

Approved

March 19, 1991

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson at 11:07 a.m. on March 5, 1991, in Room 123-S of the Capitol.

All members were present except:

Committee staff present:

Diane Duffy, Legislative Research Department
Leah Robinson, Legislative Research Department
Norm Furse, Revisors' Office
Gordon Self, Revisors' Office
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

None

CONTINUATION OF THE SUBCOMMITTEE REPORT ON SB 113 - Appropriations for FY92, agricultural and natural resources agencies

DEPARTMENT OF WILDLIFE AND PARKS

Senator Allen provided the subcommittee reports for FY91 and FY92, (Attachment 1). In regard to the FY92 recommendation 2,b, it was noted that the funding for Prairie Center must be complete by FY93. In answer to a question regarding the possibility of raising fees to fund capital improvement projects, Senator Salisbury stated that the subcommittee's intent was to provide funding for environmental protection programs and to delete major maintenance and nonessential programs from budgets funded through the state general fund.

The Chairman requested that staff determine if federal matching funds are available in FY92 for renovation of Cheyenne Bottoms. Senator Feleciano expressed concern regarding the percentage of the budget allocated to Cheyenne Bottoms and Hillsdale State Park. In response to Senator Gaines' suggestion that fees be restructured to provide funding for the Cheyenne Bottoms and Hillsdale projects, Jack Lacey, Secretary of the Department of Wildlife and Parks, stated that that possibility will be studied after this legislative session. Senator Kerr noted that under current law the EDIF contributes \$2. million annually to the State Water Plan for water related activities. Senator Kerr moved, Senator Winter seconded, that the subcommittee report be amended by shifting the EDIF portion of the \$750,000 for the Hillsdale State Park development to the State Water Plan Fund. The Chairman requested that staff provide a tabulation of EDIF moneys before making this amendment. The motion failed on a show of hands.

In answer to a question, staff noted that the projected total cost of the Hillsdale project is \$14.7 million, \$2.6 million of which has been approved to date.

In answer to an inquiry, Mr. Dick Koerth, Executive Manager, Department of Wildlife and Parks, stated that \$187,500 was appropriated to the Economic Development Special Projects fund in FY91, \$80,000 of which has been spent on the Clinton Resource Study. The remainder of the money has not been committed because of transfer language in the bill which stipulates that the transfer cannot take place before April 1.

Mr. Koerth told the Committee that the Department has \$400,000 available for land purchase, \$285,000 of which was appropriated in FY91 and the remainder reappropriated from prior years. The \$400,000 consists of state general fund moneys, Wildlife Fee Fund moneys, and Non-Game moneys; the last two sources are limited use funds and cannot be used for the Cheyenne Bottoms or Hillsdale projects.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, March 5, 1991.

Questions were raised about the federal aid available for the Hillsdale State Park development. Mr. Koerth stated that federal funds have not been available so far, but the portion of construction costs related to fisheries and wildlife areas may qualify for some type of federal match.

Senator Winter moved, Senator Kerr seconded, that the FY91 and FY92 subcommittee reports be amended by lapsing \$103,000 of the Economic Development Special Projects Fund in FY91 and restoring \$90,000 of that amount in FY92 for Prairie Center. The motion carried on a voice vote.

The Chairman called attention to a \$1.9 million appropriation to the Bone Creek Lake project in the budget of the State Conservation Commission which was reviewed by the Committee on March 4, 1991. He stated that the project is now on hold. It was moved by Senator Feleciano and seconded by Senator Gaines that the subcommittee report be amended by reappropriating the \$1,900,000 for the Bone Creek Lake project to the State Conservation Commission. Senator Winter expressed his concern about reappropriating the money to the agency. Senator Winter offered a substitute motion, Senator Brady seconded to delete the funding for the Bone Creek Lake project from the FY91 subcommittee report. The motion carried on a show of hands.

Senator Allen moved, Senator Harder seconded that the subcommittee report as amended be adopted. The motion carried on a voice vote.

It was moved by Senator Allen, seconded by Senator Gaines that SB 113 as amended be recommended favorable for passage. The motion carried on a voice vote.

