

Approved: 3-6-92  
Date

## MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 1:30 p.m. on February 17, 1992 in room 541-S of the Capitol.

All members were present except:

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:

General Dan Karr, Deputy Director of the Division of Emergency Preparedness  
Susan Seltsam, Chief of Staff, Governor's Office  
Representative Don Rezac  
Senator Wint Winter

Others attending: see attached list.

HB 2705 - FY92 Supplemental appropriations for adjutant general and governor's department.

General Dan Karr, Deputy Director of the Division of Emergency Preparedness, presented testimony in support of HB 2705 (Attachment 1). General Karr stated that the 1991 legislature appropriated \$643,125 for disaster relief. The individual family assistance program is completed and was administered to 357 families. Federal funds are provided based on state and local matching funds. Public assistance requested will amount to \$2,686,181, which the federal government will provide 75%, local governments will provide 15%, and the state's share is 10% or \$285,757. General Karr stated that a shortfall of \$175,426 exists as the state share, and to continue administration of this public assistance, the supplemental appropriation is requested.

Susan Seltsam, Chief of Staff, Governor's Office, presented testimony in support of HB 2705 (Attachment 2). Ms. Seltsam stated that the total estimated budget for FY92 is \$243,000. This bill contains supplemental funding for the Governor's Special Prosecutor's operations. The Governor's office supports \$69,000 of the total estimated budget. The supplemental of \$174,000 will provide for salaries and wages for four FTE, contractual services and office space rental, and for capital outlay. Ms. Seltsam informed committee that the special prosecutor is paid by contractual arrangement and other funding is requested for expert witnesses, court reporters, and other attorneys as needed.

Representative Don Rezac and Senator Wint Winter presented testimony in support of HB 2705. Representative Rezac presented a Status of Appropriation report (Attachment 3). He stated that the Joint Committee was created to conduct an investigation into KPERS investments. After receiving a great deal of testimony and information concerning KPERS investment practices, the Joint Committee recommends an increase in fiduciary responsibility, limit KPERS' funds in alternative type investments, creation of a new Board of Trustees, establishment of a legislative Joint Committee on KPERS, improvement of oversight through audits, reporting and budgeting, and enhancement of civil and criminal statutes regarding KPERS investment.

Senator Winter reviewed the expenditures of the Joint Committee during the last 12 months which consisted of: Professional legal services - \$291,207.78; Real estate consultant - \$3,269.09; Other professionals - \$2,313.00; out-of-state public pension managers - \$1,352.10; and one percent SGF lapse - \$778.00. A balance of \$30,509.45 is still due the law firm of Hinkle, Eberhart and Elkouri for professional services provided to the Joint Committee. Senator Winter stated that the pending expenditures of \$30,509.45, was made as a good faith effort.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 541-S Statehouse, at 1:30 p.m. on February 17, 1992.

HB 2706 - Appropriations for FY93, department of transportation.

Representative Gregory presented the subcommittee report on HB 2706 (Attachment 4). The subcommittee recommends the Joint Committee on State Building Construction requiring KDOT to assume responsibility for the reconstruction of the Statehouse driveways. The subcommittee learned that KDOT must follow federal restrictions on the placement and content of highway signs. The agency is investigating the possibility of adding supplemental signs. The agency has requested for FY93 an amount of \$350,000 for the first phase of a plan to add two new computer systems. The Governor does not include financing for these systems. In 1990, the agency projected costs over a six-year period for a total estimated cost of \$29.5 million for a computer system project. The subcommittee recommends no adjustments to the Governor's recommendation for fuel expenditures, but asks the Senate Subcommittee to review the recommendation again.

William M. Lackey, P.E., Assistant Secretary and State Transportation Engineer, Department of Transportation reviewed Item #7 at the request of the Chairman. Mr. Lackey stated that the demonstration funds are earmarked for the eight projects and cannot be utilized in any other way. Funds would be returned to the federal government after FY97 if not spent on the designated projects. Mr. Lackey stated that the \$155 million is the amount of federal funds for the full six years that is identified as being not committed under the current comprehensive highway program. The eight demonstration projects were candidates in the system enhancement program. Not all were funded. Several were only partially funded. Representative Helgerson moved that the Department of Transportation transfer \$26 million additional federal money received back to the SGF. Representative Wisdom seconded. Motion failed. Representative Helgerson is recorded as voting "yes". A handout was provided by the Department of Transportation titled, "The Intermodel Surface Transportation Efficiency Act of 1991 and its Effect on the State of Kansas" (Attachment 5).

Representative Blumenthal presented a handout regarding the sales tax demand transfer from the SGF to the State Highway Fund (Attachment 6). Representative Blumenthal noted that the purpose of the sales tax demand transfer is to dedicate part of the sales tax for highway purposes. He also noted that the demand transfer relates only to the sales tax and not to the compensating tax. Representative Blumenthal moved to reduce the FY93 sales tax demand transfer to the SGF by \$10,810,800. Seconded by Representative Hochhauser. Motion failed. Representative Vancrum moved to transfer \$5 million from the State Highway Fund for FY93 to the SGF. Seconded by Representative Blumenthal. Motion failed.

Representative Dean moved that the Senate review the actual insurance coverage and make any necessary adjustments in the FY92 reduction. Seconded by Representative Turnquist. Motion carried. Representative Helgerson moved that additional documents be attached to this report to reflect the schedule for issuance of bonds and financial projections of debt service by the agency over the next 10 years. Seconded by Representative Chronister. Motion carried.

Representative Gregory moved adoption of FY92 subcommittee report, as amended, on the Department of Transportation. Representative Mead seconded. Motion carried.

Representative Gregory moved adoption of FY93 subcommittee report, as amended, on the Department of Transportation. Representative Gatlin seconded. Motion carried.

Representative Gregory moved that HB 2706, as amended, be recommended favorably for passage. Seconded by Representative Mead. Motion carried.

Representative Patrick moved that HB 2705 be amended to appropriating \$30,509.45 to the Legislative Coordinating Council's budget for FY92. Seconded by Representative Chronister. Motion carried.

Representative Patrick moved that HB 2705 be amended to add a FY93 appropriation for the KPERs Special Prosecutor in the amount of \$346,488 SGF. Seconded by Representative Dean. Motion carried.

Representative Patrick moved that HB 2705, as amended, be recommended favorably for passage. Seconded by Representative Dean. Motion carried.

Meeting adjourned at 3:30 p.m. The next scheduled meeting will be Thursday, February 20, 1992 at 1:30 p.m. in Room 514-S.



HOUSE OF REPRESENTATIVES  
Appropriations Committee

PRESENTATION

By

The Adjutant General's Department  
BG(Ret) Dan Karr

Chairman and members of the committee. I am testifying in support of our request for \$175,426 for the state match for federal disaster relief aid.

On April 28, 1991, the Governor requested a Presidential Disaster Declaration for assistance to our State effected by the severe storms and tornados which hit our State on April 26, 1991. A major disaster for certain counties in Kansas was declared by the President and susequently our request for assistance was approved. Copies of the Governor's requests for a Presidential Disaster Declaration are furnished for your information.

In response to the Governor's request for funding the legislature in last year's session appropriated \$643,125 for disaster relief.

