

Approved January 22, 1990
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA at
Chairperson

11:12 a.m./p.m. on JANUARY 11, 19 90 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Diane Duffy, Leah Robinson
Revisor: Norm Furse
Committee Staff: Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary
Conferees appearing before the committee:

Senator Bogina called the meeting to order at 11:12 A.M. He announced that Attachment 1 was distributed to correct an error in Attachment 1 of the January 9, 1990 Committee meeting. The error in the previous attachment was that all of the money for the commercial breaker was listed under FY 1990 rather than split between FY 1990 and FY 1991.

Senator Bogina requested that the Committee move to reconsider SB 442 in order to consider emergency supplemental appropriations for Social and Rehabilitation Services (SRS). Senator Feleciano moved and Senator Winter seconded that the Committee reconsider action on SB 442. The motion carried on a roll call vote. Senator Bogina asked Senators Winter and Allen to withdraw their motion and second to pass SB 442 favorable as amended. Discussion followed as to how SB 413 and SB 442 were related. Senator Allen noted that his concern in reconsidering SB 442 is the appropriation for Sheridan Coliseum which is needed by February 15, 1990. Senator Bogina assured the Committee that hearings will be held as early as possible during the week of January 15, and Senators Winter and Allen withdrew their motion and second.

Senator Bogina introduced staff members to the Committee: Diane Duffy and Leah Robinson, Kansas Legislative Research Department; Norm Furse and Gordon Self, Revisor of Statutes Office; Judy Bromich, Administrative Assistant; and Ronda Miller, Committee Secretary.

Ed Ahrens, Kansas Legislative Research Department, gave an overview of the status of the State General Fund based on the Governor's budget recommendations. Mr. Ahrens told the Committee that the Governor did not include the numbers regarding acceleration of certain tax collections which will affect FY 1990 and FY 1991 in the budget. The 1988 Legislature amended the budget law directing the Governor not to include in his regular budget any additional resources to the State General Fund, but to indicate those on a supplemental basis. The schedules found in Attachment 2, however, are comprehensive with respect to the circuit breaker as far as the State General Fund is concerned.

In answer to a question, Mr. Ahrens stated that 1.7% is the increase of receipts over the concensus estimate of FY 1991 over FY 1990.

The question was posed as to what ending balance is sufficient to get through a year without issuing certificates of debt. Discussion followed with agreement that that depends upon cash flow and the gap between expenditures and receipts, and that whether \$128 million is sufficient is debatable. It was noted that if expenses and revenues stayed the same for FY 1992 (as FY 1991), the ending balance for FY 1991 would be \$7 million, assuming concensus estimates are accurate.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS
123-S 11:12 XX JANUARY 11 90
 room _____, Statehouse, at _____ a.m./p.m. on _____, 19__

Mr. Ahrens explained that the \$3.4 million reduction in the Salary Plan Reserve (page 2 of Attachment 2) was derived from changes in the state pay plan (approved by the 1989 Legislature with passage of HB 2553), which exceeded the amounts that were contained in the agencies' budgets. It was asked if agencies were required to obtain extra monies for longevity in the salary plan from within their own agency rather than using the money that was set aside by the Legislature, or if the amount was overestimated. Mr. Ahrens stated that if there had not been an effort to cut back in the Governor's recommended budget, he would have anticipated seeing part of the \$3.4 million as a supplemental appropriation to the agencies. He noted that he did not know where the agencies were getting the money to pay the benefits. Senator Bogina noted that the budgets would be more fully elaborated in subcommittees and that he anticipates appeals from most of the agencies. Senator Feleciano expressed concern that the Committee might not comprehend the problems of the agency budgets if the agencies don't appeal.

In regard to the Mental Health/Mental Retardation (MH/MR) hospitals, Mr. Ahrens noted that the budget assumes that Title XIX and patient receipts will be less than estimated, meaning that General Fund monies must be used to replace those monies.

Senator Bogina announced a request from the Board of Regents for the introduction of bills. Senator Doyen moved that draft bill RS 1714 (lease of land at Fort Hays State University), draft bill RS 1716 (nurses in unclassified service at the University of Kansas Medical Center), draft bill RS 1730 (insurance for the KU-band uplink truck and mobile television production vehicle), and draft bill RS 1715 (sale of real estate at Emporia State University) be introduced. Senator Feleciano seconded, and the motion carried.

The meeting was adjourned at 12:06 P.M.

