

Approved: 4-28-92
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 1:35 p.m. on March 25, 1992 in room 514-S of the Capitol.

All members were present except: Representatives Goossen, Blumenthal, and Helgerson. (All excused).

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

Conferees appearing before the committee:

None.

Others attending: See attached list

SB 525 - Appropriations for FY93, state board of tax appeals, department of revenue, Kansas lottery, Kansas racing commission, department of commerce, Kansas, Inc. and Kansas technology enterprise corporations.

STATE BOARD OF TAX APPEALS

Representative Gregory presented the subcommittee report on the State Board of Tax Appeals for FY92 and FY93. (Attachment 1).

DEPARTMENT OF REVENUE

Representative Gregory presented the subcommittee report on the Department of Revenue for FY92 and FY93 (Attachment 2). Representative Kline expressed concern regarding the closing of a driver's license office in Johnson County. Representative Kline moved to delete item 2 of the subcommittee report for FY93 which would reinstate 6.0 FTE positions and \$121,147 in salaries for staffing a new Johnson County drivers license renewal station. Seconded by Representative Patrick. Motion carried.

KANSAS LOTTERY

Representative Gregory presented the subcommittee report on the Kansas Lottery for FY92 and FY93 (Attachment 3).

KANSAS RACING COMMISSION

The subcommittee report on the Kansas Racing Commission for FY92 and FY93 was presented to the committee by Representative Gregory (Attachment 4). There was a brief discussion regarding the authorization of the transfer of \$13,361 from the Secretary of State to the State Racing Fund in reimbursement of the value of software received as surplus property. Staff explained that the transfer of money is from one fee fund to another fee fund and is not inconsistent from what has been done previously.

DEPARTMENT OF COMMERCE

Representative Gregory presented the subcommittee report on the Department of Commerce for FY92 and FY93 (Attachment 5). A minority report was read by Representative Gatlin expressing concern regarding the long-term impact of entering into the new housing program. There was no action taken on the minority report. Representative Chronister questioned the use of the funds for promotion of the sesquicentennial of the Oregon Trail and the centennial of the Cherokee Strip which starts in Oklahoma. In answer to a question from Representative Vancrum, staff stated that there was no SGF financing associated with the programs coming over from the Department of SRS to the Division of Housing. The EDIF funds will not be utilized in the new housing division and the new positions will be financed from the SGF.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 1:35 on March 25, 1992.

KANSAS, INC.

Representative Gregory presented the Kansas, Inc. subcommittee report for FY92 and FY93 (Attachment 6). Concern was noted regarding the direction that Kansas, Inc. is taking by the special research projects and staffing requests and recommends that Kansas, Inc. focus back to serving as a public/private guide for economic development.

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

Representative Gregory presented the subcommittee report on the Kansas Technology Enterprise Corporation for FY92 and FY93 (Attachment 7). Representative Vancrum expressed concern regarding the addition of \$500,000 to support the centers of Excellence. In response to a question from Representative Patrick regarding the funding of certain programs, Representative Gatlin stated that KTEC's function is creating jobs and building business in the State of Kansas. KTEC generates economic development by working with small and large businesses.

Representative Vancrum moved to amend item #2 of the subcommittee report by reducing the amount of funding from \$500,000 to \$250,000 from the EDIF to support the centers of Excellence. Seconded by Representative Wisdom. Representative Chronister stated that the Kansas centers are doing quite well and are very successful and believes that the amount of money placed in support for these centers is being used to expand needed economic development for the State. Motion failed.

Representative Gregory moved adoption of the subcommittee reports on SB 525, as amended, and that SB 525, as amended, be recommended favorably for passage. Seconded by Representative Mead. Motion carried.

Chairman Teagarden called for discussion and final action on HB 2598 concerning KP&F service connected death and disability. In response to a question from Chairman Teagarden, staff explained that the major difference between tier one and tier two is the distinction between service connected and non-service connected disability. One other difference is the normal retirement date. Under tier one, the normal retirement date is age 55 and under tier two, normal retirement could be age 50 with 25 years of service or age 55, or age 60 with 15 years of service. Cancer related service disability, lung, or heart disease problems could be considered as service connected after 5 years of service. The estimated fiscal cost for this bill is \$272,000 to local units of government beginning in calendar year 1993 and \$44,000 for the state beginning in FY94. All state costs will be from the SGF. Several committee members expressed concern on how determination can be made that the cancer a person might have would be service connected. Representative Wisdom moved that HB 2598 be recommended favorably for passage. Seconded by Representative Dean. Motion failed.

Chairman Teagarden turned to discussion and final action on HB 2970 concerning KPERS, disability benefits and calculation of 180-day disability period (Attachment 8). Representative Chronister moved that HB 2970, as amended, be recommended favorably for passage. Seconded by Representative Wisdom. Motion carried.

INTRODUCTION OF BILLS

Representative Wisdom moved to introduce a bill regarding the disposition of compensation received by inmates to the crime victim compensation fund. Seconded by Representative Fuller. Motion carried.

Jim Wilson, Revisor, provided the committee with a copy of the Minutes of the House Committee on Appropriations dated April 29, 1991, regarding SB 257 (Attachment 9). This bill was acted on by this committee last year and related to the salary increase for judges. The copy of the minutes are to refresh the committee's memory as this bill will be considered for final action in committee.

Meeting adjourned at 2:30 p.m. The next scheduled meeting will be March 26, 1992 at 1:30 p.m. in room 514-S.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 3-25-92

| NAME (PLEASE PRINT) | ADDRESS | COMPANY/ORGANIZATION |
|---------------------|--------------|----------------------|
| John N. Roberts | Topeka | Kansas Lottery |
| GARY SAVILLE | TOPEKA | KANSAS LOTTERY |
| SWAN MUFF | Topeka | KWOR |
| Paul Beshears | Topeka | KWOR |
| MAVE WOJCIK | " | DOB |
| Charles W. Wren | Topeka | Kansas Inc |
| Laura (Michael) | Topeka | KDOC |
| DANA NELSON | TOPEKA | KRC |
| Ken HARJO | Topeka | KRC |
| James A. Seidel | Wichita | KS77A |
| Cal Gantz | Topeka | KDOC |
| Mike Jan | Topeka | KWOR |
| Thaddeus | Topeka | IBM |
| JERRY LOWERY | " | KDOC |
| Richard Hahn | Manhattan | KVAC |
| James Beckley | St. Lawrence | KDOC |
| Dennis Stackcoy | TOPEKA | KDOC |
| Mary Lou McNeil | " | " |
| Eric Galt | " | " |
| Ruthy Martin | Topeka | Secretary of State |
| | | |
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SUBCOMMITTEE REPORTS

S.B. 547; S.B. 525

Board of Tax Appeals
Department of Revenue
Kansas Lottery
Kansas Racing Commission

CC CRELOEY

Representative Gilbert Gregory
Chairman, Subcommittee #5

Fred Gatlin

Representative Fred Gatlin

Rob Mead

Representative Robert Mead

HA
3-25-92
Attachment 1

SUBCOMMITTEE REPORT

Agency: State Board of Tax Appeals

Bill No. 525

Bill Sec. 2

Analyst: Efird

Analysis Pg. No. 302

Budget Page No. 554

| <u>Expenditure Summary</u> | <u>Agency Req. FY 93</u> | <u>Gov. Rec. FY 93</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|----------------------------|-------------------------------------|
| State Operations: | | | |
| All Funds | \$ 1,794,512 | \$ 1,645,017 | \$ -- |
| State General Fund | 1,786,512 | 1,637,017 | -- |
| FTE Positions | 36.0 | 36.0 | -- |

Agency Request/Governor's Recommendation

FY 1992. The Board estimates a decrease of \$21,203 in its approved expenditures, including a reduction of \$23,203 from the State General Fund. One of the Board's authorized FTE positions, an Office Assistant II, is being kept vacant this fiscal year as part of the 1 percent reduction. The Governor concurs with most of the Board's revised FY 1992 budget and further reduces \$5,759 for salaries and benefits. Recommended expenditures total \$1,598,364 from all funds and \$1,591,364 from the State General Fund.

FY 1993. The Board's request includes a net increase in expenditures of \$190,389 more than its revised FY 1992 estimate. Financing from the State General Fund would increase \$189,389 to finance these higher expenditures. No change in the FTE level of staffing is proposed by the Board. Financing of \$14,472 (salary only) for the Office Assistant II position is added and \$62,691 for 14 temporary positions also is added above the FY 1992 levels. The Governor recommends an increase of \$46,653 above FY 1992 expenditures. Included in the Governor's recommended funding is \$14,472 for the vacant position. No increase is recommended in FY 1993 for temporary positions.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations for FY 1992 and FY 1993, with the following exceptions:

1. Increase FY 1992 expenditures by \$3,900 SGF to allow replacement of 450 rolls of microfilm dating from 1956 to 1979. The Subcommittee has learned that, in the process of making copies of documents from that original microfilm, some spotting of the microfilm occurs during the process. The Subcommittee recommendation would allow the new 450 rolls to be achieved, thus replacing the existing 450 rolls, which then may be used for making future copies. The Governor's recommended budget includes \$5,000 in FY 1992 and \$5,000 in FY 1993 for annual microfilming of the Board's records and the Subcommittee views this one-time expense as not foreseen when the agency's budget was prepared.

2. Reduce the reappropriated balance in S.B. 525 by \$3,900 to reflect the additional expenditures in FY 1992 and increase the State General Fund appropriation by \$3,900 in FY 1993 to provide adequate financing in S.B. 525.

Senate Committee Recommendation

The Committee concurs with its Subcommittee's recommendations and amends the Subcommittee report to add the following:

1. Delete \$33,445 in FY 1993 recommended by the Governor for step increases, longevity, and unclassified merit.

House Subcommittee Recommendation

The Subcommittee concurs with the Senate for FY 1992 and FY 1992, with the following adjustments in FY 1993:

1. Restore \$33,445 from the State General Fund for step increases, longevity, and unclassified merit.
2. Split the single appropriations line item of operating expenditures into salaries and wages and other operating expenditures.
3. Note that a pending request to upgrade the salary range of court reporters to the same range as the court system's court reporters may have to be addressed during Omnibus, if the proposal is approved by the Division of Personnel Services.

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 547

Bill Sec. --

Analyst: Efird

Analysis Pg. No. 285

Budget Page No. 484

| <u>Expenditure Summary</u> | <u>Agency Est. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|----------------------------|-------------------------------------|
| All Funds: | | | |
| State Operations | \$ 51,973,985 | \$ 52,326,249 | \$ 318,077 |
| State Aid | 10,177,500 | 10,177,500 | -- |
| Other Assistance | 2,500,000 | 2,500,000 | -- |
| Total - Operating | <u>\$ 64,651,485</u> | <u>\$ 65,003,749</u> | <u>\$ 318,077</u> |
| State Operations: | | | |
| State General Fund | \$ 26,660,967 | \$ 26,553,047 | \$ -- |
| DOV Operating Fund | 24,313,306 | 24,773,490 | -- |
| FTE Positions | 1,232.5 | 1,238.5 | -- |

Agency Estimate/Governor's Recommendation

The agency's revised FY 1992 expenditures reflect an increase of \$1,165,398 above actual FY 1991, including an increase of \$1,005,079 for state operations, \$148,445 for state aid, and \$11,874 for other assistance. That increase in state operations is financed from the DOV Operating Fund which is budgeted \$1,019,043 of additional expenditures above FY 1991. The State General Fund is reduced by \$14,996 from actual FY 1991 expenditures for state operations. A total of 19.5 FTE positions have been reduced from the FY 1991 level.

The Governor's recommended FY 1992 expenditures reflect an increase of \$1,517,662 above actual FY 1991, including an increase of \$1,357,343 for state operations, \$148,445 for state aid, and \$11,874 for other assistance. That increase in state operations is financed from the DOV Operating Fund which is budgeted \$1,478,722 of additional expenditures above FY 1991. The State General Fund is reduced by \$122,916 from actual FY 1991 expenditures for state operations. The Governor's recommendations add 6.0 FTE positions in the driver licensing area which were not included in the agency's original budget. GBA #1 includes a technical adjustment to be added in S.B. 547, the Local Report Fee Fund, \$1,181.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommended expenditures, with the following adjustments in FY 1992:

*HA
3-25-92
Attachment 2*

1. Increase the FY 1992 expenditure limitation from \$3.0 to \$3.3 million for the cost of reappraisal maintenance, and authorize by proviso the use of the additional \$318,077 to provide class and training for county employees in the use of appraisal methods and techniques. The funding was encumbered in FY 1991 for hardware and software enhancements which were not purchased, so no new financing will be required if the FY 1991 encumbrances are canceled without expenditure of the funds.
2. Note that the agency's salary turnover savings are estimated at 2.0 percent by the Secretary and that the Governor's budgeted savings are 3.5 percent in FY 1992. The Subcommittee would like to review this situation during Omnibus, especially if a greater number of retirements are announced, to see if additional financing from either the State General Fund or the DOV Operating Fund would be required this fiscal year.

Senate Committee Recommendation

The Committee concurs with the Subcommittee recommendations.

House Subcommittee Recommendation

The Subcommittee concurs with the Senate, with the following adjustments:

1. Delete 6.0 FTE positions and \$66,731 in salaries from the DOV Operating Fund for staffing a new Johnson County driver license renewal station. Note that the 6.0 FTE positions were not included in S.B. 547 through a technical error and should have been added by the Senate in concurring with the Governor's recommendations for this proposal. No action is needed to remove any FTEs from the bill since they were never included in S.B. 547.
2. Note that the Subcommittee reviewed the distribution of state aid to counties for maintaining reappraised valuations, and that the Secretary of Revenue determined that a new formula for distributing state aid should be implemented during FY 1992 because of problems in the previous methodology of distributing money to the counties. A detailed report outlining the procedures to be implemented in FY 1992 was prepared by the agency, but not included in this report due to its length.

