

**MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.**

The meeting was called to order by Senator August "Gus" Bogina, Chairperson, at 11:10 a.m. on March 20, 1992 in Room 123-S of the Capitol.

All members were present except:

Senator Moran

Conferees appearing before the committee:

None

**INTRODUCTION OF BILLS**

It was moved by Senator Doyen and seconded by Senator Salisbury that Attachment 1 be introduced as requested by Melanie Jack, Assistant Attorney General assigned to the KBI. The motion carried.

Senator Winter moved, Senator Harder seconded, that bill draft 1 RS 2904 as requested by Senator Winter be introduced. The motion carried.

**HB 2707 - Appropriations for FY93, legislative agencies, governor's department, lieutenant governor, attorney general, secretary of state, state treasurer, insurance department.**

**LIEUTENANT GOVERNOR**

Senator Kerr reviewed the subcommittee report, Attachment 2. In answer to Senator Gaines' question, Senator Kerr stated that the money for the Lieutenant Governor's salary is included in the FY93 budget.

**ATTORNEY GENERAL**

Senator Kerr reviewed the FY92 and FY93 subcommittee reports, Attachment 3. In answer to Senator Feleciano, Senator Kerr noted that litigation has resumed in the Arkansas River lawsuit. He stated that the total appropriation in FY92 is \$1.3 million and \$270,000 in FY93.

Senator Kerr moved, Senator Brady seconded, that the Lieutenant Governor and Attorney General subcommittee reports be adopted. The motion carried.

**SECRETARY OF STATE**

Senator Salisbury reviewed the FY92 and FY93 subcommittee reports, Attachment 4. It was noted that the proviso recommended in item 1 of Attachment 4-3 would change the \$75,000 appropriation for the agency's administrative expenses of the presidential primary from FY93 to FY92.

It was moved by Senator Salisbury and seconded by Senator Parrish that the Secretary of State subcommittee reports be adopted. The motion carried.

**STATE TREASURER**

Senator Winter reviewed the FY92 and FY93 subcommittee reports, Attachment 5. There was no discussion. It was moved by Senator Winter and seconded by Senator Rock that the subcommittee reports regarding the State Treasurer be adopted. The motion carried.

**DEPARTMENT OF INSURANCE**

Senator Salisbury reviewed the FY92 and FY93 subcommittee reports, Attachment 6. There were no questions. Senator Salisbury moved, Senator Parrish seconded, that the Department of Insurance subcommittee reports be adopted. The motion carried.

The Chairman asked if there were any other comments on **HB 2707**. Senator Gaines asked that the Committee reconsider the Legislative subcommittee report. The Chairman reviewed FY92 expenditures of the Legislature as of February 29, 1992, Attachment 7. Senator Gaines stated that he did not believe legislative issues would be complete in the 89 days allowed by the budget. Senator Gaines moved, Senator Winter seconded, that the FY92 Legislative subcommittee report be amended to include \$233,680, the amount estimated for legislators and support staff for a 94 day session. The motion

carried.

Senator Winter moved, Senator Gaines seconded that the FY93 subcommittee report on the Legislature be amended by deleting the proviso prohibiting out of state travel. There was discussion about the ability of leadership to control out of state travel. Senator Kerr noted that leadership could have controlled travel in the past but the privilege has been abused. The motion carried.

It was moved by Senator Gaines and seconded by Senator Rock that HB 2707 as amended be recommended favorable for passage. The motion carried.

The Chairman adjourned the meeting at 12:45 p.m.



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

Section 1. (a) The director shall, by rule and regulation establish a fee schedule for criminal history record information which is disseminated pursuant to this act or any other provision of law. Such fees shall be paid to the Kansas bureau of investigation by all requestors of criminal history record information if such information is intended for a non-criminal investigation purpose. Information requests for employment, licensing, registration or other administrative purposes shall not be considered criminal investigations. The director may deny a request for such information if payment of the established fee does not accompany the request.

(b) A state agency requesting such information in carrying out its regulatory functions shall require payment or reimbursement of such costs by any entity or person so regulated by that agency. A state agency requesting such information for employment purposes may require payment or reimbursement of such costs by applicants for employment. Payment or reimbursement may be provided for through licensing fees, payment to the agency for the direct costs of acquiring the information or direct payment to the Kansas bureau of investigation.

(c) In establishing fees, the director shall seek to recover part or all of the direct and indirect costs associated with the collection, maintenance and retrieval of criminal history record information. All fees received by the director under this section shall be deposited in the state treasury and credited to the criminal history record check fees fund. Expenditures from this fund shall be made only for operating costs directly or indirectly related to collection, maintenance and retrieval of criminal history records.

(d) This section shall be part of and supplemental to the criminal history record information act, K.S.A 22-4701 et seq.

SWAM  
March 20, 1992  
Attachment 1

SUBCOMMITTEE REPORT

Agency: Lieutenant Governor

Bill No. 2707

Bill Sec. 7

Analyst: Ahrens

Analysis Pg. No. 97

| <u>Expenditure Summary</u> | <u>Agency Req. FY 93</u> | <u>Gov. Rec. FY 93</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|--------------------------|------------------------|---------------------------------|
| State General Fund:        |                          |                        |                                 |
| State Operations           | \$ 101,778               | \$ 102,127             | \$ (590)                        |
| FTE Positions              | 3.0                      | 3.0                    | --                              |

**Agency Request/Governor's Recommendation**

The FY 1993 budget request totals \$101,778 of which \$74,933 is for the salaries and benefits of the Lieutenant Governor and two staff positions and \$26,845 is for other operating expenditures, primarily for travel and communications. The Governor recommends FY 1993 expenditures of \$102,127, an increase of \$349 of salaries and wages above the agency request. The Governor recommends appropriation language to provide for FY 1993 only a 2.5 percent increase to the Lieutenant Governor's statutory salary of \$20,998.

**House Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. Remove \$590 from estimated expenditures which represents the 2.5 percent salary increase for the Lieutenant Governor, including fringes.
2. Amend the appropriation bill to delete the \$590 and strike the appropriation language pertaining to the 2.5 percent salary increase for the Lieutenant Governor.

**House Committee and Committee of the Whole Recommendation**

Concur with Subcommittee recommendations.

SWAM  
March 20, 1992  
Attachment 2

| <u>Expenditure Summary</u> | <u>House<br/>Adj. FY 93</u> | <u>House Rec.<br/>FY 93</u> | <u>Senate<br/>Subcommittee<br/>Adjustments</u> |
|----------------------------|-----------------------------|-----------------------------|--|
| State General Fund:        |                             |                             |  |
| State Operations           | \$ (590)                    | \$ 101,537                  | \$ (1,169)                                     |

### Senate Subcommittee Recommendations

Concur with the House with the following adjustment:

In accordance with Committee policies remove \$1,169 for the 2 1/2 percent unclassified merit pool.

The Subcommittee also notes concurrence in the Governor's recommendation to authorize an increase in official hospitality from \$1,000 to \$2,000 in both FY 1992 and FY 1993.

