

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

11:16 a.m./~~p.m.~~ on MARCH 21, 19 90 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee:

INTRODUCTION OF BILLS

Senator Doyen moved, Senator Rock seconded, the introduction of bill draft 9 RS 2804 - imposing an excise tax on personal property inventories. The motion carried.

HB 2638 - Appropriations for FY 91, for Kansas Public Employees Retirement System, Public Disclosure Commission, Civil Rights Commission, Corporation Commission, Department of Administration and Finance Council

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (KPERs)

Senator Gaines reviewed the FY 90 and FY 91 subcommittee report, Attachment 1. In reference to the fourth recommendation of the FY 91 Senate subcommittee report, Senator Gaines distributed a letter from Russell Getter, Director of the Division of Information Systems and Communications (Attachment 2). Senator Gaines moved, Senator Winter seconded, that the subcommittee report be amended to include \$210,000 for the purchase of an AS/400 IBM computer. Concern was expressed about the number of statewide requests for computer technology. It was suggested that a comprehensive plan be made for acquisition of computers. Chairman Bogina noted that attempts at accomplishing a review had thus far failed. Senator Gaines stated that the state is a victim of the computer vendors' marketing strategy. The motion carried.

In answer to a question regarding item 5 of the FY 91 report, it was stated that the House added \$1,214,345 which the Governor deleted in his budget amendment. The Senate subcommittee did not agree with the Governor, and, therefore, recommended that the \$1,214,345 remain in the budget.

Senator Bogina, in response to a question, stated that the subcommittee did not review earnings and projections because that would be contained in a separate report.

PUBLIC DISCLOSURE COMMISSION

Senator Allen reviewed the FY 90 and FY 91 subcommittee report, Attachment 3. To maintain the policy set for all agencies, Senator Gaines moved and Senator Winter seconded that longevity pay for unclassified employees in the Public Disclosure Commission be deleted. The motion carried.

KANSAS COMMISSION ON CIVIL RIGHTS

Senator Salisbury reviewed the FY 90 and FY 91 subcommittee report, Attachment 4. Discussion was held regarding the \$250. appropriation from the State General Fund for 500 copies of the pamphlet entitled "The Kansas Negro Regiments in the Civil War." It was noted that this appropriation was included in HB 2625 which was recommended favorable for passage. Chairman Bogina stated that to correct the problem, the subcommittee report could be amended to include the appropriation, and HB 2625 could be amended on the floor of the Senate to delete that section. Senator Feleciano moved, Senator

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 11:16 XX MARCH 21 90
room _____, Statehouse, at _____ a.m./p.m. on _____, 19__.

Allen seconded that the subcommittee report be amended to include \$250. for 500 copies of the pamphlet. Concern was expressed about the purpose of the pamphlets. Senator Feleciano withdrew his motion, and Senator Allen withdrew his second.

Senator Doyen moved, Senator Winter seconded, that HB 2625 be amended on the floor of the Senate to delete the \$250. for 500 copies of the pamphlet entitled "The Kansas Negro Regiments in the Civil War," and that that section not be included in the subcommittee report. The motion carried.

Senator Gaines moved and Senator Feleciano seconded that the minutes of March 1 and 2, 1990 be approved. The motion carried.

The meeting was adjourned at 11:50 A.M.

SUBCOMMITTEE REPORT

Agency: Kansas Public Employees Retirement System (KPERs) Bill No. 2729

Bill Sec. 46

Analyst: Conroy

Analysis Pg. No. 508

Budget Pg. No. 376

<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	\$ 3,113,517	\$ 3,059,362	\$ --
Aid to Local Units	40,862,862	40,862,862	--
Other Assistance	<u>163,814,243</u>	<u>163,814,243</u>	--
Total	<u>\$ 207,790,622</u>	<u>\$ 207,736,467</u>	<u>\$ --</u>
State General Fund:			
Aid to Local Units	\$ 40,862,862	\$ 40,862,862	\$ --
FTE Positions	65.0	65.0	--

Agency Request/Governor's Recommendation

The agency's FY 1990 estimate totals \$207,790,622. The revised FY 1990 estimate for operating expenses is \$3,113,517 or \$22,222 above the currently authorized amount of \$3,091,295. The agency's FY 1990 estimate for state aid to local units of government for public school employers' contributions of \$40,862,862 also reflects the current authorized amount. However, the agency requests \$174,206 from the State General Fund in the current year to satisfy the state's obligation in public school employers' contributions from FY 1989. The FY 1990 revised estimate for pension benefits is \$163,814,243 or \$4,796,384 above the original FY 1990 amount.

The Governor's recommendation for FY 1990 is \$207,736,467 which includes a reduction of \$54,155 for state operations below the agency's request and therefore does not include any supplemental funds. The Governor concurs with the agency's request for state aid to local units of government in the current year. The Governor does not recommend any supplemental funds in FY 1990 to meet FY 1989 public school employers contributions. However, the Governor does recommend that the agency be authorized to pay the FY 1989 obligation from existing FY 1990 resources. The Governor also concurs with the agency's revised estimate of \$163,814,243 for employee benefits.