The individual family asasistance program is completed and I can report to you that it was successfully administered with 357 families assisted, receiving grants up to \$11,000, with an average if \$5,432. IFG funding amounted to \$1,939,128 , of which \$1,454,346 was federal funds and \$484,782 was state funds.

We are now administering the public assistance phase. In this grant federal funds are provided based on state and local matching funds. We estimated public assistance requested will amount to \$2,686,181, of which the federal government will provide \$2,030,718, the local governments will provide \$402,927 and the state's share is \$285,737. A shortfall of \$175,426 exists as the state share, and to continue administration of this public assistance the supplemental appropriation is requested.

I would emphasize to the committee that this public assistance grant is administered on a matching fund basis, and the receipt of federal funds depends on the availability of state funds.

HA  
2-17-92  
Attachment 1

STATE OF KANSAS



OFFICE OF THE GOVERNOR

JOAN FINNEY, Governor  
State Capitol, 2<sup>nd</sup> Floor  
Topeka, KS 66612-1590

913-296-3232  
1-800-432-2487  
TDD# 1-800-992-0152  
FAX# (913) 296-7973

April 28, 1991

Mr. S. Richard Mellinger  
Regional Director  
Federal Emergency Management Agency  
Region VII  
911 Walnut, Room 200  
Kansas City, MO 64106


Dear Mr. Mellinger:

Pursuant to my request to the President, through you, for a major disaster declaration, I wish to advise you that I intend to implement the Individual Family Grant program as authorized under section 411 of the Disaster Relief Act of 1974, as amended.

I have determined that assistance under the program will be provided to approximately 1,500 disaster victims. Total funding is estimated to be \$2,572,500 of which \$1,929,375 will be the Federal share and \$643,125 will be the State share.

The State of Kansas has the authority to expend state funds to implement this program.

Sincerely,

  
JOAN FINNEY  
Governor

JF:MEH:at

STATE OF KANSAS



OFFICE OF THE GOVERNOR

JOAN FINNEY, Governor  
State Capitol, 2<sup>nd</sup> Floor  
Topeka, KS 66612-1590

913-296-3232  
1-800-432-2457  
TDD# 1-800-992-0152  
FAX# (913) 296-7973

April 28, 1991

The President  
The White House  
Washington, D.C. 20500

Through:

Mr. S. Richard Mellinger  
Regional Director  
Federal Emergency Management Agency  
Region VII  
911 Walnut, Room 200  
Kansas City, MO 64106

Dear Mr. President:

Under the provisions of Section 411, Public Law 93-288, as implemented by 44 CFR 206.36, it is requested that you declare a major disaster for the Kansas counties of Butler and Sedgwick as a result of devastation caused by at least fifty tornadoes during the evening and night hours of Friday, April 26, 1991. Damage ranges from light to total devastation over a ten county area. In the counties of Butler and Sedgwick, more than 496 homes have been destroyed leaving more than 1,500 people homeless. In addition to the homes destroyed, at least 11 businesses were heavily damaged in the City of Andover. The immediate needs of people have been of greatest concern in the time since the disaster occurred, and therefore, no dollar estimates of damage have been as yet undertaken. It may be necessary to expand the counties requested as additional information is gathered.

In response to the situation, I have taken appropriate action under State law and directed the execution of the State Emergency Plan on April 26, 1991. A State of Declaration has been issued for the following ten counties of Kansas: Butler, Sedgwick, Pottawatomie, Washington, Cowley, Elk, Jefferson, Atchison, Wabaunsee, and Shawnee.

Page 2  
The President  
April 28, 1991

On April 28, 1991, I requested a joint Federal, State, and local survey of the damaged areas. Preliminary assessments indicated the most severe impacts were to the City of Andover.

I have determined that this incident is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that supplementary Federal assistance is necessary. I am specifically requesting Individual and Family Grant Assistance, and Small Business Administration disaster loans. Preliminary estimates of the types and amount of assistance needed under Public Law 93-288, as amended, are tabulated in Enclosure A.

The following information is furnished on the nature and amount of State and local resources that have been or will be used to alleviate the conditions of this disaster:

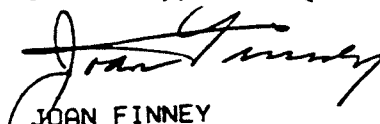
State resources utilized included the Kansas National Guard for security, search and rescue, and damage assessment; The Kansas Highway Patrol for controlling and routing traffic; The Kansas Division of Emergency Preparedness used to coordinate State and local operations to insure continuity of operations and to identify, collect and report damage. Local actions were extensive in all areas to include rescue operations, evacuations, shelter operations, traffic control, temporary repairs to essential facilities, and barricading.

I intend to implement the Individual and Family Grant Program for those families adversely affected by the storms. We certify that the State is prepared to immediately pay 25 percent of the cost to implement the program.

It is requested that assistance from the Small Business Administration be granted with this request for individual assistance for families and businesses.

I have designated Major General James F. Rueger, The Adjutant General, as the State Coordinating Officer, and Mr. Dan E. Karr, Deputy Director, Kansas Division of Emergency Preparedness, as the State Deputy Coordinating Officer for this request.

Sincerely,

  
JOAN FINNEY  
Governor

JF:MEH:at

STATE OF KANSAS



OFFICE OF THE GOVERNOR

JOAN FINNEY, *Governor*  
State Capitol, 2<sup>nd</sup> Floor  
Topeka, KS 66612-1590

May 17, 1991

913-296-3232  
1-800-432-2487  
TDD# 1-800-992-0152  
FAX# (913) 296-7973

The President  
The White House  
Washington, D.C.

Through: Mr. S. Richard Mellinger  
Regional Director  
FEMA Region VII  
Kansas City, MO 64106

Dear Mr. President:

Under the provisions of Section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended, and implemented by 44 CFR Part 206.36, I request that you amend the present major disaster declaration FEMA-903-DR-KS to include publicly owned property which was damaged by tornadoes and severe storms during the same incident period as the above referenced major disaster declaration which was granted for the Individual and Family Grant Program. The incident period was 26-27 April, 1991, and includes the counties of Cowley, Sedgwick, and Butler all in South Central Kansas.

In response to the situation, I have taken the appropriate action under state law and directed the execution of the State Disaster Emergency Operations Plan on 26 April 1991. A state declaration of disaster was declared on the same date and included ten counties. Response has been necessary for the Individual and Family Grant Program in Cowley, Sedgwick, Butler, Washington, Wabaunsee and Jefferson Counties.

On 6 May 1991, I requested a joint Federal, State, and local survey of the damaged areas. Preliminary assessments of public property damage indicated the most severe impacts were to home, mobile homes, businesses, and publicly owned power utilities. In Haysville and Andover, curbs, gutters and some street damages occurred from both falling trees and emergency cleanup activities. Debris clearance costs throughout the Cowley, Sedgwick, Butler County areas are significant.



The President  
May 14, 1991  
Page 2

I have determined that this incident is of such severity and magnitude that effective response is beyond the capabilities of the state and the affected local governments and that supplementary Federal assistance is necessary. I am specifically requesting Public Assistance. Preliminary estimates of the types and amount of assistance needed under Public Law 93-288, as amended, are tabulated in Enclosure B.

