and sell retail ice cream products and food service establishments which make their own ice cream; and \$25 for milk-hauling or -testing companies. The bill also requires milk producers to pay a fee of \$.01 on every 100 pounds of milk or cream produced. Dairy manufacturing plants would also have to pay \$.0075 on every 100 pounds of milk which is processed into a milk product. Fees concerning the sale of buttermilk are eliminated.

For FY 1991, the net fiscal impact of the changes to license and production fees is estimated by the agency to be an increase of \$74,045 in receipts to the Dairy Fee Fund. According to the agency, publication of changes made by S.B. 421 will result in the Board incurring additional expenses of \$1,561, which could be financed from the additional receipts.

The status of the Dairy Fee Fund under the approved FY 1991 budget follows:

Balance	\$ 4,959
Receipts	<u>154,835</u>
Total Available	159,794
Expenditures	<u>85,749</u>
Balance Forward	<u>\$ 74,045</u>

B. **House Bill No. 2650 (law)** authorizes the State Board of Agriculture to enter into agreements with other state agencies, education institutions, the federal government, and not-for-profit organizations to conduct statistical surveys and studies. The bill permits the Board to make a reasonable service charge for conducting the studies and establishes a new fund entitled the Agricultural Statistics Fee Fund, in which fees for special statistical projects may be deposited and spent. Prior to enactment of the law, restrictions on the transfer of funds from private and state entities, reimbursement for out-of-pocket expenses on these surveys was met through payment in kind to Kansas Agricultural Statistics. Payment was normally made with paper and other printing supplies. The program absorbed costs such as computer time, data collection expenses, and equipment overhead.

C. **Senate Bill No. 569 (law)** amends Kansas law concerning fees collected by the Board of Agriculture, Division of Water Resources. The bill would authorize the Division to collect a fee for certain services. A request for an extension of time to either complete diversion works or to perfect a water right would be accompanied by a fee of \$50. Requests to reinstate water right permits to appropriate water would require a \$100 fee.

The bill is expected to generate an additional \$40,450 in revenue to the Water Appropriation Certification Fee Fund. The receipt of the additional funds is included in the Governor's recommended budget. The agency estimates expenditures in the amount of \$29,937 which are not included in the Governor's recommendation. These expenditures include salaries and wages of \$18,366 for a 0.5 FTE Civil Engineer III position, \$3,244 in contractual services, \$110 in commodities, and \$8,217 in capital outlay.

D. **Senate Bill No. 570 (law)** amends Kansas law concerning fees collected by the Division of Water Resources for changes in points of diversion. The bill requires an application fee of \$50 for application to change a point of diversion 300 feet or less, \$100 for application to change a point of diversion by more that 300 feet, \$100 for applications to change a place of use, and \$150 for application to change the use made of water. Any application requesting two of these changes requires a \$150 fee. Any application requesting three types of changes requires a fee of \$250.

The bill is expected to generate \$22,500 in additional receipts to the Water Appropriation Certification Fee Fund. That amount is included in the Governor's budget recommendation. The agency estimates expenditures of \$21,720, including salaries and wages of \$18,366 for a 0.5 FTE Civil Engineer III position, \$3,244 in contractual services, and \$110 in commodities.

(The agency is requesting the funding of one FTE Civil Engineer III position to be partially funded from the increased revenue anticipated from S.B. 569 and partially funded from increased revenue expected from S.B. 570. The position was requested from State Water Plan funds but was not recommended by the Governor. The position would be utilized to manage the existing Water Conservation program. The agency

requests that the additional revenue anticipated from these two bills be used to fund this additional staff position, rather than offset State General Fund revenue.)

The status of the Water Appropriation Certification Fee Fund under the approved FY 1991 budget follows:

Balance	\$ 104,448
Receipts	<u>442,125</u>
Total Available	\$ 546,573
Expenditures	<u>322,340</u>
Balance Forward	<u>\$ 224,233</u>

E. House Bill No. 2639 (law) establishes a late fee for state registered meat and poultry plants which fail to renew their registration on time. The plants are required to renew their registration by January 1 of each year. The bill requires a late fee of \$10 in addition to the regular registration fee if the fee is paid after January 15 but before January 31. Plants which renew after January 31 would be charged a late fee of \$10 plus \$25 per month for each additional month that the renewal is late.

The agency estimates FY 1991 receipts of \$500 with a corresponding \$500 in expenditures to allow the Board to reprint copies of the Kansas Meat and Poultry Act.

H. Senate Bill No. 767 (Conference), under both the Senate and House versions, redirects \$.04 per ton of the fertilizer funds collected by the Board of Agriculture to research fertilizer-related issues at Kansas State University. It is estimated that this redirection in fees would reduce anticipated tonnage fund revenues by \$48,414.

Under both the Senate and House versions of the bill, seed dealers would be required to be registered with the Board and pay an annual registration fee of \$50. In addition to the registration fee, seed dealers would be required to furnish the Board a list of farmer dealers who act as agents for seed dealers. The seed dealers would be required to pay a fee of \$10 for each of the farmer dealers. The bill creates a fee fund for the deposit of fees collected from seed dealers and farmer dealers of seed. The agency estimates that fee funds generated by this registration would total \$34,435. The net loss to the agency's total revenue, as a result, would be \$13,979.

The status of the Fertilizer Fee Fund under the approved FY 1991 budget follows:

Balance	\$ 3,168
Receipts	<u>390,002</u>
Total Available	\$ 393,170
Expenditures	<u>390,002</u>
Balance Forward	<u>\$ 3,168</u>

Department of Education

A. FY 1991 General Aid to Schools. S.B. 448 contains \$537,940,687 in general aid to schools, a reduction of \$5,586,565 from the Governor's recommendation. The Subcommittee report approved by both houses stated that a final decision on school district aid would be made at the end of the session when it is known what changes may be made to the school finance formula.

S.B. 508 concerning the School District Equalization Act was approved by the Senate April 7. The bill is now in the House Education Committee. The computer printout that illustrates the Senate-passed version of the bill is based on a general state aid appropriation of \$546,307,000, an increase of \$2,779,748 over the Governor's recommendation and an increase of \$8,366,313 over the amount in S.B. 448. The general fund budget limitations contained in S.B. 508 are 101 to 102 percent, with an additional 1.0 percent increase subject to a protest petition.

Any adjustment to the amount of general state aid to school districts contained in S.B. 448 could be made in the Omnibus Bill.

B. Fort Leavenworth School District (USD 207). Kansas is required to maintain compliance with federal requirements if the Fort Leavenworth School District is to remain eligible for federal P.L. 874 funds. The requirement is that aid to the district on a per pupil basis be equal to 65 percent of statewide per pupil aid.

