

Approved: 1-28-92  
Date

## MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 1:35 p.m. on January 21, 1992 in room 541-S of the Capitol.

All members were present except: Representatives Dean, Hamm, Heinemann, Helgerson, and Hochhauser (All excused).

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

Conferees appearing before the committee:

Harold F. Gibbon, Director, Division of Accounts and Reports  
Jack Lacey, Secretary, Department of Wildlife and Parks

HB 2674 - State leave payment reserve fund established for payment of state employee accumulated annual leave or sick leave.

Harold F. Gibbon, Director, Division of Accounts and Reports, presented testimony in support of HB 2674 (Attachment 1). Mr. Gibbon indicated during a period from 1986 through 1990, 2,979 state employees retired. Retiring employees are entitled to full payment for unused vacation and accrued sick leave. Agencies can hold the position of a retiree open long enough to cover the cost of separation pay, but this often poses a problem due to unknown plans of retiring employees; retirement which is at the end of the fiscal year; and a small agency with little flexibility to shift monies.

Mr. Gibbon indicated the Legislative Post Audit report recommended developing a method to begin to fund the existing annual and sick leave liabilities. HB 2674 is recommending a compensated absence percentage surcharge which would be set aside in a "State Leave Payment Reserve Fund". Mr. Gibbon stated that the payroll surcharge rate necessary to fund the FY 1993 payouts is estimated at .41% for annual leave and .18% for sick leave. Director Gibbon proposed amending HB 2674 to set the rate of the leave payment reserve assessment for all state agencies at .77% beginning July 1, 1992.

HB 2675 - Crediting interest to the wildlife fee fund.

Jack Lacey, Secretary, Department of Wildlife and Parks gave testimony regarding the Department of Wildlife and Parks (DWP) crediting interest to the wildlife fee fund (Attachment 2). The DWP receives federal aid in Wildlife Restoration (Pittman-Robertson) and also federal aid in sports Fish Restoration (Dingell-Johnson). Mr. Lacey estimated that the DWP will receive approximately \$5.5 million in federal reimbursable aid through these two programs. This aid must be used for wildlife, fisheries and boating programs only. On May 17, 1989, a new regulation was issued by the U.S. Fish and Wildlife Service, Department of Interior, which requires State fish and wildlife agencies to retain control of the interest earned by hunting and fishing license revenues deposited in State treasuries. The U.S. Fish and Wildlife Service, Department of Interior, provided guidelines for State agencies to follow regarding diversion of funds. State agencies were allowed three years to obtain necessary Legislative approval. Failure to comply with these guidelines will result in the U.S. Fish and Wildlife Service withholding federal aid.

Secretary Lacey stated the State has until May 17, 1992 to pass legislation requiring that interest earned on deposit of license fees to the State Treasury be credited to the Wildlife Fee Fund rather than the State General Fund or lose eligibility for federal aid. The Committee suggested that Chairman Teagarden write a letter to the U.S. Fish and Wildlife Service regarding these guidelines.

Representative Chronister moved approval of the minutes of January 15 and 16, 1992 as written. Representative Wisdom seconded. Motion carried.

The meeting was adjourned at 2:20 p.m. The next meeting is scheduled on Wednesday, January 22, 1992.



DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS

JOAN FINNEY  
Governor

HAROLD F. GIBBON  
Director of Accounts and Reports

January 21, 1992

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Honorable George A. Teagarden, Chairman  
House Appropriations Committee  
Room 514-S, State Capitol  
Topeka, Kansas 66612

Dear Representative Teagarden:

RE: House Bill No. 2674, State Leave Payment Reserve Fund

Pursuant to your letter request of March 14, 1991, the Department of Administration staff conducted a study in the spring of 1991 of alternate methods of budgeting for accumulated annual leave payments for employees terminating state service and sick leave payments for employees terminating state service by reason of retirement. Your letter indicated in that:

"...the Appropriations Committee agreed that requests by various state agencies for added State General Fund appropriations for accrued vacation and sick leave are a recurring problem. Would you, perhaps through the Division of Budget, develop a proposed policy for the Appropriations Committee for systematically funding accrued vacation and sick leave that would be mandatory for state agencies and report your recommendations to the Legislative Budget Committee."

The Departmental study was undertaken to address the problem arising from standing budget instructions from the Division of the Budget to agencies addressing the payout of leave to employees on retirement. Those instructions direct agencies to:

fund payments through management of personnel actions such as scheduling of position vacancies and timing of hiring. Retirement may be financed by savings generated when an approved position shown in the DA-412 at a given salary step has been filled at a lower salary step. If retirement costs cannot be absorbed within the historical shrinkage rate, the shrinkage rate should be adjusted accordingly and fully justified in the DA-400.

Division of Personnel Services records (excluding Regents unclassified employees) indicate that during the period from 1986 through 1990, 2,797 state employees retired, which is an average of 559 retirements per year. The number of retirants, as shown in the Division of Personnel Services table, has declined by 201 or 31% from the 1988 high. This data indicates a potential for variation in numbers of retirants in a given year. The number of retirements during this period by agency is shown in the attached Exhibit "A".

HA  
1-21-92  
Attachment 1

Policies Regarding Separation and Retirement Pay -

Currently retiring employees are entitled to full payment for unused vacation leave as specified in K.A.R. 1-9-13 and to payment for accrued sick leave on retirement as prescribed in K.S.A. 75-5517, i.e.:

UNUSED SICK LEAVE

<u>Accumulation</u>	<u>Years of Service</u>	<u>Compensation for</u>	<u>Max % of Pay</u>
under 100 days (799 hrs)	under 8 years	None	
100, but under 125 days (800 to 999 hrs)	8 or more years	30 days (240 hrs)	30%
125, but under 150 days (1,000 to 1,199 hrs)	15 or more years	45 days (360 hrs)	36%
150 or more days (1,200 or over hrs)	25 or more years	60 days (480 hrs)	40%

Accumulated sick leave pay on retirement is always paid as a lump sum addition to the employees pay due at the same time they are paid for their last day of work. Employees who separate from state service for other than retirement reasons, are not paid for any sick leave balances. For annual leave purposes, employees who retire from state service have an option to either use the last day actually worked as the retirement date and receive a lump sum payment for accrued but unused annual leave in their final paycheck or to elect to run out the time through a last day in pay status. If they select the first option the lump sum vacation leave payment is restricted to the maximum accumulation permitted by K.A.R. 1-9-4. Under the latter option, the employee selects a last day in pay status as a retirement day and continues to receive normal pay (while on leave) until all vacation leave, holiday pay or compensatory time is exhausted while remaining on the payroll. The reason that some employees choose the last option rather than the first option is to meet in service time requirement to receive credit for an additional period or year of service for retirement purposes.

An employee's termination pay is governed by K.A.R. 1-5-23 which provides a formula for calculating an hourly rate of pay. The hourly rate is determined by dividing the monthly rate by the number of full-time work hours in that monthly payroll period. Because the number of hours in the pay period fluctuates from a high of 184 to 160, the final pay of an employee who terminates in a short month will be based on a higher hourly rate than an employee who terminates in a longer month. The resulting hourly rate determined from K.A.R. 1-5-23 can be higher or lower than the same employee's actual hourly rate derived from the employee's annual rate.

As previously stated, attempts have been made in prior years to budget retirement costs as a specific item in the overall salary budgets, but those dollars were often removed and agencies were told to absorb costs in their shrinkage rates.

For the most part, agencies can hold the position of a departing employee open long enough to cover the cost of separation pay, particularly for employees who resign and are due only accumulated vacation leave. Retirees pose a different problem since both vacation and sick leave (up to 60 days) must be paid. This can be particularly difficult when one or more of the following conditions exist:

- a. The retiring employee has not made his or her plans known;
- b. The retirement occurs at the end of the fiscal year;
- c. The employing agency is small with little flexibility to shift monies.

Further complicating this issue is the fact that managers are constrained in inquiring of employees about retirement plans for fear of age discrimination accusations. In other words, budgeting with certainty for separation pay on an employee-by-employee basis is impossible.

A rough statewide estimate of the present value of liabilities for accumulated compensated absence payouts was prepared from employee annual leave, sick leave, years of service and pay rates in the KIPPS records, with estimates for Regents institutions based on multiplying such KIPPS per capita data by the number of Regents institution employees paid in March 1991. Although the cost is shown in total, accounting treatment would separate the total amount to recognize a current liability portion and a General Long Term Debt Account Group (GLTDAG) portion for governmental funds. The entire liability would be recognized in the balance sheet for proprietary funds. Standards for governments for identifying the basis for estimating the value of total liability have not yet been finalized particularly of the sick leave portion. The total estimated book value of such costs are shown in Exhibit B and C.

	<u>Total</u>	<u>Current</u>	<u>GLTDAG</u>
Present value of accrued annual leave payable	\$ 73,430,743#	\$ 4,225,286	\$ 69,205,457#
Present value of accrued sick leave payable on retirement (subject to accrual adjustment for forfeited leave)	<u>40,334,591*</u>	<u>1,760,555</u>	<u>38,574,036*</u>
Total	<u>113,765,334*</u>	<u>5,985,841</u>	<u>107,779,493*</u>
Add: Employers cost for fringe benefits	<u>14,345,809*</u>	<u>864,626</u>	<u>13,481,183*</u>
Total Present Value of Future Liabilities	<u>\$128,111,143#</u>	<u>\$ 6,850,467</u>	<u>\$121,260,676#</u>

# The current year portion is funded and paid from succeeding current year operating appropriations with the balances generally shown in either proprietary funds liabilities or in the General Long Term Debt Account Group.

\* The sick leave liability shown includes the calculated value of leave balances computed at current pay rates, which are subject to change with future pay rate and position changes. Some portion of the stated liability will be used while the employee is still on the payroll and a portion of the balance forfeited because of employee deaths, terminations from service other than retirement and from sick leave on retirement pay at 30% or less on the accumulated balances. The December 30, 1991 exposure draft of the proposed statement on Accounting for Compensated Absences issued by the Governmental Accounting Standards Board sets out several methods for establishing the employers cost for sick leave liabilities. The termination payment method requires the calculation of the historical cost of sick leave paid at termination as a ratio to terminating employees total number of years worked. The result would be a dollar cost per year worked. Then by applying that dollar cost per year worked to the number of employee years worked of all active employees and adding fringe benefit cost a probable future year liability can be estimated. Further study is needed to further refine the recognizable General Long Term Debt Account Group liability for sick leave.