In addition to the state and local resources already committed to FEMA 903-DR-KS, the following resources will be committed:

1. Ten per cent of disaster funds committed to public property damage shall be state funds.
2. Fifteen per cent of disaster funds committed to public property damage shall be local funds.

Furthermore, I certify that for this major disaster, the state and local governments will assume all applicable non-Federal share of costs required by Public Law 93-288, as amended. Total expenditures are expected to exceed \$2,000,000 dollars in accordance with the table in enclosure D.

I have designated General Dan E. Karr as the State Coordinating Officer for this request. He will work with the Federal Emergency Management Agency in damage assessments and may provide further information or justification on my behalf.

Sincerely,

Governor

Enclosures B and D

TESTIMONY ON HOUSE BILL 2705

HOUSE APPROPRIATIONS COMMITTEE  
February 17, 1992

Testimony by Susan Seltsam, Governor's Chief of Staff

Mr. Chairman, Members of the Committee:

HB 2705 contains supplemental funding for the Governor's Special Prosecutor's operations in FY 1992.

The total estimated budget is \$243,000. The approved 1992 budget for the Governor's office supports \$69,000 of that amount. The supplemental of \$174,000 will provide for salaries and wages for four FTE (full time employees), contractual services and office space rental, as well as a small amount for capital outlay. \$125,000 in contractual services is for professional fees.

The special prosecutor is paid by contractual arrangement and funds are requested for expert witnesses, court reporters and other contract attorneys as litigation requires.

If there are any questions, I will be pleased to respond.

HA  
2-17-92  
Attachment 2

STATE OF KANSAS



TOPEKA

**COMMITTEE MEMBERS**

SENATOR WINT WINTER, JR.  
CHAIRMAN  
REPRESENTATIVE DON REZAC  
VICE-CHAIRMAN  
REPRESENTATIVE TIM CARMODY  
SENATOR FRANK GAINES  
REPRESENTATIVE JIM GARNER  
REPRESENTATIVE CLYDE GRAEBER  
REPRESENTATIVE WALKER HENDRIX  
SENATOR DAVID KERR  
SENATOR JERRY MORAN  
SENATOR MARGE PETTY  
SENATOR RICHARD ROCK  
REPRESENTATIVE BILL WISDOM

**COMMITTEE SECRETARY**

MARY ALLEN  
ROOM 511-S  
STATEHOUSE  
TOPEKA, KANSAS 66612  
PHONE: (913) 296-2713  
FAX: (913) 296-1153

JOINT COMMITTEE ON  
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
(KPERS)  
INVESTMENT PRACTICES

**SUMMARY**

**Joint Committee on KPERS Investment Practices**

**Charge of the Joint Committee**

The Joint Committee on KPERS Investment Practices was created by concurrent resolution of the 1991 Legislature to conduct an investigation into KPERS investments, to determine if there have been investment losses, determine what action might be appropriate to recover such losses and recommend legislation to prevent future losses.

**Joint Committee Activities**

The Joint Committee held meetings on 32 separate days from February 22 through December 17, 1991. A total of 89 individuals appeared before the Joint Committee to provide testimony or information to the Joint Committee, most of it under oath. The Joint Committee has over 3,850 pages of verbatim transcripts from the Committee proceedings and received over 5,000 pages of attachments to the official committee minutes. The Committee through the exercise of subpoenas received literally thousands of documents from the former KPERS direct placement money managers and other sources. In addition, the Kansas Legislative Division of Post Audit conducted six performance audits on various KPERS related areas at the request of the Joint Committee.

**Evidence and Testimony Presented**

The Joint Committee received a great deal of testimony and information concerning KPERS investment practices. The Joint Committee also focused especially on direct placement investments and retained the law firm of Hinkle, Eberhart and Elkouri of Wichita to assist in the investigation of direct placement investments made by the investments firms of Reimer and Koger and Peters, Gamm, West and Vincent. The Joint Committee focused in

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Attachment 3

part, on the leadership of Mike Russell as Chair of the KPERS Board of Trustees, the breakdown in reporting by the investment managers and the lack of oversight and management by KPERS. The Joint Committee identified actual and potential losses in the KPERS direct placement portfolio of over \$225 million or 57 percent of the direct placement investment.

### **Conclusions**

In general, the Joint Committee concluded that the KPERS direct placement and real estate programs expanded rapidly over a short period of time and losses were caused by breach of responsibility on the part of many participants. The excessive losses and poor returns of the direct placement program were a result not of the existence of the program itself, but extreme mismanagement and breach of responsibility on the part of individuals and firms charged with designing and implementing the program, some who benefited from receipt of the direct placement funds, certain professionals, and others. As a result of the very rapid expansion of the direct placement program, KPERS staff, governors, the Legislature, and interested citizenry groups lacked the skill, experience, resources and structure to properly monitor, report on, and provide the oversight necessary to discover and correct the problems. Theoretically, the direct placement funds would have earned almost as much if KPERS had placed them in a simple savings account, and would have earned more if the funds had been invested in risk-free 91-day U.S. Treasury Bills.

### **Recommendations**

The Joint Committee made 16 recommendations concerning KPERS investment practices which are contained in four different pieces of legislation. The recommendations increase fiduciary responsibility, limit KPERS' funds in alternative type investments, creation of a new Board of Trustees, establishment of a legislative Joint Committee on KPERS, improvement of oversight through audits, reporting and budgeting, and enhancement of civil and criminal statutes regarding KPERS investments.

### **Joint Committee Expenditures**

The attached table details the expenditures of the Joint Committee during the last 12 months. Joint Committee expenditures can be summarized on the next page as follows:

**STATUS OF APPROPRIATION  
As of February 17, 1992\***

**Joint Committee on Kansas Public Employees  
Retirement System on Investment Practices**

**A. Expenditures:**

Original Appropriation by 1991 Legislature		\$ 300,000.00
<b>Legal Services Provided by the Firm of Hinkle, Eberhart, and Elkouri:</b>		
February 26, 1991 through April 20, 1991 -- 868.10 hours	\$ 80,483.25	
April 21, 1991 through May 20, 1991 -- 650.95 hours	56,231.25	
May 20, 1991 through June 20, 1991 -- 307.00 hours	25,750.50	
June 21, 1991 through July 20, 1991 -- 687.65 hours	57,611.00	
July 15, 1991 through July 31, 1991 -- 125.02 hours*	11,243.60	
Subtotal Legal Services -- 2,638.72 hours		<u>\$(231,319.60)</u>
<b>Expenses for Hinkle, Eberhart, and Elkouri:</b>		
Copies	\$ 24,964.46	
Postage	63.45	
Federal Express	649.38	
Long Distance Telephone	3,205.54	
Telecopier	832.50	
Travel	4,366.09	
Supplies	7,097.15	
Equipment Rental	205.24	
Computer Research	293.51	
Miscellaneous	75.20	
Transcripts	1,039.55	
Contract Labor	5,866.38	
Witness Fees	1,219.44	
Process Server	1,334.65	
Courier	73.21	
Subscriptions	94.79	
Bank Expert (James Moroney)	5,000.00	
Subtotal Expenses for Hinkle, Eberhart, and Elkouri		<u>\$ (56,380.54)</u>
Norman Benedict -- Colorado Public Employees Retirement Association		\$ (703.31)
Robert Zobel -- Wisconsin State Investment Board		(648.79)
Robert Hecht -- Special Counsel		(2,500.00)
1 Percent Budget Reduction (of the 1992 reappropriation)		(778.00)
Mortgage Investment Trust Corporation, Lindsay Olsen, Real Estate Consultant		(3,269.09)
Spencer, Fane, Britt, and Browne*		(1,007.64)
Professional Bank Consultants (Bruce Morgan)*		(750.00)
Nora Lyon and Associates (Court Reporter)*		(1,563.00)
Unexpended Balance		<u><u>\$ 1,080.03</u></u>