SB 99 - Appropriations for FY92, State Board of Tax Appeals, Department of Revenue, Kansas Lottery, Kansas Racing Commission, Department of Commerce, Kansas, Inc., and Kansas Technology Enterprise Corporation

DEPARTMENT OF REVENUE

Senator Harder reviewed the FY91 and FY92 subcommittee reports, (Attachment 2). He noted that the overall reduction in the budget for this agency is 2.2%.

LOTTERY

The subcommittee report for FY91 and FY92 (Attachment 3) was reviewed by Senator Winter. In regard to the third recommendation of the FY92 report (Attachment 3-4), he noted that the Lottery has a high percentage of unclassified employees. In answer to Senator Hayden's question, he stated that 35-40 persons would be changed from unclassified to classified. In discussing item 4 (Attachment 3-4), it was stated that, based on Lottery projections, a net increase of over \$8. million would have to be realized in order to maintain the level of transfer (\$7.5 million) to the State Gaming Revenues Fund. In answer to Senator Brady's concern, staff indicated that expenditures for administrative costs would equate to 19.6% of estimated retail sales.

The Chairman announced that the subcommittee report on SB 99 would be continued March 6, 1991. He distributed Attachment 4, "Geographic Information Systems Budgets," for the Committees' information and adjourned the meeting at 12:19 p.m.

SUBCOMMITTEE REPORT

Agency: Department of Wildlife and Parks

Bill No. 340

Bill Sec. 20

Analyst: Duncan

Analysis Pg. No. 535

Budget Page No. 600

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 21,734,696	\$ 21,418,114	\$ --
Local Aid	300,000	300,000	--
Subtotal -- Oper.	\$ 22,034,696	\$ 21,718,114	\$ --
Capital Improvements	10,590,327	10,410,548	--
TOTAL	\$ 32,625,023	\$ 32,128,662	\$ --
State General Fund:			
State Operations	\$ 4,038,532	\$ 3,902,033	\$ --
Capital Improvements	2,049,025	3,964,755	--
TOTAL	\$ 6,087,557	\$ 7,866,788	\$ --
Economic Development			
Initiatives Fund:			
State Operations	\$ 0	\$ 0	\$ --
Capital Improvements	1,351,315	0	--
TOTAL	\$ 1,351,315	\$ 0	\$ --
FTE Positions	416.0	417.0	--

Agency Request/Governor's Recommendation

1. **State Operations.** The agency estimates that current year expenditures will total \$21,734,696, including \$4,038,532 (19.0 percent) from the State General Fund. The current year estimate reflects a supplemental request totaling \$335,825, which includes \$136,498 (46.0 percent) from the State General Fund. The supplemental request includes an increase of \$253,311 to fund temporary and seasonal position and \$82,514 to reduce shrinkage to 3.0 percent from 3.3 percent. Of the requested amount, \$41,285 would replace reappropriated general revenue funds which were used by the agency to finance FY 1990 salaries and wages. In addition to State General Funds, the agency also requests increase in the Wildlife Fee Fund (\$195,187) and Boating Fee Fund (\$7,140). The current year estimate includes 417.0 FTE positions, the number approved by the 1990 Legislature.

The Governor recommends \$21,418,114 for state operations in FY 1991, a decrease of \$316,582 from the agency estimate. The recommendation includes reductions in salaries and wages (\$235,062); other supplies, materials (\$23,520), and capital outlay (\$58,000). The Governor's recommendation includes an additional \$238,510 for temporary and seasonal employees. The

*SWAM
March 5, 1991
Attachment 1*


additional expenditures would be funded through expenditure limitation increases of \$49,692 to the Wildlife Fee Fund and \$22,849 to the Boating Fee Fund. In addition, \$165,969 in savings resulting from reductions to FY 1991 health insurance rates would be utilized for temporary salaries.

2. **Local Aid.** The agency estimates payments from the federal Land and Water Conservation Fund of \$300,000 and the Governor concurs with the agency estimate.

