

Approved March 15, 1990
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

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

11:14 a.m./~~p.m.~~ on FEBRUARY 22, 1990 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Diane Duffy, Leah Robinson
Revisor: Norm Furse, Gordon Self
Committee Staff: Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

INTRODUCTION OF BILLS

Senator Doyen moved, Senator Gaines seconded, the introduction of bill draft 9 RS 2554 - AN ACT concerning the state correctional institutions; effecting certain consolidations and name changes; affecting definitions and conforming statutory references. The motion carried.

DEPARTMENT OF REVENUE

Chairman Bogina reviewed the FY 1990 and FY 1991 subcommittee report, Attachment 1. He told the Committee that the state's annual share of updating reappraisal would be approximately \$7.5 million of the \$15 million total cost. Concern was expressed regarding the cost of reappraisal, and documentation of costs was requested.

KANSAS RACING COMMISSION

Senator Allen reviewed the FY 1990 and FY 1991 subcommittee report, Attachment 2. In answer to a question, he stated that the decrease in contractual services (item 3 of the FY 91 report) represents the net in removing the KBI expenditures from the agency.

STATE BOARD OF TAX APPEALS

Senator Allen reviewed the FY 1990 and FY 1991 subcommittee report, Attachment 3.

DEPARTMENT OF COMMERCE

Senator Doyen reviewed the FY 1990 and FY 1991 subcommittee report, Attachment 4. In answer to a question regarding item 2 of the FY 90 report, he stated that the Greyhound Tourism Fund is used to promote Greyhound tourism and the other 85% goes to the Greyhound Breeding Development Fund.

Concern was expressed that \$.5 million is appropriated for the Pipeline program in FY 91. Senator Salisbury noted that other avenues have been created to allow businesses to expand, and suggested that the \$250,000 special projects fund (item 4 of the FY 91 report) could be better used if applied to the Kansas Partnership Fund. Senator Doyen moved, Senator Kerr seconded, to add \$1,250,000 from EDIF for the Partnership Fund, noting that \$250,000 for the special projects fund could be used for the Partnership Fund if the agency so desires. It was noted that this amendment would result in a \$2. million appropriation in total. In answer to a question, it was stated that projects that benefit from the Partnership Fund are limited to infrastructure loans. The average interest rate on the loans is 4.43%

KANSAS, INC.

Senator Johnston reviewed the FY 1990 and FY 1991 subcommittee report, Attachment 5.

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

Senator Johnston reviewed the FY 1990 and FY 1991 subcommittee report,

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 11:14 XX FEBRUARY 22 90
room _____, Statehouse, at _____ a.m./p.m. on _____, 19__.

Attachment 6. Senator Kerr noted that the total cuts by the Governor in FY 90 were \$726,000 in actual reduction and \$1.63 million reappropriated to FY 91. He said that it would be difficult for the agency to continue this fiscal year, and additional funds would be needed to continue in FY 91. Senator Kerr moved to add \$2. million to the subcommittee report in a single line item in FY 91, and reflect the \$1.6 million recommended for reappropriation as a current year expenditure. Senator Doyen seconded for the purpose of discussion.

Senators Johnston and Allen reiterated the fact that KTEC had not made their concerns about funding recommendations known to the subcommittee. It was noted that the total effect on EDIF with the passage of this amendment would be \$3.6 million. Senator Johnston stated that the subcommittee's recommendations provided enough funding to continue the centers' operations at the current level.

In answer to a question, Kevin Carr, Vice President of KTEC, told the Committee that there is not enough money in the FY 90 budget to meet current commitments (Attachment 7). He stated that current expenditure commitments on all programs are \$6,650,521 as of January 31. Mr. Carr said that approximately \$1,657,000 above the subcommittee recommendations would be needed to keep the agency at the same level as FY 90.

Chairman Bogina announced that final action would not be taken on SB 450, giving subcommittee members time to discuss the issues with KTEC. When reconsideration of the bill takes place, Senator Kerr's motion will be alive.

LOTTERY

Senator Kerr reviewed the FY 1990 and FY 1991 subcommittee report, Attachment 8.

The meeting was adjourned at 12:15 P.M.

DEPARTMENT OF REVENUE

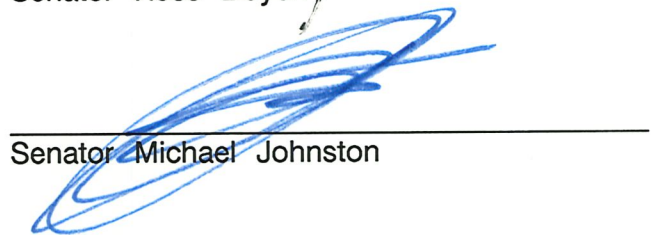
S.B. 558
S.B. 450



Senator August Bogina
Subcommittee Chairman



Senator Ross Doyen



Senator Michael Johnston

SWAM
February 22, 1990
Attachment 1

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 558

Bill Sec. 9

Analyst: Efirid

Analysis Pg. No. 153

Budget Pg. No. 480

Expenditure Summary	Agency Req. FY 90	Governor's Rec. FY 90	Subcommittee Adjustments
All Funds:			
State Operations	\$ 53,590,590	\$ 52,961,107	\$ --
State Aid	11,877,500	11,877,500	--
Other Assistance	2,500,000	2,500,000	--
TOTAL	\$ 67,968,090	\$ 67,338,607	\$ --
State General Fund:			
State Operations	\$ 28,828,201	\$ 28,444,319	\$ --
State Aid	--	--	--
Other Assistance	--	--	--
TOTAL	\$ 28,828,201	\$ 28,444,319	\$ --
FTE Positions	1,326.0	1,326.0	--

Agency Request/Governor's Recommendation

The revised agency budget includes a net reduction of expenditures for state operations and a decrease in FTE positions compared with the budget approved by the 1989 Legislature. Estimated expenditures in four areas are increased: capital outlay, other contractual services, printing and commodities. Reductions in data processing and other fees, repair and maintenance, and all other categories provide financing for the increases in the other four areas, while allowing a net reduction in total state operations expenditures this fiscal year. Categories with increased expenditures in the current fiscal year are reduced substantially in the agency's FY 1991 budget request. No major changes in FY 1990 financing are requested as a result of adjustments in expenditures.

The Governor concurs with all changes in the agency's other operating expenditures as requested in the revised budget, with shifts of financing recommended from certain object codes to fund higher expenditures in certain areas, most notably capital outlay, other contractual services, printing, and commodities. Recommended expenditures in these four areas are \$1,579,432 higher than approved by the 1989 Legislature. The Governor's recommendations also include adjustments in health insurance to reflect current rates. Recommended salaries and benefits are \$709,560 less than the amount approved by the 1989 Legislature. The Governor's recommendations apparently accelerate a proposed FY 1991 reduction of 5.0 percent in staffing and result in increasing salary turnover savings to an estimated 5.5 percent for the last six months of this fiscal year, or 2.0 percent higher than the 3.5 percent approved by the 1989 Legislature.

Senate Subcommittee Recommendation

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

1. Include \$123,845 in S.B. 558 as a supplemental appropriation from the State General Fund for other operating expenditures recommended in the Governor's Budget Report but omitted in error from the FY 1990 supplemental appropriations bill.
2. Note a reduction of \$1.7 in the approved data processing fees due to a DISC rate reduction and the shift of this \$1.7 million of financing to other areas, such as capital outlay, commodities, and other contractual services as a one-time expenditure to accelerate certain purchases, thereby enabling the agency to reduce its FY 1991 expenditures in these three areas.
3. Note that \$1.8 million of FY 1989 County Reappraisal Fund money encumbered since the end of last fiscal year was being distributed, beginning in January of 1990, to counties as \$1.2 million of state aid to upgrade county computer hardware used for CAMA and VIPS and that \$0.4 million was to be used for CAMA software enhancements requested by counties. Since a portion of the computer memory and disk storage enhancements may be used for VIPS, the Subcommittee recommends that \$350,000 be transferred from the DOV Operating Fund to the County Reappraisal Fund for reimbursing costs associated with VIPS rather than CAMA.