**B. Pending Expenditures:**

Hinkle, Eberhart, and Elkouri (Services July 15-31, 1991)	6,364.90	
Hinkle, Eberhart, and Elkouri (Services June 21-July 20, 1991)	5,000.00	
Hinkle, Eberhart, and Elkouri (Services November 6, 1991- January 20, 1992)	19,144.55	
<b>GRAND TOTAL</b>	<u><u>\$ 30,509.45 **</u></u>	

\* Legislative Coordinating Council approval was recently requested to pay these expenditures.

\*\* Does not include any amount for services rendered by the Kansas Banking Department.

Amount	Purpose
\$ 291,207.78	<b>Professional legal services</b> to assist the Joint Committee's investigation through discovery of documents, questioning witnesses, and a written report on the conclusions of the primary special counsel. The primary firm was Hinkle, Eberhart and Elkouri of Wichita. The other firms were Spencer Fane Britt and Browne, Kansas City, Missouri and Robert Hecht, Topeka.
3,269.09	<b>Real estate consultant</b> to conduct a limited review of selected KPERS' properties.
2,313.00	<b>Other professionals</b> , including a court reporter and a banking consultant.
1,352.10	<b>Out-of-state public pension managers</b> from Wisconsin and Colorado.
778.00	<b>One percent State General Fund lapse.</b>
\$ 298,919.97	Total

**Remaining Obligations:**

A balance of \$30,509.45 is still due the law firm of Hinkle, Eberhart and Elkouri for professional services provided to the Joint Committee.

**SUBCOMMITTEE REPORT**

**Agency:** Department of Transportation      **Bill No. --**      **Bill Sec. --**

**Analyst:** Rothe      **Analysis Pg. No. 71**      **Budget Page No. 564**

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 195,398,386	\$ 194,817,568	\$ --
Aid to Local Units	119,443,028	119,727,028	(284,000)
Other Assistance	200,000	200,000	--
Operating Expend.	<u>\$ 315,041,414</u>	<u>\$ 314,744,596</u>	<u>\$ (284,000)</u>
Capital Improvements	400,437,506	404,339,317	(4,087,827)
Total	<u><u>\$ 715,478,920</u></u>	<u><u>\$ 719,083,913</u></u>	<u><u>\$ (4,371,827)</u></u>
 State General Fund	 \$ 83,113,173	 \$ 87,485,000	 \$ --
 FTE Positions	 3,293.0	 3,293.0	 --

**Agency Estimate/Governor's Recommendation**

KDOT's revised FY 1992 state operations budget estimate is \$195,398,386, a reduction of \$3,593,948 from the approved budget of \$198,992,334. The revised estimate includes reductions of \$4,431,000 in contracted substantial maintenance, \$391,604 for a price adjustment to vehicle fuel, and \$210,399 as a result of shifting the purchase of Highway Patrol radios to FY 1991. Increases in the current year estimate include \$984,462 for salaries in the regular maintenance program (mostly to reduce the turnover rate from 4.9 percent to 2.5 percent), and \$454,593 for other state operating costs. The Governor recommends \$194,817,568 for FY 1992 state operations, a reduction of \$580,818 from the agency's revised estimate. The recommendation includes a reduction of \$332,273 from salaries due to health insurance adjustments, \$138,592 from travel and subsistence, and \$109,953 from vehicle fuel. The Governor recommends a salary turnover rate for state operations of 2.5 percent compared to the agency's estimate of 2.6 percent.

The local aid estimate of \$119,443,028 is \$1,351,655 below the approved amount. The revised estimate includes a reduction of \$2,463,067 in expenditures from the Special City and County Highway Fund, a net increase of \$1,003,712 in available federal aid, and an increase of \$107,700 in expenditures from the state Elderly and Handicapped Transportation Assistance Fund. The FY 1992 estimate of \$200,000 for other assistance is the same as the amount approved. The Governor's recommendation for local aid of \$119,727,028 is an increase of \$284,000 above the agency's revised estimate to reflect November consensus estimates of motor carrier property tax receipts.

The agency's revised estimate of \$400,437,506 for capital improvements is a reduction of \$16,019,682 from the amount approved. Significant changes to the amount approved for FY 1992 include increases of \$565,000 for federally-funded local construction projects, \$1,577,777 in capital improvements to agency buildings due to a shift of approved projects from FY 1991 to FY 1992,

*HA  
2-17-92  
Attachment 4*

\$500,000 for design and appraisal contracts, a shift of 2.0 FTE positions from the Management Division (\$52,318), and a reduction of the salary turnover rate from 4.9 percent to 3.2 percent (resulting in increased expenditures of \$777,448). Expenditure reductions include \$14,622,000 in state construction projects due mostly to the advancement or delay of construction projects to other fiscal years, \$3,265,000 in contract inspections, \$387,014 in costs for temporary employees, \$873,864 in overtime costs, and \$294,347 from other expenditures. The Governor recommends \$404,339,317 for capital improvements, an increase of \$3,901,811 above the agency's revised estimate. The recommendation includes a reduction of \$186,016 to reflect health insurance adjustments and an increase of \$4,087,827 for state construction projects from the State General Fund (reflecting the November consensus estimate on sales tax receipts). The Governor concurs with the agency's salary turnover rate of 3.2 percent for FY 1992.

### House Subcommittee Recommendation

FY 1992. The House Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Concur with Governor's Budget Amendment No. 1, which includes a technical adjustment to reduce capital improvements by \$4,087,827 and aid to local units by \$284,000 to reflect the Governor's intent.

