

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

3:38 a.m. on MARCH 29, 19 90 room 123-S of the Capitol.

All members were present except:

Senator Salisbury, who was excused

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:

John Campbell, Deputy Attorney General

SB 756 - Disposition of unclaimed property

Mr. John Campbell distributed and reviewed Attachment 1 in support of the bill. Senator Allen moved, Senator Feleciano seconded, that SB 756 be recommended favorable for passage. The motion carried.

HB 2607 - Appropriations for FY 90, FY 91, FY 92 and FY 93 capital improvements for various state agencies

Senator Harder reviewed all sections of the FY 90 and FY 92 subcommittee report, Attachment 2. Discussion was held on the following sections:

Section 10 - Department of Corrections
Section 12 - Kansas State Penitentiary

In regard to the Senate subcommittee recommendations, it was noted that the CIBF bill is on the calendar. Until this authorizing legislation is enacted, appropriations must come from the State General Fund (SGF).

Section 18 - Youth Center at Topeka

The subcommittee requested a review of the plans by the Joint Committee on State Building Construction for the parking lot because of the size of the appropriation.

Section 21 - Osawatomie State Hospital

Staff clarified that the House gave authorization to spend moneys that were previously approved to raze the Old Main Building to be used to mothball the southern section of the Old Main Building. The Senate subcommittee's recommendation does not permit use of the money to mothball, but to raze the building.

Senator Harder noted that he could see no end to the expenditures necessitated by repair of the building. There was some concern that the building might be of historic value, and someone should be given the opportunity to secure it. Chairman Bogina stated that money for razing was appropriated 2 years ago, and no one in the community had since come to the Legislature with a plan for the building.

Senator Johnston moved, Senator Feleciano seconded, that the House recommendation be adopted. The motion carried on a show of hands.

Senator Gaines stated that this decision creates a liability against the state. It was suggested that if no one devises a plan for the building in a reasonable length of time, it should be razed.

CONTINUATION SHEET

SENATE WAYS AND MEANS
 MINUTES OF THE _____ COMMITTEE ON _____
 123-S 3:38 XX MARCH 29 90
 room _____, Statehouse, at _____ a.m./p.m. on _____, 19__

Section 27 - Kansas State Penitentiary

Senator Johnston moved, Senator Parrish seconded that the subcommittee report be amended to include Attachment 3. He noted that this amendment is virtually the same language that was included in the 1989 Highway bill, but it is not predicated on the passage of HB 2780.

Chairman Bogina opposed the amendment, and distributed a letter (Attachment 4) from the project architect for the Department of Corrections who indicated that prevailing wage would cause an estimated 12% increase in the cost of the new prison in El Dorado. The Chairman expressed his belief that prevailing wage would result in higher costs for the construction of the steam generating plant at KSP as well.

Discussion was held regarding what the scope of "new capital improvement projects" (Attachment 3) would be. Concern was expressed that adoption of this amendment would mandate prevailing wage for any capital improvement project regardless of size.

The motion to amend the subcommittee report with Attachment 3 failed on a show of hands.

Senator Harder moved, Senator Doyen seconded, the adoption of the subcommittee report as amended. The motion carried.

Senator Doyen moved, Senator Feleciano seconded, that HB 2607 as amended be recommended favorable for passage. The motion carried.

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

DEPARTMENT OF ADMINISTRATION

Senator Feleciano reviewed the FY 90 and FY 91 subcommittee report, Attachment 5. In explaining the proviso for the anti-drug abuse grant (item 9, Attachment 5-12), Senator Feleciano noted that at least 25% match has to come from the SGF in order to use federal funds for the Narcotics Strike Force. Chairman Bogina stated that the KBI has applied for a 75%-25% match from an additional source of money.

In reference to the recommendations within the minority report, Chairman Bogina noted that HB 2877 is in the Ways and Means Committee and will be heard. He suggested that a 6 member committee be appointed to study it.

Senator Parrish questioned whether dependent care would be implemented by Jan. 1, 1991 and if additional appropriations would be requested for this purpose. Secretary of Administration, Shelby Smith, stated that the date of implementation is anticipated to be Jan. 1, 1991, and the Department did not appeal the \$75,000 appropriation. In answer to a question, staff stated that the Governor recommended \$75,000 in the Division of Personnel Services for KFIS. The House deleted that, believing that the \$3.4 million line item (SGF) for data processing would be adequate to finance all KFIS costs.

Senator Allen reviewed his objections to the minority report (Attachment 6). He stated that he had a letter from Sec. Smith to Senator Johnston dated March 17, 1989 stating that the ongoing yearly costs would be \$3.4 million.

The Committee discussed the issue of expenditure limitation (item 8, Attachment 5-11). Senator Feleciano noted that DISC is a non-reportable budget. Chairman Bogina noted that the Interim Budget Committee's concern over this issue, and stated that it could be addressed in HB 2877.

In answer to a question regarding the state health care benefits program (item 10, Attachment 5-12), Senator Feleciano stated that the Senate subcommittee's recommendations would result in an estimated savings of

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS
123-S 3:38 XX MARCH 29 90
room _____, Statehouse, at _____ a.m./p.m. on _____, 19__.

\$200,000 to the state and \$200,000 to participants in the program. He said that the subcommittee decided to allow the Health Care Commission to reduce the assessment and use the carryforward money.

Senator Feleciano moved, Senator Johnston seconded that the subcommittee report be amended to concur with the House regarding the expenditure limitation to DISC (item 8, Attachment 5-11). Senator Allen expressed concern that this procedure would tie the hands of the Department, and recommended that this be reviewed during the Omnibus. The motion carried.

Seeing that there were no appropriation changes in the minority report, Senator Feleciano moved and Senator Doyen seconded that the subcommittee report as amended be adopted. The motion carried.

Senator Feleciano moved, Senator Doyen seconded that HB 2638 as amended be recommended favorable for passage. The motion carried on a roll call vote.

HB 2729 - Appropriations for FY 90, supplemental appropriations for various state agencies

Senator Harder moved to amend HB 2729 by deleting \$40,608 in FY 90 from the Highway Patrol. Senator Rock seconded. It was noted that the agency requested an increase in shift differential based upon a misinterpretation of the Governor's recommendation. The motion carried.

Senator Harder moved, Senator Feleciano seconded, that HB 2729 as amended be recommended favorable for passage. The motion carried on a roll call vote.

The Chairman announced that except for SRS, the appropriations bills are complete. The meeting was adjourned at 5:00 P.M.



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SENATE WAYS & MEANS COMMITTEE

TESTIMONY IN SUPPORT OF

SENATE BILL 756

By

John W. Campbell

Deputy Attorney General

March 29, 1990

Dear Mr. Chairman, Members of the Committee:

My name is John Campbell, I am a Deputy Attorney General for the State of Kansas. Attorney General Robert T. Stephan has asked me to testify in support of Senate Bill 756.

In May of 1988, the State of Delaware sued the State of New York in an original action before the United States Supreme Court. In that suit, Delaware alleged that unclaimed moneys and other intangible properties, held by New York City brokerage and security firms should go to the state in which the firms are incorporated (Delaware). New

*SWAM
March 29, 1990
Attachment 1*

York alleged that such unclaimed property should go to the state in which the firms have their principle place of business (New York).

In April of 1989, Kansas and twenty-three other states intervened in the suit. Our position is that the property held by New York, and all future unclaimed properties held by New York brokerage and security firms should be returned to the state which the person having a claim on the money was last known to reside. In cases where a political entity issued the intangible property that property would be returned to the state in which the entity is located. This would not only provide a much greater probability of finding the rightful owner of the property.

It is estimated that between 200 million and one billion dollars worth of this type of unclaimed property is currently held by New York. If distributed on a pro rata basis, Kansas would be entitled to between two and ten million dollars. In addition, future unclaimed properties could be returned to Kansas.

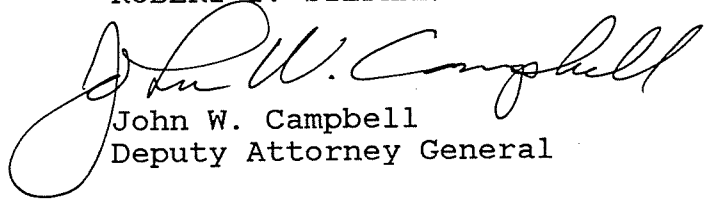
This case is still in the discovery phase of litigation. However, it has become clear that New York will maintain that Kansas and other states have no law which allows them to receive this money. SB 756 would correct that situation and deny New York one of its legal arguments. The states of Hawaii, West Virginia, Utah, and Iowa have already adopted this legislation.

Page 3

The Attorney General urges this committee to adopt
SB 756.

