

Approved _____

4-30-90

Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

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

11:17 a.m. ~~p.m.~~ on MARCH 14, 1990 in room 123-S of the Capitol.

All members were present except:

Senator Allen, who was excused

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:

INTRODUCTION OF BILLS

Senator Johnston moved, Senator Winter seconded, the introduction of bill draft 9 RS 2754 - AN ACT concerning civil procedure; relating to garnishment. The motion carried.

H.B. 2614 - Appropriations for FY 91, department of transportation

Senator Winter reviewed the FY 90 and FY 91 subcommittee report for the Department of Transportation, Attachment 1. Discussion was held regarding the Mid-State Port Authority. It was noted that the state still has a contingent liability, but \$6,575,000 indebtedness was closed on April 21, 1989.

Secretary of Transportation, Horace Edwards, told the Committee that cities score points in the system enhancement nominations they make by proposing projects that take miles off the state system, thereby reducing the amount of money the Department contracts with the city for maintenance. Sec. Edwards stated that the Department is paying the cities \$2,000 per lane mile in the expectation that they will maintain the state's standards of a connecting link. If the city chooses to divert a portion of the maintenance money to use as local match for various system enhancement projects, and does not maintain the connecting link, the Department would take over maintenance and take action against the city for contract violation. Concern was expressed that cities might have to raise taxes in order to maintain the connecting links. It was noted that cities and counties received extra revenue through oil and gas taxes which can be used for connecting links.

In answer to a question, Sec. Edwards stated that the language of HB 2414 specifically earmarks \$600 million for the enhancement projects which will be announced this spring. He noted that diminution of federal aid (item 4 of the FY 91 report) is not likely to affect projects identified and the spending plan for the appropriated moneys. In response to a question, he noted that if the increase in federal reimbursements plus the interest is less than the reduction in federal aid, at some point in time, some project would be affected.

Secretary Edwards told the Committee that upon completion of the report from the Economic Development Potential Committee and the merging of scores from 1990 with previous scores, the announcement of projects selected for the enhancement programs will be announced. He said he plans to announce them all at the same time, possibly by the end of June.

The Department of Transportation leases a portion of the Thatcher Building under a 2 year lease contract with renewable option. Sec. Edwards stated that the recommendation made by the House Committee (item 9 of the FY 91 report) will not cause the Department to break the contract. He said that

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 11:17 XX MARCH 14 90
room _____, Statehouse, at _____ a.m./p.m. on _____, 19__

the contract will be continued until there is disposition of the request for space for the purpose of consolidation.

Senator Winter provided background information regarding the recommendation for appropriations for the development of a computer system (item 8 of the FY 91 House recommendations). He reviewed Attachment 2, which is a 5 year plan for computer systems development within KDOT. Dr. Russell Getter, Director of Information Systems and Communications, suggested to the subcommittee that an initial appropriation be made toward the design of the system to allow for a more definitive estimate of the actual cost. Senator Winter moved that the subcommittee report be amended to provide a spending limitation on the two computer programs that would fund them to the Requirement Definition stage.

Secretary Edwards told the Committee that the Comprehensive Program Management and Construction Management report contains a definition of what the computer system project requires as well as an outline of how those numbers were determined. He said that determining the Requirement Definition Stage through DISC would negate some of KDOT's accomplishments, and would, at best, result in only a refinement of the Department's report. In answer to a question, it was stated that it is anticipated that a contract for the Comprehensive Program Management part of the plan will be signed the week of March 19, 1990.

Senator Johnston moved, Senator Winter seconded, adoption of the subcommittee report as amended.

Senator Hayden offered a substitute motion to prohibit the use of connecting link money for the local match. He withdrew his substitute motion.

The primary motion carried.

Senator Johnston moved, Senator Winter seconded, that HB 2614 as amended be recommended favorable for passage. The motion carried on a roll call vote.

Senator Winter moved, Senator Gaines seconded, that the minutes from February 19 and 20 be approved. The motion carried.

The meeting was adjourned.

