

Approved: 2-10-92
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 1:40 p.m. on January 23, 1992 in room 541-S of the Capitol.

All members were present .

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:

Ed Ahrens, Chief Fiscal Analyst, Kansas Legislative Research Department

Others attending: see attached list.

Ed Ahrens, Chief Fiscal Analyst, Kansas Legislative Research Department, presented an overview of the budget. The State General Fund Summary (Attachment 1) will show the current status of the General Fund in terms of balances of receipts and expenditures.

Staff noted that \$2,740.6 billion in recommended expenditures in the FY 93 Governor's proposed budget represents a 9.9% increase from FY 92. The Governor's proposed FY 93 budget provides for a \$109.3 million ending balance. In response to a question, staff stated the Governor estimated annual receipts from video lottery at \$50 million. Her proposed FY 93 budget includes receipts of \$30 million from video lottery for a partial year.

Expenditures from the General Fund (Attachment 2) shows in detail the recommendations of the Governor either by Agency or by Program. Staff highlighted the FY 92 authorized expenditures compared to the Governor's recommended changes resulting in a \$18 million reduction in the FY 92 expenditures. Staff noted that the Governor's FY 93 current resources budget is \$29 million above the FY 92 recommended budget.

It was noted that there are additional state resources of \$50 million recommended in the Other Assistance SRS budget for FY 93 compared to the revised FY 92 expenditures. The SRS budget also includes \$8 million additional expenditures in the State Operations portion of the budget.

Including the addition of \$217 million in the Governor's recommended budget for school aid, total expenditures for Aid to Locals would increase by 20% from FY 92 to FY 93, while all other SGF expenditures would increase 1%.

Gloria Timmer, Director of Budget, provided handouts regarding State Gaming Revenues Fund (Attachment 3) and School Finance Information (Attachment 4) in answer to questions previously asked at an earlier hearing.

Meeting adjourned at 2:30 p.m. The next scheduled meeting is Monday, January 27, 1992.

STATE GENERAL FUND SUMMARY

(Millions)

FY 1992

Beginning Balance		\$162.2	
Receipts			
Consensus Estimate	\$2,457.2		
Recommended Revisions	0.0		
Governor's Recommendation	<u> </u>	2,457.2	3.1% increase from FY 1991
Expenditures			
Currently Approved	2,512.6 ^(a)		
Recommended Revisions	(18.0)		
Governor's Recommendation	<u> </u>	2,494.6	.03% decrease from FY 1991
Ending Balance			
Without Revisions	106.8 ^(b)		4.3% of expenditures \$55.4 million below beginning balance
Recommended Revisions	18.0		
Governor's Recommendation	<u> </u>	124.8	5.0% of expenditures \$37.4 million below beginning balance

FY 1993 -- Current Resources

Receipts			
Consensus Estimate	2,564.4		4.4% increase from FY 1992
Recommended Revisions	3.7		
Governor's Recommendation	<u> </u>	2,568.1	4.5% increase from FY 1992
Expenditures			
Assumed ^(b)	2,520.0		0.3% increase from FY 1992
Adjustments	3.6		
Governor's Recommendation	<u> </u>	2,523.6	1.2% increase from FY 1992
Ending Balance			
Assumed	151.2		6.0% of expenditures \$44.4 million above beginning balance
Revised Receipts	3.7		
Adjust. to Expend. (FYs 92 and 93)	14.4		
Governor's Recommendation	<u> </u>	169.3	6.7% of expenditures \$44.5 million above beginning balance

- a) Approved expenditures include actions of 1991 Legislature adjusted for shifting, revised estimates of demand transfers, and 1 percent reduction ordered by Governor with Finance Council approval.
- b) As stated in Legislative Budget Committee's report on 1991 Proposal No. 16.