Sincerely,

OFFICE OF THE ATTORNEY GENERAL
ROBERT T. STEPHAN



John W. Campbell
Deputy Attorney General

JWC/mb

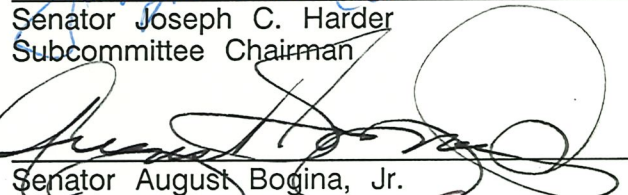
SUBCOMMITTEE REPORT ON
HOUSE BILL NO. 2607

FY 1990 and FY 1991
Capital Improvement Projects

- Section 2 -- Adjutant General
- Section 3 -- Attorney General -- KBI
- Section 4 -- Department of Administration
- Section 5 -- Department of Transportation
- Section 6 -- Kansas Highway Patrol
- Section 7 -- Department of Human Resources
- Section 8 -- State Industrial Reformatory
- Section 9 -- State Industrial Reformatory
- Section 10 -- Department of Corrections
- Section 11 -- Correctional Institution at Lansing
- Section 12 -- Kansas State Penitentiary
- Section 13 -- Ellsworth Correctional Work Facility
- Section 14 -- Hutchinson Correctional Work Facility
- Section 15 -- Winfield Correctional Facility
- Section 16 -- Norton Correctional Facility
- Section 17 -- Topeka Correctional Facility -- East
- Section 18 -- Youth Center at Topeka
- Section 19 -- Kansas Neurological Institute
- Section 20 -- Larned State Hospital
- Section 21 -- Osawatomie State Hospital
- Section 22 -- Parsons State Hospital
- Section 23 -- Rainbow Mental Health Facility
- Section 24 -- Department of Social and Rehabilitation Services
- Section 25 -- Winfield State Hospital and Training Center
- Section 26 -- Kansas Commission on Veterans Affairs
- Section 27 -- Kansas State Penitentiary
- New Section -- Youth Center at Atchison



Senator Joseph C. Harder
Subcommittee Chairman



Senator August Bogina, Jr.



Senator Frank D. Gaines

Agency Request/Governor's Recommendation**Sec. 2 -- Adjutant General**

The agency requests a State General Fund supplemental appropriation in FY 1990 of \$4,015 for armory construction planning. The requested amount was inadvertently lapsed at the end of FY 1989.

The Governor concurs with the agency's capital improvement request for FY 1990.

The agency requests \$471,220 from the State General Fund in FY 1991 for roof repairs (\$299,834), armory structural repairs (\$89,653), armory storage construction (\$20,950), and asphalt repairs (\$60,783).

The Governor recommends \$299,834, including \$249,834 from the State General Fund, for rehabilitation and repair projects for the Adjutant General in FY 1991.

House Adjustments

The House Committee concurs with the Governor's recommendation, with the following adjustment:

1. Delete \$4,015 in recommended FY 1990 capital improvements and delete the \$299,834 recommended by the Governor in FY 1991 for rehabilitation and repair of facilities under the control of the Adjutant General. The House was informed that a proposal before congress may result in a reduction in the authorized strength of the Kansas National Guard in FFY 1993. The House was also informed that a Congressional study is currently underway to determine whether the National Guards or the standing armed forces are a more cost effective measure of defense. The House notes that if the authorized strength of the Kansas National Guard is decreased, then some armories may be closed or turned over to local units of government. The House believes that no capital investments should be made until such time as the full implications of the possible Congressional action are known.

Senate Subcommittee Recommendation

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

1. Restore \$4,015 for FY 1990 capital improvements and \$299,834 for FY 1991 capital improvements deleted by the House.

Agency Request/Governor's RecommendationHouse AdjustmentsSenate Subcommittee Recommendation**Sec. 3 – Attorney General – KBI**

The agency requests a total of \$351,150 from the State General Fund in FY 1990 for the debt service payment on the KBI headquarters building and purchase and closing costs associated with the acquisition of the property. The Governor recommends a total of \$234,310 from the State General Fund of which \$129,693 is for the debt service payment and 104,617 is for purchase and closing costs for the headquarters building acquisition. For FY 1991, the agency requests \$314,757 from the State General Fund for the debt service payment on the KBI headquarters building and \$1,300,000 from the State General Fund for the acquisition of an additional building. The Governor concurs with the agency's request for \$314,757 from the State General Fund for the debt service payment, but does not recommend financing for the acquisition of an additional building.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Sec. 4 – Department of Administration

Reportable. The agency requests revised FY 1990 expenditures of \$1,413,787 for capital improvements, of which \$1,387,997 is from the State General Fund.

For FY 1990, the Governor recommends \$1,466,149 including a State General Fund supplemental appropriation for renovations to the parking lot at 7th and VanBuren of \$57,352.

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

1. Delete \$57,352 from the State General Fund in FY 1990 as recommended by the Joint Committee on State Building Construction. The House recommends that this project, which involves completion of renovations to the parking lot at 7th and VanBuren, be financed from the Building and Ground Fund.

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

1. Concur.

Agency Request/Governor's Recommendation

The agency requests FY 1991 expenditures of \$1,829,185 for capital improvements, of which \$1,809,000 is from the State General Fund. For FY 1991, the Governor recommends \$676,298, of which \$656,113 is from the State General Fund.

Nonreportable. The agency's revised request for FY 1990 for capital improvement expenditures totals \$4,934,491. For FY 1990, the Governor recommends expenditures of \$5,227,346. The agency requests \$1,678,510 for capital improvement projects in FY 1991 and the Governor recommends \$454,994 for such projects in FY 1991.

House Adjustments

2. Decrease the amount lapsed for capital improvement projects (nonreportable) in FY 1990 from \$300,000 to \$273,165 as a technical adjustment to reflect the Governor's recommendation.
3. Delete \$68,640 from the State buildings Operating Fund (nonreportable) and increase expenditures from the Building and Grounds Fund (reportable) by \$68,640, as recommended by the Joint Committee on State Building Construction. The House recommends that this project, which involves debt service on the parking lot at 7th and VanBuren, be financed from the Building and Grounds Fund.

Senate Subcommittee Recommendation

2. Concur.
3. Concur.
4. The Subcommittee notes that the Department is currently examining the feasibility of constructing a multi-level parking garage in the area of the State Capitol. The Subcommittee recommends that the Department present the results of the feasibility study to the Joint Committee on State Building Construction as soon as the study is completed.

Agency Request/Governor's RecommendationHouse AdjustmentsSenate Subcommittee Recommendation**Sec. 5 – Department of Transportation**

The agency requests \$4,431,042 from the State Highway Fund in FY 1991 for various KDOT capital improvement projects. The request includes: \$485,574 for the construction of a subarea shop in Hutchinson; \$576,736 to relocate a subarea site in Ottawa; \$311,237 to reroof nine buildings; \$481,148 to remodel, insulate, and weatherproof the Norton district shop; \$247,116 to renovate the mechanical system, and to insulate and weatherproof the Norton district office; \$454,630 to insulate and weatherproof ten buildings; \$476,716 to remodel two area office and shop buildings; \$150,000 to purchase land for a future area/subarea complex in Kansas City; \$565,315 to replace nine subarea chemical storage buildings; \$117,844 to construct an electronic repair shop in Norton; \$207,590 to construct seven storage buildings; \$81,021 to renovate an air handling unit at the Garden City paint shop; \$38,915 to revise the main electrical service to the Mankato area and subarea shops; \$23,600 to remodel the Highway Patrol Division office in Topeka; \$21,500 to remodel the Highway Patrol Division office in Chanute; \$190,000 for an addition to the Highway Patrol Division office in Wichita; and, \$2,100 to construct a Highway Patrol vehicle garage in Colby.

The Governor recommends \$4,304,033 from the State Highway Fund for FY 1991, a reduction of \$127,009 from the agency's request. The reduction includes \$21,148 from the Norton district shop remodeling project, \$14,131 from the Norton district office renovation, \$89,630 from insulation and weatherproofing projects, and \$2,100 from the project to construct a Highway Patrol vehicle garage.

The House recommends no expenditures for construction, remodeling or special maintenance projects for buildings for FY 1991. The House recommends that \$4,304,033 be instead utilized for highway and bridge construction and repair projects.

The Senate Subcommittee recommends restoration of the \$4,304,033 for Department of Transportation building in FY 1991 as recommended by the Joint Committee on State Building Construction.

