

Approved: 1-21-92
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 1:30 p.m. on January 15, 1992 in room 541-S of the Capitol.

All members were present except: Representatives Helgerson and Wisdom (both excused)

Committee staff present: Ellen Piekalkiewicz, Legislative Research Department
Debra Duncan, Legislative Research Department
Jim Wilson, Revisor of Statutes
Sue Krische, Administrative Aide
Rose Baker, Committee Secretary

Conferees appearing before the committee:

Gloria Timmer, Director of Budget

Others attending: see attached list.

Chairman Teagarden welcomed new committee member, Representative Denise Everhart and introduced staff to committee members. Chairman Teagarden stated the organization of the subcommittees will be announced at a later date.

It was noted that the Legislative Research staff will be preparing analysis of the Governor's budget recommendations during the next two weeks. A list of agency assignments was distributed to the members.

Chairman Teagarden requested authorization from the committee to introduce the Governor's appropriations bills in the House and have them referred back to the committee for consideration. Representative Chronister moved that Chairman Teagarden introduce the Governor's appropriation bills in the House. Representative Hamm seconded. Motion carried.

Gloria Timmer, Director of Budget, presented an overview of the Governor's FY93 Budget Report. (Attachment 1). Ms. Timmer reviewed the economic indicators favorable to Kansas as noted in Attachment 1. She noted the FY93 recommended State General Fund ending balance is \$109.3 million or 4.0% of expenditures.

During discussion on funding of education K-12, Ms. Timmer stated the Governor's plan provides for a 45.00 average state mill levy for the 1st and 2nd year of the education funding program. In response to questions, Ms. Timmer advised the \$2,016,826,000 in education funding is inclusive of weighting. The committee discussed the utilization by the Governor in her proposed budget of the \$212 million state-wide carryover from the school districts.

Ms. Timmer stated the Governor recommends all positions at the Board of Tax Appeals be retained to deal with the appeal case backlog. Regarding Social Services, the Governor's budget incorporates the use of disproportionate share dollars in the amount of \$68 million in FY92 and \$104 million in FY93.

In reviewing the State Gaming Revenues, the Governor is again recommending the creation of the General Facilities Building Fund (GFBF) utilizing 15% of gaming revenues. The proposed distribution of the remaining gaming revenues would be 65% EDIF and 20% to Corrections.

It was noted the recommended Water Plan Fund Expenditures of \$1,150,000 for the Cheyenne Bottoms is to be matched by the Federal Government. The Governor's Capital Improvement recommendations include bonding of \$4.5 million for the purchase of Marymount in Salina for renovation as a Highway Patrol Training Center and also bonding of the capital project at the Law Enforcement Training Center in Hutchinson.

The meeting was adjourned at 3:10 p.m. The next meeting is scheduled on Thursday, January 16, at 1:30 p.m. in 514-S.

GUEST LIST

COMMITTEE: House Appropriations

DATE: 1-15-92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
KAY COLES	TOPEKA	KNEA
Chuck Tilman	"	KNEA
Melissa New	"	Ks Child Serv League
Susan Ruff	Topeka	Revenue
Jim HAYS	TOPEKA	KASB
Ping Brinyey	"	Washburn University
TED D. AYRES	"	Ks. Board Percents
ERIC Sexton	Wichita	WSC
Ray Hawke	Topeka	Ks Board of Regist
Tom Whitaker	Topeka	Ks Motor Carriers Assn
David Hanglich	Topeka	Ks Rental Ass'n
Jane Stephens	Lawrence	Mary Blumenthal
Dodie Lacey	Topeka	Ks Child. Serv. Ag.
Paul Johnson	"	PACK
Merle Rice	"	KACC
Jerry Sloan	"	OSTA
Chuck Stones	"	KBA
Bill Watts	Topeka	KDOT
Jeff Cohee	Topeka	Intern (Chronister)
Pedro Cerca-Romero	TOPEKA	KACHA
Marilyn Bradt	Lawrence	KINH
STEVE KEARNEY	TOPEKA	PETE McILLHASSER
STERYL SANDERS	TOPEKA	Ks AMU
Jim Gille	Topeka	KACC
LISA Getz	WICHITA	KANSAS ASSOCIATION FOR SMALL BUSINESS