House Subcommittee Recommendations

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

1. At the end of FY 1989 the agency was short \$174,206 from the State General Fund appropriation for public school employers' contributions. Since it was an FY 1989 expenditure, the agency was prevented from using FY 1990 resources to satisfy the FY 1989 obligation. The Governor has recommended language within 1990 H.B. 2729 to permit

*SWAM
March 21, 1990
Attachment 1*

the agency to pay the FY 1989 obligation with FY 1990 resources. However, the Subcommittee notes this action will greatly increase the likelihood that supplemental funds will be required for the agency in FY 1990, not only to meet the FY 1989 obligation but to fully meet the FY 1990 obligation for public school employers' contributions from the State General Fund. The Subcommittee recommends that the Senate Ways and Means subcommittee for the agency carefully review the need for supplemental funding for public school employers' contributions based on the most recent data available to that subcommittee.

2. The Subcommittee notes with great pride that Marshall Crowther, Executive Secretary of KPERS, was recently selected by Pension World magazine as one of the top ten pension fund leaders in the nation and co-winner of the 1989 "Public Sector Benefits Administrator" award. The Subcommittee recommends that a House resolution be introduced recognizing the accomplishments and contributions that Mr. Crowther has made on behalf of KPERS for the 114,000 active members and 37,000 retired members of our public retirement systems.

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the Committee's recommendation.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 90</u>	<u>Senate Sub. Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 3,059,362	\$ --
Aid to Local Units	--	40,862,862	174,206
Other Assistance	--	163,814,243	--
Total	<u>\$ --</u>	<u>\$ 207,736,467</u>	<u>\$ 174,206</u>
State General Fund			
Aid to Local Units	\$ --	\$ 40,862,862	\$ 174,206
FTE Positions	--	65.0	--


Senate Subcommittee Recommendation

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

1. Add \$174,206 (State General Fund) for public school employers' contributions. The amount will satisfy the state's obligation for FY 1989. The Subcommittee notes that FY 1989 was the first time since

the beginning of KPERS-School that the state failed to meet its financial obligation to the public school employees retirement system. However, the Subcommittee notes that simply authorizing the agency to pay the FY 1989 obligation from FY 1990 resources will cause a corresponding shortfall in meeting the state's FY 1990 obligation. The additional funds will clearly indicate the state's commitment to satisfy the obligation for the public school employees retirement system.

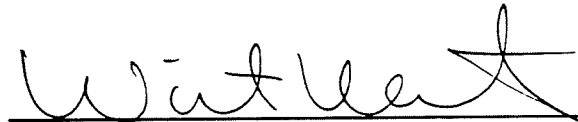
2. The Subcommittee concurs with the House Subcommittee's recognition of Marshall Crowther's selection by Pension World magazine as one of the top ten pension fund leaders in the nation, and co-winner of the 1989 "Public Sector Benefits Administrator." The Subcommittee acknowledges the accomplishments and contributions that Mr. Crowther has made on behalf of KPERS for the 114,000 active members and 37,000 retired members of our public retirement systems.



Senator August Bogina, Jr.
Subcommittee Chairperson



Senator Frank D. Gaines



Senator Wint Winter, Jr.

SUBCOMMITTEE REPORT

Agency: Kansas Public Employees Retirement System (KPERs) Bill No. 2638

Bill Sec. 2

Analyst: Conroy

Analysis Pg. No. 508

Budget Pg. No. 376

Expenditure Summary	Agency Req. FY 91	Governor's Rec. FY 91	Subcommittee Adjustments
All Funds:			
State Operations	\$ 3,677,470	\$ 3,140,551	\$ 10,708
Aid to Local Units	43,777,469	41,551,170*	--
Other Assistance	177,087,139	177,087,139	--
Total	\$ 224,542,078	\$ 221,778,860	\$ 10,708
State General Fund:			
Aid to Local Units	\$ 43,777,469	\$ 41,551,170*	\$ --
FTE Positions	65.0	64.0	--

* Includes Governor's Budget Amendment No.1, issued February 2, 1990.

Agency Request/Governor's Recommendation

The KPERs operating budget request for FY 1991 totals \$224,542,078. The agency request for state operations of \$3,677,470 is an 18.1 percent increase or \$563,953 above the agency's revised FY 1990 estimate of \$3,113,517. In state operations the agency is proposing that a temporary 1.0 FTE position not be continued and that a permanent 1.0 FTE field representative position be added. The agency also requests contractual printing and distribution of selected forms, administrative costs, taxes and insurance for their share of the Capitol Tower building, and a new computer. An increase of \$2,914,607 or 7.1 percent is reflected in the local aid amount for public school employers' contributions above the FY 1990 amount. Public employees retirement and disability benefits are estimated to increase by 8.1 percent or \$13,272,896.

For FY 1991 the Governor recommends a total budget of \$221,778,860 or \$2,763,218 below the agency's request. The Governor's recommendation for state operations is \$3,140,551 or \$536,919 less than the agency requested. The Governor does not recommend an additional field representative or acquisition of a new computer. The Governor recommends \$41,551,170 or \$2,226,299 less than the agency request for public school employers' contributions. The FY 1991 recommendation is based on school budget limitations of 1.0 percent to 2.0 percent, an employer contribution rate of 3.2 percent, and implementation of a tax lid on local units of government. The Governor concurs with the agency request of \$177,087,139 for public employee retirement and disability payments.