Agency Request/Governor's RecommendationHouse AdjustmentsSenate Subcommittee Recommendation**Sec. 6 – Kansas Highway Patrol**

For FY 1991 the Patrol requests \$115,500 from the Motor Carrier Inspection Fund to improve the driveway turning radius at the Olathe and Caney Motor Carrier Inspection Troop scalehouses.

The Governor concurs with the agency's FY 1991 request for \$115,500. In addition, the Governor recommends that approved FY 1990 capital improvement projects totaling \$1,482,650 from the Motor Carrier Inspection Fund be shifted to FY 1991. The shifted projects include \$307,250 for a Port of Entry improvement at Liberal, and \$1,175,400 to construct a new Port of Entry facility at Belleville. The Governor's total FY 1991 recommendation is \$1,598,150.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Sec. 7 – Department of Human Resources

The agency requests and the Governor recommends \$123,360 in FY 1991 from the Employment Security Administration Reed Act Fund for replacement of obsolete and inefficient air conditioning equipment at the Employment Security Systems Institute Building at 1309 Southwest Topeka Avenue.

The House concurs with the Governor's recommendation.

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

1. As a technical adjustment, authorize the reappropriation of previously approved projects to FY 1991 if not completed in FY 1990.

Sec. 8 – State Industrial Reformatory

Funding of \$65,723 (CIBF) for the following project is recommended to be lapsed at the end of FY 1990 because the project has been completed: electrical improvements to food service, kitchen, education, and print shop.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Agency Request/Governor's RecommendationHouse AdjustmentsSenate Subcommittee Recommendation**Sec. 9 – State Industrial Reformatory**

The Governor recommends \$225,000 in FY 1991, including funding for planning fees for all cellhouses.

The Governor originally recommended \$600,000 in FY 1990 from the State General Fund for planning the replacement of all cellhouse locking systems and the replacement of the locking system in A cellhouse and \$1,044,670 in FY 1991 for replacement of the locking systems in B and C cellhouses. However, in order to provide sufficient cash flow for the Correctional Institutions Building Fund, the Governor recommended that expenditures for one locking system be made in FY 1992 and expenditures for two locking systems be shifted to FY 1993. This shift provides \$473,190 for lock replacement in FY 1992 and \$946,380 in FY 1993. The recommendation is financed from the Correctional Institutions Building Fund.

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

1. The House recommends the shift of \$1,644,570 (CIBF) of previously-appropriated funding for the lock system replacement project to FY 1990, as recommended by the Joint Committee on State Building Construction.

The Senate Subcommittee concurs with the recommendations of the House.

1. Concur.

Sec. 10 – Department of Corrections

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

1. The Governor recommends a State General Fund supplemental appropriation in FY 1990 of \$90,000 to assist in rehabilitating and repairing correctional institutions. The 1989 Legislature approved \$350,000 from the State General Fund in FY 1990 for this purpose. In addition, the Governor recommends \$1.0 million in FY 1991 from the Correctional Institutions Building Fund for rehabilitation and repair.

1. The House concurs with the supplemental appropriation of \$90,000 in FY 1990 and recommends a total of \$1,300,000 (CIBF) in FY 1991, an increase of \$300,000 over the Governor's recommendation for rehabilitation and repair, as recommended by the Joint Committee on State Building Construction.

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

1. The Subcommittee notes that the recommendations of the Joint Committee on State Building Construction are based on a .25 mill property tax levy for the CIBF for tax year 1990 and continuation of the Kansas Lottery. The Subcommittee further notes that the authorizing legislation for these funding sources has failed to pass one house. The Subcommittee, therefore, recommends a shift of the financing for rehabilitation and repair projects for FY 1991 of \$1,300,000 from the CIBF to the State General Fund.

Agency Request/Governor's Recommendation

House Adjustments

Senate Subcommittee Recommendation

- 2. The Governor recommends \$6.3 million in FY 1991 from the State General Fund for the bond payment for the construction of a new 640-bed facility and a 150-bed mental health facility. The Governor recommends the lapse of \$6.6 million which was approved for FY 1990. The correctional facility design will be multi-security and will be used to house the growing inmate population. The Legislature approved legislation allowing the agency to borrow \$25.0 million from the Pooled Money Investment Board and to issue \$35.1 million in bonds for construction of the \$69.6 million facility(s).
- 3. The Governor recommends \$1,707,000 in FY 1991 to finance the bond debt on the construction of bedspace at the Ellsworth Correctional Work Facility.
- 4. The Governor recommends a lapse of \$45,801 from the State General Fund in FY 1990 from the honor camps game bird capital improvements account.

- 2. The House concurs with the Governor's recommendation.
- 3. The House concurs with the Governor's recommendation.
- 4. The House concurs with the Governor's recommendation.

- 2. Concur.
- 3. Concur.
- 4. Concur.

Sec. 11 – Correctional Institution at Lansing

The Governor recommends a State General Fund lapse of \$83,217 from the project to construct a new inmate food service and support programs building. The recommendation provides \$12,500 to complete the project in FY 1990.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Agency Request/Governor's RecommendationHouse AdjustmentsSenate Subcommittee Recommendation**Sec. 12 – Kansas State Penitentiary**

The Governor recommends the reappropriation of any funding for several small projects to FY 1991.

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

1. The House recommends a shift in the funding for the electrical system upgrade project, which was originally approved by the 1988 Legislature, to provide for \$257,000 in FY 1990 and \$1,928,550 in FY 1991, as recommended by the Joint Committee on State Building Construction.

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

1. Shift \$1,509,491 of the FY 1991 funding for this project to the State General Fund. This will result in an unencumbered ending balance in the CIBF at the end of FY 1991 of \$0.

Sec. 13 – Ellsworth Correctional Work Facility

The Governor recommends reappropriation of any funding for major maintenance and special repairs to FY 1991.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Sec. 14 – Hutchinson Correctional Work Facility

The Governor recommends reappropriation of any funding for major maintenance and special repairs to FY 1991.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Sec. 15 – Winfield Correctional Facility

The Governor recommends reappropriation of any funding for major maintenance and special repairs to FY 1991.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Sec. 16 – Norton Correctional Facility

The Governor recommends reappropriation of any funding for major maintenance and special repairs to FY 1991.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Agency Request/Governor's RecommendationHouse AdjustmentsSenate Subcommittee Recommendation**Sec. 17 – Topeka Correctional Facility
– East**

The Governor recommends reappropriation of any funding for major maintenance and special repairs to FY 1991.

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

The Senate Subcommittee concurs with the recommendations of the House.

1. Amend the name of the agency to Topeka Correctional Facility -- East, as requested by the agency.

1. Concur.

Sec. 18 – Youth Center at Topeka

The agency requests in FY 1991 \$1,491,600 from the State Institutions Building Fund for a staff parking lot and control center (\$388,500), a new heating and cooling system (\$687,700), remodeling of dietary facility (\$267,900), remodeling of volunteer center (\$136,700), and razing of storage annex building (\$10,800). The Governor recommends \$388,500 for a staff parking lot and control center.

The House concurs with the Governor's recommendation.

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

1. Add a proviso requiring the review of the final plans for the project by the Joint Committee on State Building Construction prior to the submission of the construction contract for bids.

Sec. 19 – Kansas Neurological Institute

The Governor recommends a lapse of funds for the following projects at the end of FY 1990 because the projects have been completed or abandoned: kitchen equipment replacement and ramp widening.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Sec. 20 – Larned State Hospital

The Governor recommends a lapse of funds for the following projects at the end of FY 1990 because the projects have been completed or abandoned: enclose Beers building fire escape and replace X-ray equipment.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Agency Request/Governor's RecommendationHouse AdjustmentsSenate Subcommittee Recommendation**Sec. 21 – Osawatomie State Hospital**

The Governor recommends a lapse of funds for the following project at the end of FY 1990 because the project has been completed: reroute utility tunnel.

The House Committee concurs with the Governor's recommendation, with the following adjustment:

1. Authorize the agency to make expenditures from the Raze Main Building account of the SIBF to repair the southern portion of structure to prevent significant further deterioration in the near future in lieu of razing it.

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

1. Delete the authorization to repair the southern portion of Old Main Building.

Sec. 22 – Parsons State Hospital and Training Center

The Governor recommends a lapse of funds for the following projects at the end of FY 1990 because the projects have been completed: Cedar Cottage renovation, new heating plant -- planning, PA system replacement.

The House concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Sec. 23 – Rainbow Mental Health Facility

The agency requests and the Governor recommends \$903,700 from the SIBF in FY 1991 to construct an addition to the special school and to renovate the current structure.

The House Committee concurs with the Governor's recommendation.

The Senate Subcommittee concurs with the recommendations of the House.