**COUNTY APPRAISAL MAINTENANCE REIMBURSEMENT
Procedures for FY1992**

The formula used for FY1990 and FY1991 are as follows. The counties are grouped by size and a base amount to reflect some of the fixed costs including administration, analytical functions, etc. is made, plus a per parcel amount to reflect higher costs which includes more travel per parcel and the added number of improvements on a larger percentage of parcels within the smaller rural counties. These groups represented are:

| | Number of parcels | Base Amount | Added per parcel |
|---------|-------------------|-------------|------------------|
| Group 1 | Up to 5,000 | \$5,000 | \$2.00 |
| Group 2 | 5,000 to 9,999 | \$6,250 | \$1.75 |
| Group 3 | 10,000 to 19,999 | \$7,500 | \$1.63 |
| Group 4 | 20,000 to 34,999 | \$12,500 | \$1.40 |
| Group 5 | 35,000 to 75,000 | \$25,000 | \$1.35 |
| Group 6 | Over 75,000 | \$37,500 | \$1.35 |

For the FY92 funds, the first quarter reimbursement was made on the basis of 1,339,500 parcels statewide. There was included in the formula an amount to allow for .20 per parcel for KSCAMA enhancements and maintenance. This provision should not have been made for 1992. In addition, the parcel count should be revised to the most current number of and payments for the second quarter adjusted to reflect this parcel count in each county and the statewide total.

Presently the division is collecting January 1, 1992 parcel counts. These counts have been received from 102 counties. However, there is some concern that the parcel counts received from at least two counties do not reflect the parcel definition that should be used to establish the parcel count. Further study must be made to assure that this latest count is as accurate as possible. Once this count has been completed the balance of the FY92 payments will be made based upon this number. Then for the FY93 reimbursements, this same number will be used. As parcel counts are received in future tax years that number will be used for the next fiscal year distributions. This will prevent a holdback of funds while a revised parcel count is established.

Specific Procedures for FY1992 Quarterly Distributions

1. A current 1992 count is now being made. When complete, these numbers will determine the total allocation for each county for FY92. The count for each year's January 1 value is available at the time of certification of the appraisal roll to the county clerk which is to be on or before the last working day of March annually.
2. From the above total determination, a new quarterly amount shall be established.
3. The second quarter for FY92 amount will be adjusted to bring the total amount paid to equal one-half of the year's reimbursement.
4. The third and fourth quarters amounts will then be equal to one-fourth of the year's reimbursement.
5. In FY93 the number of parcels for the entire year will be the number of parcels used for FY1992.
6. In succeeding years, the number of parcels used will be as reported for the beginning of the calendar year.

FISCAL YEAR 1991 DISBURSEMENTS

3/16/92
11:00 AM

| COUNTY | | ORIG. EST. | PER | ORIGINAL | REVISED | PARCEL | REVISED | REVISED | GREEN |
|-----------|----------------|----------------|---------------|---------------|---------|------------|---------------|---------------|---------------------------|
| NO. ABBR. | NAME | NO. OF PARCELS | PARCEL AMOUNT | DISTR. AMOUNT | PARCEL | COMPARISON | PARCEL AMOUNT | REIMB. AMOUNT | ORIG. AMT. & REVISED AMT. |
| 001 | AL Allen | 10,122 | 2.17 | 21,974.46 | 10,391 | 269 | 2.38 | 24,728.39 | 2,753.93 |
| 002 | AN Anderson | 6,864 | 2.46 | 16,889.20 | 6,856 | (8) | 2.67 | 18,301.24 | 1,412.04 |
| 003 | AT Atchison | 8,966 | 2.25 | 20,147.30 | 9,108 | 142 | 2.46 | 22,368.40 | 2,221.10 |
| 004 | BA Barber | 6,577 | 2.50 | 16,444.35 | 6,505 | (72) | 2.71 | 17,622.76 | 1,178.41 |
| 005 | BT Barton | 16,911 | 1.87 | 31,682.73 | 16,400 | (511) | 2.08 | 34,150.16 | 2,467.43 |
| 006 | BB Bourbon | 11,341 | 2.09 | 23,717.63 | 12,363 | 1,022 | 2.30 | 28,436.70 | 4,719.07 |
| 007 | BR Brown | 8,243 | 2.31 | 19,026.65 | 8,246 | 3 | 2.52 | 20,755.58 | 1,728.93 |
| 008 | BU Butler | 26,639 | 1.67 | 44,466.80 | 26,334 | (305) | 1.88 | 49,456.97 | 4,990.17 |
| 009 | CS Chase | 4,135 | 3.01 | 12,443.00 | 3,967 | (168) | 3.22 | 12,765.88 | 322.88 |
| 010 | CQ Chautauqua | 5,120 | 2.77 | 14,186.00 | 5,112 | (8) | 2.98 | 15,231.37 | 1,045.37 |
| 011 | CK Cherokee | 15,099 | 1.93 | 29,091.57 | 15,931 | 832 | 2.14 | 34,021.45 | 4,929.88 |
| 012 | CN Cheyenne | 4,616 | 2.88 | 13,308.80 | 4,620 | 4 | 3.09 | 14,285.12 | 976.32 |
| 013 | CA Clark | 3,891 | 3.09 | 12,003.80 | 3,891 | 0 | 3.29 | 12,816.35 | 812.55 |
| 014 | CY Clay | 7,157 | 2.42 | 17,343.35 | 7,134 | (23) | 2.63 | 18,777.40 | 1,434.05 |
| 015 | CD Cloud | 9,041 | 2.24 | 20,263.55 | 9,042 | 1 | 2.45 | 22,154.02 | 1,890.47 |
| 016 | CF Coffey | 7,575 | 2.38 | 17,991.25 | 7,652 | 77 | 2.58 | 19,772.09 | 1,780.84 |
| 017 | CM Comanche | 3,233 | 3.35 | 10,819.40 | 3,265 | 32 | 3.56 | 11,608.31 | 788.91 |
| 018 | CL Cowley | 19,965 | 1.81 | 36,049.95 | 20,804 | 839 | 2.01 | 41,909.37 | 5,859.42 |
| 019 | CR Crawford | 21,712 | 1.78 | 38,554.40 | 22,128 | 416 | 1.98 | 43,914.06 | 5,359.66 |
| 020 | DC Decatur | 4,979 | 2.80 | 13,962.20 | 4,979 | 0 | 3.01 | 15,001.96 | 1,039.76 |
| 021 | DK Dickinson | 12,548 | 2.03 | 25,443.64 | 12,493 | (55) | 2.24 | 27,941.01 | 2,497.37 |
| 022 | CP Doniphan | 6,894 | 2.46 | 16,935.70 | 6,825 | (69) | 2.67 | 18,191.45 | 1,255.75 |
| 023 | DG Douglas | 25,705 | 1.69 | 43,346.00 | 27,300 | 1,595 | 1.90 | 51,736.65 | 8,390.65 |
| 024 | ED Edwards | 4,503 | 2.91 | 13,105.40 | 4,366 | (137) | 3.12 | 13,618.42 | 513.02 |
| 025 | EK Elk | 4,466 | 2.92 | 13,038.80 | 4,643 | 177 | 3.13 | 14,525.16 | 1,486.36 |
| 026 | EL Ellis | 13,835 | 1.97 | 27,284.05 | 13,792 | (43) | 2.18 | 30,079.41 | 2,795.36 |
| 027 | EW Ellsworth | 5,914 | 2.61 | 15,416.70 | 5,931 | 17 | 2.82 | 16,699.58 | 1,282.88 |
| 028 | FI Finney | 14,430 | 1.95 | 28,134.90 | 13,360 | (1,070) | 2.16 | 28,838.62 | 703.72 |
| 029 | FO Ford | 14,601 | 1.94 | 28,379.43 | 14,579 | (22) | 2.15 | 31,381.18 | 3,001.75 |
| 030 | FR Franklin | 11,477 | 2.08 | 23,912.11 | 11,405 | (72) | 2.29 | 26,143.79 | 2,231.68 |
| 031 | GE Geary | 9,826 | 2.19 | 21,480.30 | 10,460 | 634 | 2.39 | 25,050.61 | 3,570.31 |
| 032 | GO Gove | 4,527 | 2.90 | 13,148.60 | 4,563 | 36 | 3.11 | 14,206.05 | 1,057.45 |
| 033 | GH Graham | 5,172 | 2.76 | 14,266.60 | 5,149 | (23) | 2.97 | 15,278.41 | 1,011.81 |
| 034 | GT Grant | 4,243 | 2.98 | 12,637.40 | 4,916 | 673 | 3.19 | 15,668.47 | 3,031.07 |
| 035 | GY Gray | 4,723 | 2.86 | 13,501.40 | 5,831 | 1,108 | 3.07 | 17,886.46 | 4,385.06 |
| 036 | GL Greeley | 3,196 | 3.36 | 10,752.80 | 3,167 | (29) | 3.57 | 11,316.59 | 563.79 |
| 037 | GW Greenwood | 8,544 | 2.28 | 19,493.20 | 8,536 | (8) | 2.49 | 21,257.51 | 1,764.31 |
| 038 | HM Hamilton | 4,133 | 3.01 | 12,439.40 | 4,106 | (27) | 3.22 | 13,215.59 | 776.19 |
| 039 | HP Harper | 6,760 | 2.47 | 16,728.00 | 6,727 | (33) | 2.68 | 18,051.13 | 1,323.13 |
| 040 | HV Harvey | 14,978 | 1.93 | 28,918.54 | 14,886 | (92) | 2.14 | 31,849.53 | 2,930.99 |
| 041 | HS Haskell | 3,021 | 3.46 | 10,437.80 | 4,203 | 1,182 | 3.66 | 15,399.41 | 4,961.61 |
| 042 | HG Hodgeman | 3,341 | 3.30 | 11,013.80 | 3,348 | 7 | 3.51 | 11,736.03 | 722.23 |
| 043 | JA Jackson | 7,915 | 2.34 | 18,518.25 | 7,775 | (140) | 2.55 | 19,814.34 | 1,296.09 |
| 044 | JF Jefferson | 13,517 | 1.98 | 26,829.31 | 13,513 | (4) | 2.19 | 29,643.27 | 2,813.96 |
| 045 | JW Jewell | 6,850 | 2.46 | 16,867.50 | 7,057 | 207 | 2.67 | 18,850.92 | 1,983.42 |
| 046 | JO Johnson | 131,802 | 1.43 | 189,072.30 | 136,572 | 4,770 | 1.64 | 224,435.09 | 35,362.79 |
| 047 | KE Kearny | 3,751 | 3.13 | 11,751.80 | 3,709 | (42) | 3.34 | 12,394.76 | 642.96 |
| 048 | KM Kingman | 7,194 | 2.42 | 17,400.70 | 7,145 | (49) | 2.63 | 18,774.26 | 1,373.56 |
| 049 | KW Kiowa | 3,980 | 3.06 | 12,164.00 | 3,983 | 3 | 3.27 | 13,004.93 | 840.93 |
| 050 | LB Labette | 15,128 | 1.93 | 29,133.04 | 15,110 | (18) | 2.13 | 32,253.78 | 3,120.74 |
| 051 | LE Lane | 3,449 | 3.25 | 11,208.20 | 3,440 | (9) | 3.46 | 11,897.32 | 689.12 |
| 052 | LV Leavenworth | 21,102 | 1.79 | 37,822.40 | 21,183 | 81 | 2.00 | 42,391.20 | 4,568.80 |
| 053 | LC Lincoln | 4,926 | 2.82 | 13,866.80 | 4,900 | (26) | 3.02 | 14,816.87 | 950.07 |
| 054 | LN Linn | 18,876 | 1.83 | 34,492.68 | 19,612 | 736 | 2.04 | 39,933.14 | 5,440.46 |
| 055 | LG Logan | 4,818 | 2.84 | 13,672.40 | 4,797 | (21) | 3.05 | 14,614.56 | 942.16 |
| 056 | LY Lyon | 16,486 | 1.88 | 31,074.98 | 16,478 | (8) | 2.09 | 34,500.98 | 3,426.00 |
| 057 | MN Marion | 10,778 | 2.13 | 22,912.54 | 10,775 | (3) | 2.33 | 25,156.29 | 2,243.75 |
| 058 | MS Marshall | 9,855 | 2.18 | 21,525.25 | 9,862 | 7 | 2.39 | 23,600.01 | 2,074.76 |

FISCAL YEAR 1991 DISBURSEMENTS

3/16/92
11:00 AM
F.