The appropriation to USD 207 contained in S.B. 448 (\$1,500,776) is the amount it would take to comply with federal regulations based on the amount of general state aid to school districts contained in S.B. 448 (\$537,940,687). If the Legislature adjusts the general state aid appropriation, it would be necessary to adjust the appropriation to USD 207 in order to maintain compliance.

C. Special Education. The Legislature has appropriated \$121,078,553 for special education aid in FY 1991. That amount is estimated to fund excess costs at the 95 percent level and is based on budget per pupil limitations of 101 to 102 percent.

If it is the Legislature's intention to fund 95 percent of excess costs, it could be necessary to adjust the special education appropriation to conform it to the Legislature's final recommendation concerning school district general aid.

D. Senate Sub. House Bill No. 2218 (law). Senate Sub. H.B. 2218 establishes the Parent Education Program. Under the program, school districts are authorized to develop programs designed to help expectant parents and parents of children up to three years of age acquire information and parenting skills relating to child development and growth. The Legislature has appropriated \$1.0 million for the program in FY 1991 to provide grants to school districts that have approved programs. Under Senate Sub. H.B. 2218, no more than 100 school districts can receive grants in FY 1991 and no more than 200 can receive grants in FY 1992. In FY 1993 and thereafter, all school districts that have an approved program would be eligible for grants. Grants are subject to available funding and a proviso attached to the FY 1991 appropriation stipulates that each state grant must be matched at least 50 percent from local funds.

The duties of the State Board of Education under the new act consist of developing rules and regulations; establishing standards and criteria for reviewing, evaluating, and approving applications from school districts for grants; evaluating and approving programs; conducting a needs-assessment survey of school districts applying for grants; awarding grants based on priorities established by the needs-assessment surveys; and conducting follow-up activities to evaluate the operation and effectiveness of local programs.

To conduct these activities, the State Department of Education requests an additional position (an Education Program Specialist), whose salary and benefits from the

State General Fund would be \$36,016 in FY 1991. In addition, \$5,000 is estimated for travel, \$2,500 for communications, and \$1,000 for other expenses, for a total of \$44,516.

E. Senate Concurrent Resolution No. 1629 (conference). S.C.R. 1629 concerns the development and implementation of an "outcomes-based accountability system" whereby school accreditation would be based on indicators such as increased academic course enrollments, improved test scores, improved school attendance rates, and lower drop-out rates. The resolution commends the State Board of Education for efforts already underway, primarily the appointment of an ad hoc accreditation study committee to develop recommendations for changes in Kansas school accreditation. Further, the resolution requests that the State Board analyze the findings of the ad hoc committee, develop an outcomes-based accountability system for accrediting schools, and submit a report on the development and implementation of a system to the Governor and to the Legislature prior to first adjournment of the 1991 Legislative Session.

According to the State Department of Education, an additional Education Program Specialist would be needed to develop an outcomes-based accountability system and to help implement it among school districts. The salary and benefits of the new position would be \$36,016 from the State General Fund, plus \$5,000 for travel, \$2,500 for communications, and \$1,000 for other costs, for a total of \$44,516.

F. Senate Bill No. 484 (Governor). S.B. 484 amends sections of the Kansas Uniform Commercial Driver License Act, in part to conform Kansas law with changes in the federal Commercial Motor Vehicle Safety Act of 1986.

One change that would affect the State Department of Education is an increase in the commercial driver's license fee from \$12.00 to \$14.00. The \$2.00 increase for each license would be credited to the "Truck Driver Training Fund," which is created by S.B. 484. Each year, \$70,000 from the Fund would be distributed by the State board of Education to those area vocational schools and community colleges that offer an approved truck driver training program. (Presently there are three programs, one offered by a community college and two by area vocational schools.)

The State Board already is responsible for approving truck driver training programs as part of its approval of vocational education programs. From an administrative perspective, the State Department's duties under S.B. 484 would be almost identical to its duties associated with the State Safety Fund and the Motorcycle Safety Fund. The only added responsibility would be to determine the amount of money each school that offers a truck driver training program is eligible to receive. Because of the small number of programs, the State Department would be able to absorb the added duties with existing staff. However, it is requesting \$500 for additional communications and printing expenses associated with passage of the bill.

One action the Legislature would need to take to implement S.B. 484 insofar as the State Department of Education is concerned is to add a line item to the State Department's budget for the Truck Driver Training Fund. This new special revenue fund could either be a "no limit" fund (because S.B. 484 directs that, subject to available receipts, \$70,000 be distributed from the Fund each year) or the Fund could show the \$70,000 limit that is established statutorily by S.B. 484.

G. Technical Adjustment. In order to correct a posting error, the expenditure limitation on the state operations portion of the federal Job Training

Partnership Act Fund should be increased from \$68,948 to \$71,641 for FY 1990, an increase of \$2,693.

Attorney General

A. Senate Bill No. 358 (law). S.B. 358 creates the new position of Assistant Attorney General in the Office of the State Fire Marshal. The position will be appointed and the salary will be set by the Attorney General, with the Fire Marshal's approval.

Presently, the salary of an Assistant Attorney General who is assigned to the State Fire Marshal is paid by the Attorney General and the position is counted as part of the position limitation of the Attorney General's Office. The salary and benefits for the position will be \$41,075 in FY 1991. Because of the enactment of S.B. 358, \$41,075 for salaries and wages from the State General Fund can be deleted from the FY 1991 appropriation for the Attorney General and the Attorney General's position limitation can be reduced from 71.3 FTE to 70.3 FTE.

Kansas School for the Visually Handicapped

A. Technical Adjustment. In order to accurately reflect amounts approved by the Legislature, \$14,333 from the State General Fund for salaries in FY 1991 and \$218 from the State General Fund for other operating expenditures in FY 1990 should be added to the appropriation to the School for the Visually Handicapped.

Department of Commerce

A. Senate Bill No. 621 (law) creates a tourism matching grant program within the Division of Travel and Tourism Development of the agency. The grant program is designed to provide matching grants of up to 40 percent of a project's cost for tax exempt entities in the state for the purpose of developing quality tourist attractions. The agency is responsible for soliciting private and public sector funds for the program. All funds received for the program are to be deposited in the state treasury and credited to the Kansas Tourist Attraction Matching Grant Development Fund, which is created by the bill. The bill also creates a Kansas Tourist Attraction Evaluation Committee, members of which serve without compensation.

The agency reports that administration of the program can be absorbed within existing resources and requests that the Kansas Tourist Attraction Matching Grant Development Fund be appropriated with no limit on expenditures.

B. House Bill No. 2231 (law) extends the sunset date of the Kansas Coal Commission from July 1, 1989 to July 1, 1993. The agency reports that an additional \$7,385 from the State General Fund would be required to support the Commission in FY 1991, including per diem for Commission members (\$1,224), temporary clerical assistance (\$1,660), Commission travel and subsistence (\$2,729), and staff travel and subsistence (\$1,297). In addition, the agency requests the appropriation of the Coal Commission Contribution Fund with no limit on expenditures.