Sec. 24 – Department of Social and Rehabilitation Services

SRS requests for FY 1991 \$11,163,000 from the State Institutions Building Fund (SIBF) for institutional repair and rehabilitation for state mental health and retardation hospitals and youth centers.

The House concurs with the recommendations of the Governor with the following exceptions:

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

2-11

Agency Request/Governor's Recommendation

The agency also requests \$365,900 from the SIBF for repair and rehabilitation for other SRS facilities. SRS requests \$150,000 from the SIBF for planning funds for a youth offender boot camp and \$1,037,316 from the Wichita State Office Building Fund for several projects.

The Governor recommends for FY 1991 \$5,019,100 from the SIBF for institutional repair and rehabilitation, \$330,900 for repair and rehabilitation for other SRS facilities, and \$207,516 from the Wichita State Office Building for elevator debt service payment and the purchase of land for additional parking.

Sec. 25 – Winfield State Hospital and Training Center

The Governor recommends a lapse of funds for the following project at the end of FY 1990 because the project has been completed: washing machine replacement.

Sec. 26 – Kansas Commission on Veterans Affairs

1. The agency requests \$50,000 from the SIBF in FY 1991 for a repair and rehabilitation fund for the home's facilities. The Governor concurs with the agency request.

House Adjustments

1. Add \$154,900 from the SIBF for institutional repair and rehabilitation for a total of \$5,174,000 in FY 1991 as recommended by the Joint Committee on State Building Construction.
2. Add \$35,000 from the SIBF for repair and rehabilitation for other SRS facilities in FY 1991 as recommended by the Joint Committee on State Building Construction.

The House concurs with the Governor's recommendation.

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

Senate Subcommittee Recommendation

1. Concur.
2. Concur.
3. The Subcommittee would observe that the Secretary of the agency is authorized to transfer the funding for rehabilitation and repair projects to any of the mental health or mental retardation institutions. The Subcommittee notes that this flexibility could be very useful should an emergency occur or if capital improvements are required to maintain an institution's certification.

The Senate Subcommittee concurs with the recommendations of the House.

The Senate Subcommittee concurs with the recommendations of the House.

Agency Request/Governor's Recommendation

2. The Governor recommends a lapse of funds for the following projects at the end of FY 1990 because the projects have been completed: Eisenhower Hall air conditioning, street replacement, and cottage razing.

Sec. 27 – Kansas State Penitentiary

1. The Governor's recommendation for this multi-year project allows for planning and construction funding for a new steam generating plant at the Penitentiary to replace the existing plant which has outlived its projected engineering life. The total project cost funded by the Correctional Institutions Building Fund amounts to \$3,702,800, with \$190,000 recommended in FY 1990 for planning and \$3,512,800 in FY 1991 for construction.

House Adjustments

1. As a technical adjustment, amend the bill to include \$50,000 from the State Institutions Building Fund, as recommended by the Governor.
2. The House concurs with the recommendation of the Governor.

The House concurs with the recommendations of the Governor, with the following adjustment:

1. The House recommends a shift in this funding, which was originally approved by the 1989 Legislature, to provide for \$430,900 in FY 1990 and \$3,271,900 in FY 1992, as recommended by the Joint Committee on State Building Construction.

Senate Subcommittee Recommendation

1. Concur.
2. Concur.

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

1. Delete the FY 1992 funding for this project pending a resolution of funding sources for the CIBF.

Agency Request/Governor's RecommendationHouse AdjustmentsSenate Subcommittee Recommendation**Sec.**

The bill as recommended by the Governor did not include this item.

1. The House amended the bill to prohibit expenditures from any moneys appropriated in this bill unless 1990 H.B. 2780, or a substantially similar bill which requires the payment of prevailing wages for public works projects of state agencies, is enacted during the 1990 regular session of the Legislature and will be in effect on or before January 1, 1991. The prevailing wages would be determined in accordance with wage areas, job classifications, and wage rates determined under the federal Davis-Bacon Act which would apply to federal projects at the locations of the public works projects of state agencies.

The Senate Subcommittee recommends the deletion of this section.

New Sec. – Youth Center at Atchison

The bill as introduced did not include this item.

The bill as recommended by the House did not include this item.

1. Add \$49,200 from the SIBF for an intercom system at four resident cottages as recommended by the Senate Subcommittee on the Youth Center at Atchison.

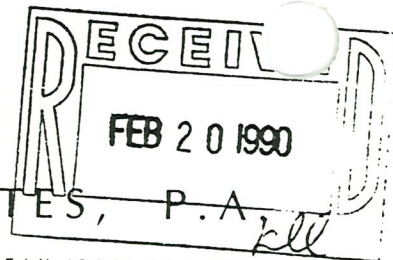
PROPOSED AMENDMENT TO H.B. NO. 2607
As Amended by House Committee of the Whole
For Consideration by Senate Ways and Means

Sec. 29.

(a) No expenditures may be made of any moneys appropriated for fiscal year 1991 by this act or any other appropriations act of the 1990 regular session of the legislature for any state agency named in this act for new capital improvement projects authorized by this act or for the issuance of bonds or payment of any financing expenses, debt service or any other debt financing instrument which may be used for the purposes of financing such capital improvement projects, unless the construction contracts to be entered into for any such capital improvement project are based on bid specifications prescribing that employees of any such contractor or any subcontractor shall be paid in accordance with prevailing wages determined in accordance with job classifications and wage rates prescribed under the federal Davis-Bacon act which would apply to a federally funded project at the location of any such capital improvement project.

And by renumbering sections accordingly;

SWAM
March 29, 1990
Attachment 3



GOSSEN LIVINGSTON ASSOCIATES, P.A.

420 S. EMPORIA □ WICHITA, KANSAS 67202 □ (316) 265-9367 □ FAX (316) 265-5646

February 16, 1990

Corrections

Mr. Gary Rayl, Director
Architecture, Engineering,
Construction & Special Projects
Kansas Department of Corrections
Landon State Office Building
900 S.W. Jackson - 4th Floor
Topeka KS 66612

Re: El Dorado Correctional Facility
Prevailing Wage
CCR No. A-6112

Dear Gary:

Per our discussion, the impact of the imposition of the prevailing wage rates on projects in the State of Kansas is potentially significant.

While it is difficult to make a blanket statement about the impact, we have been made aware of a recent project in the Wichita area that showed a labor cost increase of 17.3 percent due to the prevailing wage rate mandate. General contractors tell us that a labor increase of that magnitude will result in an overall project construction cost increase of 8.5 to 10 percent.

With that assumption, the El Dorado Correctional Facility could be burdened with additional costs of between \$3.6 million and \$4.25 million. That simply reduces the amount available for construction.

I hope that this information is helpful.

Sincerely,

William B. Livingston, AIA

WBL/hp

704/1.6/2.1/WBL/REH

*SWAM
March 29, 1990
Attachment 4*



SUBCOMMITTEE REPORT

Agency: Department of Administration Bill No. 2729, 2607

Bill Sec. 21

Analyst: Duffy

Analysis Pg. No. 455

Budget Pg. No. 22

<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	\$ 21,653,296	\$ 21,363,826	\$ --
Aid to Local Units	1,688,941	1,701,105	--
Other Assistance	<u>32,000</u>	<u>32,000</u>	--
Subtotal-Operating	\$ 23,374,237	\$ 23,096,931	\$ --
Capital Improvements	<u>1,413,797</u>	<u>1,466,149</u>	<u>(57,352)</u>
TOTAL	<u>\$ 24,788,034</u>	<u>\$ 24,563,080</u>	<u>\$ (57,352)</u>
State General Fund:			
State Operations	\$ 20,644,189	\$ 20,382,054	\$ --
Aid to Local Units	--	--	--
Capital Improvements	<u>1,387,997</u>	<u>1,440,349</u>	<u>(57,352)</u>
TOTAL	<u>\$ 22,032,186</u>	<u>\$ 21,822,403</u>	<u>\$ (57,352)</u>
FTE Positions:			
Reportable	420.4	420.4	--
Nonreportable	<u>513.6</u>	<u>513.6</u>	--
TOTAL	<u>934.0</u>	<u>934.0</u>	--

In addition to the reportable budget, the Department of Administration has a nonreportable budget estimate of \$72,689,669 in FY 1990. The Governor recommends a nonreportable budget of \$72,343,277 in FY 1990. The House Subcommittee concurs with the Governor's recommendation for the nonreportable budget.