| COUNTY | | | ORIG. EST. | PER | ORIGINAL | REVISED | PARCEL | REVISED | REVISED | WEEN |
|--------|-------|--------------|----------------|---------------|---------------------|-----------|------------|---------------|---------------|---------------------------|
| NO. | ABBR. | NAME | NO. OF PARCELS | PARCEL AMOUNT | DISTR. AMOUNT | PARCEL | COMPARISON | PARCEL AMOUNT | REIMB. AMOUNT | ORIG. AMT. & REVISED AMT. |
| 059 | MP | McPherson | 15,800 | 1.90 | 30,094.00 | 15,720 | (80) | 2.11 | 33,224.41 | 3,130.41 |
| 060 | ME | Meade | 5,075 | 2.78 | 14,116.25 | 5,073 | (2) | 2.99 | 15,170.07 | 1,053.82 |
| 061 | MI | Miami | 12,077 | 2.05 | 24,770.11 | 12,247 | 170 | 2.26 | 27,676.31 | 2,906.20 |
| 062 | MC | Mitchell | 6,874 | 2.46 | 16,904.70 | 6,872 | (2) | 2.67 | 18,334.85 | 1,430.15 |
| 063 | MG | Montgomery | 22,628 | 1.75 | 39,653.60 | 22,611 | (17) | 1.96 | 44,345.63 | 4,692.03 |
| 064 | MR | Morris | 6,083 | 2.58 | 15,678.65 | 6,062 | (21) | 2.79 | 16,890.44 | 1,211.79 |
| 065 | MT | Morton | 4,361 | 2.95 | 12,849.80 | 4,838 | 477 | 3.16 | 15,265.61 | 2,415.81 |
| 066 | NM | Nemaha | 7,911 | 2.34 | 18,512.05 | 7,892 | (19) | 2.55 | 20,115.66 | 1,603.61 |
| 067 | NO | Neosho | 10,993 | 2.11 | 23,219.99 | 10,990 | (3) | 2.32 | 25,508.68 | 2,288.69 |
| 068 | NS | Ness | 5,677 | 2.65 | 15,049.35 | 5,668 | (9) | 2.86 | 16,209.13 | 1,159.78 |
| 069 | NT | Norton | 5,938 | 2.60 | 15,453.90 | 5,925 | (13) | 2.81 | 16,657.38 | 1,203.48 |
| 070 | OS | Osage | 10,920 | 2.12 | 23,115.60 | 10,625 | (295) | 2.33 | 24,709.94 | 1,594.34 |
| 071 | OB | Osborne | 6,245 | 2.55 | 15,929.75 | 6,244 | (1) | 2.76 | 17,231.12 | 1,301.37 |
| 072 | OT | Ottawa | 5,966 | 2.60 | 15,497.30 | 5,949 | (17) | 2.81 | 16,695.46 | 1,198.16 |
| 073 | PN | Pawnee | 6,081 | 2.58 | 15,675.55 | 6,030 | (51) | 2.79 | 16,803.32 | 1,127.77 |
| 074 | PL | Phillips | 7,433 | 2.39 | 17,771.15 | 7,249 | (184) | 2.60 | 18,845.03 | 1,073.88 |
| 075 | PT | Pottawatomie | 11,088 | 2.11 | 23,355.84 | 11,054 | (34) | 2.32 | 25,592.61 | 2,236.77 |
| 076 | PR | Pratt | 7,494 | 2.38 | 17,865.70 | 7,743 | 249 | 2.59 | 20,076.28 | 2,210.58 |
| 077 | RA | Rawlins | 4,885 | 2.82 | 13,793.00 | 4,885 | 0 | 3.03 | 14,813.13 | 1,020.13 |
| 078 | RN | Reno | 34,088 | 1.57 | 53,405.60 | 34,031 | (57) | 1.78 | 60,422.94 | 7,017.34 |
| 079 | RP | Republic | 7,145 | 2.42 | 17,324.75 | 7,163 | 18 | 2.63 | 18,864.23 | 1,539.48 |
| 080 | RC | Rice | 9,149 | 2.23 | 20,430.95 | 9,166 | 17 | 2.44 | 22,383.04 | 1,952.09 |
| 081 | RL | Riley | 18,740 | 1.83 | 34,298.20 | 18,604 | (136) | 2.04 | 37,934.34 | 3,636.14 |
| 082 | RO | Rooks | 6,554 | 2.50 | 16,408.70 | 6,499 | (55) | 2.71 | 17,628.18 | 1,219.48 |
| 083 | RH | Rush | 5,497 | 2.69 | 14,770.35 | 5,470 | (27) | 2.90 | 15,840.09 | 1,069.74 |
| 084 | RS | Russell | 7,794 | 2.35 | 18,330.70 | 7,804 | 10 | 2.56 | 19,983.92 | 1,653.22 |
| 085 | SA | Saline | 22,731 | 1.75 | 39,777.20 | 22,693 | (38) | 1.96 | 44,449.65 | 4,672.45 |
| 086 | SC | Scott | 4,764 | 2.85 | 13,575.20 | 4,715 | (49) | 3.06 | 14,420.20 | 845.00 |
| 087 | SG | Sedgwick | 153,060 | 1.40 | 213,519.00 | 153,060 | 0 | 1.60 | 245,482.30 | 31,963.30 |
| 088 | SW | Seward | 9,335 | 2.22 | 20,719.25 | 9,323 | (12) | 2.43 | 22,639.52 | 1,920.27 |
| 089 | SN | Shawnee | 65,131 | 1.53 | 99,900.65 | 68,552 | 3,421 | 1.74 | 119,463.54 | 19,562.89 |
| 090 | SD | Sheridan | 3,921 | 3.08 | 12,057.80 | 3,915 | (6) | 3.28 | 12,856.91 | 799.11 |
| 091 | SH | Sherman | 5,884 | 2.61 | 15,370.20 | 5,913 | 29 | 2.82 | 16,680.76 | 1,310.56 |
| 092 | SM | Smith | 6,947 | 2.45 | 17,017.85 | 6,924 | (23) | 2.66 | 18,407.44 | 1,389.59 |
| 093 | SF | Stafford | 6,019 | 2.59 | 15,579.45 | 6,004 | (15) | 2.80 | 16,794.43 | 1,214.98 |
| 094 | ST | Stanton | 3,029 | 3.45 | 10,452.20 | 4,129 | 1,100 | 3.66 | 15,110.23 | 4,658.03 |
| 095 | SV | Stevens | 4,335 | 2.95 | 12,803.00 | 4,862 | 527 | 3.16 | 15,374.77 | 2,571.77 |
| 096 | SU | Sumner | 16,500 | 1.88 | 31,095.00 | 16,465 | (35) | 2.09 | 34,467.40 | 3,372.40 |
| 097 | TH | Thomas | 7,262 | 2.41 | 17,506.10 | 7,593 | 331 | 2.62 | 19,889.66 | 2,383.56 |
| 098 | TR | Trego | 4,526 | 2.90 | 13,146.80 | 4,518 | (8) | 3.11 | 14,067.05 | 920.25 |
| 099 | WB | Wabaunsee | 6,065 | 2.58 | 15,650.75 | 6,270 | 205 | 2.79 | 17,489.11 | 1,838.36 |
| 100 | WA | Wallace | 2,848 | 3.56 | 10,126.40 | 2,721 | (127) | 3.76 | 10,243.06 | 116.66 |
| 101 | WS | Washington | 7,750 | 2.36 | 18,262.50 | 7,767 | 17 | 2.57 | 19,924.53 | 1,662.03 |
| 102 | WH | Wichita | 3,196 | 3.36 | 10,752.80 | 3,187 | (9) | 3.57 | 11,388.06 | 635.26 |
| 103 | WL | Wilson | 10,095 | 2.17 | 21,935.85 | 10,287 | 192 | 2.38 | 24,501.27 | 2,565.42 |
| 104 | WO | Woodson | 4,963 | 2.81 | 13,933.40 | 4,938 | (25) | 3.02 | 14,894.41 | 961.01 |
| 105 | WY | Wyandotte | 69,193 | 1.51 | 104,571.95 | 68,950 | (243) | 1.72 | 118,603.43 | 14,031.48 |
| | | | 1,339,500 | | 2,630,522.00 | 1,356,425 | 16,925 | | 2,948,599.92 | 318,077.92 |
| | | | | | 318,077.92 | | | | | |
| | | | | | 51,400.00 | | | | | |
| | | | | | <u>2,999,999.92</u> | | | | | |

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 525

Bill Sec. 2

Analyst: Efird

Analysis Pg. No. 285

Budget Page No. 484

| <u>Expenditure Summary</u> | <u>Agency Req. FY 93</u> | <u>Gov. Rec. FY 93</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|-----------------------------|-------------------------------------|
| All Funds: | | | |
| State Operations | \$ 60,183,334 | \$ 58,893,115 | \$ (4,030,585) |
| State Aid | 9,694,000 | 9,694,000 | -- |
| Other Assistance | 2,538,258 | 2,538,258 | -- |
| Total - Operating | <u>\$ 72,415,592</u> | <u>\$ 71,125,373</u> | <u>\$ (4,030,585)</u> |
| State Operations: | | | |
| State General Fund | \$ 28,538,253 | \$ 27,654,352 | \$ (225,828) |
| DOV Operating Fund | 31,040,916 | 30,628,806 | (3,804,757) |
| FTE Positions | 1,274.5 | 1,269.5 | (13.0) |

Agency Request/Governor's Recommendation

The agency's FY 1993 budget request reflects an increase of \$7,764,286 above the revised current year plan. State operations would be increased \$8.2 million. State aid would be reduced \$483,500 from the revised FY 1992 amounts and other assistance would be increased \$38,258. FY 1993 financing from the State General Fund would increase \$1,877,286 for state operations, with an increase of \$6,727,610 requested from the DOV Operation Fund for state operations. For FY 1993, the agency requests a net total of 42.0 additional FTE positions above its revised FY 1992 level. All positions are to be financed from the State General Fund. The change in number of staff requested by different units includes increases of 19.0 FTE positions for property valuation, 22.0 FTE positions for tax collections and 2.0 FTE positions for taxpayer assistance, and a reduction of 1.0 FTE position for alcoholic beverage control.

The Governor's recommended FY 1993 budget reflects an increase of \$6,121,624 above the revised FY 1993 recommendations. State operations would be increased \$6.567 million. State aid would be reduced \$483,500 from the revised FY 1992 amounts and other assistance would be increased \$38,258. FY 1993 financing from the State General Fund would increase \$1,101,305 for state operations, with an increase of \$5,855,316 recommended from the DOV Operation Fund for state operations. For FY 1993, the Governor recommends a net total of 30.5 FTE positions above the revised FY 1992 level. All positions are to be financed from the State General Fund. The change in number of staff recommended by the Governor include increases of \$655,452 to finance 25.0 FTE positions for property valuation and \$265,092 to finance 12.0 FTE positions for tax collections. The Governor also recommends a reduction of 5.5 FTE positions for administrative services and of 1.0 FTE position for alcoholic beverage control. Funding from the DOV Operating Fund is recommended for reissuing newly designed license plates in CY 1994 at a one-time cost of \$3.8 million and for purchasing an optical imaging system at \$1.4 million to maintain driver control and accident files.

GBA #1 includes several technical amendments to S.B. 525, specifically adding two line items to the appropriations bill, the Local Report Fee Fund and the Forfeited Property Fee Fund which were included in the Governor's plan for financing the agency's expenditures.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommended expenditures, with the following adjustments in FY 1993:

1. Reduce financing for manufacture of new license tags (to replace all current plates with a new design tag) by \$3.8 million in FY 1993 and by order of the Director of Vehicles, postpone the reissuance of all plates for at least another year. The Subcommittee believes that the \$1.4 million recommended expenditure for an optical imaging system is a greater priority to serve the needs of taxpayers seeking assistance from state government. After implementation, the automated file retrieval system will allow some staff to either be reassigned or eliminated, thus increasing efficiency of operations in this area. The Subcommittee recommendation leaves in the budget over \$1.0 million for the manufacture of the current designed license tags and decals in FY 1993.
2. Reduce the recommended number of new PVD positions from 25.0 to 15.0 FTE, with financing of \$225,828 from the State General Fund reduced to reflect leaving primarily field appraiser positions in the budget. The Subcommittee further recommends reconsideration during Omnibus of the other 10.0 FTE positions and financing if a statewide school finance mill levy passes this Session.
3. Shift \$60,000 in salaries and wages financing to other operating expenditures and delete 3.0 (undesignated) FTE positions recommended for new staff in tax collections in order to provide adequate funding for travel by new field auditors. The Governor's recommendation for \$21,929 of additional travel money was deemed inadequate, and the \$60,000 should be used to augment travel expenses for new auditors. The Subcommittee learned that at least three portable computers were transferred from PVD to Field Audit Services when PVD received new Apple Macintosh computers. The issue of no equipment funding provided by the Governor can be re-reviewed by the House Subcommittee if necessary.
4. Note that questions and concerns about the data processing costs and the apportionment of financing between the State General Fund and DOV Operating Fund remain unanswered, and should be addressed by the House Subcommittee.
5. Appropriate the State General Fund financing by salaries and wages, and other operating expenditures rather than as a single line item recommended by the Governor. The Subcommittee strongly believes that this method is preferred in view of the Governor's recommended salary turnover savings rate of 3.5 percent which forces the agency to hold a large number of positions vacant for extended periods of time. If sufficient salary financing is not recommended by the

Governor to reduce turnover savings to the agency's average of 2.0 percent, then the ability to make up any shortfall by shifting from OOE should either require approval by the Legislature (if in session) or by the Governor. The Subcommittee notes that an expenditure limitation specifically for salaries and wages is included in S.B. 525 for the Division of Vehicles Operating Fund. The net State General Fund adjustment to salaries and wages in FY 1993 is a reduction of \$285,828 to provide for expenditures of \$21,976,603 and an increase of \$60,000 to other operating expenditures to provide for expenditures of \$5,451,921.

6. Commend the agency's management team for its efforts over the past three years by reallocating existing resources internally and express concern that the state financial resources will not allow the Subcommittee to add financing to reduce the budgeted salary turnover rate from 3.5 to 2.0 percent.

DOV Operating Fund Analysis. In order to finance activities related to motor vehicles, most financing for the DOV Operating Fund is provided by quarterly transfers from the State Highway Fund. The following table summarizes the status of the DOV Operating Fund as recommended by the Governor and adjusted by Subcommittee action. The reduction of \$3.8 million is reflected in both a decrease in that amount to be transferred from the State Highway Fund and to be expended in FY 1993:

| Resource Estimate | Actual FY 1991 | Estimated FY 1992 | Estimated FY 1993 |
|-----------------------|--------------------------|-------------------------|-------------------------|
| Beginning Balance | \$ 1,479,017 | \$ 615,509 | \$ 74,275 |
| Net Receipts | 1,659,088 | 1,740,360 | 1,740,360 |
| Transfers | 20,772,672 | 22,491,896 | 25,085,243 |
| Total Funds Available | <u>\$ 23,910,777</u> | <u>\$ 24,847,765</u> | <u>\$ 26,899,878</u> |
| Less: Expenditures | 23,294,768 | 24,773,490 | 26,824,049 |
| Ending Balance | <u><u>\$ 616,009</u></u> | <u><u>\$ 74,275</u></u> | <u><u>\$ 75,829</u></u> |

Senate Committee Recommendation

The Committee concurs with its Subcommittee's recommendations and amends the Subcommittee report to add the following information.

1. Review the fiscal impact of S.B. 521 passed by the Senate and consider any adjustments in appropriations during House deliberations on this budget.
2. Delete \$960,083 in FY 1993 recommended by the Governor for step increases, longevity, and unclassified merit. Funding is apportioned \$548,009 from the State General Fund, \$406,477 from the DOV Operating Fund, \$486 from the Vehicle Dealers and Manufacturers Fee Fund, \$1,679 from the Setoff Services Revenue Funds, \$2,762 from the State Bingo Regulation Fund, and \$670 from the Child Support Enforcement contract Agreement Fund.

House Subcommittee Recommendation

The Subcommittee concurs with the Senate, with the following adjustments:

1. Restore \$960,083 from all financing sources for step increases, longevity, and unclassified merit.
2. Delete 6.0 FTE positions and \$121,147 for salaries from the DOV Operating Fund for staffing a new Johnson County driver license renewal station.
3. Delete 15.0 FTE positions, \$429,624 for salaries, and \$251,600 for other operating expenditures from the State General Fund for staffing increases in the Property Valuation Division, pending the completion of a 100 hour audit by the Legislative Division of Post Audit, which is scheduled to review the staffing in PVD. The Subcommittee suggests further review of this issue during the Omnibus period after the audit is available.
4. Reduce 4.5 FTE positions and \$57,564 for salaries from the State General Fund for staffing increases in the tax collections area.
5. Make a technical change in the funding authorized for official hospitality, increasing the amount from \$1,000 to \$2,500 to correct a mistake made in posting S.B. 525 for Senate action to split the appropriations line item into salaries and wages and other operating expenditures.
6. Note that insufficient information was available about the impact of prorating data processing fees between day and night rates and assigning the proper proportions of financing. The Subcommittee recommends waiting until DISC announces possible rate adjustments before trying to deal with this problem.
7. Note that the Secretary of Revenue has agreed to change the formula, beginning in FY 1992, for reimbursing counties for maintaining reappraised valuations, based on the Subcommittee's review of the current formula as applied in recent years. Details are in the Secretary's report included with the FY 1992 House Subcommittee recommendations.