*HR
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Attachment 1*

FY 1993 -- Proposed

Beginning Balance		\$124.8	
Receipts			
Current Resources	2,568.1		
Accelerated Collections	22.0		
Video Lottery	30.0		
Sales and Use Tax Base	105.0		
Recommended Receipts	<hr/>	2,725.1	10.9% increase from FY 1992
Expenditures			
Total Current Resources	2,523.6		
School Aid	217.0		
Recommended Expenditures	<hr/>	2,740.6	9.9% increase from FY 1992
Ending Balance			
Current Resources	169.3		
Additional Receipts	157.0		
Additional Expenditures	(217.0)		
Proposed Ending Balance	<hr/>	109.3	4.0% of expenditures \$15.5 million below beginning balance

Kansas Legislative Research Department
January 22, 1992

EXPENDITURES FROM THE GENERAL FUND

(Millions)

	FY 1992 Authorized Expend.*	Recom. Changes	FY 1992 Governor's Recommend.	FY 1993 Current Resources	Change FY 92 to FY 93	
					Amount	Percent
State Aid for Education						
General State Aid	\$527.0	\$0.0	\$527.0	\$899.2	\$372.2	70.6%
Income Tax Rebate	204.3	0.0	204.3	0.0	(204.3)	(100.0)
Transportation Aid	44.6	0.0	44.6	0.0	(44.6)	(100.0)
Subtotal -- SDEA	\$775.8	\$0.0	\$775.8	\$899.2	\$123.4	15.9%
Special Education Aid	121.3	0.0	121.3	0.0	(121.3)	(100.0)
Ft. Leavenworth USD	1.6	0.0	1.6	0.0	(1.6)	(100.0)
Parent Education	1.0	0.0	1.0	2.0	1.0	102.0
KPERS-School	48.3	0.2	48.5	49.5	1.0	2.1
Voc. Ed.-Area Schools	7.9	0.0	7.9	0.0	(7.9)	(100.0)
Voc. Ed.-Postsecondary	13.6	0.0	13.6	22.0	8.4	61.7
Community Colleges	43.6	0.0	43.6	45.3	1.7	4.0
Washburn University	5.9	0.0	5.9	6.2	0.2	4.0
Libraries	1.8	0.0	1.8	1.8	0.0	0.0
All Other	6.0	0.0	6.0	4.5	(1.5)	(25.5)
Subtotal -- Aid for Education	\$1,026.9	0.2	\$1,027.0	\$1,030.5	\$ 3.5	0.3
Other State Aid to Local Govt's						
Property Tax Reduction	\$ 38.5	0.0	\$ 38.5	\$ 40.5	\$ 2.0	5.2%
County and City Revenue Sharing	29.2	0.0	29.2	31.0	1.8	6.2
Spec. City and Co. Highway Fund	9.7	0.0	9.7	11.1	1.4	14.0
Aid to MH/MR Centers	16.0	0.0	16.0	16.0	0.0	0.0
Community Assist. Grants -- SRS	21.1	0.0	21.1	26.4	5.3	25.2
Community Corrections	11.1	(1.1)	10.0	11.5	1.5	15.5
Local Health Units	6.0	(0.2)	5.7	6.0	0.3	4.5
Presidential Primary	0.0	0.0	0.0	1.5	1.5	--
State Conservation Comm.	2.5	--	2.5	0.0	(2.5)	(100.0)
All Other	0.5	0.3	0.8	1.0	0.2	25.1
Subtotal -- Other Aid	\$ 134.4	\$(1.0)	\$133.4	\$144.9	\$11.5	8.6
Total -- Aid to Local Units	\$1,161.3	\$(0.9)	\$1,160.4	\$1,175.4	\$15.0	1.3%
Regents Institutions						
Six Universities						
General Use	\$458.8	\$(1.0)	\$457.7	\$474.4	\$16.7	3.6%
Less: Non-SGF	131.6	0.5	132.1	142.0	9.9	7.5
SGF Only	327.2	(1.5)	325.7	332.4	6.7	2.1
KUMC						
General Use	183.6	0.3	183.9	189.9	5.9	3.2
Less: Non-SGF	118.3	2.2	120.5	120.7	0.2	0.2
SGF Only	65.3	(1.9)	63.4	69.1	5.7	9.0
Total SGF-Regents Institutions	\$392.5	\$(3.4)	\$389.1	\$401.5	\$12.4	3.2%
Board of Regents	\$9.6	\$(0.1)	\$9.5	\$9.6	\$0.1	1.1%
Department of Education	5.8	(0.1)	5.7	6.1	0.4	7.1
Schools for Deaf and Visually Handi.	8.6	(0.1)	8.5	8.8	0.3	3.1
Other Education Agencies	1.7	(0.1)	1.6	1.6	--	1.4