C. **Senate Bill No. 427 (conference)** would transfer certain housing programs from the Department of Social and Rehabilitation Services (SRS) to the Department of Commerce. Those programs subject to transfer would be any federally-authorized activities for which there are contracts or agreements with the federal Department of Housing and Urban Development (HUD).

The bill also would establish an Office of Housing and a Director for Housing within the Division of Community Development of the Department of Commerce. The new office would be responsible for preparing a preliminary state plan for housing which meets federal HUD requirements.

The bill would establish a Housing Concerns Advisory Committee, who would serve without compensation, to be appointed by the Secretary of Commerce. The Committee would assist with preparing the state housing plan, in addition to certain other specific duties. The Committee would be abolished effective March 31, 1992. The bill is effective upon publication in the Kansas Register.

The agency estimates FY 1990 administrative expenses for the program (assuming two months of expenses) to be \$26,195, including \$15,281 for salaries for 3.0 FTE positions (an Economic Development Representative II, an Accountant II, and an Office Specialist), \$1,214 for other operating expenses, and \$9,700 for computer equipment. Of this amount, the agency reports \$10,740 would be available from federal funds and \$15,455 would be required from the State General Fund.

For FY 1991, the agency estimates administrative expenses to be \$129,445 including \$92,770 for the salaries of the 3.0 FTE positions, \$15,600 for other operating expenses, and \$21,075 for office furniture (\$9,375) and computer equipment (\$11,700). Of this amount, the agency reports \$51,526 would be available from federal funds and \$77,919 would be required from the State General Fund.

In addition to the administrative expenses noted above, an estimated \$460,000 in FY 1990 and \$683,800 in FY 1991 of federally financed aid to local units of government for emergency shelter grants and an estimated \$170,315 in FY 1990 and \$1,550,474 in FY 1991 in other assistance for subsidized housing assistance would be expended through the agency.

D. **Senate Bill No. 310 (conference)**, the House version, includes the provisions of H.B. 2806 which creates an 11-member Commission on Waste Reduction, Recycling and Market Development and the unclassified position of statewide Coordinator of Waste Reduction, Recycling and Market Development. The Coordinator's duty is to promote the development of markets for recycled products; serve as a statewide clearinghouse for information regarding waste reduction, recycling, and recycling markets; and provide information to anyone wishing to establish and implement waste reduction and recycling programs. The Department of Commerce reports that implementation of these provisions of S.B. 310 would cost \$126,185 and 2.0 FTE positions in FY 1991. Costs reflected in the estimate include \$68,195 for the salaries of the Coordinator (\$46,923) and a Secretary II position (\$21,272), as well as other operating expenses of \$24,950 and Commission expenses of \$33,040 for subsistence and lodging (\$19,000) and mileage (\$14,040). Other operating expenses reflected in the estimate include \$12,650 for one-time capital outlay, \$3,600 for travel, \$2,700 for office rent, \$2,000 for library supplies, \$1,500 each for conference fees and communication expenses, and \$1,000 for printing.

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E. **Sub. for House Bill No. 2603 (conference)** establishes the Community Strategic Planning Assistance program. The Senate version of the bill provides for the establishment of a six-member community strategic planning grant committee, to include among its membership two legislators. Compensation for committee members would be permissive. This committee would be attached to the Kansas Department of Commerce. Subject to appropriations from the Legislature, the Department of Commerce would be authorized to provide planning grants to city-county economic development organizations located in nonmetropolitan counties (all counties in Kansas excluding Douglas, Johnson, Leavenworth, Sedgwick, Shawnee, and Wyandotte). All grant awards will be subject to a competitive selection process with grant eligibility criteria to be established by the committee.

Planning grants must be used for the development of countywide economic development strategy plans. No planning grant shall exceed \$20,000. A recipient city-county economic development organization is required to provide additional funds equaling 20 percent of the amount of the planning grant.

The House version of the bill included a five-member committee instead of six members; mandated compensation for committee members; specified that the committee (instead of the Department of Commerce) would administer the program; increased the list of metropolitan (and thus ineligible) counties to include Butler, Harvey, and Miami counties; specified a minimum of \$2,000 for planning grants; provided for multiple planning grants up to an aggregate of \$20,000 per unit of government; and provided for action grants of up to \$50,000 (with a 100 percent match requirement) for implementation of countywide economic development strategy plans.

The Department of Commerce estimates that administration of the program would require \$86,686 and 2.0 FTE positions in FY 1991, including \$59,336 for the salaries of a program manager (\$38,532) and a Secretary (\$20,804), one-time capital outlay of \$12,650, travel and conference registration of \$5,000, \$2,700 for office rent, and \$2,000 each for printing and communication expenses.

In addition to the amounts noted above, an amount of funding for planning or action grants would be required. The agency has not indicated what amount would be required for grants in FY 1991.

Kansas, Inc.

A. **Senate Bill No. 678 (law)** establishes the information network of Kansas, Inc., to be referred to as INK. This network would be constituted as a public instrumentality with a ten-member board but would be operated by a private service provider, defined in the bill as a "network manager." This network manager would direct and supervise daily operations of INK. Employees of INK would be considered state employees for purposes of employee benefits, as specified in the bill. Among its responsibilities, INK would provide access for members of the public and businesses to public information of agencies via a centralized electronic information system. This system would enable information to be accessed through the use of dial-in modems.

This bill requires INK to fund its operations from revenues generated from subscribers and the private sector. Initial funding for start-up costs would come from the private sector. The bill also creates the Information Network of Kansas Fund to which donations and fees could be credited. This bill would take effect upon publication in the Kansas Register. The agency requests that the Information Network of Kansas Fund be established with no limit on expenditures for FY 1990 and FY 1991.

B. **Senate Bill No. 652 (Governor)** amends the current statutes regarding the powers, duties, and funding for Kansas, Inc. Section 3 of the bill changes the public-private funding ratio from the current two-thirds state and one-third private sector funding to 67 percent state and 33 percent private sector funding. The bill further requires that the state shall fund all of the salaries and operating expenses of the agency, as well as any research and evaluation activities conducted at the request of the legislative or executive branches. The approved FY 1991 budget for the agency totals \$428,884, including \$285,923 from the State General Fund. According to the agency, an increase of \$1,429 in State General Fund financing and an equal decrease in private sector financing would be required to implement S.B. 652. This funding level would result in an executive and legislative branch research budget of \$12,010.