Legislative Post Audit "Auditors" Comments and Recommendations -

The Legislative Post Audit Financial and Compliance Audit Report as of June 30, 1990 indicated that as a result of the State's budget being prepared on a cash basis, payouts of accrued annual and sick leave balances upon employee termination frequently necessitates leaving the position vacant for a period of time to compensate for the unbudgeted expenditures incurred for the termination payout. The Post Audit report further recommends developing a method to begin to fund the existing annual and sick leave liabilities to avoid this condition.

The proposed bill would resolve the problem of uncertainty in retirement dates by providing a funded reserve for such payments thus making agencies costs certain. This procedure would be similar to the procedure used to eliminate the uncertainty and fund state employee workers' compensation claims from accidents in the work place. Any excess balance in the fund would be used to reduce future year cost by annual adjustments to future year rates. This compensated absence percentage surcharge would be set aside in a "State Leave Payment Reserve Fund" and could be used to pay employees for compensated absences, i.e. annual leave and retirement termination sick leave pay as prescribed under K.S.A. 75-5517. In addition, the method of funding compensated absences in the proposed bill through a payroll surcharge would implement the Post Audit recommendation.

Cost estimates used to establish projected rates to fund the leave payments are based on calendar 1990 KIPPS data adjusted for annual 2 1/2% salary increases plus a per capita allowance for Regents universities data and associated employer fringe benefit contributions. There is, however, a concern with that data involving the annual leave liability because of employee options: (1) to take a lump sum payment, or (2) to extend the last day at work to "run out" the leave time period. No data is available for costs of the latter option. Because of the probability of tighter budgets in future years, agencies could take advantage of the special payment provisions to pass termination pay costs on to the "State Leave Payment Reserve Fund".

The tentative cost estimates are \$4,810,000 for annual leave payments for separation from state service and \$2,040,000 for sick leave payments on retirement (including fringe benefit cost of \$860,000) equaling a total cost of \$6,850,000. The estimate of a payroll surcharge rate necessary to fund the full FY 1993 payouts on estimated salaries of \$1,190,260,000 as shown in Exhibit "D" is estimated at .41 percent for all annual leave payments based on historical costs on separation from service and .18 percent for sick leave payments on retirement for a combined rate of .59 percent. However, due to the month to month retirements, which occur more frequently in the period from July through December, the "State Leave Payment Reserve Fund" on the combined annual leave and sick leave basis would not maintain a sufficient cash flow.

The number and percent of retirees and resignations by month are as follows:

<u>Payroll Date</u>	<u>Annual Leave Retirees &amp; Resignations</u>		<u>Sick Leave Retirees &amp; Resignations</u>	
		<u>Percent</u>		<u>Percent</u>
Aug	532	10.69%	17	5.25%
Sep	636	12.78%	36	11.11%
Oct	439	8.83%	24	7.27%
Nov	335	6.73%	11	3.23%
Dec	346	6.93%	39	11.92%
Jan	8	0.16%	1	0.40%
Feb	250	5.03%	9	2.83%
Mar	461	9.27%	36	10.91%
Apr	429	8.63%	36	11.11%
May	441	8.87%	18	5.66%
Jun	568	11.40%	63	19.19%
Jul	<u>532</u>	<u>10.69%</u>	<u>36</u>	<u>11.11%</u>
	<u>4,977</u>	<u>100.00%</u>	<u>326</u>	<u>100.00%</u>

Again, the annual leave rate calculated was based upon historical cost data for termination leave payments. Because employees have the option to either take annual leave on retirement as a lump sum termination pay, or to continue salary payments until

the time runs out, or for special retirement windows to change the numbers of employees retiring at any time, the possibility exists for significant shifts from current cost patterns. Data on frequency or cost of these shifts in practice is not readily available. In addition a particular concern exists where budget reductions could force a transfer of payment obligation from agency operating appropriations to the "State Leave Payment Reserve Fund" created for Termination Leave Payments.

As a result of the potential problem of the cost transfer from agency operating funds to the "State Leave Payment Reserve Fund", the annual leave portion of the termination leave payment was not recommended for inclusion as a payroll surcharge in the June 1991 budget instructions for FY 1993. The FY 1993 budget instructions however did include instructions to agencies for calculating and including a .23 percent surcharge (composed of the projected .18 percent cost plus a .05 percent contingency sum needed to fund the month-to-month cash flow) on gross pay for the sick leave payment on retirement as a cost in the Salary and Wages form, DA-412 for FY 1993 as follows:

"Beginning with FY 1993, all state agencies will need to add to each Salaries and Wages -- DA 412 form a line entitled "Sick Leave Payment Upon Retirement." The FY 1993 rate to be used with the submission of the FY 1993 budget requests is .23 percent of gross salaries. Amounts collected from this calculation will be deposited in a new central account in the Department of Administration, the Sick Leave Payment Upon Retirement Fund. When an employee who is eligible for sick leave pay retires, the agency through the payroll system, will make a claim on the Sick Leave Payment Upon Retirement Fund in the amount owed to the employee. Further instructions on changes to the payroll systems will be forthcoming as FY 1993 approaches.

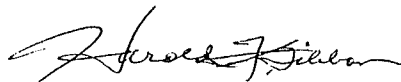
"It is intended that this policy will produce a more orderly, fair and systematic means than presently exists in budgeting for these contingencies. The attachment, incorporating the sick leave payment upon retirement rate, is a replacement page to the Appendix -- Budget Cost Indices distributed June 10."

Future Actions -

Adoption of adjustments to the FY 1993 budgets during the budget review and consideration process by the Legislative staff and the Legislature will be needed to implement this act.

If you have any questions about this information, please let us know.

Sincerely,



Harold F. Gibbon, Director  
Division of Accounts and Reports

HFG:cv

Attachments

Exhibit A

DEPARTMENT OF ADMINISTRATION  
DIVISION OF PERSONNEL SERVICES

NUMBER OF RETIREMENTS BY  
AGENCY FOR FISCAL YEARS

<u>Agency Name</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991 YTD</u>
ADJUTANT GENERAL	1	0	2	0	5	1
AGRICULTURE, BOARD OF	5	17	7	10	3	4
ANIMAL HEALTH DEPARTMENT	2	6	3	0	3	0
ATTORNEY GENERAL	0	0	0	0	1	0
ATTORNEY GENERAL-KANS BUREAU OF INVESTIGATION	0	5	1	1	3	2
BANK COMMISSIONER	1	1	1	2	1	0
BARBER EXAMINERS, BOARD OF	0	0	0	0	1	0
BOARD OF TAX APPEALS	0	0	1	0	1	0
COMMISSION ON CIVIL RIGHTS	0	0	1	0	0	1
COMMISSION ON VETERANS AFFAIRS	0	2	3	3	1	1
CONSUMER CREDIT COMMISSIONER	0	1	0	0	0	0
CORPORATION COMMISSION	2	3	3	4	6	2
CORRECTIONAL-VOCATIONAL TRAINING CENTER	1	0	1	1	1	0
COSMETOLOGY, KANSAS STATE BOARD OF	1	0	0	0	1	0
DEPARTMENT OF ADMIN-DIVISION OF PRINTING	1	4	2	3	4	1
DEPARTMENT OF ADMINISTRATION	15	6	20	13	17	8
DEPARTMENT OF COMMERCE	0	0	0	1	0	0
DEPARTMENT OF CORRECTIONS	2	1	1	3	4	5
DEPARTMENT OF EDUCATION	4	10	8	3	2	3
DEPARTMENT OF HEALTH AND ENVIRONMENT	12	10	13	11	7	8
DEPARTMENT OF HUMAN RESOURCES	20	28	23	16	21	11
DEPARTMENT OF REVENUE	40	37	46	17	23	19
DEPARTMENT OF TRANSPORTATION	73	118	141	49	51	47
DEPT OF CORRECTIONS-CORRECTIONAL INDUSTRIES	0	1	4	0	2	1
DEPT OF SOCIAL AND REHABILITATION SERVICES	54	55	56	40	56	41
DEPT OF SRS-MENTAL HEALTH AND RETARDATION	1	0	0	0	0	0
ELLSWORTH CORRECTIONAL FACILITY	0	0	0	0	1	0
EMERGENCY MEDICAL SERVICES BOARD	0	0	0	1	0	0
EMPORIA STATE UNIVERSITY	5	6	9	5	3	6
FIRE MARSHAL	0	1	0	1	1	3
FISH AND GAME COMMISSION KANSAS	3	10	0	0	0	0
FORT HAYS STATE UNIVERSITY	16	5	4	7	5	6
GOVERNOR	0	0	0	1	0	1
GRAIN INSPECTION DEPARTMENT	0	5	3	2	2	1
HEALING ARTS STATE BOARD OF	2	0	0	2	0	0
HIGHWAY PATROL	10	16	11	19	8	7
HISTORICAL SOCIETY, STATE	0	1	4	4	3	1
INDUSTRIAL REFORMATORY	9	3	3	10	5	3
INSURANCE DEPARTMENT	1	0	3	4	1	3
JUDICIAL BRANCH	29	19	30	31	23	25
KANSAS ARTS COMMISSION	0	0	0	0	1	0
KANSAS COLLEGE OF TECHNOLOGY	1	1	2	1	1	3
KANSAS CORRECTIONAL INSTITUTION AT LANSHING	0	2	2	1	0	0
KANSAS DEPARTMENT OF WILDLIFE AND PARKS	0	0	2	4	7	2
KANSAS NEUROLOGICAL INSTITUTE	9	5	7	8	10	2