County Reappraisal Fund Analysis. The Governor's FY 1990 recommendations include payments of \$5.5 million in state aid to counties for reappraisal. The following table summarizes the status of the County Reappraisal Fund based on recommendations of the Governor which assume reduced parimutuel revenues and on the Subcommittee's additional \$350,000 transfer this fiscal year from the DOV Operating Fund.

<u>County Reappraisal Fund</u>	<u>Actual FY 89</u>	<u>Gov. Rec. FY 90</u>	<u>Estimated FY 90</u>
Beginning Balance	\$ 579,700	\$ 1,988,269	\$ 1,988,269
Net Receipts	9,408,569	7,404,674	7,754,674
Total Funds Available	\$ 9,988,269	\$ 9,392,943	\$ 9,742,943
Less: Expenditures	8,000,000 ^a	5,500,000	5,500,000
Ending Balance	<u>\$ 1,988,269</u>	<u>\$ 3,892,943^b</u>	<u>\$ 4,242,943^b</u>

- a) Of \$8.0 million, \$1,827,555 was encumbered but not liquidated as of January 12, 1990.
- b) Any remaining balance on June 30, 1990, will be transferred to the State General Fund, pursuant to K.S.A. 1989 Supp. 79-4802, and the Fund will be abolished.

SUBCOMMITTEE REPORT

Agency: Department of Revenue **Bill No.** 450 **Bill Sec.** 3
Analyst: Efirid **Analysis Pg. No.** 153 **Budget Pg. No.** 480

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 52,542,510	\$ 51,933,370	\$ (55,178)
State Aid	13,795,500	6,795,500	4,000,000
Other Assistance	--	--	--
TOTAL	\$ 66,338,010	\$ 58,728,870	\$ 3,944,822
State General Fund:			
State Operations	\$ 27,943,827	\$ 27,544,266	\$ (32,447)
State Aid	--	--	4,000,000
Other Assistance	--	--	--
TOTAL	\$ 27,943,827	\$ 27,544,266	\$ 3,967,553
FTE Positions	1,294.0	1,280.0	--

Agency Request/Governor's Recommendation

The agency's budget request includes a net decrease of slightly more than \$1.0 million in state operations expenditures and a net decrease of 32.0 FTE positions compared with the revised current fiscal year request. Substantial reductions are estimated in three other operating expenditure categories. Four categories of expenditures reflect increases next fiscal year: salaries and benefits, professional services, data processing and other fees, and all other items. Reductions in FY 1991 State General Fund and DOV Operating Fund financing reflect reduced net expenditures. A slight increase in financing from other funds is requested next fiscal year. The agency's budget request includes a 5.0 percent reduction in existing FTE positions for FY 1991.

The agency requests establishing 29.0 FTE new positions in conjunction with the federally mandated Commercial Driver License (CDL) program. Partial FY 1991 funding is estimated at \$504,224 for the new positions. In addition, other operating expenditures for CDL are estimated at \$770,350 in FY 1990 and \$484,280 in FY 1991 by the Division of Vehicles. In FY 1990, also requested is \$976,000 for development of computer software. The agency proposes to eliminate 64.0 FTE positions or 5.0 percent of its staff in FY 1991. The agency includes a 3.5 percent reduction to its salary base, the same percentage as approved by the 1989 Legislature for FY 1989 and FY 1990 salary turnover savings.

The Governor's recommended budget includes a net decrease of over \$1.0 million in state operations expenditures next fiscal year and a reduction of 46.0 FTE positions from the current approved staffing level. Increases of \$1.0 million in both data processing fees and in personnel costs are included in the Governor's recommendations, offset by reductions of over \$3.0 million in other operating areas.

The Governor concurs in establishing a new CDL program, with 18.0 FTE new positions recommended in FY 1991. In FY 1990, expenditures are recommended

at \$976,000 for software development and \$770,000 for other operating costs related to startup, including \$310,000 for fees, \$257,405 for capital outlay, \$200,260 for printing, and \$2,685 for travel. In FY 1991, the Governor recommends \$720,338 for state operations, including \$297,496 for salaries and benefits. The Governor concurs with the agency's proposed position abolitions in FY 1991 in reducing its workforce by 5.0 percent. The Governor recommends a 3.5 percent turnover rate in FY 1991.

Senate Subcommittee Recommendations

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

1. Make technical adjustments in the financing included in S.B. 450 to reflect Governor's Budget Amendment No. 1-13 and recut the appropriations bill to provide for separate accounts for salaries and wages and other operating expenditures in both the State General Fund and the DOV Operating Fund.
2. Note substantial reductions in expenditures for commodities, capital outlay, and other contractual services based on accelerating expenditures to FY 1990.
3. Appropriate \$4.0 million from the State General Fund for financing state aid to counties for maintaining and updating reappraised valuations as required by current law.
4. Concur with salary turnover reductions of \$55,178 (\$32,447 State General Fund) in Governor's Budget Amendment No. 1-12 to correct the Governor's Budget Report and incorporate the necessary changes into the appropriations bill.
5. Recommend introduction of a bill to extend for one year the current law which distributes 30.0 percent of the State Gaming Revenue Fund proceeds to the County Reappraisal Fund. Delete the fund reference in S.B. 450 pending passage of legislation.

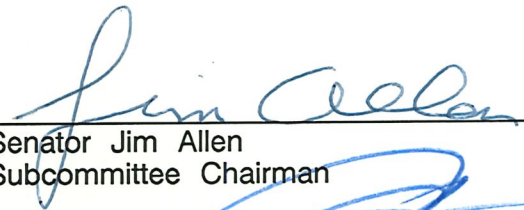
DOV Operating Fund Analysis. In order to finance activities related to motor vehicles, most financing for the DOV Operating Fund is provided by quarterly transfers from the State Highway Fund. The following table summarizes the status of the DOV Operating Fund as recommended by the Governor and adjusted by the Subcommittee's recommendations.

Resource Estimate	Actual FY 89	Estimated FY 90	Estimated FY 91
Beginning Balance	\$ 2,191,418	\$ 1,813,229	\$ 576,197
Net Receipts	1,817,259	1,801,500	1,801,500
Transfers	22,577,880	20,891,280	21,312,037
Total Funds Available	\$ 26,586,557	\$ 24,506,009	\$ 23,689,734
Less: Expenditures	24,773,328	23,929,812	23,689,734
Ending Balance	\$ 1,813,229	\$ 576,197	\$ 0

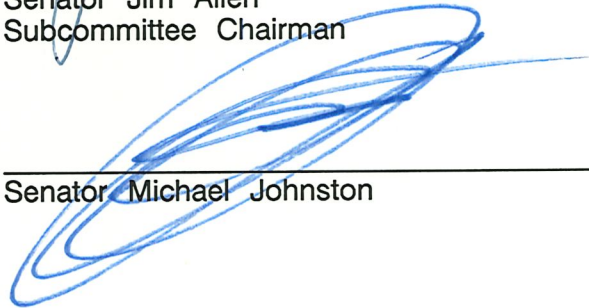
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Kansas Racing Commission
State Board of Tax Appeals

S.B. 558
S.B. 450



Senator Jim Allen
Subcommittee Chairman



Senator Michael Johnston

SWAM
February 22, 1990
Attachment 2

SUBCOMMITTEE REPORT

Agency: Kansas Racing Commission **Bill No.** 558

Bill Sec. 11

Analyst: Efirid

Analysis Pg. No. 167

Budget Pg. No. 464

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State Racing Fund	\$ 2,175,069	\$ 1,562,411	\$ 12,577
State General Fund	350,000	350,000	--
Spec. Revenue Funds	<u>703,299</u>	<u>703,299</u>	--
Subtotal	\$ 3,228,368	\$ 2,615,710	\$ 12,577
Other Assistance	<u>301,800</u>	<u>301,800</u>	--
TOTAL	<u>\$ 3,530,168</u>	<u>\$ 2,917,510</u>	<u>\$ 12,577</u>
 FTE Positions	 30.0	 26.0	 2.0

Agency Request/Governor's Recommendation

For the current fiscal year, the Commission requests an increase of \$498,601 in its approved expenditures for state operations, an additional 10.0 FTE positions, and other assistance payments of \$301,800. State operations increases above the approved levels include \$594,658 for contractual services and \$185,066 for capital outlay. No change in expenditures for commodities is requested. A reduction of \$281,123 is estimated in salaries and benefits largely due to shifting racing stewards and judges from staff costs to contractual services. An increase of \$644,370 from the State Racing Fund above the currently approved amount is requested to provide spending of \$2,175,069, including \$500,000 for the KBI.