3. **Capital Improvements.** For FY 1991, the agency estimates capital improvements totaling \$10,590,327, which includes \$1,351,315 from the State General Fund (\$127,725 for land acquisition and \$1,223,590 for reappropriations). The Governor recommends \$10,410,548 for capital improvements in FY 1991, a decrease of \$179,779 from the agency estimate. The decrease represents a shift of \$98,604 in expenditures for state fishing lake development and \$80,575 in expenditures for reservoir development from FY 1991 to FY 1992.

Senate Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor.



Senator Jim Allen
Subcommittee Chair



Senator Alicia Salisbury



Senator Nancy Parrish

SUBCOMMITTEE REPORT

Agency: Department of Wildlife and
Parks

Bill No. 113/112

Bill Sec. 9

Analyst: Duncan

Analysis Pg. No. 535

Budget Page No. 600

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 23,534,240	\$ 21,936,863	\$ (201,488)
Local Aid	215,000	215,000	--
Subtotal -- Oper.	<u>\$ 23,749,240</u>	<u>\$ 22,151,863</u>	<u>\$ (201,488)</u>
Capital Improvements	5,962,150	3,757,179	(200,000)
TOTAL	<u><u>\$ 29,711,390</u></u>	<u><u>\$ 25,909,042</u></u>	<u><u>\$ (401,488)</u></u>
State General Fund:			
State Operations	\$ 4,143,485	\$ 3,803,607	\$ (201,488)
Capital Improvements	705,000	0	--
TOTAL	<u><u>\$ 4,848,485</u></u>	<u><u>\$ 3,803,607</u></u>	<u><u>\$ (201,488)</u></u>
Economic Development			
Initiatives Fund:			
State Operations	\$ 250,000	\$ 0	\$ --
Capital Improvements	250,000	0	500,000
TOTAL	<u><u>\$ 500,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 500,000</u></u>
FTE Positions	\$ 426.0	\$ 417.0	\$ --

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

1. **State Operations.** The agency requests an FY 1992 state operations budget of \$23,534,240, including \$4,143,485 from the State General Fund, \$250,000 from the Economic Development Initiatives Fund (EDIF), and \$19,355,755 from special revenue funds. The request includes increases of \$104,953 from the State General Fund, \$250,000 from the EDIF and \$1,359,591 from other funds over the current year estimate. Major items in the FY 1992 request include \$1,701,870 and an additional 9.0 FTE positions associated with 24 new initiatives.

The Governor recommends \$21,936,863 for state operations in FY 1992, a decrease of \$1,597,377 from the agency request. Reductions occur for new initiatives (\$1,011,701); other salaries and wages (\$474,756); motor vehicle supplies (\$1,556); professional and scientific supplies (\$100); research supplies (\$2,100); and capital outlay (\$109,264). The recommendation also includes an increase in office supplies (\$2,100). The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase,

but these items are excluded from the detailed expenditure estimates for each agency. The Governor recommends \$1,118,825 for temporary and seasonal employees in FY 1992, an increase of \$229,991 from the Governor's FY 1991 recommendation.

2. **Local Aid.** The agency estimates payment of \$215,000 in FY 1992 from the Federal Land and Water Conservation Fund to local units of government to assist in the financing of recreational facilities, a decrease of \$85,000 from the current year estimate of \$300,000. The Governor concurs with the FY 1992 requested expenditure of \$215,000 for local aid.

3. **Capital Improvements.** The agency requests \$5,962,150 for capital improvements including \$705,000 from the State General Fund, \$920,150 from the Wildlife Fee Fund, \$2,500,000 from the State Water Fund, \$250,000 from the EDIF, \$1,500,000 from the Highway Fund, and \$87,000 from other funding sources for 23 capital improvement projects in FY 1992. State Water Plan financing is requested for the continued renovation of Cheyenne Bottoms (\$1,000,000) and the phased development of Hillsdale State Park (\$1,000,000). EDIF funding is requested to develop a land brokerage program for recreational purpose (\$250,000).