Department of Social and Rehabilitation Services

A. **Regular Medical Assistance.** In its consideration of the regular medical assistance budget, the Senate Ways and Means Committee was informed that medical expenditures in March had exceeded estimates by \$7.8 million, including \$3.5 million from the State General Fund. The Subcommittee recommended that this item be considered during the Omnibus Session subsequent to the receipt of additional information. The Department of Social and Rehabilitation Services attributes the March increase to a lag associated with a longer processing time for more complex and expensive claims. The high cost claims appearing in March were primarily hospital and physician claims. The agency believes that the time lag in processing claims had concealed actual costs which have been incurred. The agency notes that the increase in both the cost and volume of claims was particularly acute in the pregnant women and children population, where expenditures doubled between January and March. The following summarizes the agency's revised estimates for FY 1990 and FY 1991 for regular medical assistance.

	<u>Gov. Rec.</u>	<u>House Rec.</u>	<u>Senate Rec.</u>	<u>Agency Revised Estimate</u>
FY 1990:				
All Funds	\$ 227,392,928	\$ 227,392,928	\$ 235,693,142	\$ 252,952,000
State General Fund	117,981,036	117,981,036	121,253,241	130,672,036
FY 1991:				
All Funds	221,656,383	\$221,656,383	\$ 259,263,883	\$ 285,151,264
State General Fund	97,254,394	97,254,394	114,179,118	130,000,581

The agency's estimate for FY 1990 exceeds the Governor's recommendation by \$12,691,000 from the State General Fund. The estimate for FY 1991 exceeds the Governor's recommendation by \$32,746,187.

B. **House Bill No. 2586 (Ways and Means)** enacts the mental health reform act and specifies a variety of powers and duties of the Secretary of Social and Rehabilitation Services (SRS), including developing and establishing standards for community based mental health services. The first phase of mental health reform would be implemented in the Osawatimie catchment area. SRS estimates direct costs relating to this phase totaling \$1,017,000 in the SRS budget, including \$417,000 for screening

(gatekeeping) for a six-month period, and \$600,000 for community support services development for six months. In conjunction with this first phase, the census at Osawatomie State Hospital would be reduced by 20 to 30 beds. In addition, the agency estimates that additional funding for start-up costs might be necessary, limited to two years per catchment area.

The agency also estimates various indirect costs of mental health reform, including funding to maintain the federal mental health block grant at its current level (\$265,202); funding in medical assistance for community mental health services for clients presently receiving services who will not be eligible for the revised General Assistance/Medikan programs (\$500,000); funding for community mental health crisis services grants (\$400,000) to be used to provide inpatient or other crisis services to certain mentally ill clients who would not meet new MediKan eligibility requirements; and \$207,586 for staff to administer the ICF-MH program. H.B. 2586 mandates the transfer of the administration of the ICF-MH program from Adult Services to Mental Health and Retardation Services to integrate mental health system components.

In considering the SRS budget in H.B. 3088, the House recommended the addition of \$1,017,000, including \$727,443 from the State General Fund and \$289,557 from federal alcohol, drug abuse and mental health block grant funds for screening and community support services development. The House also recommended the addition of \$400,000 from the State General Fund for special purpose grants to community mental health centers for emergency inpatient crisis services. Funding of \$33,519 was also approved for one field staff position for activities associated with Mental Health Reform. The Senate recommended the deletion of this funding pending consideration of H.B. 2586.

C. Senate Bill No. 427 (Conference) transfers certain housing programs from the Department of Social and Rehabilitation Services (SRS) to the Department of Commerce. Those programs subject to transfer would be any federally-authorized activities for which there are contracts or agreements with the federal Department of Housing and Urban Development (HUD). The bill would take effect upon publication in the Kansas Register.

All expenditures in the Department of Social and Rehabilitation Services in support of these functions are financed by federal funds. For FY 1991, expenditures are expected to total \$2,300,186. The Department is budgeted one staff position and one-half special project position for total salary costs of \$62,577. Also budgeted for administration are support costs of \$3,335. Expenditures for other assistance, grants and benefits are expected to total \$2,234,274. Passage of this legislation would result in the transfer of these positions and funding from SRS to the Department of Commerce.

Youth Center at Topeka

A. House and Senate Subcommittee Recommendation. During budget review, both the House and Senate Subcommittees acknowledged the Youth Center's anticipated GBA request for \$205,000 to fully fund the contract for education services in FY 1991. The Subcommittees noted that, due to inaccurate information provided by the Department of Social and Rehabilitation Services, the amount needed to fully fund the education contract was not included in the Governor's original budget for FY 1991.

The Youth Center contracts with Interlocal 609, Greenbush, for education services. In the current year, the contract amount is \$1,486,571 and provides funding

for 30 academic and vocational teachers and ten paraprofessionals. For FY 1991, the Governor's budget provides \$1,329,898 for the contract. The agency states that the additional \$205,000 is required to fund the same number of teaching staff as in the current year and provide a 3.3 percent salary increase.

Kansas State Historical Society

A. House Bill No. 3097 (conference) authorizes the Historical Society to establish a schedule of fees for the use of the Kansas Museum of History by organizations for special events. The bill stipulates that the fees to be set by the Society are only to cover the actual costs incurred by the Society in connection with a special event. The bill creates the State Historical Society Facilities Fund into which such fee revenue would be deposited. The Society is authorized to spend moneys from the fund for the purpose of paying costs associated with the use of the Museum. Any unencumbered balance not necessary for expenditures authorized in the act would be transferred to the State General Fund at the end of each fiscal year. Passage of H.B. 3097 requires the inclusion of the State Historical Society Facilities Fund in the appropriations bill for FY 1991.

B. House Subcommittee Recommendation. During the legislative budget review, the House Subcommittee recommended that the costs associated with providing security at the Kansas Museum of History be evaluated during the Omnibus Session to determine if further reductions in the amount of the contract could be made. The amount approved thus far for the security contract is \$147,000, a reduction of \$58,000 from the Governor's recommendation of \$205,000 for museum security. The recommended budget for museum security in the current year is \$293,176.

Kansas Board of Barbering

A. House Bill No. 2466 (law). The bill raises the statutory limit on most of the fees charged and collected by the Board of Barbering and discontinues the current practice of having the Administrative Officer also serve as a member of the Board. The agency estimates that the fiscal impact of this change will be increases of \$350 in per diem and \$1,100 in travel expenses for the additional Board member to attend a total of ten meetings.

Larned State Hospital

A. Categorical Aid. The amount appropriated in S.B. 448 for special education aid will provide for an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services in FY 1991. The FY 1991 special education budget for Larned State Hospital is based on a categorical aid rate of \$17,500 per eligible teaching unit. The increased categorical aid rate would allow a reduction of \$2,430 from the State General Fund from the appropriation contained in H.B. 2618.

B. Shift of Funding from State General Fund to Title XIX. Total funding of \$198,043 added to the hospital budget from the hospital fee fund (\$84,456) and State General Fund (\$113,587) in FY 1991 should allow the hospital to adjust the hospital room rate in FY 1991 and collect additional Title XIX funding. The FY 1991 hospital budget contains Title XIX funding equivalent to 13.36 percent of the total budget.