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 547

Bill Sec. --

Analyst: Efird

Analysis Pg. No. 293

Budget Page No. 438

| <u>Expenditure Summary</u> | <u>Agency Est. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|----------------------------|-------------------------------------|
| State Operations | \$ 13,241,181 | \$ 12,979,878 | \$ -- |
| Other Assistance* | 36,740,000 | 36,228,000 | 1,000,000 |
| Total | \$ 49,981,181 | \$ 49,207,878 | \$ 1,000,000 |
| FTE Positions | 108.0 | 108.0 | -- |

* Other Assistance includes prizes and retailer commissions, some of which are never recorded in the State Treasury as either receipts or expenditures.

Agency Estimate/Governor's Recommendation

The agency's revised estimate for the current fiscal year includes an increase in projected sales, with a new estimate of \$72.0 million. The agency's revised budget would increase state operations expenditures almost \$1.2 million over actual FY 1991 expenses. No adjustments are requested in the Lottery's approved expenditure limitations. Transfers of \$21.6 million to the State Gaming Revenues Fund (SGRF) are based on 30 percent of gross sales as provided by statute.

The Governor's recommendations for FY 1992 assume \$71.0 million in lottery sales. A reduction of \$261,303 in approved expenditures is recommended by the Governor. Transfers of \$23.3 million to the SGRF are recommended in FY 1992, including \$21.3 million of regular transfers and a special \$2.0 million one-time SGRF transfer to reduce the Lottery Operating Fund (LOF) balances. The 1991 Legislature authorized another special FY 1992 transfer, this one to the State General Fund, of \$1.5 million to reduce LOF balances. The Governor's additional recommendation brings the total special transfers to \$3.5 million in FY 1992. The Governor's recommended financing would require the following adjustments in two FY 1992 appropriation line items: salaries and wages reduced by \$179,633 and all other operating costs reduced by \$94,670.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommended expenditures, based on financing and projected lottery sales for FY 1992, with the following adjustments:

1. Increase the sales estimate by \$2.0 million in FY 1992, from \$71.0 million assumed by the Governor to \$73.0 million based on trends to date, with the increase attributed to instant scratch games.

*HA
3-25-92
Attachment 3*

2. Increase by \$600,000 (30 percent of \$2.0 million) the estimated transfer to State Gaming Revenues Fund due to higher estimated sales in FY 1992.
3. Amend S.B. 547 to reflect the Governor's recommended adjustments to the FY 1992 limitation on expenditures for salaries and wages, and for other operating expenditures.
4. Amend S.B. 547 to effect in the Session Laws the Governor's recommended special transfer to the State Gaming Revenues Fund, to be made on or before June 30, 1992; also increase this special transfer to the State Gaming Revenues Fund from \$2.0 million estimated by the Governor to \$2.4 million in order to maintain the Governor's recommended FY 1992 ending balance of \$2.1 million in the Lottery Operating Fund.
5. Revise estimated state paid prizes (which also includes amounts collected for both federal and state taxes) to \$16.2 million in FY 1992, based on doubling the \$8.1 million transferred into the Prize Fund during the first six months to December 28, 1991.

Lottery Operating Fund Analysis. The revised FY 1992 ending balance estimated by the agency is reduced by the Governor's recommendation to transfer an additional \$2.0 million from the Lottery Operating Fund to the State Gaming Revenues Fund. The following table summarizes the status of the Lottery Operating Fund as adjusted by the Subcommittee's recommendations. The increase in net receipts to the State Treasury reflects the additional funds anticipated for paying both prizes and taxes, and for the projected increase in total lottery sales.

| Resource Estimate | Agency Req. FY 1992 | Gov. Rec. FY 1992 | Subcommittee Adjustment |
|------------------------------|----------------------------|----------------------------|----------------------------|
| Beginning Balance | \$ 4,632,306 | \$ 4,632,306 | \$ -- |
| Net Receipts | 46,865,000 | 46,391,000 | 6,066,000 |
| Total Available | <u>\$ 51,497,306</u> | <u>\$ 51,023,306</u> | <u>\$ 6,066,000</u> |
| Less State Operations | 13,241,181 | 12,979,878 | -- |
| Less State Paid Prizes* | 11,120,000 | 11,134,000 | 5,066,000 |
| Less Transfer to SGRF | 21,600,000 | 21,300,000 | 600,000 |
| Less Specl. Transfer to SGRF | -- | 2,000,000 | 400,000 |
| Less Transfer to SGF | 1,500,000 | 1,500,000 | -- |
| Ending Balance | <u><u>\$ 4,036,125</u></u> | <u><u>\$ 2,109,428</u></u> | <u><u>\$ 0</u></u> |

* Includes funds remitted as state and federal taxes and withheld from prize payments.

| Lottery Operating Fund Expenditure Summary | Approved FY 1992 | Gov. Rec. FY 1992 | Difference FY 1992 |
|---|----------------------|----------------------|-----------------------|
| Salaries and Wages | \$ 3,285,624 | \$ 3,105,991 | \$ (179,633) |
| On-line Telecommunications | 1,485,000 | 1,455,000 | (30,000) |
| On-Line Vendor Commission | 2,546,000 | 2,760,000 | 214,000 |
| All Other State Operations | 5,753,557 | 5,658,887 | (94,670) |
| Total -- State Operations | <u>\$ 13,070,181</u> | <u>\$ 12,979,878</u> | <u>\$ (90,303)</u> |

Summary. The Subcommittee recommendations would allow the Lottery to spend 17.8 percent of estimated net sales for state operations, compared with 18.3 percent recommended by the Governor. By statute, at least 45 percent must be paid in prizes and 30 percent must be transferred to the State Gaming Revenues Fund. The Lottery pays most of its retailers a commission of 5 percent to sell lottery tickets and shares.

Senate Committee Recommendation

The Committee concurs with the Subcommittee recommendations.

House Subcommittee Recommendation

The Subcommittee concurs with the Senate for FY 1992.

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 525

Bill Sec. 4

Analyst: Efird

Analysis Pg. No. 293

Budget Page No. 438

| <u>Expenditure Summary</u> | <u>Agency Req. FY 93</u> | <u>Gov. Rec. FY 93</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|----------------------------|-------------------------------------|
| State Operations | \$ 15,152,300 | \$ 14,545,718 | \$ (1,073,476) |
| Other Assistance* | 38,278,000 | 36,728,000 | -- |
| Total | <u>\$ 53,430,300</u> | <u>\$ 51,273,718</u> | <u>\$ (1,073,476)</u> |
| FTE Positions | 106.0 | 101.5 | (3.0) |

* Other Assistance includes prizes and retailer commissions, of which some transactions are never recorded in the State Treasury as either receipts or expenditures.

Agency Request/Governor's Recommendation

The agency estimates lottery sales of \$75.0 million next fiscal year. Expenditures for state operations would increase \$1.9 million over the revised FY 1992 estimate. Most of the increase is attributed to additional expenditures for advertising and promoting the Lottery, for printing instant tickets, for acquiring new computer equipment, and for increasing lotto sales. Transfers to the SGRF in FY 1993 are estimated at \$22.5 million based on 30.0 percent of gross retail sales.

The Governor's FY 1993 recommendations assume \$72.0 million in lottery sales. Transfers of \$21.6 million to the SGRF are recommended in FY 1993. The Governor's recommended budget allows for an increase of slightly more than \$2.0 million above the expenditures recommended in FY 1991. Most of the increase (of slightly less than \$1.6 million) is attributed to \$930,000 for a new computer system, \$428,975 for additional advertisements and promotions, and \$100,000 for electronic signs.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommended expenditures, based on financing and projected lottery sales for FY 1993, with the following adjustments:

1. Delete \$930,000 recommended for a new computer and software system. The Subcommittee is not convinced that the agency has completed a sufficient needs analysis, and instead has preselected a particular vendor's software which will not run on the Lottery's existing computer systems, of which there are two different systems (an IBM System 36 and Tandem computers). The Lottery indicates that the proposed software package, known as ACCLAIMS, was recommended by Anderson Consulting (an affiliated unit of Arthur Anderson and Co., the Lottery's external auditing firm which has performed recent finance audits of the

Lottery under contract to the Legislative Division of Post Audit). The new software would run on an IBM AS/400 platform, according to the Lottery's Information Plan, and the new computer would replace the two existing computers which have an estimated trade-in value of \$100,000. Both computers and operating software was purchased when the Lottery began operations in 1987, or almost five years ago. The Subcommittee would like to point out that the Lottery is exempted from certain statutory requirements pertaining to DISC review and approval of data processing acquisitions, and that H.B. 2579, which is pending in Senate Ways and Means, would remove those exemptions (among other things addressed by the bill). The Subcommittee is not convinced that the proposed purchase has been reviewed adequately by people outside the Lottery, and would propose that the Divisions of Information Systems and Communication and Purchases, as well as the Legislative Division of Post Audit review these matters.

2. Delete 3.0 FTE positions which are vacant in FY 1992. Savings are estimated at \$43,476 for salaries and benefits. The Lottery indicates that these positions were not going to be filled in FY 1992, but might be used relative to video lottery, Indian casinos and excursion boat gambling in FY 1993. The Subcommittee suggests that such positions be requested during Omnibus if pending legislation passes this Session.
3. Delete \$100,000 recommended for electronic signs to identify Lottery retailer outlets with flashing and blinking lights.
4. Amend S.B. 525 to reflect separate line items, with no limitation placed on-line communications and on-line vendor payments, and with specific limitations placed for salaries and wages and other operating expenditures to reflect amounts recommended by the Subcommittee.
5. Recommend that \$150,000 be transferred from the Lottery Operating Fund to the Kansas Bureau of Investigation to partially finance the costs of its Gaming Unit. The Subcommittee concurs with the Subcommittee on the Racing Commission which recommended that parimutuel funds should not be the only source of financing for this unit which is responsible for investigating criminal violations and other gambling-related activity in the state.
6. Note that the Governor's recommended FY 1993 sales estimate (which presumes no changes in the types of gambling within Kansas) is \$72.0 million, and that the Subcommittee would suggest revisiting this estimate during the Omnibus period since the various gambling proposals and other developments may negatively impact on the current type of lottery games offered by the Kansas Lottery. The Subcommittee's estimated FY 1993 ending balance is almost \$1.0 million more than the Governor's recommended balance.

Lottery Operating Fund Analysis. The revised FY 1993 beginning balance estimated by the agency is reduced by the Governor's recommendation to transfer in FY 1992 an additional \$2.0 million from the Lottery Operating Fund to the State Gaming Revenues Fund. The following

table summarizes the status of the Lottery Operating Fund as adjusted by the Subcommittee's recommendations:

| Resource Estimate | Agency Req. FY 1993 | Gov. Rec. FY 1993 | Subcommittee Adjustment |
|------------------------|----------------------------|----------------------------|----------------------------|
| Beginning Balance | \$ 4,036,125 | \$ 2,109,428 | \$ -- |
| Net Receipts | 49,071,000 | 47,141,000 | -- |
| Total Available | <u>\$ 53,107,125</u> | <u>\$ 49,250,428</u> | <u>\$ -- 0</u> |
| Less State Operations | 15,152,300 | 14,545,718 | (1,073,476) |
| Less State Paid Prizes | 11,864,000 | 11,384,000 | -- |
| Less Transfer to SGRF | 22,500,000 | 21,600,000 | -- |
| Less Transfer to KBI | -- | -- | 150,000 |
| Ending Balance | <u><u>\$ 3,590,825</u></u> | <u><u>\$ 1,720,710</u></u> | <u><u>\$ 923,476</u></u> |

| Lottery Operating Fund Expenditure Summary | Agency Req. FY 1993 | Gov. Rec. FY 1993 | Difference FY 1993 |
|---|-----------------------------|-----------------------------|------------------------------|
| Salaries and Wages | \$ 3,273,050 | \$ 3,200,186 | \$ (43,476) |
| On-line Telecommunications | 1,542,300 | 1,542,300 | -- |
| On-line Vendor Commission | 2,948,000 | 2,827,400 | -- |
| All Other State Operations | 7,388,950 | 6,975,832 | (1,030,000) |
| Total -- State Operations | <u><u>\$ 15,152,300</u></u> | <u><u>\$ 14,545,718</u></u> | <u><u>\$ (1,073,476)</u></u> |

Summary. The Subcommittee recommendations would allow the Lottery to spend 18.7 percent of estimated net sales for state operations, compared with 20.2 percent recommended by the Governor. By statute, at least 45 percent must be paid in prizes and 30 percent must be transferred to the State Gaming Revenues Fund. The Lottery pays most of its retailers a commission of 5 percent to sell lottery tickets and shares.

Senate Committee Recommendation

The Committee concurs with its Subcommittee's recommendations and amends the Subcommittee report to add the following information:

1. In regard to the proposed computer acquisition (item 1), the Subcommittee was not able to spend enough time studying this proposal and following up on a number of questions which the House should examine. The House Committee on Computers, Communications, and Technology is requested to study this proposed acquisition and to report its findings before the end of the 1992 Session to both the House Committee on Appropriations and the Senate Ways and Means committees.

The Subcommittee was told that ACCLAIMS software does not include a complete general ledger system which was recommended by an outside

consultant. The financial management capability of ACCLAIMS should be reviewed to determine if it will meet current and future needs.

Also the Subcommittee clarified after its meeting with Lottery officials that the purchase would include two (2) AS/400 computers as the platform. The Subcommittee would suggest examining each component of this request submitted as a package costing \$930,000 to determine the costs of the components and how firm the estimates are for hardware, software, and modification of the software.

An internal Lottery estimate for an alternative solution to buying new computers and software would be much less expensive, with costs of \$145,000 for hardware and \$60,000 for general ledger software estimated, plus \$170,000 for modifications to existing software. This alternative should be explored further.

