


Approved 

Date

FEB 24 1992

MINUTES OF THE House COMMITTEE ON Governmental Organization

The meeting was called to order by Representative Gary Blumenthal  
Chairperson

9:05 a.m./~~p.m.~~ on February 18, 1992 in room 522-S of the Capito

All members were present except:

All present

Committee staff present:

Carolyn Rampey, Legislative Research  
Julian Efirt, Legislative Research  
Avis Swartzman, Revisor of Statutes  
Nita Shively, Committee Secretary

Conferees appearing before the committee:

Chairman Blumenthal called the meeting to order when quorum was present.

Discussion and action on HB 2670

Representative McClure made a motion to amend HB 2670, removing the Commission on Disability Concerns, motion seconded by Representative Lahti, Chair called for discussion and Representative Watson made a substitute motion, based on the Governor's recommendations, to remove the following boards and commissions from HB 2670.

Medical Advisory Board

Advisory Committee on Podiatry

Natural and Scientific Areas Advisory Board

Committee on Disability Concerns

Kansas Coal Commission

Governor's Residence Advisory Commission

Advisory Corrections Boards

Advisory Commission for Children with Special Needs

Technical Advisory Committee on the Assessment-Sales Ratio Study

Motion seconded by Representative Lahti, motion carried. Removal of the above-mentioned boards and commissions enables them to stay in existence. The following boards and commissions would be abolished under HB 2670.

Agricultural Labor Relations Board

Midwest Nuclear Board

Milk Advisory Committee

Hazardous Waste Disposal Facility Approval Board

Advisory Board on Low-Level Radioactive Waste

Information Systems Policy Board

Advisory Commission on Health and Environment

Representative Samuelson moved to withdraw the Agricultural Labor Relations Board from HB 2670, motion seconded by Representative Bowden, discussion followed, division called; motion failed.

Discussion followed regarding the Advisory Board on Podiatry, which was included in the first motion calling for its removal from the bill. Motion by Representative Hamilton to restore the Advisory Board on Podiatry in

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Governmental Organization,  
room 522-S Statehouse, at 9:05 a.m./~~p.m.~~ on February 18, 1992

HB 2670. Motion seconded by Representative Brown, motion carried.

On bill as a whole, motion by Representative McClure to pass HB 2670 favorably as amended, motion seconded by Representative Hackler, division called, motion passed.

Chair recognized Representative Weimer, requesting that, as chairman of subcommittee #3, he give their report on Sunset of the Lottery.

Representative Weimer reviewed the report beginning with background information on how the lottery came into existence followed by the sunset provision. It also described various performance audits provided for the 1990 Legislative Review. However, this is the first sunset review of the lottery, (Attachment 1).

The committee did not find any serious deficiencies; they are satisfied that the statute is being complied with in all areas. It was noted that a problem exists relating to some personnel positions not aligned according to the statute. This is a carry-over from the previous director and steps are being taken to rectify this situation by February 18. The consensus of the subcommittee was not to let this matter affect their decision on the lottery.

Since SB 472 has not yet passed the Senate, it was the consensus of the subcommittee to request introduction of a House bill to continue the Kansas Lottery in existence; the bill should provide for the lottery to continue for 3 years, at which time it would come under sunset review. The report concludes with a request from the subcommittee that the House Governmental Organization Committee act favorably on this recommendation.

Representative Weimer moved that the committee adopt the subcommittee's report, which includes the introduction of a bill extending the lottery. Motion seconded by Representative Lawrence, motion passed.

Chair announced that staff is preparing a bill, upon completion it will be introduced.

Meeting adjourned at 9:55 a.m.

Next meeting will be Monday, February 24, 1992 in Room 522-S.