SUBCOMMITTEE REPORT

Agency: Kansas Department of Transportation

Bill No. 2729

Bill Sec. 47

Analyst: Rothe

Analysis Pg. No. 61

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>
All Funds:			
State Operations	\$ 176,730,779	\$ 175,124,824	\$ 1,605,955
Aid to Local Units	103,214,949	102,331,949	--
Other Assistance	200,000	200,000	--
Operating Expenditures	\$ 280,145,728	\$ 277,656,773	\$ 1,605,955
Capital Improvements	362,683,272	362,239,187	--
TOTAL	\$ 642,829,000	\$ 639,895,960 ^a	\$ 1,605,955
State General Fund	\$ 74,294,000	\$ 73,246,000 ^b	\$ --
FTE Positions	3,276.0	3,276.0	--

- a) As amended by Governor's Budget Amendment No. 1 to make a technical adjustment (reduction of \$554,391 from salaries and wages).
- b) As amended by Governor's Budget Amendment No. 1 to restore the State General Fund demand transfer to the State Highway Fund to the amount which corresponds to the November consensus estimate (increase of \$17,921,000 from the State General Fund).

Agency Request/Governor's Recommendation

KDOT's revised FY 1990 state operations budget estimate is \$176,730,779, an increase of \$3,340,029 to the approved budget of \$173,390,750. The revised estimate includes an increase in contracted substantial maintenance of \$2,159,000 and an additional \$1,181,029 for computer system development, rent of additional office space and other state operating expenditures. The Governor recommends \$175,124,824 in FY 1990 for state operations (as amended by Governor's Budget Amendment No. 1), a reduction of \$1,605,955 from the agency's revised estimate. The recommendation includes a reduction of \$888,401 in repairs, \$66,422 in vehicle supplies, and \$651,132 for salary benefit and shrinkage rate adjustments.

The local aid estimate of \$103,214,949 is \$1,795,415 below the approved amount due to a reduction in available federal urban mass transit funds (\$395,352), railroad assistance (\$452,000), Metropolitan Planning Aid funds (\$36,845), and federal highway safety funds (\$911,218). The FY 1990 estimate of \$200,000 for other assistance is the same as the amount approved. The Governor's recommendation for local aid of \$102,331,949 is a reduction of \$883,000 from the agency's revised estimate and reflects November consensus estimates on the demand transfer from the State General Fund to the Special City and County Highway Fund.

The agency's revised estimate of \$362,683,272 for capital improvements is an increase of \$50,270,981 above the amount approved due to the advancement of some projects as well as the carryover of projects from FY 1989. The Governor recommends

*SWAM
March 14, 1990
Attachment 1*

\$362,239,187 for capital improvements (as amended by Governor's Budget Amendment No. 1), a reduction of \$444,085 from the agency's revised estimate. The recommendation includes a reduction of \$78,017 to reflect salary benefit and shrinkage rate adjustments, and a reduction of \$186,000 from the State General Fund (reflecting the November consensus estimate on the sales tax transfer).

House Subcommittee Recommendations

FY 1990. The House Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Concur with Governor's Budget Amendment No. 1 which restores the State General Fund demand transfer to the State Highway Fund to the amount recommended in the November consensus estimate (increase of \$17,921,000 from the State General Fund).
2. Make a technical adjustment in the FY 1990 supplemental bill (H.B. 2729) to add transfer language permitting KDOT to contract with other state agencies for services. The recommendation will permit the "pass-through" of federal money to local governments and other state agencies (for the purchase of breath testing equipment, for example).
3. Provide a "no limit" expenditure limitation on the Elderly and Handicapped Coordinated Public Transportation Assistance Fund with a proviso that expenditures made from this fund may be from funds received from local units of government participating in the program, and that an amount not to exceed \$390,000 will be transferred from the State Highway Fund to this fund. The recommendation will permit local matching funds received for the purchase of buses to be utilized in addition to the \$390,000 to be expended from the State Highway Fund.
4. Restore FY 1990 agency operations expenditures to \$151,242,605 as approved by the 1989 Legislature and subsequent Finance Council action. The resulting increase of \$1,231,632 above the Governor's recommendation for FY 1990 would provide the agency with the flexibility to hire additional temporary positions, and to provide additional overtime pay and travel and subsistence when the construction season resumes on approximately March 15. The increase would enable the agency to accelerate preconstruction activities and maximize the availability of new highway program revenues. The agency estimates necessary new expenditures will range from a minimum of \$550,000 to as much as \$1,500,000 and has submitted a request for a Governor's Budget Amendment to address the increase. The Division of the Budget is reviewing the request and has stated that this item will be addressed in a Governor's Budget Amendment in April. To accomplish this recommendation, the Subcommittee recommends the deletion of subsections (a) through (e) of section 47 in the FY 1990 supplemental bill (H.B. 2729).
5. The Subcommittee reviewed Governor's Budget Amendment No. 1 which reduces salaries and wages by \$554,391 as a technical adjustment. The Subcommittee concurs with the reduction in the capital improve-

ments program of \$180,068. As part of Subcommittee Recommendation No. 4, above, the Subcommittee does not concur with the agency operations portion of GBA No. 1 which reduces salaries by \$374,323.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole Recommendation

