

June 11, 1991

## MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson at 8:10 a.m. on April 30, 1991, in Room 123-S of the Capitol.

All members were present except:

## Committee staff present:

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

## Conferees appearing before the committee:

None

The Chairman distributed Attachment 1 for the subcommittees to review in their consideration of possible budget cuts for FY92. Prepared by Legislative Research, it outlines new programs and expansions scheduled for implementation in FY92. The Chairman stated that the subcommittees might want to consider postponing implementation of some or all of the programs.

He also distributed and reviewed Attachment 2 which contained a proposal for balancing the budget. He added the following footnotes to paragraph b:

- 1) SB 442 which would accomplish a reduction of the ending balance to 4% is in Senate Ways and Means
- 2) 6.56% was the amount of the demand transfer in statute prior to the enactment of the 1989 highway plan
- 3) adoption of a recommendation to add \$18.-\$20. million to education would mean expenditures would have to be reduced by \$44.2 million

The Chairman told the Committee that if this proposal was adopted, expenditures would have to be reduced by \$24.2 million. If the Committee approved an additional appropriation to education, expenditures would have to be reduced by \$24.2 million plus the amount of the appropriation. Further, if the Committee elected not to reduce the demand transfer to the highway plan, expenditures would have to be reduced by an additional \$28. million.

Senator Rock reviewed details of the tax proposal he introduced in Senate Ways and Means on April 29, noting that it included an increase in income taxes, a 1/4 cent increase in sales tax, and a 4.5% tax on 12 services (listed in Attachment 3). He added that he would want to have language included in the bill that would prohibit the flow of the new taxes into the Highway Fund.

There was discussion about the use of the Highway Fund to finance the Chairman's proposal and about enacting SB 442. Senator Winter voiced his concern that, in conjunction with the proposal, only 40% of the total SGF would be targeted for \$44.2 million in reduced expenditures.

It was Senator Allen's suggestion that the Chairman request leadership to advance Senator Rock's proposal to the Committee of the Whole for debate before causing public alarm with the threat of budget cuts. The Chairman consented, but directed the subcommittees to meet upon the first recess of the Senate and to recommend cuts in the amount of approximately \$90. million.

There was some discussion regarding the allotment system. Staff noted that if SGF balances fall below \$100. million, the Governor has discretionary power, with Finance Council approval, to implement 2% across-the-board cuts.

The Chairman adjourned the meeting at 8:50 a.m.



State "New Programs" (including Expansions) SGF

Inservice education aid increase	\$1,066,25
Parenting education aid increase	1,017,500
K-State; KCT merger "savings"	714,983
Lottery reimburse SGF for central services (\$500,000 transfer July 1, Dec. 1, June 1)	1,500,000
Commerce Dept., 1 position for Rural Dev. Council	35,194
KBI - DNA data bank, 1 position	59,198
KBI - ASTRA Conversion	138,814
KBI - repair + rehab. for headquarters	5,000
Dept. of Administration, cage elevator (\$100,000 also in FY 1993)	100,000
Dept. of Admin., executive aircraft engine overhaul (aircraft may not need. this in FY 1992 - 3,000 hours)	220,000
Judicial Branch, National Center of State Courts study	200,000
Bd. of Indigent Defense Services, legal services. El Dorado inmates	25,000
BIDS - 2.5% salary increase, legal services for Prisoners employees	8,811
Dept. of Ed., Building Based Education Aid	30,000

SRS

HCBS-MR Warner Expansion	1,008,324
30 new Child Protective Service Staff	680,000
Pilot Family MR subsidy Program	600,000
4 new nursing home auditors	70,624
Homecare expansion	1,500,000
2 <sup>nd</sup> Phase, Mental Health Reform	1,531,485
Cash Grant, + \$4.50	2,086,771
Family Children Trust Fund Transfer	191,000
Subtotal - SRS	7,668,204
Requests - General Fee Release FY 1991	776,708
	<u>13,566,037</u>
TOTAL	1,200,000
Transfer to Water Marketing Fund	<u>14,766,037</u>

STATE GENERAL FUND

In Millions

	<u>FY 1992</u>	<u>FY 1993</u>	<u>Projected Increase</u>
Beginning Balance	\$132.6 <sup>a</sup>	\$98.8	
Receipts			
Consensus Est.	2,431.3	2,528.6	4.0%
Transfers and Miscl.	4.2	--	
Total	<u>2,435.5</u>	<u>2,528.6</u>	
Expenditures	2,469.3 <sup>b</sup>	2,502.3	\$33.0 1.3%
Ending Balance	98.8	125.1	
% of Expend.	4.0%	5.0%	Assumes S.B. 442 enacted
Receipts in Excess of Expend.	(33.8)	26.3	

a) Reflects Senate version of the omnibus bill.

b) The following policy assumptions are involved in arriving at this total amount of expenditures: (1) ending balance equal to 4 percent of expenditures; (2) for FYs 1992 and 1993, reduce demand transfer to State Highway Fund from 10 percent to 6.56 percent and adjust other demand transfer statutes to produce same dollar amount as transferred in FY 1991; and (3) reduce other expenditures in the current Senate status by a total of \$24.2 million.

DEMAND TRANSFERS – FY 1992

In Thousands

	<u>Current Law</u>	<u>Dist. Factor</u>	<u>Proposed</u>	<u>Dist. Factor</u>
Income Tax Rebate	\$ 201,000	24.0%	\$ 191,904	22.85%
State Highway Fund	78,249	10.0	51,331	6.56
LAVTRF	38,777	4.5	37,164	4.348
CCRSF	29,461	3.5	28,351	3.368
CCHF	9,500	100.0	9,052	95.0
Water Plan Fund	6,000		5,895	
Workers Comp. Fund	4,000		3,930	
State Fair Cap. Imp.	88		88	
Total	<u>\$ 367,075</u>		<u>\$ 327,715</u> (39,360)	

Kansas Legislative Research Department  
April 29, 1991

91-436c/RWR

SWAM  
April 30, 1991  
Attachment 2

	Annualized	FY 92
Pub warehousing	\$4.269	\$2.668
Arrangement of Pub Trans	\$3.211	\$2.007
Laundries	\$0.398	\$0.249
Beauty Shops	\$10.200	\$6.375
Barber Shops	\$0.04 <sup>465</sup> <del>7</del>	\$0.291
Funeral Services	\$1.898	\$1.186
Misc Personal	\$1.364	\$0.853
Credit Reporting	\$4.731	\$2.957
Mailing, reproduction, and stenographic	\$5.329	\$3.331
Misc Equip Rental & Leasing	\$0.568	\$0.355
Personnel Supply Service	\$15.312	\$9.570
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Total @ 4.25 percent	\$47.327	\$29.842
Total @ 4.5 percent	\$50.110	\$31.597

SWAM  
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 Attachment 3