BEV BRADLEY

Topeka

KS Assoc. of Counties

Krista Wardell

Topeka

ASK

State of Kansas

The Governor's FY 1993 Budget Report Overview Presentation

January 1992

*H.A.
1-15-92
Attachment I*

State of Kansas

Economic Performance

Percent Change in Employment, September 1990 to September 1991

<u>Rank</u>	<u>Percent</u>	<u>U.S. Average</u>
16	0.82	(0.68)

Percent Change in Personal Income, Second Quarter, 1990 and 1991

<u>Rank</u>	<u>Percent</u>	<u>U.S. Average</u>
21	4.9	3.7

Percent Change in Building Permits, September 1990 to September 1991

<u>Rank</u>	<u>Percent</u>	<u>U.S. Average</u>
20	(8.0)	(19.0)

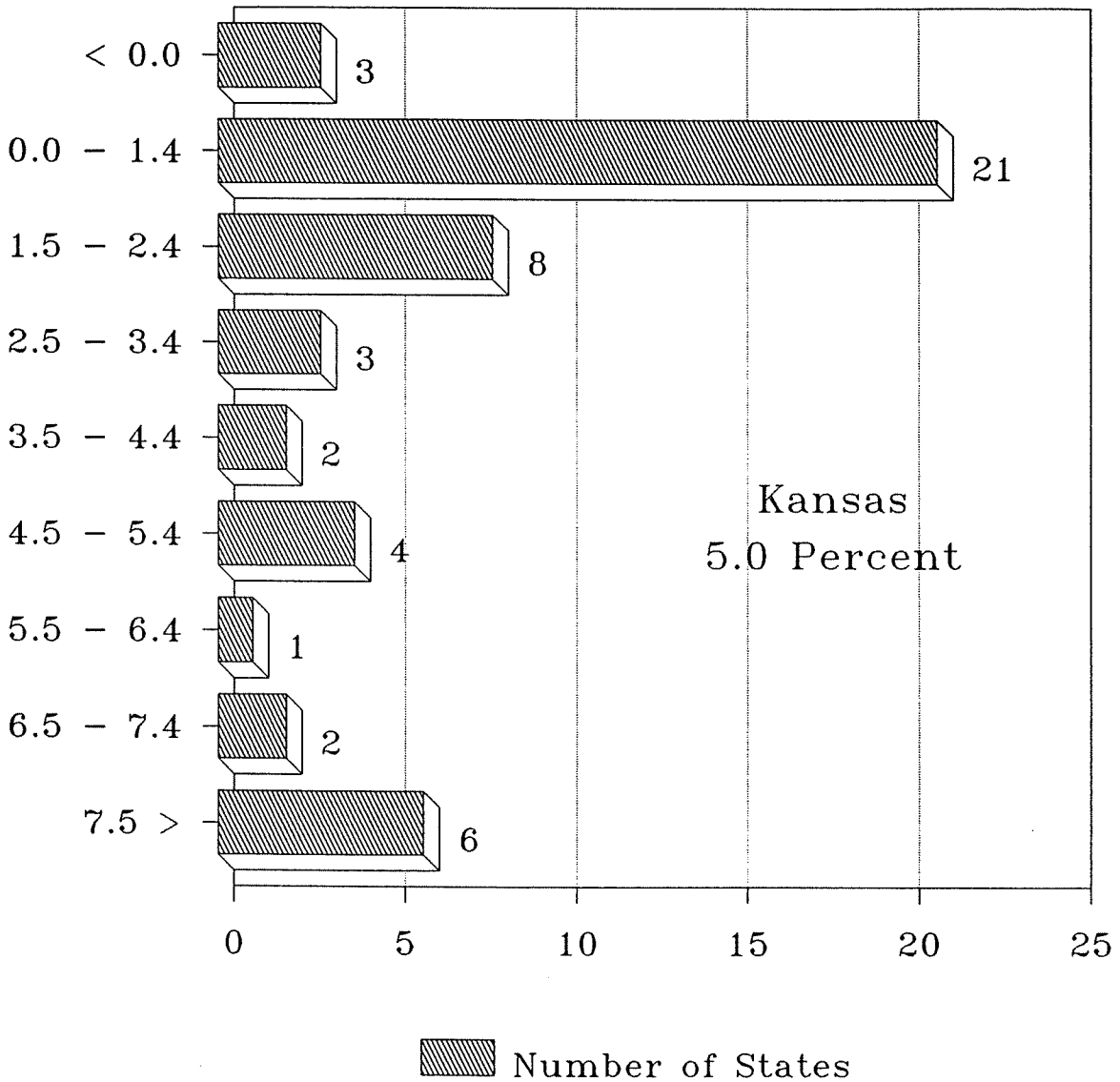
Economic Forecasts

	<u>CY 1991</u>	<u>CY 1992</u>	<u>CY 1993</u>
Personal Income Growth	3.8%	5.7%	6.4%
Inflation (CPI-U)	4.3%	3.7%	3.9%

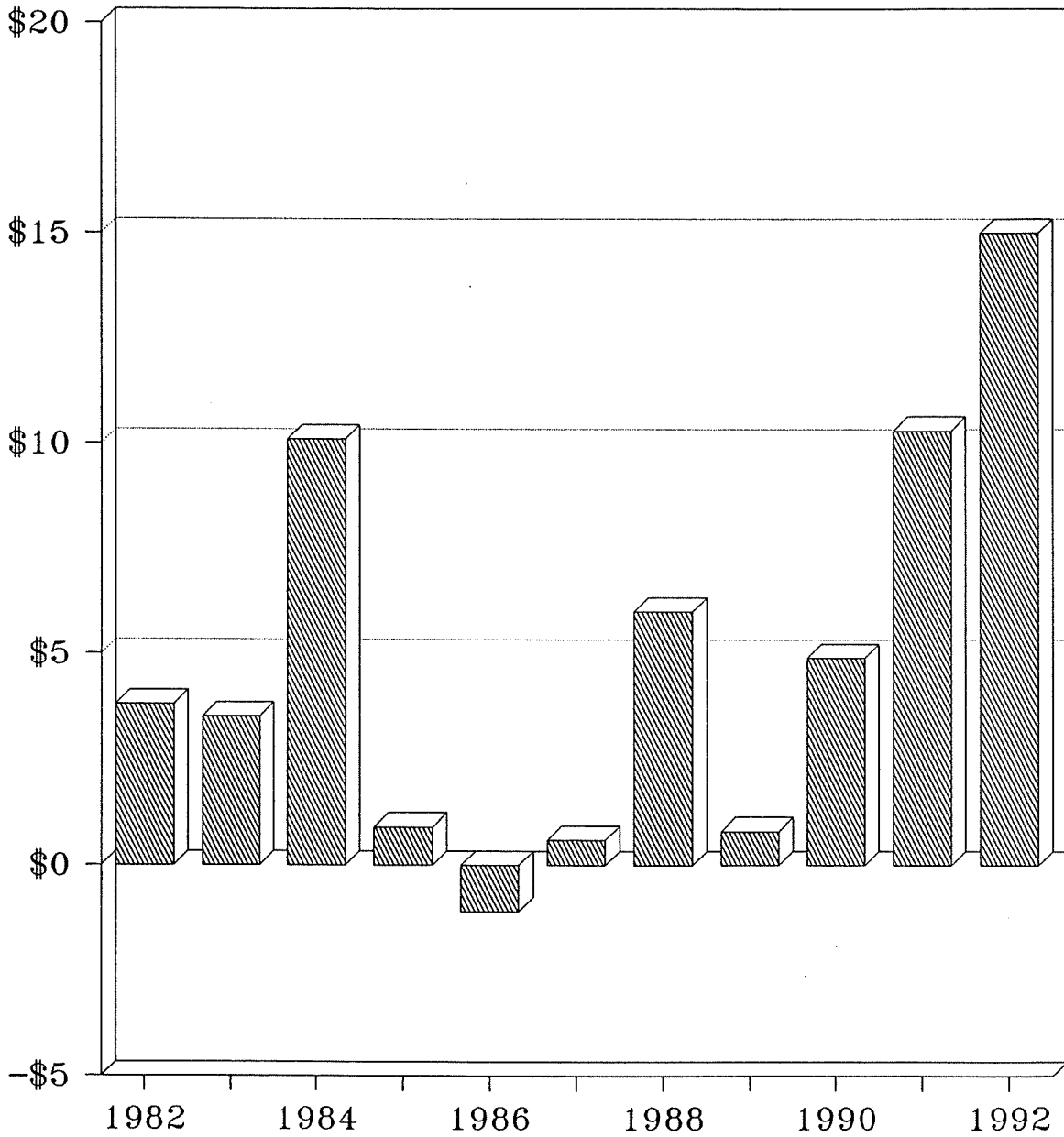
	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Short-term Interest Rates			
91-day treasury bills	7.51%	5.46%	5.30%
Federal Funds	7.27%	5.34%	5.94%
Oil and Gas			
Oil Price (avg. per bbl.)	\$23.40	\$20.00	\$19.00
Production (000 bbls.)	35,359	37,740	33,390
Gas Price (avg. per mcf)	\$1.44	\$1.45	\$1.45
Gas Production (000 mcf)	576,258	585,000	585,000

