

Approved June 1, 1992

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson, at 4:40 p.m. on May 6, 1992 in Room 123-S of the Capitol.

All members were present except:

No one was absent

Conferees appearing before the committee:

None

Senator Gaines moved, Senator Harder seconded, that the minutes of the April 29 and 30 and May 1, 2, and 4, 1992 meetings be approved. The motion carried on a voice vote.

The Chairman noted that HB 3207 which appropriates monies to capital improvement projects from the disproportionate share monies is currently being debated on the House floor. He reviewed a number of requests from agencies for consideration (Attachment 1), and stated that members could review the complete file.

Staff distributed and reviewed Attachment 2, a bill explanation on Sub. for 1992 HB 3207. It was noted that the House Committee recommended depositing \$54.7 million of the disproportionate share monies in the proposed Kansas Special Capital Improvement Fund and recommended the transfer of approximately \$90,000,000 from the disproportionate share monies to a newly created State Debt Prepayments Fund to retire certain state indebtedness. The balance of the \$185 million was not addressed in HB 3207. Staff noted that two other issues address use of the disproportionate share monies: the SRS conference committee has recommended setting aside \$33.6 million for shortfalls in out years, and HB 3208 creates the Budget Stabilization Fund and involves the transfer of \$75 million of disproportionate share monies.

The Chairman distributed and reviewed a summary of the State General Fund tabulated by the Division of the Budget, Attachment 3. He noted that the Senate's version lists an effective ending balance of \$72.7 million without conference decisions on SRS or Omnibus. He noted that the Senate's version, because of conference decisions, has been raised by \$10 million which lowers the effective ending balance to \$62.7 million. That balance reflects funding of special education at 80%; the balance drops to approximately \$46 million if special education is funded at 90%.

The Chairman stated that the full Committee would need to make recommendations for balancing the budget and would have an opportunity to alter the General Education budget because he had requested that SB 497 be rereferred to Senate Ways and Means. (The House Committee had substituted money from the original school finance plan and monies for special education into SB 497, which the Senate Ways and Means Committee had never addressed.) He said that the \$389 million demand transfer could not be altered, but the SGF appropriation under the old SDEA formula could be revised.

Senator Kerr noted that the Budget Director had indicated that mandated ending balances could be more nearly attainable if special education were funded at 80%, if the Senate does not accept the House's recommended COLA, if bond and interest payments for HB 2835 were applied only prospectively, and if recommendations for SRS are held to the Governor's recommendations.

The Chairman noted that the full Committee would have the opportunity to address two appropriations bills - HB 3207, the recommendations for use of the disproportionate share monies, and SB 497, appropriations for the department of education in FY93. It was requested that staff provide a tabulation of all agency requests for proposed uses of the disproportionate share monies. Senator Winter requested that representatives from the Research Department and the Division of the Budget provide information

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

regarding possible budget cuts.

Staff reviewed Attachment 4, selected debt obligations that were the basis of Representative Patrick's amendment to HB 3207.

The Chairman adjourned the meeting at 5:50 p.m.

Disp. Stone-

MEMORANDUM

Kansas Legislative Research Department

Room 545-N - Statehouse
Topeka, Kansas 66612-1586
(913) 296-3181

April 4, 1992

To: Joint Committee on State Building Construction

Re: Capital Improvement Projects

The following is a listing of the highest priority capital improvement project for which funding is not currently recommended by the 1992 Legislature for each state agency.

92-1877/PRW

*SWAM
May 6, 1992
Attachment 1*

<u>Agency</u>	<u>Project</u>	<u>Amount</u>
Adjutant General	FY 1994 repair and rehabilitation	\$469,701
Social and Rehabilitation Services	Remodel Smith Wilson	\$655,500
School for the Visually Handicapped	Irwin Building renovation/group home construction (FY 93 estimate)	\$2,470,500
School for the Visually Handicapped	Track completion/handicapped accessibility	\$136,000
School for the Deaf	Emory Hall (including rough grading of the site)	\$7.7 million
Historical Society	New Center for Historical Research (FY 93 and FY 94 estimates)	\$12.3 million
Wildlife and Parks	Land acquisition	\$310,000 (\$175,000 is funded -- amount noted is remainder of request)
Youth Center at Topeka	Remodel volunteer center for a new staff training area	\$148,800
Youth Center at Beloit	Remodel Shadyside Cottage	\$410,300
Youth Center at Atchison	Remodeling and addition to Bert Nash School	\$1,593,000
Lansing Correctional Facility	Renovate kitchen-maximum unit	\$867,737
Topeka Correctional Facility	Construct security towers	\$223,660
Norton Correctional Facility	Construct supply warehouse	\$1,054,339
Hutchinson Correctional Facility	Expand visitors' and administration areas	\$924,373