Exhibit A continued

DEPARTMENT OF ADMINISTRATION  
DIVISION OF PERSONNEL SERVICES

NUMBER OF RETIREMENTS BY  
AGENCY FOR FISCAL YEARS

Agency Name	1986	1987	1988	1989	1990	1991 YTD
KANSAS PAROLE BOARD	0	1	0	0	0	1
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM	0	2	1	2	1	2
KANSAS SOLDIERS HOME	4	2	3	2	0	0
KANSAS STATE FAIR	2	0	1	0	1	0
KANSAS STATE UNIVERSITY, MANHATTAN	57	42	28	28	28	19
LANING CORRECTIONAL FACILITY	0	0	0	0	0	4
LARNED STATE HOSPITAL	11	13	11	14	16	8
LEGISLATIVE COORDINATING COUNCIL	0	1	0	1	0	1
LEGISLATIVE RESEARCH DEPARTMENT	0	0	0	1	0	0
LEGISLATURE	0	0	0	1	0	32
LIBRARY, STATE	1	0	0	0	0	0
LIEUTENANT GOVERNOR	0	0	0	1	0	0
NORTON CORRECTIONAL FACILITY	0	0	0	0	0	1
NORTON STATE HOSPITAL	8	6	16	7	0	0
NURSING, BOARD OF	1	0	0	1	0	0
OSAWATOMIE STATE HOSPITAL	12	20	20	16	10	3
PARK AND RESOURCES AUTHORITY, STATE	2	4	0	0	0	0
PARSONS STATE HOSPITAL AND TRAINING CENTER	21	9	10	9	11	2
PENITENTIARY, STATE	9	8	5	11	8	0
PITTSBURG STATE UNIVERSITY	14	10	9	6	7	8
RAINBOW MENTAL HEALTH FACILITY	1	1	0	0	0	1
RECEPTION AND DIAGNOSTIC CENTER-KANSAS STATE	2	1	3	4	0	0
REGENTS, BOARD OF	0	0	0	0	1	0
REVISOR OF STATUTES	0	0	0	2	0	0
SAVINGS AND LOAN DEPARTMENT	0	2	1	0	0	0
SCHOOL FOR THE DEAF	2	7	2	5	3	1
SCHOOL FOR THE VISUALLY HANDICAPPED	2	2	0	0	0	1
SECRETARY OF STATE	0	3	0	1	0	0
STATE BOARD OF MORTUARY ARTS	1	0	0	0	0	0
STATE DEPARTMENT OF CREDIT UNIONS	0	0	0	0	0	1
TOPEKA CORRECTIONAL FACILITY - EAST	0	0	0	0	0	5
TOPEKA STATE HOSPITAL	12	17	17	10	12	11
TREASURER, STATE	0	0	0	2	2	0
UNIVERSITY OF KANSAS	26	29	25	20	21	12
UNIVERSITY OF KANSAS-KANSAS CITY CAMPUS	33	41	49	31	15	16
WICHITA STATE UNIVERSITY	21	24	8	9	8	14
WINFIELD CORRECTIONAL FACILITY	0	0	0	0	0	1
WINFIELD STATE HOSPITAL AND TRAINING CENTER	21	9	13	12	12	6
YOUTH CENTER AT ATCHISON	0	4	2	0	2	2
YOUTH CENTER AT BELOIT	2	0	5	3	0	2
YOUTH CENTER AT TOPEKA	2	2	1	1	3	2
TOTAL	587	639	647	478	446	374

EXCLUDES: REGENTS UNCLASSIFIED  
SOURCE: KIPPS DATA AS OF APRIL 17, 1991  
DATE OF REPORT: MAY 6, 1991



STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS

ESTIMATED COMPENSATED ABSENCE LIABILITY  
AS OF 4/26/91

AGENCY NAME	HOURS		ANNUAL LEAVE LIABILITY	SICK LEAVE LIABILITY
	ANNUAL LEAVE BALANCE HRS	SICK LEAVE BALANCE HRS		
Abstracters' Board of Examiners -----	182.00	0.00	\$ 1,047.76	\$ 0.00
Accountancy, Board of -----	0.00	0.00	0.00	0.00
Adjutant General -----	16,573.95	25,976.25	372,660.38	282,985.20
State Council on Vocational Education -----	267.50	0.00	4,223.08	0.00
Aging, Department on -----	3,634.25	2,944.25	53,791.98	18,663.60
Agriculture, Board of -----	44,466.00	120,146.00	622,711.58	471,315.60
Animal Health Department -----	3,578.00	6,905.25	39,024.38	23,049.60
Commission on Civil Rights -----	4,511.14	4,798.20	62,486.85	20,751.60
Attorney General -----	5,961.50	3,679.00	87,416.60	16,866.00
Kansas Bureau of Investigation -----	23,860.00	53,116.50	370,846.56	244,233.60
Bank Commissioner -----	7,250.50	7,216.25	108,435.99	40,344.00
Kansas Board of Barbering -----	380.00	1,128.00	5,014.45	4,179.60
Behavioral Sciences Regulatory Board -----	377.00	1,674.00	4,695.80	5,598.00
Healing Arts, State Board of -----	2,382.30	0.00	29,108.27	0.00
Civil Air Patrol, Department of -----	56.00	0.00	450.80	0.00
Comm. on Bicentennial of U.S. Const. -----	0.00	0.00	0.00	0.00
Corporation Commission -----	24,600.50	32,982.00	349,520.78	158,073.60
Correctional Vocational Training Center -----	0.00	0.00	0.00	0.00
Corrections Ombudsman Board -----	669.20	0.00	10,091.56	0.00
Cosmetology, Kansas State Board of -----	1,265.25	2,525.00	12,324.52	5,792.40
Credit Unions, State Department of -----	1,567.00	4,889.00	24,375.62	20,377.20
Crime Victims Reparations Board -----	0.00	0.00	0.00	0.00
Dental Board -----	174.00	1,505.25	2,136.57	3,884.40
Dept. of Adm. - Division of Printing -----	11,747.25	24,098.75	147,105.45	99,141.60
Department of Administration -----	91,412.50	141,829.50	1,293,401.26	692,443.20
State Finance Council -----	0.00	0.00	0.00	0.00
Kansas Development Finance Authority -----	262.00	0.00	3,175.09	0.00
Ellsworth Correctional Work Facility -----	14,724.75	4,504.50	168,798.02	19,041.60
State Board of Mortuary Arts -----	543.00	847.00	6,762.23	4,036.80
Emergency Medical Services Board -----	1,718.50	4,683.50	23,519.15	16,032.00
Fire Marshal -----	4,549.55	6,796.05	59,011.49	28,551.60
Fort Hays State University -----	170,396.46	296,164.08	2,113,860.24	1,161,119.88

## Exhibit B

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS

ESTIMATED COMPENSATED ABSENCE LIABILITY  
AS OF 4/26/91

AGENCY NAME	HOURS		ANNUAL LEAVE LIABILITY	SICK LEAVE LIABILITY
	ANNUAL LEAVE BALANCE HRS	SICK LEAVE BALANCE HRS		
Kansas Public Disclosure Commission -----	1,015.00	0.00	13,901.80	0.00
Governor -----	1,314.25	1,967.00	20,738.91	11,422.80
Grain Inspection Department -----	16,214.25	59,498.50	202,767.03	218,455.20
Department of Health and Environment -----	81,266.55	172,822.00	1,191,688.01	766,434.00
Hearing Aid Dispensers, Board of Examiners - Department of Transportation -----	125.25	0.00	395.38	0.00
Highway Patrol -----	440,800.25	1,492,753.00	5,698,517.14	5,552,091.60
Historical Society, State -----	113,855.00	378,487.50	1,583,774.39	1,500,207.60
Hutchinson Correctional Work Facility -----	14,277.00	27,109.25	170,865.10	109,428.00
Department of Human Resources -----	12,489.25	4,574.50	144,629.01	16,406.40
Department of Commerce -----	113,166.25	189,938.00	1,557,567.98	847,742.40
Kansas Correctional Institution at Lansing - Hutchinson Correctional Facility -----	10,514.50	5,117.80	148,471.98	19,894.80
Youth Center at Topeka -----	0.00	0.00	0.00	0.00
Youth Center at Beloit -----	40,391.50	32,464.00	474,434.90	136,323.60
State Board of Indigents' Defense Services - Insurance Department -----	24,720.75	37,486.00	277,932.31	140,700.00
Interstate Cooperation Commission -----	12,224.00	20,687.00	130,748.13	72,454.80
Judicial Council -----	7,134.00	2,553.25	104,877.79	9,945.60
Youth Center at Atchison -----	15,726.00	34,205.50	223,377.88	181,617.60
Kansas Arts Commission -----	0.75	0.00	45.00	0.00
Kansas, Inc. -----	684.00	2,087.60	12,218.88	11,938.80
Kansas Neurological Institute -----	14,239.75	24,377.75	159,347.76	86,641.20
Kansas Public Employees Retirement System -- Kansas State University -----	1,322.30	1,099.50	18,039.06	5,461.20
Kansas State University -----	456.75	0.00	8,812.84	0.00
Kansas Technology Enterprise Corporation --- State Fair Board -----	74,522.01	64,589.70	772,551.53	223,318.80
Emporia State University -----	7,815.50	14,803.50	101,533.98	72,064.80
Pittsburg State University -----	868,574.07	1,509,658.36	10,775,131.08	5,918,659.46
Kansas Wheat Commission -----	827.75	0.00	17,625.78	0.00
Lansing Correctional Facility -----	1,947.50	5,552.00	27,776.02	22,452.00
Larned State Hospital -----	153,295.74	266,441.52	1,901,716.56	1,044,591.72
	146,170.44	254,057.12	1,813,323.36	996,038.32
	881.00	2,903.00	12,069.72	12,312.00
	75,686.75	60,634.00	866,022.68	202,453.20
	101,637.47	75,794.75	1,174,167.86	286,944.00