The Governor recommends FY 1992 capital improvement expenditures totaling \$3,757,179, including \$770,179 from the Wildlife Fee Fund, \$1,200,000 from the Highway Fund, and \$87,000 for other funds. In addition, the Governor recommends the establishment of a new fund entitled the General Facilities Building Fund to be financed by the dedication of 20 percent of gaming revenue receipts. The Governor recommends that four projects be financed from this Fund: Cheyenne Bottoms (\$500,000); Hillsdale State Park (\$1,000,000); Prairie Center (\$90,000); and a portion of major maintenance (\$110,000). Two of the projects recommended by the agency, state fishing lake development (\$98,604), and reservoir facility development (\$80,575) are financed from funds reappropriated from FY 1991. The Governor does not recommend any financing for the Department's capital improvement request for projects from the State General Fund, the EDIF, or the State Water Fund.

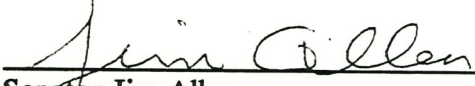
Senate Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor, with the following adjustments:

1. Delete \$201,488 from the State General Fund to reflect a 5.0 percent reduction from the Governor's FY 1991 recommendation.
2. The Subcommittee learned that the Governor's recommendation funds four of the agency's capital improvement projects from the General Facilities Building Fund. The Subcommittee notes that H.B. 2455 would create the General Building Facilities Fund, however, no action has been taken in the house of origin, so the Subcommittee makes the following recommendation for funding these four projects in accordance with current law:
 - a. **Cheyenne Bottoms Renovation.** Shift \$500,000 from the General Facilities Building Fund to the State Water Fund and add an additional \$250,000 from the State Water Fund, increasing the total appropriation for Cheyenne Bottoms from \$500,000 recommended by the Governor to \$750,000. The

Subcommittee believes that funding for this project is essential to protect the environment, and would also enable the agency to access federal matching funds.

- b. **Hillsdale State Park Development.** Delete \$250,000 from the General Facilities Building Fund for a total appropriation of \$750,000, rather than \$1,000,000 recommended by the Governor; and shift the remaining \$750,000 from the General Facilities Building Fund equally between the State Water Fund and the EDIF. The Subcommittee recognizes the importance of both Cheyenne Bottoms and Hillsdale state park and believes that equal amounts should be spent on these projects. The Subcommittee notes that federal matching funds will be available for this project.
 - c. **Major Maintenance.** Delete \$110,000 from the General Facilities Building Fund. The Subcommittee notes that \$175,000 will still be available to the agency through the restricted Wildlife Fee Fund for the most essential maintenance.
 - d. **Prairie Center.** Delete \$90,000 from the General Facilities Building Fund. The Subcommittee notes that the \$90,000 is for the third of four payments to the Nature Conservancy for the grassland area, which is one of the few remaining untouched native grasslands in Kansas. The Subcommittee recognizes the value of this project, however it believes that further payments should be postponed until adequate revenue is available. It is the Subcommittee's understanding that delay of investment will not jeopardize this acquisition.
3. Make technical corrections to the bills as necessary to reflect the Governor's intent.



 Senator Jim Allen
 Subcommittee Chair



 Senator Alicia Salisbury



 Senator Nancy Parrish

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 340

Bill Sec. 11

Analyst: Efird

Analysis Pg. No. 223

Budget Page No. 500

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 51,230,364	\$ 50,800,085	\$ (50,000)
State Aid	9,984,500	9,984,500	--
Other Assistance	2,500,000	2,500,000	--
Total--Operating	<u>\$ 63,714,864</u>	<u>\$ 63,284,585</u>	<u>\$ (50,000)</u>
State General Fund:			
State Operations	\$ 26,996,787	\$ 26,771,993	\$ (50,000)
State Aid	0	0	--
Other Assistance	0	0	--
Total--Operating	<u>\$ 26,996,787</u>	<u>\$ 26,771,993</u>	<u>\$ (50,000)</u>
FTE Positions	1,254.5	1,254.5	--

Agency Request/Governor's Recommendation

For FY 1991, the agency's budget includes a net increase in expenditures for state operations and a net decrease in FTE positions compared with the budget approved by the 1990 Legislature. Estimated expenditures in two areas are increased: capital outlay and commodities. Reductions in contractual services and salaries provide partial financing for the increases in the other two areas, but a net increase of \$70,026 will be required to fully finance state operations expenditures as requested this fiscal year. The 1990 Legislature authorized a total of 18.0 new FTE positions in FY 1991 for the Commercial Driver License unit. In its revised budget, the agency proposes eliminating 25.5 FTE positions in other areas to meet the 1.75 percent reduction.