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Attachment 2

	FY 1992 Authorized Expend.*	Recom. Changes	FY 1992 Governor's Recommend.	FY 1993 Current Resources	Change FY 92 to FY 93	
					Amount	Percent
SRS Except Hosps. and Youth Ctrs.						
State Operations						
State Funds	77.0	(0.5)	76.5	84.5	8.0	10.5
Less: SRS Fee Fund	3.7	1.0	4.8	3.6	(1.2)	(24.3)
SGF Only	<u>73.2</u>	<u>(1.5)</u>	<u>71.7</u>	<u>80.9</u>	<u>9.2</u>	<u>12.8</u>
Other Assistance						
State Funds	341.5	17.1	358.6	408.9	50.3	14.0
Less: SRS Fee Fund	39.1	24.3	63.4	137.8	74.4	117.4
SGF Only	<u>302.4</u>	<u>(7.2)</u>	<u>295.2</u>	<u>271.0</u>	<u>(24.1)</u>	<u>(8.2)</u>
Total SGF -- SRS	375.6	(8.7)	366.9	351.9	(15.0)	(4.1)
Dept. of Corrections and Institutions	142.6	(2.6)	140.0	144.9	4.9	3.5
Highway Sales Tax Transfer	77.8	--	77.8	81.9	4.1	5.3
MH/MR Hospitals						
All Funds	151.0	(0.9)	150.1	148.9	(1.2)	(0.8)
Less: Non-SGF	74.0	0.3	74.3	76.3	2.1	2.8
SGF Only	<u>77.0</u>	<u>(1.2)</u>	<u>75.8</u>	<u>72.5</u>	<u>(3.3)</u>	<u>(4.3)</u>
Judicial Branch	56.7	(0.4)	56.3	58.3	2.1	3.6
Department of Revenue	26.7	(0.1)	26.6	27.7	1.1	4.1
Highway Patrol	22.0	--	22.0	22.6	0.6	2.9
Department of Administration	20.7	(0.4)	20.3	20.0	(0.4)	(1.8)
Dept. of Health and Environment	19.5	0.1	19.6	19.8	0.2	1.1
Youth Centers	16.3	(0.1)	16.2	16.8	0.6	3.7
Legislative Branch	15.3	(0.2)	15.1	15.9	0.8	5.3
Exec. Branch Elected Officials (State Ops. Only)	13.8	--	13.7	13.1	(0.6)	(4.3)
Board of Agriculture	9.2	(0.1)	9.2	9.1	(0.1)	(1.5)
Homestead Tax Refunds	8.7	(0.1)	8.6	8.3	(0.2)	(2.6)
Ks. Bureau of Investigation	7.6	0.1	7.7	8.2	0.4	5.6
Bd. of Indigent Defense Services	7.2	0.4	7.6	7.5	(0.1)	(0.8)
Historical Society	5.0	(0.1)	4.9	4.9	--	(0.5)
Dept. of Wildlife and Parks	4.1	--	4.0	3.6	(0.4)	(10.0)
Workers Comp. Fund	4.0	0.0	4.0	4.0	--	1.0
State Conservation Commission	3.9	--	3.9	6.4	2.6	65.9
Commerce/Kansas, Inc.	2.4	--	2.3	4.7	2.4	100.3
All Other	17.3	--	17.3	18.4	1.0	6.1
Grand Total -- General Fund	\$2,512.6	\$(18.0)	\$2,494.6	\$2,523.6	\$29.0	1.2%

* As authorized by 1991 Legislature, adjusted for shifting, revised estimates of demand transfers based on November 1991 consensus estimate, and 1 percent lapse ordered by Governor with Finance Council approval.