The Governor recommends a reduction of \$113,489 in state operations expenditures during the current fiscal year. Funding for 6.0 FTE new positions is recommended for six assistant animal health officers. A shift from salaries and wages to contractual services involving compensation for racing stewards and judges is reflected in the Governor's recommendations. Commodities are reduced by the Governor's recommendation. No new funding is recommended for capital outlay. The Governor's recommendations include an increase of \$31,472 in financing from the State Racing Fund and no changes in requested funding of other expenditures for this fiscal year. The Governor's recommended funding from the State Racing Fund includes payments of \$350,000 for the KBI in the current fiscal year.

Senate Subcommittee Recommendation

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

1. Shift \$350,000 for financing the KBI Gaming Unit from an expenditure to a transfer not subject the expenditure limitation on the State Racing Fund, effective upon publication of this bill. The Governor recommends financing of \$350,000 in FY 1990 for the KBI as an expenditure from the State Racing Fund within the agency's expenditure limitation.

2. Increase the revenue estimate from parimutuel receipts by \$887,204 based on actual experience at the two major dog tracks and on projections for the Kansas City horse track beginning in May 1990.
3. Increase expenditures from the State Racing Fund by a net of \$12,577 above the Governor's recommended expenditures and authorize an additional 2.0 FTE positions for a research analyst and office assistant. This adjustment to the Governor's recommended budget includes an increase of \$71,975 in salaries and benefits, a decrease of \$105,280 in contractual services, an increase of \$5,320 in commodities, and an increase of \$40,532 in capital outlay.

SUBCOMMITTEE REPORT

Agency: Kansas Racing Commission **Bill No.** 450

Bill Sec. 5

Analyst: Efirid

Analysis Pg. No. 167

Budget Pg. No. 464

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State Racing Fund	\$ 2,849,722	\$ 2,043,240	\$ 5,182
State General Fund	--	--	--
Spec. Revenue Funds	<u>692,299</u>	<u>698,715</u>	--
Subtotal	\$ 3,542,021	\$ 2,741,955	\$ 5,182
Other Assistance	<u>609,400</u>	<u>609,400</u>	--
TOTAL	<u>\$ 4,151,421</u>	<u>\$ 3,351,355</u>	<u>\$ 5,182</u>
 FTE Positions	 37.0	 26.0	 6.0

Agency Request/Governor's Recommendation

The Commission requests expenditure increases of \$313,653 above the revised FY 1990 estimate. The Commission's expenditure estimates do not include costs related to opening a race track at Pittsburg. The request does include an additional 7.0 FTE positions and annualized financing for new staff. The Commission requests increased funding from the State Racing Fund in FY 1991 which amounts to \$674,653.

The Governor recommends an increase of \$126,245 above the current fiscal year's expenditures for state operations. No new positions are recommended in FY 1991, but funding increases are included for salary and fringe benefit enhancements of existing staff. The Governor recommends increased funding of \$480,829 to finance state operations. The Commission's proposed financing does not include any expenditures for KBI payments in FY 1991 to be made from the State Racing Fund. The Governor's recommended financing plan appears to include \$364,000 for KBI payments to be made from the State Racing Fund in FY 1991.

Senate Subcommittee Recommendation

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

1. Shift \$364,000 for financing the KBI Gaming Unit from an expenditure to a transfer not subject the expenditure limitation on the State Racing Fund, and make quarterly transfers to the KBI. The Governor recommends financing of \$364,000 in FY 1990 for the KBI as an expenditure from the State Racing Fund within the agency's expenditure limitation.
2. Increase the revenue estimate from parimutuel receipts by \$1,655,887 based on actual experience at the two major dog tracks and on projections for the Kansas City horse track beginning in May 1990.

3. Increase expenditures from the State Racing Fund by a net of \$5,182 above the Governor's recommended expenditures and authorize an additional 6.0 FTE positions for a research analyst and an office assistant recommended in FY 1990 as well as a personnel specialist and three additional office assistants. This adjustment to the Governor's recommended budget includes an increase of \$99,951 in salaries and benefits, a decrease of \$230,238 in contractual services, an increase of \$9,745 in commodities, and an increase of \$29,359 in capital outlay.

Racing Fund Analysis. The Subcommittee recommendations include the Racing Commission's estimate of receipts and an incremental increase in the Governor's recommended expenditures in both fiscal years. Payments to the KBI are treated as transfers rather than expenditures by the Subcommittee recommendations.

<u>Resource Estimate</u>	<u>Gov. Rec. FY 1990</u>	<u>Estimated FY 1990</u>	<u>Gov. Rec. FY 1991</u>	<u>Estimated FY 1991</u>
Beginning Balance	\$ 326,518	\$ 326,518	\$ 812,356	\$ 1,336,983
Net Receipts	5,730,495	6,617,699	6,851,856	8,507,743
Transfers In/(Out)	<u>(3,682,246)</u>	<u>(4,032,246)</u>	<u>(4,538,444)</u>	<u>(4,902,444)</u>
Total Available	\$ 2,374,767	\$ 2,911,971	\$ 3,125,768	\$ 4,942,444
Less: Expenditures	<u>1,562,411</u>	<u>1,574,988</u>	<u>2,043,240</u>	<u>2,048,422</u>
Ending Balance	<u>\$ 812,356</u>	<u>\$ 1,336,983</u>	<u>\$ 1,082,528</u>	<u>\$ 2,893,860</u>

SUBCOMMITTEE REPORT

Agency: State Board of Tax Appeals

Bill No. 558

Bill Sec. 8

Analyst: Efird

Analysis Pg. No. 149

Budget Pg. No. 558

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,509,854	\$ 1,422,303	\$ (68,390)
State General Fund	1,504,854	1,417,303	(68,390)
FTE Positions	39.0	39.0	--

Agency Request/Governor's Recommendation

The Board requests an increase of \$441,578 to its currently approved expenditures, to be financed by a supplemental appropriation of \$443,574 from the State General Fund. The supplemental would pay for additional staff positions and other operating expenses to augment to Board's current authorized staff of 20.0 FTE positions to help handle a projected increase in the number of appeals hearings resulting from statewide reappraisal. The Board's request for financing new staff includes 19.0 new FTE positions approved by the State Finance Council on January 3, 1990, with approximately five months of funding sought in this fiscal year. The Board previously had estimated handling 18,094 reappraisal valuation cases resulting from statewide reappraisal.

The Governor's FY 1990 recommendations add \$356,023 in State General Fund financing for additional expenditures, including funds for salaries and benefits of 19.0 new FTE positions, moving expenses, capital outlay, and communications. The Governor's recommended funding allows for \$354,027 in added FY 1990 expenditures for expanded staff (\$189,408), other operating expenses (\$164,619), and a \$1,996 supplemental to replace FY 1989 funds which did not reappropriate to FY 1990.

The 1990 Legislature approved S.B. 442 earlier this Session, authorizing a supplemental appropriation of \$315,522. Funding of \$40,501 and 2.0 FTE appraiser positions were deleted from the Governor's recommendation.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation, as previously adjusted by legislative action in S.B. 442, with the following exceptions:

1. Delete \$164,619 from S.B. 558 since funding was included in the emergency supplemental bill earlier this Session.

*SWAM
February 22, 1990
Attachment 3*

2. Reduce estimated expenditures by \$68,390 to reflect salary turnover savings of \$37,876 based on the Board's hiring schedule of new positions and savings of \$30,514 for computer-related capital outlay not needed for the current CPU.