The House concurs with the recommendation of the Committee.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 90</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,605,955	\$ 176,730,779	\$ --
Aid to Local Units	--	102,331,949	--
Other Assistance	--	200,000	--
Operating Expenditures	\$ 1,605,955	\$ 279,262,728	\$ --
Capital Improvements	--	362,239,187	--
TOTAL	<u>\$ 1,605,955</u>	<u>\$ 641,501,915</u>	<u>\$ --</u>
State General Fund	\$ --	\$ 73,246,000	\$ --
FTE Positions	--	3,276.0	--

Senate Subcommittee Recommendation

FY 1990. The Senate Subcommittee concurs with the recommendations of the House.

Senator Wint Winter, Jr.
Subcommittee Chairperson

Senator August Bogina, Jr.

Senator Joseph C. Harder

Senator Michael Johnston

Senator Paul Feleciano, Jr.

SUBCOMMITTEE REPORT

Agency: Kansas Department of Transportation

Bill No. 2614

Bill Sec. 2

Analyst: Rothe

Analysis Pg. No. 61

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>
All Funds:			
State Operations	\$ 187,710,511	\$ 183,625,831	\$ 2,492,910
Aid to Local Units	113,798,003	113,668,003	--
Other Assistance	<u>200,000</u>	<u>200,000</u>	--
Operating Expend.	\$ 301,708,514	\$ 297,493,834	\$ 2,492,910
Capital Improvements	<u>391,773,861</u>	<u>354,261,972</u>	<u>(346,844)</u>
TOTAL	<u>\$ 693,482,375</u>	<u>\$ 651,755,806^a</u>	<u>\$ 2,146,066</u>
State General Fund	\$ 84,625,000	\$ 84,170,000 ^b	\$ --
FTE Positions	3,312.0	3,293.0	(11.0)

- a) As amended by Governor's Budget Amendment No. 1 to make a technical adjustment (increase salaries and wages by \$620,410).
- b) As amended by Governor's Budget Amendment No. 1 to restore the demand transfer from the State General Fund to the State Highway Fund to the amount which corresponds to the November consensus estimate (increase of \$800,000 from the State General Fund).

Agency Request/Governor's Recommendation

KDOT's operating budget request for FY 1991 totals \$187,710,511 from the State Highway Fund, an increase of \$10,979,732 above the revised FY 1990 estimate. The increase includes \$365,331 for the salaries of 10 FTE new positions to bring staffing up to a level of 2,209.7 FTE. The new positions include six computer personnel and four personnel to enhance condemnation and claims activities. The increase also includes \$2,341,032 for other salary adjustments, \$2,391,000 for additional substantial maintenance contracts, \$3,924,000 above the FY 1990 estimate of \$1,884,000 for computer system development, \$998,458 for maintenance materials, and \$959,911 for other operating budget increases. The Governor recommends \$183,625,831 (as amended by Governor's Budget Amendment No. 1) for state operations in FY 1991, a reduction of \$4,084,680 from the agency's request. The reduction includes \$88,710 from salaries, \$492,119 from rents, \$793,755 from repairs, \$2,320,000 from computer system development, and \$390,096 for various other reductions. The Governor recommends \$201,735 for the salaries of six FTE new computer positions, approximately \$885,600 to fund a 1.5 percent general salary increase, and \$3,232,132 for a computer Integrated Design System.

The agency requests \$505,771,864 for expenditures other than state operations, including \$113,798,003 for Aid to Local Units, \$200,000 for other assistance, and \$391,773,861 for capital improvements. The capital improvements request would finance 1,102.3 FTE positions, including 26 FTE new positions (\$766,902) in the Bureau

of Design to monitor highway plan preparation by private consultant engineer firms. The Governor recommends \$468,129,975 (as amended by Governor's Budget Amendment No. 1) for expenditures other than state operations, a reduction of \$37,641,889 from the agency's request. The Aid to Local Units recommendation of \$113,668,003 reflects a reduction of \$130,000 reflecting November consensus estimates. A total of \$354,261,972 is recommended for capital improvements, a reduction of \$37,511,889 from the request. The recommendation includes \$281,533 for 11 FTE new positions to assist with increased right-of-way activities. Approximately \$522,180 is recommended to fund a 1.5 percent salary increase. Major modification projects are reduced by \$36,033,718, but the Governor recommends an increase of \$1,200,000 for maintenance of state park roads.