*G. G. Gregory*

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Representative Gilbert Gregory  
Subcommittee Chair

*Fred Gatlin*

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Representative Fred Gatlin

*Robert Mead*

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Representative Robert Mead



**SUBCOMMITTEE REPORT**

**Agency:** Department of Transportation      **Bill No.** 2706      **Bill Sec.** 2  
**Analyst:** Rothe      **Analysis Pg. No.** 71      **Budget Page No.** 564

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 204,538,760	\$ 200,987,056	\$ --
Aid to Local Units	126,155,421	127,705,421	(1,550,000)
Other Assistance	200,000	200,000	--
Operating Expend.	<u>\$ 330,894,181</u>	<u>\$ 328,892,477</u>	<u>\$ (1,550,000)</u>
Capital Improvements	575,738,411	574,198,667	(684,000)
Total	<u><u>\$ 906,632,592</u></u>	<u><u>\$ 903,091,144</u></u>	<u><u>\$ (2,234,000)</u></u>
State General Fund	\$ 90,716,000	\$ 92,950,000	\$ --
FTE Positions	3,308.0	3,308.0	--

**Agency Request/Governor's Recommendation**

KDOT's operating budget request for FY 1993 totals \$204,538,760, an increase of \$9,140,374 above the revised FY 1992 estimate. The increase includes \$1,593,935 for salaries, an increase of 2.4 percent above the FY 1992 estimate. The request would maintain at 2,208.0 the current year FTE position limitation assigned to the operating budget. The increase also includes \$3,420,000 for additional substantial maintenance contracts, \$369,916 for increased data processing charges, \$356,659 for contracted repair of roadsides and rest areas, \$606,596 for maintenance materials, \$350,000 for the first phase (definition requirement) of the development of two new computer systems, \$2,794,127 for capital outlay, \$755,141 from other operating budget sources, and a reduction of \$1,106,000 in interest payments on debt service. The Governor recommends \$200,987,056 for state operations in FY 1993, a reduction of \$3,551,704 from the agency's request. The reduction includes \$51,810 from salaries, \$356,659 from contracted repair of roadsides and rest areas, \$364,837 from maintenance materials, \$350,000 from the requested computer system development, \$358,065 from motor fuel, \$159,008 from travel, and \$1,911,325 from capital outlay. The Governor concurs with the 2.5 percent salary turnover rate requested for state operations.

The agency requests \$126,355,421 for Aid to Local Units and other assistance for FY 1993, an increase of \$6,712,393 above the revised FY 1992 estimate. The Governor's recommendation of \$127,905,421 is an increase of \$1,550,000 above the agency's request, reflecting November consensus estimates of motor carrier property tax receipts.

The agency requests \$575,738,411 for capital improvements in FY 1993, an increase of \$175,300,905 above the revised FY 1992 estimate. The request includes a reduction of \$868,035 for capital improvements to agency facilities and increases of \$168,528,000 for highway construction and improvement projects, \$1,000,000 for contracted inspection services, \$1,216,295 for capital outlay,

\$1,045,000 for debt service on freeway bonds, \$2,180,682 for salaries, and \$462,893 for other increases. The request includes \$42,282,846 for salaries for 1,100.0 FTE positions, including \$494,833 for the salaries and benefits of 15.0 FTE new Engineering Technicians to meet construction inspection staffing requirements. The salary request also includes an increase of \$374,394 for temporary employees and \$620,749 for overtime pay. The Governor recommends a total of \$574,198,667 for capital improvements, a reduction of \$1,534,744 from the amount requested. The recommendation includes an increase of \$4,607 in salaries to reflect benefit adjustments. The Governor concurs with the agency's request for 15.0 FTE new positions, temporary pay, and overtime pay. The recommendation also includes a reduction of \$184,734 from travel, a reduction of \$1,350,000 from capital improvements to KDOT buildings, a reduction of \$693,617 from capital outlay, and an increase of \$684,000 in financing from the State General Fund (reflecting the sales tax transfer adjusted for the November consensus estimate of tax receipts) for state construction projects.

### House Subcommittee Recommendations

**FY 1993.** The House Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Concur with Governor's Budget Amendment No. 1 which reduces capital improvement expenditures by \$684,000 and aid to local units expenditures by \$1,550,000. The technical adjustments are recommended to conform with the Governor's intent.
2. Concur with the Governor's recommendation to provide \$1,768,908 from State Highway Fund expenditures for capital improvements -- buildings. The Joint Committee on State Building Construction concurred with the Governor's recommendation, which is a reduction of \$1,350,000 from the amount requested.
3. Concur with an additional recommendation of the Joint Committee on State Building Construction to require KDOT to assume responsibility for the reconstruction of the Statehouse driveways. The project involves the removal of the existing parking surface and the construction of a completely new concrete parking surface. The Governor's FY 1993 recommendation for the Department of Administration included \$123,000 from the proposed General Facilities Building Fund as the first year of a four-year project totaling \$512,000. The Building Committee instead recommends that the entire project be completed in FY 1993 by KDOT.
4. The Subcommittee discussed the agency's highway signage program and the level of cooperation with the Department of Commerce in tourism promotion. The Subcommittee learned that although KDOT must follow federal restrictions on the placement and content of signs, the agency is investigating the possibility of adding supplemental signs. The Subcommittee was also assured that the level of cooperation between KDOT and the Department of Commerce was substantial.
5. The Subcommittee reviewed the agency's FY 1993 request of \$350,000 for the first phase of a plan to add two new computer systems. The request would finance the definition requirement phase of a Financial Management System (\$200,000 in FY 1993, \$4.6 million when completed) and a Highway Maintenance

Management System (\$150,000 in FY 1993, \$978,000 when completed). The Governor's recommendation does not include financing for either system for FY 1993. In 1990 the agency identified a number of computer system projects to be requested over a six-year period for a total estimated cost of \$29.5 million. The first project approved for FY 1990 (an Executive Information System, \$384,000) has been completed. A second project approved for FY 1990 (a Comprehensive Program Management System, \$1,636,000) is in the testing stage and will be implemented this summer. The third and fourth projects approved for FY 1991 (a Construction Management System for \$2,503,915, and an Integrated Design and Environment/Right-of-Way System for \$3,232,132) are also on schedule with the former to be implemented next December. The Legislature did not approve financing for new systems for FY 1992. The Subcommittee notes that the completion of new computer systems is progressing within budget, an unusual phenomenon in state government. By splitting the multiyear enhancement of its computer capabilities into smaller pieces, the Department has found that implementation times and costs are much more manageable.

6. The Subcommittee reviewed the Governor's recommendation for vehicle fuel expenditures of \$0.94 per gallon in FY 1992 (compared to the request of \$1.05) and \$0.97 per gallon in FY 1993 (compared to the request of \$1.10). Recommended per-gallon diesel expenditures are \$0.97 in FY 1992 and \$0.95 in FY 1993. State gasoline purchases do not include state or federal fuel taxes, but diesel purchases include the state diesel tax of \$0.19 in FY 1992 and \$0.20 in FY 1993. The agency supports the recommended amounts which are based on more recent information. The Subcommittee recommends no adjustments to the Governor's recommendation for fuel expenditures, but because of the changing nature of fuel oil prices, asks the Senate Subcommittee to review the recommendation again.
7. Although the agency's budget does not incorporate provisions of the recently approved federal Intermodal Surface Transportation Efficiency Act of 1991, the Subcommittee reviewed preliminary estimates of federal receipts for the six-year highway bill. KDOT estimates that approximately \$155.0 million of the \$1.321 billion six-year apportionment for Kansas is uncommitted. KDOT, which continues to research the intricacies of the federal highway act, indicates that most of the new federal funds would be available towards the end of the six-year program. The Subcommittee also reviewed the federal demonstration projects of \$146.6 million of federal financing. Total estimated costs for eight demonstration projects of \$291.3 million exceed federal funding by \$149.5 million. Unless other sources of matching funds are found, the match would require most of the \$155.0 million of uncommitted federal funds.