House Subcommittee Recommendation

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

1. Addition of language to the agency's State General Fund appropriation for public school employers' contributions to permit expenditure of FY 1991 resources to satisfy the state's obligation regardless of when the liability occurred. The addition of this language would be similar to the Department of Social and Rehabilitation Services statutory authority to pay medical assistance claims regardless of when they were incurred. This language would prevent another occurrence of the agency's problem at the beginning of FY 1990 when an outstanding obligation from FY 1989 could not be satisfied by using FY 1990 resources. The Subcommittee believes the state should take every step to satisfy the public school employers' contribution requirements of the public school employees retirement system.
2. The Subcommittee recommends the addition of \$10,708 for printing and distribution costs for two issues of the agency's newsletter ("KPERs Papers"). The Governor had recommended that the current quarterly newsletter not be continued in FY 1991. However, the Subcommittee believes the newsletter does provide useful information to the 145,000 members and retirees of KPERs. The Subcommittee would also recommend that one of the newsletters be issued as soon after the Legislature adjourns in order that KPERs members could be informed of any legislation affecting retirement matters.

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the Committee's recommendation.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 91</u>	<u>Senate Sub. Adjustments</u>
All Funds:			
State Operations	\$ 10,708	\$ 3,151,259	\$ 24,108
Aid to Local Units	1,214,345	42,765,515	--
Other Assistance	--	177,087,139	--
Total	<u>\$ 1,225,053</u>	<u>\$ 223,003,913</u>	<u>\$ 24,108</u>
State General Fund:			
Aid to Local Units	\$ 1,214,345	\$ 42,765,515	\$ --
FTE Positions	--	64.0	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House, with the following adjustments:


1. Add \$10,708 for printing and distribution costs for two issues of the agency's newsletter ("KPERs Papers"). The Subcommittee's action in conjunction with the House recommendation will maintain the quarterly publication at its current level. The Subcommittee supports continuation of keeping 145,000 KPERs members informed through the newsletter.
2. The Subcommittee notes that KPERs utilizes the Division of Information Systems and Communications (DISC) high-speed printer to print KPERs members' annual statements. DISC is currently reviewing the economics of discontinuing the high-speed printer for state agencies. The Subcommittee suggests that the agency report to the 1991 Senate Subcommittee on the status of printing members' annual statements.
3. Add \$13,400 for a replacement microfilm camera. The current camera is over seven years old and is beginning to generate considerable down time for repairs. The Subcommittee notes that the agency microfilms approximately 40,000 files per year.
4. The Subcommittee does not make any recommendation on the agency's request for a new AS/400 Model 50 computer. Pending receipt of information from DISC on the new computer, the Subcommittee defers any possible action to the full Committee.
5. The Subcommittee notes Governor's Budget Amendment No. 1, which reduces the Governor's recommendation for State General Fund support of public school employers' contributions by \$1,214,345. The Governor's recommended reduction is based on passage of an ironclad tax lid. Pending passage of such legislation, the Subcommittee does not recommend any adjustment.



Senator August Bogina, Jr.
Subcommittee Chairperson



Senator Frank D. Gaines



Senator Wint Winter, Jr.

STATE OF KANSAS

MIKE HAYDEN

Governor



Deputy Director
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Deputy Director
Telecommunications
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March 15, 1990

The Honorable August "Gus" Bogina
State Senator, 10th District
Room 120 South
State Capitol
BUILDING MAIL

Dear Senator Bogina:

Following the meeting of your committee on March 13, 1990, Marshall Crowther of KPERS provided me with information relating to their request for a new computer processor. That information indicates their present system has reached its processing capacity and will become overloaded during the next fiscal year as new software is implemented.

Replacement of the System 38 processor with an AS/400 processor is the only alternative available that will protect the present investment in software and peripheral equipment as well as provide for long term needs. No conversion of the software system that is under development would be required.

A cost benefit analysis provided by KPERS indicates that savings resulting from reduced technical support costs, lower maintenance costs and AS/400 productivity features should offset the initial purchase costs over a five year period.

SWAM
March 21, 1990
Attachment 2

For the reasons stated above I believe this acquisition would be in the best interest of KPERS and the State of Kansas.

Sincerely,

A handwritten signature in cursive script that reads "Russell Getter". The signature is written in dark ink and is positioned above the typed name.

Russell Getter,
Director

RWG:jdk
Pers/Bogina.txt

cc: Marshall Crowther, KPERS



Kansas Public Employees Retirement System

MARSHALL CROWTHER, Executive Secretary

March 14, 1990

Dr. Russell Getter, Director
Division of Information Systems and Communication
Landon State Office Building
Topeka, KS 66612

Dear Dr. Getter,

In response to Senator Bogina's request, KPERS is requesting your support for the acquisition of an AS/400 to replace the currently installed System/38. The acquisition is proposed for FY 1991 and is estimated to cost \$250,000.

