

Approved: 3-6-91
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 1:30 p.m. on February 26, 1991 in room 514-S of the Capitol.

All members were present except: Representative Fuller (excused)

Committee staff present:

Ellen Piekalkiewicz, Legislative Research Department
Debra Duncan, Legislative Research Department
Jim Wilson, Revisor of Statutes
Susan Miller, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: see attached list.

HB 2046 - Appropriations for FY92, department of transportation.

Representative Gregory presented the FY91 and FY92 subcommittee reports on the Kansas Department of Transportation (KDOT) (Attachment 1). Representative Helgeson asked if the subcommittee had information on where the cuts would be in the Highway Program if a reduction in funding were enacted. Representative Gregory quoted recent correspondence from Secretary Stotts in which he stated he would have to study the program in light of the magnitude of the possible reduction before taking a position on modification of the Highway Program.

Representative Patrick asked staff to provide a comprehensive breakdown of the computer systems purchases in item #6 specifying if existing software is being purchased or if new programs are being written and who the vendor for the purchases is.

In response to a question, Representative Gatlin stated all the local match dollars on the \$27.4 million in System Enhancements is promised and, it appears, will be forthcoming. Minimum threshold for replacing vehicles in KDOT is 80,000 miles.

Representative Gatlin noted that in looking at year-to-date expenditures for FY91 in this budget, it is difficult to identify savings because of variables such as the weather in performing maintenance projects and construction. An early start in spring could cause a shortage of funds, or a late start, an excess.

Representative Wisdom expressed frustration with KDOT's continued use of reflective sheeting at significant cost to Kansas taxpayers, when he believes paint, or other alternatives, could be used at a much lower cost.

Chairman Teagarden stated he was advised that Kansas charges \$5.00 per permit for an oversized rig to cross Kansas, while Oklahoma charges \$200. Staff advised that the Highway Patrol is surveying other states on this matter and will provide information to the Committee as soon as available. Staff believes a change in rates would require a statutory change.

Representative Gregory moved adoption of the FY91 and FY92 subcommittee reports on KDOT. Representative Mead seconded. Representative Patrick made a substitute motion that \$30 million be transferred out of the State Highway Fund back to the State General Fund. Representative Blumenthal seconded.

Representative Gatlin opposed this action in view of having no information on how a reduction in State General Fund would be implemented. Representative Heinemann opposed the substitute motion noting this large a cut could have an adverse effect on our bond rating and could possibly result in millions in additional interest costs when the bonds are issued. Several members feel the Legislature has an obligation to the taxpayers not to damage the highway program in reducing funds. Additional debate focused on the opposition of some members to using sales tax revenue, which is the source of the \$30 million, versus the traditional fuel tax revenue for roads. On a show of hands on Representative Patrick's substitute motion, the motion carried. Representative Gregory moved adoption of the FY91 and FY92 subcommittee reports, as amended, on the Kansas Department of Transportation. Representative Wisdom seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 1:30 p.m.
on February 26, 1991.

Representative Wisdom moved that HB 2046, as amended, be recommended favorably for passage
Representative Hensley seconded. Motion carried.

INTRODUCTION OF BILLS

Representative Vancrum moved introduction of a bill concerning civil procedure regarding emergency
divorces. Representative Solbach seconded. Motion carried.

The meeting was adjourned at 3:15 p.m. The next meeting is scheduled for Wednesday, February 27 at
1:30 p.m. in 514-S.

SUBCOMMITTEE REPORT

Agency: Department of Transportation

Bill No. 2046

Bill Sec. 2

Analyst: Rothe

Analysis Pg. No. 67

Budget Page No. 564

Expenditure Summary	Agency Req. FY 92	Gov. Rec. FY 92*	Subcommittee Adjustments
All Funds:			
State Operations	\$ 211,062,049	\$ 198,641,952	\$ --
Aid to Local Units	120,889,683	120,889,683	--
Other Assistance	200,000	200,000	--
Operating Expenditures	<u>\$ 332,151,732</u>	<u>\$ 319,731,635</u>	<u>\$ --</u>
Capital Improvements	430,696,444	417,516,561	--
TOTAL	<u><u>\$ 762,848,176</u></u>	<u><u>\$ 737,248,196</u></u>	<u><u>\$ --</u></u>
State General Fund	\$ 87,621,000	\$ 87,600,000	\$ --
FTE Positions	3,326.0	3,293.0	--

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

KDOT's operating budget request for FY 1992 totals \$211,062,049 from the State Highway Fund, an increase of \$16,221,063 above the revised FY 1991 estimate. The request includes \$92,996 for the full-year salaries of 3.0 FTE new positions requested for FY 1991 and \$659,575 for the salaries of an additional 15.0 FTE positions for computer systems development (9.0), public relations (2.0), traffic safety (3.0), and traffic engineering assistance (1.0). The increase also includes \$2,760,286 for other salary adjustments, \$8,324,000 for additional substantial maintenance contracts, \$1,425,264 for contracted repair of roadsides and rest areas, \$1,008,218 for maintenance materials, \$969,315 for capital outlay, \$727,050 for the consolidation of personnel in a proposed new agency headquarters building, and \$284,773 for other operating budget increases. The Governor recommends \$198,641,952 for state operations in FY 1992, a reduction of \$12,420,097 from the agency's request. The reduction includes \$4,545,006 from salaries, \$727,050 for costs associated with the requested consolidation of personnel, \$1,135,111 from repairs, \$4,568,000 from computer system development, \$1,388,304 from capital outlay, and \$56,626 for various other reductions. No new positions are recommended by the Governor.