The Subcommittee also reviewed federal demonstration project financing of approximately \$146.6 million. Total estimated costs of the eight demonstration projects of \$291.3 million exceed federal financing by \$149.5 million. The shortfall could be matched with a portion or all of the \$155.0 million uncommitted funds, with local funds, or not at all. Demonstration funds are earmarked for the eight projects, and cannot be utilized in any other way. Funds would be returned to the federal government after FY 1997 if not spent on the designated projects. KDOT, which continues to research the intricacies of the Federal

Highway Act, indicates that the federal funds will be received in increments. It will be near the end of the six-year program before enough funds can be obligated to complete many of the proposed projects.

*G. G. GREGORY*

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Representative Gilbert Gregory  
Subcommittee Chair

*Fred Gatlin*

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Representative Fred Gatlin

*Bob Mead*

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Representative Robert Mead

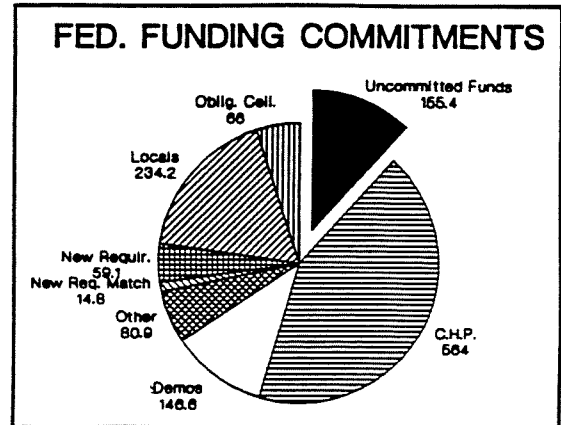
## The Intermodal Surface Transportation Efficiency Act of 1991 and its Effect on the State of Kansas

The six-year Intermodal Surface Transportation Efficiency Act of 1991 authorizes \$155 billion nationwide for surface transportation and transit. Transit has an authorized spending level of \$31.5 billion; surface transportation will receive the remainder. For surface transportation the average annual spending over the last five years was \$13.8 billion nationally; the average spending for the six years covered in this bill will be \$20 billion. This funding level is possible because Congress is finally allowing a spend down of the large balance in the Highway Trust Fund. In past years, Congress authorized spending at levels which were less than the amount of funds being collected through highway fuel taxes each year. Under the ISTEA, spending will be at levels greater than the amount collected annually. The Highway Trust Fund is estimated to be reduced from a balance of \$11.3 billion in FY 1992 to \$2.5 billion at the end of FY 1997.

### Fiscal Impact on Kansas

Under the legislation, Kansas is to receive a six-year total of approximately \$1.3 billion. However, not all of this money comes to KDOT. A portion of the funds are for local units of government. Also included are significant funds that are committed for specific purposes. The following pie chart graphically demonstrates this.

It appears that the ISTEA provides the



Kansas Department of Transportation with \$154.5 million in currently uncommitted funds. However, the bill itself, principally through the demonstration projects, implies some dollar commitments which have yet to be taken into consideration.

The eight demonstration projects funded in the bill all require, at a minimum, a 20 percent match just to use the federal funds provided. The match can be supplied by the State or by the local entity, but in several cases, the local entities will not have the resources to provide the match. The 20 percent match alone will require \$32.9 million. Even with the match, most of the projects are underfunded and what could be built would not be meaningful. Based upon telephone calls we have received, as well as press accounts, many of the communities who received funding for

a demonstration project believe that a commitment has been made to build their project. To do that, KDOT has determined that \$121.6 million, in addition to the \$32.9 million needed for the match, will be required to complete the projects in a meaningful way. The following table shows the list of demonstration projects and how the shortfall was calculated.

DEMONSTRATION FUNDING SHORTFALL				
(6 Millions)				
Project	Demo Funds	Appr. Act	Proj. Cost	Short Fall
US-81	\$56.2	--	\$97.6	\$41.4
Hutch. Bypass	48.8	--	48.8	9.8
Riverton to I-44	13.1	\$1.4	37.4	22.9
I-435/Roe/Nall	4.1	3.6	20.3	12.6
Lawrence Circ.	3.3	--	47.9	44.6
Leav. Trfwy.	8.6	--	8.6	--
US-64/Oliver	6.6	--	6.6	--
Oakland Expr.	6.9	--	24.1	18.2
<b>TOTAL</b>	<b>\$146.6</b>	<b>\$5.0</b>	<b>\$291.3</b>	<b>\$149.5</b>

(1) Max. amount avail. dependent on language interpretation  
 (2) Required 20% match  
 (3) Add another \$81 million to do mainline  
 (4) Part of a larger project with state & local \$

specific in setting out the amount of funds that must be shared with metro areas over 200,000 population. The bill requires that 50 percent of the funds in the Surface Transportation Program (STP, the major program category of the ISTEA which provides funding for the majority of roads in the state) be allocated to the metro areas over 200,000 in the ratio of their population to the rest of the state's population. In Kansas' case, the requirement equates to approximately 15 percent of the STP funds being allocated to Wichita and the metro Kansas City area. The bill is silent in terms of any direction on how funds should be divided with other local governments. KDOT plans to compute an overall growth rate after certain mandatory requirements are excluded, and increase funding for all jurisdictions by this growth factor. This will provide KDOT, smaller cities, and counties with the same relative share in the growth. Because of the specific requirements for sharing with Kansas City and Wichita, the metro areas' overall growth under this bill will be greater.

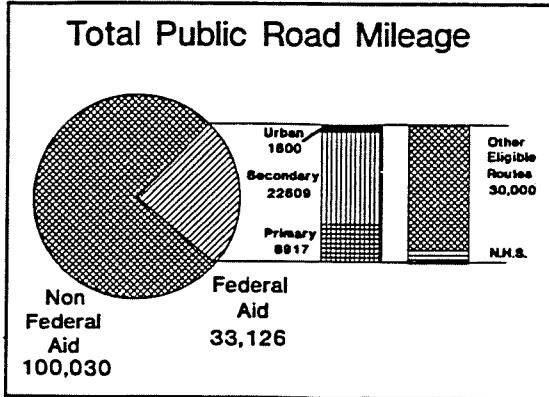
Therefore, before we even explore any new and emerging needs, the expense of completing the demonstration projects alone could deplete the \$155 million in uncommitted funds provided by the ISTEA.

**SHARING FUNDS WITH LOCAL GOVERNMENTS**

A certain portion of federal funds has always been shared with local governments to support the roads under their jurisdiction that qualify for federal funding. The ISTEA is quite

**CATEGORIES**

As can be seen in the following chart, under the previous federal-aid program, there were three systems of roads: the Primary; Secondary; and Urban Systems. In order to spend federal dollars on a road, it had to be on one of these systems. Further, there were categories under which we received our funding which in general terms related to these three systems. Under the ISTEA, the three systems no longer



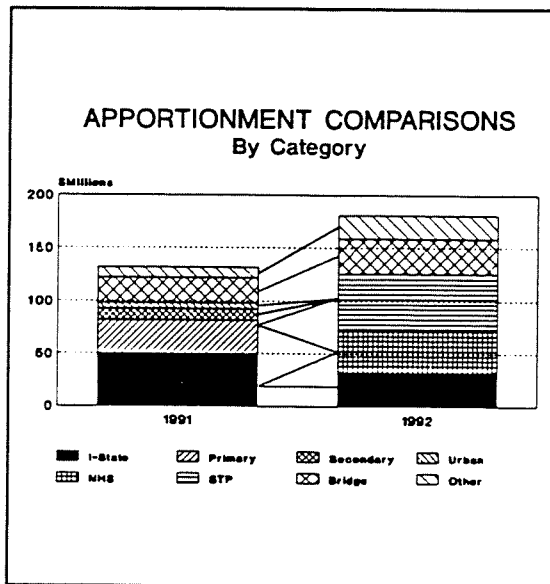
Many of the matching ratios have changed as well. The following table shows the comparison of the previous and the new match ratios.

exist. There now exists only the National Highway System. All other roads and streets will qualify for funding on the basis of functional classification. Essentially, this results in existing roads which qualified for federal funds still being eligible under the new program.