State Comparison FY 1992 Projected Ending Balances as a Percent of Expenditures

Percent



Total State Tax Increases Enacted Nationwide



Fiscal Year

(in billions of dollars)

State General Fund Revenue Estimate
In Thousands

Source	FY 1991		FY 1992		FY 1993	
	<u>Amount</u>	<u>Percent Change</u>	<u>Amount</u>	<u>Percent Change</u>	<u>Amount</u>	<u>Percent Change</u>
Motor Carrier	\$9,146	(5.6)	\$10,500	14.8	\$11,500	9.5
Income Taxes:						
Individual	\$880,343	2.1	\$940,000	6.8	\$1,010,000	7.4
Corporation	185,320	10.6	167,000	(9.9)	185,000	10.8
Financial Inst	24,497	(28.1)	27,000	10.2	28,000	3.7
Domestic Ins	586	42.2	650	11.0	730	12.3
Total Income Taxes	\$1,090,745	2.4	\$1,134,650	4.0	\$1,223,730	7.9
Inheritance	\$51,185	18.6	\$50,000	(2.3)	\$50,000	0.0
Excise Taxes:						
Retail Sales	\$762,832	4.2	\$795,000	4.2	\$825,000	3.8
Compensating Use	101,392	7.6	102,000	0.6	105,000	2.9
Cigarette	52,776	(2.9)	53,000	0.4	51,000	(3.8)
Tobacco Prod.	1,808	10.4	2,000	10.6	2,200	10.0
Cereal Malt Bev	3,091	(2.4)	3,000	(2.9)	3,000	0.0
Liquor Gall	12,140	1.1	12,600	3.8	12,800	1.6
Liquor Enf	21,225	6.7	22,500	6.0	23,500	4.4
Club, Cat, D.E.	3,775	5.8	4,100	8.6	4,300	4.9
Corporate Fran	9,552	1.1	10,000	4.7	10,200	2.0
Severance	89,364	15.5	81,500	(8.8)	76,600	(6.0)
Total Excise Taxes	\$1,057,955	5.0	\$1,085,700	2.6	\$1,113,600	2.6
Other Taxes:						
Insurance Prem.	\$74,725	12.3	\$77,800	4.1	\$82,400	5.9
Miscellaneous	731	(24.9)	1,000	36.8	1,000	0.0
Total Other Taxes	\$75,456	11.7	\$78,800	4.4	\$83,400	5.8
Total Taxes	\$2,284,487	4.2	\$2,359,650	3.3	\$2,482,230	5.2
Other Revenues:						
Interest	\$61,317	12.3	\$43,900	(28.4)	\$44,400	1.1
Net Transfers	(5,548)	(24.9)	7,600	237.0	(3,526)	(146.4)
Agency Earnings	42,066	11.7	46,000	9.4	45,000	(2.2)
Total Other	\$97,834	(9.4)	\$97,500	(0.3)	\$85,875	(11.9)
Total Receipts	\$2,382,321	3.6%	\$2,457,150	3.1%	\$2,568,105	4.5%