Attached is an internal KPERS budget document prepared by the KPERS staff in the Summer of 1989. This document highlights the reasons for purchasing the AS/400. Also attached is a cover to that document with an estimate of the direct savings associated with the purchase. The five year savings are estimated to be between \$234,400 and \$328,000.

Other issues that should be considered include:

- * The S/38 is no longer in production. Vendor enhancements to both hardware and software have ceased.
- * With the AS/400 acquisition, several alternatives exist for disaster recovery.
- * By becoming a node in the PROFS system, KPERS can improve their level of service to potentially over 30,000 members.

If you support this acquisition, KPERS is also requesting that you inform Senator Bogina by letter explaining your position. Senator Bogina has requested that you respond as soon as possible so this matter could possibly be placed in the sub-committee report on our budget.

Please contact me or my staff if you need further information.

Sincerely,

Marshall Crowther
Executive Secretary

MC:kw

Attachments

CC: Roberta Giovannini

Jim Parker

Gene James

Jack Hawn

Savings associated AS/400 acquisition

The attached is an internal KPERS budget document prepared by the KPERS staff in the Summer of 1989. This document highlights the reasons for purchasing the AS/400. The direct savings include:

- * The expanded programmer productivity tools and electronic mail/office systems should save 20 to 30 hours a week in programmer time. This saved time would be used on the application back log. Using the DISC hourly billing rate, this would be a savings of \$37,440 to \$56,160 per year. Five year savings of \$187,200 to \$280,800.
- * There is \$28,000 in the current year budget to upgrade the S/38. This upgrade is needed to improve response time but is on hold pending outcome of 1991 budget for AS/400. Will not spend if the AS/400 is approved.
- * Savings of \$12,000 on the CPU maintenance for the 1 year warranty. Reduced maintenance cost of CPU after the warranty.
- * The management letter of the most recent audit of KPERS recommended additional security for our terminals in two ways; forcing a change in password every 30 days, and forcing a signoff after a set period of inactivity. This can be done on the S/38 but we must develop. Estimated effort of 200 programmer hours. Available on the AS/400 by specifying a parameter at system generation time. Savings of \$7,200.

Justification and benefits to Agency: (place in same order as on KB-9)

IBM 9335 B01 Disk Storage Unit.

This is the amount needed each of the previous three years to handle the ongoing expansion of data required for the Membership, Claims, Financial and Office Systems.

IBM AS/400 Model 50 Computer, OS/400 operating system and related software.

The AS/400 computer is requested as a replacement for the currently installed System/38.

Several reasons exist for this request.

* The System/38 is no longer in production. Vendor enhancements to both software and hardware have ceased. Upgrades to handle expanded use of the KPERS computer will cost more than the market value of the System/38.

* The AS/400 is the replacement system for the System/38. It was designed with easy migration from a System/38 as a goal. Conversion can be done with a minimum effort leaving technicians free to develop and implement additional systems.

* Protection of investment reflected in many ways.

** All of the current peripherals including DASD attached to the System/38 can be attached to the AS/400. Only the CPU and related software must be purchased.

** KPERS has over \$1 million dollars invested in their current systems software and they are still under development. By migrating to the AS/400, this software will be on a system that should stay current with technology close to the end of the century.

** KPERS has over \$100 thousand dollars invested in their current installed General Ledger software plus an un-measurable amount of time investment in financial transaction history. Future enhancements from the vendor will be made to the AS/400 versions.

* Expanded system development productivity tools. The very feature that made the System/38 a desirable system has been significantly expanded for the AS/400. Examples include:

** The command language has been expanded from about 800 commands to about 1700 commands.

** Auto configuration allows you to install or relocate devices without subsystem manipulation.

** Dynamic tuning at IPL time by a built in program reduces the need for highly trained personnel and frees programmer time up for application development.

** Electronic Customer Support lets you find and down load PTFs immediately. ECS improves your ability to keep a system up and running reliably with less programmer time and effort.

** On-line education trains end-users quickly saving more programmer time.

** Structured Query Language (SQL) reduces programming time dramatically.

** Application programs can access electronic mail, calendar and word processing functions.

This allows integration of office functions and business applications conveniently also saving programmers time.

* Electronic mail/Office systems. KPERS currently makes extensive use of PS/38 (electronic mail, calendaring, etc.) for internal purposes. However, KPERS is unable to participate in the statewide PROFS network. The equivalent product on the AS/400, Office Services/400, will allow KPERS to function as a node in the PROFS system besides retaining their internal usage. With over 30,000 of our membership employed by State agencies, the ability to communicate with this membership electronically could mean significant savings to KPERS.