  
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 Senator Dave Kerr  
 Subcommittee Chair

  
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 Senator Bill Brady

**SUBCOMMITTEE REPORT**

**Agency:** Attorney General

**Bill No. --**

**Bill Sec. --**

**Analyst:** Rampey

**Analysis Pg. No. 98**

**Budget Page No. 86**

| <u>Expenditure Summary</u> | <u>Agency Est. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|--------------------------|------------------------|---------------------------------|
| <b>All Funds:</b>          |                          |                        |                                 |
| State Operations           | \$ 4,834,050             | \$ 4,820,620           | \$ (10,321)                     |
| Aid to Local Units         | 1,122,704                | 1,122,704              | --                              |
| Other Assistance           | 3,307,724                | 3,307,724              | --                              |
| <b>TOTAL</b>               | <b>\$ 9,264,478</b>      | <b>\$ 9,251,048</b>    | <b>\$ (10,321)</b>              |
| <b>State General Fund:</b> |                          |                        |                                 |
| State Operations           | \$ 3,748,491             | \$ 3,736,149           | \$ (10,321)                     |
| <b>FTE Positions</b>       | <b>70.3</b>              | <b>70.3</b>            | <b>--</b>                       |

**Agency Estimate/Governor's Recommendation**

The Attorney General estimates expenditures of \$9,264,478 in FY 1992, of which \$3,748,491 is from the State General Fund (SGF). The amount available for the current year includes an unlimited SGF reappropriation of \$56,922 from FY 1991. Some of the money (\$16,400) is being used to begin an information systems upgrade that the agency hopes will be continued in FY 1993. Also included is an appropriation of \$483,615 for water litigation with Colorado, which, combined with SGF money carried forward from FY 1991 (\$834,688), results in a total of \$1,318,303 available for water litigation in the current year. Shrinkage is budgeted at 2.5 percent, except for one division that is small and has no anticipated turnover (the Crime Victims Compensation Board).

The Governor recommends expenditures of \$9,251,048, a reduction of \$13,430 from the agency's estimate. All of the reduction is in salaries and most of it (\$12,342) is from the SGF. In general, salary savings are due to increasing the shrinkage rate from 2.5 percent as budgeted by the agency to 3.0 percent. Adjustments are made to fringe benefits to reflect current rates, but, in the case of health insurance, lower rates were applied to all employees when, in fact, temporary employees do not qualify for health insurance benefits. As a result, health insurance costs are overstated by approximately \$10,000 in the current year.

**House Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendations, with the following exception:

*SWAM  
march 20, 1992  
Attachment 3*

1. Delete \$10,321 from the SGF, reappropriate that amount to FY 1993, and reduce the FY 1993 appropriation accordingly. The deletion corrects an error made in calculating the cost of health insurance benefits.

**House Committee Recommendation**

The House Committee concurs with the recommendations of the Subcommittee.

**House Committee of the Whole**

The House Committee of the Whole concurs with the Committee.

**Senate Subcommittee Recommendations**

The Senate Subcommittee concurs with the recommendations of the House.



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Senator Dave Kerr  
Subcommittee Chair



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Senator Bill Brady



**SUBCOMMITTEE REPORT**

**Agency:** Attorney General

**Bill No.** 2707

**Bill Sec.** 8

**Analyst:** Rampey

**Analysis Pg. No.** 98

**Budget Page No.** 86

| <u>Expenditure Summary</u> | <u>Agency<br/>Req. FY 93</u> | <u>Gov. Rec.<br/>FY 93</u> | <u>Subcommittee<br/>Adjustments</u> |
|----------------------------|------------------------------|----------------------------|-------------------------------------|
| All Funds:                 |                              |                            |                                     |
| State Operations           | \$ 3,988,521                 | \$ 3,791,194               | \$ (1,658)                          |
| Aid to Local Units         | 1,012,100                    | 1,012,100                  | --                                  |
| Other Assistance           | 3,744,120                    | 3,577,143                  | --                                  |
| <b>TOTAL</b>               | <b>\$ 8,744,741</b>          | <b>\$ 8,380,437</b>        | <b>\$ (1,658)</b>                   |
| State General Fund:        |                              |                            |                                     |
| State Operations           | \$ 2,926,011                 | \$ 2,903,203               | \$ (1,658)                          |
| FTE Positions              | 72.3                         | 67.0                       | --                                  |

**Agency Request/Governor's Recommendation**

The budget request for FY 1993 totals \$8,744,741, of which \$2,926,011 would be from the State General Fund (SGF). The decrease in expenditures from the current year (budgeted SGF expenditures are \$822,480 less in FY 1993 than in FY 1992) is primarily due to lower expenditures for water litigation. (The trial is expected to be over by the end of FY 1992.) In FY 1993 the Attorney General proposes upgrading the agency's information system at an approximate cost of \$163,000. The agency is requesting 2.0 FTE new positions, an Assistant Attorney General I and a Legal Assistant. Shrinkage is budgeted at 1.0 percent.

For FY 1993, the Governor recommends expenditures of \$8,380,437, of which \$2,903,203 would be from the SGF. The recommendation is a reduction from the request of \$364,304 from all funds and \$22,808 from the SGF. Expenditures for continued water litigation with Colorado are approved in the amount requested (\$261,697) and the Governor approves the agency's plans to upgrade its information system at a cost of \$148,638 for capital outlay, plus communications costs. The Governor includes \$29,610 to fund the salaries of 1.2 FTE new positions, but deletes 4.5 FTE positions that are currently filled by nine part-time law clerks. But the Governor funds these positions as temporary employees, the result being that the position limitation is reduced but no reduction is made in expenditures or in the number of staff who actually can be employed. Shrinkage, which is budgeted by the agency at 1.0 percent (\$24,497), is increased to 3.0 percent (\$72,014), which accounts for \$47,517 of the reduction from the request. Step and merit increases generally are approved as requested and a 2.5 percent salary increase is included for the Attorney General.

### House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations, with the following exception:

1. Delete \$1,658 from the SGF, which is the 2.5 percent salary increase for the Attorney General recommended by the Governor.

### House Committee Recommendations

The House Committee concurs with the recommendations of the Subcommittee.

### House Committee of the Whole

The House Committee of the Whole concurs with the Committee.

| <u>Expenditure Summary</u> | <u>House<br/>Adj. FY 93</u> | <u>House Rec.<br/>FY 93</u> | <u>Senate<br/>Subcommittee<br/>Adjustments</u> |
|----------------------------|-----------------------------|-----------------------------|--|
| All Funds:                 |                             |                             |  |
| State Operations           | \$ (1,658)                  | \$ 3,789,536                | \$ (51,802)                                    |
| Aid to Local Units         | --                          | 1,012,100                   | --   |
| Other Assistance           | --                          | 3,577,143                   | --   |
| <b>TOTAL</b>               | <b><u>\$ (1,658)</u></b>    | <b><u>\$ 8,378,779</u></b>  | <b><u>\$ (51,802)</u></b>                      |
| State General Fund:        |                             |                             |  |
| State Operations           | \$ (1,658)                  | \$ 2,901,545                | \$ (46,126)                                    |
| FTE Positions              | --                          | 67.0                        | --   |

### Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the House, with the following exceptions and comments:

1. Delete \$45,916 from the State General Fund and \$5,676 from special revenue funds (for a total of \$51,592) recommended by the Governor for step increases, longevity, and unclassified merit. The Subcommittee makes this recommendation to reflect the Committee's policy of removing these salary increases.
2. Delete \$210 from the State General Fund for fringe benefits associated with the 2.5 percent salary increase for the Attorney General recommended by the Governor but deleted by the House. (This is a technical adjustment to accurately reflect the House's recommendation.)

3. In order to make the Committee aware of trends in expenditures from the Tort Claims Fund, the following table is included in this report:

|              | Judgments and<br>Settlements | Defense   | Total     |
|--------------|------------------------------|-----------|-----------|
| FY 82        | \$ 25,000                    | \$ --     | \$ 25,000 |
| FY 83        | 41,166                       | 19,877    | 61,043    |
| FY 84        | 340,625                      | 21,952    | 362,577   |
| FY 85        | 588,146                      | 70,234    | 658,380   |
| FY 86        | 385,114                      | 7,075     | 392,189   |
| FY 87        | 387,500                      | 33,495    | 420,995   |
| FY 88        | 322,410                      | 91,826    | 414,236   |
| FY 89        | 276,561                      | 211,662   | 488,223   |
| FY 90        | 1,151,146                    | 258,453 * | 1,409,599 |
| FY 91        | 937,987                      | 323,232   | 1,261,219 |
| FY 92 (est.) | 1,000,000                    | 350,000   | 1,350,000 |
| FY 93 (est.) | 1,000,000                    | 304,000   | 1,304,000 |

\* Amount excludes \$282,484 paid for appeal bonds that were recovered in FY 1991.