The agency requests \$121,089,683 for Aid to Local Units and other assistance for FY 1992, an increase of \$5,178,300 above the revised FY 1991 estimate. The Governor concurs with the agency's request.

The agency requests \$430,696,444 for capital improvements in FY 1992, an increase of \$90,049,741 above the revised FY 1991 estimate. The request includes increases of \$96,011,000 for highway construction and improvement projects and \$1,836,780 for contracted inspection services, and

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Attachment 1

a reduction of \$11,546,000 for design and appraisal contracts. The request includes \$536,431 to continue the salaries of 15.0 FTE new positions requested for FY 1991. The agency also requests an increase of \$2,450,392 for overtime pay to maintain with existing personnel an adequate quality control and assurance program of all construction and maintenance materials for certification of construction projects. The Governor recommends a total of \$417,516,561 for capital improvements, a reduction of \$13,179,883 from the amount requested. The reduction includes \$3,857,320 from salaries to reflect benefit and shrinkage adjustments and the deletion of requested new positions, \$1,292,876 from contract inspections, \$189,092 from travel, a deletion in construction financing from the Oil Overcharge Fund (\$3,500,000), \$2,324,000 from capital outlay, \$1,993,871 from capital improvements to KDOT buildings, and \$22,724 from other adjustments.

House Subcommittee Recommendations

FY 1991. The House Subcommittee concurs with the recommendations of the Governor.

FY 1992. The House Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Make technical adjustments in the agency's FY 1992 appropriation bill (H.B. 2046) to conform with the Governor's intent.
2. Concur with the Governor's recommendation to provide \$2,723,096 from State Highway Fund expenditures for capital improvements -- buildings. The Joint Committee on State Building Construction concurred with the Governor's recommendation, which is a reduction of \$1,993,871 from the amount requested.
3. Concur with the Governor's recommendation not to add 18.0 FTE positions in FY 1991 and an additional 15.0 FTE positions in FY 1992. The Subcommittee reviewed the agency's personnel vacancy rate, which has declined from 252.0 FTE on July 1, 1989 to 79.0 FTE on February 11, 1991. The Subcommittee recognizes the difficulty in filling certain technical engineering positions and is satisfied with the progress the agency has made in its attempts to fill positions (vacancies totaled 164.0 FTE when the budget was reviewed in January, 1990). The Subcommittee notes that the percent of FTE positions filled so far in FY 1991 totals 97.4 percent compared to the Governor's recommended shrinkage rate of 4.5 percent for both FY 1991 and FY 1992. The Subcommittee recommends that the shrinkage rate be monitored in case adjustments are needed in the Omnibus Bill.
4. The Subcommittee reviewed the agency's request for vehicle fuel expenditures in FY 1991 and FY 1992 averaging \$1.08 and \$1.12 per gallon for gasoline and \$0.99 and \$1.04 per gallon for diesel fuel. State gasoline purchases do not include state or federal fuel taxes, but diesel purchases include the state diesel tax of \$0.18 in FY 1991 and \$0.19 in FY 1992. Due to the current instability of fuel prices, the Subcommittee recommends no adjustments to the agency's estimate of needed fuel expenditures.

5. The Department has requested 64,305 additional square feet to locate all of its operations into one location. The Subcommittee toured the cramped offices in the Docking State Office Building. The Subcommittee does not recommend any additional space, but asks the Department of Administration, Division of Facilities Management, to review the KDOT request and forward its analysis to the Subcommittee. The House Subcommittee made the same request in 1990, but received no response.
6. The Subcommittee reviewed the agency's six-year plan (FY 1990 to FY 1995) to enhance its computer capabilities. The agency has identified 11 computer system projects to be requested within that timeframe for a total six-year estimated cost of \$29.5 million. The first project approved for FY 1990 (an Executive Information System, \$384,000) has been completed. A second project approved for FY 1990 (a Comprehensive Program Management System, \$1,636,000) has been contracted. The third and fourth projects approved for FY 1991 (a Construction Management System for \$2,503,915, and an Integrated Design and Environment/Right-of-Way System for \$3,232,132) are in the "requirements definition phase". The fifth system requested for FY 1992 (a Financial Management System, \$4,909,985) was not recommended by the Governor. The Subcommittee notes that the completion of new computer systems is progressing within budget, an unusual phenomenon in state government. By splitting the multiyear enhancement of its computer capabilities into smaller pieces, the Department has found that implementation times and costs are much more manageable.
7. The Subcommittee notes that the Governor's current resource budget for FY 1992 includes a freeze on the demand transfer of motor carrier property tax receipts made from the State General Fund. In addition to the current resources budget the Governor recommends the full demand transfer from the State General Fund to the Special City and County Highway Fund, thus restoring \$373,000 to the budget.
8. The Subcommittee discussed the impact of the sales tax demand transfer to the State Highway Fund on the Comprehensive Highway Program. The current transfer of 10 percent of the four percent sales tax rate is estimated to total \$78,100,000 in FY 1992 (approximately 9.6 percent of sales tax collections in Kansas is attributable to the retail sale of new and used vehicles). The Department informed the Subcommittee that a reduction in receipts to the State Highway Fund would have a rippling effect on earnings, and could force the sale of bonds earlier and in larger amounts with more interest costs than currently projected. KDOT is reviewing which specific projects, if any, would be affected by a reduction in revenues.

G. Gregory

Representative Gilbert Gregory
Subcommittee Chair

Fred Gatlin

Representative Fred Gatlin

Bob Mead

Representative Robert Mead