2-3

Justification and benefits to Agency: (place in same order as on KB-9)

* Future growth.
** The proposed model reflects a 30 to 40% increase in processing capacity over the System/38. This increase is needed due to current utilization and response time of the System/38. KPERS uses many programmer hours managing batch jobs to off load processing to non-office hours. (The AS/400 also provides scheduling software to make this easier.)
** Image processing. KPERS current goal is to be acquiring image processing capabilities in fiscal year 1992. The AS/400 presently offers the software and the upward growth and/or communications path to handle this goal. Presently, the AS/400 can be upgraded to approximately double the capacity of the proposed model. Trade publications all believe that IBM will continue to announce new and larger models for a long while and as long as there is a market for them.
** IBM commitment. The System/38 was an all new computer architecturally. After ten years, the success of that computer evolved into the AS/400. The AS/400 has been the most successful new computer introduction since the System/360 was introduced in 1964.

** Systems Application Software (SAA) is the set of guidelines for developing applications that run across IBM's major operating systems - OS/2, OS/400, VM and MVS. Applications developed under these guidelines allow information to be shared among these systems with enhanced levels of integration. It is expected that this could be significant in the future use of the central accounting, personnel and payroll systems.
* Disaster recovery. All alternatives on this subject for a System/38 are vanishing.
** In case of a disaster that destroyed a customer's computer, IBM made it a practice to ship a replacement unit within 24 hours assuming the customer has the provisions for a new system. With the System/38 no longer in production, this service is no longer available.
** Hotsites for the System/38 are disappearing and being replaced by the AS/400.
** The two other state agencies that had System/38's and could have served as a backup site have either replaced or have scheduled replacement of their System/38 by an AS/400.

* Maintenance savings. Maintenance rates are lower than the System/38's, and the one-year warranty means one year of no maintenance payments after upgrade. The AS/400 also has reduced power requirements, heat dissipation, and noise.

Cartridge tape back up system.
This will allow us to do our back ups in an unattended mode. KPERS does not employ a computer operator and must use a programmer for this function. The cartridge system would save us about four to six hours per week in programmer time. Beside programmer hours, it will also save on system resources in disk space and by moving more of the back up function to after office hours. The current reel to reel equipment would be retained to maintain the external linkage to other computers (for annual reports for member employers).

SUBCOMMITTEE REPORT

Agency: Public Disclosure
Commission

Bill No. 2729

Bill Sec. --

Analyst: Mah

Analysis Pg. No. 493

Budget Pg. No. 462

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
State Operations: State General Fund	\$ 234,387	\$ 233,514	\$ --
FTE Positions	6.0	6.0	--

Agency Request/Governor's Recommendation

The Commission estimates current year expenditures of \$234,387 from the State General Fund, the same amount that was approved by the 1989 Legislature. The Commission requests revisions to the approved budget which increase salaries and wages by \$1,576 and reduce other operating expenditures by the same amount. The current year estimate includes \$183,081 for salaries and wages, \$9,345 for communications, \$9,442 for rent, \$14,850 for legal services, and \$17,669 for all other operating expenditures.

The Governor's current year recommendation of \$233,514 from the State General Fund reduces the Commission's estimate by \$873. The reduction is because of adjustments to salary and wage expenditures to reflect current rates for fringe benefit costs. The Governor concurs with the Commission's current year estimate of \$51,306 for all other operating expenditures.

House Subcommittee Recommendations

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

1. Delete \$4,000 from expenditures for salaries and wages to reflect current anticipated savings as indicated by year-to-date expenditures.
2. Add \$4,000 to printing expenditures to provide for additional costs associated with the reprinting of materials because of significant changes in the 1989 Campaign Finance Act and for the printing of materials necessary for the 1990 election year.

House Committee Recommendations

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the recommendations of the Committee.

SWAM
March 21, 1990
Attachment 3

<u>Expenditure Summary</u>	<u>House Adj. FY 90</u>	<u>House Rec. FY 90</u>	<u>Senate Subcommittee Adjustments</u>
State Operations: State General Fund	\$ --	\$ 233,514	\$ --
FTE Positions	--	6.0	--

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the House.



Senator Jim Allen
Subcommittee Chairperson



Senator Paul Feleciano

SUBCOMMITTEE REPORT

Agency: Public Disclosure
Commission

Bill No. 2638

Bill Sec. 3

Analyst: Mah

Analysis Pg. No. 493

Budget Pg. No. 462

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations: State General Fund	\$ 249,415	\$ 248,629	\$ 1,917
FTE Positions	6.0	6.0	--

Agency Request/Governor's Recommendation

The Commission requests a FY 1991 budget of \$249,415. The request includes a total of \$194,992 for salaries and wages for the existing unclassified 6.0 FTE positions, an increase of \$11,911 from the current year estimate. Other major revisions from the current year estimate include: increases of \$3,147 for communications, \$1,478 for travel and subsistence, \$1,000 for legal services, \$1,545 for stationery and office supplies; and reductions of \$3,038 for printing and advertising and \$2,398 for capital outlay. Net other changes increase expenditures by \$1,383 from the current year estimate.

The Governor's FY 1991 recommendation of \$248,629 from the State General Fund reduces the Commission's request by \$786. Adjustments were made to salary and wage expenditures to reflect current rates for fringe benefit costs. The Governor concurs with the Commission's FY 1991 request of \$54,423 for all other operating expenditures.

