

Approved: 3-18-92
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 26, 1992 in room 514-S of the Capitol.

All members were present except: All 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:

Others attending: See attached list

HB 2721 - Appropriations for FY93, for Kansas public employees retirement system, commission on governmental standards and conduct, human rights commission, corporation commission, citizens' utility ratepayer board and department of administration.

DEPARTMENT OF ADMINISTRATION

Representative Everhart presented the FY92 and FY93 subcommittee report on the Department of Administration (Attachment 1). Chairman Teagarden questioned item #6 regarding the agency mail automation. Representative Everhart shared with the committee that the agency has not had enough funding to pursue mail automation in order to obtain postal discounts. The department will complete planning and present a proposal in the FY94 budget request. Representative Everhart moved adoption of the FY92 and FY93 subcommittee report on the Department of Administration. Seconded by Representative Dean. Motion carried.

KANSAS CORPORATION COMMISSION

Representative Heinemann presented the FY92 and FY93 subcommittee report on the Kansas Corporation Commission (Attachment 2). Representative Heinemann moved adoption of the FY92 and FY93 subcommittee report on the Kansas Corporation Commission. Seconded by Representative Dean. Motion carried.

CITIZENS' UTILITY RATEPAYER BOARD

Representative Heinemann presented the FY92 and FY93 subcommittee report on the Citizens' Utility Ratepayer Board (Attachment 3). The subcommittee concurred with the Governor's recommendation for FY92 and FY93. Representative Heinemann moved adoption of the FY92 and FY93 subcommittee report on the Citizens' Utility Ratepayer Board. Seconded by Representative Turnquist. Motion carried.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Representative Fuller presented the FY92 and FY93 subcommittee report on the Kansas Public Employees Retirement System (Attachment 4). Representative Wisdom asked for the reasoning for the addition of five FTE positions to be unclassified. The subcommittee answered that the agency requested these positions to be unclassified because these positions will be the top ranking people of the department that will be doing investments and may need to be moved around. In answer to Representative Patrick's question regarding any in-house legal positions, the subcommittee responded that the agency hires an outside firm for legal services. Representative Fuller moved adoption of the FY92 and FY93 subcommittee report on the Kansas Public Employees Retirement System. Seconded by Representative Heinemann. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 1:30 p.m. on February 26, 1992.

COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT

Representative Turnquist presented the FY92 and FY93 subcommittee report on the Commission on Governmental Standards and Conduct (Attachment 5). In response to a question regarding the hiring of three special project positions for a one year period only, a handout was provided to the committee entitled "Governmental Standards and Conduct Fee Fund". The special projects approach is being used because it is not known how many candidates will file for office. Representative Turnquist moved adoption of the FY92 and FY93 subcommittee report on the Commission on Governmental Standards and Conduct. Seconded by Representative Heinemann. Motion carried.

HUMAN RIGHTS COMMISSION

Representative Dean presented the FY92 and FY93 subcommittee report on the Human Rights Commission (Attachment 6). The subcommittee explained their recommendation of an additional 1.0 FTE Investigator position due to the increasing number of complaints being received by the agency due to the passage of amendments to the Kansas Act Against Discrimination in the 1991 Session. Representative Dean moved adoption of the FY92 and FY93 subcommittee report on the Human Rights Commission. Seconded by Representative Turnquist. Motion carried.

Representative Dean moved that HB 2721, as amended, be recommended favorably for passage. Seconded by Representative Turnquist. Motion carried. Meeting adjourned at 2:40 p.m. The next scheduled meeting will be February 27, 1992 at 1:30 p.m. in room 514-S.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 2-26-92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
BRUCE ROBERTS	LONDON PLAZ 7515	Dept of Admin, DISC
Don Herman	Lambert, Bldg 7515	Dept of Admin, DISC
ML Manning	Topeka	DOB
Robert G. Lang	Topeka	KHRC
Michael J BRUNGAUPT	LAWRENCE	KHRC
Brandon L. Myers	Lambert Bldg	KHRC
Lisa Harkut	Topeka	DOB
DANNA HERMAN	"	KCC
Pat Higgins	"	KCC
Elizabeth Morrison	Emporia	Agri Co Council on Aging
Faye Russell	Lincoln	Health Center - Health
Alia Wilkinson	Lawrence	Agri Co Council on Aging
Marnie Bayless	Emporia	Agri Co Council on Aging
Ann & George Schlobahn	Readers	Agri Co Council on Aging
Paul McLeary	Topeka	KCC
Walt Denton	Topeka	Post. & Keys
Jim Murby	Topeka	Personnel Services
Pat Higgins	" "	DOA
Jan McKenzie	Topeka	KCC
JAN TAY	TOPEKA	KCC
Michelle Lester	Topeka	Agri Co Council on Aging
Denise Demonds	Hawortha	NE Kansas - AAA
Nancy Klotz	Hawortha	" " "
John McNeill	Topeka	Agri Co Council on Aging

SUBCOMMITTEE REPORT

Agency: Department of Administration

Bill No. 2729

Bill Sec. 9

Analyst: Duffy

Analysis Pg. No. 553

Budget Page No. 22

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 20,675,521	\$ 20,585,256	\$ --
Aid to Local Units	5,498,200	4,367,363	--
Other Assistance	32,640	32,640	--
Subtotal - Operating	<u>\$ 26,206,361</u>	<u>\$ 24,985,259</u>	<u>\$ --</u>
Capital Improvements:	668,343	684,750	--
TOTAL	<u><u>\$ 26,874,704</u></u>	<u><u>\$ 25,670,009</u></u>	<u><u>\$ --</u></u>
State General Fund:			
State Operations	\$ 19,788,600	\$ 19,698,659	\$ --
Capital Improvements	616,343	632,750	--
TOTAL	<u><u>\$ 20,404,943</u></u>	<u><u>\$ 20,331,409</u></u>	<u><u>\$ --</u></u>

Note: In addition to the reportable budget summarized in the preceding table, the Department of Administration submits a nonreportable budget. Such expenditures are included in the reportable operating budgets of user state agencies.