Property Tax Circuit Breaker Funding

<u>Program</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>Total</u>
Homeowners' Circuit Breaker	\$17,290,000	\$9,555,000	\$455,000	\$27,300,000
Commercial Circuit Breaker	30,810,000	11,900,000	0	42,710,000
Total	\$48,100,000	\$21,455,000	\$455,000	\$70,010,000

<u>Funding</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>Total</u>
Homeowners' Circuit Breaker				
SGF Appropriated	\$10,000,000	\$0	\$455,000	\$10,455,000
SGF: Current Year Budget Cuts	7,290,000	0	0	7,290,000
Economic Develop Initiatives Fund	0	9,555,000	0	9,555,000
Total	\$17,290,000	\$9,555,000	\$455,000	\$27,300,000
Commercial Circuit Breaker				
SGF: Highway Fund	\$17,921,000	\$800,000	\$0	\$18,721,000
SGF: Current year budget cuts	5,589,000	0	0	5,589,000
Economic Develop Initiatives Fund	3,600,000	0	0	3,600,000
Budgeted Subtotal	\$27,110,000	\$800,000	\$0	27,910,000
Accelerate Liquor Taxes	175,000	525,000	0	700,000
Accelerate Pvt Club Taxes	25,000	75,000	0	100,000
Financial Institutions Est Filings	1,000,000	3,000,000	0	4,000,000
Withholding Individual Income	2,500,000	7,500,000	0	10,000,000
Total	\$30,810,000	\$11,900,000	\$0	\$42,710,000

<u>Summary of Funding</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>Total</u>
State General Fund	\$22,879,000	\$0	\$455,000	\$23,334,000
State Highway Fund Transfer	17,921,000	800,000	0	18,721,000
Economic Develop Initiatives Fund	3,600,000	9,555,000	0	13,155,000
Unbudgeted Accelerators	3,700,000	11,100,000	0	14,800,000
Total	\$48,100,000	\$21,455,000	\$455,000	\$70,010,000

TABLE I

STATUS OF THE STATE GENERAL FUND BASED ON
THE GOVERNOR'S BUDGET RECOMMENDATIONS

		<u>\$ Millions</u>	<u>% Increase</u>
FY 1990			
Beginning Balance		\$ 371.4	
Receipts			
Consensus Estimate		2,297.9	3.1%
Governor's Recommended Adjustments			
Transfer from Special Employment			
Security Fund	0.2		
Acceleration of Certain Tax Collections	<u>3.7</u>	<u>3.9</u>	
Governor's Adjusted Receipts		\$ 2,301.8	3.3%
Expenditures			
Expenditures Authorized by 1989 Legislature			
Including Shifting	2,446.8		
Adjustments to Demand Transfers	<u>7.1</u>		
Adjusted Approved Expenditures		\$ 2,453.9	13.6%
Governor's Recommended Changes (See Table II)			
State Operations	(31.7)		
Aid to Local Units	(5.9)		
Other Assistance, Grants, and Benefits	38.2		
Capital Improvements	<u>(30.8)</u>		
Subtotal Recommended Changes		<u>(30.2)</u>	
Governor's Recommended Expenditures		\$ 2,423.7	12.2%
Ending Balance		\$ 249.5	
Percent of Expenditures		10.3%	
FY 1991			
Beginning Balance		\$ 249.5	
Receipts			
Consensus Estimate		2,337.0	1.7%
Governor's Recommended Adjustments			
Transfer from Special Employment			
Security Fund	0.5		
Acceleration of Certain Tax Collections	<u>11.1</u>	<u>11.6</u>	
Governor's Adjusted Receipts		\$ 2,348.5	2.0%
Expenditures			
Governor's Recommended Expenditures, FY 1990		\$ 2,423.7	
Governor's Recommended Changes (See Table III)			
State Operations	36.6		
Aid to Local Units	39.5		
Other Assistance Grants and Benefits	(45.5)		
Capital Improvements	<u>15.4</u>		
Subtotal Recommended Changes		<u>46.1</u>	
Governor's Recommended Expenditures		\$ 2,469.8	1.9%
Ending Balance		\$ 128.2	
Percent of Expenditures		5.2%	