4. The Subcommittee was informed that the Attorney General's Office is beginning a review of policies relating to awards made by the Crime Victims Compensation Board. Although it is too early in the review for the Office to be specific, it is possible rules and regulations will be developed to address such matters as caps on awards for certain types of treatment, such as counseling, and to define terms used in the statutes. At this point, the Attorney General's Office appears to be considering policy guidelines within the existing statutory framework. The review was triggered, in part, by cases brought to the Board by persons who apparently suffered abuse as children but remembered it or were able to articulate it only years later, often as the result of therapy and counseling. These cases have made the Attorney General aware of the need for more specific guidelines to apply in areas in which the statutes give the Board some discretion in considering and making awards.

The Subcommittee expresses its interest in the development of these guidelines and encourages the Attorney General to proceed with the review.

For the Committee's information, information relating to activities of the Crime Victims Compensation Board is shown below. Prior to FY 1990, the Board was a separate agency. It came under the jurisdiction of the Attorney General in FY 1990.

## SUMMARY OF CRIME VICTIM COMPENSATION BOARD ACTIVITY

## FY 1986-FY 1991

|  | <u>FY 1986</u> | <u>FY 1987</u> | <u>FY 1988</u> | <u>FY 1989</u> | <u>FY 1990</u> | <u>FY 1991</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Claims Filed                             | 326            | 463            | 530            | 555            | 980            | 977            |
| Claims Awarded                                 | 246            | 276            | 411            | 356            | 532            | 622            |
| Claims Denied                                  | 146            | 133            | 236            | 218            | 336            | 314            |
| Total Amount Awarded                           | \$ 434,223     | \$ 547,868     | \$ 615,252     | \$ 746,139     | \$ 1,303,600   | \$ 1,944,630   |
| Amount Paid                                    | 484,716        | 449,252        | 703,452        | 657,603        | 1,345,000      | 1,862,016      |
| Federal Money Included in<br>Total Expenditure | \$ 75,478      | \$ 40,522      | \$ 265,000     | \$ 116,727     | \$ 72,347      | \$ 146,000     |

5. The Subcommittee calls attention to a problem identified by the Attorney General with respect to the State Special Asset Forfeiture Fund. This Fund, under the administrative control of the Attorney General, receives money from the sale of forfeited property seized in drug cases by the Kansas Bureau of Investigation (KBI), the Highway Patrol, and the Department of Corrections. Expenditures from the Fund are made by the agency that recovers the money. The Attorney General estimates receipts to the Fund to be \$100,000 in both FY 1992 and FY 1993. The Attorney General points out that the 1991 Legislature told the KBI to use its proceeds from the Special Asset Forfeiture Fund to meet a federal drug grant matching requirement of \$213,000. According to the Attorney General, it is unlikely there will be enough money in the Fund to meet the requirement. Furthermore, current law (K.S.A. 1991 Supp. 65-4175) reads, in part: "Neither the law enforcement agency nor the entity having budgetary control shall anticipate future forfeitures or proceeds therefrom in the adoption and approval of the budget for the law enforcement agency."

The Subcommittee notes the Attorney General's concerns but thinks the matter is more appropriately dealt with in the KBI's budget.




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Senator Dave Kerr  
Subcommittee Chair




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Senator Bill Brady

**SUBCOMMITTEE REPORT**

**Agency:** Secretary of State

**Bill No.** 2729

**Bill Sec.** 6

**Analyst:** Mah

**Analysis Pg. No.** 109

**Budget Page No.** 506

| <u>Expenditure Summary</u>     | <u>Agency<br/>Est. FY 92</u> | <u>Gov. Rec.<br/>FY 92</u> | <u>House<br/>Adjustments</u> |
|--------------------------------|------------------------------|----------------------------|------------------------------|
| <b>State Operations:</b>       |                              |                            |                              |
| <b>State General Fund:</b>     |                              |                            |                              |
| Noncensus                      | \$ 1,479,832                 | \$ 1,474,941               | \$ --                        |
| Census                         | 43,558                       | 43,362                     | --                           |
| <b>Uniform Commercial Code</b> |                              |                            |                              |
| Fee Fund                       | 690,265                      | 687,907                    | 128,573                      |
| Other Special Funds            | 704,337                      | 702,637                    | --                           |
| <b>Local Aid:</b>              |                              |                            |                              |
| State General Fund             | 1,882,000                    | 0                          | --                           |
|                                | <u>\$ 4,799,992</u>          | <u>\$ 2,908,847</u>        | <u>\$ 128,573</u>            |
| <br>FTE Positions              | <br>61.0                     | <br>61.0                   | <br>--                       |

**Agency Estimate/Governor's Recommendation**

**FY 1992.** The agency's current year estimate totals \$4,799,992 for all operating expenditures, which is \$1,937,615 more than the authorized budget of \$2,862,377. Total estimated financing from the State General Fund is \$3,405,390 and includes a supplemental appropriation of \$1,882,000 for aid to local units of government to provide for the reimbursement of counties for their 1992 presidential preference primary expenses. Other funding changes from the authorized budget require adjustments to the expenditure limitations for the Uniform Commercial Code (UCC) Fee Fund and the Information and Copy Service Fee Fund. The agency requests \$425,468 from the Information and Copy Service Fee Fund, an increase of \$40,401 from the approved expenditure limitation of \$385,067 for this Fund. Requested expenditures from the UCC Fee Fund, including revisions made by the agency after the budget was submitted, increase expenditures by \$17,548 from the approved expenditure limitation of \$801,290. (The agency revised its estimate after submission of its budget because of the need to shift financing of operating expenditures to allow money from the State General Fund to be available to print *Kansas Administrative Regulations*.) Also included in the agency's current year estimate is \$43,558 from the State General Fund for 11 months of salaries and wages for the state Census Director. (The agency's plan is to abolish the position after this period and to have any activities related to the census picked up by other existing noncensus FTE positions within the agency.) Major noncensus operating expenditures of \$2,874,434 in the current year (excluding the \$1,882,000 for reimbursement of counties for the presidential primary) consist of \$1,850,914 for salaries and wages, \$215,594 for communications, \$244,692 for printing (revisions made by the agency after the budget was submitted would increase this by \$128,573 to provide for printing costs of *Kansas Administrative Regulations*), and \$293,594 for capital outlay (for the final payment on a purchase contract for an AS 400 computer). All other noncensus expenditures total \$269,640.

SWAM  
March 20, 1992  
Attachment 4

The Governor's current year recommendation totals \$2,908,847 for all operating expenditures. The supplemental appropriation of \$1,882,000 for aid to local units to reimburse Kansas counties for costs associated with the presidential primary is not approved, but \$1.5 million from the State General Fund is added to FY 1993 to provide for the costs. Census expenditures of \$43,362 are recommended from the State General Fund. This reduces the agency's estimate for census expenditures by \$196 due to adjustments to fringe benefits costs to reflect current rates. The recommendation for noncensus expenditures totals \$2,865,485 and excludes the agency's revised estimate that was made after the budget was submitted for \$128,573 of additional funds for printing expenditures. The Governor's recommendation for noncensus expenditures is a reduction of \$1,890,949 from the agency's budget document estimate (\$8,949 for salary and wage expenditures and \$1,882,000 for the presidential primary costs). Salary and wage expenditures are reduced in the Governor's recommendation because of adjustments to fringe benefits costs to reflect current rates. The Governor concurs with the agency's current year estimate for all other operating expenses.

### **House Subcommittee Recommendations**

The House Subcommittee concurs with the Governor's recommendations with the following exception:

1. Increase the authorized expenditure limitation of \$801,290 to \$816,480 (\$15,190) for the UCC Fee Fund. This will allow the agency to shift financing of operating expenditures within its budget so that money from the State General Fund is available to be used for printing costs of the *Kansas Administrative Regulations* (\$128,573). (When the agency submitted its budget, the agency did not request funds for the printing of *Kansas Administrative Regulations* in FY 1992 because it anticipated paying for the cost from encumbered FY 1991 funds.)