2. Note that questions about unclassified positions were resolved by the House Committee on Governmental Organization, and that the Lottery had shifted a number of positions from the unclassified to the classified civil service as of February 18, 1992. A Subcommittee report from the House Committee on Governmental Organization is available with details of this situation.
3. Delete \$67,807 in FY 1993 recommended by the Governor for step increases, longevity, and unclassified merit.

House Subcommittee Recommendation

The Subcommittee concurs with the Senate for FY 1992 and FY 1992, with the following adjustments in FY 1993:

1. Restore \$67,807 from the Lottery Operating Fund for step increases, longevity, and unclassified merit.
2. Make a technical adjustment in adding 0.5 FTE position to the total authorized level to correct a mistake made in posting the Senate Subcommittee changes which should have reduced 2.5 FTE positions, not 3.0 FTE positions. The correct salary funding for a part-time position was removed by the Senate action.
3. Note that a 100 hour audit by the Legislative Division of Post Audit has been authorized for examining the computer acquisition issue, and the Subcommittee recommends revisiting this question during the Omnibus period, after the House Committee on Computers, Communications and Technology has reviewed the post audit and makes a recommendation about the proposed purchase of a new computer hardware system and applications software.

SUBCOMMITTEE REPORT

Agency: Kansas Racing Commission

Bill No. 547

Bill Sec. 7

Analyst: Efird

Analysis Pg. No. 298

Budget Page No. 468

| <u>Expenditure Summary</u> | <u>Agency Est. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|------------------------------|------------------------------|----------------------------|-------------------------------------|
| State Operations: | | | |
| State Racing Fund | \$ 1,960,635 | \$ 1,693,302 | \$ 57,003 |
| Reimbursable Expense Fund | 632,061 | 667,510 | (46,003) |
| Other Special Funds | 25,000 | 27,000 | -- |
| Subtotal -- State Operations | <u>\$ 2,617,696</u> | <u>\$ 2,387,812</u> | <u>\$ 11,000</u> |
| Other Assistance: | | | |
| Greyhound Fund | \$ 684,250 | \$ 684,250 | \$ -- |
| Horse Fund | 354,900 | 354,900 | -- |
| Subtotal -- Other Assistance | <u>\$ 1,039,150</u> | <u>\$ 1,039,150</u> | <u>\$ --</u> |
| | <u>\$ 3,656,846</u> | <u>\$ 3,426,962</u> | <u>\$ 11,000</u> |
| FTE Positions | 40.5 | 40.5 | -- |

Agency Estimate/Governor's Recommendation

The Racing Commission estimates expenditures in the current fiscal year for state operations will not exceed current limitations approved by the 1991 Legislature. The Governor's recommendations include a reduction of \$267,333 in approved FY 1992 expenditures from the State Racing Fund and an increase of \$37,449 in the Racing Reimbursable Expense Fund. The FY 1992 reductions include \$150,000 for legal fees, \$45,932 for travel and subsistence, and increased salary turnover savings of \$56,487.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations, with the following exceptions and adjustments:

1. Increase the State Racing Fund expenditure limitation by \$46,003 in FY 1992 to correct a shift in financing which charged the Racing Reimbursable Expense Fund for nonreimbursable positions and decrease the Reimbursable Fund by the same amount. This action concurs with Governor's Budget Amendment No. 1 which partially addresses this shift by recommending a correction of \$27,651 for one of the positions involved.

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Attachment 4*

2. Increase funding for salaries and benefits by \$5,000 in FY 1992 to reduce recommended turnover savings from \$70,330 to \$65,330 charged against the State Racing Fund.
3. Add \$6,000 for travel and subsistence in FY 1992 from the State Racing Fund.

Special Revenue Funds. Two funds provide most of the financing for the State Racing Commission. The State Racing Fund receives receipts from the parimutuel tax, admissions tax, and licenses and fines. The Racing Reimbursable Expense Fund revenue comes from fingerprint fees and from assessments paid by the tracks for services rendered by certain state personnel, such as judges, stewards and animal health officers.

1. State Racing Fund Analysis. The Governor concurs with the agency's revenue estimates in FY 1992. By reducing recommended expenditures in FY 1992 from the amount requested by the agency, the Governor's recommendations provide additional funds for transfer to the SGRF. The Governor's estimated transfers to the SGRF total \$7,337,810 and to the KBI Gaming Unit total \$295,207 in FY 1992.

| | <u>Agency Req. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|-----------------------|------------------------------|----------------------------|-------------------------------------|
| State Racing Fund | | | |
| Beginning Balance | \$ 849,938 | \$ 849,938 | \$ -- |
| Net Receipts | 8,776,381 | 8,776,381 | -- |
| Total Funds Available | <u>\$ 9,626,319</u> | <u>\$ 9,626,319</u> | <u>\$ --</u> |
| Less Expenditures | 1,960,635 | 1,693,302 | 57,003 |
| Less Transfer to KBI | 295,207 | 295,207 | -- |
| Less Transfer to SGRF | 7,070,477 | 7,337,810 | (57,003) |
| Ending Balance | <u><u>\$ 300,000</u></u> | <u><u>\$ 300,000</u></u> | <u><u>\$ --</u></u> |

2. Racing Reimbursable Expense Fund Analysis. A negative beginning balance for FY 1992 is noted the agency's budget and is attributed to FY 1991 encumbrances of \$224,863 which have not been liquidated in the past six months. These outstanding encumbrances are deducted in the Governor's cashflow analysis and the FY 1992 beginning balance of \$185,644 reflects the adjustment to FY 1991 expenditures.

| | <u>Agency Req. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|----------------------------|-------------------------------------|
| Reimbursable Expense Fund: | | | |
| Beginning Balance | \$ (39,219) | \$ 185,644 | \$ -- |
| Net Receipts | 632,061 | 669,510 | (46,003) |
| Total Funds Available | <u>\$ 592,842</u> | <u>\$ 855,154</u> | <u>\$ (46,003)</u> |
| Less Expenditures | 632,061 | 667,510 | (46,003) |
| Ending Balance | <u><u>\$ (39,219)</u></u> | <u><u>\$ 187,644</u></u> | <u><u>\$ --</u></u> |

Senate Committee Recommendation

The Committee concurs with the Subcommittee recommendations.

House Subcommittee Recommendation

The Subcommittee concurs with the Senate, with the following adjustments in FY 1992:

1. In regard to item 3 on the FY 1993 report, prohibit the Secretary of State from purchasing any computer hardware on behalf of the Racing Commission, either in FY 1992 or FY 1993.

SUBCOMMITTEE REPORT

Agency: Kansas Racing Commission

Bill No. 525

Bill Sec. 5

Analyst: Efird

Analysis Pg. No. 298

Budget Page No. 468

| <u>Expenditure Summary</u> | <u>Agency Req. FY 93</u> | <u>Gov. Rec. FY 93</u> | <u>Subcommittee Adjustments</u> |
|------------------------------|------------------------------|----------------------------|-------------------------------------|
| State Operations: | | | |
| State Racing Fund | \$ 2,077,221 | \$ 1,659,791 | \$ 172,527 |
| Reimbursable Expense Fund | 775,492 | 825,920 | (158,027) |
| Other Special Funds | 20,000 | 20,000 | -- |
| Subtotal -- State Operations | <u>\$ 2,872,713</u> | <u>\$ 2,505,711</u> | <u>\$ 14,500</u> |
| Other Assistance: | | | |
| Greyhound Fund | \$ 652,800 | \$ 652,800 | \$ -- |
| Horse Fund | 336,960 | 336,960 | -- |
| Subtotal -- Other Assistance | <u>\$ 989,760</u> | <u>\$ 989,760</u> | <u>\$ --</u> |
| | <u>\$ 3,862,473</u> | <u>\$ 3,495,471</u> | <u>\$ 14,500</u> |
| FTE Positions | 45.5 | 40.5 | -- |

Agency Request/Governor's Recommendation

For state operations, the Racing Commission requests an increase of slightly more than \$250,000 and an increase of 5.0 FTE positions. Increased financing is divided between the State Racing Fund and the Reimbursable Fund. The Governor's recommendations provide an increase of slightly less than \$118,000 above FY 1992 recommended expenditures. A reduction in financing from the State Racing Fund and an increase from the Racing Reimbursable Expense Fund are included in the Governor's recommendations. No additional FTE positions are recommended by the Governor.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations, with the following exceptions and adjustments:

1. Increase the State Racing Fund expenditure limitation by \$158,027 in FY 1993 to correct a shift in financing which charged the Racing Reimbursable Fund for nonreimbursable positions and decrease the Reimbursable Fund by the same amount. This action concurs with Governor's Budget Amendment No. 1 which partially addresses this shift by recommending a correction of \$27,813 for one of the positions involved.

2. Increase funding for salaries and benefits by \$1,000 in FY 1993 to reduce recommended turnover savings from \$72,145 to \$71,145 charged against the State Racing Fund.
3. Add \$6,000 for travel and subsistence in FY 1993 from the State Racing Fund.
4. Add \$7,500 from the State Racing Fund for capital outlay of an unspecified nature in FY 1993.
5. Reduce \$150,000 of the \$321,485 recommended transfer from the State Racing Fund to the Kansas Bureau of Investigation for financing the Gaming Unit. The Subcommittee believes that alternative funding sources, such as the State General Fund and the Lottery Operating Fund ought to be providing additional financing of the KBI Gaming Unit, rather than being subsidized almost entirely by the State Racing Fund and parimutuel funding. Additionally, the reduction of \$150,000 will be used to offset partially the increase recommended in item 1 and to maintain transfers to the State Gaming Revenues Fund close to the level recommended by the Governor.
6. Recommend that the Racing Commission authorize a reduction of its carryover reserve from \$300,000 to \$200,000 and that a new agreement be made between the Executive Director of the Commission and the Director of Accounts and Reports pursuant to this matter, with an effective date to begin in July of FY 1993. The \$100,000 reduction will provide additional funding for added expenditures recommended by the Subcommittee and the remainder for transfer to the State Gaming Revenues Fund in early FY 1993 to make up for the \$57,003 decrease in the FY 1992 transfer.

Special Revenue Funds. Two funds provide most of the financing for the State Racing Commission. The Subcommittee's adjustments correct the apportionment of expenditures which should be financed by each of the funds. In addition, the Subcommittee adjustments reduce the ending balance of the State Racing Fund and the proposed transfer to the KBI in order to maintain the level of transfers to the SGRF as recommended by the Governor in FY 1993.

1. State Racing Fund Analysis. The Governor concurs with the agency's revenue estimates in FY 1993. By reducing recommended expenditures in FY 1993 from the amount requested by the agency, the Governor's recommendations provide additional funds for transfer to the SGRF. The Governor's estimated transfers to the SGRF total \$6,571,758 in FY 1993. Additional transfers recommended by the Governor include \$321,485 in FY 1993 for the KBI Gaming Unit.

| | Agency Req. FY 93 | Gov. Rec. FY 93 | Subcommittee Adjustments |
|--------------------------|--------------------------|--------------------------|-----------------------------|
| State Racing Fund | | | |
| Beginning Balance | \$ 300,000 | \$ 300,000 | \$ -- |
| Net Receipts | 8,553,034 | 8,553,034 | -- |
| Total Funds Available | <u>\$ 8,853,034</u> | <u>\$ 8,853,034</u> | <u>\$ --</u> |
| Less Expenditures | 2,077,221 | 1,659,791 | 172,527 |
| Less Transfer to KBI | -- | 321,485 | (150,000) |
| Less Transfer to SGRF | 6,475,813 | 6,571,758 | 77,473 |
| Ending Balance | <u><u>\$ 300,000</u></u> | <u><u>\$ 300,000</u></u> | <u><u>\$ (100,000)</u></u> |

2. Racing Reimbursable Expense Fund Analysis. A substantial increase in FY 1993 expenditures is reflected in both the agency's and Governor's estimates over estimated FY 1992 levels. The agency's estimate includes salaries and benefits for 5.0 new FTE positions which the Governor does not recommend. (Staff Note: Some of the Governor's recommended financing for salaries and benefits from the RREF may not be reimbursable.)

| | Agency Req. FY 93 | Gov. Rec. FY 93 | Subcommittee Adjustments |
|-----------------------------------|---------------------------|--------------------------|-----------------------------|
| Reimbursable Expense Fund: | | | |
| Beginning Balance | \$ (39,219) | \$ 187,644 | \$ -- |
| Net Receipts | 775,492 | 825,920 | (158,027) |
| Total Funds Available | <u>\$ 736,273</u> | <u>\$ 1,013,564</u> | <u>\$ (158,027)</u> |
| Less Expenditures | 775,492 | 825,920 | (158,027) |
| Ending Balance | <u><u>\$ (39,219)</u></u> | <u><u>\$ 187,644</u></u> | <u><u>\$ --</u></u> |

Senate Committee Recommendation

The Committee concurs with its Subcommittee's recommendations and amends the Subcommittee report to add the following:

1. Delete \$33,204 in FY 1993 recommended by the Governor for step increases, longevity, and unclassified merit. Funding is apportioned \$20,685 from the State Racing Fund and \$12,519 from the Racing Reimbursable Expense Fund.

House Subcommittee Recommendation

The Subcommittee concurs with the Senate, with the following adjustments in FY 1993:

1. Restore \$33,204 from all funding sources for step increases, longevity, and unclassified merit.

2. Split the single appropriations expenditure limitation from the State Racing Fund into salaries and wages and other operating expenditures.
3. Flag a problem in which the Racing Commission has transferred to the Secretary of State's Office approximately \$40,000 to \$50,000 worth of software which was considered surplus property, and in return, the Secretary of State is proposing to buy out of FY 1993 appropriations approximately \$13,361 worth of new computer hardware to transfer to the Racing Commission. The Subcommittee recommends that the House CCT Committee examine this situation and determine to what extent this instance is repeated for other state agencies. The CCT Committee should develop recommendations about how to handle such exchanges. The proposed transfer of newly purchased equipment from one agency to another agency appears to circumvent the budgetary process, at least where the Racing Commission is concerned since that agency never indicated in its submitted FY 1992 or FY 1993 budgets any need for the types of computer hardware being purchased by the Secretary of State on behalf of the Commission.
4. In regard to item 3, prohibit the Secretary of State from purchasing any computer hardware on behalf of the Racing Commission, either in FY 1992 or FY 1993.
5. In regard to item 3, authorize the transfer of \$13,361 from the Secretary of State to the State Racing Fund in reimbursement of the value of software received as surplus property, with the intent that the Racing Commission not be authorized to spend the money and that the \$13,361 be transferred to the State Gaming Revenues Fund as part of the July 1992 transfer.
6. In regard to item 3, introduce a bill addressing the acquisition of new property and transfer of surplus property between agencies in order to require explicit budgeting of such transactions. The Subcommittee would like to codify the concept of using a Conversion of Equipment and Materials Fund in which state agencies would deposit any proceeds from selling surplus property in order that subsequent expenditures from that fund would have to be appropriated by the Legislature.
7. Direct the Racing Commission to submit for Omnibus review a supplemental budget indicating the staffing (FTE positions and part-time positions) and financing (revenues and expenditures) which might be associated with Pittsburg being granted a license and operations starting in FY 1993.
8. Flag for Omnibus review S.B. 383 which would authorize simulcasting since both the Senate and House versions of the bill would generate additional revenues for the State Gaming Revenues Fund of \$250,000 to \$300,000 in FY 1993. The Racing Commission should prepare a fiscal note and submit it for Omnibus review showing the projections for additional revenue.

