

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson, at 11:05 a.m. on January 22, 1992 in Room 123-S of the Capitol.

All members were present except:

All present

Conferees appearing before the committee:

Ed Ahrens, Chief Fiscal Analyst, Kansas Legislative Research Department

Ed Ahrens, Kansas Legislative Research Department, presented and reviewed a summary of the State General Fund, Attachment 1. He stated that this summary brings together the transactions in the SGF only as set forth in the Governor's Budget Report. The Governor's recommendations are herein compared with the projections that were included in the Legislative Budget Committee's Report to the Legislature on Interim Proposal No. 16.

In answer to a question, it was stated that there is no requirement in the current spending lid law that the Legislature and the Governor provide for an ending balance of 5% in FY92, although a 5% ending balance was required in FY91 and a 6% ending balance must be maintained in FY93. Staff noted that the Governor's recommended ending balance for FY92 of \$124.8 million is not the required 5% ending balance.

In discussion of the FY93 current resources and proposed budgets, it was explained that the proposed budget contains additional recommendations by the Governor made entirely in respect to school aid.

The recommended revisions in the FY93 current resources budget of \$3.7 million represents a demand transfer from the Workers' Compensation Fund to the SGF. After FY93, the Governor recommended that the Legislature repeal the law that requires the transfer. Senator Gaines questioned whether Kansas was doing something different than other states in regard to Workers' Compensation. The Chairman noted that this question would be good for more discussion.

In discussion of the FY93 current resources budget, it was noted that the Legislative Budget Committee determined that \$2,520,000,000 SGF could be spent using consensus estimates of receipts for FY92 and FY93, the approved budget for FY92 without supplementals, and given a 6% ending balance. The \$2,520,000,000 is a \$7 million increase in expenditures over FY91, but of that \$7 million, the Budget Committee identified increases in demand transfers due to changes in consensus estimates of receipts that total \$27 million.

Staff explained that the Governor's current resources budget is based on 60 mills (about \$508 million of operating property tax revenues). In addition, there's a capital outlay levy of \$32.6 million which brings the total levy to \$540 million. Under the proposed budget, \$217 million SGF would offset the \$508 million and the remaining \$287 million would result in a 45 mill levy. In answer to Senator Harder's question, staff noted that the Governor plans to utilize the approximate \$200 million cash balances of the schools, which is not reflected in this summary. There was concern that expenditures for school aid could not be maintained at this level because of the one time availability of monies from cash balances and accelerators.

Staff reviewed Attachment 2 (Expenditures from the General Fund) and stated that the chart appears difficult because of the Governor's recommendation to eliminate special categorical aids and the three components of SDEA and combine them all into one figure (which is approximately the same as the current level) for general aid.

In reviewing the SRS budget, Mr. Ahrens noted the Governor's use of disproportionate share receipts to offset SGF expenditures and to provide

increased expenditures for SRS programs.

It was stated that in FY92 nearly every agency has some reduction from the currently authorized budget due largely to the Governor's recommendation to reduce health care insurance rates approximately 6.7% below the amounts that were approved in the budgets.

The Chairman adjourned the meeting at 12:04 p.m.

STATE GENERAL FUND SUMMARY

(Millions)

FY 1992

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

FY 1993 -- Current Resources

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

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

SWAM
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Attachment 1

FY 1993 -- Proposed

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

Kansas Legislative Research Department
January 22, 1992

EXPENDITURES FROM THE GENERAL FUND

(Millions)

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

*SWAM
January 22, 1992
Attachment 2*

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

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

GOVERNOR'S PROPOSED EXPENDITURES

State General Fund

(Millions)

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

Kansas Legislative Research Department
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