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS

ESTIMATED COMPENSATED ABSENCE LIABILITY  
AS OF 4/26/91

AGENCY NAME	HOURS		ANNUAL LEAVE LIABILITY	SICK LEAVE LIABILITY
	ANNUAL LEAVE BALANCE HRS	SICK LEAVE BALANCE HRS		
Legislative Coordinating Council -----	1,551.50	1,108.00	22,918.71	4,496.40
Legislative Research Department -----	5,308.00	16,145.50	105,373.13	86,961.60
Legislature -----	3,240.50	6,018.00	37,205.17	16,048.80
Legislative Educational Planning Committee - Library, State -----	0.00	0.00	0.00	0.00
Lieutenant Governor -----	2,562.25	4,231.75	36,284.90	17,955.60
Kansas Lottery -----	71.00	851.25	800.97	2,244.00
Credit Commissioner, Consumer -----	10,593.25	2,232.50	121,731.95	6,806.40
Nursing, Board of -----	1,142.00	1,604.00	15,668.18	5,076.00
Optometry Examiners, Board of -----	2,020.75	933.00	28,051.65	4,651.20
Osawatomie State Hospital -----	14.50	0.00	397.42	0.00
Parsons State Hospital and Training Center - Department of Corrections -----	70,921.75	75,079.00	803,691.93	265,618.80
DOC - Kansas Correctional Industries -----	59,450.43	72,357.50	632,230.42	239,173.20
Kansas Parole Board -----	54,041.56	66,412.07	721,868.36	276,753.60
Penitentiary, State -----	9,261.50	6,632.50	117,292.00	30,378.00
Pharmacy, Board of -----	1,286.30	0.00	27,461.46	0.00
Post Audit, Division of -----	0.00	0.00	0.00	0.00
Kansas Public Broadcasting Commission -----	726.25	1,401.00	11,866.73	5,040.00
Real Estate Commission -----	2,986.75	6,273.50	60,420.45	33,014.40
Reception and Diagnostic Center, Kansas State Kansas Racing Commission -----	3.00	0.00	105.00	0.00
Rainbow Mental Health Facility -----	1,420.00	882.00	16,851.27	3,640.80
Regents, Board of -----	0.00	0.00	0.00	0.00
Tax Appeals, Board of -----	2,824.50	0.00	36,478.30	0.00
Revenue, Department of -----	11,886.21	8,214.50	162,997.80	51,778.80
Revisor of Statutes -----	2,685.50	11,138.50	53,066.29	60,237.60
Norton Correctional Facility -----	2,174.75	1,356.75	29,304.00	8,054.40
Norton State Hospital -----	140,949.25	189,775.00	1,690,633.33	685,460.40
Savings and Loan Department -----	3,500.75	14,416.00	74,671.60	93,205.20
School for the Visually Handicapped -----	27,310.80	18,422.50	301,718.13	65,593.20
School for the Deaf -----	0.00	0.00	0.00	0.00
	583.50	826.00	8,438.43	3,825.60
	3,772.26	2,122.50	43,759.70	6,603.60
	6,208.50	29,174.05	73,377.34	101,638.80

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS

ESTIMATED COMPENSATED ABSENCE LIABILITY  
AS OF 4/26/91

AGENCY NAME	HOURS		ANNUAL LEAVE LIABILITY	SICK LEAVE LIABILITY
	ANNUAL LEAVE BALANCE HRS	SICK LEAVE BALANCE HRS		
Secretary of State -----	5,225.00	3,365.25	61,656.55	12,867.60
Securities Commissioner of Kansas, Office of Kansas Sentencing Commission -----	3,555.00	4,129.50	58,514.32	19,995.60
Social and Rehabilitation Services -----	603.25	0.00	12,296.87	0.00
Conservation Commission, State -----	447,588.31	444,242.15	5,070,570.11	1,772,326.80
Kansas Soldiers Home -----	1,151.50	1,837.50	14,738.46	10,046.40
Department of Education -----	0.00	0.00	0.00	0.00
Kansas College of Technology -----	25,881.50	63,402.00	408,069.27	291,691.20
Topeka Correctional Facility - East -----	14,492.25	25,995.75	183,469.04	103,260.00
Technical Professions, State Board of -----	24,586.28	28,110.20	309,242.74	117,258.00
Topeka State Hospital -----	1,025.00	3,479.70	11,581.54	8,359.20
Treasurer, State -----	73,988.25	75,826.25	860,893.53	311,943.60
Judicial Branch -----	4,189.75	2,868.50	43,213.66	9,181.20
University of Kansas -----	192,078.64	320,636.40	2,154,893.57	1,013,686.80
University of Kansas Medical Center -----	842,108.67	1,463,659.16	10,446,813.48	5,738,318.26
Commission on Veterans Affairs -----	549,462.42	955,014.16	6,816,378.48	3,744,160.76
Veterinary Examiners, Board of -----	21,890.25	27,585.75	195,581.43	68,733.60
Kansas Water Office -----	166.25	0.00	2,374.27	0.00
Kansas Department of Wildlife and Parks -----	3,497.50	6,509.50	65,681.92	40,635.60
Winfield Correctional Facility -----	65,899.68	221,462.00	887,480.65	815,780.40
Winfield State Hospital and Training Center - Wichita State University -----	9,473.75	3,728.00	106,135.79	17,436.00
	98,550.55	61,040.50	997,710.43	216,806.40
	314,836.47	547,213.56	3,905,716.68	2,145,366.66
<b>GRAND TOTAL</b>	<b>5,919,155.26</b>	<b>10,267,783.63</b>	<b>\$ 73,430,743.72</b>	<b>\$ 40,334,591.46</b>

## Exhibit C

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS

ESTIMATED COMPENSATED ABSENCE LIABILITY  
ON RESIGNATIONS AND RETIREES  
FOR FISCAL YEAR 1993

AGY NO.	AGENCY NAME	ANNUAL LEAVE BALANCE HRS	SICK LEAVE BALANCE HRS	ANNUAL LEAVE LIABILITY	SICK LEAVE LIABILITY
016-00	Abstracters' Board of Examiners -----			\$	\$
028-00	Accountancy, Board of -----				
034-00	Adjutant General -----	932.03	240.00	11,994.02	6,007.05
036-00	State Council on Vocational Education -----				
039-00	Aging, Department on -----	12.83		171.32	
046-00	Agriculture, Board of -----	1,446.41	360.00	17,743.71	4,898.13
055-00	Animal Health Department -----	401.88		5,416.13	
058-00	Kansas Human Rights Commission -----	203.61		2,347.73	
082-00	Attorney General -----	462.54		6,103.50	
083-00	Kansas Bureau of Investigation -----	1,264.98		20,886.40	
094-00	Bank Commissioner -----	745.25		8,712.22	
100-00	Kansas Board of Barbering -----	205.22		3,661.05	
102-00	Behavioral Sciences Regulatory Board -----				
105-00	Healing Arts, State Board of -----	79.63		1,143.44	
118-00	Civil Air Patrol, Department of -----				
125-00	Comm. on Bicentennial of U.S. Const. -----				
130-00	Ks. Comm. on the Future of Health Care, Inc -				
143-00	Corporation Commission -----	2,679.86	840.00	46,433.79	13,474.27
147-00	Corrections Ombudsman Board -----	40.62		684.63	
149-00	Cosmetology, Kansas State Board of -----	333.48	240.00	4,810.80	3,632.96
159-00	Credit Unions, State Department of -----	284.31		4,678.14	
160-00	Crime Victims Reparations Board -----				
167-00	Dental Board -----				
172-00	Dept. of Adm. - Division of Printing -----	643.98	480.00	8,866.35	7,759.62
173-00	Department of Administration -----	4,265.48	720.00	51,610.15	10,330.03
174-00	State Finance Council -----				
176-00	Kansas Development Finance Authority -----	111.69		1,130.27	
177-00	Ellsworth Correctional Work Facility -----	1,158.09		11,047.00	
195-00	El Dorado Correctional Facility -----				
204-00	State Board of Mortuary Arts -----				
206-00	Emergency Medical Services Board -----	59.86		837.61	
234-00	Fire Marshal -----	13.89		91.42	
246-00	Fort Hays State University -----	9,124.05	3,091.58	114,324.38	51,120.38
247-00	Kansas Public Disclosure Commission -----				
252-00	Governor -----	781.86		11,286.25	
258-00	Grain Inspection Department -----	320.92	480.00	3,283.62	5,467.92
264-00	Department of Health and Environment -----	5,455.11	1,080.00	78,178.37	24,522.66
266-00	Hearing Aid Dispensers, Board of Examiners -				
276-00	Department of Transportation -----	20,277.50	12,719.00	260,192.89	203,309.49
280-00	Highway Patrol -----	3,965.94	2,760.00	57,790.07	57,625.99
288-00	Historical Society, State -----	692.88		6,950.85	

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS

ESTIMATED COMPENSATED ABSENCE LIABILITY  
ON RESIGNATIONS AND RETIREES  
FOR FISCAL YEAR 1993

AGY NO.	AGENCY NAME	ANNUAL LEAVE BALANCE HRS	SICK LEAVE BALANCE HRS	ANNUAL LEAVE LIABILITY	SICK LEAVE LIABILITY
296-00	Department of Human Resources	5,623.18	1,440.00	70,168.14	23,619.60
300-00	Department of Commerce	1,313.34		24,477.29	
313-00	Hutchinson Correctional Facility	4,788.68	360.00	47,811.14	5,541.33
319-00	Youth Center at Topeka	1,590.97		13,237.74	
325-00	Youth Center at Beloit	893.02		8,608.47	
328-00	State Board of Indigents' Defense Services	666.42		11,406.31	
331-00	Insurance Department	878.05		9,027.75	
333-00	Interstate Cooperation Commission				
349-00	Judicial Council				
355-00	Youth Center at Atchison	1,149.81		9,985.76	
359-00	Kansas Arts Commission				
360-00	Kansas, Inc.				
363-00	Kansas Neurological Institute	5,481.67	840.00	51,565.22	14,042.26
365-00	Kansas Public Employees Retirement System	707.57	600.00	8,023.88	8,166.22
367-00	Kansas State University	47,137.86	15,913.07	590,637.37	263,492.26
371-00	Kansas Technology Enterprise Corporation	135.21		1,594.84	
373-00	State Fair Board	66.54		770.60	
379-00	Emporia State University	8,261.37	2,799.27	103,514.98	46,286.94
385-00	Pittsburg State University	8,087.63	2,740.40	101,338.09	45,313.54
391-00	Kansas Wheat Commission				
400-00	Lansing Correctional Facility	4,198.95	720.00	45,535.87	10,350.16
408-00	Larned Correctional Mental Health Facility				
410-00	Larned State Hospital	6,582.47	2,400.00	81,955.60	37,682.59
422-00	Legislative Coordinating Council				
425-00	Legislative Research Department				
428-00	Legislature	637.03	360.00	13,000.78	10,942.38
431-00	Legislative Educational Planning Committee				
434-00	Library, State	103.14		683.51	
446-00	Lieutenant Governor				
450-00	Kansas Lottery	553.66		5,175.97	
454-00	Credit Commissioner, Consumer				
482-00	Nursing, Board of				
488-00	Optometry Examiners, Board of				
494-00	Osawatomie State Hospital	6,258.88	2,040.00	71,406.09	27,850.74
507-00	Parsons State Hospital and Training Center	3,360.98	1,560.00	36,398.59	19,878.41
521-00	Department of Corrections	4,814.89	800.00	60,768.89	11,612.06
522-00	DOC - Kansas Correctional Industries	1,008.99	1,240.00	15,156.70	22,451.66
523-00	Kansas Parole Board	474.57	360.00	8,444.47	3,719.78
531-00	Pharmacy, Board of				
540-00	Post Audit, Division of				
548-00	Kansas Public Broadcasting Commission				