SUBCOMMITTEE REPORT

Agency: State Board of Tax Appeals

Bill No. 450

Bill Sec. 2

Analyst: Efird

Analysis Pg. No. 149

Budget Pg. No. 558

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,885,631	\$ 1,895,716	\$ (92,912)
State General Fund	1,880,631	1,890,966	(92,912)
FTE Positions	39.0	39.0	(2.0)

Agency Request/Governor's Recommendation

The Board's request includes a net increase in expenditures of \$375,777 more than its revised FY 1990 estimate. This increased funding would be required primarily for annualized expenditures resulting from the Board's revised FY 1990 request to add new staff for handling additional reappraisal appeals. The Board's FY 1991 request includes continuing all 19.0 FTE new positions requested in FY 1990, with no additional increase in staffing. Funding for higher other operating expenditures due to an expanded staff working 12 months also is requested in FY 1991.

The Governor's FY 1991 recommendations provide a net increase of \$473,413 in expenditures. Annual funding for all new positions added in the current fiscal year and other salary adjustments comprise the main increases in FY 1991 expenditures. Increases in certain categories of other operating expenses also are recommended to support the expanded staff. Unlimited expenditure of reappropriated balances is authorized in the FY 1991 appropriation bill.

Senate Subcommittee Recommendation

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

1. Reappropriate \$68,390 from FY 1990 to reflect savings in the current fiscal year and reduce new financing in FY 1991 by that amount.
2. Delete 2.0 FTE appraiser positions and \$91,612 for salaries and benefits to reflect the same reductions in the emergency supplement bill for the current fiscal year.

SUBCOMMITTEE REPORT

Agency: Department of Commerce **Bill No.** 558 **Bill Sec.** 12
Analyst: West **Analysis Pg. No.** 173 **Budget Pg. No.** 110

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 7,992,503	\$ 7,785,889	\$ --
Local Aid	18,261,185	15,168,482	1,989,000
Other Assistance	<u>3,550,000</u>	<u>3,550,000</u>	<u>--</u>
TOTAL	<u>\$ 29,803,688</u>	<u>\$ 26,504,371</u>	<u>\$ 1,989,000</u>
State General Fund:			
State Operations	\$ 6,396,083	\$ 6,271,506	\$ --
Other Assistance	<u>1,825,000</u>	<u>1,825,000</u>	<u>--</u>
TOTAL	<u>\$ 8,221,083</u>	<u>\$ 8,096,506</u>	<u>\$ --</u>
Economic Development			
Initiatives Fund:			
State Operations	\$ 543,527	\$ 454,335	\$ --
Local Aid	3,468,703	376,000	1,989,000
Other Assistance	<u>1,725,000</u>	<u>1,725,000</u>	<u>--</u>
TOTAL	<u>\$ 5,737,230</u>	<u>\$ 2,555,335</u>	<u>\$ 1,989,000</u>
FTE Positions	110.0	110.0	--

Agency Request/Governor's Recommendation

State Operations. The Department of Commerce proposes an FY 1990 state operations budget for 110.0 FTE positions of \$7,992,503, including \$6,396,083 from the State General Fund, \$543,527 from the Economic Development Initiatives Fund (EDIF), and \$1,052,893 from other funding sources. The estimate reflects a decrease of \$2,000 in State General Fund expenditures and an equal increase in special revenue financed expenditures from the budget approved by the 1989 Legislature.

The Governor recommends an FY 1990 state operations budget of \$7,785,889, reflecting decreases from the agency's estimate of \$124,577 from the State General Fund and \$89,192 from the EDIF and an increase of \$7,155 from special revenue funds. Major revisions include reductions in travel (\$50,435), professional fees (\$36,521), printing \$27,135), supplies (\$15,811), and communications (\$14,640). In addition, the Governor recommends a net reduction in salaries of \$42,996, associated with revised health insurance costs, an increase in estimated turnover savings from 2.5 percent to 4 percent, and the addition of a special project position to serve as a rural economic development coordinator. Net other changes decrease total FY 1990 expenditures by \$19,066.

Local Aid. The Department of commerce estimates payments to local units of government will total \$18,261,185 in FY 1990, an amount unchanged from the budget approved by the 1989 Legislature. Grants provided under the CDBG program are estimated at \$14,042,482, while grants under the Rental Rehabilitation program are estimated at \$750,000. EDIF expenditures of \$3,468,703 are anticipated for loans to

*SWAM
February 22, 1990
Attachment 4*

local units of government from the Kansas Partnership Fund (\$3,417,703) and for grants under the Main Street program (\$51,000).

The Governor estimates payments to local units of government in FY 1990 will total \$15,168,482, a reduction of \$3,092,703 from the agency's estimate. The Governor concurs with the agency's estimates for grants from the CDBG, Rental Rehabilitation, and Main Street programs. The Governor recommends that EDIF financing for the Kansas Partnership Fund be reduced from \$3,417,703 to \$325,000.

Other Assistance. The Department estimates other assistance payments of \$3,550,000 in FY 1990 for grants to Certified Development Companies (\$425,000) and Small Business Development Centers (\$275,000) and assistance under the Trade Show Assistance program (\$100,000) and the Industrial Training programs (\$2,750,000), amounts unchanged from the budget approved by the 1989 Legislature. The current-year estimate is financed by \$1,825,000 from the State General Fund and \$1,725,000 from the EDIF. The Governor concurs with the agency's estimate.

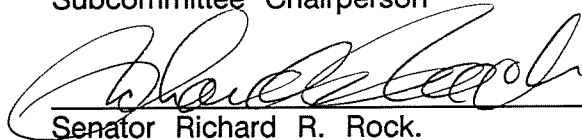
Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's FY 1990 recommendation, with the following adjustments:

1. The Subcommittee concurs with Governor Budget Amendment No. 1 which recommends that EDIF financing for the Kansas Partnership Fund be reduced from \$3,417,703 to \$2,314,000 instead of to \$325,000 as initially recommended by the Governor.
2. Appropriate the Greyhound Tourism Fund with a zero limit on current year expenditures. The fund receives 15 percent of the unclaimed winning tickets from greyhound races as per K.S.A. 1989 Supp. 74-8822 and 8831. The Subcommittee was informed that the fund should receive some revenues in late FY 1990, although the amount is unknown at this time.



Senator Ross O. Doyen
Subcommittee Chairperson



Senator Richard R. Rock.

SUBCOMMITTEE REPORT

Agency: Department of Commerce Bill No. 450 Bill Sec. 6
 Analyst: West Analysis Pg. No. 173 Budget Pg. No. 110

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 11,713,709	\$ 8,004,503	\$ --
Local Aid	18,289,105	15,264,105	--
Other Assistance	4,550,000	3,600,000	250,000
TOTAL	<u>\$ 34,552,814</u>	<u>\$ 26,868,608</u>	<u>\$ 250,000</u>
State General Fund:			
State Operations	\$ 9,847,640	\$ 5,450,897	\$ --
Other Assistance	3,100,529	--	--
TOTAL	<u>\$ 12,948,169</u>	<u>\$ 5,450,897</u>	<u>\$ --</u>
Economic Development			
Initiatives Fund:			
State Operations	\$ 605,196	\$ 1,452,630	\$ --
Local Aid	3,575,000	500,000	--
Other Assistance	1,449,471	3,600,000	250,000
TOTAL	<u>\$ 5,629,667</u>	<u>\$ 5,552,630</u>	<u>\$ 250,000</u>
FTE Positions	138.0	112.0	(1.0)

Agency Request/Governor's Recommendation

State Operations. The Department requests \$11,713,709, including \$9,847,640 from the State General Fund, \$605,196 from the EDIF, and \$1,260,873 from other funding sources, for state operations in FY 1991. The request represents an increase from the current-year estimate of \$3,721,206, including \$3,451,557 from the State General Fund, \$61,669 from the EDIF, \$207,980 from other funding sources, and reflects the addition of \$809,860 for 28.0 FTE new positions.