Agency Request/Governor's Recommendation

A. **Revised FY 1990 Reportable Expenditure Summary.** The revised FY 1990 State General Fund operating budget estimate of \$20,644,189 is a reduction of \$19,179 from the approved General Fund operating budget of \$20,625,010. Also included in the FY 1990 operating budget is the estimated expenditure of \$2,730,048 from special revenue and intergovernmental services funds, an increase of \$268,881 from the approved expenditure level of \$2,762,660. The revised budget includes funding for 420.4 FTE positions which reflects a decrease of 12.6 FTE positions from the 433.0 FTE approved for FY 1990. The Governor's FY 1990 State General Fund operating budget estimate of \$20,382,054 is a reduction of \$242,956 from the approved General Fund operating budget of \$20,625,010. The FY 1990 Governor's recommendation for the operating budget also includes \$742,650 from special revenue funds and \$239,122 from intragovernmental service funds. The Governor's FY 1990 recommendation for the operating budget reflects an increase of 6.4 percent over actual FY 1989 expenditures. The Governor's FY 1990 recommendation would support 420.4 FTE positions, a reduction of 12.6 FTE from the number approved for FY 1990.

*SWAM
March 29, 1990
Attachment 5*

B. Revised FY 1990 Nonreportable Expenditure Summary. The revised FY 1990 nonreportable operating budget estimate of \$67,755,178 reflects an increase of \$1,187,340 over the approved nonreportable operating budget of \$66,567,838. The revised budget includes funding for 513.6 FTE positions which reflects an increase of 13.6 FTE positions over the 500.0 FTE approved for FY 1990. The Governor's FY 1990 nonreportable operating budget estimate of \$67,115,931 reflects an increase of \$548,093 over the approved nonreportable operating budget of \$66,567,838. The Governor's FY 1990 recommendation for the nonreportable operating budget reflects an increase of 4.7 percent over actual FY 1989 expenditures. The Governor's FY 1990 recommendation would support 513.6 FTE positions, an increase of 13.6 FTE over the number approved for FY 1990.

House Subcommittee Recommendations

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

1. Delete \$57,352 from the State General Fund in H.B. 2607 (capital improvements) as recommended by the Joint Committee on State Building Construction. The Subcommittee recommends that this project, which involves completion of renovations to the parking lot at 7th and VanBuren, be financed from the building and ground fund. There are adequate balances in the building and ground fund for this project. The expenditure limitation on this fund is adjusted in H.B. 2729 to reflect increased expenditures of \$57,352.
2. Add an expenditure limitation of \$125,000 to the property contingency fund. Currently, this is a "no limit" fund. (See item No. 5 of the FY 1991 House Subcommittee Report.)
3. Increase the expenditure limitation on the Cafeteria Benefits Fund in H.B. 2729 from \$355,651 to \$407,052 as a technical adjustment to reflect the Governor's recommendation.
4. Decrease the amount lapsed for capital improvement projects in H.B. 2607 from \$300,000 to \$273,165 as a technical adjustment to reflect the Governor's recommendation.
5. The Subcommittee understands that the Governor has created an Office of Children and Families and this office is to be budgeted in the Department of Administration. The Subcommittee believes that a Governor's Budget Amendment to establish a fund for this purpose may be appropriate.

House Committee Recommendation

The House Committee concurs with the House Subcommittee's recommendation.

House Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>House Adj. FY 91</u>	<u>House Rec. FY 91</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 21,363,826	\$ --
Aid to Local Units	--	1,701,105	--
Other Assistance	--	32,000	--
Subtotal Operating	\$ --	\$ 23,096,931	\$ --
Capital Improvements	<u>(57,532)</u>	<u>1,409,579</u>	--
Total	<u>\$ (57,532)</u>	<u>\$ 24,506,510</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ --	\$ 20,382,054	\$ --
Aid to Local Units	--	--	--
Capital Improvements	<u>(57,352)</u>	<u>1,382,997</u>	--
Total	<u>\$ (57,352)</u>	<u>\$ 21,765,051</u>	<u>\$ --</u>
FTE Positions			
Reportable	--	420.4	--
Nonreportable	--	<u>513.6</u>	--
Total	--	<u>934.0</u>	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendations with the following recommendations and comments:


1. The Senate Subcommittee concurs with the financing recommendations from the building and ground fund of \$57,352 in FY 1990 for the removal of asbestos from an existing structure on the parking lot at 7th and VanBuren and \$68,640 in FY 1991 for the annual debt service payment on the property. The Subcommittee understands that the Capitol Area Plaza Authority requested the Division of Facilities Management to research the viability of a multi-story garage and several potential options for the location of a multi-story parking garage, including the lot at 7th and VanBuren. The Subcommittee believes that additional parking around the statehouse is necessary and endorses the concept of a multi-story garage located in close proximity to the Statehouse. The Subcommittee encourages the Capitol Area Plaza Authority to consult with the Joint Committee on State Building Construction and is hopeful that a proposal for a multistory parking facility will be available as soon as possible for consideration by the Legislature.
2. The Subcommittee notes that the Governor created an Office of Children and Families by Executive Order and established a clearing fund in the Department of Administration. The Subcommittee believes

that the Governor should submit a GBA on this item to create this fund in the agency's FY 1990 appropriation bill (H.B. 2729). The Subcommittee recommends that this item be reviewed during the Omnibus Session.

3. The Subcommittee highlights language in H.B. 2729 which provides that the director of accounts and reports shall not make a transfer of \$1,000,000 from the Economic Development Initiatives Fund (EDIF) to the Kansas Basic Enterprise Loan Guarantee Fund of the Kansas Development Finance Authority (KDFA). 1989 H.B. 2020 authorized KDFA to develop and implement the Kansas Basic Enterprises Loan Program and issue bonds to finance program loans. The law created the Kansas Basic Enterprise Loan Guarantee Fund with a "no limit" expenditure limitation. Moneys credited to this fund are to be used by KDFA as security for bonds to be used to finance loans to "Kansas basic enterprises." The 1989 Legislature capitalized this fund by providing that on April 15, or as soon as funds are available, \$1,000,000 is to be transferred from the EDIF to capitalize the Kansas Basic Enterprise Loan Guarantee Fund. The Governor recommends that this transfer not occur. The Subcommittee notes that no agency or individual appeared before the Subcommittee to appeal the elimination of this transfer; therefore, the Subcommittee concluded that the Kansas Development Finance Authority and others impacted by the Legislation do not oppose the elimination of the transfer and the indefinite postponement of this program.



Senator Jim Allen
Subcommittee Chairperson



Senator Paul Feleciano, Jr.

SUBCOMMITTEE REPORT

Agency: Department of Administration Bill No. 2638, 2607

Bill Sec. 6

Analyst: Duffy

Analysis Pg. No. 455

Budget Pg. No. 22

<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	\$ 25,201,408	\$ 22,186,086	\$ (516,000)
Aid to Local Units	1,981,772	4,973,123	--
Other Assistance	<u>32,000</u>	<u>32,000</u>	<u>--</u>
Subtotal-Operating	\$ 27,215,180	\$ 27,191,209	\$ (516,000)
Capital Improvements	<u>1,829,185</u>	<u>676,298</u>	<u>68,640</u>
TOTAL	<u>\$ 29,044,365</u>	<u>\$ 27,867,507</u>	<u>\$ (447,360)</u>
State General Fund:			
State Operations	\$ 23,507,646	\$ 20,068,449	\$ (241,000)
Aid to Local Units	--	--	--
Capital Improvements	<u>1,809,000</u>	<u>656,113</u>	<u>--</u>
TOTAL	<u>\$ 25,316,646</u>	<u>\$ 20,724,562</u>	<u>\$ (241,000)</u>
FTE Positions:			
Reportable	432.2	406.2	3.0
Nonreportable	<u>531.8</u>	<u>527.8</u>	<u>(1.0)</u>
TOTAL	<u>964.0</u>	<u>934.0</u>	<u>(2.0)</u>

In addition to the reportable budget, the Department requests a nonreportable budget of \$74,224,855 in FY 1991. The Governor recommends a nonreportable budget of \$69,480,113. The House Subcommittee recommends a nonreportable budget of \$70,039,351. The House Committee concurs with the House Subcommittee's recommendation. The House Committee of the Whole concurs with the House Committee's recommendation.