Nonreportable Budget

All Funds:			
State Operations	\$ 58,293,976	\$ 58,120,416	\$ --
Aid to Local Units	0	0	--
Other Assistance	9,515,777	9,515,777	--
Subtotal - Operating	<u>\$ 67,809,753</u>	<u>\$ 67,636,193</u>	<u>\$ --</u>
Capital Improvements	2,290,998	2,488,320	--
TOTAL	<u><u>\$ 70,100,751</u></u>	<u><u>\$ 70,124,513</u></u>	<u><u>\$ --</u></u>
FTE Positions			
Reportable	383.0	381.0	--
Nonreportable	540.0	538.0	--
Total	<u><u>923.0</u></u>	<u><u>919.0</u></u>	<u><u>--</u></u>

Agency Estimate/Governor's Recommendation

Revised FY 1992 Reportable Expenditure Summary. The revised FY 1992 State General Fund budget estimate of \$20,404,943 reflects the amount authorized by the 1991 Legislature. Also included in the FY 1992 budget is the estimated expenditure of \$6,469,761 from federal funds, special revenue funds and intragovernmental service funds.

*HA
2-26-92
Attachment 1*

The Governor's FY 1992 recommendation for total reportable expenditures of \$25,670,009 includes expenditures from the State General Fund of \$19,698,659 which is \$89,941 less than the agency's FY 1992 estimate from the State General Fund. Adjustments made by the Governor to the FY 1992 revised budget for state operations include a reduction of \$120,852 (all funds) due to revised employee health insurance rates; a lowering of the shrinkage rate from 4.1 percent to 3.5 percent which results in the addition of \$75,365 (all funds); and miscellaneous net reductions totaling \$3,457. The Governor recommends a net reduction of 1.0 FTE position in the current year. The Governor's recommendation for aid to local units reflects a reduction in expenditures of \$1,130,837 because these expenditures are reflected in other state agency budgets and would represent a duplication if also counted in the Department of Administration.

Revised FY 1992 Nonreportable Expenditure Summary. The revised FY 1992 nonreportable budget estimate of \$70,100,751 reflects a decrease of \$1,998,076, including the reduction of \$506,029 in DISC expenditures, from the estimated nonreportable budget of \$72,098,827.

The Governor's FY 1992 recommendation for total nonreportable expenditures of \$70,124,513 includes expenditures for state operations of \$58,120,416, which is \$173,560 less than the amount estimated by the agency. Adjustments made by the Governor to the nonreportable state operations budget include a reduction of \$87,861 due to revised employee health insurance rates; a reduction of \$19,557 for professional consulting services for the Health Care Commission; a reduction of \$19,248 for utilities; and miscellaneous reductions totaling \$46,894.

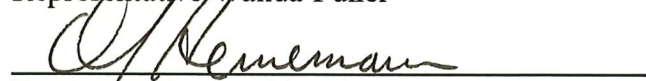
House Subcommittee Recommendations

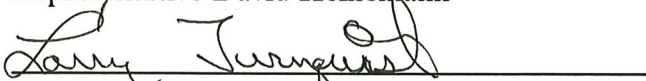
The Subcommittee concurs with the Governor's recommendation.


 Representative George Dean
 Subcommittee Chair


 Representative Denise Everhart


 Representative Wanda Fuller


 Representative David Heinemann


 Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Department of Administration

Bill No. 2721,2728

Bill Sec. 7,3

Analyst: Duffy

Analysis Pg. No. 553

Budget Page No. 22

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 21,633,080	\$ 20,692,028	\$ --
Aid to Local Units	5,503,900	4,377,066	--
Other Assistance	33,290	33,290	--
Subtotal - Operating	<u>\$ 27,170,270</u>	<u>\$ 25,102,384</u>	<u>\$ --</u>
Capital Improvements:	1,302,020	1,122,500	--
TOTAL	<u><u>\$ 28,472,290</u></u>	<u><u>\$ 26,224,884</u></u>	<u><u>\$ --</u></u>
State General Fund:			
State Operations	\$ 20,516,214	\$ 19,619,172	\$ --
Capital Improvements	1,179,520	340,000	--
TOTAL	<u><u>\$ 21,695,734</u></u>	<u><u>\$ 19,959,172</u></u>	<u><u>\$ --</u></u>

Note: In addition to the reportable budget summarized in the preceding table, the Department of Administration submits a nonreportable budget. Such expenditures are included in the reportable operating budgets of user state agencies.