House Subcommittee Recommendations

FY 1991. The House Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Adjust the agency's appropriation bill (H.B. 2614) to include expenditure limitations by divisions rather than one line item listed as "Agency Operations."
2. Concur with the Governor's recommendation to provide \$4,304,033 from State Highway Fund expenditures for capital improvements -- buildings. The Joint Committee on State Building Construction concurred with the Governor's recommendation.
3. Concur with Governor's Budget Amendment No. 1 which increases salaries and wages by \$620,410 to conform with the Governor's intent, and which restores the State General Fund demand transfer to the State Highway Fund to the amount recommended in the November consensus estimate (increase of \$800,000 from the State General Fund).
4. Provide a "no-limit" expenditure limitation on the Elderly and Handicapped Coordinated Public Transportation Assistance Fund with a proviso that expenditures made from this fund may be from funds received from local units of government participating in the program, and that an amount not to exceed \$390,000 will be transferred from the State Highway Fund to this fund.
5. Delete the Mid-States Port Authority proviso under the federal local aid programs. The proviso was inserted several years ago to enable the Mid-States Port Authority to borrow money. The loan was repaid between May 15, 1984 and March, 1988, and the proviso is no longer needed.
6. The Subcommittee notes that several local units of governments have pledged their share of city connecting link aid as local match for various system enhancement construction projects. Depending on which system enhancement projects are chosen, the 1991 Legislature can probably expect to see a reduction in state payments for city connecting links for FY 1992.
7. Delete \$357,849 and 11.0 FTE new positions recommended by the Governor for the State Construction Program. The requested positions

were added to perform right-of-way activities associated with the new highway improvement program. The Subcommittee believes additional positions may be needed from FY 1990 through FY 1997. However, personnel vacancies at KDOT totaled 252 FTE on July 1, 1989 and 164 FTE on January 29, 1990. Additional information has been requested on the proposed construction time table, staffing ratios, staff increases, and cash flow analysis. The Subcommittee will review this information and make recommendations for the Omnibus Bill.

8. Add \$2,503,915 for design and equipment costs associated with a Construction Management Computer System. The recommendation includes \$2,492,910 for state operations and \$11,005 for capital improvements. The Subcommittee does not recommend 4.0 FTE new positions requested with the design and equipment costs. The Governor recommends \$3,232,132 in FY 1991 for the design of an Integrated Design/Right-of-Way System, but delayed the Construction Management System until at least FY 1992. Because the Construction Management System will take one and one-half years to design and implement, the Subcommittee believes the implementation should begin in FY 1991.
9. The Department has requested 64,305 additional square feet to locate all of its operations into one location. The Subcommittee reviewed the cramped surroundings in the Docking State Office Building. However, the Subcommittee is not recommending any additional space and would ask the Department of Administration, Division of Space Management, to review the KDOT request and forward its analysis to the Subcommittee.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole Recommendation

The House concurs with the recommendation of the Committee with the following adjustments:

1. A proviso was added stating that no expenditures are to be made from the State Highway Fund for any construction, remodeling, or special maintenance projects for buildings. The proviso would not permit the expenditure of \$4,304,033 approved by the Joint Committee on State Building Construction for building improvements (contained in the House capital improvements bill -- H.B. 2607). The House Committee of the Whole recommended that the funds be utilized for additional road maintenance and construction projects in FY 1991.
2. A proviso was added that no expenditures shall be made from the State Highway Fund for any projects under the comprehensive highway

program (authorized by 1989 H.B. 2014) until the Secretary of KDOT has prepared and submitted a report to the Governor and to each member of the Legislature containing the proposed allocation and expenditure of funds and the specific projects proposed for each fiscal year from FY 1991 through FY 1995.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 91</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,492,910	\$ 186,118,741	\$ --
Aid to Local Units	--	113,668,003	--
Other Assistance	--	<u>200,000</u>	--
Operating Expenditures	\$ 2,492,910	\$ 299,986,744	\$ --
Capital Improvements	<u>(346,844)</u>	<u>353,915,128</u>	<u>357,849</u>
TOTAL	<u>\$ 2,146,066</u>	<u>\$ 653,901,872</u>	<u>\$ 357,849</u>
State General Fund	\$ --	\$ 84,170,000	\$ --
FTE Positions	(11.0)	3,282.0	--