Kansas Legislative Research Department
January 22, 1992

GOVERNOR'S PROPOSED EXPENDITURES

State General Fund

(Millions)

	Gov. Rec. FY 1992	Governor's Proposed FY 1993	Change FY 1992 to FY 1993	
			Amount	Percent
State Aid for Education				
General State Aid	\$527.0	\$1,116.2	\$589.2	111.8%
Income Tax Rebate	204.3	0.0	(204.3)	(100.0)
Transportation Aid	44.6	0.0	(44.6)	(100.0)
Subtotal -- SDEA	<u>775.8</u>	<u>1,116.2</u>	<u>340.4</u>	<u>43.9</u>
All Other Education Aid	251.2	131.3	(119.9)	(47.7)
Subtotal -- Education Aid	<u>1,027.0</u>	<u>1,247.5</u>	<u>220.5</u>	<u>21.5</u>
Other State Aid to Locals	133.4	144.9	11.5	8.6
Total -- Aid to Locals	<u>1,160.4</u>	<u>1,392.4</u>	<u>232.0</u>	<u>20.0</u>
All Other Expenditures	<u>1,334.2</u>	<u>1,348.2</u>	<u>14.0</u>	<u>1.0</u>
 GRAND TOTAL	 \$2,494.6	 \$2,740.6	 \$246.0	 9.9%

Kansas Legislative Research Department
January 22, 1992

STATE OF KANSAS



DIVISION OF THE BUDGET

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JOAN FINNEY, GOVERNOR
GLORIA M. TIMMER, Director

M E M O R A N D U M

TO: Representative George Teagarden, Chairperson
House Appropriation Committee

FROM: Gloria M. Timmer, Director of the Budget

DATE: January 22, 1992

SUBJECT: State Gaming Revenues Fund

During the budget overview presentation on January 17, 1992, your committee requested information about the State Gaming Revenues Fund from FY 1990 to FY 1993. The following information and table are in response to that request.

Transfers In

Lottery. The FY 1992 estimate includes the transfer of \$2.0 million of excess balance in the Lottery Operating Fund to the State Gaming Revenues Fund.

Racing. Revenues in FY 1990 reflect partial-year operations of the Kansas City and Wichita tracks. Decreasing revenue estimates in FY 1992 and FY 1993 reflect the closing of Eureka Downs and a national trend of reduced attendance and wagering.

Transfers Out

In FY 1990, the statutory formula distributed 60 percent of receipts to the Economic Development Initiatives Fund, 30 percent to the County Reappraisal Fund, and 10 percent to the

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Attachment 3

Correctional Institutions Building Fund (or the Juvenile Detention Facilities Fund, if specified by appropriations act). The distribution formula was modified, effective FY 1991, directing 90 percent of receipts to the Economic Development Initiatives Fund and 10 percent to the Correctional Institutions Building Fund. This is the current statutory distribution. The Governor recommends that, effective FY 1993, 65 percent of receipts be credited to the Economic Development Initiatives Fund, 20 percent to the Correctional Institutions Building Fund, and 15 percent to a newly-created General Facilities Building Fund.

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State Gaming Revenues Fund Transfers

	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Transfers In				
Lottery	\$19,231,990	\$19,453,470	\$23,300,000	\$21,600,000
Racing	4,354,669	7,577,666	7,337,810	6,571,759
Total	<u>\$23,586,659</u>	<u>\$27,031,136</u>	<u>\$30,637,810</u>	<u>\$28,171,759</u>
Transfers Out				
EDIF	\$14,151,995	\$24,328,022	\$27,574,029	\$18,311,643
CIBF	2,358,666	2,703,114	3,063,781	5,634,352
County Reappraisal	7,075,998	—	—	—
GFBF	—	—	—	4,225,764
Total	<u>\$23,586,659</u>	<u>\$27,031,136</u>	<u>\$30,637,810</u>	<u>\$28,171,759</u>

STATE OF KANSAS



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JOAN FINNEY, GOVERNOR
GLORIA M. TIMMER, Director

M E M O R A N D U M

TO: Representative George Teagarden, Chairman
House Appropriation Committee

FROM: ~~Gloria M.~~ Timmer, Director of the Budget

DATE: January 22, 1992

SUBJECT: School Finance Information

During the budget overview presentation on January 17, 1992, members of your committee requested information on various aspects of local school district funding. The information requested was: (1) the specific enrollment adjustment for the per pupil weighting formula; (2) the effect of the Governor's recommended mill levy and school finance formula in the future; and (3) the average capital outlay per pupil over the last several years. Attached is the information requested in all three areas.