February 17, 1992

TO: HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

FROM: SUBCOMMITTEE #3--Rep. Frank Weimer, Chairperson;  
Rep. Joan Hamilton, Rep. Gary Blumenthal,  
Rep. Carol Dawson, Rep. Barbara Lawrence

RE: SUNSET REVIEW OF THE KANSAS LOTTERY

The Kansas Sunset Law provides for the abolition of the Kansas Lottery, the Office of Executive Director, and the Lottery Commission on July 1, 1992, unless continued in existence by an act of the Legislature. If no bill passes the 1992 Session to continue these entities in existence, then all three would enter a statutorily mandated one-year phaseout period before ceasing to exist on June 30, 1993.

#### Lottery Background

The 1986 Legislature adopted SCR 1609 which placed on the November 1986 general election ballot a proposition to amend Article 15 of the State Constitution by adding a new section authorizing the Legislature to provide for a state-owned and operated lottery. The proposition was approved at the November 4, 1986, general election.

The 1987 Legislature approved 1987 HB 2043 which established a state lottery. No sunset provision was included in the original enabling statutes.

However, included in the 1986 constitutional amendment approved by the electors was language which provided that the state-owned lottery shall not be operated after June 30, 1990, unless authorized by a concurrent resolution approved by a majority of both houses during the 1990 Session. This constitutional provision has been referred to as a "sunset" clause, but the Kansas Sunset Law did not reflect any provisions placing the Kansas Lottery on the sunset list.

The 1990 Legislature passed 1990 SCR 1646 which authorized continued operation of a state-owned lottery after June 30, 1990, as required by the constitutional provision. The 1990 Legislature also approved House Substitute for 1990 SB 762 which added the Kansas Lottery, its Executive Director, and the Lottery Commission to provisions of the Kansas Sunset Law, with an abolition date of July 1, 1992.

*J. O. 2-18-92  
attachment 1*

## 1990 Legislative Review

Several performance audits were available for the 1990 Legislature to use in its review of the Kansas Lottery: "Review the Diagnostic Study Prepared for the Kansas Lottery," January 1989; "Kansas Lottery: Reviewing Vendor Contracts and Financial Management and Accounting Practices," October 1988; "Paying Lottery Game Winners," April 1988.

In addition to the Lottery's own financial audits, several annual Financial and Compliance Audit Reports from the Legislative Division of Post Audit were available for the 1990 legislative review: Fiscal Year 1987, 1988 and 1989.

## Application of the Kansas Sunset Law

The Kansas Sunset Law provides a framework for periodic legislative reviews of preselected state agencies (and the programs which the agencies are responsible for implementing). Also included on the termination list are key state officials (specifically, their statutory offices) which also are subject to sunset as well as the agencies which they head.

When an agency and its chief officer are scheduled for abolition (e.g. on July 1, 1992), the Kansas Sunset Law provides that both would continue in existence for one year after the date cited in statute for abolition, in order to conclude their business.

No agencies or officers which are subject to the Kansas Sunset Law may be continued or reestablished for more than eight years.

Performance audits of state agencies and offices are subject to the approval of the Legislative Post Audit Committee and are not mandated for each state agency and office scheduled for abolition. The scope of performance audits may be determined by the Post Audit Committee.

Prior to the abolition date, committees of reference in each house of the Legislature must hold public hearings on the agencies and offices scheduled for abolition. As a prelude to public hearings by the full Committee, the Subcommittee was directed by the Chairman to begin studying the Kansas Lottery and to report back to the full Committee.

## Subcommittee Review and Recommendation

The Subcommittee met with Lottery officials on January 22, 23, 29, and 30, 1992, to review the operations of the Kansas Lottery. Supplements 1 and 2 (which can be made available to Committee members, if desired) include the material which the Lottery provided as general information and at the specific request of the Subcommittee. No performance audits have been completed since the 1990 review of the Lottery. A number of financial audits have been completed since 1990, including Fiscal Year 1990 and 1991 Financial and Compliance Audit Reports from the Legislative Division of Post Audit. The Subcommittee heard from Legislative Post Audit staff about the FY 1991 Financial Audit.