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS

ESTIMATED COMPENSATED ABSENCE LIABILITY  
ON RESIGNATIONS AND RETIREES  
FOR FISCAL YEAR 1993

AGY NO.	AGENCY NAME	ANNUAL LEAVE BALANCE HRS	SICK LEAVE BALANCE HRS	ANNUAL LEAVE LIABILITY	SICK LEAVE LIABILITY
549-00	Real Estate Commission	51.30		547.33	
553-00	Kansas Racing Commission	483.65		8,597.79	
555-00	Rainbow Mental Health Facility	865.91		10,339.14	
561-00	Regents, Board of	188.12		2,302.89	
562-00	Tax Appeals, Board of	53.98		428.60	
565-00	Revenue, Department of	9,168.53	5,160.00	100,565.28	70,074.29
579-00	Revisor of Statutes				
581-00	Norton Correctional Facility	1,252.68	480.00	13,283.46	6,962.58
585-00	Norton State Hospital				
597-00	Savings and Loan Department				
604-00	School for the Visually Handicapped	70.54	360.00	652.00	10,894.70
610-00	School for the Deaf	88.45		642.71	
622-00	Secretary of State	8.55		55.48	
625-00	Securities Commissioner of Kansas, Office of	146.43		1,692.29	
626-00	Kansas Sentencing Commission				
628-00	Social and Rehabilitation Services	34,750.91	6,248.00	331,524.56	91,719.89
634-00	Conservation Commission, State	114.37		1,165.10	
640-00	Kansas Soldiers Home				
652-00	Department of Education	1,790.58	1,320.00	31,997.21	33,072.77
660-00	Topeka Correctional Facility - East	1,067.03	488.00	13,021.96	6,771.33
663-00	Technical Professions, State Board of				
664-00	Topeka State Hospital	5,026.77	960.00	64,400.56	9,393.41
670-00	Treasurer, State	197.74		3,135.41	
677-00	Judicial Branch	1,758.19		159,578.52	
682-00	University of Kansas	45,698.14	15,484.28	572,597.75	256,038.27
683-00	University of Kansas Medical Center	32,470.37	11,002.20	406,853.68	181,925.46
694-00	Commission on Veterans Affairs	1,425.03	240.00	12,034.09	4,237.82
700-00	Veterinary Examiners, Board of				
709-00	Kansas Water Office				
710-00	Kansas Department of Wildlife and Parks	3,587.30	1,800.00	47,724.77	26,278.17
712-00	Winfield Correctional Facility	824.08		8,198.40	
713-00	Winfield State Hospital and Training Center -	8,039.84	1,680.00	87,214.06	27,653.70
715-00	Wichita State University	17,211.69	5,831.98	215,662.47	96,433.92
GRAND TOTAL		337,078.97	108,237.78	\$ 4,225,285.68	\$ 1,760,554.73

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS  
SCHEDULE OF ESTIMATED DIRECT SALARY COMPENSATION

FISCAL YEAR 1993  
BASED ON FY 1990 ACTUAL SALARIES & WAGES  
EXPENDITURE OBJECTS 1000 - 1790  
INCREASED BY 2.5% PER YEAR TO FY 1993

AGENCY NO.	AGENCY NAME	PROJECTED FY 1993 SALARIES & WAGES FY 1990 BASE WITH 2.5% ADDED PER YR
016-00	Abstracters' Board of Examiners -----	13,024.43
028-00	Accountancy, Board of -----	64,620.82
034-00	Adjutant General -----	3,506,558.35
036-00	State Council on Vocational Education -----	76,208.85
039-00	Aging, Department on -----	926,733.68
046-00	Agriculture, Board of -----	9,130,567.11
055-00	Animal Health Department -----	743,561.88
058-00	Kansas Human Rights Commission -----	1,083,986.87
082-00	Attorney General -----	2,042,443.68
083-00	Kansas Bureau of Investigation -----	5,277,122.63
094-00	Bank Commissioner -----	2,064,541.35
100-00	Kansas Board of Barbering -----	65,354.49
102-00	Behavioral Sciences Regulatory Board -----	103,707.27
105-00	Healing Arts, State Board of -----	494,763.05
118-00	Civil Air Patrol, Department of -----	8,705.67
125-00	Comm. on Bicentennial of U.S. Const. -----	0.00
130-00	Ks. Comm. on the Future of Health Care, Inc -	0.00
143-00	Corporation Commission -----	6,626,164.97
147-00	Corrections Ombudsman Board -----	147,042.09
149-00	Cosmetology, Kansas State Board of -----	175,975.68
159-00	Credit Unions, State Department of -----	369,533.19
160-00	Crime Victims Reparations Board -----	0.00
167-00	Dental Board -----	41,385.83
172-00	Dept. of Adm. - Division of Printing -----	2,538,069.56
173-00	Department of Administration -----	22,297,304.12
174-00	State Finance Council -----	127.07
176-00	Kansas Development Finance Authority -----	127,269.95
177-00	Ellsworth Correctional Work Facility -----	4,406,394.91
195-00	El Dorado Correctional Facility -----	*
204-00	State Board of Mortuary Arts -----	81,194.16
206-00	Emergency Medical Services Board -----	415,056.31
234-00	Fire Marshal -----	1,038,521.99
246-00	Fort Hays State University -----	22,025,891.85
247-00	Kansas Comm. on Govt. Standards and Conduct -	162,957.32
252-00	Governor -----	884,656.81
258-00	Grain Inspection Department -----	3,731,117.84
264-00	Department of Health and Environment -----	20,364,794.01
266-00	Hearing Aid Dispensers, Board of Examiners -	8,656.04
276-00	Department of Transportation -----	86,295,293.27
280-00	Highway Patrol -----	23,659,605.62



## Exhibit D

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS  
SCHEDULE OF ESTIMATED DIRECT SALARY COMPENSATION

FISCAL YEAR 1993  
BASED ON FY 1990 ACTUAL SALARIES & WAGES  
EXPENDITURE OBJECTS 1000 - 1790  
INCREASED BY 2.5% PER YEAR TO FY 1993

AGENCY NO.	AGENCY NAME	PROJECTED FY 1993 SALARIES & WAGES FY 1990 BASE WITH 2.5% ADDED PER YR
288-00	Historical Society, State -----	3,538,102.79
296-00	Department of Human Resources -----	25,407,125.95
300-00	Department of Commerce -----	3,374,978.22
313-00	Hutchinson Correctional Facility -----	13,265,166.18
319-00	Youth Center at Topeka -----	5,080,067.09
325-00	Youth Center at Beloit -----	2,271,185.06
328-00	State Board of Indigents' Defense Services -	2,057,529.01
331-00	Insurance Department -----	4,189,214.52
333-00	Interstate Cooperation Commission -----	5,660.14
349-00	Judicial Council -----	153,621.51
355-00	Youth Center at Atchison -----	2,690,819.73
359-00	Kansas Arts Commission -----	252,077.51
360-00	Kansas, Inc. -----	175,449.33
363-00	Kansas Neurological Institute -----	17,825,526.70
365-00	Kansas Public Employees Retirement System --	1,697,667.16
367-00	Kansas State University -----	143,843,554.59
371-00	Kansas Technology Enterprise Corporation ---	374,752.62
373-00	State Fair Board -----	736,864.62
379-00	Emporia State University -----	22,586,864.03
385-00	Pittsburg State University -----	23,774,650.41
391-00	Kansas Wheat Commission -----	213,206.83
400-00	Lansing Correctional Facility -----	18,232,999.42
408-00	Larned Correctional Mental Health Facility --	*
410-00	Larned State Hospital -----	22,798,023.50
422-00	Legislative Coordinating Council -----	249,763.49
425-00	Legislative Research Department -----	1,390,479.01
428-00	Legislature -----	4,257,615.99
431-00	Legislative Educational Planning Committee -	8,005.61
434-00	Library, State -----	674,498.68
446-00	Lieutenant Governor -----	69,816.72
450-00	Kansas Lottery -----	2,729,585.23
454-00	Credit Commissioner, Consumer -----	225,767.14
482-00	Nursing, Board of -----	372,787.75
488-00	Optometry Examiners, Board of -----	6,164.06
494-00	Osawatomie State Hospital -----	15,529,680.44
507-00	Parsons State Hospital and Training Center -	12,214,237.18
521-00	Department of Corrections -----	12,590,530.56
522-00	DOC - Kansas Correctional Industries -----	2,094,391.35
523-00	Kansas Parole Board -----	500,029.99
531-00	Pharmacy, Board of -----	180,106.19