### **House Committee Recommendations**

The House Committee concurs with the recommendations of the Subcommittee.

### **House Committee of the Whole Recommendations**


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

| <u>Expenditure Summary</u>     | <u>House<br/>Adj. FY 92</u> | <u>House<br/>Rec. FY 92</u> | <u>Senate Sub.<br/>Adjustments</u> |
|--------------------------------|-----------------------------|-----------------------------|------------------------------------|
| <b>State Operations:</b>       |                             |                             |                                    |
| <b>State General Fund:</b>     |                             |                             |                                    |
| Noncensus                      | \$ --                       | \$ 1,474,941                | \$ --                              |
| Census                         | --                          | 43,362                      | --                                 |
| <b>Uniform Commercial Code</b> |                             |                             |                                    |
| Fee Fund                       | 128,573                     | 816,480                     | (1,861)                            |
| Other Special Funds            | --                          | 702,637                     | --                                 |
| <b>Total</b>                   | <u>\$ 128,573</u>           | <u>\$ 3,037,420</u>         | <u>\$ (1,861)</u>                  |
| <br>FTE Positions              | <br>--                      | <br>61.0                    | <br>--                             |

### Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the House with the following exceptions:

1. Reestablish the Uniform Commercial Code Fee Fund and the Information and Copy Service Fee Fund as "no limit" funds for FY 1992. The Subcommittee understands that in prior years expenditure limitations have not been placed on either of these Funds. In addition, the Subcommittee notes that, since both the House and Governor recommend that these Funds be reestablished as "no limit" funds for FY 1993, establishing an expenditure limit on these Funds for just a one-year period (FY 1992) is unnecessary.
2. The Subcommittee recognizes that the State Register Fee Fund is established as a "no limit" fund which allows the agency the flexibility to adjust expenditures from the Fund to match any receipts credited to the Fund. Therefore, the Subcommittee understands that, if receipts are available in the State Register Fee Fund, \$10,000 will be expended by the agency for the purchase of a Macintosh microcomputer and printer.
3. Delete \$1,861 from the Uniform Commercial Code Fee Fund because of anticipated savings from fringe benefit costs (health insurance).

  
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 Senator Alicia Salisbury  
 Subcommittee Chair

  
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 Senator Nancy Parrish

**SUBCOMMITTEE REPORT**

**Agency:** Secretary of State

**Bill No.** 2707

**Bill Sec.** 9

**Analyst:** Mah

**Analysis Pg. No.** 109

**Budget Page No.** 506

| <u>Expenditure Summary</u> | <u>Agency<br/>Req. FY 93</u> | <u>Gov. Rec.<br/>FY 93</u> | <u>House<br/>Adjustments</u> |
|----------------------------|------------------------------|----------------------------|------------------------------|
| State Operations:          |                              |                            |                              |
| State General Fund:        |                              |                            |                              |
| Noncensus                  | \$ 1,477,668                 | \$ 1,479,554               | \$ (3,167)                   |
| Census                     | 0                            | 0                          | --                           |
| Uniform Commercial Code    |                              |                            |                              |
| Fee Fund                   | 788,299                      | 707,610                    | --                           |
| Other Special Funds        | 610,291                      | 556,924                    | --                           |
| Local Aid:                 |                              |                            |                              |
| State General Fund         | 0                            | 1,500,000                  | --                           |
|                            | <u>\$ 2,876,258</u>          | <u>\$ 4,244,088</u>        | <u>\$ (3,167)</u>            |
| FTE Positions              | 61.0                         | 61.0                       | --                           |

**Agency Estimate/Governor's Recommendation**

**FY 1993.** The agency's FY 1993 request totals \$2,876,258 for all operating expenditures. The request includes \$135,000 to purchase computer software to begin replacing the current computer software for the agency's Uniform Commercial Code Administration Program. The new software would allow the agency to move toward its long range plan for an optical imaging system. All requested funding in FY 1993 is for the agency's noncensus operating expenditures since the agency plans to abolish its subprogram for the Census in FY 1992. Total estimated financing from the State General Fund for all operating expenses is \$1,477,668. Other funding sources include: \$788,299 from the UCC Fee Fund, \$161,420 from the Kansas Register Fee Fund, \$409,375 from the Information and Copy Service Fee Fund, and \$39,496 from other special revenue funds. The agency also requests that two funds, the UCC Fee Fund and the Information and Copy Service Fee Fund, be reestablished as "no limit" funds. Expenditure limitations were established for the UCC Fee Fund and the Information and Copy Service Fee Fund for FY 1992 by the 1991 Legislature. Historically, expenditure limitations have not been placed on either of these Funds.

The Governor's FY 1993 recommendation totals \$2,744,088 for operating expenditures. Census expenditures are not included in the recommendation for operating expenditures since the Governor concurs with the agency's plan to abolish its subprogram for the Census during FY 1992. The Governor's recommendation also includes \$1.5 million for aid to local units in order to provide for total reimbursement to Kansas counties for the 1992 Kansas Presidential Primary. The total FY 1993 recommendation of the Governor equals \$4,244,088, an increase of \$1,335,241 from the Governor's current year recommendation of \$2,908,847. The FY 1993 recommendation removes funding of \$135,000 to purchase computer software to begin replacing the current computer software for the agency's Uniform Commercial Code Administration Program. However, the Governor does provide



the agency with the flexibility to make this expenditure if receipts to the UCC Fee Fund and the Information and Copy Service Fee Fund are available by reestablishing both of these funds as "no limit" funds. An unclassified merit pool of \$37,179 or 2.6 percent (including funds for a salary increase for the Secretary of State) is included in the recommendation.

### **House Subcommittee Recommendations**

The House Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Delete \$3,167 from the State General Fund to remove the 2.5 percent salary adjustment for the Secretary of State (\$1,442) and to make a technical adjustment to lower the unclassified merit pool from 2.6 percent to 2.5 percent (\$1,725).
2. Add a proviso to the bill as a technical amendment to allow vouchers submitted by counties during FY 1992 to be paid from an FY 1993 appropriation for the Kansas presidential primary. (K.S.A. 25-4508 allows county officials up to 60-days (which the Secretary of State's Office says officially is until the end of the day of June 8, 1992) to submit their presidential primary costs to the Secretary of State.) The Division of Account and Reports says that current law will require that a proviso be included in the bill in order for the expenses submitted in FY 1992 to be paid from an FY 1993 appropriation.
3. The Subcommittee concurs with the Governor's recommendation of \$1.5 million for reimbursement of counties for the presidential primary. The Subcommittee notes that the most recent estimate from the Secretary of State's Office for the presidential primary is \$1,882,000 and that legislation is currently pending (1992 S.B. 552) which is anticipated to reduce the cost of the presidential primary by approximately \$350,000.

### **House Committee Recommendations**

The House Committee concurs with the recommendations of the Subcommittee.