March 10, 1992

Warren H. Neudorff
Information Resource Manager
Department of Administration
DISC
7th Floor, Landon State Office Bldg.
900 SW Jackson
Topeka, KS 66612-1275

Dear Mr. Neudorff:

Listed below are the items to be purchased by the Secretary of States office for the Kansas Racing Commission. This is payment for Synon Case tool software purchased from the Kansas Racing Commission and now residing on our AS400. These items are to be purchased in ~~FY92~~ FY93

| | | |
|----|--------------------------------------|----------|
| 1) | IBM 5853 2400 BPS Modem | 853.00 |
| 2) | IBM 6041 ASCII Controller | 1675.00 |
| 3) | IBM 5250 Emulation Card | 515.00 |
| 4) | IBM 5394 01-B Remote Controller | 3633.00 |
| 5) | IBM 4019 Laser Printer | 2605.00 |
| 6) | IBM 4224 Model upgrade | 2000.00 |
| 7) | Zenith PC Color Monitor | 555.00 |
| 8) | PC Page Scanner | 1175.00 |
| 9) | HP Laserjet Series II Font Cartridge | 350.00 |
| | | ----- |
| | | 13361.00 |

If you have any questions please call me at 296-2236.

Sincerely,

Kathy Martin
Deputy Assistant Secretary of State,
Administration

SUBCOMMITTEE REPORT

Agency: Department of Commerce

Bill No. 547

Bill Sec. 8

Analyst: West

Analysis Pg. No. 304

Budget Page No. 116

| Expenditure Summary | Agency Est. FY 92 | Gov. Rec. FY 92 | Subcommittee Adjustments |
|---|----------------------|----------------------|-----------------------------|
| All Funds: | | | |
| State Operations | \$ 8,073,453 | \$ 8,120,334 | \$ 61,560 |
| Local Aid | 16,096,187 | 16,096,187 | -- |
| Other Assistance | 7,884,410 | 7,884,410 | 100,000 |
| TOTAL | \$ 32,054,050 | \$ 32,100,931 | \$ 161,560 |
| State General Fund: | | | |
| State Operations | \$ 2,183,350 | \$ 2,161,633 | \$ 1,560 |
| Economic Development Initiatives Fund: | | | |
| State Operations | \$ 4,276,792 | \$ 4,285,504 | \$ 60,000 |
| Local Aid | 445,000 | 445,000 | -- |
| Other Assistance | 3,290,000 | 3,290,000 | 100,000 |
| TOTAL | \$ 8,011,792 | \$ 8,020,504 | \$ 160,000 |
| FTE Positions | 99.0 | 99.0 | -- |

Agency Estimate/Governor's Recommendation

FY 1992 -- 1. State Operations. The Department of Commerce proposes an FY 1992 state operations budget of \$8,073,453 and 99.0 FTE positions. The estimate reflects a net increase of \$147,089 from the approved FY 1992 budget, including a \$3 increase in State General Fund expenditures, an \$8,712 decrease in EDIF expenditures, a net increase of \$182,633 in federal funds and a net decrease of \$26,835 from other funding sources. The agency requests authority to receive a federal grant of \$149,250 for economic development research. In addition, the agency requests expenditure limitation increases of \$60,287 (from \$62,419 to \$122,706) on the Low Income Housing Tax Credit Fee Fund and of \$47,186 (from \$382,934 to \$430,120) on the Community Development Block Grant Administrative Match-Federal Fund (CDBG fund). The agency states the requested increases are to fund federally mandated monitoring functions for those programs. Subsequent to the submission of the agency's budget, the State Finance Council authorized an expenditure limitation increase of \$107,692 (from \$382,934 to \$490,626) on the CDBG fund.

The Governor recommends an FY 1992 state operations budget of \$8,120,334 and 99.0 FTE positions. The current year recommendation represents a net increase of \$46,881 compared to the agency's estimate, including a decrease of \$21,717 from the State General Fund, an increase of \$8,712 in EDIF expenditures, a net increase of \$60,349 in federal funds, and a net decrease of \$463 from other funds. The Governor concurs with the agency's request to expend a federal grant of

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Attachment 5*

\$149,250 and for the expenditure limitation increase on the Low Income Housing Tax Credit Fee Fund. The Governor's recommendation reflects the current authorized level of expenditures from the CDBG fund. Major changes from the agency's estimate include a net increase of \$31,577 in salaries associated with a decrease in fringe benefit costs and the addition of \$71,892 to begin hiring 8.0 special project positions to staff a proposed Housing Division. Other operating expenses are increased by \$15,304, reflecting increases in printing (\$10,000), travel (\$10,000), and professional fees (\$30,000); and decreases in communications (\$14,696) and other service fees (\$20,000).

2. Local Aid. The agency estimates that payments to local units of government will total \$16,096,187 in FY 1992, a net increase of \$350,304 from the approved budget. Changes include an increase of \$282,117 in grants under the CDBG program, a \$38,471 decrease in Emergency Shelter Grants, and the addition of grants under the federal Rental Rehabilitation program (\$8,000) and new loans from the repayment of prior year infrastructure loans under the Partnership program (\$98,658). The Governor concurs with the agency's estimate for local aid.

3. Other Assistance. The agency estimates other assistance payments in FY 1992 will total \$7,884,410, which reflects a decrease of \$109,611 in payments under the federal Housing Assistance Program and the addition of \$3,000,000 in expenditures under the State of Kansas Investments in Lifelong Learning (SKILL) program created by the 1991 Legislature. The Governor concurs with the agency's estimate for other assistance.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's FY 1992 recommendations, with the following adjustments:

1. As a technical adjustment, restore \$1,560 from the State General Fund for salaries.
2. As a technical adjustment, appropriate a fund to allow the agency to expend federal funds received for economic development research.
3. Add \$100,000 for the EDIF for tourist attraction development grants pursuant to K.S.A. 74-5091, with the provision for the reappropriation of any unexpended FY 1992 funds to FY 1993.
4. Add \$60,000 from the EDIF to support the upcoming Bloomingdale's promotion and other trade promotion activities. The Subcommittee directs the agency to coordinate its activities with the State Board of Agriculture to ensure the promotion of the broad array of Kansas products which are available.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendation of the Committee.

| <u>Expenditure Summary</u> | <u>Senate Adj. FY 92</u> | <u>Senate Rec. FY 92</u> | <u>House Sub. Adj.</u> |
|---|------------------------------|------------------------------|----------------------------|
| All Funds: | | | |
| State Operations | \$ 61,560 | \$ 8,181,894 | \$ -- |
| Local Aid | -- | 16,096,187 | -- |
| Other Assistance | 100,000 | 7,784,410 | -- |
| TOTAL | <u>\$ 161,560</u> | <u>\$ 32,262,491</u> | <u>\$ --</u> |
| State General Fund: | | | |
| State Operations | \$ 1,560 | \$ 2,163,193 | \$ -- |
| Economic Development Initiatives Fund: | | | |
| State Operations | \$ 60,000 | \$ 4,345,504 | \$ -- |
| Local Aid | -- | 445,000 | -- |
| Other Assistance | 100,000 | 3,390,000 | -- |
| TOTAL | <u>\$ 160,000</u> | <u>\$ 8,180,504</u> | <u>\$ --</u> |
| FTE Positions | -- | 99.0 | -- |

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate.

G E GREGORY

 Representative Gilbert E. Gregory
 Subcommittee Chair

Fred Gatlin

 Representative Fred Gatlin

Bob Mead

 Representative Bob Mead

SUBCOMMITTEE REPORT

Agency: Department of Commerce

Bill No. 525

Bill Sec. 6

Analyst: West

Analysis Pg. No. 304

Budget Page No. 116

| <u>Expenditure Summary</u> | <u>Agency Req. FY 93</u> | <u>Gov. Rec. FY 93</u> | <u>Subcommittee Adjustments</u> |
|---|------------------------------|----------------------------|-------------------------------------|
| All Funds: | | | |
| State Operations | \$ 11,462,501 | \$ 9,141,645 | \$ 74,279 |
| Local Aid | 21,659,813 | 20,659,813 | 2,961,000 |
| Other Assistance | 11,968,327 | 19,781,947 | -- |
| TOTAL | <u>\$ 45,090,641</u> | <u>\$ 49,583,405</u> | <u>\$ 3,035,279</u> |
| State General Fund: | | | |
| State Operations | \$ 2,114,234 | \$ 3,017,804 | \$ (175,721) |
| Economic Development Initiatives Fund: | | | |
| State Operations | \$ 7,587,184 | \$ 4,020,608 | \$ 250,000 |
| Local Aid | 1,445,000 | 445,000 | -- |
| Other Assistance | 3,350,000 | 3,560,894 | -- |
| TOTAL | <u>\$ 12,382,184</u> | <u>\$ 8,026,502</u> | <u>\$ 250,000</u> |
| FTE Positions | 105.5 | 104.5 | 6.0 |

Agency Request/Governor's Recommendation

FY 1993 -- 1. State Operations. The agency proposes an FY 1993 state operations budget of \$11,462,501 and 105.5 FTE positions. The request is an increase of \$3,389,048 from the current year estimate, including a decrease of \$69,116 from the State General Fund, and increases of \$3,310,392 from the EDIF, \$3,169 from federal funds, and \$144,603 from other funding sources. Changes from the current year include the addition of \$480,945 for 7.0 FTE and 7.0 special project new positions, with the elimination of an existing 0.5 FTE position. Five of the requested special project positions would serve as Development Specialists who would be responsible for developing and coordinating economic development programs. The FY 1993 request also includes \$1,637,566 for increased tourism promotions (\$1,371,221) and industrial recruiting activities (\$266,345).

The Governor recommends an FY 1993 state operations budget of \$9,141,645 and 104.5 FTE positions. The recommendation is a net increase of \$1,021,311 from the current year recommendation, including a decrease of \$264,896 from the EDIF and increases of \$856,171 from the State General Fund, \$363,309 from federal funds, and \$66,727 from other funding sources. With the issuance of Executive Reorganization Order No. 23, the Governor proposes to change the agency's name to the Department of Commerce and Housing, with the creation of a new Division of Housing. The new division would include the agency's current housing programs, selected programs from the Department of Social and Rehabilitation Services (SRS), a new Housing Policy

Group, and staffing for the new federal HOME housing initiative. The FY 1993 recommendation includes \$420,489 from federal funds for 5.0 FTE and 1.0 special project positions (\$228,909) and other operating expenses (\$191,580) associated with the housing programs to be transferred from SRS. The FY 1993 recommendation also includes \$7,687 for an additional 0.5 FTE clerical position in the Administration Division, an increase of \$174,932 associated with the annualization of salaries for special project positions for the proposed Housing Division, and an increase of \$101,154 for industrial recruitment activities.

2. Local Aid. The agency requests \$21,659,813 for aid to local units of government in FY 1993. The request includes grants of \$16,000,000 through the CDBG program, \$9,360 for Rental Rehabilitation assistance, \$466,703 for Emergency Shelter Grants, \$1,138,750 for infrastructure loans, \$445,000 for grants under the Community Strategic Planning Assistance program, and \$3,600,000 under the new federal HOME federal housing assistance program. The Governor's recommendation of \$20,659,813 for aid to local units of government in FY 1993 reflects a decrease of \$1,000,000 from the agency's request for infrastructure loans.

3. Other Assistance. The agency requests \$11,968,327 for other assistance payments in FY 1993. The request includes \$7,000,000 for payments under the SKILL program, \$2,250,000 under the Kansas Industrial Training and Retraining programs, \$475,000 for grants to Certified Development Companies, \$325,000 for grants to Small Business Development Centers, \$200,000 for Trade Show Assistance, \$100,000 for Tourism Matching Grants, and \$1,618,327 in federal payments under the Housing Assistance program.

The Governor's FY 1993 recommendation for other assistance of \$19,781,947 reflects an increase of \$7,813,620 from the agency's request. The recommendation includes increases from the agency's request for Tourism Grants (\$190,000) and Trade Show Assistance (\$20,894) and \$7,602,726 for programs proposed to be transferred from SRS. Programs proposed for transfer include Weatherization grants (\$4,374,051), an Emergency Homeless grant (\$348,295), and the Community Services Block Grant (\$2,880,380).

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's FY 1993 recommendation, with the following adjustments:

1. As a technical adjustment, add \$5,119 from the State General Fund to reflect lower reappropriations from FY 1992 (\$1,560) and funding required to achieve the Governor's recommended level of turnover savings of 4.0 percent of State General Fund and EDIF financed salaries (\$3,559).
2. As a technical adjustment, appropriate a fund to allow the agency to expend federal funds received for economic development research.
3. As a technical adjustment, add language to transfer oil overcharge funds of \$1,000,000 for weatherization grants, as recommended by the Governor.
4. The Subcommittee notes that the recommended FY 1993 budget for the agency is based on the assumption that ERO No. 23 will be approved. Should the ERO be rejected or substantially modified, this agency's budget may need to be revisited.