## Exhibit D

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS  
SCHEDULE OF ESTIMATED DIRECT SALARY COMPENSATION

FISCAL YEAR 1993  
BASED ON FY 1990 ACTUAL SALARIES & WAGES  
EXPENDITURE OBJECTS 1000 - 1790  
INCREASED BY 2.5% PER YEAR TO FY 1993

AGENCY NO.	AGENCY NAME	PROJECTED FY 1993 SALARIES & WAGES FY 1990 BASE WITH 2.5% ADDED PER YR
540-00	Post Audit, Division of -----	811,957.62
548-00	Kansas Public Broadcasting Commission -----	252.00
549-00	Real Estate Commission -----	304,537.74
553-00	Kansas Racing Commission -----	927,262.74
555-00	Rainbow Mental Health Facility -----	3,229,752.98
561-00	Regents, Board of -----	751,419.54
562-00	Tax Appeals, Board of -----	875,311.86
565-00	Revenue, Department of -----	31,428,136.01
579-00	Revisor of Statutes -----	1,044,697.99
581-00	Norton Correctional Facility -----	4,531,545.44
597-00	Savings and Loan Department -----	173,411.98
604-00	School for the Visually Handicapped -----	2,161,446.79
610-00	School for the Deaf -----	4,151,058.66
622-01	Secretary of State -----	1,467,654.14
625-00	Securities Commissioner of Kansas, Office of -----	857,501.69
626-00	Kansas Sentencing Commission -----	144,458.27
628-00	Social and Rehabilitation Services -----	95,440,231.92
634-00	Conservation Commission, State -----	237,343.78
640-00	Kansas Soldiers Home -----	112.81
652-00	Department of Education -----	6,855,608.77
660-00	Topeka Correctional Facility - East -----	6,293,111.25
663-00	Technical Professions, State Board of -----	101,288.98
664-00	Topeka State Hospital -----	16,053,856.16
670-00	Treasurer, State -----	1,178,182.38
677-00	Judicial Branch -----	49,817,862.19
682-00	University of Kansas -----	144,415,685.11
683-00	University of Kansas Medical Center -----	133,242,021.90
694-00	Commission on Veterans Affairs -----	3,538,241.20
700-00	Veterinary Examiners, Board of -----	25,552.38
709-00	Kansas Water Office -----	900,238.51
710-00	Kansas Department of Wildlife and Parks -----	12,390,689.04
712-00	Winfield Correctional Facility -----	2,432,117.94
713-00	Winfield State Hospital and Training Center -	22,617,752.14
715-00	Wichita State University -----	53,218,995.11
	GRAND TOTAL	1,190,256,776.05
		=====

\* NEW AGENCY PROJECTION AMOUNT INCLUDED IN DEPT. OF CORRECTIONS 521-00

HOUSE BILL NO. 2674  
State Leave Payment Reserve Fund

House Bill No. 2674 establishes the state leave payment reserve fund. Upon review of this bill we have noted several amendments which we would propose.

Section 1 (d) states "all payments from such fund shall be upon warrants". This language appears to preclude direct deposits to the employees account in financial institutions authorized by K.S.A. 75-5540. Also pursuant to K.S.A. 75-5501 and 75-5504, payroll records are certified to the Director of the Division of Accounts and Reports by an agency appointing authority or designee; payroll vouchers do not currently require approval by the Secretary of Administration.

Section 2 (b) and (c) fixes "The rate of the leave payment reserve assessment for all state agencies for the fiscal year beginning July 1, 1992, shall be .77%." The FY 1993 budget instructions established a rate of .23% for sick leave; annual leave was not included. In addition some flexibility to allow for larger number of terminations than those that occurred in the base year is needed. We recommend that the Secretary be allowed to adjust the rate by publishing a different rate in the Kansas Register when such changes in the rate is desirable as set out in Section 2(c) below.

Section 2 (c) states "For fiscal years beginning July 1, 1993, and each July 1 thereafter, the secretary of administration shall determine annually the rate of the leave payment reserve assessment for all state agencies based upon the experience of all state agencies...". The .77% rate was derived from information taken from the KIPPS payroll system with adjustments for Board of Regents agencies. If the .77% rate is too great and a balance is accumulated in the leave payment reserve assessment fund auditors would probably take exception to overcharging federal grants. On the other hand if a greater number of separations occur and the .77% rate is inadequate, funding would not be provided for all mandated employer payments. The proposed language would allow the rate to be adjusted more frequently than annually if needed.

Section 2 (d) states "The amount of the leave payment reserve assessment for each state agency shall be determined by multiplying the total payroll for each payroll period of such state agency, by the rate of the leave payment reserve assessment for the fiscal year". This wording appears to preclude the computation from being made on a employee basis as originally planned for the KIPPS system changes. It should be calculated by multiplying the total gross wages for each employee for each payroll period by the leave assessment rate. Gross wages would then be defined as all compensation for services, including commissions, bonuses, back pay and the cash value of all remuneration, including benefits paid in any medium other than cash.

# HOUSE BILL No. 2674

By Legislative Budget Committee

Re Proposal No. 16

12-23

10 AN ACT establishing the state leave payment reserve fund; providing  
11 for payment from such fund of accumulated annual leave on sep-  
12 aration from state service and sick leave on retirement from state  
13 service; providing the administration of such fund by the secretary  
14 of administration.

15  
16 *Be it enacted by the Legislature of the State of Kansas:*

17 Section 1. (a) As used in sections 1 to 4, inclusive, and amend-  
18 ments thereto, "state agency" means the state, or any department  
19 or agency of the state, but not including the Kansas turnpike au-  
20 thority or any political subdivision of the state.

21 (b) For the purposes of providing for the payment of compen-  
22 sation for accumulated annual leave on separation from state service  
23 and sick leave on retirement from state service arising on and after  
24 July 1, 1992, there is hereby established the state leave payment  
25 reserve fund in the state treasury.

26 (c) The state leave payment reserve fund shall be liable to pay  
27 compensation for accumulated annual leave on separation from state  
28 service and sick leave on retirement from state service arising on  
29 and after July 1, 1992. To this end and for the purposes of sections  
30 1 to 4, inclusive, and amendments thereto, all state agencies are  
31 hereby deemed to be a single employer whose liabilities specified  
32 in subsection (b) are hereby imposed upon the state leave payment  
33 reserve fund.

34 (d) The secretary of administration shall administer the state leave  
35 payment reserve fund and all payments from such fund shall be upon  
36 ~~warrants of the director of accounts and reports issued pursuant to~~  
37 ~~vouchers approved by the secretary of administration or a person or~~  
38 ~~persons designated by the secretary.~~ The director of accounts and  
39 reports may issue warrants pursuant to vouchers approved by the  
40 ~~secretary for payments from the state leave payment reserve fund~~  
41 notwithstanding the fact that claims for such payments were not  
42 submitted or processed for payment from money appropriated for  
43 the fiscal year in which the state leave payment reserve fund first

warrants of the director of accounts and reports issued pursuant to the system of payroll accounting formulated under K.S.A. 75-5501 et seq., and amendments thereto, or pursuant to K.S.A. 75-5540, and amendments thereto.

1 became liable to make such payments.

2 (e) The secretary of administration shall remit all moneys received  
3 by or for the secretary in the capacity as administrator of the state  
4 leave payment reserve fund, to the state treasurer. Upon receipt of  
5 any such remittance the state treasurer shall deposit the entire  
6 amount thereof in the state treasury to the credit of the state leave  
7 payment reserve fund.

8 Sec. 2. (a) Commencing with the first payroll period chargeable  
9 to funds appropriated for the fiscal year beginning on July 1, 1992,  
10 and for each payroll period thereafter, each state agency shall certify  
11 with each payroll, the amount of each leave payment reserve as-  
12 sessment for such state agency, not in conflict with appropriations  
13 therefor. The director of accounts and reports shall transfer the  
14 amount of each leave payment reserve assessment for such state  
15 agency to the credit of the state leave payment reserve fund.

16 (b) The rate of the leave payment reserve assessment for all state  
17 agencies ~~for the fiscal year beginning July 1, 1992, shall be .77%.~~

18 (c) ~~For fiscal years beginning July 1, 1993, and each July 1 there-~~  
19 ~~after, the secretary of administration shall determine annually the~~  
20 ~~rate of the leave payment reserve assessment for all state agencies~~  
21 ~~based upon the experience of all state agencies. Such rate shall be~~  
22 ~~expressed as a percentage and shall be the same for all state agencies.~~  
23 ~~The secretary of administration may utilize actuarial and other pro-~~  
24 ~~fessional assistance in determining the rate of the leave payment~~  
25 ~~reserve assessment under this section. On or before July 15, 1992,~~  
26 ~~and each July 15 thereafter, the secretary of administration shall~~  
27 ~~notify each state agency of the rate of the leave payment reserve~~  
28 ~~assessment for the next fiscal year.~~

29 (d) The amount of the leave payment reserve assessment for each  
30 state agency shall be determined by multiplying the total payroll for  
31 each payroll period of such state agency, by the rate of the leave  
32 payment reserve assessment for the fiscal year.

33 Sec. 3. Compensation for accumulated annual leave on separa-  
34 tion from state service and sick leave on retirement from state service  
35 arising on and after July 1, 1992, shall be made from the state leave  
36 payment reserve fund in the manner specified by the secretary of  
37 administration.

38 Sec. 4. The secretary of administration may adopt rules and reg-  
39 ulations necessary for the administration of the state leave payment  
40 reserve fund, including the processing of payments from such fund.  
41 Such rules and regulations shall be subject to the provisions of K.S.A.  
42 75-3706 and amendments thereto and shall be adopted in accordance  
43 therewith.

The  
from time to time

Changes in the rate of the leave  
payment reserve assessment will  
become effective upon publication in  
the Kansas Register.

gross wages for each employee

Gross wages are defined as all  
compensation for services, including  
commissions, bonuses, back pay, and  
the value of all remuneration  
including benefits paid in any  
medium other than cash.