House Subcommittee Recommendations

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

1. Add \$1,917 for a technical adjustment to expenditures for salaries and wages to reflect current rates for health benefit costs.
2. The Subcommittee recommends that the 1991 Legislature review the need for additional positions because of the increase in responsibilities for the Commission with the passage of 1989 Campaign Finance Act. The legislation extended the Campaign Finance Act to candidates for elective office in cities of the first class, counties, and the boards of public utilities. The election year of 1990 will be the first time that candidates for these offices must file designated forms and annual reports which are required by the Campaign Finance Act. The Subcommittee believes that the addition of one more Commissioner and other staff positions in future years will be necessary to ensure that the Commission will be able to properly complete its extended duties.

3. The Subcommittee recommends that the Commission review its policy of not appointing an Executive Director. The administrative duties of the Commission are currently performed by an Administrative Assistant. Current law (K.S.A. 25-4119a) provides that the Commission may appoint an Executive Director. Although there is pending legislation (H.B. 2916, as introduced) that would require the Commission to appoint an Executive Director, the Subcommittee believes that the Commission should reconsider its current policy, which does not make use of its existing authority.

4. The Subcommittee supports legislation that would strengthen the authority of the Commission and is aware that legislation has been introduced which would alter the existing Public Disclosure Commission significantly. Specifically, H.B. 2916 would abolish the Kansas Public Disclosure Commission and establish the Kansas Governmental Ethics Commission. The Kansas Governmental Ethics Commission would consist of nine members instead of the five members which currently make up the Public Disclosure Commission. Should the legislation be enacted by the 1990 Legislature, the Subcommittee recommends that money be added to the Commission's budget to fund the legislation. Based on estimates made by the Public Disclosure Commission, the legislation would require the addition of a 1.0 new FTE Executive Director position at a cost of \$43,399 and \$4,076 for per diem and travel costs of four additional Commission members, for a total of \$47,475. The Subcommittee also strongly supports the portions of H.B. 2916 which would establish an annual registration fee of \$100 to be paid by political action committees and \$25 to be paid by lobbyists for each lobbying employment or lobbying position held. (Current law, K.S.A. 46-265, provides only for a lobbyist registration fee of \$15 that goes to the State General Fund). The fees would be deposited into the Governmental Ethics Commission Fee Fund, which would be established with passage of the legislation. The Public Disclosure Commission estimates annual revenues for the Fund would be \$24,700 (988 times \$25) from lobbyists and \$21,000 (210 times \$100) from political action committees, for a total of \$45,700. Receipts to the Fund would be used for the state operations of the Kansas Governmental Ethics Commission.

5. The Subcommittee strongly recommends the introduction and passage of legislation to create civil penalty provisions for violation of certain Kansas governmental ethics laws. Under current law, there are no penalties for violations of the following:

K.S.A. 46-234, relating to restrictions on the appointment of elected state officers to any state office which was created by law during the individual's last term in office;

K.S.A. 46-241, relating to restrictions on the use of confidential information that is acquired by an elected state officer or employee in the course of performing official duties to further the economic interest of any individual; and

K.S.A. 46-270, relating to failure of lobbyists to wear name tags of a designated type (including the name of the lobbyist, the

names of the persons compensating or appointing the lobbyist and the current year) while lobbying in the State Capitol.

The Subcommittee believes that the civil penalty provisions will help prevent the violation of these current laws, provide the state with a means to enforce proper ethical conduct, and serve as a platform for all Legislators to speak to the importance of strong ethical standards in the State of Kansas.

House Committee Recommendations

The House Committee concurs with the recommendations of the Subcommittee with the following changes:

- 1. Amend item No. 4 to read as follows:

The Subcommittee supports legislation that would strengthen the authority of the Commission and is aware that legislation has been introduced which would alter the existing Public Disclosure Commission significantly. Specifically, H.B. 2916 would abolish the Kansas Public Disclosure Commission and establish the Kansas Governmental Ethics Commission. The Kansas Governmental Ethics Commission would consist of nine members instead of the five members which currently make up the Public Disclosure Commission. Should the legislation be enacted by the 1990 Legislature, the Subcommittee recommends that money be added to the Commission's budget to fund the legislation. Based on estimates made by the Public Disclosure Commission, the legislation would require the addition of a 1.0 new FTE Executive Director position at a cost of \$43,399 and \$4,076 for per diem and travel costs of four additional Commission members, for a total of \$47,475.

- 2. Amend the first sentence of item No. 5 to read as follows:

The Subcommittee strongly recommends the introduction of legislation to create civil penalty provisions for violation of certain Kansas governmental ethics laws.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the recommendations of the Committee.

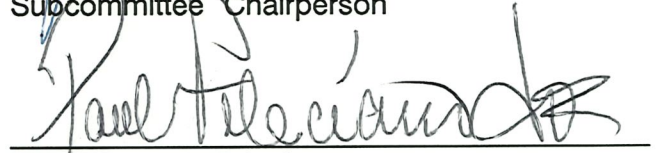
<u>Expenditure Summary</u>	<u>House Adj. FY 91</u>	<u>House Rec. FY 91</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,917	\$ 250,546	\$ --
FTE Positions	--	6.0	--

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the House.