Applying this same percentage to the funding added by the Legislature, it appears that \$26,459 in funding can be shifted from the State General Fund to the Title XIX Fund.
Osawatomie State Hospital

A. Categorical Aid. The amount appropriated in S.B. 448 for special education aid will provide for an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services in FY 1991. The FY 1991 special education budget for Larned State Hospital is based on a categorical aid rate of \$17,500 per eligible teaching unit. The increased categorical aid rate would allow a reduction of \$3,554 from the State General Fund from the appropriation contained in H.B. 2618.

B. Shift of Funding from State General Fund to Title XIX. Total funding of \$514,225 added to the hospital budget from the hospital fee fund (\$107,418) and State General Fund (\$406,807) should allow the hospital to adjust the hospital room rate in FY 1991 and collect additional Title XIX funding. The FY 1991 hospital budget contains Title XIX funding equivalent to 14.59 percent of the total budget. Applying this same percentage to the funding added by the Legislature, it appears that \$75,025 in funding can be shifted from the State General Fund to the Title XIX Fund.

Rainbow Mental Health Facility

A. Categorical Aid. The amount appropriated in S.B. 448 for special education aid will provide for an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services in FY 1991. The FY 1991 special education budget for Larned State Hospital is based on a categorical aid rate of \$17,500 per eligible teaching unit. The increased categorical aid rate would allow a reduction of \$4,134 from the State General Fund from the appropriation contained in H.B. 2618.

Topeka State Hospital

A. Categorical Aid. The amount appropriated in S.B. 448 for special education aid will provide for an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services in FY 1991. The FY 1991 special education budget for Larned State Hospital is based on a categorical aid rate of \$17,500 per eligible teaching unit. The increased categorical aid rate would allow a reduction of \$10,601 from the State General Fund from the appropriation contained in H.B. 2618.

B. Shift of Funding from State General Fund to Title XIX. Total funding of \$412,237 added to the hospital budget from the hospital fee fund (\$397,442) and State General Fund (\$14,795) should allow the hospital to adjust the hospital room rate in FY 1991 and collect additional Title XIX funding. The FY 1991 hospital budget contains Title XIX funding equivalent to 23.76 percent of the total budget. Applying this same percentage to the funding added by the Legislature, it appears that \$97,948 in funding can be shifted from the State General Fund to the Title XIX Fund.

Department of Human Resources

A. House Bill No. 3029 (law) would add one new assistant rehabilitation administrator to the Workers Compensation program. The agency indicates that, in addition to the administrator, a clerical position and OOE for both positions would be necessary.

In addition to increasing the agency FTE limitation by 2.0 FTE positions, the agency requests annual funding of \$73,374 from the Workers Compensation Fee Fund. Funding includes \$34,960 for the salary of the administrator, \$19,740 for the salary of the Office Assistant III, \$1,200 for communications, \$200 for repairing and servicing, \$1,200 for travel and subsistence, \$200 for stationery and office supplies, \$11,124 for capital outlay, and \$4,750 for allocated overhead.

Commission on Veterans Affairs/Kansas Soldiers' Home

A. Lapse of State Institutions Building Fund Appropriation for the Soldiers' Home Electrical Board Project. The Senate Subcommittee recommended that this project be considered as a possible Omnibus item. A total of \$96,400 was appropriated from the State Institutions Building Fund for FY 1990 for replacement of the Home's electrical board. After the bid for replacement of the board was awarded and after the contractor purchased materials for the project, the agency learned that the project could be completed by the local electric company and that the company will assume total responsibility for the electrical distribution system.

Through the Division of Purchasing, the Home has negotiated a buy out of the contract at a cost of \$22,968. Restocking charges of \$3,188 must also be paid to an electrical supply company. Subtracting these amounts from the \$96,148 balance in the project account leaves a balance of \$69,992. The Home requests that expenditures of \$24,310 from that amount be allowed to install proper electrical service entrances to the buildings at the Home, as required by the local electric company. After deduction of this request, an amount of \$45,682 remains to be lapsed.

Winfield State Hospital and Training Center

FY 1990

Technical Adjustment. A technical correction is required to lapse the state operations line item of \$312,638. This line item is unnecessary due to a reduction in the FY 1991 reappropriation.

FY 1991

Categorical Aid. S.B. 448 appropriates an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services. The education budgets for the state mental retardation hospitals, as approved in H.B. 2618, are based on a categorical aid rate of \$17,500 per eligible teaching unit. Adjustment to the Winfield budget, using a rate of \$17,701, would allow a reduction of \$29,593 from the State General Fund appropriation contained in H.B. 2618.

Technical Adjustment. Technical adjustments are required for Winfield State Hospital to accurately reflect the Legislature's intent:

1. Increase the reappropriation to be expended in FY 1991 from \$417,636 to \$730,274.

2. Decrease the line item for state operations from \$13,516,615 to \$13,116,478 and increase the Title XIX line item from \$15,920,493 to \$15,985,511.

Department of Wildlife and Parks

House Bill No. 2919 (Governor) changes the name of Melvern State Park to Eisenhower State Park. Passage of the bill would require the Department to expend \$2,100 from the Park Fee Fund for construction of new park signs and reprinting Department literature with the new name change.

Parsons State Hospital and Training Center

FY 1991

Categorical Aid. S.B. 448 appropriates an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services. The education budgets for the state mental retardation hospitals, as approved in H.B. 2618, are based on a categorical aid rate of \$17,500 per eligible teaching unit. Adjustments to the Parsons budget, using a rate of \$17,701, would allow a reduction of \$28,812 from the State General Fund.

Kansas Neurological Institute

Categorical Aid. S.B. 448 appropriates an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services. The education budgets for the state mental retardation hospitals, as approved in H.B. 2618, are based on a categorical aid rate of \$17,500 per eligible teaching unit. Adjustments to the KNI budget, using a rate of \$17,701, would allow a reduction of \$7,101 from the State General Fund.

Kansas Public Employees Retirement System (KPERs)

A. Senate Bill No. 508 (House Education). S.B. 508 establishes public school budget limitations for the 1990-1991 school year. The final legislative decision concerning school finance could impact the amount of local school employer contributions contained within the KPERs FY 1991 budget. The Governor's amended FY 1991 recommended amount for local school employers' contributions is \$41,551,170 (State General Fund). The Legislature in H.B. 2638 (Governor) appropriated \$42,765,515 in the budget year for school employers' contributions. The latest data from the Department of Education based on S.B. 508, as it passed the Senate, projects local school employers' contributions in FY 1991 to be \$44,042,310.