5. Based on revised estimates of the funding available, increase the expenditure limitation for the new federal HOME housing initiative from \$3,600,000 to \$6,561,000. The Subcommittee has been informed that the agency is exploring utilizing nonstate resources for any matching funds the program may require in the future. The Subcommittee strongly recommends that the agency aggressively pursue nonstate matching options, including the programs offered by the Federal Home Loan Bank. The Subcommittee further recommends that the agency explore if program funding from the Federal Home Loan Bank may be used for administrative expenses of the proposed Housing Division and report the results to the House Subcommittee on this agency.
6. The Subcommittee concurs with the recommendations of the Senate Economic Development Committee that a comprehensive statewide needs analysis must be conducted as the first step in the development of major housing initiatives and that the number of new employees proposed for the new Division prior to the completion of such a needs assessment appears premature. The Subcommittee recommends a reduction of \$179,280 from the State General Fund and 6.0 special project positions from the FY 1993 recommendation.
7. Reduce the expenditure limitation on the Greyhound Tourism Fund from \$200,000 to the Governor's recommended expenditure level of \$120,752.
8. The Subcommittee notes that the agency requested funding for a feasibility study for a Visitor Information Center along I-35 in the Kansas city area. The Subcommittee does not feel a study is required and encourages the agency to develop cost estimates and siting options for the proposed facility. The Subcommittee also encourages the agency to seek the cooperation of the Board of Agriculture, the Kansas Agricultural Value Added Processing Center, and the private sector in acquiring Kansas products to be offered through the Centers.
9. The Subcommittee notes that the Commission on Waste Reduction, Recycling and Market Development is scheduled to expire at the end of the current fiscal year. The Subcommittee recommends that the Commission be allowed to expire.
10. The Subcommittee notes that the SKILL program is in the process of finalizing rules and regulations to operate the program, with a tentative implementation time in late April. The Subcommittee also notes that the first project under the program will be the Santa Fe relocation to Topeka, a project which was not contemplated when the SKILL legislation was considered by the 1991 Legislature. The Subcommittee recommends that the Secretary of Commerce include a provision in all SKILL projects which would require the repayment of benefits received by a firm if that firm does not maintain the projected number of jobs during the term of the bonds which were issued to finance the project.
11. The Subcommittee notes that the agency has testified that a reduction of 19 percent in State General Fund and EDIF resources was applied to the agency between FY 1991 and FY 1992 and the number of FTE positions was reduced from 114.0 to 99.0. The Subcommittee notes that the resulting personnel and programmatic disruptions, as well as the start up of the expanded housing programs, has resulted in a large increase in the number of special project

positions (which do not count as FTE) existing in the agency. While the Subcommittee understands the reasons for including these positions as special projects in the current year, the Subcommittee does not believe that permanent employees should be maintained as special project positions. The Subcommittee recommends the addition of 6.0 FTE positions. In order to avoid further programmatic and personnel disruptions, the Subcommittee recommends the addition of a proviso which places the incumbents of those positions into the classified service.

12. Add \$50,000 from the EDIF for trade representative contracts.
13. Add \$200,000 from the EDIF to allow the state to participate in the promotion of Kansas products at Harrods Department Store. The Subcommittee directs that the agency coordinate and cooperate with the State Board of Agriculture to ensure the maximum promotion of Kansas products. The Subcommittee also notes that Kansas State University is participating in the Coca Cola Bowl in Tokyo and that an industrial recruitment mission is planned to coincide with this event. The Subcommittee would note the importance of this event and recommends that the agency allocate sufficient resources from its budget to support it.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee, with the following adjustments:

1. Add \$30,000 from the EDIF for the promotion of the centennial of the Cherokee Strip.
2. Delete \$65,320 (\$46,778 State General Fund, \$5,079 EDIF, and \$13,463 from other funds) associated with classified step movement, unclassified merit pay, and longevity pay.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendation of the Committee, with the following adjustment:

1. Add \$50,000 from the State General Fund for promotion of the sesquicentennial of the Oregon Trail.

| <u>Expenditure Summary</u> | <u>Senate Adj. FY 93</u> | <u>Senate Rec. FY 93</u> | <u>House Sub. Adj.</u> |
|---|------------------------------|------------------------------|----------------------------|
| All Funds: | | | |
| State Operations | \$ 88,959 | \$ 9,230,604 | \$ 244,600 |
| Local Aid | 2,961,000 | 23,620,813 | -- |
| Other Assistance | -- | 19,781,947 | -- |
| TOTAL | <u>\$ 3,049,959</u> | <u>\$ 52,633,364</u> | <u>\$ 244,600</u> |
| State General Fund: | | | |
| State Operations | \$ (172,499) | \$ 2,845,305 | \$ 46,778 |
| Economic Development Initiatives Fund: | | | |
| State Operations | \$ 274,921 | \$ 4,295,529 | \$ 184,359 |
| Local Aid | -- | 445,000 | -- |
| Other Assistance | -- | 3,560,894 | -- |
| TOTAL | <u>\$ 274,921</u> | <u>\$ 8,301,423</u> | <u>\$ 184,359</u> |
| FTE Positions | 6.0 | 110.5 | 6.0 |

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate, with the following adjustments:

1. Restore \$65,320 (\$46,778 State General Fund, \$5,079 EDIF, and \$13,463 from other funds) associated with unclassified merit pay, classified step movement, and longevity pay.
2. Add \$179,280 from the State General Fund and 6.0 FTE positions to restore the positions deleted from the Housing Division in Senate Subcommittee recommendation No. 6. In addition, shift \$179,280 of State General Fund financed state operations to the EDIF.
3. The Subcommittee notes that the agency's lease for office space at Capitol Towers has expired and that the agency is in the process of negotiating a new lease. The Subcommittee strongly recommends that the agency explore all location options, including moving, prior to executing a new lease agreement with their current landlord.

CC CDE SCR

 Representative Gilbert E. Gregory
 Subcommittee Chair

 Representative Fred Gatlin

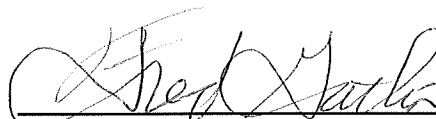
Bob Mead

 Representative Bob Mead

MINORITY REPORT

I concur with the recommendations of the Subcommittee, with the following comment:

I am extremely concerned about the potential long-term impact of entering into the new housing program. This is starting as a typical federal program where the state pays the administrative expenses for the federal grants, with the future additional commitment for matching funds for the federal grants in the out years. This can lead to increasing pressure on the Legislature to commit additional state funding from the limited resources available and the possibility of the federal government shifting more and more of the program costs to the state until we are left with another mandated program with no resources to pay for it.



Representative Fred Gatlin

SUBCOMMITTEE REPORT

Agency: Kansas, Inc.

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 326

Budget Page No. 374

| <u>Expenditure Summary</u> | <u>Agency Est. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|--|------------------------------|----------------------------|-------------------------------------|
| All Funds | \$ 424,404 | \$ 423,742 | \$ -- |
| State General Fund | 184,889 | 184,445 | -- |
| Economic Development Initiatives Fund | 99,462 | 99,462 | -- |
| FTE Positions | 4.0 | 4.0 | -- |

Agency Estimate/Governor's Recommendation

The agency's current year estimate of \$424,404 reflects an increase of \$1,164 in donations from the approved budget. The agency's estimate of state financed expenditures (\$284,351) would be matched on a 67/33 ratio by \$140,053 from private sources per K.S.A. 1991 Supp. 74-8009a.

The Governor's current year recommendation of \$423,742 reflects a reduction of \$662 from the agency's estimate for salaries and includes \$139,835 from private sources.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's current year recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendations of the Committee.

*HA
3-25-92
Attachment 6*

| <u>Expenditure Summary</u> | <u>Senate Adj. FY 92</u> | <u>Senate Rec. FY 92</u> | <u>House Subcommittee Adjustments</u> |
|--|------------------------------|------------------------------|---|
| All Funds | \$ -- | \$ 423,742 | \$ -- |
| State General Fund | -- | 184,445 | -- |
| Economic Development Initiatives Fund | -- | 99,462 | -- |
| FTE Positions | -- | 4.0 | -- |

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate.

G E GREGORY

 Representative Gilbert E. Gregory
 Subcommittee Chair

Fred Gatlin

 Representative Fred Gatlin

Bob Mead

 Representative Bob Mead

SUBCOMMITTEE REPORT

Agency: Kansas, Inc.

Bill No. 525

Bill Sec. 7

Analyst: West

Analysis Pg. No. 304

Budget Page No. 374

| <u>Expenditure Summary</u> | <u>Agency Req. FY 93</u> | <u>Gov. Rec. FY 93</u> | <u>Subcommittee Adjustments</u> |
|--|------------------------------|----------------------------|-------------------------------------|
| All Funds | \$ 462,732 | \$ 1,922,629 | \$ 14,125 |
| State General Fund | 179,037 | 1,682,288 | 9,463 |
| Economic Development Initiatives Fund | 129,452 | 100,874 | -- |
| FTE Positions | 5.0 | 4.0 | -- |

Agency Request/Governor's Recommendation

The agency's FY 1993 request of \$462,732 represents an increase of \$38,328 from the current year estimate. Major changes requested by the agency include increases of \$22,427 for a new Office Assistant IV position, \$6,426 for equipment acquisition, and \$4,204 in contractual research. Net other changes increase total expenditures by \$5,271. The requested FY 1993 budget would be matched by \$154,243 from private sources. The requested EDIF financing would be used for salaries (\$46,619) and other operating expenses (\$82,833).

The Governor's FY 1993 recommendation of \$1,922,629 represents an increase of \$1,498,887 over the current year recommendation. The FY 1993 recommendation includes \$1,500,000 from the State General Fund to match federal funding for basic scientific research at the state's universities. This funding would be exempted from the agency's statutory match provisions. Other major changes from the current year recommended for FY 1993 include an increase of \$5,959 in salaries and a decrease of \$7,796 in contractual research. Net other changes increase total expenditures by \$724. The Governor does not recommend the requested new position. The Governor's FY 1993 recommendation includes matching funds of \$139,467 from private sources.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's FY 1993 recommendation, with the following adjustments:

1. Add \$9,463 from the State General Fund for part-time clerical assistance to permit the agency's professional staff to concentrate on more important duties.
2. In order to maintain the statutory match rate of 67/33, add \$4,662 from private sources for contractual research.
3. The Subcommittee notes that the 1986 Legislature created Kansas, Inc to be the state's economic development "think tank" and to serve as a public/private guide for the state's long-term economic development strategy. The Subcommittee is

concerned that requests for special research by the executive and legislative branch as well as staffing for entities such as the Information Network of Kansas and the Commission on Natural Gas Policy may be diverting Kansas, Inc.'s staff from this purpose. The Subcommittee recommends that the Board of Directors of Kansas, Inc. assess these obligations and endeavor to redirect the agency's focus back to developing a public/private consensus on the vision of Kansas. The Subcommittee agrees with the Board of Kansas, Inc. that if Kansas, Inc. is to build on its successful record of the past five years and meet the aspirations of the public and private sectors, it must focus its energies and activities on those limited number of issues and tasks considered by the Board as critical to Economic Development in its role as a strategic planning, oversight, and policy advisory body. The Subcommittee supports the high priority the Kansas, Inc. Board places on refining a vision statement and building a consensus on the statement.

4. The Subcommittee concurs with the Governor's recommendation of \$1.5 million from the State General Fund in FY 1993 to match federal funding for the experimental program to stimulate competitive research (EPSCOR). The Subcommittee notes the strong support given to this program by the Joint Committee on Economic Development and the Joint Committee's understanding that a portion of the state's matching support would be applied to initiate the building of a video communication network linking research universities with secondary level teachers for purposes of training and other enhancement programs in science and mathematics.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee, with the following adjustment:

1. Delete \$4,852 from the State General Fund associated with unclassified merit pay.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendations of the Committee.

| <u>Expenditure Summary</u> | <u>Senate Adj. FY 93</u> | <u>Senate Rec. FY 93</u> | <u>House Subcommittee Adjustments</u> |
|--|------------------------------|------------------------------|---|
| All Funds | \$ 9,273 | \$ 1,931,902 | \$ 4,852 |
| State General Fund | 4,611 | 1,686,899 | 4,852 |
| Economic Development Initiatives Fund | -- | 100,874 | -- |
| FTE Positions | -- | 4.0 | -- |

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate, with the following adjustments:

1. Restore \$4,852 from the State General Fund associated with unclassified merit pay.
2. The Subcommittee concurs with the concerns expressed by the Senate Subcommittee regarding special research projects and staffing performed by Kansas, Inc. and would draw special attention to Senate Subcommittee recommendation number 3.

CC CLEERY

Representative Gilbert E. Gregory
Subcommittee Chair

Fred Gatlin

Representative Fred Gatlin

Bob Mead

Representative Bob Mead

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corporation

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 329

Budget Page No. 400

| <u>Expenditure Summary</u> | <u>Agency Est. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|---|--------------------------|------------------------|---------------------------------|
| All Funds: | | | |
| State Operations | \$ 1,449,362 | \$ 1,437,832 | \$ -- |
| Other Assistance | 7,880,534 | 7,880,534 | -- |
| Total | <u>\$ 9,329,896</u> | <u>\$ 9,318,366</u> | <u>\$ --</u> |
| State General Fund: | | | |
| State Operations | \$ -- | \$ -- | \$ -- |
| Other Assistance | -- | -- | -- |
| Total | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |
| Economic Development Initiatives Fund: | | | |
| State Operations | \$ 1,449,362 | \$ 1,437,832 | \$ -- |
| Other Assistance | 6,380,534 | 6,380,534 | -- |
| Total | <u>\$ 7,829,896</u> | <u>\$ 7,818,366</u> | <u>\$ --</u> |
| FTE Positions | 11.5 | 11.5 | -- |

Agency Estimate/Governor's Recommendation

FY 1992. The agency estimates that current year expenditures will total \$9,329,896, including \$7,829,896 from the Economic Development Initiatives Fund (EDIF) and \$1,500,000 from federal sources associated with the new Mid America Manufacturing Technology Center (MAMTC). The current year estimate includes salaries of \$782,889 for the support of 8.0 FTE positions associated with the Kansas Technology Enterprise Corporation (KTEC -- \$368,184), 3.5 FTE positions associated with the Kansas Agricultural Value Added Processing Center (KVAC -- \$161,827), and 6.0 FTE special project positions associated with MAMTC (\$252,878). Other state operations expenses are expected to total \$666,473 for KTEC (\$302,351), KVAC (\$51,000), and MAMTC (\$313,122). Grants and other assistance payments are expected to be \$7,880,534 from KTEC (\$5,508,009), KVAC (\$438,525), and MAMTC (\$1,934,000).

The Governor's current year recommendation of \$9,318,366, including \$7,818,366 from the EDIF, reflects a decrease of \$12,352 from the agency's estimate for salaries and an increase of \$822 for professional services, for a net decrease of \$11,530.