The new legislation has fewer fund categories than past legislation. The following chart demonstrates how the old categories compare to the new.

### CATEGORIES & MATCHING RATIOS

<u>Category</u>	<u>Matching Ratio</u>
	Previous
Bridge	80-20
Urban	75-25
Secondary	75-25
Primary	75-25
I-State 4R	90-10
	New
I-State Maint	90-10
All Other	80-20



### NEW REQUIREMENTS

The Intermodal Surface Transportation Efficiency Act contains numerous new requirements which will impact KDOT and, ultimately, local governments. Some of these requirements include the following:

1. KDOT must functionally reclassify all roads and streets in the State in order to receive funding for the National Highway System (a category of funding in the legislation). The reclassification must be completed in accordance with guidelines and a time schedule established by the Federal Highway Administration. This will require significant effort by KDOT and local officials.

2. KDOT must develop six management systems for pavements, bridges, safety, traffic congestion, public transportation facilities and equipment, and intermodal transportation facilities and systems. FHWA will issue guidelines for the development and implementation of these systems. KDOT anticipates that they will involve a great deal of staff time and expenditure.

3. The Legislature must pass a mandatory motorcycle helmet law by Federal Fiscal Year 1994 or funds for highway apportionments for the State will be shifted to the State's Safety program. It is estimated that \$1.5 million in 1995 and \$3 million in 1996 and 1997 would be transferred unless State legislation is enacted.

4. KDOT is required to fund a position in the agency for a bicycle and pedestrian coordinator.

5. Beginning in FY 1994, states must use a minimum percentage of rubberized asphalt on federal-aid projects. The percentage starts at 5 percent in 1994 and increases to 20 percent in 1997. Failure to meet the percentage requirement would result in loss of highway apportionments of \$10 million in 1994 increasing to \$44 million in 1997.

6. KDOT is required to utilize innovative safety barriers on not less than 2.5 percent of the mileage of new or replacement permanent median barriers in each calendar year.

7. KDOT must monitor speeds on roadway sections signed 65 MPH as well as on the 55 MPH sections required in previous Federal law.

8. KDOT is required to develop a long-range statewide transportation plan (20 years) in coordination with Metropolitan Planning Organizations, Indian tribes and the public. In developing this plan the Department must consider 20 items specifically listed in the new legislation. The Department must also develop a five-year Transportation Improvement Program (TIP) which includes all projects (state and local) for which federal highway and transit dollars will be spent.

9. KDOT is required to establish and implement a program for inter-city bus service.

10. The State of Kansas is required to develop, establish and implement a program for funding recreational trails.

## CONCLUSION

In some ways the new ISTEA has not changed our basic business. KDOT and the cities and counties will proceed to spend federal-aid dollars on many of the same kinds of projects which have always been built. In other ways however, everything has changed. The differences include funding categories, match ratios, requirements for federal oversight, KDOT's working relationship with local governments, the types of projects eligible for funding, and multiple small details which will not be visible to others, but which will change many of the things KDOT employees do



every day. To implement all of the changes may take two to three years, half of the life of the bill. Many things must await new regulations from the Federal Highway Administration before KDOT can proceed with implementation.

The Intermodal Surface Transportation Efficiency Act does increase funding for transportation but much of the increase is in areas which are not discretionary to the state of Kansas.

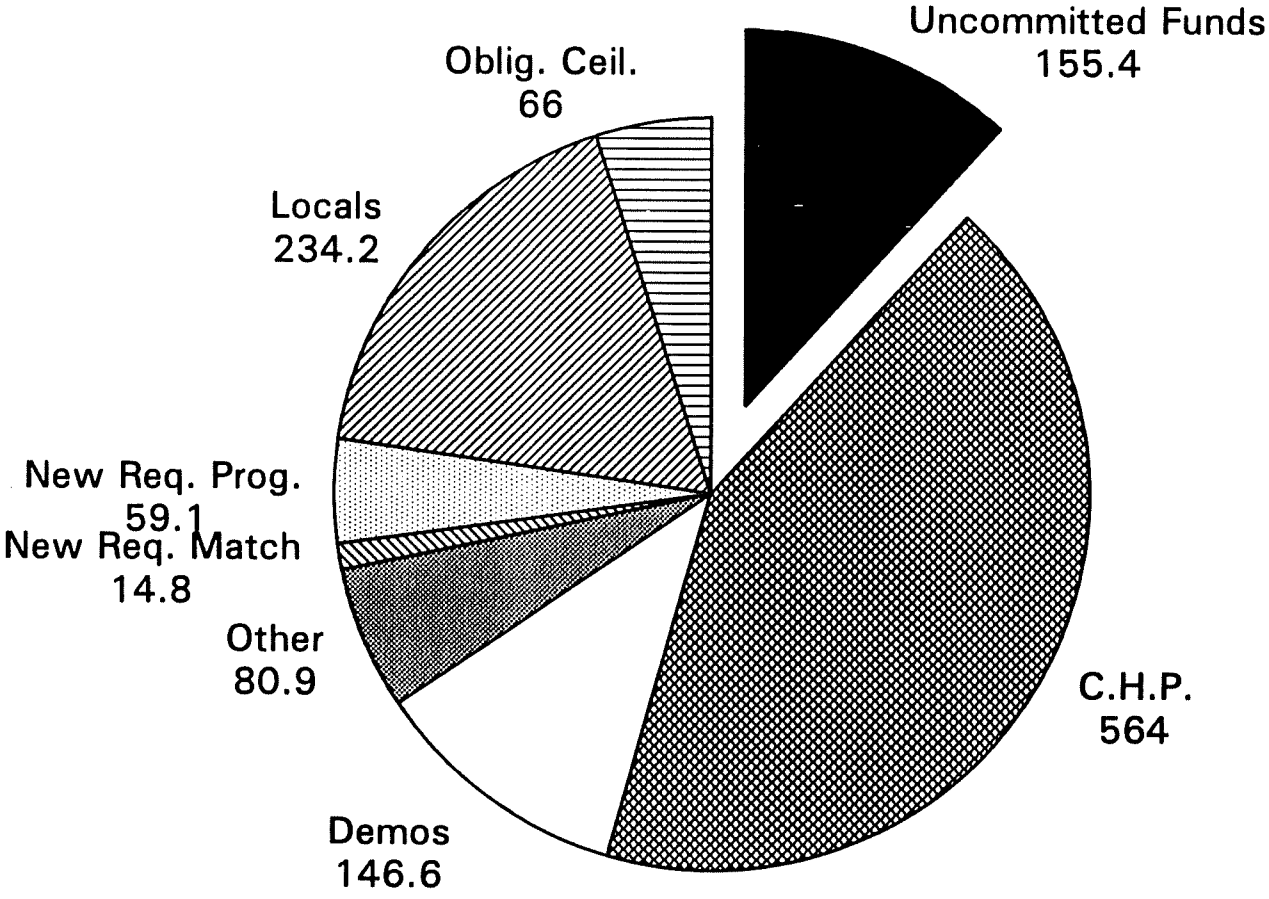
Finally, the legislation provides funding for a number of demonstration projects which is not sufficient to construct the projects. These projects are not currently funded by the Comprehensive Highway Program and if funded by the state would use virtually 100 percent of the uncommitted funds provided by the ISTEA.