Fort Hays State University

A. House Subcommittee Recommendation. During legislative budget review, the House Subcommittee expressed concern regarding the salary and wage shrinkage rate for Fort Hays State University in FY 1991. The House Subcommittee encouraged the Governor to consider amending his budget to make some allowance for the special

circumstances that occurred at the institution. However, the Subcommittee urged that this item be reviewed as part of those items considered for inclusion in the omnibus appropriations bill.

The agency had budgeted for FY 1991 a 1.0 percent salary and wage shrinkage rate or a reduction of \$208,431. The Governor, based on FY 1989 actual shrinkage, recommended a 3.7 percent shrinkage rate or \$794,736 in FY 1991. The Senate adjusted the shrinkage rate to 2.2 percent or \$470,398 using a three year (FY 1985, FY 1986, and FY 1988) actual shrinkage rate average. The House recommended shrinkage at one-half of the additional shrinkage recommended by the Governor or 2.4 percent or \$501,584.

Board of Regents

A. Senate Bill No. 561 (Governor). S.B. 561 creates the Teacher Scholarship Program which will be administered by the State Board of Regents. The bill provides for 50 scholarships at \$5,000 each to provide tuition, room and board, and a stipend. The scholarships will be awarded to Kansas residents who demonstrate high achievement on the ACT assessment, and are enrolled in or admitted to a full-time undergraduate program leading to teacher certification in a hard-to-fill teaching discipline. Scholarship recipients will be required to teach a year for each year the scholarship was received. The Governor's Budget Report included \$250,000 for the scholarship program. The funds were removed from 1990 S.B. 454 pending passage of S.B. 561. The Board of Regents estimated administrative costs of \$3,500 for printing, communications, supplies and duplicating for the new scholarship program.

Wichita State University

A. Conference Committee Recommendation. During the Conference Committee action of S.B. 558 the Committee recommended that utility funding at Wichita State University in FY 1990 be reviewed further in the omnibus appropriation bill. The Board of Regents requested that the institution receive a State General Fund supplemental appropriation of \$289,820 for utilities based on actual expenditures for the first seven months of the current fiscal year. The House Subcommittee did not recommend funding the supplemental request.

State Fire Marshal

A. Senate Bill No. 358 (law). S.B. 358 creates the new position of Assistant Attorney General in the Office of the State Fire Marshal. The position will be appointed and the salary will be set by the Attorney General, with the Fire Marshal's approval.

Presently, the salary of an Assistant Attorney General who is assigned to the State Fire Marshal is paid by the Attorney General and the position is counted as part of the position limitation of the Attorney General's Office. The salary and benefits for the position will be \$41,075 in FY 1991. Because of the enactment of S.B. 358, \$41,075 for salaries and wages from the State General Fund and 1.0 FTE position can be deleted from the FY 1991 appropriation for the Attorney General and \$41,075 from the State General Fund and 1.0 FTE position can be added to the FY 1991 appropriation for the State Fire Marshal. Additionally, the State Fire Marshal requests

\$3,850 from the State General Fund for other operating expenditures (\$1,500 for travel and subsistence and \$2,350 for communications, office space, and office supplies) associated with new duties and responsibilities the position will assume in the State Fire Marshal's office.

B. The House Appropriations Subcommittee and Senate Ways and Means Subcommittee on the State Fire Marshal's budget recommended that the issue of the agency's receipt of federal funds in FY 1990 associated with the federal portion of the fire inspection program be reviewed during the Omnibus Session. The Governor's FY 1990 recommendation included \$25,000 in federal indirect cost recovery funds to finance the agency's FY 1990 budget. At the time of budget review, the agency had not received the federal funds; therefore, the subcommittees recommended that the Governor submit a Governor's Budget Amendment and the item be revisited during the Omnibus Session. As of April 12, 1990, the funds have not been received by the State Fire Marshal.

Judicial Branch

A. House Bill No. 2645 (law). H.B. 2645 amends the statutes governing alcohol and safety action programs and requires the respective municipal judges or the administrative judges to report the status of the courts' alcohol and safety action fund annually beginning on January 20, 1991, to the Office of Judicial Administration (OJA). The report shall include but not be limited to the balance of the fund as of December 31 of each year; the assessments deposited into the fund during the 12-month period; and the dollar amount expended from the fund during the year. The results are to be compiled by the OJA into a statewide report and submitted to the Legislature by March 1 of each year, beginning on March 1, 1991.

The Office of Judicial Administration estimates that the reporting requirements of this legislation would result in estimated total additional costs of \$132,941 from the State General Fund. The fiscal note includes the addition of a Programmer II (\$29,480) and a Secretary II (\$21,561); and associated operating expenditures (\$6,900) for the Office of Judicial Administration. In addition, the OJA estimates \$75,000 for temporary assistance in the district courts.

B. House Bill No. 2734 (Conference) amends the current law governing the Crime Victim Compensation Board and establishes the Property Crime Restitution and Compensation Act. The Senate version of the bill requires each administrative judge to compile a report of the property crime compensation fund or funds existing within the judicial district and send this report to the Office of Judicial Administration by the first day of December of the year beginning the next full year after implementation of the local programs. The OJA is required to compile a statewide report and submit the report annually to the Governor and the Legislature.

The Office of Judicial Administration estimates that the reporting requirements of this bill would require a total of \$20,780 from the State General Fund. The fiscal note is comprised of the addition of .5 FTE for a Secretary II (\$10,780) and \$10,000 for contractual computer programming services.

Department of Administration

A. Office of Children and Families. The House Appropriations Subcommittee and Senate Ways and Means Subcommittee on the Department of Administration's budget recommended that the issue of financing the Office of Children and Families be reviewed during the Omnibus Session. The Governor created the Office of Children and Families by Executive Order and recommended the creation of a clearing fund in the Department of Administration's budget. The January 23, 1990, contribution agreement between three executive branch agencies and the Office of the Governor indicates contributions from three executive branch agencies as follows: Department of Health and Environment (\$2,000), Department of Human Resources (\$25,000) and Social and Rehabilitation Services (\$20,000). Additional resources were not added to the three executive branch agencies for this purpose.

The House suggested that the Governor consider submitting a GBA to establish a fund for this purpose in the Department of Administration's appropriation bill which would be similar to the practice used to finance the Federal/State Liaison Office and Executive Satellite Offices. The Senate Subcommittee noted that expenses for this office should be budgeted in the Governor's Office and requested that the Governor submit a GBA on this item.

The office is composed of one professional position (\$39,077) and associated operating expenses (\$7,923) for January 1990 to January 1991. The agreement provides that it may be terminated by the Office of the Governor. Upon termination, the Department of Administration is to redistribute any remaining funds to participating agencies in direct proportion to their financial base contribution to the fund.