Revenues are the Consensus Estimate with additional net transfers of \$3,674,500 recommended by the Governor in FY 1993

Governor's Budget Priorities

- Property tax relief
- No net statewide increase in the tax burden for Kansans
- Public school finance reform
- Improve the property tax appraisal process
- Maintain or enhance social service programs
- Continue the Comprehensive Highway Program
- Avoid state employee layoffs or furloughs
- Maintain essential state services within existing resources

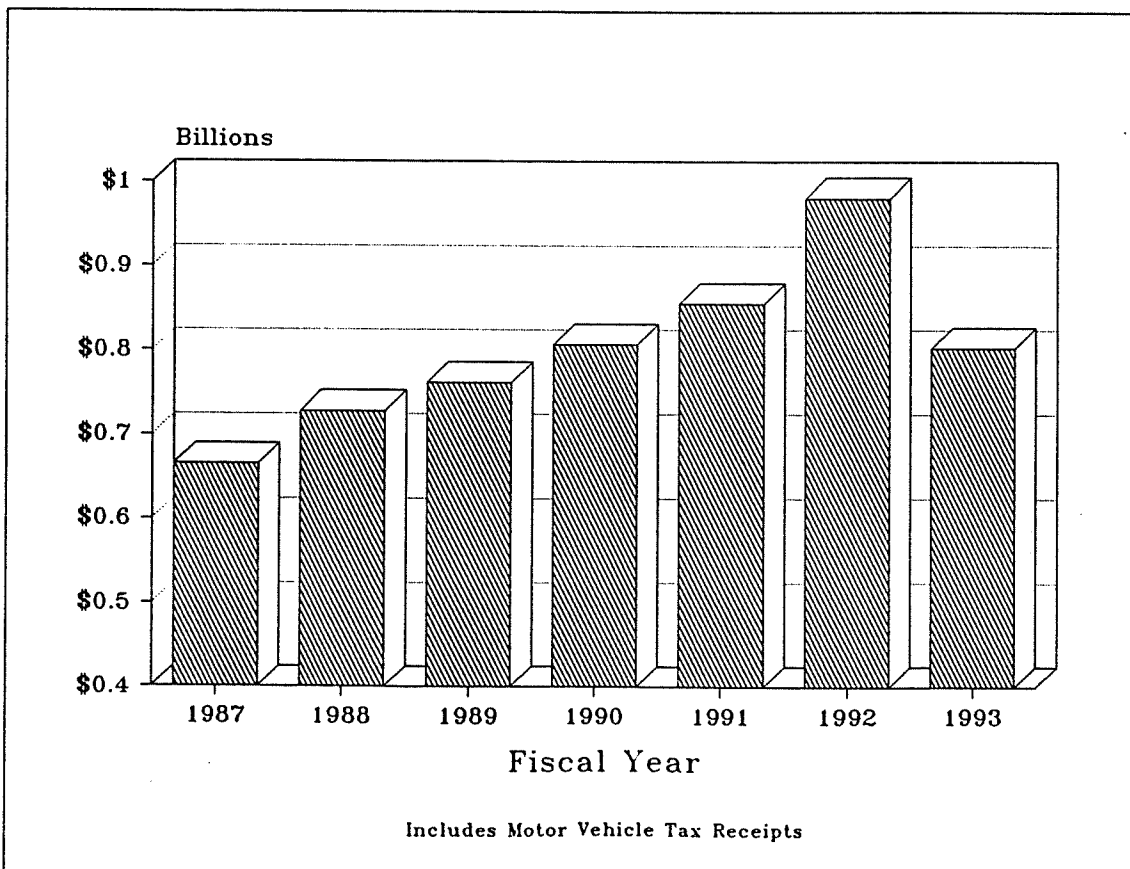
State General Fund Current Resource Summary