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Prepared by:  
Planning & Development  
Kansas Department of Transportation

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# FEDERAL FUNDING COMMITMENTS



# KANSAS 1992-97 APPORTIONMENTS

## Showing Funding Commitments

(\$Millions)

<b>Total 6-Year Apportionments</b>	<b>\$1,321.0</b>
<b>Deduct:</b>	
<b>95% Obligation Limit</b>	<b>(\$66.0)</b>
<b>Funds for Locals</b>	<b>(234.2)</b>
<b>New Requirements</b>	<b>( 59.1)</b>
(Trans. Enh. & Cong. Mit.)	
<b>Match for New Require.</b>	<b>( 14.8)</b>
<b>Other</b>	<b>( 80.9)</b>
(Fed. Lands, Safety & HPR)	
<b>Demonstration Projects</b>	<b>(146.6)</b>
<b>Comprehensive Highway</b>	
Program	<b>(564.0)</b>
<b>Subtotal of Deducts</b>	<b>(\$1,165.6)</b>
<b>Total Uncommitted Funds</b>	<b>\$155.4</b>

# DEMONSTRATION FUNDING SHORTFALL

(\$ Millions)

<u>Project</u>	<u>Demo Funds</u>	<u>Appr. Act</u>	<u>Proj. Cost</u>	<u>Short Fall</u>
US-81	\$56.2 <sup>1</sup>	--	\$97.6	\$41.4
Hutch. Bypass	48.8	--	48.8	9.8 <sup>2</sup>
Riverton to I-44	13.1	\$1.4	37.4	22.9
I-435/Roe/Nall	4.1	3.6	20.3	12.6 <sup>3</sup>
Lawrence Circ.	3.3	--	47.9	44.6
Leav. Trfwy.	8.6	--	8.6	--
US-54/Oliver	6.6	--	6.6 <sup>4</sup>	--
Oakland Expr.	5.9	--	24.1	18.2
<b>Total</b>	<b>\$146.6</b>	<b>\$5.0</b>	<b>\$291.3</b>	<b>\$149.5</b>

(1) Max. amount avail. dependent on language interpretation

(2) Required 20% Match

(3) Add another \$51 million to do mainline

(4) Part of a larger project with state & local \$

**SALES TAX DEMAND TRANSFER  
FROM THE STATE GENERAL FUND  
TO THE STATE HIGHWAY FUND**

The Kansas Retailer's Sales Tax Act has been one of the major revenue sources for the state. However, none of the revenue was credited to the State Highway Fund until FY 1984. The purpose of the sales tax demand transfer is to make part of the sales tax revenue attributable to the sale of new and used vehicles available for highway purposes. It should be noted that the demand transfer relates only to the sales tax and not to the compensating tax.

1983 legislation (K.S.A. 79-34,147) provided for a fraction of 9.19 percent of the prior day's sales tax receipts to be transferred from the State General Fund to the State Highway Fund. The fraction to be transferred was established at 5/42 for FY 1984 (a fraction which approximated the intended transfer of \$5 million). Each fiscal year the fraction was to be increased by 5/42 to a maximum level of 30/42 for FY 1989 and thereafter. (The Secretary of Revenue is required by K.S.A 79-34,148 to certify by December the percentage of the estimated sales tax for the next fiscal year attributable to the retail sale of new and used vehicles, but the resulting ratio is not effective unless the statute is amended.)

1987 Senate Bill No. 384 specified that the sales tax transfer from the State General Fund to the State Highway Fund be based on a three cent tax rate for two years instead of the state four cent tax rate effective July 1, 1986. Beginning in FY 1988 the demand transfers were changed from daily to quarterly transfers with the first transfer in FY 1988 occurring on October 1, 1987. Beginning on October 1, 1989 and thereafter, the sales tax transfers were to be based on the four cent sales tax rate (71.4 percent of 9.19 percent, or 6.56 percent, of all state sales tax collected).

1989 House Bill No. 2014 amended 1988 Supp. K.S.A. 79-34,147 and provided that beginning on October 1, 1989, and quarterly thereafter, the sales tax transfer to the State Highway Fund shall be based on a full 10 percent of the four percent sales tax rate.

For FY 1991, the transfer was reduced by 1.75 percent (\$1,324,668). For FY 1992, the transfer was reduced by 1.0 percent (\$785,818). These reductions were part of reductions applicable to most State General Fund expenditures.

The following table displays the percentage certified and the percentages reported by the Department of Revenue after the fiscal year ended. The table also displays the statutory transfer rate and the actual (and estimated) amounts transferred.

Sales Tax Demand Transfer to State Highway Fund

Fiscal Year	Certified Rate	Actual Rate	Statutory Rate		% of Total Sales Tax Revenue	Sales Tax Transfer
			of 9.19%	of 10%		
1984	9.20%	10.02%	5/42	NA	1.09%	\$5,013,362
1985	10.00%	10.07%	10/42	NA	2.19%	10,228,108
1986	10.31%	9.94%	15/42	NA	3.28%	16,054,685
1987	10.08%	9.85%	20/42	NA	4.38%	27,847,126
1988	9.83%	9.83%	44.6%	NA	4.10% (a)	20,806,530
1989	9.88%	9.82%	53.6%	NA	4.92% (b)	33,234,549
1990	9.55%	NA	NA	100%	10.00% (c)	63,489,000
1991 (d)	8.91%	NA	NA	100%	10.00%	74,370,628
1992 Estimate (e,f)	8.82%	NA	NA	100%	10.00%	77,796,000
1993 Estimate (e)	8.68%	NA	NA	100%	10.00%	81,900,000

- a) The FY 1988 transfer included 3 quarterly transfers at the 4.1% rate
- b) The FY 1989 transfer included 1 quarterly transfer at the 4.1 % rate and 3 at the 4.92% rate.
- c) The FY 1990 transfer included 1 quarterly transfer at the 4.92% rate and 3 at the 10% rate.
- d) The FY 1991 transfer was reduced by \$1,324,668 (the 1.75% legislative adjustment made by the 1990 Legislature).
- e) The estimated transfers for FY 1992 and FY 1993 were adjusted to reflect the November consensus estimates on sales tax receipts.
- f) The FY 1992 amount reflects the 1.0 percent reduction (\$785,818) approved by the State Finance Council on August 23, 1991.

12/09/91

*HA  
2-17-92  
Attachment 6*