Senator Jim Allen
Subcommittee Chairperson



Senator Paul Feleciano

SUBCOMMITTEE REPORT

Agency: Kansas Commission on
Civil Rights

Bill No. 2729

Bill Sec. 23

Analyst: Rothe

Analysis Pg. No. 505

Budget Pg. No. 108

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,039,953	\$ 1,031,928	\$ --
Federal Funds	420,943	396,304	--
Total	<u>\$ 1,460,896</u>	<u>\$ 1,428,232</u>	<u>\$ --</u>
FTE Positions	40.0	40.0	--

Agency Request/Governor's Recommendation

The Commission estimates FY 1990 operating expenditures of \$1,460,896, the amount approved by the 1989 Legislature. The estimate includes \$1,039,953 from the State General Fund and \$420,943 from federal funds. The budget provides funding for 40.0 FTE positions as approved.

The Governor's FY 1990 recommendation of \$1,428,232 is a reduction of \$32,664 from the agency's estimate. Reductions include \$27,011 from salaries due to health insurance and shrinkage rate adjustments, \$5,508 from communications, and \$145 from other expenditures. Recommended financing for FY 1990 includes \$1,031,928 (a reduction of \$8,025) and \$396,304 from federal funds (a reduction of \$24,639).

House Subcommittee Recommendations

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

1. The Subcommittee does not agree to add \$32,664 from the State General Fund for salaries to offset the Governor's recommended shrinkage rate of 3.9 percent. The Subcommittee was surprised to learn that the agency, in the midst of well-publicized projected state budget shortfalls, filled four vacant positions last fall. Because the agency has no existing vacancies, layoffs will probably be necessary for both FY 1990 and FY 1991 to remain within recommended expenditure limitations.
2. **Federal Fund Analysis.** The Subcommittee makes no adjustments to the Governor's estimates for federal fund expenditures (which finance 27.7 percent of agencywide expenditures for FY 1990 and 28.4 percent for FY 1991). The federal fund ending balance has been spent down from \$724,402 in FY 1985 to \$42,209 in FY 1990 and an estimated \$5,146 in FY 1991 to lessen the burden on the State General Fund. The Subcommittee learned that due to a \$40,400 decrease in the FY 1990 federal Equal Employment Opportunity Commission (EEOC)

*SWAM
March 21, 1990
Attachment 4*

contract, the ending balance could actually be \$5,454 in FY 1990 and a deficit of \$81,159 by the end of FY 1991. The federal fund resource estimate, based upon the Governor's expenditure recommendation and updated receipt estimates, follows:

<u>Resource Estimate</u>	<u>Actual FY 1989</u>	<u>Estimated FY 1990</u>	<u>Estimated FY 1991</u>
Beginning Balance	\$ 100,284	\$ 12,933	\$ 5,454
Net Receipts	<u>349,185</u>	<u>388,825</u>	<u>346,800</u>
Total Available	\$ 449,469	\$ 401,758	\$ 352,254
Less: Expenditures	<u>436,536</u>	<u>396,304</u>	<u>433,413</u>
Ending Balance	<u>\$ 12,933</u>	<u>\$ 5,454</u>	<u>\$ (81,159)</u>

House Committee Recommendation

The Committee concurs with the Subcommittee recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee recommendation.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 90</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 1,031,928	\$ --
Federal Funds	--	<u>396,304</u>	--
TOTAL	<u>\$ --</u>	<u>\$ 1,428,232</u>	<u>\$ --</u>
FTE Positions	--	40.0	--

Senate Subcommittee Recommendations

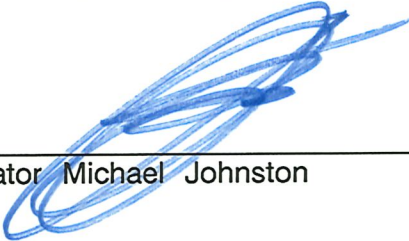
FY 1990. The Senate Subcommittee concurs with the recommendations of the House with the following observation:

1. The Commission informed the Subcommittee that it has implemented a number of internal cost savings to avoid a current year shortfall. The agency does not plan to fill an Investigator I vacancy, expected on April 1. In the meantime, the agency has restricted communications and travel expenditures. Spending reductions and an expected federal contract adjustment in May should enable the agency to maintain a positive balance at the end of FY 1990. The Subcommittee makes no adjustments to the FY 1990 budget, but notes that reductions in travel could have an effect on the current 477-case backlog. Finding current year savings is especially difficult for this

agency because 81.5 percent of the budget is for salaries, 6.8 percent for rents, 4.0 percent for travel, and 3.9 percent for communications.