	<u>FY 1991</u>	<u>FY 1992 Recommended</u>	<u>FY 1993 Recommended</u>	<u>FY 1994 Estimated</u>
Beginning Balance	\$275.3	\$162.2	\$124.8	\$169.3
Revenues	2,382.3	2,457.2	2,568.1	2,670.8
Total Available	\$2,657.6	\$2,619.4	\$2,692.9	\$2,840.1
Expenditures	2,495.4	2,494.6	2,523.6	2,624.5
Ending Balance	\$162.2	\$124.8	\$169.3	\$215.6
<i>As a Percent of Expend.</i>	<i>6.5%</i>	<i>5.0%</i>	<i>6.7%</i>	<i>8.2%</i>
Rev. Minus Expend.	(\$113.1)	(\$37.4)	\$44.5	\$46.3
Percent Change from Prior Year				
<i>Revenues</i>	<i>3.6%</i>	<i>3.1%</i>	<i>4.5%</i>	<i>4.0%</i>
<i>Expenditures</i>	<i>4.0%</i>	<i>0.0%</i>	<i>1.2%</i>	<i>4.0%</i>

Totals may not add because of rounding.

Property Taxes to Support Local Schools

<u>Fiscal Year</u>	<u>Total (\$ Millions)</u>	<u>Percent Change</u>	<u>Avg/State Mill Levy</u>	<u>Percent Change</u>
1987	665.1	—	51.33	—
1988	728.2	9.5	55.65	8.4
1989	761.9	4.6	53.00	(4.8)
1990	807.4	6.0	49.22	(7.1)
1991	855.9	6.0	52.60	6.9
1992	981.4	14.7	58.66	11.5
1993	803.3	(18.1)	45.00	(23.3)



Total Proposed Resources

in Thousands

<u>Source</u>	<u>FY 1993</u>	<u>Annual</u>
Income Taxes:		
Individual	\$8,500	\$--
Financial Institution	6,500	--
Total Income Taxes	\$15,000	\$--
Excise Taxes:		
Sales and Use	\$105,000	\$133,000
Liquor Enforcement	875	--
Club, Caterer, D.E.	125	--
Severance	6,000	--
Total Excise Taxes	\$112,000	\$133,000
Other Resources:		
Video Lottery	\$30,000	\$50,000
Reduce Balances	60,000	44,500
Total Other Resources	\$90,000	\$94,500
Total Resources	\$217,000	\$227,500

Proposed State General Fund Summary

	<u>FY 1991</u>	<u>FY 1992 Recommended</u>	<u>FY 1993 Recommended</u>	<u>FY 1994 Estimated</u>
Beginning Balance	\$275.3	\$162.2	\$124.8	\$109.3
Revenues	\$2,382.3	\$2,457.2	\$2,564.4	\$2,667.0
Recommended Adjustments	—	—	160.7	194.2
Total Revenue	\$2,382.3	\$2,457.2	\$2,725.1	\$2,861.1
Total Available	\$2,657.6	\$2,619.4	\$2,849.9	\$2,970.4
Expenditures	\$2,495.4	\$2,494.6	\$2,523.6	\$2,624.5
Recommended Adjustments	—	—	217.0	236.6
Total Expenditures	2,495.4	2,494.6	2,740.6	2,861.1
Ending Balance	\$162.2	\$124.8	\$109.3	\$109.3
<i>As a Percent of Expend.</i>	<i>6.5%</i>	<i>5.0%</i>	<i>4.0%</i>	<i>3.8%</i>
Rev. Minus Expend.	(\$113.1)	(\$37.4)	(\$15.5)	\$0.0
Percent Change from Prior Year				
Revenues	3.6%	3.1%	10.9%	5.0%
Expenditures	4.0%	0.0%	9.9%	4.4%

Totals may not add because of rounding.