Senate Subcommittee Recommendation

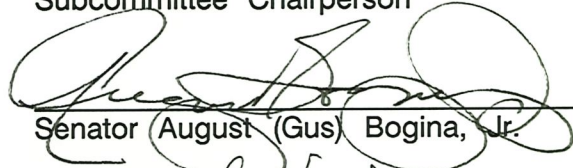
FY 1991. The Senate Subcommittee concurs with the recommendations of the House with the following adjustments:

1. Add \$357,849 to finance 11.0 FTE vacant positions associated with increased right-of-way activities in the State Construction Program. The recommendation would provide the Secretary with added flexibility to hire necessary positions associated with the Comprehensive Highway Program. The House deleted the positions and financing.
2. Delete the two House Committee of the Whole floor amendments. The Subcommittee notes that the Joint Committee on State Building Construction has reviewed and recommended the capital improvements -- building request of \$4,304,033. The Subcommittee also notes that KDOT currently provides legislators with projected road and bridge construction projects twice each year and encourages them to maintain such appraisals in the future.
3. The Subcommittee notes that the demand transfer from the State General Fund for FY 1991 is estimated at \$84,170,000, including \$74,400,000 to the State Highway Fund and \$9,770,000 to the Special City and County Highway Fund, as revised by the November consensus estimate and Governor's Budget Amendment No. 1. The Subcommittee reviewed the transfers and notes that the transfer amounts cannot be altered by appropriation. Substantive legislation would be necessary to alter the statutory transfers.
4. The Subcommittee reviewed projected federal receipts for the remainder of the 1990s. KDOT currently receives approximately \$125 million per year in federal receipts and reimbursements. Under proposed

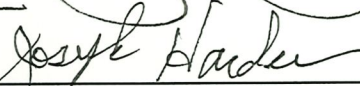
legislation, federal highway fund balances could be released and Kansas could receive an additional \$30 million a year in FY 1992-FY 1994. By FY 1995, reduced federal reimbursements for highway construction may result in an annual reduction in KDOT receipts of approximately \$30 million below existing receipts. Federal regulations could also encourage additional toll bridges and roads to pay for construction and maintenance. The Subcommittee notes that proposed federal legislation could effect the latter years of the eight-year Comprehensive Highway Program and recognizes KDOT's preference to maximize construction expenditures in the first half of the program before federal receipts begin to decline.



Senator Wint Winter, Jr.
Subcommittee Chairperson



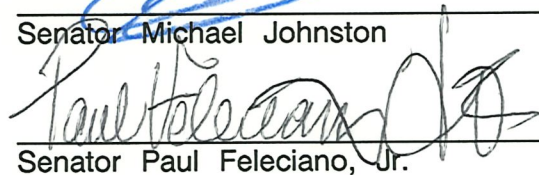
Senator August (Gus) Bogina, Jr.



Senator Joseph C. Harder



Senator Michael Johnston



Senator Paul Feleciano, Jr.

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET
DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME _____
 AGENCY—SUBAGENCY CODES _____
 PROGRAM TITLE AND CODE _____
 SUBPROGRAM TITLE AND CODE _____

COMPUTER SYSTEMS DEVELOPMENT

(\$1000)

PROJECT DESCRIPTION	FY90	FY91	FY92	FY93	FY94	FY95	TOTALS
Executive Info System	\$384	\$74	\$74	\$50	\$40	\$40	\$662
Comprehensive Prgm Mgmt	\$1,500	\$92	\$92	\$60	\$50	\$50	\$1,844
Integ Design Envir/ROW		\$3,120	\$225	\$225	\$225	\$225	\$4,020
Construction Management		\$2,488	\$80	\$80	\$50	\$50	\$2,748
Financial Management			\$4,811	\$30	\$30	\$30	\$4,901
Program Planning/GIS				\$4,133	\$209	\$209	\$4,551
Highway Maintenance				\$978	\$20	\$20	\$1,018
Records Mgt Systems					\$2,749	\$75	\$2,824
Traffic Control					\$712		\$712
Equipment/Facilities					\$732	\$20	\$752
Sign Management					\$408		\$408
Data Base Conversion		\$200					\$200
Training		\$50	\$50	\$50	\$50	\$50	\$250
Additional FTE		6	10	6	6	6	34
Add'l FTE Cost		\$222	\$621	\$897	\$1,199	\$1,529	\$4,468
TOTAL	\$1,884	\$6,246	\$5,953	\$6,503	\$6,474	\$2,298	\$29,358

Year of Contract

SWAM
 March 14, 1990
 Attachment 2