<u>Agency</u>	<u>Project</u>	<u>Amount</u>
Insurance Department	Contingent building repair, FY 1994	\$7,266
Board of Agriculture	Installation of fire alarm system and exit lights at Board of Agriculture laboratory	\$19,167
Kansas State Fair	Renovation of 4-H encampment building	\$1,700,000
Topeka State Hospital	Add ten parking stalls at Jarrett and six at Sullivan Building	\$18,200
Osawatomie State Hospital	Remodel Rush Building (requested for FY 1997 and FY 1998)	\$4,265,000
Larned State Hospital	Raze sewage disposal plant	\$99,500
Kansas Soldiers' Home	Remodel dormitory bathrooms (agency would have requested this for FY 1994)	\$120,000
Parsons State Hospital	Addition of commissary/cold storage facility to dining hall	\$2,189,400
Kansas Neurological Institute	Construction of a recreation/activities facility	\$3,181,300
Winfield State Hospital	Addition and remodeling for paint shop	\$32,900
Attorney General -- Kansas Bureau of Investigation	Addition to headquarters	\$3,557,250
Highway Patrol	Purchase, renovate, and equip the campus of Marymount College in Salina for use as a training center	\$4.5 million

<u>Agency</u>	<u>Project</u>	<u>Amount</u>
Department of Administration	Rehabilitation and Repair Statehouse, Judicial Center, and Governor's residence	\$92,020 (\$275,000 is funded -- amount noted is remainder of request)
Emporia State University (EBF)	Beach Musical Hall	\$3.2 million
Fort Hays State University	Physical sciences building	\$8.0 million*
Pittsburg State University	Technology center	\$10.7 million*
University of Kansas	Rebuild Hoch Auditorium, including library addition	\$18.0 million
University of Kansas Medical Center	Nursing Education Building	\$10.0 million
Kansas State University	Farrell Library addition	\$18.7 million*
Wichita State University	Chemistry building Power plant addition	\$21.0 million \$9.95 million (Staff Note: The Chemistry building cannot be constructed without the power plant addition.)

* State portion only.

**BILL EXPLANATION ON
SUBSTITUTE FOR 1992 HOUSE BILL NO. 3207**

**As Recommended by the Governor
Capital Improvement Projects**

	State General Fund	All Other Funds	Total All Funds
FY 1992	\$ 1,000,000	\$ --	\$ 1,000,000
FY 1993	53,700,000	12,276,000	70,976,000
FY 1994	--	12,957,000	12,957,000

**As Recommended by the House Committee
Capital Improvement Projects***

	State General Fund	All Other Funds	Total All Funds
FY 1992	\$ --	\$ 500,000	\$ 500,000
FY 1993	--	29,902,800	29,902,800
FY 1994	--	32,852,300	32,852,300
FY 1995	--	30,052,300	30,052,300
FY 1996	--	10,600,000	10,600,000
FY 1997	--	700,000	700,000

* In addition, the bill authorizes expenditures of up to \$90,000,000 to retire certain state indebtedness.

Agency Request/Governor's Recommendation

House Committee Adjustments

Senate Committee Adjustments

Sec. 2 – University of Kansas

The Governor recommends a total of \$18,000,000 to plan, construct, and equip the reconstruction of Hoch Auditorium that would include a library expansion. Hoch Auditorium was destroyed by fire as the result of a strike by lightning on June 15, 1991. The project would be entirely financed from the State General Fund with \$1,000,000 in FY 1992 and \$17,000,000 in FY 1993. The Governor notes that actual expenditures may occur over a longer period of time. The 115,000 gross square foot project would include a 1,000 seat lecture hall (22,500 gross square feet), two 500 seat lecture halls (22,500 gross square feet), four 50 seat classrooms (4,500 gross square feet), a testing commons (10,000 gross square feet), library collections area (46,300 gross square feet), study/reader areas (4,100 gross square feet), and staff/service areas (5,100 gross square feet).

The Governor's recommendation for State General Fund financing corresponds to a State General Fund reduction in the SRS budget as a result of the retroactive disproportionate share funding which is used to offset State General Fund demands in the SRS budget.

Sec. 3 – Fort Hays State University

The Governor recommends in GBA No. 3 a total of \$11,976,000 to plan, construct, and equip a new physical sciences building, of which \$8,000,000 is from the State General Fund and \$3,976,000 is from federal funds. The Governor's recommendation for State General Fund financing corresponds to a State General Fund reduction in the SRS budget as a result of the retroactive disproportionate share funding which is used to offset State General Fund demands in the SRS budget. The University has already received a grant of \$1,000,000 from the federal government for the project. The 1991 Legislature appropriated \$250,000 from

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

1. Concur with the Governor's recommendation for a total of \$18,000,000 for the reconstruction and expansion of Hoch Auditorium, but finances the project from the proposed Kansas Special Capital Improvements Fund (\$500,000 in FY 1992; \$1,500,000 in FY 1993; \$8,000,000 in FY 1994; and \$8,000,000 in FY 1995).
2. Add \$150,000 in FY 1996 from the Education Building Fund for preliminary planning for the renovation and expansion of Murphy Hall.