### **House Committee of the Whole Recommendations**

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

| <u>Expenditure Summary</u> | <u>House<br/>Adj. FY 93</u> | <u>House<br/>Rec. FY 93</u> | <u>Senate Sub.<br/>Adjustments</u> |
|----------------------------|-----------------------------|-----------------------------|------------------------------------|
| State Operations:          |                             |                             |                                    |
| State General Fund:        |                             |                             |                                    |
| Noncensus                  | \$ (3,167)                  | \$ 1,476,387                | \$ (382)                           |
| Census                     | --                          | 0                           | --                                 |
| Uniform Commercial Code    |                             |                             |                                    |
| Fee Fund                   | --                          | 707,610                     | (4,550)                            |
| Other Special Funds        | --                          | 556,924                     | --                                 |
| Local Aid:                 |                             |                             |                                    |
| State General Fund         | --                          | 1,500,000                   | (1,500,000)                        |
|                            | <u>\$ (3,167)</u>           | <u>\$ 4,240,921</u>         | <u>\$ (1,504,932)</u>              |
| FTE Positions              | --                          | 61.0                        | --                                 |

### Senate Subcommittee Recommendations

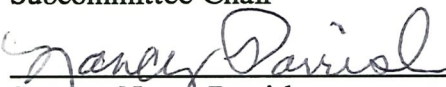
The Senate Subcommittee concurs with the recommendations of the House with the following exceptions:

1. Delete \$1.5 million from the State General Fund and the proviso contained in this bill (H.B. 2707) for aid to local units to reimburse counties for their 1992 Presidential Primary expenses. This same appropriation is now contained in H.B. 2705 for FY 1993. The Subcommittee also recommends that funding for the 1992 presidential primary in H.B. 2705 be switched from FY 1993 to FY 1992. Appropriation of the funds in FY 1993 could cause an unnecessary delay in reimbursing counties for their costs, while appropriating the funds in FY 1992 instead of FY 1993 will have little effect on the status of the State General Fund. The presidential primary costs are an FY 1992 expense and appropriation of the funds in FY 1992 will help expedite the payment of counties for the election costs. The Subcommittee further recommends that a proviso be added to the \$1.5 million appropriation that will allow the Secretary of State to use \$75,000 of the funds for costs associated with passage of Senate Bill 83. Senate Bill 83, which has been signed by the Governor, allows the Secretary of State to provide for certain administrative costs of the presidential primary, including printing of all or any portion of the election ballots and publishing a notice about the presidential primary in one newspaper of each county that has a published newspaper. It is anticipated that passage of Senate Bill 83 will reduce the costs of the presidential primary from \$1,882,000 to \$1,500,000. The Subcommittee was told by the Secretary of State's Office that the total anticipated costs of \$1,500,000 for the presidential primary includes the \$75,000 for administrative costs associated with Senate Bill 83.
2. The Subcommittee concurs with the recommendation of the House to reestablish the Uniform Commercial Code Fee Fund and the Information and Copy Service Fee Fund as "no limit" funds for FY 1993. The Subcommittee recognizes that this will allow the agency the flexibility to make additional capital outlay

expenditures if receipts credited to the Funds are available. Specifically, if receipts are available, the Subcommittee understands that a total of \$135,000 will be expended from the Uniform Commercial Code Fee Fund (\$81,000) and Information and Copy Service Fee Fund (\$54,000) to begin replacement of existing computer software for the agency's Uniform Commercial Code Administration Program. The Subcommittee also understands that the agency plans to expend \$30,000 to \$50,000 from the Information and Copy Service Fee Fund for the purchase of machines to read and print data from microfilms if receipts are available. Furthermore, the Subcommittee was told that another \$13,361 from the Information and Copy Service Fee Fund would be used to pay the Racing Commission for a computer software package to program computers. (These proposed expenditures from the Information and Copy Service Fee Fund would total between \$97,361 and \$117,361.) It is the Subcommittee's understanding that the computer software, which was unused by the Racing Commission, already has been received by the Secretary of State's Office. According to the Secretary of State's Office, the Racing Commission said that the Commission did not want payment because it did not have a fund in which such moneys could be credited. Therefore, the Racing Commission requested that the Secretary of State purchase the following capital outlay equipment and then transfer the equipment to the Racing Commission: \$853 for a computer modem; \$1,675 for a computer controller; \$515 for a computer emulation card; \$3,633 for a computer remote controller; \$2,605 for a laser printer; \$2,000 for a computer model upgrade; \$555 for a computer color monitor; \$1,175 for a computer page scanner; and \$350 for a printer font cartridge. The Subcommittee notes that the Racing Commission never discussed this transaction with the Senate Subcommittee that reviewed the Racing Commission's budget. The Racing Commission also never indicated a need to purchase these capital outlay items. The Subcommittee believes that actions such as this circumvent the legislative appropriation process.

3. Delete \$4,550 from the Uniform Commercial Code Fee Fund because of anticipated savings from fringe benefit costs (health insurance).
4. The Subcommittee was told that the 2.5 percent salary adjustment for all elected officials which was recommended by the Governor for FY 1993 was deleted by the House. The Subcommittee concurs with this recommendation. The Subcommittee also recommends a technical change to delete \$382 from the State General Fund because of savings in fringe benefit costs from the adjustments by the House to salaries and wages.

  
 \_\_\_\_\_  
 Senator Alicia Salisbury  
 Subcommittee Chair

  
 \_\_\_\_\_  
 Senator Nancy Parrish

## SUBCOMMITTEE REPORT

**Agency:** State Treasurer

**Bill No.** NA

**Bill Sec.** NA

**Analyst:** Duffy

**Analysis Pg. No.** 129

**Budget Page No.** 574

| <u>Expenditure Summary</u> | <u>Agency<br/>Est. FY 92</u> | <u>Gov. Rec.<br/>FY 92</u>  | <u>Subcommittee<br/>Adjustments</u> |
|----------------------------|------------------------------|-----------------------------|-------------------------------------|
| <b>All Funds:</b>          |                              |                             |                                     |
| State Operations           | \$ 2,028,210                 | \$ 2,022,065                | \$ --                               |
| Aid to Local Units         | 78,434,000 *                 | 76,516,256                  | 4,375,840                           |
| Debt Service               | 666,995                      | 666,995                     | --                                  |
| <b>Total</b>               | <b><u>\$ 81,129,205</u></b>  | <b><u>\$ 79,205,316</u></b> | <b><u>\$ 4,375,840</u></b>          |
| <b>State General Fund:</b> |                              |                             |                                     |
| State Operations           | \$ 1,914,710                 | \$ 1,908,565                | \$ --                               |
| Aid to Local Units         | 67,634,000 *                 | 67,634,096                  | 108,000                             |
| <b>Total</b>               | <b><u>\$ 69,548,710</u></b>  | <b><u>\$ 69,542,661</u></b> | <b><u>\$ 108,000</u></b>            |
| <b>FTE Positions</b>       | <b>51.5</b>                  | <b>51.5</b>                 | <b>--</b>                           |

\* Expenditures for Aid to Local Units reflect the estimates made by the Consensus Estimating Group on November 14, 1991.

### Agency Estimate/Governor's Recommendation

The revised FY 1992 expenditure estimate for state operations totals \$2,028,210. The revised estimate includes expenditures of \$54,850 from the Unclaimed Property Contract Fund above the amount estimated by the 1991 Legislature. The Unclaimed Property Contract Fund is a "no limit" fund. The agency's revised request includes funding for 51.5 FTE positions, 0.5 FTE (Office Assistant II) less than the 52.0 FTE authorized by the 1991 Legislature.

The Governor recommends FY 1992 expenditures for state operations of \$2,022,065 which is \$6,145 less than the amount estimated by the agency. The reduction is in salaries and wages and reflects the current year adjustment to health insurance rates.

### House Subcommittee Recommendation

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

1. Based on actual FY 1992 distributions to local units, adjust the Local Ad Valorem Tax Reduction Fund (LAVTRF) to reflect increased expenditures of \$108,000.

*SWAM  
March 20, 1992  
Attachment 5*

2. Based on the most recent consensus estimate for the Private Club and Liquor Drinking Tax, adjust expenditures from the Local Alcoholic Liquor Fund for distribution to locals to reflect an estimated increase in receipts from \$8,882,160 (estimated by the Governor) to \$11,300,000.
3. Based on current law (1991 S.B. 14), reflect estimated expenditures of \$1,850,000 to local units of government from the Rental Motor Vehicle Excise Tax Fund. Because of an oversight the expenditures from this special revenue fund were not included in the agency's budget request or the Governor's recommendation.

### House Committee Recommendation

The House Committee concurs.