Nonreportable Budget

All Funds:			
State Operations	\$ 62,482,093	\$ 59,973,823	\$ (2,297)
Aid to Local Units	0	0	--
Other Assistance	11,166,000	11,166,000	--
Subtotal - Operating	<u>\$ 73,648,093</u>	<u>\$ 71,139,823</u>	<u>\$ (2,297)</u>
Capital Improvements	1,455,210	1,179,870	--
TOTAL	<u><u>\$ 75,103,303</u></u>	<u><u>\$ 72,319,693</u></u>	<u><u>\$ (2,297)</u></u>
FTE Positions			
Reportable	385.8	374.8	--
Nonreportable	561.2	544.2	--
Total	<u><u>947.0</u></u>	<u><u>919.0</u></u>	<u><u>--</u></u>

Agency Request/Governor's Recommendation

FY 1993 Reportable Budget Summary. The FY 1993 reportable operating request of \$27,170,270 is an increase of 4 percent (\$1,039,957) over the FY 1992 revised operating estimate. The agency's FY 1993 operating budget request includes the following new initiatives: (1) GAAP (Generally Accepted Accounting Principles) Consultant Study -- \$100,000 (SGF); (2) new Program Coordinator position for Drug Abuse program -- \$35,911 (25 percent SGF); (3) payroll/personnel

computer study -- \$150,000 (SGF); (4) 2.0 new FTE positions for Accounts and Reports related to GAAP -- \$69,561 (SGF); and (5) new office space for architectural services -- (\$87,684 (SGF).

The Governor recommends an FY 1993 reportable operating budget of \$25,102,384 which includes the shift of 6.2 FTE positions to the nonreportable budget. The Governor's FY 1993 recommendation: (1) does not fund the GAAP consultant study; (2) does not fund the new drug coordinator position; (3) does fund the payroll/personnel computer study, but funding is shifted to the nonreportable budget; (4) does not fund the requested new positions for Accounts and Reports; and (5) does not fund new office space for Architectural Services. In addition, the Governor recommends the transfer of \$500,500 from the State General Fund to establish a \$1.0 million balance in the State Emergency Fund.

FY 1993 Nonreportable Budget Summary. The FY 1993 nonreportable operating request of \$73,648,093 is an increase of \$5,838,340 or an 8.6 percent increase over the FY 1992 revised operating expenditures. The FY 1993 salary and wage request would support 561.2 FTE positions, a net increase of 21.2 FTE positions over the agency's revised estimate for the current year. The agency's FY 1993 nonreportable operating budget request includes the following new initiatives: (1) expanded debt collection services by the Legal Section -- \$82,342; (2) 5.0 new FTE positions for DISC -- \$160,467; (3) capital outlay for DISC (purchased outright and financed) -- \$1,358,464; (4) 6.0 new FTE positions for Accounts and Reports -- \$219,825; (5) increase in workers' compensation claims -- \$1,650,223; (6) new equipment for the printing plant -- \$213,463; and (7) 294 vehicles requested by the motor pool -- \$2,983,434.

The Governor recommends an FY 1993 nonreportable operating budget of \$71,139,823 including the shift of 6.2 FTE positions from the reportable budget. In response to the agency's request the Governor's FY 1993 recommendation: (1) funds the expanded debt collection services by the legal section; (2) does not fund the requested new positions for DISC; (3) does not fund the new positions for Accounts and Reports; (4) funds expenditures of \$611,352 for DISC capital outlay; (5) concurs with the agency's request for increased expenditures of \$1,650,223 for Workers' Compensation claims; (6) concurs with the agency's request for capital outlay for the printing plant; and (7) funds 266 new vehicles at a cost of \$2,674,845.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations with the following adjustments:

Reportable Budget

1. Reduce the State General Fund transfer to the State Emergency Fund by \$500,000. The Subcommittee's recommendation results in a balance of \$500,000 in the State Emergency Fund, pending further allocations.
2. Adjust the appropriation bill to reflect two line items for the State General Fund (salaries and wages and other operating expenditures) for each of the divisions of included in the appropriation bill.

3. The Subcommittee adopts a Governor's Budget Amendment to add the expenditure limitation for official hospitality. It was inadvertently omitted.

Nonreportable Budget

1. Reduce \$2,297 for professional services for Health Benefits Administration. The recommendation provides for \$60,443 for professional services, the same level as FY 1992.
2. The Subcommittee concurs with the level of expenditures for DISC recommended by the Governor, but imposes expenditure limitations on DISC's Information Technology Fund and Information Technology Reserve Fund of \$24,679,505 and \$5,640,184, respectively; and returns the Central Mail Fund to "no limit." Under the Governor's recommendation, the three funds had a combined limitation of \$34,081,693.
3. Add a proviso to the total FTE limitation for the Department of Administration of 919.0 FTE to provide that positions funded from the nonreportable budget shall not exceed 544.2 FTE positions.
4. Correct posting errors in the appropriations bill (H.B. 2721) to accurately reflect the Governor's recommendations: (1) change the State General Fund figure for facilities management from \$2,028,656 to \$2,028,756 and (2) change the figure for the building and ground fund from \$294,596 to \$201,776.
5. The Subcommittee recommends that the Department conduct a study of activities funded from the reportable budget and ascertain whether there are "service" functions of the Department of Administration which would be more appropriately funded from "user fees" (*i.e.*, nonreportable budget) rather than the State General Fund. The Subcommittee asks that the results be reported to the 1993 Legislature, specifically the House Appropriations Subcommittee assigned to the Department of Administration's budget.
6. The Subcommittee encourages Central Mail to aggressively pursue automation initiatives including bar coding of the state's mail to position the state to take advantage of substantial postal discounts offered by the U.S. Postal Service to major mailers who bar code zip+4 mail. The Subcommittee understands that the Department is developing a plan for bar coding the state's mail and is working with state agencies in changing mail preparation and processing. The Subcommittee anticipates that the Department will complete planning and include a proposal in the FY 1994 budget request.