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Attachment 4

1. Enrollment Adjustment. As indicated in the *Governor's FY 1993 Budget Report*, the enrollment weighting is based on a linear formula from the 200 - 400 per pupil median expenditure to the 2,000 and over per pupil median expenditure. Following are the linear formula and an example of the calculation.

EXPENDITURE VARIANCE

Median expenditure per pupil, 200 - 400 FTE	\$5,404
Median expenditure per pupil, 2000 FTE and up	<u>3,415</u>
Difference	\$1,989

EXPENDITURE VARIANCE PER PUPIL

$$2,000 \text{ FTE} - 200 \text{ FTE} = 1,800 \text{ FTE}$$

$$\$1,989 / 1,800 = \$1.105$$

This amount (\$1.105) represents the increased cost per pupil for districts with enrollments below 2000 FTE students.

For each district the following formula will be used to calculate the enrollment weight per pupil of that district.

FORMULA

$$\{ \$5,404 - [(\text{FTE enrollment} - 200) \times 1.105] \} / \$3,415 = \text{enrollment weight}$$

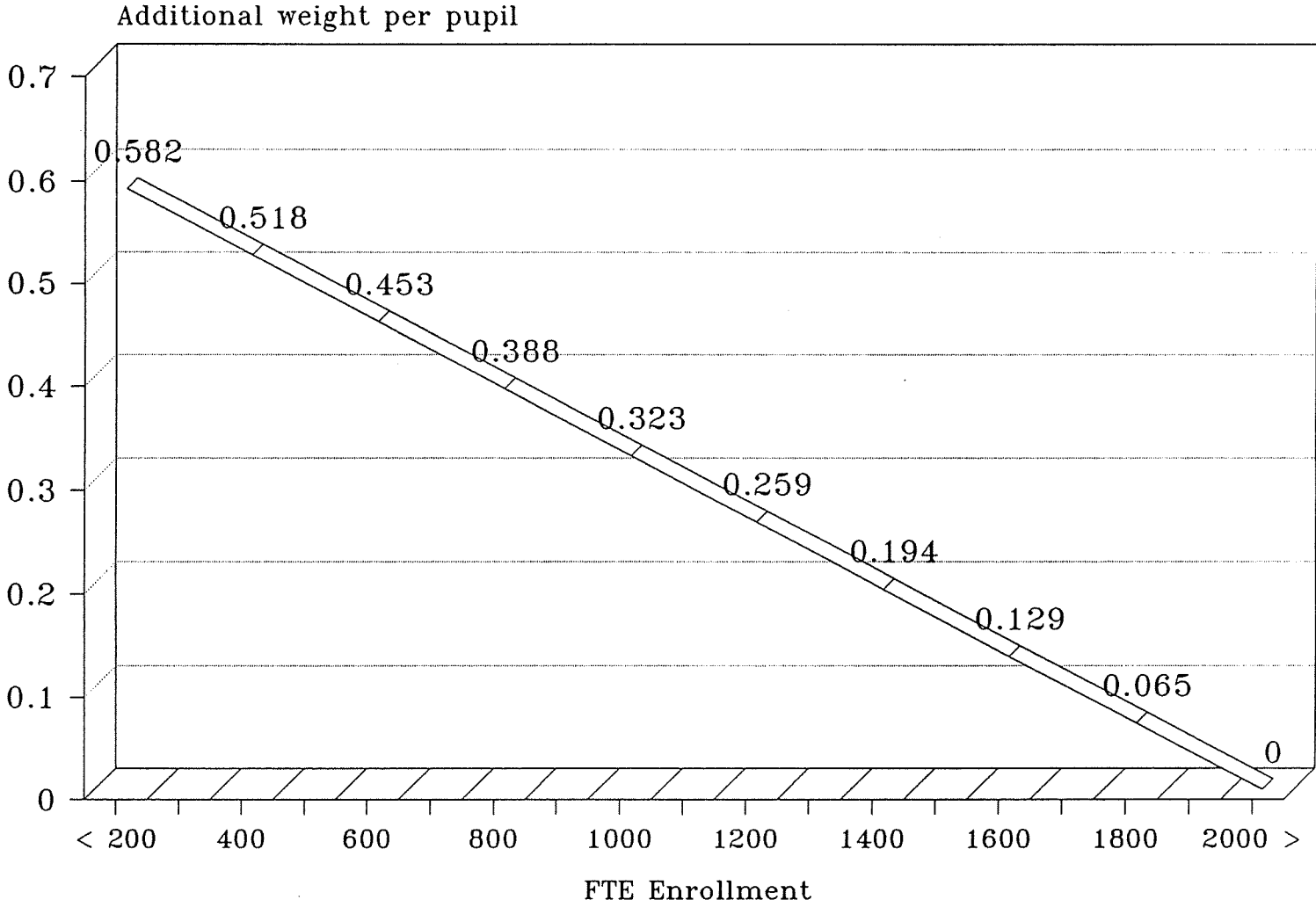
An example of this calculation for a district with a student enrollment of 1,000 FTE is:

$$\begin{aligned} & \{ \$5,404 - [(1,000 - 200) \times 1.105] \} / \$3,415 = \\ & [\$5,404 - (800 \times 1.105)] / \$3,415 = \\ & (\$5,404 - 884) / \$3,415 = \\ & \$4,520 / \$3,415 = 1.323 \end{aligned}$$

For each FTE student, the base amount of \$3,656 will be multiplied by the weighting factor of 1.323 for a total expenditure per pupil of \$4,836.89.

A graphic representation of the additional weight per pupil to adjust for enrollment differences is attached for your review.

Enrollment Adjustment



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2. Capital Outlay per Pupil. The following table for average capital outlay per pupil includes both expenditures from capital outlay funds and bond and interest funds. The Governor's recommendation for FY 1993 is estimated at the FY 1992 level.

<u>Fiscal Year</u>	<u>Amount per Pupil</u>
1988	\$275.89
1989	295.10
1990	322.14
1991	311.25
1992	306.57

3. Effect of the Proposal over Several Years. Attached to this memo is a table detailing the necessary statewide mill levy until fiscal year 2000. This table should be used cautiously. Assumptions of a 4.0 percent increase in school budgets and all revenue sources have been made for demonstration purposes. These reflect neither the Governor's recommendation for the out years or additional assumptions on revenue growth for the various sources. The total amount for local school operating budgets has been adjusted for revised information provided by the Department of Education.

If you, or any member of your committee, have any questions regarding this information please let me know.

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Mill Levy Determination

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Local School Operating Budgets	\$2,016,685	\$2,097,352	\$2,181,246	\$2,268,496	\$2,359,236	\$2,453,606	\$2,551,750	\$2,653,820
Cash on Hand	\$212,000	\$150,417	\$69,506	\$16,303	\$0	\$0	\$0	\$0
Property Tax in Process	255,000	237,415	246,912	273,451	296,432	310,934	321,948	335,592
Motor Vehicle Property Tax Receipts	125,000	130,000	135,200	140,608	146,232	152,082	158,165	164,491
Public Law 874 Federal Fund Receipts	12,000	12,480	12,979	13,498	14,038	14,600	15,184	15,791
Mineral Production/IRB Payments	6,000	6,240	6,490	6,749	7,019	7,300	7,592	7,896
Subtotal	\$610,000	\$536,552	\$471,086	\$450,610	\$463,722	\$484,916	\$502,888	\$523,771
Current General State Aid	899,187	935,154	972,561	1,011,463	1,051,922	1,093,998	1,137,758	1,183,269
Additional Revenue	217,000	236,600	246,064	255,907	266,143	276,789	287,860	299,374
Total - Non Property Revenue	\$1,726,187	\$1,708,307	\$1,689,711	\$1,717,979	\$1,781,786	\$1,855,703	\$1,928,507	\$2,006,414
Property Tax Revenue Necessary	290,498	389,046	491,535	550,517	577,450	597,903	623,243	647,406
Amount of Property Tax Levy	678,330	705,463	781,290	846,949	888,384	919,850	958,836	996,009
Amount per Mill	15,074	15,677	16,304	16,956	17,634	18,340	19,073	19,836
Total Levy Necessary	45.00	45.00	47.92	49.95	50.38	50.16	50.27	50.21

Note: Assumes a four percent growth in school expenditures and all revenue sources