Senator Alicia Salisbury
Subcommittee Chairperson



Senator Michael Johnston

SUBCOMMITTEE REPORT

Agency: Kansas Commission on
Civil Rights

Bill No. 2638

Bill Sec. 4

Analyst: Rothe

Analysis Pg. No. 505

Budget Pg. No. 108

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,234,507	\$ 1,090,533	\$ --
Federal Funds	367,200	433,413	--
Total	<u>\$ 1,601,707</u>	<u>\$ 1,523,946</u>	<u>\$ --</u>
FTE Positions	42.0	40.0	--

Agency Request/Governor's Recommendation

The agency requests \$1,601,707 for FY 1991 for the salaries of 42.0 FTE positions and other operating costs. The request represents a 9.6 percent increase above the FY 1990 estimate and includes \$1,090,533 from the State General Fund (an 18.7 percent increase) and \$367,200 from federal funds (a reduction of 12.8 percent). The portion of the budget financed from federal funds would decrease from 28.8 percent to 22.9 percent to enable the agency to maintain a federal fund ending balance of \$24,695. The agency requests 2.0 FTE new Civil Rights Investigators for FY 1991, with salaries and benefits totaling \$53,527.

The Governor recommends \$1,523,946 for FY 1991 expenditures, a reduction of \$77,761 from the agency's request. The recommendation includes a 1.5 percent salary increase of \$17,412 and reductions of 2.0 FTE new positions (\$53,527), \$9,208 from health insurance and shrinkage rate adjustments, \$14,442 from communications, \$9,734 from travel costs, \$4,855 from other contractual services, \$2,618 from commodities, and \$789 from capital outlay. The recommendation includes \$1,090,533 from the State General Fund (a reduction of \$143,974) and \$433,413 from federal funds (28.4 percent of the total, an increase of \$66,213). The Governor recommends a federal fund ending balance of \$5,146.

House Subcommittee Recommendations

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

1. The following table, based upon reduced estimated federal receipts, indicates a negative ending balance of \$81,159 in FY 1991. The Subcommittee acknowledges the difficulty of managing an agency which is dependent on both tight federal and state revenues. Under the existing circumstances, however, the Commission will need to substantially reduce expenditures in FY 1991. Careful, foresighted management will be necessary to remain within approved appropriations.

<u>Resource Estimate</u>	<u>Actual FY 1989</u>	<u>Estimated FY 1990</u>	<u>Estimated FY 1991</u>
Beginning Balance	\$ 100,284	\$ 12,933	\$ 5,454
Net Receipts	<u>349,185</u>	<u>388,825</u>	<u>346,800</u>
Total Available	\$ 449,469	\$ 401,758	\$ 352,254
Less: Expenditures	<u>436,536</u>	<u>396,304</u>	<u>433,413</u>
Ending Balance	<u>\$ 12,933</u>	<u>\$ 5,454</u>	<u>\$ (81,159)</u>

House Committee Recommendation

The Committee concurs with the Subcommittee recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee recommendation with the following adjustment:

1. Add \$250 from the State General Fund for the purchase of 500 copies of the pamphlet entitled "The Kansas Negro Regiments in the Civil War."

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 91</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 250	\$ 1,090,783	\$ 86,305
Federal Funds	--	<u>433,413</u>	<u>(86,305)</u>
TOTAL	<u>\$ 250</u>	<u>\$ 1,524,196</u>	<u>\$ 0</u>
FTE Positions	--	40.0	--

Senate Subcommittee Recommendations

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

1. Add \$86,305 from the State General Fund to replace an expected federal fund shortfall of \$81,159 and to maintain a FY 1991 ending balance of \$5,146 (a balance recommended by the Governor before word was received of the federal contract reduction). The budget recommended by the House (with a negative ending balance of \$81,159) would require the agency to implement a one-month furlough for each of its 40 FTE positions. Another alternative mentioned by the agency would be to delete its Education Specialist, place two Intake Workers on half-day status for the year, and delete one day per month of work for the remainder of its employees. The Subcommittee believes either option would result in an increased backlog of cases. The number of cases filed with the agency totaled 1,266 in FY 1986,

1,182 in FY 1987, 1,130 in FY 1988, and 1,349 in FY 1989 (a record high). The backlog of cases was 138 in FY 1986, 85 in FY 1987, 140 in FY 1988, and 477 at the end of FY 1989. The number of cases filed has averaged 100 per month in FY 1990.

2. The Subcommittee notes that federal law prohibits discrimination in employment for persons 40 and above. K.S.A. 44-1112, amended by 1988 H.B. 2563, altered the age limits to 18 and above. Kansas is one of only a few states to differ from federal age restrictions. Because so few cases have been filed in Kansas by persons under 40 years of age, the Subcommittee questions the need for a minimum age limit below 40.

The federal fund analysis recommended by the Senate Subcommittee follows:

<u>Resource Estimate</u>	<u>Actual FY 1989</u>	<u>Estimated FY 1990</u>	<u>Estimated FY 1991</u>
Beginning Balance	\$ 100,284	\$ 12,933	\$ 5,454
Net Receipts	<u>349,185</u>	<u>388,825</u>	<u>346,800</u>
Total Funds Available	\$ 449,469	\$ 401,758	\$ 352,254
Less: Expenditures	<u>436,536</u>	<u>396,304</u>	<u>347,108</u>
Ending Balance	<u>\$ 12,933</u>	<u>\$ 5,454</u>	<u>\$ 5,146</u>



Senator Alicia Salisbury
Subcommittee Chairperson



Senator Michael Johnston