### House Committee of the Whole Recommendation

The House Committee of the Whole concurs.

| <u>Expenditure Summary</u> | <u>House<br/>Adj. FY 92</u> | <u>House<br/>Rec. FY 92</u> | <u>Senate<br/>Subcommittee<br/>Adj. FY 92</u> |
|----------------------------|-----------------------------|-----------------------------|---|
| All Funds:                 |                             |                             |   |
| State Operations           | \$ --                       | \$ 2,022,065                | \$ --   |
| Aid to Local Units         | 4,375,840                   | 80,892,096                  | --  |
| Debt Service               | --                          | 666,995                     | --  |
| Total                      | <u>\$ 4,375,840</u>         | <u>\$ 83,581,156</u>        | <u>\$ --</u>                                  |
| State General Fund:        |                             |                             |   |
| State Operations           | \$ --                       | \$ 1,908,565                | \$ --   |
| Aid to Local Units         | 108,000                     | 67,742,096                  | --  |
| Total                      | <u>\$ 108,000</u>           | <u>\$ 69,650,661</u>        | <u>\$ --</u>                                  |
| FTE Positions              | --                          | 51.5                        | --  |

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation.

  
 Senator Wint Winter, Jr.  
 Subcommittee Chair

  
 Senator Richard Rock

## SUBCOMMITTEE REPORT

**Agency:** State Treasurer

**Bill No.** 2707

**Bill Sec.** 10

**Analyst:** Duffy

**Analysis Pg. No.** 129

**Budget Page No.** 574

| <u>Expenditure Summary</u> | <u>Agency<br/>Req. FY 93</u> | <u>Gov. Rec.<br/>FY 93</u>  | <u>Subcommittee<br/>Adjustments</u> |
|----------------------------|------------------------------|-----------------------------|-------------------------------------|
| <b>All Funds:</b>          |                              |                             |                                     |
| State Operations           | \$ 2,175,084                 | \$ 2,042,616                | \$ 5,533                            |
| Aid to Local Units         | 82,670,000 *                 | 82,670,000                  | 2,820,000                           |
| Debt Service               | 294,759                      | 294,759                     | --                                  |
| <b>Total</b>               | <b><u>\$ 85,139,843</u></b>  | <b><u>\$ 85,007,375</u></b> | <b><u>\$ 2,825,533</u></b>          |
| <b>State General Fund:</b> |                              |                             |                                     |
| State Operations           | \$ 1,940,519                 | \$ 1,893,642                | \$ 5,533                            |
| Aid to Local Units         | 71,470,000 *                 | 71,470,000                  | 170,000                             |
| <b>Total</b>               | <b><u>\$ 73,410,519</u></b>  | <b><u>\$ 73,363,642</u></b> | <b><u>\$ 175,533</u></b>            |
| <b>FTE Positions</b>       | <b>51.5</b>                  | <b>48.5</b>                 | <b>--</b>                           |

\* Expenditures for Aid to Local Units reflect the estimates made by the Consensus Estimating Group on November 14, 1991.

### Agency Request/Governor's Recommendation

**State Operations.** The agency requests FY 1993 expenditures for state operations of \$2,175,084 (excluding debt service of \$294,759), an increase of 7.2 percent or \$146,874 over the agency's revised FY 1992 request. The State Treasurer's FY 1993 request is financed from the State General Fund (\$1,940,519); Unclaimed Property Contract Fund (\$120,700) and a new initiative to create a new fee fund and divert fees currently credited to the State General Fund for servicing certain bonds (\$113,865). The FY 1993 request for salaries and wages totals \$1,435,204 for 51.5 FTE positions, the same number included in the agency's revised request for FY 1992.

The Governor recommends FY 1993 expenditures for state operations of \$2,042,616, which is \$132,468 less than the amount requested by the agency. The Governor's FY 1993 recommendation is financed from the State General Fund (\$1,893,642), Unclaimed Property Contract Fund (\$122,974), and the Bond Services Fee Fund (\$26,000). The Governor does not recommend the creation of the new fee fund proposed by the State Treasurer.

**Local Aid.** Under the current distribution formulas and assuming no change in the distribution formula, payments from the Local Ad Valorem Tax Reduction Fund (LAVTRF) and the City and County Revenue Sharing Fund (CCRSF) are as follows:

| <b>LAVTRF AND CCRSF</b> |                   |                   |           |
|-------------------------|-------------------|-------------------|-----------|
| <b>(In Thousands)</b>   |                   |                   |           |
|                         | Actual<br>FY 1991 | Actual<br>FY 1992 | FY 1993*  |
| LAVTRF                  | \$ 37,164         | \$ 38,576         | \$ 40,487 |
| CCRSF                   | \$ 28,351         | \$ 29,166         | \$ 31,153 |

\* For FY 1991 and FY 1992 the figures reflect actual distributions. The FY 1993 CCRSF figure is actual and the LAVTRF figure is based upon the consensus estimate of sales and compensating use taxes as spread by month by the Legislative Research Department.

The Governor's budget includes the estimates made on the basis of the November consensus estimates -- \$38,468,000 for the LAVTRF in FY 1992 and \$40,487,000 in FY 1993 and \$30,983,000 for the CCRSF in FY 1993.

#### **House Subcommittee Recommendation**

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

1. Add \$7,000 from the State General Fund for state operations to assist the Treasurer with several areas of the budget including communications, rent, travel and office supplies. The Subcommittee notes that the additional funding results in an overall increase of 1.4 percent from FY 1992 to FY 1993 compared to the Governor's recommendation of 1 percent. Further, the increase recommended by the Subcommittee represents an increase of \$4,939 (0.9 percent) in other operating expenditures in contrast to the FY 1992 recommendation.
2. Eliminate \$1,467 from the State General Fund which represents the 2.5 percent salary increase for the State Treasurer and the language in the appropriation bill which provides for the increase.
3. Based on actual sales and use tax receipts for calendar year 1991, increase expenditures \$170,000 from the City and County Revenue Sharing Fund.
4. Based on current law (1991 S.B. 14), reflect estimated expenditures of \$1,850,000 to local units of government from the Rental Motor Vehicle Excise Tax Fund. Because of an oversight the expenditures from this special revenue fund were not included in the agency's budget request nor the Governor's recommendation.
5. Based on the most recent consensus estimate for the Private Club and Liquor Drinking Tax, adjust expenditures from the Local Alcoholic Liquor Fund for

distribution to locals to reflect an estimated increase in receipts from \$11,200,000 to \$12,000,000.

6. The Subcommittee notes that several bills (S.B. 480, S.B. 481, and S.B. 482) pertaining to a municipal investment pool, local investment authority, state moneys law, expansion of the Pooled Money Investment Board, qualifications of the State Treasurer, designation of the State Treasurer as official cash manager, and other provisions may have an impact on the State Treasurer's budget.

#### House Committee Recommendation

The House Committee concurs.

#### House Committee of the Whole Recommendation

The House Committee of the Whole concurs.

| <u>Expenditure Summary</u> | <u>House<br/>Adj. FY 93</u> | <u>House<br/>Rec. FY 93</u> | <u>Senate<br/>Subcommittee<br/>Adj. FY 93</u> |
|----------------------------|-----------------------------|-----------------------------|---|
| All Funds:                 |                             |                             |   |
| State Operations           | \$ 5,533                    | \$ 2,048,149                | \$ 30,600                                     |
| Aid to Local Units         | 2,820,000                   | 85,490,000                  | --  |
| Debt Service               | --                          | 294,759                     | --  |
| Total                      | <u>\$ 2,825,533</u>         | <u>\$ 87,832,908</u>        | <u>\$ 30,600</u>                              |
| State General Fund:        |                             |                             |   |
| State Operations           | \$ 5,533                    | \$ 1,899,175                | \$ 30,600                                     |
| Aid to Local Units         | 170,000                     | 71,640,000                  | --  |
| Total                      | <u>\$ 175,533</u>           | <u>\$ 73,539,175</u>        | <u>\$ 30,600</u>                              |
| FTE Positions              | --                          | 48.5                        | 1.0   |

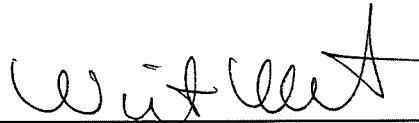
#### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendation with the following adjustments:

1. Add \$5,000 from the State General Fund for operating expenditures to assist the Treasurer with several areas of the budget including communications, rents, travel and training, and office supplies. The Subcommittee notes that the increase results in an overall increase of 1.5 percent for the state operations portion of the Treasurer's budget, excluding the additional funding added for the servicing of the bonds for the Comprehensive Highway program.