The Governor recommends an FY 1991 state operations budget of \$8,004,503, including \$5,450,897 from the State General Fund, \$1,452,630 from the EDIF, and \$1,100,976 from other funding sources. The FY 1991 recommendation represents a decrease of \$820,609 from the State General Fund and increases of \$998,295 from the EDIF and \$40,928 from other funding sources when compared to the current-year recommendation. Effective in FY 1991, the Governor recommends that State General Fund appropriations for the Department be made as a single line item. The FY 1991 recommendation includes \$21,561 for a 1.0 FTE new position and conversion of a special project position to an unclassified position.

Local Aid. The Department requests \$18,289,105 for payments to local units of government in FY 1991. The request includes \$14,214,105 for grants under the Small Cities CDBG program and \$500,000 for grants under the Rental Rehabilitation program. The request also includes \$3,500,000 from the EDIF for the Kansas Partnership Fund, which provides loans to local units of government for infrastructure improvements, and

\$75,000 from the EDIF to provide assistance to cities enrolled in the Main Street program.

The Governor recommends \$15,264,105 for payments to local units of government. The Governor concurs with the agency's estimate for CDBG grants of \$14,214,105 and recommends Rental Rehabilitation grants of \$550,000. In addition, the Governor recommends \$500,000 from the EDIF for the Kansas Partnership Fund. EDIF financing of \$51,000 for Main Street grants is recommended as a state operations expense.

Other Assistance. The Department requests \$4,550,000 in FY 1991 for grants to Certified Development Companies (CDCs) (\$750,000) and Small Business Development Centers (SBDCs) (\$350,000) and assistance under the Trade Show Assistance program (\$200,000) and the Industrial Training programs (\$3,250,000). The FY 1991 request is financed by \$3,100,529 from the State General Fund and \$1,449,471 from the EDIF. The Governor recommends \$3,600,000 from the EDIF in FY 1991 for the Industrial Training programs (\$2,750,000), CDC grants (\$425,000), SBDC grants (\$275,000), and Trade Show Assistance (\$150,000).

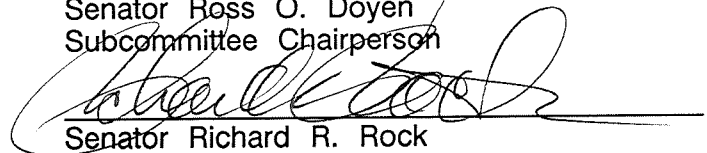
Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's FY 1991 recommendation, with the following adjustments:

1. Change the format of the bill to reflect separate line items for State General Fund financed salaries and wages and other operating expenses.
2. The Subcommittee recommends that the Rural Development Coordinator be maintained as a special project position instead of an unclassified position. This would allow the reduction of 1.0 FTE position from the agency's position limitation.
3. Appropriate the Greyhound Tourism Fund with no limit on FY 1991 expenditures. The Subcommittee notes that K.S.A. 1989 Supp. 74-8831(c) requires that this fund be used only for the promotion of greyhound-related tourism.
4. Add \$250,000 from the EDIF for a special projects fund to allow the agency flexibility to respond to economic development opportunities which arise outside the scope of the agencies' current programs or to provide enhanced funding for agency programs which may need additional funding.



Senator Ross O. Doyen
Subcommittee Chairperson



Senator Richard R. Rock

SUBCOMMITTEE REPORT

Agency: Kansas, Inc.

Bill No. 558

Bill Sec. New

Analyst: West

Analysis Pg. No. 192

Budget Pg. No. 370

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
All Funds	\$ 496,909	\$ 494,193	\$ 2,716
State General Fund	297,939	296,129	1,810
Economic Development Initiatives Fund	50,000	50,000	--
FTE Positions	4.0	4.0	--

Agency Request/Governor's Recommendation

The FY 1990 budget estimate for Kansas, Inc. is \$496,909, including \$297,939 from the State General Fund and \$50,000 from the Economic Development Initiatives Fund (EDIF). The current year estimate reflects an increase of \$1 from donations from the budget approved by the 1989 Legislature. The agency requests a State General Fund supplemental appropriation of \$859 to finance revised estimates of salary expenses. The requested supplemental appropriation would be offset by the lapse of an equal amount from the agency's other operating expenditures line item. Kansas, Inc. reports that revisions in the estimated expenditures for several items have been made in order to more accurately reflect anticipated expenses in the current year. Major revisions include increases in conference expenses (\$5,675), communication expenses (\$1,980), and contractual research (\$1,500), and decreases in travel (\$7,497) and capital outlay (\$3,000). Net other changes increase total expenditures by \$2,841.

The Governor recommends an FY 1990 budget for Kansas, Inc. of \$494,193, including \$296,129 from the State General Fund. The FY 1990 recommendation reflects decreases from the agency's estimate of \$1,894 in travel expenses and \$822 in salary expenses. The Governor's recommendation also includes \$148,973 in private sector donations. The Governor recommends a State General Fund supplemental appropriation of \$314 to finance the revised salary estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's FY 1990 recommendation, with the following adjustments:

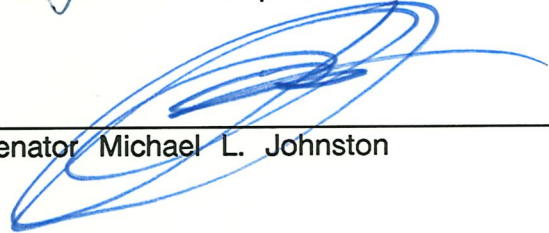
1. As a technical adjustment, add a supplemental State General Fund appropriation for salaries and wages of \$314 as per the Governor's recommendation.

*SWAM
February 22, 1990
Attachment 5*

2. Restore \$2,716 including \$1,810 from the State General Fund for other operating expenses, based on the agency's latest projection of current-year expenditures.



Senator Jim Allen
Subcommittee Chairperson



Senator Michael L. Johnston

SUBCOMMITTEE REPORT

Agency: Kansas, Inc.

Bill No. 450

Bill Sec. 7

Analyst: West

Analysis Pg. No. 192

Budget Pg. No. 370

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds	\$ 446,909	\$ 426,909	\$ 2,500
State General Fund	297,939	284,256	1,667
FTE Positions	4.0	4.0	--

Agency Request/Governor's Recommendation


Kansas, Inc. requests an FY 1991 budget of \$446,909, including \$297,939 from the State General Fund. Total expenditures are requested to decrease by \$50,000, reflecting increases of \$3,538 for salaries and wages, and \$1,756 for travel expenses, and a decrease of \$56,021 in contractual research. Net other changes increase total expenditures by \$727. The agency reports that the State General Fund request would be matched by \$148,970 from private sources.

The Governor recommends an FY 1991 budget of \$426,384, including \$284,256 from the State General Fund, a decrease of \$67,809 from the current-year recommendation. Major revisions from the current-year recommendation include an increase of \$9,407 in salary expenses and a decrease of \$74,801 in contractual research. Net other changes decrease total expenditures by \$2,415. The Governor's recommendation also includes \$142,128 in private sector donations.

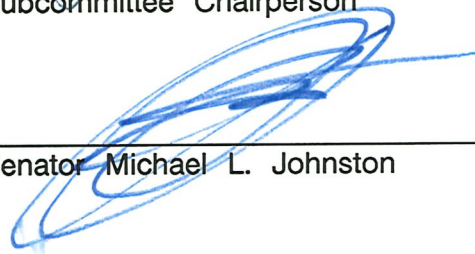
Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's FY 1991 recommendation, with the following adjustment:

1. Add \$2,500, including \$1,667 from the State General Fund, for capital outlay associated with the acquisition of a local area network system.