B. Sub. Senate Bill No. 2836 (Governor) amends several existing statutes related to the operations of the Division of Accounts and Reports within the Department of Administration. The bill would do the following:

1. Place a limitation of four years for a claim of reissuance from the date a warrant is cancelled. Under current law, a warrant is cancelled after one year if the warrant is not cashed. A claim can be made indefinitely for a reissuance of the warrant with certain penalty for the reissuance.
2. Continue the authorization for the Director of Accounts and Reports to require state agencies to maintain property inventory records. The new language requires that the accuracy of the records is to be verified periodically by actual inspection of the property by the "state agency and shall be verified periodically by the" Division of Accounts and Reports.
3. Continue the requirement that the Director of Accounts and Reports audit every receipt, bill, refund, or other transaction involving every state agency fund.
4. Authorize the Director to pay warrants for less than \$5.00. Under the current law, warrants for less than \$5 are not issued.
5. Require that agencies retain employee authorizations for United Way deductions and notify the Director of Accounts and Reports.

According to the Department of Administration, the inventory inspection and preauditing sections of the bill have a fiscal impact on the operations of the Division of Accounts and Reports. As introduced, H.B. 2836 eliminated the requirement that the Director of Accounts and Reports verify the accuracy of state agency property inventories by periodically inspecting state property. The Department proposed the elimination of the inspection of inventory because the state continued to receive unfavorable audit findings for not complying with this statutorily required activity. The Department stated that staffing has not been provided for this activity in the past and to comply it would be necessary to add a minimum of two Central Accountant II positions. The costs are as follows:

2.0 Central Accountant II	\$70,927
Communications	700
Rents	1,175
Travel	8,200
Office Supplies	500
Equipment Installation (one time costs)	600
Capital Outlay (one-time cost)	<u>13,860</u>
Total Cost -- FY 1991	<u>\$95,962</u>

As introduced, H.B. 2836 eliminated the requirement that the Director of Accounts and Reports "preaudit" all claims against funds in the state treasury prior to receiving approval for payment. As a result of this proposed change, the corresponding staffing level was reduced by 2.0 FTE positions in the Governor's FY 1991 recommendation. According to the Department, to maintain the "preaudit" function at the FY 1990 level would require reinstatement of two Central Accountant I's.

2.0 Central Accountants	\$60,832
Communications	1,200
Rents	2,350
Office Supplies	<u>1,000</u>
Total Costs -- FY 1991	<u>\$65,382</u>

Additionally, the Department submits that while two positions will maintain the current level of activity, it makes no provision for volume increases or changes in state and federal reporting requirements. The Department suggests that maintaining minimum compliance will require an additional 2.0 FTE positions (i.e., one Central Accountant II and one Central Accountant I).

2.0 Central Accountants	\$65,880
Communications	1,200
Rents	2,350
Office Supplies	1,000
Equipment Installation (one-time costs)	600
Capital Outlay (one-time costs)	<u>13,300</u>
Total Costs -- FY 1991	<u>\$84,330</u>

C. **Senate Bill No. 310 (Conference).** The House amended S.B. 310 which concerns the disposal of waste tires to add a section relating to state procurement practices and recycled paper. The section would require the Director of Purchases in the Department of Administration or anyone else purchasing paper for a state agency

to give a price preference of up to 20 percent to any bidder whose bid is for newsprint or high grade bleached printing or writing papers that contain at least 50 percent recycled material. This provision would not apply if the state already was meeting the following requirements that would be established by the bill:

1. For FY 1992 and FY 1993, the state must spend at least 10 percent of the amount spent on paper the prior fiscal year on newsprint or high grade bleached printing or writing paper that is made of at least 50 percent recycled materials.
2. For FY 1994 and FY 1995, the state must spend at least 30 percent of the total amount spent on paper the prior fiscal year on recycled paper (as defined in the bill).
3. For FY 1996 and thereafter, the state must spend at least 50 percent of the total amount spent on paper the prior fiscal year on recycled paper (as defined in the bill).

The above requirements dealing with paper procurement would be subject to the availability of recycled paper. In the event that identical low bids for the paper are received, preference would be given to paper containing the highest percentage of recycled or recyclable material.

The Department of Administration estimates that 2.0 FTE positions could be needed in the Division of Purchases to handle the increased work load: a Contracting Officer II and an Office Assistant II (\$51,159). Related operating costs would include \$1,500 for communications and office space, \$500 for office supplies, and \$2,000 for office equipment. Total costs would be \$55,189. Although the bill would require the procurement of recycled paper starting in FY 1992, the Department states that the estimated costs would be incurred in FY 1991 because the division would need to locate recycled paper markets and products in FY 1991 so that procurement of recycled paper would begin July 1, 1992, as required by the bill

D. Expenditure Limitation on DISC. The House recommended an expenditure limitation on DISC which is not to exceed \$33,808,491. Prior to House action, the DISC funds were "no limit." The House recommendation for the expenditure limitation reflects the Governor's recommendation which indicates that agency expenditures for DISC services in FY 1991 will be approximately the same level as expenditures in FY 1990. The Senate concurred, but recommended that the level of expenditure be reviewed during the Omnibus Session when consideration could be given to all legislative action as well as other factors that would impact the DISC budget.

The Department requests that the funds be reinstated as "no limit" and in the alternative believe it would be better to consider an increase in the expenditure limitation during the 1991 Legislative Session.

Kansas Bureau of Investigation

A. Technical Adjustment. In order to correct a posting error, the State General Fund appropriation for salaries and wages in FY 1991 should be increased by \$234,000 and the State General Fund appropriation for other operating expenditures should be decreased by \$234,000.

Department of Health and Environment

A. **House Bill No. 2915 (law)** requires the Secretary to establish a new program for the early identification of hearing impaired infants and infants at higher than normal risk of hearing impairment. The Secretary shall prepare and distribute to participating medical facilities a description of the factors of hearing loss and the effect of such a loss on a child's language development, and a listing of medical care facilities or clinics in Kansas that provide follow-up hearing evaluation. Upon discharge of a hearing-impaired or high-risk infant, each medical care facility shall provide the infant's parent or guardian with this information. KDHE requests \$9,085 from the State General Fund for FY 1991 to implement the program, including \$838 for communications, \$500 for office supplies, \$3,000 for travel, and \$4,747 for printing costs.

B. **Senate Bill No. 371 (Governor)** establishes a 12-member Commission on Epilepsy within the KDHE. The Commission's duties would be to advise the Secretary on matters relating to epilepsy and to report annually to the Secretary, the Governor and the Legislature. The Commission would meet at least quarterly, and appointees would be eligible to receive travel and subsistence reimbursements. KDHE estimates FY 1991 expenditures of \$7,297 from the State General Fund, including \$4,290 for travel and subsistence, \$1,383 for communications, \$1,000 for printing, \$324 for rents, and \$300 for office supplies.