2. Add \$25,600 from the State General Fund and 1.0 FTE position (Financial Securities Officer) to assist with the servicing of the bonds for the Comprehensive Highway Fund. According to agency officials, the State Treasurer's office recently was selected as registrar and paying agent on the highway bonds to be issued within the next month. The Subcommittee notes that the Senate Ways and Means Committee added \$25,000 for salaries and associated operating expenditures in H.B. 2705 (emergency supplemental bill) for costs in the current year associated with servicing the bonds. Under current law, bond servicing fees are credited to the State General Fund. Receipts to the State General Fund from KDOT for bond services are estimated to be \$49,000 in FY 1992 and \$49,000 in FY 1993.
  
3. S.B. 480, as amended by the Senate, among other provisions establishes a state-managed investment pool, changes significantly the state moneys law pertaining to demand accounts and investment of idle funds, and designates the State Treasurer as the cash management officers for the state. The Subcommittee notes that the fiscal impact of this proposed legislation will be reviewed during the Omnibus Session. At this point, the fiscal note on S.B. 480 indicates additional expenditures for staffing (4.0 FTE positions -- Investment Officer, Investment Analyst and two clerical positions) and operating costs totaling approximately \$140,000. According to the State Treasurer, additional investment authority is estimated to add \$7 million to \$8 million in annual revenues to the State General Fund.



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Senator Wint Winter, Jr.  
Subcommittee Chair



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Senator Richard Rock

**SUBCOMMITTEE REPORT**

**Agency:** Department of Insurance

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No. 119**

**Budget Page No. 328**

| <u>Expenditure Summary</u> | <u>Agency Est. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|--------------------------|------------------------|---------------------------------|
| <b>All Funds:</b>          |                          |                        |                                 |
| State Operations           | \$ 12,725,912            | \$ 12,686,738          | \$ (7,699)                      |
| Local Aid                  | 3,828,031                | 3,828,031              | --                              |
| Other Assistance           | 48,346,417               | 48,346,417             | --                              |
| Capital Improvements       | --                       | --                     | --                              |
| <b>Total</b>               | <u>\$ 64,900,360</u>     | <u>\$ 64,861,186</u>   | <u>\$ (7,699)</u>               |
| <b>State General Fund:</b> |                          |                        |                                 |
| State Operations           | \$ 4,704,877             | \$ 4,674,026           | \$ (7,699)                      |
| Other Assistance           | 3,960,000                | 3,960,000              | --                              |
| Capital Improvements       | --                       | --                     | --                              |
| <b>Total</b>               | <u>\$ 8,664,877</u>      | <u>\$ 8,634,026</u>    | <u>\$ (7,699)</u>               |
| <b>FTE Positions</b>       | 156.2                    | 156.2                  | --                              |

**Agency Estimate/Governor's Recommendation**

The Insurance Department estimates total expenditures of \$64,900,360, an increase of \$13,232,854 above the amount approved by the 1991 Legislature. The largest increases are in payments from the Workers' Compensation Fund (\$10,627,422), payments from the Health Care Stabilization Fund (\$1,898,938), and payments from the Firefighters Relief Fund (\$252,894). The agency requests state operations expenditures of \$4,704,877 from the State General Fund, the amount approved by the 1991 Legislature, including the reappropriation.

The Governor recommends FY 1992 expenditures of \$64,861,186, a reduction of \$39,174 from the agency's revised request. The recommended reduction is entirely in salaries and wages, and reflects fringe benefit adjustments.

**House Subcommittee Recommendation**

The Subcommittee concurs with the recommendations of the Governor with the following adjustment:

1. Delete \$7,699 from the State General Fund. The Subcommittee was informed that three full-time positions and one part-time position within the Department do not participate in the group health insurance plan. The Governor's recommendation for employee health insurance is based on authorized FTE, not on the actual number of participating employees.

*SWAM  
March 20, 1992  
Attachment 6*

### House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

### House Committee of the Whole Recommendation

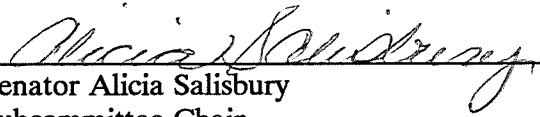
The House Committee of the Whole concurs with the recommendation of the House Committee.

| <u>Expenditure Summary</u> | <u>House<br/>Adj. FY 92</u> | <u>House<br/>Rec. FY 92</u> | <u>Subcommittee<br/>Adjustments</u> |
|----------------------------|-----------------------------|-----------------------------|-------------------------------------|
| <b>All Funds:</b>          |                             |                             |                                     |
| State Operations           | \$ (7,699)                  | \$ 12,679,039               | \$ 40,000                           |
| Local Aid                  | --                          | 3,828,031                   | --                                  |
| Other Assistance           | --                          | 48,346,417                  | --                                  |
| Capital Improvements       | --                          | --                          | --                                  |
| Total                      | <u>\$ (7,699)</u>           | <u>\$ 64,853,487</u>        | <u>\$ 40,000</u>                    |
| <b>State General Fund:</b> |                             |                             |                                     |
| State Operations           | \$ (7,699)                  | \$ 4,666,327                | \$ --                               |
| Other Assistance           | --                          | 3,960,000                   | 40,000                              |
| Capital Improvements       | --                          | --                          | --                                  |
| Total                      | <u>\$ (7,699)</u>           | <u>\$ 8,626,327</u>         | <u>\$ 40,000</u>                    |
| FTE Positions              | --                          | 156.2                       | --                                  |

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House with the following adjustment:

1. Transfer \$40,000 from the State General Fund to the Workers' Compensation Fund. As the result of action by the 1991 Legislature, \$4,000,000 was to be transferred from the State General Fund to the Workers' Compensation Fund on July 1, 1991 and a corresponding transfer of \$4,000,000 was to be made from the Workers' Compensation Fund to the State General Fund on November 1, 1991. As the result of the subsequent one percent across-the-board cut, the amount of the demand transfer from the State General Fund to the Workers' Compensation Fund was reduced by \$40,000 to \$3,960,000. The precise language of the agency's appropriation bill, however, mandated a transfer of \$4,000,000 from the Workers' Compensation Fund to the State General Fund. Consequently, contributors to the Workers' Compensation Fund bore an additional \$40,000 of the costs associated with the program.

  
\_\_\_\_\_  
Senator Alicia Salisbury  
Subcommittee Chair

\_\_\_\_\_  
Senator Nancy Parrish

**SUBCOMMITTEE REPORT**

**Agency:** Department of Insurance

**Bill No.** 2707

**Bill Sec.** 11

**Analyst:** Robinson

**Analysis Pg. No.** 119

**Budget Page No.** 328

| <u>Expenditure Summary</u> | <u>Agency<br/>Req. FY 93</u> | <u>Gov. Rec.<br/>FY 93</u> | <u>Subcommittee<br/>Adjustments</u> |
|----------------------------|------------------------------|----------------------------|-------------------------------------|
| <b>All Funds:</b>          |                              |                            |                                     |
| State Operations           | \$ 13,122,421                | \$ 12,766,063              | \$ 138,545                          |
| Local Aid                  | 3,984,575                    | 3,984,575                  | --                                  |
| Other Assistance           | 52,032,230                   | 52,032,230                 | --                                  |
| Capital Improvements       | 7,000                        | 72,000                     | --                                  |
| <b>Total</b>               | <u>\$ 69,146,226</u>         | <u>\$ 68,854,868</u>       | <u>\$ 138,545</u>                   |
| <b>State General Fund:</b> |                              |                            |                                     |
| State Operations           | \$ --                        | \$ 4,742,654               | \$ 138,545                          |
| Other Assistance           | 4,000,000                    | 4,000,000                  | --                                  |
| Capital Improvements       | 7,000                        | --                         | --                                  |
| <b>Total</b>               | <u>\$ 4,007,000</u>          | <u>\$ 8,742,654</u>        | <u>\$ 138,545</u>                   |
| <b>FTE Positions</b>       | 162.2                        | 156.2                      | 4.0                                 |