 Senator Jim Allen
 Subcommittee Chairperson



 Senator Michael L. Johnston

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corporation

Bill No. 558

Bill Sec. 13

Analyst: West

Analysis Pg. No. 195

Budget Pg. No. 392

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,212,046	\$ 1,111,640	\$ --
Other Assistance	<u>5,726,236</u>	<u>4,985,108</u>	<u>--</u>
TOTAL	<u>\$ 6,938,282</u>	<u>\$ 6,096,748</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 651,899	\$ 617,093	\$ --
Other Assistance	<u>394,620</u>	<u>394,620</u>	<u>--</u>
TOTAL	<u>\$ 1,046,519</u>	<u>\$ 1,011,713</u>	<u>\$ --</u>
Economic Development Initiatives Fund:			
State Operations	\$ 560,147	\$ 494,547	\$ --
Other Assistance	<u>5,331,616</u>	<u>4,590,488</u>	<u>--</u>
TOTAL	<u>\$ 5,891,763</u>	<u>\$ 5,085,035</u>	<u>\$ --</u>
FTE Positions	11.0	11.0	--

Agency Request/Governor's Recommendation

The Kansas Technology Enterprise Corporation (KTEC) estimates FY 1990 expenditures to be \$6,938,282, including \$1,046,519 from the State General Fund and \$5,891,763 from the Economic Development Initiatives Fund (EDIF). The Governor recommends FY 1990 expenditures of \$6,096,748 including \$1,011,713 from the State General Fund and \$5,085,035 from the EDIF.

1. **State Operations.** The FY 1990 estimate for state operations is \$1,212,046, and is financed by \$651,899 from the State General Fund and \$560,147 from the EDIF. The current year estimate reflects a decrease of \$3,172 in State General Fund financed salary expenditures and an increase of an equal amount in EDIF financed operating expenses from the budget approved by the 1989 Legislature. The agency's estimate of FTE positions is an increase of 5.0 from the number reported to the 1989 Legislature. The increase is associated with a shift of the operations of the Agriculture Value Added Processing Center to KTEC (3.0 positions) and 2.0 positions which were included in the Corporation's appeals to the 1989 Legislature but not specifically identified as new positions.

The Governor recommends an FY 1990 state operations budget of \$1,111,640, reflecting decreases of \$34,806 from the State General Fund and \$65,600 from the EDIF from the agency's estimate. Revisions from the agency's estimate include reductions in salaries (\$16,420), printing and advertising (\$38,200), travel (\$40,400), and capital outlay (\$5,386). The Governor concurs with the agency's estimate of FTE positions in the current year.

*SUAM
February 22, 1990
Attachment 6*

2. **Other Assistance.** The FY 1990 estimate for other assistance totals \$5,726,236, the amount authorized by the 1989 Legislature, including reappropriations from the EDIF of \$1,204,282. The Governor recommends FY 1990 other assistance payments of \$4,985,108, a reduction of \$741,128 from the agency's estimate. The recommendation reflects a reduction of \$398,128 in funding available for Small Business Innovation Research (SBIR) grants and elimination of funding for industry liaison grants (\$343,000).

3. **Seed Capital Investments.** In addition to the expenditures noted above, KTEC proposes to invest \$440,000 from the EDIF in the Ad Astra seed capital fund, the amount authorized by the 1989 Legislature. The Governor concurs with KTEC's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's FY 1990 recommendation, with the following adjustment:

1. Delete the expenditure limitation decreases recommended by the Governor in order to allow KTEC's Board of Directors to determine which programs should absorb the Governor's recommended budget cuts.



Senator Jim Allen
Subcommittee Chairperson



Senator Michael L. Johnston

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corporation

Bill No. 450

Bill Sec. 8

Analyst: West

Analysis Pg. No. 195

Budget Pg. No. 392

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,123,967	\$ 854,843	\$ --
Other Assistance	<u>9,658,033</u>	<u>4,051,000</u>	<u>1,150,000</u>
TOTAL	<u>\$ 10,782,000</u>	<u>\$ 4,905,843</u>	<u>\$ 1,150,000</u>
State General Fund:			
State Operations	\$ 881,000	\$ 246,073	\$ --
Other Assistance	<u>619,000</u>	<u>--</u>	<u>--</u>
TOTAL	<u>\$ 1,500,000</u>	<u>\$ 246,073</u>	<u>\$ --</u>
Economic Development Initiatives Fund:			
State Operations	\$ 242,967	\$ 608,770	\$ --
Other Assistance	<u>9,039,033</u>	<u>4,051,000</u>	<u>1,150,000</u>
TOTAL	<u>\$ 9,282,000</u>	<u>\$ 4,659,770</u>	<u>\$ 1,150,000</u>
FTE Positions	11.0	11.0	--

Agency Request/Governor's Recommendation

The Corporation requests an FY 1991 budget of \$10,782,000, including \$1,500,000 from the State General Fund and \$9,658,033 from the EDIF. The Governor recommends an FY 1991 budget of \$4,905,843, including \$246,073 from the State General Fund and \$4,659,770 from the EDIF. Of the \$4,659,770 recommended to be financed from the EDIF, \$1,600,736 would come from reappropriated FY 1990 funds. New EDIF financing of \$3,059,034 would be transferred to the agency between March and June, 1991. Effective in the current year, the Governor recommends that the State General Fund appropriation for the agency be consolidated into a single line item.

1. **State Operations.** The Corporation requests an FY 1991 state operations budget of \$1,123,967, a decrease of \$88,079 from the current year estimate. State operations expenditures for KTEC and the Kansas Agriculture Value Added Processing Center (KVAC) are requested to be financed by \$881,000 from the State General Fund and \$242,967 from the EDIF, an increase of \$229,101 in State General Fund expenditures and a decrease of \$317,180 in EDIF expenditures from the current year estimate. The Governor recommends \$854,843 for state operations in FY 1991, a decrease of \$256,797 from the current year recommendation. The FY 1991 recommendation would be financed by \$246,073 from the State General Fund and \$608,770 from the EDIF. Effective in FY 1991, the Governor recommends that KTEC be subject to a position limitation.

2. **Other Assistance.** The Corporation requests \$9,658,033 for several assistance programs in FY 1991, an increase of \$3,931,797 from the current year

estimate. The request includes \$4,262,000, including \$619,000 from the State General Fund and \$3,643,000 from the EDIF, to support the Centers of Excellence. In addition, EDIF funding totaling \$5,396,033 is requested for Research Matching Grants (\$2,716,000), Research Equipment Grants (\$400,000), KTEC special projects (\$148,000), Training Equipment grants (\$250,000), the Industry Liaison program (\$300,000), KVAC assistance grants (\$582,033), and \$1,000,000 for a KVAC special project designed to attract a regional Agricultural Commercialization Center to the state. The FY 1991 request reflects increases in financing from the State General Fund of \$224,380 and from the EDIF of \$3,707,417 compared to the current year estimate. Of the amount requested from the EDIF, \$1,466,000 is associated with approved Research Matching Grants which would be reappropriated from the current year. The Governor recommends \$4,051,000 from the EDIF for other assistance programs in FY 1991. Recommended programs include \$2,450,000 for grants to the Centers of Excellence, \$50,000 for the SBIR grant program, \$85,000 for grants through the KVAC, and \$1,466,000 in reappropriated FY 1990 funds for the Research Matching Grant program.

3. **Seed Capital Investments.** In addition to the expenditures noted above, KTEC requests \$500,000 from the EDIF in FY 1991 for a new program to invest in small startup companies to assist in the development of product prototypes and business plans. The Governor recommends no funding for seed capital investments in FY 1991.