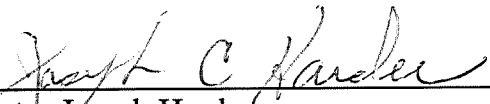
The FY 1991 Governor's recommended budget includes a \$75,000 supplemental from the State General Fund to pay communication and office supply costs attributed to notifying businesses of changes in remission of sales tax proposed by the Governor's plan for broadening the sales tax base. The Governor recommends increasing current fiscal year expenditures for capital outlay by over \$0.5 million and decreasing funds for salaries and contractual services by almost \$1.0 million. An additional increase for purchasing commodities also is contained in the Governor's recommendations. A net reduction of expenditures recommended by the Governor results in decreased financing from the State General Fund and the DOV Operating Fund. One federal fund reflects increased expenditures in FY 1991. Elimination of 25.5 FTE positions as budgeted by the agency and greater salary turnover savings are recommended by the Governor for FY 1991.

SWAM
MARCH 5, 1991
Attachment 2


Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommended expenditures, with the following adjustments in FY 1991:


1. Delete \$75,000 SGF added as a supplemental appropriation for printing and mailing notification about tax increases pending passage of legislation.
2. Add \$25,000 SGF to pay for computer software associated with joining IFTA (International Fuel Tax Association).
3. Consider at Omnibus any additional funding needed for unbudgeted retirements this fiscal year.



Senator Joseph Harder
Subcommittee Chair



Senator Jim Allen



Senator Richard Rock

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 99

Bill Sec. 3

Analyst: Efird

Analysis Pg. No. 223

Budget Page No. 500

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 54,707,233	\$ 52,210,331	\$ (961,772)
State Aid	9,985,000	9,985,000	--
Other Assistance	2,500,000	2,500,000	--
Total--Operating	<u>\$ 67,192,233</u>	<u>\$ 64,695,331</u>	<u>\$ (961,772)</u>
State General Fund:			
State Operations	\$ 28,688,987	\$ 27,272,550	\$ (1,169,772)
State Aid	0	3,000,000	(3,000,000)
Other Assistance	0	0	--
Total--Operating	<u>\$ 28,688,987</u>	<u>\$ 30,272,550</u>	<u>\$ (4,169,772)</u>
FTE Positions	1,254.5	1,249.0	(16.0)

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

The agency's budget request includes a net increase of slightly less than \$3.5 million in state operations expenditures and no change in the number FTE positions compared with the revised current fiscal year request. Three categories of expenditures reflect increases next fiscal year: salaries and benefits, contractual services, and commodities. A reduction in capital outlay expenditures results from the one-time purchases associated with the Commercial Driver License unit in FY 1991. Increases in FY 1992 State General Fund and DOV Operating Fund financing reflect higher expenditures. A decrease in financing from other funds is estimated next fiscal year, primarily due to a reduction in money from the Federal Commercial Motor Vehicle Safety Fund. The number of FTE positions requested is 71.5 FTE fewer than the FY 1990 level, a reduction of 5.4 percent in the agency's FTE workforce.

The Governor's recommended budget includes \$425,000 and 6.0 new FTE positions which are in addition to the current resource budget in FY 1992. The additions in funding and staff would be required in conjunction with the Governor's plan for broadening of the sales tax base. The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency. For salaries and wages, the Governor's recommendations include a net reduction of 5.0 FTE positions and a higher salary turnover rate. All categories of expenditures except capital outlay reflect increases recommended in FY 1992 expenditures. The Governor's FY 1992 recommendation includes payment of \$3.0 million in state aid to counties for

reappraisal, with financing from the State General Fund of \$3.0 million (which would be in addition to the current resources budget).


Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommended expenditures, with the following adjustments in FY 1992:

1. Delete \$3,000,000 SGF for payments to counties in maintaining reappraised valuations and substitute \$3,000,000 from the Economic Development Initiatives Fund (EDIF).
2. Delete \$425,000 SGF and 6.0 FTE positions for implementing the Governor's proposed tax initiatives since no legislation has been passed.
3. Reduce \$208,000 SGF OOE financing and substitute \$208,000 special revenue fund financing from bingo enforcement on a one-time basis.
4. Reduce estimated DISC payments by \$100,790 SGF by assuming FY 1992 rates will be the same as FY 1991 rates.
5. Abolish the Director of Communications position (1.0 FTE) and delete the \$22,415 SGF portion of salary financing. Also recommend bill to unclassify the Director of Administration position which supervises the Division of Operations and to reestablish it as an unclassified Director of Operations position to make consistent that all directors are in the unclassified service, serving at the pleasure of the Secretary.
6. Abolish the Revenue Manager II position (1.0 FTE) in the Collections Division's field enforcement bureau and delete \$45,197 SGF financing for salaries and wages. The Subcommittee considered deleting an additional 19.0 FTE positions (of 46.0 FTE classified as field representatives) and \$567,475 (of \$1,310,341 for field representatives) SGF financing for field enforcement personnel because of the problems described by the agency's study of time utilization of field agents. That study revealed that 12 percent of the field agency's work relates to collections, 4 percent to taxpayer assistance, 12 percent travel time, 57 percent of other (including 21 percent office work, 13 percent break time, 10 percent available in office, etc.), and 15 percent leave time. However, the Subcommittee decided to give the new Secretary of Revenue time to address this situation and to make recommendations about how to deal with the situation.
7. Abolish 12.0 FTE alcohol beverage control positions and reduce \$462,134 SGF financing, of which \$368,262 is salaries and wages and \$93,872 is other operating. Further recommend a bill to transfer remaining law enforcement positions to the KBI. The Secretary presents information about reducing the agency's budget and this area was the first ranked reduction since these personnel do not collect revenues for the state. The Subcommittee believes that the remaining law enforcement personnel should be placed under the jurisdiction of the KBI since their main duties involve law enforcement, not tax collection work. The clerical

functions which involve licensing and collecting fees and taxes should remain with the Department of Revenue.

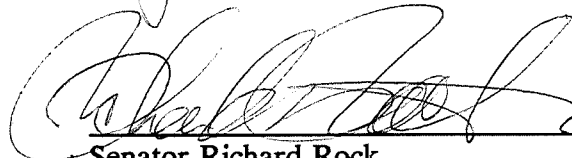
8. Recommend that of the 11.0 FTE positions which the Governor recommends abolishing in PVD, that the agency absorb the loss of 7.0 FTE positions in other areas of the department, and that 4.0 FTE positions be restored in PVD, with financing of \$93,764 SGF added to the salary and wage budget of PVD to partially pay for these positions.
9. Appropriate three clearing fund accounts to assist the State Treasurer: County and City Retailers Sales Tax Clearing Fund; City and County Compensating Use Tax Fund; and County and City Transient Guest Tax Fund.



Senator Joseph Harder
Subcommittee Chair



Senator Jim Allen



Senator Richard Rock

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 340

Bill Sec. 23

Analyst: Efird

Analysis Pg. No. 236

Budget Page No. 432

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
Sales Estimate	\$ 70,000,000	\$ 65,100,000	\$ --
Gaming Fund Transfer	21,000,000	19,530,000	--
All Funds:			
State Operations	\$ 12,756,870	\$ 12,674,939	\$ --
State Paid Prizes	15,400,000	14,125,000	--
Prizes & Retail Commissions	20,180,000	20,180,000	--
Total	<u>\$ 48,336,870</u>	<u>\$ 46,979,939</u>	<u>\$ --</u>
FTE Positions	109.0	109.0	--