George R Dean

Representative George Dean
Subcommittee Chair

Denise Everhart

Representative Denise Everhart

Wanda Fuller

Representative Wanda Fuller

David Heinemann

Representative David Heinemann

Larry Turnquist

Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Kansas Corporation Commission Bill No. -- Bill Sec. --

Analyst: Rampey Analysis Pg. No. 606 Budget Page No. 696

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
All Special Revenue Funds:			
State Operations	\$ 11,094,795	\$ 11,056,839	\$ 44,307
Other Assistance	1,005,090	2,190,333	--
Total	<u>\$ 12,099,885</u>	<u>\$ 13,247,172</u>	<u>\$ 44,307</u>
FTE Positions	229.5	229.5	--

Agency Estimate/Governor's Recommendation

The Kansas Corporation Commission (KCC) estimates expenditures of \$12,099,885 in FY 1992. The Governor recommends expenditures of \$13,247,172. The change made by the Governor to the KCC's estimate consists of a reduction of \$37,958 in salaries due to a recalculation of fringe benefits to use the most recent health insurance rates. (The apparent increase in the Governor's total FY 1992 recommendation over the Commission's estimate is due to the Governor using revised estimates for oil overcharge expenditures that were made by the Commission after it submitted its budget.)

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor, with the following exception:

1. Include in the KCC's appropriations bill for FY 1992 a new "no limit" fund named the "Institutional Building and Operation Fund." The recommendation would permit the Commission to receive and expend an unanticipated federal grant of \$59,076 that relates to energy conservation. It is estimated that three-fourths of the grant (\$44,307) will be spent in FY 1992 and the remainder (\$14,769) will be spent in FY 1993.

*HA
2-26-92
Attachment 2*

George R Dean
Representative George Dean
Subcommittee Chair

Denise Everhart
Representative Denise Everhart

Wanda Fuller
Representative Wanda Fuller

D. Heinemann
Representative Dave Heinemann

Larry F Turnquist
Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Kansas Corporation Commission Bill No. 2721 Bill Sec. 5
 Analyst: Rampey Analysis Pg. No. 606 Budget Page No. 696

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
All Special Revenue Funds:			
State Operations	\$ 11,966,555	\$ 10,855,674	\$ 63,325
Other Assistance	1,000,000	500,000	--
Total	<u>\$ 12,966,555</u>	<u>\$ 11,355,674</u>	<u>\$ 63,325</u>
FTE Positions	234.5	224.0	--

Agency Request/Governor's Recommendation

The Kansas Corporation Commission (KCC) requests expenditures of \$12,966,555 for FY 1993. The largest portion of the increase from FY 1992 to FY 1993 is in salaries, which are estimated to be \$8,728,884 in FY 1993, an increase of \$695,516 over the current year. Included in the request is \$117,996 (excluding benefits) for the salaries of 5.0 FTE new positions.

The Governor recommends expenditures of \$11,355,674 in FY 1993, a reduction of \$1,610,881 from the Commission's request. The Governor recommends a reduction in agency operating expenditures of \$1,110,881 from the request, of which \$590,093 is in salaries. The reduction in salaries includes the deletion of 5.5 FTE positions that are currently vacant and reduces the KCC's number of authorized positions from 229.5 FTE to 224.0.

House Subcommittee Recommendation

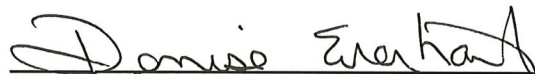
The House Subcommittee concurs with the Governor, with the following exceptions:

1. Add \$48,556 for the salary and benefits of a position that was inadvertently omitted from the budget. Because the omission was a mistake, the Subcommittee thinks the money should be restored. It hopes the Governor also includes the salary in a Governor's Budget Amendment.
2. Include in the KCC's appropriations bill a new "no limit" fund named the "Institutional Building and Operation Fund." The recommendation would permit the Commission to receive and expend an unanticipated federal grant relating to energy conservation that was received in FY 1992. The amount of the grant to be spent in FY 1993 is estimated to be \$14,769.
3. Include in the KCC's appropriations bill authority for the Commission to retain two existing positions in the unclassified service. (During the Commission's 1991

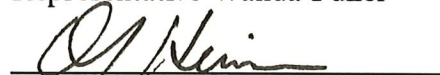
sunset review, it was discovered that specific authorization for two existing positions to be unclassified was lacking.) The positions are an Interagency Coordinator and a Petroleum Engineer in the Conservation Division. Because the KCC is in a process of reorganization, the Subcommittee recommends that the positions be authorized in the appropriations bill. However, it thinks the Commission should seek statutory authorization for these positions in FY 1993 when the Commission's reorganization is final.