Agency Request/Governor's Recommendation

A. **FY 1991 Reportable Budget Summary.** The FY 1991 reportable operating request of \$27,215,180 is an increase of 16.4 percent or \$3,839,943 over the FY 1990 revised operating request of \$23,374,237. The Department's operating budget request includes \$25,201,408 for state operations, \$1,981,772 for aid to local units and \$32,000 for other assistance, grants, and benefits. The FY 1991 salary and wage request of \$14,578,372 would support 432.2 FTE positions, an increase of 11.8 FTE positions from the 420.4 FTE in the agency's revised request for the current year. The agency requests expenditures for capital improvements of \$1,829,185 of which \$1,809,000 is from the State General Fund and \$20,185 is from the Energy Conservation Improvement Fund. The Governor recommends \$27,191,209 for operating expenditures in FY 1991, a 3.8 percent increase over the Governor's FY 1990 recommendation. The Governor's FY 1991 operating budget recommendation includes \$22,186,086 for state operations, a 3.8 percent increase over the Governor's FY 1990 recommendation; \$4,973,123 for federal aid to local units for alcohol and substance abuse programs, and \$32,000 for other assistance, grants, and benefits. The Governor recommends \$676,298 for capital improvements in FY 1991, of which \$656,113 is from the State General

Fund. The Governor's FY 1991 recommendation would support 406.2 FTE, a reduction of 14.2 from the Governor's FY 1990 recommendation.

B. FY 1991 Nonreportable Budget Summary. The FY 1991 nonreportable operating request of \$72,546,345 is an 18.2 percent increase over the FY 1990 revised operating expenditures of \$67,755,178. The operating budget request includes \$64,496,777 for state operations and \$8,049,568 for other assistance, grants, and benefits. The FY 1991 salary and wage request of \$15,612,821 would support 531.8 FTE positions, a net increase of 18.2 FTE positions from the agency's revised request for the current year of 513.6 FTE. Actual expenditures in FY 1989 were \$43,952,696. The agency requests expenditures for capital improvements of \$1,678,510. The Governor recommends \$69,025,119 for nonreportable operating expenditures in FY 1991, a 2.8 percent increase over the Governor's FY 1990 recommendation. The Governor's FY 1991 operating budget recommendation includes \$60,975,551 for state operations, an increase of 2.6 percent over the Governor's FY 1990 recommendation; and \$8,049,568 for other assistance, grants, and benefits. The Governor's FY 1991 salary and wage recommendation of \$15,404,115 would support 527.8 FTE positions, an increase of 14.2 FTE over the number recommended by the Governor for FY 1990. The Governor recommends expenditures of \$454,994 for capital improvements in FY 1991.

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

1. Delete \$465,000 from the State General Fund and the proviso which establishes a salary reserve for the reclassification of licensed practical nurses as part of the Comprehensive Classification and Job Rate Study, pending further review by the Legislature. The Subcommittee is concerned that the appropriation of a salary reserve to the Department of Administration, as recommended by the Governor, is a departure from prior practice of appropriating such funds to the State Finance Council or including the funds in agency budgets. The Subcommittee notes that no mechanism exists to distribute the reserve to agencies which employ licensed practical nurses. Although the Subcommittee is generally supportive of the reclassification of licensed practical nurses, there was no detailed information submitted by the agency about the specifics of this phase of the Comprehensive Classification and Job Rate Study. The Subcommittee understands that a Governor's Budget Amendment may be submitted to distribute the funds among the agencies which employ licensed practical nurses. The Subcommittee believes that the Legislature should revisit this issue to consider a Governor's Budget Amendment or in the alternative consider appropriating a sum to the State Finance Council for distribution.
2. Delete \$75,000 from the State General Fund in the Division of Personnel Services for consulting services for the personnel/payroll component of the Kansas Financial Information Systems (KFIS). The Department of Administration has a State General Fund line-item appropriation, Central Management and Information Systems and Computing Operations Account, which was developed to provide central management and control of systems development within the Department of Administration. All KFIS costs should be budgeted in this account and not in individual division budgets. The Subcommittee concurs with the Governor's recommendation of \$3,478,209 for this account in FY 1991 and believes that costs for KFIS should be funded from that amount.

3. Delete \$31,000 from the State General Fund in the Division of Personnel Services for the statewide advertising campaign concerning drug and alcohol abuse targeted at state employees. The Subcommittee objects to the use of General Fund for this purpose and believes that the drug and alcohol abuse advertising campaign may be a suitable activity for financing from federal alcohol and drug education funds.
4. Add \$330,000 from the State General Fund and 3.0 FTE for the Division of Architectural Services to avoid the layoff of 11 positions. The Governor's recommendation eliminates in-house architectural services. The statutes provide that the Division of Architectural Services may perform in-house services for architectural projects that are below \$250,000 and engineering projects below \$100,000 in value. The Subcommittee concludes that the elimination of this unit would result in agencies contracting with private "on call" architects for all agency projects. The Subcommittee concludes that the use of "on call" architects would be more expensive for the state. In addition, the Subcommittee believes that it is important for the Division of Architectural Services to be involved with in-house design and production. Also, the Subcommittee notes that the Architectural Services Recovery Fund is estimated to generate \$175,000 in FY 1991. The Architectural Services Recovery Fund generates its revenue from a 1 percent assessment on certain state capital projects. The Subcommittee directs the Department of Administration to carefully review the financing of the Division of Architectural Services and report recommendations to the 1991 Legislature. The Subcommittee believes that it may be necessary to generate additional funds to support the Division of Architectural Services, for example, some type of fees for services.
5. Add a \$25,000 expenditure limitation to the Property Contingency Fund and transfer the balance of \$202,733 to the State General Fund. For FY 1992, the Legislature may wish to consider repealing the statute and abolishing this Fund. The purpose for which this fund was created, that is to provide for the use of the funds from the sale of certain state property, has been accomplished. The Subcommittee recommends that the Department study the need for a contingency fund for agency moves and submit a proposal to the Governor and Legislature in 1991. The Subcommittee believes that there may be merit in creating some type of revolving fund for unanticipated moves by state agencies.
6. The Subcommittee recommends an adjustment in the format of the appropriation bill to reflect two line items for the State General fund (i.e. salaries and wages and other operating expenditures) for each of the divisions included in the appropriation bill.
7. The Subcommittee concurs with the Governor's recommendation of \$120,000 from the State General Fund for gubernatorial transition, however, the Subcommittee recommends that these funds be identified in a separate line item in the appropriation bill.
8. Delete \$300,000 from the State Water Plan Fund for data base development as part of the Geographic Information Systems (GIS). The Subcommittee recommends a total of \$200,000 for "start up" costs and recommends that

the GIS Policy Board study this issue and develop options whereby agencies that use GIS will pay for GIS and report back to the 1991 Legislature.

9. Add an expenditure limitation to the Information Technology Fund (\$26,144,948) and the Information Technology Reserve Fund (\$7,663,543). Currently, these are "no limit" funds. The Subcommittee recommends that a proviso be added to each of the line items to allow the agency to exceed the expenditure limitation on either of the line items, as long as total expenditures do not exceed the total for the two funds (\$33,808,491). The Subcommittee acknowledges that there has been considerable legislative concern over the growth of DISC over the last several years. After considerable study, the Subcommittee concludes that DISC has a rigorous rate process and generally DISC rates have decreased, however, agency utilization of information services has increased. The Subcommittee believes that the only way DISC expenditures will be contained is if agencies reduce demand for services. The Subcommittee directs DISC to inform state agencies that the expenditure limitation placed on DISC is intended to limit agency expenditures. DISC should advise agencies to restrict their use of DISC services to FY 1990 levels.
10. Delete \$48,356 from the Information Technology Fund and 1.0 FTE position for an Information Resource Manager associated with GIS.
11. Delete \$68,640 from the State Buildings Operating Fund in H.B. 2607 (capital improvements) and increase expenditures from the building and grounds fund by \$68,640, as recommended by the Joint Committee on State Building Construction. The Subcommittee recommends that this project, which involves debt service on the parking lot at 7th and VanBuren, be financed from the building and ground fund. There are adequate balances in the building and ground fund for this project.
12. The Subcommittee understands that the Governor has created an Office of Children and Families and this office is to be budgeted in the Department of Administration. The Subcommittee believes that a Governor's Budget Amendment to establish a fund for this purpose is appropriate.
13. The Subcommittee understands that the House Appropriations Subcommittee on the State Finance Council recommends the transfer of \$480,000 from the Self-Insurance Reserve Fund to the State General Fund. The Subcommittee concurs with this transfer.
14. The Subcommittee notes the state will receive a substantial increase in federal alcohol and drug abuse funds. For FY 1991, expenditures of federal funds are estimated to be \$4,688,123. Total federal funds for FY 1990 totaled \$1,523,904. The Governor's Assistant on Alcohol and Drug Abuse Programs informed the Subcommittee that a special report to the Legislature describing the Governor's proposal for a statewide drug strategy will be presented to the Legislature within the next several weeks. The Subcommittee notes that the 1989 Interim Committee on Appropriations/Ways and Means recommended that the executive branch appear before the 1990 Legislature "to recommend a coordinated and comprehensive drug strategy, including funding priorities and the estimated impact that programs and funding will have on solving the alcohol and drug abuse problems in Kansas."