SWAM
Jan. 11, 1990
Attachment 2

TABLE II

GOVERNOR'S RECOMMENDED CHANGES TO FY 1990 ADJUSTED EXPENDITURES
STATE GENERAL FUND

		\$ Millions
<u>State Operations</u>		
Regents Institutions		
General Use Expenditure Authority	\$ (8.83)	
KUMC Hospital Revenues	(1.13)	
Tuition Receipts	(5.20)	
Other Non-SGF Resources	<u>(1.24)</u>	\$ (16.40)
Department of Corrections and Institutions		
Inmate Emergency Bedspace Contingency	(2.45)	
Other (Mainly Salaries and Wages)	<u>(2.41)</u>	(4.85)
Salary Plan Reserve		(3.40)
Social and Rehabilitation Services		(2.05)
MH/MR Hospitals		
Budget Reductions	(4.15)	
Revised Title XIX and Patient Receipts	<u>2.46</u>	(1.69)
Judicial Branch		(1.04)
Kansas Bureau of Investigation		(0.98)
Veterans Affairs/Soldiers Home		(0.51)
Department of Revenue		(0.38)
Youth Centers		(0.35)
Attorney General -- Arkansas River Litigation		0.40
Board of Indigent Defense Services -- Counsel		0.50
Board of Tax Appeals		0.36
All Other		<u>(1.33)</u>
TOTAL -- STATE OPERATIONS		\$ (31.72)
<u>Aid to Local Units</u>		
MH/MR Special Grants		\$ (1.27)
School Transportation Aid		(0.76)
Special Education Services		(1.00)
Community Colleges		1.95
Community Corrections Grants		(1.68)
Community Conservation Camps		<u>(3.17)</u>
TOTAL -- AID TO LOCAL UNITS		\$ (5.93)
<u>Other Assistance, Grants, and Benefits</u>		
Residential Circuit Breaker		\$ 7.29
Commercial Circuit Breaker		27.21
SRS Programs		6.18
Correctional Officers Lawsuit Contingency		(2.00)
All Other		<u>(0.45)</u>
TOTAL -- OTHER ASSISTANCE		\$ 38.23
<u>Capital Improvements</u>		
Demand Transfer, State Highway Fund		\$ (17.93)
All Other Agencies		
Historical Research Center -- Refinancing	(4.49)	
WSU Science Building -- Refinancing	(2.00)	
Debt Service, New Prison and MH Facilities	(6.60)	
Debt Service, Ellsworth	(0.53)	
KSIR Locking Systems -- Refinancing	(0.60)	
FHSU Sheridan Coliseum	0.96	
Other Changes	<u>.40</u>	
TOTAL -- CAPITAL IMPROVEMENTS		\$ (12.86)
TOTAL -- CAPITAL IMPROVEMENTS		\$ (30.79)
TOTAL RECOMMENDED CHANGES		<u>\$ (30.21)</u>

TABLE III

GOVERNOR'S RECOMMENDED CHANGES FY 1990 TO FY 1991
STATE GENERAL FUND

		<u>\$ Millions</u>
<u>State Operations</u>		
General Government Agencies		\$ (1.18)
Department of Health and Environment		0.23
Department of Social and Rehabilitation Services		4.39
MH/MR Hospitals		
Increase in Expenditure Authority	6.06	
Additional Non-SGF Resources	<u>(8.29)</u>	(2.23)
Veterans Affairs/Soldiers Home		0.56
Regents Institutions		
Unclassified Salaries, 4%	13.04	
Other Operating Expenditures, 2%	2.04	
Utilities, 2%	0.43	
Enrollment Adjustments	4.00	
Faculty Salary Parity	0.40	
All Other	<u>11.25</u>	
Total GU Increase	31.16	
Additional Non-SGF Resources	<u>(3.27)</u>	27.89
Historical Society		(0.27)
Schools for Deaf and Visually Handicapped		0.33
Department of Education		0.30
KBI		(1.40)
Department of Corrections and Institutions		6.97
Youth Centers		0.70
Board of Agriculture		0.40
Water Office		(0.42)
Department of Wildlife and Parks		0.28
All Other -- Net		<u>.04</u>
TOTAL -- STATE OPERATIONS		\$ 36.59
 <u>Aid to Local Units</u>		
LAVTRF		1.72
CCRSF (actual)		1.75
CCHF		(0.35)
KPERS - School		1.90
USD General Aid		4.44
USD Income Tax Rebate		17.90
USD Transportation		2.26
Special Education Services		5.49
Area Vocational Schools		(0.50)
Community Colleges		0.00
Washburn University		0.25
Human Sexuality/Aids		0.50
At Risk Pupils		0.20
Parents As Teachers		1.00
Department of Health and Environemnt Programs		0.25
SRS MH/MR Special Purpose Grants		1.10
Community Corrections		2.43
Watershed Dam Construction		(0.64)
All Other		<u>(0.16)</u>
TOTAL -- STATE AID		\$ 39.54

TABLE III (continued)

		<u>\$ Millions</u>
<u>Other Assistance, Grants, and Benefits</u>		
Department of Commerce		\$ (1.82)
KTEC, Centers of Excellence		(0.40)
Homestead Property Tax Refunds		(0.90)
Residential Circuit Breaker		(17.29)
Commercial Circuit Breaker		(15.31)
SRS Programs		(12.38)
Board of Regents Scholarships		1.11
Correctional Officers Lawsuit Contingency		2.00
All Other		<u>(0.47)</u>
TOTAL -- OTHER ASSISTANCE		\$ (45.46)
 <u>Capital Improvements</u>		
State Highway Fund Demand Transfer		
Present Law	11.29	
Recommended Change	<u>17.10</u>	\$ 28.39
All Other Agencies		
FY 1990 Projects	\$ (30.73)	
FY 1991 Projects		
KU Regents Center	1.00	
Department of Corrections, Ellsworth Debt	1.71	
Department of Corrections, New Prison and MH Facility Debt	6.30	
KBI Debt Service	0.32	
Historical Society Research Center	4.49	
Wildlife and Parks, Cheyenne Bottoms	1.50	
Wildlife and Parks, Hillsdale Park	1.31	
Department of Administration, Various	0.66	
Adjutant General, Rehabilitation and Repair	0.25	
Other Projects	<u>0.23</u>	
Total -- All Other Agencies	\$ 17.77	<u>(12.96)</u>
TOTAL -- CAPITAL IMPROVEMENTS		\$ 15.43
 TOTAL CHANGES		 <u>\$ 46.10</u>