C. **Senate Bill No. 529 (Governor)** would require lab directors and physicians to report positive reactions to an AIDS test to the Secretary of KDHE. The agency estimates FY 1991 new expenditures of \$2,350 from the State General Fund, including \$1,350 to supply new HIV reporting forms to the 4,000 physicians licenced to practice medicine in Kansas, and \$1,000 for the initial mailing of the forms and an explanation of proper procedures.

D. **Senate Bill No. 665 (Governor)** amends the Uniform Vital Statistics Act to require that, at the time a birth certificate is filed, parents furnish their Social Security numbers. The numbers, which would not be recorded on birth certificates, would be furnished by the KDHE Vital Statistics Program to the Department of Social and Rehabilitation Services for the purpose of child support enforcement only. KDHE estimates FY 1991 additional costs of \$19,652 from the State General Fund, including a one-time cost of \$18,152 to change forms and the computer database and \$1,500 for the annual cost of maintaining the mainframe computer.

E. **Senate Bill No. 736 (Conference)** extends coverage of the Kansas Tort Claims Act (KTCA) to health care providers providing charitable professional care services to medically indigent persons. The Secretary of KDHE would approve the providers and would establish criteria for determining whether a person qualifies as a medically indigent person. KDHE estimates FY 1991 new costs of \$46,752 from the State General Fund, including \$35,913 for 1.0 FTE Planning Consultant to administer the program, \$1,675 for communications, \$1,838 for rent, \$2,500 for travel, \$715 for office furniture, and \$4,111 for a microcomputer system.

F. **Senate Bill No. 310 (Conference)**, as recommended by the Senate, would require any site containing more than 1,000 waste tires to be registered with KDHE. The Secretary of KDHE would be required to establish a system of permits for waste tire processing collection centers, to establish fees for permits, and to establish and administer a grant program for counties opening tire processing facilities and promoting waste tire removal and research. A tax of \$1 per tire sold at retail would be collected by the Department of Revenue (estimated FY 1991 receipts of \$2.1 million) and an

application fee not to exceed \$250 per year would be established for such facilities. All taxes, fees, fines, and penalties imposed under this act would be credited to the Waste Tire Management Fund established by passage of the bill. KDHE estimates that instituting a waste tire disposal incentive program for private citizens would require expenditures of \$205,504 from the State General Fund for administrative costs in its Solid Waste Management Program. In addition, grants to local governments for tire recycling, disposal projects and research in processing methods for recycling would total \$1.8 million per year from the Waste Tire Management Fund (transfer from the Department of Revenue). The Senate version limits Fund expenditures to local grants only. The fiscal note provided by KDHE on February 27, 1989 follows:

Salaries/New Positions	
Environmental Engineer II	\$ 35,766
Research Analyst	27,158
Environmental Technician II	21,685
Office Assistant II	17,367
Office Assistant III	18,966
Subtotal - Salaries	<u>\$ 120,942</u>
Contracted Incentive Program	\$ 50,000
Communications	8,000
Rent	8,815
Office Supplies	2,500
3 Clerical Work Centers	6,406
Professional Work Center	5,266
Other Furniture	3,575
Subtotal - OOE	<u>\$ 84,562</u>
Local Grants	<u>\$ 1,800,000</u>
TOTAL ESTIMATE	<u>\$ 2,005,504</u>

House Committee amendments deleted the \$1 per new tire fee and the grant program. S.B. 310, as recommended by the House, would require the Secretary of KDHE to encourage the voluntary establishment of waste tire collection centers, and would authorize the Secretary to establish an incentives program for individuals to encourage them to return their used tires to a collection center. KDHE estimates no fiscal impact under the House version. In addition, the House version would have an impact on four other state agencies. The Director of Purchasing in the Department of Administration shall give a price preference not to exceed 20 percent for paper containing at least 50 percent waste paper. A Commission on Waste Reduction, Recycling, and Market Development would be created. The Department of Commerce would be required to employ an unclassified Statewide Coordinator of Waste Reduction, Recycling, and Market Development. The Attorney General would be authorized to issue a notice and recover a civil penalty of \$50 to any person who distributes or sells a plastic bottle or rigid plastic container in Kansas without proper labeling indicating the plastic resin used to produce the bottle or container. The Department of Wildlife and Parks would be permitted to own or operate a waste tire processing facility or collection center.

Department of Insurance

A. **House Bill No. 2610 (law)** allows two or more employers, with no more than 25 employees, to form employer health benefit plans for the purpose of providing health insurance to eligible employees and their family members. Beginning in tax year 1992, participating employers would receive a certificate issued by the Commissioner entitling them to take a credit against their state income tax liability. Certificates could be issued until an aggregate of 10,000 employees and family members are covered by these plans.

The Insurance Commissioner requests new FY 1991 expenditures of \$34,159 from the State General Fund, including \$28,187 for the salary of 1.0 FTE Policy Examiner I, \$2,141 for communications, \$331 for supplies, and \$3,500 for furniture and equipment. The new position would assist employers in organizing and maintaining health benefit plans, acquiring health coverage for their employees, and issuing certificates to employers qualifying for the tax credit.

B. **House Bill No. 3027 (law)** requires the Insurance Commissioner, after January 1, 1991, to develop or approve statistical plans for the filing of loss and expense experience by health insurance companies, HMOs, and Blue Cross/Blue Shield. The statistics, to be made available at least annually, would aid the Commissioner in determining whether rates and rating systems utilized by insurance companies produce premiums that are reasonable in relation to the benefits provided. The bill permits the Commissioner to designate trade associations or other agencies to assist with the gathering of statistics. The Commissioner requests \$34,159 from the State General Fund in FY 1991, including \$28,187 for 1.0 FTE Policy Examiner I, \$2,141 for communications, \$331 for supplies, and \$3,500 for capital outlay. The new position would develop and approve statistical plans and would review and approve individual and group rates for the health insurers admitted to do business in Kansas.

Department of Transportation

A. **Senate Bill No. 580 (law)** authorizes the Secretary to enter into contracts and agreements to cooperate with other state departments of transportation for the purpose of issuing multi-state special permits for travel on the highways of any of the participating states. KDOT states that the bill has minimal fiscal impact, but would require the inclusion (by appropriation) of a no-limit Highway Special Permit Fund into which fees collected by the Secretary would be deposited.

B. **House Subcommittee Recommendation No. 7** noted that KDOT may need additional personnel from FY 1990 through FY 1997, but observed that KDOT vacancies totaled 252 FTE on July 1, 1989 and 164 FTE on January 29, 1990. KDOT requested 3,312 FTE positions for FY 1991, an increase of 36 FTE above FY 1990. The Governor recommended 3,293 FTE, a reduction of 19 FTE. The House requested additional information on the proposed construction time table, staffing ratios, staff increases, and a cash flow analysis to be made available for review in the Omnibus Bill. The Senate added \$357,849 for FY 1991 to finance 11 FTE existing vacant positions associated with increased right-of-way activities in the State Construction Program.