- Amend H.B. 2638 as a technical adjustment to reflect the Governor's recommendation for accounting services of \$4,542,473 and a reappropriation of \$44,447.

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation with the following exception:

- Request that the Director of the Division of Personnel Services provide to the Senate a written report which describes the progress and nature of the activities undertaken by the health promotion unit, including current programs and financing, as well as future program plans.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the House Committee's recommendation with the following adjustment:

- Delete \$200,000 from the State Water Plan Fund for GIS. This action deletes the remainder of the Governor's recommendation for GIS in the Department of Administration.

<u>Expenditure Summary</u>	<u>House Adj. FY 91</u>	<u>House Rec. FY 91</u>	<u>Senate Sub. Adjustments</u>
All Funds:			
State Operations	\$ (716,000)	\$ 21,470,086	\$ 161,000
Aid to Local Units	--	4,973,123	--
Other Assistance	--	<u>32,000</u>	--
Subtotal-Operating	\$ (716,000)	\$ 26,475,209	\$ 161,000
Capital Improvements	<u>68,640</u>	<u>744,938</u>	--
TOTAL	<u>\$ (647,360)</u>	<u>\$ 27,220,147</u>	<u>\$ 161,000</u>
State General Fund:			
State Operations	\$ (241,000)	\$ 19,827,449	\$ 61,000
Aid to Local Units	--	--	--
Capital Improvements	--	<u>656,113</u>	--
TOTAL	<u>\$ (241,000)</u>	<u>\$ 20,483,562</u>	<u>\$ 61,000</u>
FTE Positions:			
Reportable	3.0	409.2	--
Nonreportable	<u>(1.0)</u>	<u>526.8</u>	--
TOTAL	<u>2.0</u>	<u>936.0</u>	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation with the following adjustments and comments:

1. Add \$31,000 from the State General Fund for OOE in the Division of Personnel Services to correct an oversight in the House recommendation.
2. Add \$30,000 from the State General Fund for gubernatorial transition expenses for a total of \$150,000. The Subcommittee notes that the 1986 Legislature appropriated \$150,000 for the last gubernatorial transition and actual expenditure were \$142,459.
3. Increase the expenditure limitation on the Property Contingency Fund from \$25,000 to \$150,000 and eliminate the transfer of \$202,733 to the State General Fund. The Senate Subcommittee believes that some type of contingency fund for unanticipated agency moves is necessary. A contingency fund for agency moves allows the Division of Facilities Management flexibility to efficiently move state agencies and effectively use space in state rental buildings. The Senate concurs with the House recommendation that the Department study this fund and recommend a permanent funding source for this contingency fund. The Subcommittee notes that agencies should request budget authority for all anticipated moves and this contingency fund should be used only for situations which could not have been anticipated.
4. The Senate Subcommittee notes that the Governor's recommendation included a total of \$548,356 for an Information Resource Manager (\$48,356) and data base acquisition and development (\$500,000) for a Geographic Information System (GIS). The Senate Subcommittee concurs with the House recommendation to delete all funding for GIS from the Department of Administration's appropriation. The Subcommittee reminds the Committee that a presentation was made to the Committee on GIS and that expenditures for all policy board agencies for FY 1991 through FY 1995 totaled \$7,768,087. The Committee was informed that the Governor intends to recommend \$5 million over the next five years for GIS. The Subcommittee believes that a potential financial commitment of this magnitude should not be made until the Legislature has a greater understanding of the GIS technology and its application to the State of Kansas.
5. Create an Architectural Services Fee Fund with a "no limit" expenditure limitation. The establishment of this fund provides a mechanism whereby the Division of Architectural Services may receive funds to recover the costs of various publications.
6. The Subcommittee notes that the Governor created an Office of Children and Families by Executive Order and recommended the creation of a clearing fund in the Department of Administration's budget. The Governor's recommendation would fund the office from contributions from three executive branch agencies (i.e., Department of Health and Environment (\$2,000), Department of Human Resources (\$25,000) and Social and Rehabilitation Services (\$20,000).) It is the Subcommittee's understanding that additional resources were not added to the three executive branch offices for this purpose. The Subcommittee believes that expenses for this office should be budgeted in the Governor's Office and requests that the Governor consider a GBA on this item. If a GBA is not received, the Subcommittee recommends that during the Omnibus Session the Senate Ways and Means Committee consider the addition of \$47,000 from the State

General Fund to the Governor's Office to fund the Office of Children and Families.

7. The Subcommittee concurs with the House recommendation to delete \$465,000 from the State General Fund for the salary reserve for the reclassification of licensed practical nurses because no mechanism exists to distribute the reserve to agencies which employ licensed practical nurses. The Senate Subcommittee supports the upgrade for LPNs and notes that individual subcommittees considered the inclusion of additional funds in agency budgets during budget review.
8. The Subcommittee wishes to bring to the attention of the full Committee the issue of whether or not an expenditure limitation should be placed on the DISC appropriation. Specifically, the Subcommittee questions the following: (1) should there be an expenditure limitation on DISC appropriations; (2) if the Committee recommends an expenditure limitation, what is the appropriate level of expenditure for the limitation; and (3) should there be any exceptions to the limitation for certain types of expenditure?

The House added an expenditure limitation to the Information Technology Fund (\$26,144,948) and the Information Technology Reserve Fund (\$7,663,543), but allowed the Central Mail Services Fund to retain the "no limit" status. Prior to the House action, the DISC funds were "no limit". The House recommendations for the expenditure limitations reflect the A level budget and assume that agency expenditures for DISC services in FY 1991 will be approximately the same level as expenditures in FY 1990. The House also recommended that a proviso be added to allow the agency to exceed the expenditure limitation on either of the line-items, as long as total expenditures do not exceed the total for the two funds (\$33,808,491).

The Department of Administration appealed the House action and requested that the funds be returned to "no limit". The Department stated that "if the Legislature's goal is to restrict expenditures, that restriction should be placed on agencies. Nothing is accomplished by limiting DISC expenditures when agencies are funded for increased automation." The Department noted that the Legislature may approve several new initiatives for KDOT, SRS, and Revenue. Under the House recommendation, DISC would not have adequate expenditure authority to carry out these initiatives.

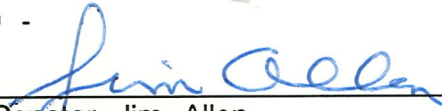
The Senate Subcommittee is frustrated with many of the computer issues and is concerned about the number of recent large, integrated computer applications (i.e., GIS, KFIS, KAECSES, and VIPS), some of which are moving forward without adequate executive and legislative oversight. The Subcommittee believes that DISC's role must be defined regarding the division's regulatory and service responsibilities and duties.

If the Committee approves the concept of an expenditure limitation, the Subcommittee suggests that this issue be revisited during the Omnibus Session when consideration can be given to all legislative action that would impact the DISC budget.

9. Add a proviso to the Federal Drug Abuse Fund line-item to require that the Kansas Bureau of Investigation receive a federal anti-drug abuse grant to finance approximately 75 percent of the amount necessary to finance the Narcotics Strike Force. As recommended by the Senate, the total cost of the Narcotics Strike Force is \$1,111,321.

10. The Subcommittee understands that K.S.A. 75-6508 provides for the collection of an amount from the agencies for the state contribution for persons participating in the state health care benefits program. The Kansas Employee Health Care Commission has determined that such amounts shall include a sum for preventive health care. For FY 1991, the Health Care Commission approved a one dollar per month surcharge for employees enrolled in the group health insurance program with a one dollar per month match by the state. The Subcommittee notes that this results in total receipts to the fund of approximately \$831,240. The Senate Subcommittee reviewed the progress and nature of the activities undertaken by the Health Promotion Unit, including current programs and financing as well as future plans. The Subcommittee was impressed with the program, but believes that the assessment raises more revenue than can be wisely expended. The Subcommittee suggests that the Health Care Commission consider decreasing the one dollar contribution to fifty cents. The reduced assessment could be reflected in revised FY 1991 employee health insurance rates and included in the agency's FY 1991 revised budget submissions.

11. In regard to KFIS (Kansas Financial Information System), the Subcommittee acknowledges that the Department has not requested additional funding in FY 1990 and FY 1991 beyond the Department's current level of appropriation in the Central Management Systems Operations account of \$3,478,209 (SGF). However, the Subcommittee is concerned about increased contract costs associated with KFIS. Specifically, the Subcommittee identifies a change to the Pete Marwick contract which added \$355,359 to the original contract amount of \$3,688,500. The Peat Marwick contract is to be financed over a five year period. Secondly, the Department hired a consultant to supplement the programming involved with KFIS that was originally to be done in-house. The total amount of this sole source contract was \$1,035,090.