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attachment 1-2

The annual budget review process provides each chamber of the Legislature with oversight of the Lottery's operating expenditures, staff level, and other finances. Expenditure and staff levels are approved by the Legislature when it passes appropriations bills containing the Lottery's line items. The Subcommittee reviewed the staffing pattern of the Lottery and its statutory authority since the appropriations review process focuses primarily on financing and full-time equivalent (FTE) levels rather than organization of staff.

### Organization of the Lottery

The basic staffing structure is prescribed in statutes authorizing the Kansas Lottery (KSA 74-8703; 74-8704; 74-8715). This personnel structure in part determines the organizational characteristics of the agency. All personnel not otherwise authorized in statutes as unclassified are to be in the classified service (KSA 74-8704).

Supplement 1 shows the FY 1992 organizational chart prepared by the Lottery as of January 2, 1992.

The unclassified staff include the Executive Director, who is appointed by the Governor, and an Assistant Attorney General, who is appointed by the Attorney General, subject to the approval of the Executive Director. Other unclassified staff are appointed by the Executive Director, including the heads of the major organizational units and the Executive Director's personal staff. These statutory positions include the Deputy Director, Director of Administration, Director of Security, Director of Marketing, Director of Sales, a Personal Secretary, and a Special Assistant.

The 1989 Legislature approved S.B. 336 which split the Sales and Marketing Division into two separate divisions, each of which would be headed by an unclassified Director of Sales and Director of Marketing. The original law had combined those functions in one Director and division.

Statutes also provide for the marketing and sales staff to be in the unclassified service. This authorization results in a large number of the agency staff being in the unclassified service. The 1991 Legislature authorized FY 1992 Lottery staffing of 108.0 FTE positions. No specific reference in appropriations bills is made to the number of classified and unclassified FTE positions. In the agency's FY 1992 approved budget, a total of 53.0 FTE positions were unclassified and 55.0 FTE positions were classified.

When the Lottery was first approved by the 1987 Legislature, staffing was set initially at 109.0 FTE positions. An increase to 121.0 FTE positions was authorized by the 1988 Legislature, but that level was reduced 12.0 FTE positions by the 1990 Legislature. The 1991 Legislature reduced 1.0 FTE position from the Lottery for the additional staff reduction reflected in an FTE limitation of 108.0 which was approved by the last Session.

*g.o. 2-18-92  
attachment 1-3*

The organizational charts included as Supplement 1 show the current Lottery staff structure for FY 1992. It was pointed out that four part-time, unclassified Security Investigator positions were not reflected in the Security Division because they had been appointed as of January 21, 1992. The Subcommittee asked the Lottery's Executive Director to identify any positions which had been established as unclassified for which there were questions about statutory authority.

The Executive Director indicated that the Lottery had begun the process of changing the personnel status of the following positions from unclassified to classified: Vault Administrator (3.0 positions) to Storekeeper II, Comptroller (1.0 position) to Accountant V, Retailer Coordinator (1.0 position) to Office Specialist, and Informational Counsel/Publicity Director (2.0 positions) to Informational Writer II. Changes should be in place by the payroll period which begins February 18, 1991. It was indicated that an individual hired to be an unclassified Communications Coordinator would be placed as Director of Marketing, a statutorily authorized unclassified position. Four unclassified Security Investigator positions will be terminated as of February 21, 1992, and the Lottery's full-time security staff will assume the duties currently performed by part-time employees.

#### Subcommittee Recommendation

At its meeting of February 12, 1992, the Subcommittee discussed how next to proceed. It was the consensus of the Subcommittee members that since SB 472 which continues the Kansas Lottery, its Executive Director and the Lottery Commission has not passed the Senate, that two choices would be considered: either to wait for the Senate to pass legislation or to recommend introduction of a House bill to continue the Kansas Lottery in existence.

The consensus of the Subcommittee is that a House bill should be introduced, to continue the Lottery in existence for a period of three years, at which time it would be subject to abolition under the Kansas Sunset Law. The Subcommittee therefor recommends that the House Committee on Governmental Organization consider this recommendation, and act favorably upon it.

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attachment 1-4