Public School Finance Reform

- Equal educational opportunity for each student in the state
- Full state funding of local schools
- Uniform state property tax to fund local school operating expenditures
- Pupil weighting formula to establish local school operating budgets
- Uniform state property tax to fund capital improvements
- Funds set aside for unforeseen expenditure needs

Improve Property Appraisal System and Appeal Process

- \$3.0 million in local aid to counties to assist with the continuing cost of property appraisal
- Strengthen state review of county appraisals to ensure that appraisals reflect fair market value and are consistent statewide
- Provide adequate resources for the Board of Tax Appeals to eliminate appeal case backlog by the end of 1993

Social Services Recommendation Highlights

- Expansion of KanWork services to 48 counties
- Benefit increases for AFDC and General Assistance clients
- Enhance social services for children and provide alternatives to foster care
- Improved investigation of adult abuse, neglect and exploitation
- New substance abuse programs to serve women with young children
- Senior Care Act doubled to include six service areas
- Expanded health care for pregnant teenagers
- Funding for all estimated caseload increases

Comprehensive Highway Program

- Maintenance of the funding structure to support the program
- \$494.5 million for capital improvements, including an estimated 490 construction projects
- \$127.7 million for city and county aid for transportation assistance and construction and repair of roads and bridges

State Gaming Revenues Fund Transfers

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Transfers In			
Lottery	\$19,453,470	\$23,300,000	\$21,600,000
Racing	<u>7,577,666</u>	<u>7,337,810</u>	<u>6,571,759</u>
Total	\$27,031,136	\$30,637,810	\$28,171,759
Transfers Out			
EDIF	\$24,328,022	\$27,574,029	\$18,311,643
CIBF	2,703,114	3,063,781	5,634,352
GFBF	<u>—</u>	<u>—</u>	<u>4,225,764</u>
Total	\$27,031,136	\$30,637,810	\$28,171,759

Expenditures from Economic Development Initiatives Fund

	<u>FY 1992</u>	<u>FY 1993</u>
State Water Plan	\$2,000,000	\$2,000,000
Commerce and Housing	8,020,504	8,026,502
KTEC	7,657,588	7,656,130
Education	3,104,000	2,000,000
County Reappraisal	3,000,000	3,000,000
Agriculture	225,000	225,000
Kansas, Inc.	99,462	100,874
Other Agencies	<u>2,633,734</u>	<u>—</u>
Total	\$26,740,288	\$23,008,506

Economic Development Highlights

- Consolidation of SRS and Commerce housing programs in renamed Department of Commerce and Housing
- SKILL Program funding of \$7.0 million for job training
- Establishment of business recruiting office in California
- Creation of matching grants for tourist attraction development
- Funding of \$1.5 million to match federal research and development grants through EPSCoR Program

Education Recommendations

- General Use increase of 3.5 percent for Regents' Institutions
- 4.0 percent increase in the state grant for Washburn University
- Fully fund postsecondary aid for Area Vocational-Technical Schools
- State Aid Increase of 4.0 percent for Community Colleges
- Expansion of the Parent Education Program from 93 to 200 local school districts
- Development of a writing assessment test to augment the current math and reading test to assess student performance accurately
- Funding for continued development of a two-way interactive video classroom at the Department of Education

Water Plan Fund Expenditures

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Conservation Commission	\$7,218,252	\$9,923,821	\$9,930,967
Board of Agriculture	131,223	150,000	195,000
Health and Environment	1,475,774	4,236,287	4,332,219
University of Kansas	200,000	200,000	200,000
Kansas Water Office	552,250	1,781,880	1,068,000
Wildlife and Parks	298,539	1,000,000	1,150,000
Kansas State University	97,044	--	--
Total	\$9,973,082	\$17,291,988	\$16,876,186

Other Budget Highlights

- No statewide layoffs or furloughs
- Funding for AIDS services in three metropolitan and three rural areas
- Additional staff for Health and Environment for monitoring water supplies, enforcing childcare and correcting leaking underground storage tanks
- Funding for operation of all correctional facilities, including Larned and El Dorado
- Provide aid to counties for the upcoming presidential primary
- Additional resources for the Department of Revenue to improve the tax collection process
- Transfer of the Savings and Loan Department responsibilities to the Banking Department
- Establish a state record center in the Historical Society