Senate Subcommittee Recommendation

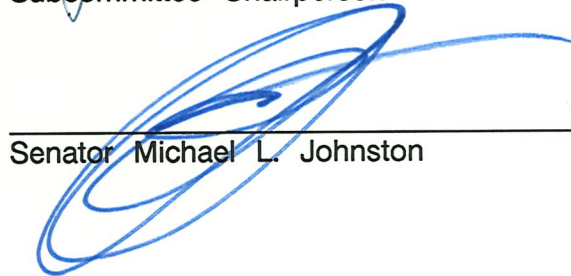
The Senate Subcommittee concurs with the Governor's FY 1991 recommendation, with the following adjustments:

1. Add \$1,000,000 from the EDIF for support of the Centers of Excellence.
2. Add \$150,000 from the EDIF for support of the Kansas Agriculture Value Added Processing Center (KVAC).
3. Authorize the reappropriation of any current year savings and their expenditure in FY 1991.
4. In order to assure that adequate funds will be available to finance the operations of KTEC and KVAC in the first nine months of the fiscal year, authorize EDIF transfers of \$100,000 each month for the months of October through February, or as soon thereafter as funds are available. Other EDIF transfers for the Corporation should be made at the rate of \$1,000,000 each month for March, April, and May with the balance (\$709,034) transferred in June, or as soon thereafter as funds are available.

5. In order to allow the Corporation the maximum flexibility, reformat the appropriations bill to have two line items for EDIF expenditures -- one for KVAC (including official hospitality) and one for operations, grants, and assistance (including official hospitality).



Senator Jim Allen
Subcommittee Chairperson



Senator Michael L. Johnston

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

2-22-90

Program	FY89 Approp.	FY89 Carry-over to FY90	FY90 New Approp.	FY90 Total Approp.	FY90 Gov. Recom.	FY90 Carry-over w/o Cuts	FY91 KTEC Request	FY91 Gov. Recom.	
Operations/Data Base	\$680,639	\$15,000	\$631,000	\$646,000	\$569,841 ²	\$0	\$681,000 ⁸	\$608,050 ⁹	+ 110,928
Centers of Excellence	1,325,000	41,564	2,450,000	2,491,564	2,491,564	0	4,262,000	2,450,000 ¹⁰	+ 1,000,000
Ag. Value Added Center	175,000	138,280	425,000	563,280	539,033 ³	0	873,000	331,793 ¹¹	+ 150,000
Ag. Commercialization	-	-	-	-	-	-	1,000,000	- ¹²	--
Research Matching Grants	2,052,664	1,450,000	850,000	2,300,000	834,000 ⁴	300,000	1,250,000	1,466,000 ¹³	+ 850,000
Seed Capital	1,569,000	0	440,000	440,000	440,000	0	500,000	0 ¹⁴	+ 350,000
Research Equipment Grants	995,000	280,529	650,000	930,529	930,529	0	400,000	0 ¹⁵	+ 400,000
Training Equipment Grants	250,000	179,517	0	179,517	179,517	0	250,000	0 ¹⁶	+ 250,000
Industrial Liaison Program	65,000	15,000	328,000	343,000	0 ⁵	43,000	300,000	0 ¹⁷	+ 200,000
SBIR Grants	300,000	298,128	150,000	448,128	50,000 ⁶	398,128	0	50,000	--
Special Projects	415,210	352,264	150,000	502,264	502,264	0	300,000	0 ¹⁸	+ 200,000
TOTAL	\$7,827,513	\$2,770,282	\$6,074,000 ¹	\$8,844,282	\$6,536,748 ⁷	\$741,128	\$9,816,000	\$4,905,843 ¹⁹	+ 3,510,928

Footnotes--FY 90 (Stated expenditures and commitments are as of February 1, 1990)

1. New FY90 appropriation included \$1,049,691 from SGF and \$5,024,309 from EDIF.
2. \$76,159 cut includes \$62,428 from EDIF and \$13,731 from SGF. All but \$96,545 of the total appropriation has been committed. These funds will cover operating expenses for the last five months of the fiscal year. Even without a budget reduction, no funds are anticipated to be available for carryover into FY 91.
3. Hiring of the program manager position will be delayed until July 1.
4. \$1,265,824 has already been spent or committed. Proposals are reviewed quarterly, with \$465,000 in third-quarter proposals currently under review and the final quarterly submission date set for March 31.
5. \$300,000 is committed to these offices in Great Bend, Garden City and Overland Park.
6. Since the SBIR program has been revamped to provide small grants, cuts would not be detrimental.
7. \$6,650,521 has already been spent or committed.

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8. Request of \$681,000 includes: (1) funding the 8 positions with 4% salary increase; and (2) reduction in other operating expenditures of 1.3%. Request includes \$631,000 from SGF and \$50,000 from EDIF.

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February 22, 1990
Attachment 7

Represents \$37,950 cut from FY 90, even though two positions were filled for less than the full year. Recommendation includes \$208,095 from SGF, \$37,978 in carryover from FY90, and \$361,977 from EDIF.

10. The recommendation would not afford the Centers the resources needed to provide vital technical assistance and training to many small companies. The Centers would also lose significant potential investments because they will not be able to devote resources to new research projects.
11. Cuts budget for "business support grants and contracts" from FY90 level of \$360,000 to \$131,000.
12. This matching money for major federal Agricultural Commercialization projects may not be needed until very late in the fiscal year; therefore, funding may be deferred until FY 92.
13. The recommendation is for reappropriation of \$1,466,000 from FY 90 to support these matching grants to Kansas businesses working with the universities, with no new funds appropriated. It is unlikely that more than \$300,000 will be available for carryover from FY 90 to FY 91. The recommendation would shut down the program by fall of 1990.
14. An appropriation of seed capital monies is necessary to groom start-up companies with marketable inventions for private venture capital. Such investments range from \$10,000 to \$40,000.
15. Research Equipment Grants provide support for unique inter-disciplinary faculty teams pursuing technologies with high potential for commercialization (e.g. beef processing, combining engineering and meat science). The recommendation would shut down the program.
16. Training Equipment Grants fill a niche in the state's program for industrially-relevant training by the postsecondary institutions by bringing Kansas manufacturers up-to-date on utilization of modern equipment. Numerous companies have been involved in the four projects conducted to date.
17. The Liaison program, authorized by the Legislature last year and nine months in the planning stages, has begun operating recently. The recommendation would shut down these technical assistance offices, which offer businesses in their areas of Kansas the only access to KTEC programs, within a few months after their inception.
18. The Special Project Fund is KTEC's only flexible source of funding for fast-breaking opportunities that occur between budget cycles, as well as studies and programs addressing statewide technology-related issues. The recommendation would shut down existing projects designed to: (a) develop a strategy for optimal telecommunications development in all 105 counties; (b) assist in protection of inventions; and (c) attract a major federal science facility to Kansas.
19. KTEC estimates that only \$741,128 will be available for carryover from FY 90 to FY 91.

SUBCOMMITTEE REPORT

Kansas Lottery

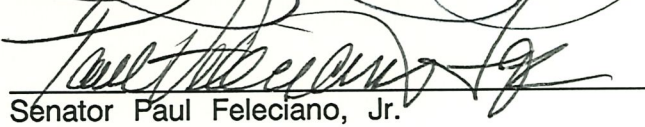
Senate Bill No. 558
Senate Bill No. 450



Senator David Kerr
Subcommittee Chairperson



Senator August Bogina



Senator Paul Feleciano, Jr.

SWAM
February 22, 1990
Attachment 8

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 558

Bill Sec. 10

Analyst: Efirid

Analysis Pg. No. 162

Budget Pg. No. 424

<u>Expenditure Summary</u>	<u>Agency^(a) Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 12,269,454	\$ 12,269,871	\$ --
State Paid Prizes	9,154,000	7,704,000	--
Other Prizes and Commissions ^(b)	<u>28,625,000</u>	<u>28,625,000</u>	--
TOTAL	<u>\$ 50,048,454</u>	<u>\$ 48,598,871</u>	<u>\$ --</u>
FTE Positions	121.0	121.0	--

- a) Amended budget submitted in December, 1989 and not reflected in FY 1991 Governor's Budget Report.
- b) Category of other prizes and retailer commissions includes payments which are never recorded in the State Treasury as either receipts or expenditures.