4. Recommend the introduction of legislation requested by the Commission relating to the assessment of costs against utilities. The amendments requested by the Commission would improve the KCC's collection process involving the quarterly assessment of utility intrastate gross operating revenues.
5. Review the status of oil overcharge funds and make final recommendations concerning approved projects in the Omnibus Bill. The Subcommittee has reviewed the Governor's recommendations concerning the expenditure of oil overcharge funds, but recommends that the Legislature wait until the end of the Session to identify its priorities, at which time it will have more complete information about how much funding is available.


 Representative George Dean
 Subcommittee Chair


 Representative Denise Everhart


 Representative Wanda Fuller


 Representative Dave Heinemann


 Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Citizens' Utility
Ratepayer Board

Bill No. 2721

Bill Sec. 6

Analyst: Rampey

Analysis Pg. No. 624

Budget Page No. 112

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 318,153	\$ 313,430	\$ --
FTE Positions	3.0	3.0	--

Agency Request/Governor's Recommendation

FY 1992. Expenditures are estimated to be \$312,585 in FY 1992. The Governor recommends expenditures of \$311,625, a reduction of \$960 from the Board's request. The reduction is in salaries and consists of adjustments to fringe benefits and a slight increase in the shrinkage rate.

FY 1993. The 1991 Legislature enacted legislation that separates the Citizens' Utility Ratepayer Board (CURB) from the Kansas Corporation Commission (KCC) for budgetary purposes. FY 1993 is the first year that CURB has submitted a budget separate from the KCC. The Board is requesting 1.0 FTE new position, a managing rate economist, which would bring the position allocation to 4.0 FTE. The Governor recommends expenditures of \$313,430 for FY 1993, a reduction of \$4,723 from the Board's request. The Governor does not approve the addition of a new position.

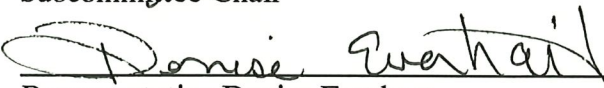
House Subcommittee Recommendation

FY 1992. The House Subcommittee concurs with the Governor.

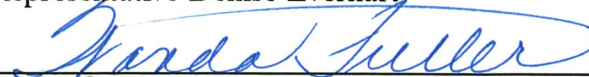
FY 1993. The House Subcommittee concurs with the Governor.



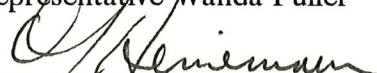
Representative George Dean
Subcommittee Chair



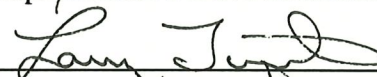
Representative Denise Everhart



Representative Wanda Fuller



Representative Dave Heinemann



Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Kansas Public Employees
Retirement System (KPERs)

Bill No. 2729

Bill Sec. 7

Analyst: Conroy

Analysis Pg. No. 616

Expenditure Summary	Agency Req. FY 92	Gov. Rec. FY 92	Subcommittee Adjustments
State Operations:			
State Operations	\$ 3,425,876	\$ 3,362,309	\$ (77,331)
Aid to Local Units	48,622,540	48,472,717	--
Other Assistance	200,227,915	200,227,915	--
TOTAL	\$ 252,276,331	\$ 252,332,941	\$ (77,331)
State General Fund:			
State Operations	\$ 5,940	\$ 5,940	\$ --
Aid to Local Units	48,622,540	48,472,717	--
TOTAL	\$ 48,628,480	\$ 48,478,657	\$ --
FTE Positions	67.0	67.0	(1.0)

Agency Request/Governor's Recommendation

FY 1992. The agency's FY 1992 estimate totals \$252,276,331. The revised FY 1992 estimate for operating expenses is \$3,425,876. The agency's FY 1992 estimate for state aid to local units of government for public school employers' contributions of \$48,622,540, which includes a State General Fund supplemental request of \$315,903. The FY 1992 revised estimate for other assistance of public employee benefits is \$200,227,915 or \$7,280,031 above the original FY 1992 amount.

The Governor's recommendation for FY 1992 is \$252,062,941 which includes a reduction of \$63,567 in state operations, most notably for a higher salary and wage shrinkage rate, decreased travel and subsistence, and data processing charges. The Governor recommends a State General Fund supplemental for public school employers' contributions of \$166,080 in the current year which is \$149,823 less than the agency requested. The Governor concurs with the agency request of \$200,227,915 for employee benefits.

House Subcommittee Recommendation

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

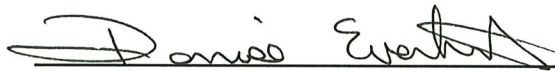
1. Delete \$70,000 for Division of Information Systems and Communications (DISC) data processing charges for development of an on-line claims system. The

*HA
2-26-92
ATTACHMENT 4*


Subcommittee recommendation would discontinue the development of the claims system in the current year. DISC began working on the claims system, which once completed would record monitor and verify claim payment requests, in mid-1988 and currently has no scheduled completion date. The Subcommittee shares the frustration of the agency that DISC has not completed the development of the system, cannot give a clear status report on system, and has no concise date for the completion of the system. The Subcommittee does recommend in FY 1993 resources for the agency to conduct a comprehensive review and study of the KPERS data processing needs and its options for addressing those needs.