**Agency Request/Governor's Recommendation**

For FY 1993, the Department requests expenditures of \$69,146,226, an increase of \$4,245,866 from the revised current year estimate. The requested increases include state operations (\$396,509), Firefighters Relief fund payments (\$161,446), Workers' Compensation fund payments (\$3,180,911), and Health Care Stabilization fund payments (\$500,000). The FY 1993 request also includes \$7,000 for capital improvements on the Department's Topeka office. The state operations increase consists of salaries and wages (\$387,607), commodities (\$5,745), capital outlay (\$47,162) and a reduction in contractual services (\$44,005). The request would fund 162.2 FTE positions, an increase of 6.0 FTE above the currently authorized number. The agency's FY 1993 budget request is based on the proposition that the agency become fee-funded.

The Governor recommends FY 1993 expenditures of \$68,854,868, a net reduction of \$291,358 from the amount requested by the agency. The reductions are primarily in the areas of salaries and wages (\$246,084), and rents (\$173,398). The Governor has recommended a debt service interest payment of \$104,647 on the bonds issued for the purchase of the Department's Topeka office. This largely offsets the reductions in rent expenditures requested by the agency. The Governor does not recommend the addition of 6.0 FTE positions. The Governor's salary and wage recommendation includes step movement for classified employees and an unclassified merit increase equal to 2.5 percent. The recommendation also includes a 2.5 percent increase for the salary of the Commissioner of Insurance.

### House Subcommittee Recommendation

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

1. Delete \$1,442 from the State General Fund and language in the appropriations bill providing for a 2.5 percent salary increase for the Commissioner of Insurance.
2. Delete \$8,051 from the State General Fund. The Subcommittee was informed that three full-time positions and one part-time position within the Department do not participate in the group health insurance plan, and that the Governor's recommendation for employee health insurance is based on authorized FTE, not on the actual number of participating employees.
3. The Subcommittee recommends the introduction of legislation proposed by the agency to make the Department fee-funded. The Subcommittee was informed that 23 other state Insurance Departments are fee-funded and others are attempting to become fee-funded. The Subcommittee further notes that this agency is one of the few agencies in the state charged with regulating an industry that is not fee-funded.
4. Add \$62,884 from the State General Fund for 2.0 new FTE positions, a Financial Analyst and a Financial Analyst Trainee, for the financial surveillance division. The Subcommittee believes that these positions are necessary to provide more oversight, given the rising number of insurance company insolvencies. Currently, the Department has 3.0 FTE positions to monitor approximately 1,500 companies.
5. Add \$65,154 from the State General Fund and 2.0 FTE Policy Examiner II positions. One position would be utilized in the accident and health division to review rates for group accident and sickness insurance policies. The other position would be in the consumer division to help resolve consumer life insurance complaints. Currently, the Department has only one life insurance representative and, as a result, life insurance consumer complaints take almost twice as long to resolve as all other types of complaints.
6. Add \$20,000 from the State General Fund for actuarial fees. This increases the Governor's recommendation from \$30,000 to \$50,000. The Subcommittee was informed that from FY 1988 to FY 1990, the average actuarial expenses of the Department totaled \$46,267.

### House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

### House Committee of the Whole Recommendation

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

| <u>Expenditure Summary</u> | <u>House<br/>Adj. FY 93</u> | <u>House<br/>Rec. FY 93</u> | <u>Subcommittee<br/>Adjustments</u> |
|----------------------------|-----------------------------|-----------------------------|-------------------------------------|
| <b>All Funds:</b>          |                             |                             |                                     |
| State Operations           | \$ 138,545                  | \$ 12,904,608               | \$ 14,451                           |
| Local Aid                  | --                          | 3,984,575                   | --                                  |
| Other Assistance           | --                          | 52,032,230                  | --                                  |
| Capital Improvements       | --                          | 72,000                      | --                                  |
| Total                      | <u>\$ 138,545</u>           | <u>\$ 68,993,413</u>        | <u>\$ 14,451</u>                    |
| <b>State General Fund:</b> |                             |                             |                                     |
| State Operations           | \$ 138,545                  | \$ 4,881,199                | \$ 14,451                           |
| Other Assistance           | --                          | 4,000,000                   | --                                  |
| Capital Improvements       | --                          | --                          | 61,145                              |
| Total                      | <u>\$ 138,545</u>           | <u>\$ 8,881,199</u>         | <u>\$ 75,596</u>                    |
| <br>FTE Positions          | <br>4.0                     | <br>160.2                   | <br>--                              |


### Senate Subcommittee Recommendation

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

1. Add \$14,451 from the State General Fund for rents. It appears that the reduction to rents was an oversight in the Governor's budget recommendation. The Subcommittee was informed by the Division of Budget, however, that the agency should be able to absorb the additional rent costs within the agency's existing budget resources. The agency indicated that this was not possible.
2. The Subcommittee expresses its support for the enactment of H.B. 3169, the fee-funding proposal recommended by the House Subcommittee. As noted by the House, 23 other state Insurance Departments are fee-funded. This would be consistent with the manner in which other regulatory agencies, such as the Bank Commissioner, are funded.
3. The Subcommittee was informed of recent federal requirements imposed by the Medicare Catastrophic Act of 1988 and the Health Care Financing Administration. The workload imposed on the Department's Accident and Health Division as a result of federal requirements has left inadequate staffing to review group form and rate filings, advertising material, accident and health, long term care, individual disability, dental coverage and vision care policy submissions and blanket insurance policies. The Subcommittee recognizes the burden associated

with the new activities and is supportive of needed staff which might be funded with fees made available with enactment of H.B. 3169.

4. Shift funding of \$61,145 for capital improvements from the General Facilities Building Fund to the State General Fund.

  
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Senator Alicia Salisbury  
Subcommittee Chair

\_\_\_\_\_  
Senator Nancy Parrish



**FY 92 EXPENDITURES  
As of February 29, 1992**

|                          | <u>Budget</u>     | <u>Spent</u>   | <u>%</u> |
|--------------------------|-------------------|----------------|----------|
| <b><u>By Program</u></b> |                   |                |          |
| Senate                   | 2,277,980         | 1,058,396      | 47       |
| House                    | 4,762,822         | 2,125,018      | 45       |
| Joint                    | 2,160,305         | 1,368,484      | 63       |
| Reapportionment          | <u>*(291,486)</u> | <u>183,196</u> | 63       |
| Total                    | 9,201,107         | 4,735,094      | 52       |

|  | <u>Budget</u>  | <u>Spent</u>   | <u>%</u> |
|--|----------------|----------------|----------|
| <b><u>By Object Code</u></b>                                     |                |                |          |
| 1. Salaries & Wages  | 5,361,307      | 2,363,637      | 44       |
| 2. Communication, Printing, Travel,<br>Professional svcs, Repair | 3,502,144      | 1,953,417      | 56       |
| 3. Stationery, Office<br>supplies                                | 96,326         | 156,595        | 163      |
| 4. Capital Equip -<br>Reprographic, Computer                     | 53,371         | 72,039         | 135      |
| 5. Transfers (Session<br>employee pension)                       | <u>187,959</u> | <u>189,408</u> | 101      |
| Total  | 9,201,107      | 4,735,096      | 52       |

Note: Items 3 and 4 were the categories that were "adjusted" to meet the "budget cut". The \$9,201,107 figure was designed to fit the "cut", not the amount that was calculated to operate the legislature.

\*Included in Joint

*SWAM  
March 20, 1992  
Attachment 7*