Agency Request/Governor's Recommendation

The agency's revised estimate for the current fiscal year includes a reduction of \$2.1 million in approved state operations expenditures, but there is no reduction in projected sales of \$70.0 million. The agency's revised budget includes reductions in expenditures for salaries and benefits, professional services and commodities, with increases in expenditures for communications and printing. Requested state operations expenditures are 17.5 percent of gross retail sales, a reduction from the 21.3 percent based on the budgeted expenditures approved by the 1989 Legislature. The reduction in FY 1990 administrative cost increases the amount available for prizes. Transfers to the State Gaming Revenues Fund (SGRF) in FY 1990 are estimated at \$21.0 million (based on 30.0 percent of gross retail sales).

For FY 1990, the Governor estimates \$70.0 million in sales. The Governor concurs with the Lottery's amended fiscal year state operations expenditure estimates of reduced spending submitted in early December of 1989, with a recalculation of salaries and benefits the only difference in the current fiscal year recommended expenditures. Recommended state operations expenditures are 17.5 percent of estimated FY 1990 sales. The Governor's estimate of state paid prizes apparently understates potential expenditures of paying more than 45 percent in prizes. Transfers to the SGRF are recommended at \$21.0 million as approved last Session.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

450-90/JE

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 450

Bill Sec. 4

Analyst: Efird

Analysis Pg. No. 162

Budget Pg. No. 424

<u>Expenditure Summary</u>	<u>Agency^(a) Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 14,202,703	\$ 14,122,842	\$ (723,988)
State Paid Prizes	8,340,000	8,180,000	--
Other Prizes and Commissions ^(b)	<u>29,715,000</u>	<u>28,000,000</u>	--
TOTAL	<u>\$ 52,257,703</u>	<u>\$ 50,302,842</u>	<u>\$ (723,988)</u>
 FTE Positions	 121.0	 121.0	 (8.0)

- a) Amended budget submitted in December, 1989 and not reflected in 1991 Governor's Budget Report.
- b) Category of other prizes and retailer commissions includes payments which are never recorded in the State Treasury as either receipts or expenditures.

Agency Request/Governor's Recommendation

The agency estimates lottery sales of \$75.0 million next fiscal year. Expenditures for state operations are estimated at \$14.2 million and staffing of 121.0 FTE positions is requested by the Kansas Lottery. Requested state operations expenditures are 18.9 percent of gross retail sales. Transfers to the SGRF in FY 1991 are estimated at \$22.5 million (based on 30.0 percent of gross retail sales). Increased expenditures budgeted for state operations result primarily from salaries and benefits, printing, rent, and professional services, especially advertising. Reduced expenditures are attributed to the repair and service category.

For FY 1991, the Governor estimates \$70.0 million in sales. In general, the Governor concurs with the Lottery's estimated FY 1991 state operations expenditures, with the following exceptions. Increases in salaries and benefits (\$221,069) and in printing of tickets (\$327,125) are recommended at amounts greater than requested by the Lottery. Increases in professional services (\$1,188,100) and all other operating expenditures (\$5,676) are recommended at amounts below those sought by the Lottery. Recommended state operations expenditures are 20.2 percent of estimated retail sales in FY 1991. Transfers to the SGRF are recommended at \$21.0 million.

Senate Subcommittee Recommendation

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

1. Reduce 8.0 FTE positions and funding of \$165,988 to reflect elimination of four classified and four unclassified positions. The Lottery has

averaged 12.0 to 17.0 vacant positions, or more than 10.0 percent of its authorized level of 121.0 FTE positions.

2. Reduce \$215,000 from the Governor's recommended financing for advertising, thereby providing for expenditures of \$2.0 million in FY 1991. The Subcommittee reviewed the Lottery's level "A" budget which was based on sales of \$70.0 million. That request includes \$1.7 million for advertising in FY 1991. The Subcommittee's recommendation of \$2.0 million allows additional expenditures above the "A" level for advertising activity next fiscal year.
3. Reduce \$142,000 for printing, thereby providing for expenditures of \$1.4 million in FY 1991. The Subcommittee reviewed the Lottery's level "A" budget which was based on sales of \$70.0 million. That request includes \$1.27 million for printing in FY 1991. The Subcommittee's recommendation of \$1.4 million is the agency's level "C" request and allows additional expenditures above the "A" level for printing instant tickets as well as other promotional materials next fiscal year. Instant ticket sales of \$33.0 million are included in the Lottery's FY 1991 estimate of \$70.0 million in total sales.
4. Reduce \$201,000 for contractual services due to lowering the Governor's estimate of \$40.0 million in on-line sales to \$37.0 million. The Subcommittee reviewed the Lottery's level "A" budget which was based on sales of \$70.0 million. That request includes \$2.479 million for the G-Tech commission in FY 1991. The Subcommittee's recommendation of \$2.479 million provides for paying a 6.7 percent commission to G-Tech for next fiscal year, based on \$37.0 million of on-line lotto sales as projected by the agency's "A" level budget request.
5. Recommend that a bill be introduced to establish an unclassified Director of Finance and to recombine the Director of Marketing and Director of Sales into a single position, the Director of Marketing and Sales. The Subcommittee reiterates its statement from the 1989 Session that this Director of Finance position is necessary and that the agency should move with all due speed in filling this position which has been vacant since the former Deputy Director (who served in this capacity) left in January of 1990.
6. Note that future financial audits of the Kansas Lottery will include separate reporting of financial activity of the Lottery Operating Fund and the Lottery Prize Fund as directed by the 1989 Subcommittee Report. The FY 1989 financial audit made available to the Subcommittee did not include the summary data for each separate fund.
7. Note that the Subcommittee had as one of its goals maintaining an ending balance of approximately \$2.75 million in FY 1991 as it developed its recommendations. That \$2.75 million balance originally was specified as the carryover balance for FY 1988.

Lottery Operating Fund Analysis. The revised FY 1990 budget projects an increase in estimated net receipts. Because of a reduction in approved FY 1990 expenditures and the higher estimated receipts, the carryover balance will be almost \$2.7

million. In FY 1991, the Governor's recommended expenditures are reduced \$723,988 in order to maintain an estimated carryover balance of \$2.7 million. Recommended expenditures for state operations represent 19.1 percent of estimated FY 1991 sales, while FY 1990 state operations expenditures represent 17.5 percent of estimated sales. The following table summarizes the status of the Lottery Operating Fund as adjusted for the Subcommittee's recommendations:

<u>Resource Estimate</u>	<u>Actual FY 1989</u>	<u>Estimated FY 1990</u>	<u>Estimated FY 1991</u>
Beginning Balance	\$ 3,072,743	\$ 1,104,360	\$ 2,691,312
Net Receipts	<u>13,152,838</u>	<u>13,856,823</u>	<u>13,420,000</u>
Total Funds Available	\$ 16,225,581	\$ 14,961,183	\$ 16,111,312
Less: Expenditures	<u>15,121,221</u>	<u>12,269,871</u>	<u>13,398,854</u>
Ending Balance	<u>\$ 1,104,360</u>	<u>\$ 2,691,312</u>	<u>\$ 2,712,458</u>

Transfers. The Subcommittee concurs with the Governor's estimates of Lottery receipts which provide revenues for the State Gaming Revenues Fund on a continuing basis.

<u>Financial Activity</u>	<u>Actual FY 89</u>	<u>Gov. Rec. FY 90</u>	<u>Gov. Rec. FY 91</u>
Estimated Sales	\$ 68,034,146	\$ 70,000,000	\$ 70,000,000
Transfers by Fund:			
To Gaming Revenues (Regular)	\$ 20,115,848	\$ 21,000,000	\$ 21,000,000
To Gaming Revenues (Special)	1,444,696	-	-
To County Reappraisal	<u>2,835,471</u>	<u>-</u>	<u>-</u>
TOTAL -- Transfers	<u>\$ 24,396,015</u>	<u>\$ 21,000,000</u>	<u>\$ 21,000,000</u>
Percentage of Sales	35.9%	30.0%	30.0%