2. Delete \$7,331 and 1.0 FTE position for a vacant Office Assistant II. The deletion is part of an agency restructuring that will be completed in FY 1993.
3. The Subcommittee notes that the expenditures required for the public school employers' contributions (financed entirely from the State General Fund) may exceed the Governor's recommendation in the current year. The Subcommittee recommends that this item be reviewed further for possible inclusion in the omnibus appropriation bill when more recent expenditure patterns will be available.


 Representative George R. Dean
 Subcommittee Chairperson


 Representative Denise Everhart


 Representative Wanda Fuller


 Representative David J. Heinemann


 Representative Larry F. Turnquist

SUBCOMMITTEE REPORT

Agency: Kansas Public Employees Retirement System (KPERs) **Bill No.** 2721 **Bill Sec.** 2

Analyst: Conroy **Analysis Pg. No.** 616 **Budget Page No.**

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,636,026	\$ 3,448,713	\$ 89,049
Aid to Local Units	52,038,297	49,508,574	--
Other Assistance	213,302,081	213,302,081	--
Total	<u>\$ 268,976,404</u>	<u>\$ 266,259,368</u>	<u>\$ 89,049</u>
State General Fund:			
Aid to Local Units	\$ 52,038,297	\$ 49,508,574	\$ --
FTE Positions	69.0	68.0	3.0

Agency Request/Governor's Recommendation

FY 1993. The KPERs operating budget request for FY 1993 totals \$268,976,404. The agency request for state operations of \$3,636,026 is 6.1 percent, or \$210,150, above the agency's revised FY 1992 estimate. In state operations the agency is proposing two new positions, increased staff development, travel, and capital outlay for the budget year. An increase of \$3,415,757 or 7.0 percent is reflected in the local aid amount for public school employers' contributions above the FY 1992 amount. Public employees retirement and disability benefits are estimated to increase by 6.5 percent or \$13,074,166.

For FY 1993 the Governor recommends a total budget of \$266,259,368 or \$2,717,036 less than the agency requested. The Governor's recommendation for state operations is \$3,448,713, or \$187,313 less than the agency requested. The Governor does recommend the requested new auditor position in FY 1993. The Governor recommends \$49,508,574 or \$2,529,723 less than the agency requested for public school employers' contributions. The Governor concurs with the agency's request for public employee benefits.

House Subcommittee Recommendation.

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

1. The Subcommittee notes that the last 12 months for KPERs have been the most difficult for the retirement system since its inception in 1961. Actual and estimated losses in the direct placement portfolio have topped \$225.3 million or 57 percent of that portfolio. Criminal and civil charges have been filed against


former money managers and KPERS Trustees. The long-time investment consultant and KPERS Executive Secretary have resigned. A moratorium has been placed on new direct placement and real estate investments. New direct placement managers have been hired to sort through the portfolio to see what may still be salvaged. A new Executive Secretary was hired on July 15, 1991. By that time much of the FY 1993 budget request was already formulated and neither the new Executive Secretary or the new KPERS Board of Trustees had much of an opportunity to determine a plan of action to address the pressing KPERS investment problems within the original FY 1993 budget submission. The KPERS Board of Trustees at their February, 1992 meeting requested that the 1992 Legislature consider several additional budgetary items focused on preventing any similar occurrence in the future. The Subcommittee in general looks favorably on the request, all of which would be financed with KPERS funds.

2. Addition of \$211,932 and five FTE positions. The new positions include a Real Estate Manager and a Direct Placement Manager, both in the unclassified service, and both receiving a base salary of \$45,000; an Accountant I (\$21,372) to monitor the books of the real estate portfolio. These three positions would assist the KPERS' Investment Officer and Investment Analyst in monitoring and managing over \$550 million in direct placement and real estate investments. The Subcommittee also recommends that the accounting capabilities of KPERS be enlarged by the addition of an Accountant III (\$26,616) to assist in the recording and monitoring of KPERS' investment transactions. The Subcommittee notes that savings will be generated in the future as some management functions of the money managers are moved internally within KPERS.

The Subcommittee also recommends the addition of an internal unclassified auditor position (\$40,000). This position would report directly to the Executive Secretary and Board of Trustees and would oversee the new field auditor recommended in the Governor's budget. This independent position would develop and maintain oversight procedures to ensure that local units of government are remitting the appropriate levels of employer and employee contributions.

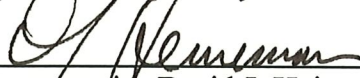
3. Delete \$39,323 and two vacant Office Assistant II positions. One of the positions was recommended for deletion in FY 1992 by the Subcommittee. The Subcommittee suggests that the positions may be abolished through increased efficiencies within the agency.
4. Delete \$150,000 for continued data processing development by the Division of Information Systems and Computers (DISC) on a claims system for the agency. The on-line claims system will record, monitor and verify claim payment requests. The system have been under development by DISC since mid-1988 and is currently without any completion date. The recommendation will halt further development on the system for the foreseeable future.
5. Add \$70,000 for a comprehensive study of KPERS' data processing needs and potential options for addressing those needs. The contracted study would be completed in time for presentation to the 1993 Legislature.