1     Sec. 5. This act shall take effect and be in force from and after  
2     its publication in the statute book.

EXECUTIVE SUMMARY

Proposed Uniform Budgeting Procedure for Payment  
of Accumulated Annual Leave on  
Separation and Sick Leave on Retirement  
January 21, 1992

Problem Definition:

A. Uncertainty of cost because of:

1. Employee choice of retirement date, i.e. month and year.
2. Up to 30% variation from year-to-year in numbers of employee retirements.
3. Infrequent occurrence of retirement in small agencies or small operating units.
4. Significant dollar cost of some individual termination payments including:

Years of Service	8 or more	15 or more	25 or more
Maximum Annual Leave	240	240	240
Maximum Sick Leave	<u>240</u>	<u>360</u>	<u>480</u>
Total Hours	<u>480</u>	<u>600</u>	<u>720</u>
Months of Pay	2.7	3.5	4.2

5. Estimated number and average cost of 1990 separation payments:

Annual leave - 4,977  
(Average 63 hours @ \$12.53 = \$788 + Fringe Benefits \$114 = \$902)  
Sick leave on retirement - 326  
(Average 396 hours @ \$14.83 = \$5,874 + Fringe Benefits \$335 = \$6,134)

B. Causes and problems of inadequate funding provisions:

1. Absence of budgetary recognition of real cost.
2. Holding critical positions vacant to live within budget (funding) constraints.
3. Problem when retiring employee has not made retirement plans known.
4. Retirement occurs at or near the end of the fiscal year.
5. Employing agency or unit is small with little flexibility to shift monies.

C. Estimated present cost of accrued leave payable:

1. Estimated cost of liability for annual leave including fringe benefits - \$82.7 million (General Fund share \$44.7 million).
2. Estimated book cost of sick leave including fringe benefits - \$45.4 million, but real cost is significantly less (General Fund share \$24.5 million).

- D. Estimated per year liability for 1993 based upon actual cost from the 1990 and 1991 number of retirants on a pay-as-you-go plan is \$6.9 million (General Fund share \$3.7 million) broken down between:
1. Estimated cost of annual leave on separation from service is \$4.9 million (General Fund share \$2.6 million) including fringe benefit cost of \$.6 million.
  2. Estimated cost of sick leave on retirement is \$2.0 million (General Fund share \$1.1 million) including fringe benefit cost of \$.3 million.
- E. Recommendation:
1. Authorize a payroll surcharge from historical budget base costs on a level premium assessment basis to fund separation pay.
  2. Payments for annual leave and sick leave charges would be paid from the funds derived from the surcharge with any balance applied in calculating the succeeding years rates.
- F. Estimated surcharge rate required to cover projected cost and a contingency allowance for additional numbers of separation from service, errors in model projection, rates of pay and month-to-month cash flow needs is .77 percent including:
1. Annual leave payments on separation required to cover projected cost and a contingency for additional numbers of retirants and month-to-month cash flow would be .54 percent.
  2. Sick leave payments on retirement required to cover projected cost and a contingency for additional numbers of retirants and cash month-to-month flow would be .23 percent.
  3. The estimated contingency amount provides for variation in number of retirants between years, errors in model projections, in a smaller growth in total payroll than the annual 2.5% rate used and for meeting the month-to-month cash flow problem. A greater number of separations occur in the first six months of the fiscal year than do in the last six months of the fiscal year.





**OFFICE OF THE SECRETARY**

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**DEPARTMENT OF WILDLIFE AND PARKS**

**JOAN FINNEY**, Governor  
**JACK LACEY**, Secretary  
**JOHN S. C. HERRON**, Assistant Secretary

January 21, 1992

*George*  
TO: Representative George Teagarden, Chairperson Committee on Appropriations and members of the Committee

*Jack Lacey*  
FROM: Mr. Jack Lacey, Secretary of Wildlife and Parks

SUBJECT: 1992 House Bill No. 2675 by Committee on Legislative Budget Re Proposal No. 16

House Bill No. 2675 addresses an issue which was first presented to the Legislature during the 1990 Session. At that time, the Legislature was informed of a new regulation issued by the U.S. Fish and Wildlife Service, Department of Interior, which requires State fish and wildlife agencies to retain control of the interest earned by hunting and fishing license revenues deposited in State treasuries. The new regulation (50 CFR Part 80) requires that State agencies be authorized such control by May 17, 1992 or otherwise be ineligible to receive federal funds. State agencies were allowed three years from May 17, 1989 to obtain necessary Legislative approval. House Bill No. 2675 becomes effective upon publication in the Kansas Register.

The Department of Wildlife and Parks receives federal aid through the Pittman-Robertson Federal aid in Wildlife Restoration and the Dingell-Johnson Federal aid Sport Fish Restoration programs. This federal aid is utilized in maintaining the State fisheries and wildlife management programs. For FY 1993, federal aid for these programs is estimated at \$5.5 million. The Department would not be eligible to receive this aid without the passage of HB 2675. Failure to provide for interest earnings on hunting and fishing license revenue to be deposited to the Wildlife Fee Fund will be considered as a diversion of license revenue and would render the State ineligible to receive any further federal aid from the date the diversion is declared.

I have attached to this testimony a copy of the pertinent Federal regulation. In addition, I have also provided a copy of a letter received from the U.S. Fish and Wildlife Service regional office inquiring into the status of State efforts to comply with the regulation. In response to this inquiry I provided a copy of the legislation proposed by the interim Committee on Legislative Budget and assured the Federal regional office that I would request the 1992 Session of the Legislature to approve the needed amendments to State statutes.

Information has been provided to the Division of the Budget on the fiscal impact of HB 2675. As further information to assist the Committee, I have attached a brief summary on diversion related to the Wildlife Fee Fund. If the members of the Committee have any questions, I am available to respond as needed.

Attachments

Grant Number 84-1 for Arkansas Nongame Species Preservation Program. 18 pp.  
 Hubricht, L. 1972. The Land Snails of Arkansas. *Sterkiana* 46:15-18.  
 Pilsbry, H.A., and J. Ferriss. 1906. Mollusca of the Ozarkian Fauna. *Proc. Acad. Nat. Sci., Philadelphia*. 1906:529-567.  
 Pilsbry, H.A. 1940. Land Mollusca of North America (North of Mexico). *Acad. Nat. Sci., Philadelphia, Monog.* 3, 1(2):575-994.

**Author**  
 The primary author of this proposed rule is Mr. John J. Pulliam III (see ADDRESSES Section).

**List of Subjects in 50 CFR Part 17**

Endangered and threatened wildlife, Fish, Marine mammals, Plants (agriculture).

**Regulation Promulgation**

Accordingly, Part 17, Subchapter B of Chapter I, Title 50 of the Code of Federal Regulations, is amended as set forth below:

**PART 17—[AMENDED]**

1. The authority citation for Part 17 continues to read as follows:

Authority: Pub. L. 93-205, 87 Stat. 804; Pub. L. 94-359, 90 Stat. 911; Pub. L. 95-632, 92 Stat. 3751; Pub. L. 96-153, 93 Stat. 1225; Pub. L. 97-304, 96 Stat. 1411; Pub. L. 100-478, 102 Stat. 2308; Pub. L. 100-653, 102 Stat. 3825 (18 U.S.C. 1531 *et seq.*); Pub. L. 99-825, 100 Stat. 3500 unless otherwise noted.

2. Amend § 17.11(h) by adding the following, in alphabetical order under "SNAILS", to the List of Endangered and Threatened Wildlife:

**§ 17.11 Endangered and threatened wildlife.**

(h) \* \* \*

Species	Common name	Scientific name	Historic range	Vertebrate population where endangered or threatened	Status	When listed	Critical habitat	Special rules
SNAILS	Shagreen, Magazine Mountain.	<i>Mesodon magazinensis</i>	U.S.A. (AR)	NA	T	348	NA	NA

Dated: March 16, 1989.  
 Bocky Norton Dunlop,  
*Assistant Secretary for Fish and Wildlife and Parks.*  
 [FR Doc. 89-3 Filed 4-14-89; 8:45 am]  
 BILLING CODE 4310-65-M

**50 CFR Part 80**

**Federal Aid in Sport Fish Restoration and Federal Aid in Wildlife Restoration Act; Interest Earned from License Fees**

**AGENCY:** Fish and Wildlife Service, Interior  
**ACTION:** Final rule.

**SUMMARY:** On August 5, 1988, the U.S. Fish and Wildlife Service published a proposed rule in the *Federal Register* (53 CFR 29500) proposing that interest earned on revenues derived from license fees paid by hunters and fishermen be considered by the Secretary of the Interior as license fee revenue for purposes of the Federal Aid in Wildlife Restoration (Pittman-Robertson and Federal Aid in Sport Fish Restoration (Dingell-Johnson) Acts. It also clarified situations causing diversions, defined other assets acquired by license fees, and identified sources of license revenues affected by the proposed rule. This action requires States to use interest earned on hunting and fishing license revenues for fish and wildlife resource management as a condition to remain eligible to receive Federal Aid

(Pittman-Robertson or Dingell-Johnson) funds.

**EFFECTIVE DATE:** Provisions of this rule will become effective on May 17, 1989 except that those States that will require legislative action to implement requirements relating to the disposition of interest revenues will be allowed up to three years from this date to get such authorization.

**FOR FURTHER INFORMATION CONTACT:** Conley Moffett, Chief, Division of Federal Aid, U.S. Fish and Wildlife Service, Washington, DC 20240, telephone (703) 235-1526.

**SUPPLEMENTARY INFORMATION:** Both the Federal Aid in Wildlife Restoration (18 U.S.C. 669, *et seq.*) and Federal Aid in Sport Fish Restoration (18 U.S.C. 777, *et seq.*) Acts contain provisions requiring that no money may be apportioned to a State unless that State has passed laws assenting to the provisions of the pertinent Act and has passed laws for conservation of wildlife and fish. Such laws must contain a prohibition against diversion of license fees paid by hunters and fishermen for any other purpose than the administration of the State fish and wildlife agency. This rule clarifies previously undefined Department of the Interior rules in accord with the generally-accepted principle that interest should accrue to principal from which it was generated.