Agency Request/Governor's Recommendation

For FY 1991, the agency's revised estimate for the current fiscal year includes a reduction of over \$0.5 million in approved state operations expenditures, but there is no reduction in projected sales of \$70.0 million. Transfers to the State Gaming Revenues Fund (SGRF) in FY 1991 are estimated at \$21.0 million (based on 30.0 percent of gross retail sales). The agency's revised budget includes reductions in expenditures for contractual services and commodities, for an increase in expenditures for capital outlay, and for no change in estimated salaries and benefits. No change is requested in staffing of 109.0 FTE positions. Requested state operations expenditures are 18.2 percent of gross retail sales in FY 1991. The reduction of \$500,000 in FY 1991 administrative costs results from a change in accounting procedures approved by the Division of Accounts and Reports wherein recoveries for telecommunications charges are netted against expenditures when payments from local merchants are received.

For FY 1991, the Governor recommends further reductions in state operations, and reduces estimated sales from \$70.0 million to \$65.1 million for the current fiscal year. The estimate for transfers to the State Gaming Revenues Fund (SGRF) also is reduced from \$21.0 million to \$19.53 million. The Governor's recommendations for the state operations include as a reportable expenditure the \$500,000 of telecommunications expenses budgeted by the agency as non-reportable. As a result, the Governor's recommended funding for contractual services reduces other budgeted amounts by an additional \$515,350 above the agency's revised estimates. No change in staffing level is recommended by the Governor for FY 1991. Recommended state operations expenditures are 19.5 percent of gross retail sales in the current fiscal year.

SWAM

March 5, 1991

Attachment 3

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommended expenditures and financing, based on projected lottery sales for FY 1991, with the following adjustments:

1. As a technical correction, the Subcommittee adds \$500,000 of receipts to the Lottery revenue estimate for FY 1991 to reflect the Governor's recommended expenditure of these funds as both a reportable operating receipt and expense.
2. As an accounting change, classify the July 1991 transfer to the SGRF as a FY 1992 rather than FY 1991 transaction. This action will not reduce the total amount of money transferred to the SGRF, but will allow the fiscal year to be completed by June 30 rather than waiting until later in July to record to Lottery transfer as has been the practice in previous fiscal years. The Subcommittee believes that this is the time to make the change since parimutuel and lottery transfers are running ahead of estimates for this fiscal year, so that FY 1991 transfers should be close to the Governor's estimates even without recording the 12th Lottery transfer to this fiscal year.



Senator Wint Winter, Jr.
Subcommittee Chair



Senator Frank Gaines

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 99

Bill Sec. 4

Analyst: Efird

Analysis Pg. No. 236

Budget Page No. 432

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
Sales Estimate	\$ 73,500,000	\$ 66,600,000	\$ --
Gaming Fund Transfer	22,050,000	19,980,000	--
All Funds:			
State Operations	\$ 14,108,050	\$ 13,034,063	\$ (27,884)
State Paid Prizes	15,995,000	14,650,000	--
Prizes & Retail Commissions	21,356,000	19,160,000	--
Total	<u>\$ 51,459,050</u>	<u>\$ 46,844,063</u>	<u>\$ (27,884)</u>
FTE Positions	109.0	109.0	(1.0)

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

For FY 1992, the agency estimates lottery sales of \$73.5 million next fiscal year. Expenditures for state operations are estimated at \$14.1 million, including a staff of 109.0 FTE positions. Requested state operations expenditures are 19.2 percent of estimated gross retail sales. Transfers to the SGRF in FY 1991 are estimated at \$22.05 million (based on 30.0 percent of gross retail sales). Increased expenditures budgeted for state operations result primarily from increases in salaries and benefits, contractual services, capital outlay and commodities. Among the major items causing increases in total expenditures are requests for \$300,000 to make the first installment on a five-year lease-purchase of a new instant ticket validation system and for \$2.4 million for promoting the Lottery and paying for media advertising.