- 6. Delete \$44,310 for the acquisition of two direct access computer storage devices and related hardware, based on first completing the recommended comprehensive data processing study.
- 7. Add \$10,000 for investment related travel. The funds would permit the KPERS investment staff the flexibility of on-site inspections of money manager operations and KPERS properties and investments.
- 8. Add \$30,750 for the replacement of the agency's phone system. KPERS current phone system is obsolete and repair parts when available, are only found in the used market. The existing phone system is often overloaded which prevents KPERS members and retirants from being able to reach the retirement system. The new system would place the agency on the state KANSAN system and the wiring for the phone system would also serve to connect the agency's micro-computers. Costs associated with the new phone system include \$1,300 for installation charges, \$22,700 for KANSAN service, and \$6,750 for one-time costs of the phone themselves.
- 9. The Subcommittee recommends introduction of legislation that would permit the agency to have a total of six unclassified positions. The unclassified positions include the Executive Secretary, Investment Officer, Investment Analyst, Real Estate Manager, Direct Placement Manager, and an Internal Auditor. The agency currently has statutory authorization for two unclassified positions, the Executive Secretary and the Investment Officer. The State Finance Council in December, 1991 approved the addition of an Investment Analyst position. However, since the agency currently does not have the authority to hire the individual in an unclassified position, the position is being recruited as a temporary special projects position. The Subcommittee recommends that statutory change to enable the agency to recruit and retain key individuals for the successful operation of the \$4.4 billion pension fund.


 Representative George R. Dean
 Subcommittee Chairperson


 Representative Denise Everhart


 Representative Wanda Fuller


 Representative David J. Heinemann


 Representative Larry F. Turnquist

SUBCOMMITTEE REPORT

Agency: Commission on Governmental Standards and Conduct

Bill No. 2729

Bill Sec. 8

Analyst: Mah

Analysis Pg. No. 596

Budget Page No. 216

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 287,652	\$ 287,625	\$ --
Special Revenue Fund	34,416	26,134	(7,079)
Total	<u>\$ 322,068</u>	<u>\$ 313,759</u>	<u>\$ (7,079)</u>
FTE Positions	6.0	6.0	--

Agency Estimate/Governor's Recommendation

FY 1992. The Commission estimates current year expenditures at \$322,068, an increase of \$34,416 from the authorized budget. Financing for the budget includes \$287,652 from the State General Fund (the same amount approved by the 1991 Legislature) and \$34,416 from a fee fund established by 1991 H.B. 2454 (Kansas Commission on Governmental Standards and Conduct Fee Fund). All expenditures from the Fee Fund would be in addition to those approved by the 1991 Legislature. The current year expenditure limitation on the new Fee Fund was established at \$0. The Commission is requesting that this expenditure limitation be removed and that a "no limit" be placed on expenditures from the Fund. In addition, the Commission reports that, of the estimated \$30,000 that was approved by the 1991 Legislature for the salary of temporary personnel, \$10,901 will be used for the salary of a temporary secretary for six months. The remaining funds will be shifted to other operating expenditures (except for \$1,740 which is reduced from the budget as part an overall FY 1992 budget reduction of 1.0 percent). The Commission's current year estimate of \$322,068 includes \$222,253 for salaries and wages and \$99,815 for other operating expenditures.

The Governor's current year recommendation of \$313,759 is an increase of \$26,107 from the authorized budget of \$287,652. Financing for the budget includes \$287,625 from the State General Fund and \$26,134 from Commission on Governmental Standards and Conduct Fee Fund. The Governor concurs with the Commission's plan to shift moneys appropriated (approximately \$17,359) for the salary of temporary personnel to other operating expenditures. Funding for salary and wages is reduced by \$3,028 from the Commission's estimate because of reductions to per diem compensation for Commission members and adjustments to fringe benefit costs to reflect current rates. The recommendation also reduces the Commission's current year estimate for all other operating expenditures by \$5,281.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation, except for the following adjustment:

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1. Delete \$7,079 for operating expenditures from the Governmental Standards and Conduct Fee Fund because of savings estimated by the agency.



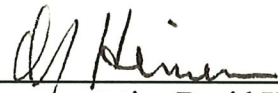
Representative George Dean
Subcommittee Chair




Representative Denise Everhart



Representative Wanda Fuller



Representative David Heinemann



Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Commission on Governmental Standards and Conduct

Bill No. 2721

Bill Sec. 3

Analyst: Mah

Analysis Pg. No. 596

Budget Page No. 216

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 328,915	\$ 232,660	\$ --
Special Revenue Fund	82,019	70,280	53,487
Total	<u>\$ 410,934</u>	<u>\$ 302,940</u>	<u>\$ 53,487</u>
FTE Positions	9.0	6.0	--

Agency Request/Governor's Recommendation

FY 1993. The Commission requests an FY 1993 budget of \$410,934. The request includes an increase of \$88,866 over the current year estimate. Included in the request is \$108,759 for the addition of 3.0 new FTE unclassified positions, of which \$82,019 is for salaries and \$26,740 is for other operating expenses. The increase in FTE positions is for a 1.0 new Secretary II, a 1.0 new Auditor, and a 1.0 new Report Examiner. The request also includes \$11,864 for the hiring of a temporary secretary for six months (\$10,938 for salary and \$926 for other operating expenses). Financing for the budget includes \$328,915 from the State General Fund and \$82,019 from the Kansas Commission on Governmental Standards and Conduct Fee Fund, of which \$308,504 is for salaries and wages and \$102,430 for other operating expenditures.