Senator Jim Allen
Subcommittee Chairperson

~~Senator Paul Tevendale, Jr.~~

MINORITY REPORT

I concur with the Senate Subcommittee report, except for item 11 which I recommend be changed as follows: (New language underlined)

11. In regard to KFIS (Kansas Financial Information System), the Subcommittee acknowledges that the Department has not requested additional funding in FY 1990 and FY 1991 beyond the Department's current level of appropriation in the Central Management Systems Operations account of \$3,478,209 (SGF). However, the Subcommittee is concerned about increased contract costs associated with KFIS. Specifically, the Subcommittee identifies a change to the Pete Marwick contract which added \$355,359 to the original contract amount of \$3,688,500. The Peat Marwick contract is to be financed over a five year period. Secondly, the Department hired a consultant to supplement the programming involved with KFIS that was originally to be done in-house. The total amount of this sole source contract was \$1,035,090, bringing the total consultant contracts to 5.1 million.

In addition, I recommend that the following new language be added to item 11:

I am concerned because it appears that KFIS costs continue to escalate. In 1989, I was lead to believe that KFIS would cost the state only 3.6 million dollars, and no more. Attached is information provided by the Department of Administration which indicates the agency's data processing costs for the next five years. I encourage the Committee to draw its own conclusions from this information.

I understand that expenditures will increase even further, because KFIS will not meet GAAP (Generally Accepted Accounting Principles) standards nor will KFIS include the dependent care program within this appropriation. The agency requested an additional \$600,000 for the Division of Accounts and Reports for consultant services in order to achieve GAAP compliance. The Governor did not recommend this funding. In regard to the dependent care program, the Chief Fiscal Officer of the Department stated that this program will be implemented within the Department's current appropriation and no additional dollars will be required.

I believe that the legislature must exercise greater oversight over computer acquisition and over DISC, and that computer appropriations need to be studied in greater detail. I recommend creation of a joint legislative committee to oversee computer and technology issues. I also urge the legislature to consider employing a computer consultant responsible, reportable, and accountable to only the legislature, not the executive branch.

DISC, as all other agencies, should be required to advise the legislature in advance of major projects such as KFIS, and should have to estimate all costs (hardware, software, maintenance, programming, personnel, etc.) anticipated within each of these projects.

H.B. 2877, which accomplishes the above stated goals, passed the House on a 118 to 6 vote, is currently in Senate Ways and Means. This legislation should be considered and approved, and, in addition, I call to the Committee's attention H.C.R. 5059 by the House Committee on Governmental Organization. The Resolution was approved unanimously by that Committee, and demonstrates that the House has similar feelings for oversight in this area.

In my opinion, the number and tremendous expense of the many computer "fiascos" experienced by the State indicate that the Legislature must take an active role in the oversight of information technology acquisitions and ongoing operations.



Senator Paul Feleciano, Jr.

Department of Administration
 Report on Data Processing

	FY90	FY91	FY92	FY93	FY94
KIPPS/CASK					
Computer Processing	1,980,452	1,126,698	24,188		
Programming	<u>510,064</u>	<u>250,000</u>	<u>24,188</u>		
Subtotal	2,490,516	1,376,698	24,188		
KFIS*					
Peat Marwick/ISI	67,644	483,540	1,221,064	1,177,432	148,000
Computer Processing	236,404	877,583	1,267,200	1,267,200	1,267,200
Programming/Systems Development	<u>565,121</u>	<u>740,388</u>	<u>965,757</u>	<u>663,809</u>	<u>360,000</u>
Subtotal	869,169	2,101,511	3,454,021	3,108,441	1,775,200
TOTAL	3,478,209	3,478,209	3,478,209	3,108,441	1,775,200
*Prior year costs:	Peat Marwick/ISI:	1,146,419			
	Processing:	18,288			
	Systems Development:	75,046			

The above chart depicts the Department of Administration's current estimates of how its appropriation will move from support of KIPPS/CASK to support of KFIS, which also encompasses the added dimension of computerized purchasing. As actual expenditures occur, it is anticipated that some estimates will shift between categories. For example, DISC's processing and programming rates will fluctuate according to the activities of all other state agencies. It is difficult to predict agency and legislative decisions over the next five years and those decisions will dictate DISC rates, which will in turn determine our costs. All costs are projected in terms of today's dollars, today's rates, and today's demands on DISC. The Department has done this from the inception of the project, believing it the only way to compare costs.

It is equally difficult to predict the precise timing of each expenditure. From the outset, the Department assumed that certain early contractual (i.e. Peat Marwick) expenses would be financed, since the greater dollars would be available in later years, whereas the larger expense would be incurred in the earlier stages of the project. Actual expenditures will vary from the estimates depending on the number of hours Peat Marwick devotes to the project in any given month, which will impact estimated financing charges.

Included in the Peat Marwick/ISI cost is a \$355,000 increase to cover the cost of modifications that were unknown at the time the original contract was signed. [Part of these include incorporation of longevity pay and the requirement that overtime payments be calculated retroactively based on the longevity payment.] Additionally, in the course of developing detailed systems requirements, we discovered that certain modifications to the position control module result in significant processing efficiencies. It seemed wise to

make the one-time investment in order to reduce our processing charges by an estimated \$100,000 annually for the life of the system.

We would like to add a word of caution. It is a mistake to conclude that the dollars invested in KFIS could have been saved had we stayed with KIPPS and CASK. The opposite is true. If the State had made a long-term commitment to KIPPS and CASK, a considerable expenditure would have been required to upgrade the systems software and Unisys hardware (recent proposals from Unisys do not address such a long-term solution). In addition, we would be forced to continue to pay for duplicate equipment operators, floor space and other related costs.

Such expenditures would do nothing to correct the deficiencies of KIPPS and CASK. KIPPS, in particular, causes us grave concern. Inevitably, expenditures equal to or greater than those now associated with KFIS would have been required to replace our central systems, without factoring in the higher costs of operating the Unisys center.

In other words, KFIS is required regardless of which computer it runs on. Running those applications in the IBM-compatible computer center simply reduces the annual processing and programming expenses. As the Diebold Report noted:

“The Sperry Computer Center is more expensive than the IBM Center per transaction, per gigabyte of storage, and per millions of instructions per second (MIPS) ...

“The continuation of the dual vendor approach requires duplication of operational and support resources and results in a divided cost center with some overlapped costs.”

Again, our expenditure projection in future years, as previously mentioned, assumes the status quo:

- DISC rates do not change
- Federal and state requirements do not change
- Annual processing costs = \$1,267,200
- Annual programming costs = \$360,000
- Software maintenance = \$148,000
- This produces a comparative KIPPS/CASK cost of \$2,490,516 in FY 89 to a KFIS cost of \$1,775,200 in FY 94.

In summary, as represented to the 1989 Legislature, the Department expects to complete the KFIS project within existing appropriations (no increase above the 1989 level of appropriation).

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION

State Capitol
Topeka 66612-1572
(913) 296-3011

Shelby Smith, *Secretary*

March 28, 1990

Senator Jim Allen
Room 128-S, Statehouse
BUILDING MAIL

Dear Senator Allen:

I want to briefly reiterate our clarifications and objections to the proposed minority report:

- Last year and again this year, we presented KFIS as a three to five-year project to be accomplished within our current level of appropriations.
- The \$1 million BIT contract is included in our cost projections.
- The \$355,000 increase to the Peat Marwick contract was the result of: (1) programming modifications we requested to reduce on-going computer processing charges (estimated \$100,000 annual savings); (2) programming for federal and state legislation arising after the original contract (examples include longevity pay, group health insurance options and Fair Labor Standards Act overtime calculation requirement); and (3) to supplement work that was to be done by state staff.
- The KFIS project does include provisions for the dependent care deduction.
- The KFIS software fully provides the accounting framework to record GAAP (Generally Accepted Accounting Principles) data. When and if this data is compiled and entered into the KFIS system, it will comply with current GAAP standards. Additional costs would then be required for data collection and accounting consultants.

SWAM
March 30, 1990
Attachment 6

Senator Jim Allen
March 28, 1990
Page Two

Experience with major software projects by other agencies and our experience to date with the KFIS project gives us a full appreciation of the complexity and magnitude of this undertaking. The potential for unanticipated costs always exists in a project of this size. At this point, we are comfortable with our estimates, but we recognize that unforeseen things occur. I want to guard against an overly optimistic or reactive posture on our part. However, as you will recall, we provided to your Subcommittee our February 14th response to the House Appropriations Subcommittee on the Peat Marwick and BIT contracts.

Respectfully,



Shelby Smith
Secretary of Administration

SS:mkr
7934A