For FY 1992, the Governor recommends an increase in state operations expenditures of slightly less than \$360,000 and estimates an increase of \$1.5 million in lottery sales. Total sales of \$66.6 million would yield transfers of \$19.98 million for the SGRF in FY 1992. No increase in staff level is recommended. Increased expenditures for additional classified salary funding, certain salary-related fringe benefits, and advertising account for most of the additional expenditures. The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommended expenditures, based on financing and projected lottery sales for FY 1992, with the following adjustments:

1. Delete 1.0 FTE position and \$27,884 for a Public Information Officer unclassified position which is vacant and not authorized by statute.
2. Add \$500,000 as a technical adjustment to the estimated FY 1992 receipts to reflect the Governor's recommended expenditure of these telecommunications expenses as reportable expenses.
3. Recommend introduction of a bill to address the Subcommittee's concern about certain employees in the unclassified service. The Subcommittee recommends that the Administrator of Budget and Finance be authorized in statute as an unclassified position. The Subcommittee further recommends that most unclassified employees of the Lottery be made classified employees, with the exception of those in policy-making positions, as currently identified in statute or proposed changes to be included in this bill.
4. Recommend introduction of another bill to decrease the amount required for transfer to the State Gaming Revenues Fund (SGRF) from 30 percent to 22.5 percent of total sales and to increase the minimum amount required for prizes from 45 percent to 55 percent. The effect of this change should be to increase sales of instant tickets as well as to reduce the percentage for administrative expenses to 17.5 percent, with 5 percent used to pay merchants for selling instant tickets. These changes are not reflected in the Subcommittee's recommended finances and expenditures for the Lottery, but would have to be considered as adjustments to the Lottery budget if the suggested bill passes later this Session.

Lottery Operating Fund Analysis. The revised FY 1991 and FY 1992 budget projects an increase in estimated ending balances after making the technical adjustment adding \$500,000 each fiscal year to the Governor's estimated receipts. In both fiscal years, estimated expenditures will be less than estimated receipts. The following table summarizes the status of the Lottery Operating Fund as recommended by the Subcommittee, including addition of \$500,000 of reportable receipts in FY 1991 and FY 1992 to reflect payments from merchants for a portion of on-line telecommunications charges for lotto:

Resource Estimate	Actual FY 1990	Estimated FY 1991	Estimated FY 1992
Beginning Balance	\$ 1,156,213	\$ 996,920	\$ 1,381,982
Net Receipts	11,241,081	13,060,000	13,360,000
Total Available	<u>\$ 12,397,294</u>	<u>\$ 14,056,920</u>	<u>\$ 14,741,982</u>
Less: Expenditures	11,400,374	12,674,938	13,006,179
Ending Balance	<u><u>\$ 996,920</u></u>	<u><u>\$ 1,381,982</u></u>	<u><u>\$ 1,735,803</u></u>



Senator Wint Winter, Jr.
Subcommittee Chair



Senator Frank Gaines

GEOGRAPHIC INFORMATION SYSTEMS BUDGETS

Agency	FY 91		FY 92		
	Projected (2/90)	Appropriated (5/90)	Projected (2/90)	Agency Budget (9/90)	Governor's Recommendation (1/91)
Biological Survey			\$158,244	\$158,244	
Board of Ag., Div. of Water Resources	\$188,227	\$126,604	194,161	169,370	
Conservation Commission					
Corporation Commission	208,995	168,995	102,000	175,000	175,000
Dept. of Admin., DISC	548,800		551,241		
Health & Environment			142,720	83,722	
Kansas Geological Survey			181,000		
Kansas Legislature				150,096	150,096
Kansas State University			326,373	63,567	
Revenue			57,035		
Transportation	5,000	5,000			
Water Office		500,000	52,470	738,531	620,880
Wildlife and Parks	34,280	34,280	103,960	108,930	108,930
Total	\$985,302	\$834,879	\$1,869,204	\$1,647,460	\$1,054,906

Based on the FY 1992 Annual Implementation Plan prepared January 1991, total out-year costs are ~~are~~ projected as follows:

FY 1993 - \$3,003,573

FY 1994 - \$1,476,764

FY 1995 - \$1,421,182

Attachment 4
 March 5, 1991
 SWAM

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