*HA
3-25-92
Attachment 7*

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's current year recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendations of the Committee.

| <u>Expenditure Summary</u> | <u>Senate Adjustments</u> | <u>Senate Rec. FY 92</u> | <u>House Subcommittee Adjustments</u> |
|---|-------------------------------|------------------------------|---|
| All Funds: | | | |
| State Operations | \$ -- | \$ 1,437,832 | \$ -- |
| Other Assistance | -- | 7,880,534 | -- |
| Total | <u>\$ --</u> | <u>\$ 9,318,366</u> | <u>\$ --</u> |
| State General Fund: | | | |
| State Operations | \$ -- | \$ -- | \$ -- |
| Other Assistance | -- | -- | -- |
| Total | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |
| Economic Development Initiatives Fund: | | | |
| State Operations | \$ -- | \$ 1,437,832 | \$ -- |
| Other Assistance | -- | 6,380,534 | -- |
| Total | <u>\$ --</u> | <u>\$ 7,818,366</u> | <u>\$ --</u> |
| FTE Positions | -- | 11.5 | -- |

House Subcommittee Recommendation

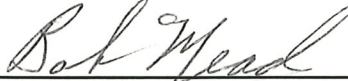
The House Subcommittee concurs with the recommendations of the Senate.

CC LEGISLATIVE

Representative Gilbert E. Gregory
Subcommittee Chair



Representative Fred Gatlin



Representative Bob Mead

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corporation

Bill No. 525

Bill Sec. 8

Analyst: West

Analysis Pg. No. 329

Budget Page No. 400

| <u>Expenditure Summary</u> | <u>Agency Req. FY 93</u> | <u>Gov. Rec. FY 93</u> | <u>Subcommittee Adjustments</u> |
|---|------------------------------|----------------------------|-------------------------------------|
| All Funds: | | | |
| State Operations | \$ 1,782,998 | \$ 1,701,764 | \$ -- |
| Other Assistance | 11,823,325 | 8,954,366 | 100,000 |
| Total | <u>\$ 13,606,323</u> | <u>\$ 10,656,130</u> | <u>\$ 100,000</u> |
| State General Fund: | | | |
| State Operations | \$ -- | \$ -- | \$ -- |
| Other Assistance | -- | -- | -- |
| Total | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |
| Economic Development Initiatives Fund: | | | |
| State Operations | \$ 1,782,998 | \$ 1,701,764 | \$ -- |
| Other Assistance | 8,823,325 | 5,954,366 | 100,000 |
| Total | <u>\$ 10,606,323</u> | <u>\$ 7,656,130</u> | <u>\$ 100,000</u> |
| FTE Positions | 11.5 | 11.0 | -- |

Agency Request/Governor's Recommendation

FY 1993. The FY 1993 request for programs budgeted under KTEC totals \$13,606,323 and would be financed by \$10,606,323 from the EDIF and \$3,000,000 from federal funds. The request is an increase of \$4,276,427 from the current year, including \$2,776,427 from the EDIF and \$1,500,000 from federal funds.

The Governor recommends \$10,656,130 in FY 1993 for programs budgeted under KTEC, financed by \$7,656,130 from the EDIF and \$3,000,000 from federal funds. The recommendation is a net increase of \$1,337,764 from the current year, including an increase of \$1,500,000 from federal funds and a decrease of \$162,236 in EDIF financing.

1. KTEC. The FY 1993 request for KTEC totals \$8,930,000 from the EDIF, including \$386,811 for salaries, \$384,864 for other state operations expenses, and \$8,158,325 for grants and other assistance. The request is an increase of \$2,751,456 from the current year estimate for salaries (\$18,627), the biennial peer review of the Centers of Excellence (\$40,000), other state operations (\$42,513), and grants and assistance (\$2,650,316).

The FY 1993 recommendation for KTEC totals \$6,033,425 from the EDIF, including \$376,708 for salaries, \$342,351 for other state operations expenses, and \$5,314,366 for grants and

assistance. The FY 1993 recommendation reflects increases for salaries (\$18,872) and peer review (\$40,000) and a decrease of \$193,643 in grants and assistance compared to the current year recommendation.

2. **KVAC.** The FY 1993 request for KVAC totals \$676,323 from the EDIF for salaries (\$173,823), other state operations expenses (\$65,500), and grants and assistance (\$437,000). The request is \$24,971 above the current year and includes increases in salaries (\$11,996) and other state operations (\$14,500) and a decrease of \$1,525 in grants and assistance.

The FY 1993 recommendation for KVAC totals \$622,705 from the EDIF for salaries (\$155,205), other state operations expenses (\$55,500), and grants and assistance (\$412,000). The FY 1993 recommendation is a net decrease of \$27,465 from the current year recommendation of \$650,170, reflecting decreases in salaries (\$5,440) and grants and assistance (\$26,525) and an increase of \$4,500 for other state operations expenses. The Governor recommends the elimination of the 0.5 FTE graduate assistant in FY 1993.

3. **MAMTC.** The budget request for the first full year of operations for MAMTC is \$4,000,000, including \$1,000,000 from the EDIF and \$3,000,000 from federal sources. The request includes \$432,647 for the salaries of 6.0 special project positions, \$339,353 for other state operations expenses, and \$3,228,000 for grants and assistance. The request represents an increase of \$1,500,000 in federal funds from the current year estimate and would support increased expenditures for salaries (\$179,769), other state operations expenses (\$26,231), and grants and assistance (\$1,294,000). The relatively large increase for salaries is mostly attributable to delays in hiring personnel in the current year.

The Governor concurs with the agency's request of \$4,000,000 in FY 1993 for support of MAMTC.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's FY 1993 recommendation, with the following adjustments:

1. The Subcommittee notes that the National Association of State Development Agencies' *Management Review of the Kansas Technology Enterprise Program* reported, in part, that the agency's Special Projects program "allow(s) KTEC to respond to emerging opportunities, allowing needed flexibility in program operations." Examples of activities supported with special project funds include assistance in the development of two way interactive video, support for a network to expand the use to total quality management techniques, program support for the development of industrial uses for agricultural products, continued development of a model which would accurately predict the return on public investment in a particular program, and more recently the commercialization of KTEC supported research. The Subcommittee would also note that through January of this year a total of \$166,121 of additional resources for the EDIF have resulted from the cancellation of previously encumbered projects from prior years in the Department of Commerce. The Subcommittee recommends the addition of \$100,000 from these resources to support the Special Projects program. The

resulting FY 1993 recommendation of \$341,041 is a 20.7 percent reduction from the current year recommendation of \$430,000.

2. The Subcommittee notes that support for the Centers of Excellence remain an important component of KTEC's programs. This is exemplified by the observation that the requested level of \$4,500,000 in FY 1993 support represents 42.4 percent of the state funding requested by the agency. The Governor's recommended level of \$3,215,000 provides the same funding as was provided in FY 1991 and FY 1992. Should additional resources become available to the EDIF, the Subcommittee recommends that consideration be given to increasing support for the Centers of Excellence. It should be noted that the Centers of Excellence are projects eligible for EDIF support.
3. The Subcommittee notes that while the federal grant to support MAMTC covers six years, any appropriations of state funds will be subject to the annual review of the Governor and the Legislature. The Subcommittee encourages the Board of Directors of MAMTC to structure the program, as it matures, to maximize private sector financial support.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee, with the following adjustment:

1. The Committee recommends that the issue of increased funding for the Centers of Excellence be reviewed during consideration of the Omnibus Appropriations Bill.
2. Delete \$21,584 from the EDIF associated with unclassified merit pay.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendation of the Committee.

| <u>Expenditure Summary</u> | <u>Senate Adjustments</u> | <u>Senate Rec. FY 93</u> | <u>House Subcommittee Adjustments</u> |
|---|-------------------------------|------------------------------|---|
| All Funds: | | | |
| State Operations | \$ (21,584) | \$ 1,680,180 | \$ 21,584 |
| Other Assistance | 100,000 | 9,054,366 | 600,000 |
| Total | <u>\$ 78,416</u> | <u>\$ 10,734,546</u> | <u>\$ 621,584</u> |
| State General Fund: | | | |
| State Operations | \$ -- | \$ -- | \$ -- |
| Other Assistance | -- | -- | -- |
| Total | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |
| Economic Development Initiatives Fund: | | | |
| State Operations | \$ (21,584) | \$ 1,680,180 | \$ 21,584 |
| Other Assistance | 100,000 | 6,054,366 | 600,000 |
| Total | <u>\$ 78,416</u> | <u>\$ 7,734,546</u> | <u>\$ 621,584</u> |
| FTE Positions | -- | 11.0 | -- |

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate, with the following adjustments:

1. Restore \$21,584 from the EDIF associated with unclassified merit pay.
2. Add \$500,000 from the EDIF to support the centers of Excellence.
3. Add \$100,000 from the EDIF for the Special Projects program, which includes funding to support the expansion of industrial uses for agricultural products. The Subcommittee notes the possibility of major federal initiatives developing in the area of industrial agriculture and recommends that KTEC, in conjunction with KVAC and the Board of Agriculture, develop a long-term plan of action and present that plan to the 1993 Legislature.

cc Gregory

Representative Gilbert E. Gregory

Fred Gatlin

Representative Fred Gatlin

Bob Mead

Representative Bob Mead

HOUSE BILL No. 2970

By Representative Reardon

2-12

8 AN ACT concerning the Kansas public employees retirement system;
9 relating to disability benefits; amending K.S.A. 1991 Supp. 74-
10 4927 and repealing the existing section.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 1991 Supp. 74-4927 is hereby amended to read
14 as follows. 74-4927. (1) The board may establish a plan of death and
15 long-term disability benefits to be paid to the members of the re-
16 tirement system as provided by this section. The long-term disability
17 benefit shall not be payable until the member has been prevented
18 from carrying out each and every duty pertaining to the member's
19 employment as a result of sickness or injury for a period of 180 days
20 and ~~if the member returns to work prior to the end of such 180-~~
21 ~~day period and suffers a recurrence of such disability from the same~~
22 ~~or related cause or causes, the subsequent period of disability shall~~
23 ~~be deemed a continuation of the prior period and shall be added to~~
24 ~~such prior period to meet the 180-day period provided in this sub-~~
25 ~~section; unless such member returns to work for a period of more~~
26 ~~than six months, in which event, such disability shall be deemed the~~
27 ~~result of a new sickness or injury and subject to a new 180-day~~
28 ~~period. The annual long-term disability benefit shall not exceed an~~
29 ~~amount equal to 66 2/3% of the member's annual rate of compen-~~
30 ~~sation on the date such disability commenced and shall be payable~~
31 ~~in equal monthly installments. In the event that a member's com-~~
32 ~~pen-sation is not fixed at an annual rate but on an hourly, weekly,~~
33 ~~biweekly, monthly or any other basis than annual, the board shall~~
34 ~~prescribe by rule and regulation a formula for establishing a rea-~~
35 ~~sonable rate of annual compensation to be used in determining the~~
36 ~~amount of the death or long-term disability benefit for such member.~~
37 Such plan shall provide that:

38 (A) For deaths occurring prior to January 1, 1987, the right to
39 receive such death benefit shall cease upon the member's attainment
40 of age 70 or date of retirement whichever first occurs. The right to
41 receive such long-term disability benefit shall cease (i) for a member
42 who becomes eligible for such benefit before attaining age 60, upon
43 the date that such member attains age 65 or the date of such mem-

Except as otherwise provided, if

. Under the provisions of this act, the member may return to work on two occasions for a period of not more than 90 days on each occasion, otherwise

HA
3-25-92
Attachment 8

Approved: 5-31-91
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 8:15 a.m. on April 29, 1991 in room 514-S of the Capitol.

SB 257 - Percentage increases in annual salaries of justices and judges.

Judge William Carpenter, President, Kansas District Judges Association, testified in support of SB 257 which provides that every year full-time judges receive the average increase which all other state employees receive (Attachment 1). Judge Carpenter stated that annually the judges must come to the Legislature for salary increases because, though they are full-time career state employees, they have no pay plan. Representative Vancrum asked Judge Carpenter if he would agree with the need for differentials in judicial salaries based on cost of living in various locations of the state. Judge Carpenter stated he feels the movement of judges around the state to where they are needed would be a less divisive approach. Representative Vancrum suggested that there should be some salary parity with elected state officials who are paid in some cases much less than judges. Judge Carpenter expressed appreciation to the House for the 2.5 percent increase they voted judges this session in SB 395.

Paul Shelby, Office of Judicial Administration, appeared in support of SB 257 noting the main provisions of the bill allow judicial officers to receive a cost of living allowance as now authorized by the Legislature and would add an average step movement increase as determined by the Secretary of Administration (Attachment 2). The bill affects 17 appellate court, 148 district and 70 district magistrate judges.

Staff explained proposed clarifying amendments to SB 257 (Attachment 3). The way the bill was drafted the step increase could not take effect if there was ever a year when there was no COLA, so an adjustment is suggested. Also, clarification in the bill of when the increases take effect is needed.

Representative Gatlin moved that SB 257 be reported adversely. The motion died for lack of a second. Representative Blumenthal made a motion to adopt the technical amendments to SB 257 and that SB 257, as amended, be recommended favorably for passage. Representative Adam seconded. Representative Vancrum made a substitute motion to amend SB 257 by adopting the proposed technical amendments and to include in the bill all statewide elected officials in the executive branch. Representative Wisdom seconded. Representative Heinemann feels that the legislature should be included in this bill effective following the next election to avoid the controversy that always surrounds discussion of legislative compensation. He supports establishing a mechanism whereby judicial and legislative salaries are kept competitive so that the state can attract the quality of individuals that are needed in both areas. Substitute motion carried.

Representative Patrick noted that Subcommittee #3 stated in their report on the judicial branch that they do not support SB 257. Representative Patrick moved to table SB 257, as amended. Representative Wisdom seconded. Motion failed.

Representative Heinemann moved to include the Legislative branch in SB 257 effective after the next election. Representative Pottorff seconded. Chairman Teagarden reminded the members that the salaries of the KCC, the Parole Board, and the Board of Tax Appeals are statutorily tied to judges salaries and are affected by this

bill. Motion failed. Representative Blumenthal moved that SB 257, as amended, be recommended favorably for passage. Representative Adam seconded. Motion failed. The Chairman announced the Committee will meet later today, as announced on the House floor, for the hearing on SB 403. The meeting was recessed at 9:00 a.m.

HA
3-25-92
Attachment 9