The Federal Aid in Wildlife Restoration Act and Federal Aid in Sport Fish Restoration Act require that as a prerequisite to receiving federal funds, States must prevent diversions of

license fees derived from fishermen and hunters to any purpose other than "the administration of said State game and fish department." The previous rule promulgated under authority of the Acts (50 CFR 80.4) stated that "[a] diversion of license fees occurs when a State fish and wildlife agency, through legislation or otherwise: (1) Loses control of the expenditure of any portion of its license revenues, or (2) Loses control of capital assets (or income therefrom) derived from license revenues \* \* \*." Because of the increased complexity of State government and the variety of responsibilities assigned to fish and wildlife agencies, the requirements relating to control of assets and expenditures involve an increased number of controls at higher levels in the State. Accordingly, this new rule does not require that fish and wildlife agencies have complete control over license funds, but, instead, that license revenues must be used by State fish and wildlife agencies only to manage fish and wildlife resources that they have authority by the State law to manage.

The Department has determined that this rule is not a major Federal action significantly affecting the quality of the human environment under the National Environmental Policy Act and, therefore, the preparation of an Environmental Impact Statement is not required.

This rule is not a major rule under Executive Order 12291 and will not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5

(S.C. 601). The annual effect on the economy will be less than the threshold required for a major rule, no major increase in costs or prices will occur, and no significant effects on competition, employment, investment, productivity, innovation are expected. This rule does not contain any recordkeeping or information collection requirements requiring Office of Management and Budget approval under the Paperwork Reduction Act of 1980.

This rule was published as a proposed rule on August 5, 1988 (53 CFR 29500) and comments were invited until September 19, 1988. A total of 44 comments were received; 18 from State fish and wildlife agencies, 19 from State conservation organizations, 6 from National conservation organizations, and 1 from a private citizen. Of the 44 comments, 3 States expressed opposition to the portion that related to the requirement that interest earned on license revenues be regarded as license revenues. No negative comments were received from the other groups.

The 3 States expressed concern that claiming money derived from interest would jeopardize their existing appropriations from the general fund or that they would be assessed higher costs for State overhead than they are presently foregoing and that the rule would require the cost of additional accounting. We recognized that the rules could have negative impacts on several States but judged that significantly greater numbers of States would benefit from it. Income from interest had become a significant source of revenue for most agencies. The Wildlife Conservation Fund of America survey of 1987 shows that the number of States receiving interest from license revenues has increased from 18 to 36 in the 7 year period from the prior survey to the last one in 1986. The total interest was about 22 million dollars in 1986.

Many commentors asked for clarification of the effective date. The effective date of this revision is 30 days after publication in the Federal Register. However, it is recognized that some States may need to enact legislation to meet the requirements of this provision. Therefore, for those States a period not to exceed 3 years after the effective date of the rule will be allowed in order to enact the needed legislation. All other States will need to be in compliance, and remain in compliance, on or after the effective date. The 3 year period was generally accepted by most commentors.

Most of the State conservation organizations suggested that income derived from license revenue funded law enforcement activities such as fines, penalties, and sales of confiscated equipment be defined as license revenues for purposes of this rule. This suggestion was not adopted because it was judged that the Secretary was not given this authority by legislation.

Commentors also suggested that fees charged on recreation areas that are managed by the State using license revenues such as camping, boat launching, and parking be included in the term "access fees" in section (a)(1). The final rule had been changed to "access and recreation fees" to clarify this intent.

Some commentors suggested that the proceeds of leases of lands be treated as license revenues like the sale of lands. That suggestion was incorporated in section (a)(2).

The principal author of this proposal is Thomas W. Taylor, Division of Federal Aid, U.S. Fish and Wildlife Service.

#### List of Subjects in 50 CFR Part 80

Fish grant program, Natural Resources, Grant administration, and wildlife.

Accordingly, 50 CFR 80 is amended as follows:

#### PART 80—[AMENDED]

1. Authority for 50 CFR 80 continues to read as follows:

Authority: Federal Aid in Sport Fish Restoration Act (16 U.S.C. 7771) and Federal Aid in Wildlife Restoration Act (16 U.S.C. 669i).

2. Part 80 is amended by revising § 80.4 to read as follows:

#### § 80.4 Diversion of license fees.

Revenues from license fees paid by hunters and fishermen shall not be diverted to purposes other than administration of the State fish and wildlife agency.

(a) Revenues from license fees paid by hunters and fishermen are any revenues the State receives from the sale of licenses issued by the State conveying to a person the privilege to pursue or take wildlife or fish. For the purpose of this rule, revenue with respect to license sales by vendors, is considered to be the net income to the State after deducting reasonable vendor fees or similar amounts retained by sales agents. License revenues include income from:

(1) General or special licenses, permits, stamps, tags, access and recreation fees or other charges imposed by the State to hunt or fish for sport or recreation.

(2) Sale, lease, rental, or other granting of rights of real or personal property acquired or produced with license revenues. Real property includes, but is not limited to, lands, building, minerals, energy resources, timber, grazing, and animal products. Personal property includes, but is not limited to, equipment, vehicles, machine, tools, and annual crops.

(3) Interest, dividends, or other income earned on license revenues.

(4) Federal Aid project reimbursements to the States to the extent that license revenues originally funded the project for which the reimbursement is being made.

(b) For purposes of this rule, administration of the State fish and wildlife agency include only those functions required to manage the fish and wildlife-oriented resources of the State for which the agency has authority under State law.

(c) A diversion of license fee revenues occurs when any portion of license revenues is used for any purpose other than the administration of the State fish and wildlife agency.

(d) If a diversion of license revenues occurs, the State becomes ineligible to participate under the pertinent Act from the date the diversion is declared by the Director until:

(1) Adequate legislative prohibitions are in place to prevent diversion of license revenue, and

(2) All license revenues or assets acquired with license revenues are restored, or an amount equal to license revenue diverted or current market value of assets diverted (whichever is greater) is returned and properly available for use for the administration of the State fish and wildlife agency.

(e) Federal funds obligated for projects approved prior to the date a diversion is declared remain available for expenditure on such projects without regard to the intervening period of the State's ineligibility.

Date: February 17, 1989.

Becky Norton Dunlop,  
Assistant Secretary for Fish and Wildlife and Parks.

[FR Doc. 89-9089 Filed 4-14-89; 8:45 am]  
BILLING CODE 4310-55-M

The Kansas Department of Wildlife and Parks is a recipient of federal aid through several sources. The primary federal aid programs utilized by the DWP are the Federal Aid in Wildlife Restoration (Pittman-Robertson) and Federal Aid in sports Fish Restoration (Dingell-Johnson) acts. These federal acts utilize excise taxes on hunting and fishing equipment to provide aid to States on a reimbursement basis. For FY 1993, it is estimated that the DWP will receive approximately \$5.5 million in federal reimbursable aid through these two programs.

The aid must be used for wildlife, fisheries and boating programs. Federal law prohibits the use of State collected hunting and fishing license and related fees for any other use. In other words, Federal law provides that license revenue must be used by State fish and wildlife agencies only to manage fish and wildlife resources that the Department has authority by State law to manage.

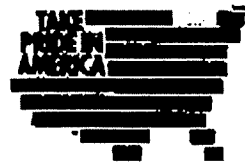
Federal rules and regulations issued by the U.S. Fish and Wildlife Service, Department of Interior, provide guidelines for State agencies to follow in order to avoid diversion of funds. Failure to comply with these guidelines will result in the State being declared in non-compliance with Federal requirements and the U.S. Fish and Wildlife Service will withhold federal aid.

The U.S. Fish and Wildlife Service is required to review all expenditures of federal aid by the State Department of Wildlife and Parks. The DWP submits an annual comprehensive plan of expenditures to the Federal agency for review and agreement. Items included in the expenditure plan which are considered inappropriate will result in withholding of federal funds for those purposes.

Kansas State Law (K.S.A. 1991 Supp. 32-990) also prohibits the use of receipts to the Wildlife Fee Fund for any purpose other than wildlife, fisheries, and boating which are under the control, authorities and duties of the Secretary of Wildlife and Parks as provided by law. Finally, the State has until May 17, 1992 to pass legislation requiring that interest earned on deposit of license fees to the State Treasury be credited to the Wildlife Fee Fund rather than the State General Fund or lose eligibility for federal aid.



United States Department of the Interior  
FISH AND WILDLIFE SERVICE



IN REPLY REFER TO:

FA/KS  
30  
MAILSTOP 60152

MAILING ADDRESS:  
Post Office Box 25486  
Denver Federal Center  
Denver, Colorado 80226

STREET LOCATION:  
134 Union Blvd.  
Lakewood, Colorado 80228

DEC 4 1991

Jack Lacey, Secretary  
Kansas Department of Wildlife & Parks  
Landon State Office Building  
900 Jackson, Room 502  
Topeka, Kansas 66612

Dear Jack:

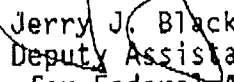
The final rule for 50 CFR, Part 80 requires State fish and wildlife agencies to have control of hunting and sport fishing license revenues, including interest earned on these funds. States must have legislation in place by May 17, 1992, to meet this provision, otherwise they will be ineligible to receive Federal Aid funds.

I need specific information from you on this issue.

1. Will Kansas have legislation in place by next May 17 to assure that your Department will have control of interest, dividends, or other income earned on license revenues?
2. If your answer to No. 1 is no, please provide a concise statement of the problem/reason why you will not have such legislation by that date.
3. Give your opinion whether the following options will solve the problem, either individually or in combination:
  - A. Development of a policy that compliance with the rule may be demonstrated by legislation, executive order, or Attorney General interpretation.
  - B. Development of a policy that compliance with the rule may be demonstrated by the agency expending at least as much for fish and wildlife management purposes as was collected from license revenues, including an amount that may reasonably be expected to accrue from interest on the fees.

Service Director Turner will be giving a briefing to Assistant Secretary Hayden on this issue in the near future, thus, I need your response by December 9, 1991.

Sincerely,

  
Jerry J. Blackard  
Deputy Assistant Regional Director  
for Federal Aid  
Fisheries and Federal Aid

cc: FA Coordinator