The Governor's FY 1993 recommendation of \$302,940 reduces the Commission's request by \$107,994. Adjustments were made to salary and wage expenditures to delete funding for the 3.0 new FTE positions, to reduce per diem compensation for Commission members, and to reflect current rates for fringe benefit costs. The Governor's recommendation of \$76,673 for all other operating expenditures reduces the Commission's request by \$25,757, including all but \$2,255 of the operating expenditures associated with the requested 3.0 new FTE positions. Financing for the budget includes \$232,660 from the State General Fund and \$70,280 from Commission on Governmental Standards and Conduct Fee Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation, with the following adjustments:

1. Shift \$10,938 from the State General Fund for the salary of a six-month temporary secretary (including fringes) to other operating expenditures. The effect of the recommendation is to make \$10,938 available in the Governmental


Standards and Conduct Fee Fund that had been budgeted for other operating expenditures.


2. Add \$53,487 from the Governmental Standards and Conduct Fee Fund to provide for the hiring of three special project positions for a one-year period. This \$53,487, plus an additional \$10,938 of available Fee Fund receipts, will provide a total of \$64,425 for the special project positions (\$58,955 for salaries and wages and \$5,470 for capital outlay and other operating costs.) The \$10,938 is available because of shifting State General funds in item No. 1 to cover other operating expenditures. The Subcommittee recommends adding the positions because of 1989 legislation that brought certain local candidates and their treasurers under the Campaign Finance Act. The impact to the agency because of this legislation is especially significant during election years. There will be an influx of approximately 1,800 new county candidates and 100 new city candidates with their corresponding treasurers. This will more than double the workload of the Commission's current staff.
3. Make any technical adjustments to the FY 1993 appropriation bill (H.B. 2721) to allow it to conform with the Governor's intent.


 Representative George Dean
 Subcommittee Chair


 Representative Denise Everhart


 Representative Wanda Fuller


 Representative David Heinemann


 Representative Larry Turnquist

Governmental Standards and Conduct Fee Fund

Estimates by the House Subcommittee along with the Governor's recommendations for expenditures and net receipts for the Fund are summarized in the table below for the current year and FY 1993.

<u>Fund</u>	<u>Gov. Rec. FY 1992</u>	<u>House Sub. FY 1992</u>	<u>Gov. Rec. FY 1993</u>	<u>House Sub. FY 1993</u>
Balance Forward	\$ 0	\$ 0	\$ 68,816	\$ 75,895
Net Receipts	94,950	94,950	48,150	48,150
Expenditures	26,134	19,055	70,280	123,767
Ending Balance	\$ 68,816	\$ 75,895	\$ 46,686	\$ 278

SUBCOMMITTEE REPORT

Agency: Human Rights Commission

Bill No. 2721

Bill Sec. 4

Analyst: Piekalkiewicz

Analysis Pg. No. 612

Budget Page No. 320

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,152,926	\$ 1,050,686	\$ 31,842
Special Revenue Funds	500,288	500,288	--
TOTAL	\$ 1,653,214	\$ 1,550,974	\$ 31,842
 FTE Positions	 42.0	 39.0	 1.0

Agency Request/Governor's Recommendation

The agency requests \$1,653,214 for FY 1993 for the salaries of 42 FTE positions and other operating costs. The request represents a 4.3 percent increase above the revised FY 1992 estimate of \$1,578,209 and includes \$1,152,926 from the State General Fund and \$500,288 from federal funds.

The Governor recommends \$1,050,686 for FY 1993 expenditures, a reduction of \$102,240 (State General Fund) from the agency's request, including reductions of \$74,820 in salaries and wages, \$4,461 in travel costs, \$6,105 in professional services, and \$2,474 in office supplies. Recommended FY 1993 financing includes \$1,050,686 from the State General Fund and \$500,288 from federal funds (32.32 percent of the total). The State General Fund recommendation represents a 0.5 percent increase over the current year State General Fund recommendation of \$1,056,294.

House Subcommittee Recommendations

FY 1992. The House Subcommittee concurs with the Governor's recommendation for FY 1992.

FY 1993. The House Subcommittee concurs with the Governor's recommendation, with the following exception:


1. Add \$31,842 from the State General Fund for 1.0 FTE Investigator position and other operating expenses associated with the position (\$27,090 for the position and \$4,752 for OOE). The Subcommittee notes that the agency is receiving an increasing number of complaints due in part to the passage of amendments to the Kansas Act Against Discrimination in the 1991 Session. In the first six months of FY 1992, an average of 115.5 complaints were filed with the agency, compared to an average of 91.5 complaints per month in FY 1991. Based on past experience and figures, and current work load, the agency requested for FY 1993

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Attachment 6*

two additional investigator positions and one clerical worker to handle this increased work load and the current backlog of cases. The Subcommittee recommends one of those positions and notes that one position which is currently vacant in the current year will be filled in FY 1993 since the shrinkage rate has been reduced in the Governor's recommendation. Funding is recommended from the State General Fund since in the Governor's recommendation, federal fund expenditures are maximized. Expenditures from federal funds are increased by \$45,000 from FY 1992 to FY 1993.



Representative George Dean
Subcommittee Chairperson



Representative Denise Everhart



Representative Wanda Fuller

Representative David Heinemann



Representative Larry Turnquist