The House Committee concurs with the Governor's recommendation for a total of \$11,976,000 for the new physical sciences building, but finances the project from the proposed Kansas Special Capital Improvements Fund (\$3,000,000 in FY 1993 and \$5,000,000 in FY 1994) and federal funds (\$3,976,000 in FY 1993).

Agency Request/Governor's Recommendation

the federal funds for preliminary planning and 1992 H.B. 2728 (capital improvements bill) includes \$390,000 in federal funds for final planning. The Governor recommends the \$8,000,000 from the State General Fund and the balance in federal funds of \$3,336,000 in FY 1993 for construction.

Sec. 4 – Pittsburg State University

The Governor recommends in GBA No. 3, \$10,700,000 from the State General Fund for construction of the Kansas Technology Center. In addition to the \$10.7 million, the University has received \$9.0 million in federal grants and anticipates raising \$8.0 million in private gifts and donations for a total project cost of \$27.7 million. The Governor's recommendation for State General Fund financing corresponds to a State General Fund reduction in the SRS budget as a result of the retroactive disproportionate share funding which is used to offset State General Fund demands in the SRS budget. 1992 H.B. 2728 (capital improvements bill) includes \$493,000 in federal funds (\$443,000) and gift funds (\$50,000) for FY 1993 for planning.

Sec. 5 – Emporia State University

The Governor did not address this item.

Sec. 6 and 7 – Kansas State University

The Governor recommends a total of \$28,000,000 to plan, construct, and equip a major expansion and addition to Farrell Library. The Governor recommends financing of \$23,000,000 in FY 1993 with \$18,000,000 from the State General Fund and \$5,000,000 from student financed bonds and another \$5,000,000 in FY 1994 financed from gifts and donations. The Governor notes that actual expenditures

House Committee Adjustments

The House Committee recommends total funding of \$25,700,000 for construction of the Kansas Technology Center. The House recommends funding from the Special Capital Improvements Fund (\$1,000,000 in FY 1994 and \$3,000,000 in FY 1995); Educational Building Fund (\$4,000,000 in FY 1996 and \$700,000 in FY 1997); federal funds (\$5,700,000 in FY 1993 and \$3,300,000 in FY 1994); and private gifts and donations (\$1,000,000 in FY 1993, \$3,000,000 in FY 1994, and \$4,000,000 in FY 1995).

The House Committee recommends \$100,000 from the Educational Building Fund in FY 1996 for preliminary planning for the renovation of Beach Music Hall.

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

1. The House Committee concurs with \$28,000,000 recommended for the Farrell Library renovation and expansion, but finances the project from the proposed Kansas Special Capital Improvements Fund (\$1,000,000 in FY 1993; \$5,000,000 in FY

Agency Request/Governor's Recommendation

may occur over a longer period of time. The project would include the addition of 153,000 gross square feet of library stack space, student study areas, and staff offices and include a major renovation of the existing library facility. The addition would provide shelving growth of collections to the year 2020 and allow for the consolidation of the Math/Physics and Chemistry/-Biochemistry branches into the new complex.

The Governor's recommendation for State General Fund financing corresponds to a State General Fund reduction in the SRS budget as a result of the retroactive disproportionate share funding which is used to offset State General Fund demands in the SRS budget. The University has received student approval for financing \$5,000,000 in bonds for the project. The University has already raised \$3.2 million of the \$5.0 million in gifts and donations.

Sec. 8 and 9 – University of Kansas Medical Center

The Governor did not address this item.

Sec. 10 – Wichita State University

The Governor did not address this item.

House Committee Adjustments

1994; and \$6,400,000 in FY 1995), the Educational Building Fund (\$5,600,000 in FY 1996), gifts and donations (\$1,000,000 in FY 1993 and \$4,000,000 in FY 1994), and bonds financed by student fees (\$5,000,000 in FY 1995).

2. Lapse \$1,000,000 (Educational Building Fund) in FY 1995 for the plant sciences complex project based on a favorable bid letting.

1. Lapse \$1,000,000 (\$600,777 in FY 1994 and \$399,223 in FY 1995) from the Educational Building Fund for the new research building based on a favorable bid letting.
2. The Committee recommends \$150,000 in FY 1996 from the Educational Building Fund for preliminary planning of a new nursing education building.

1. Add \$300,000 (Educational Building Fund) in FY 1995 for preliminary planning for a new chemistry building and central energy plant expansion.
2. Add \$150,000 from the proposed Kansas Special Capital Improvements Fund in FY 1993 for ventilation improvements to McKinley Hall.

Senate Committee Adjustments

Agency Request/Governor's Recommendation

House Committee Adjustments

Senate Committee Adjustments

Sec. 11 – State Historical Society

The Governor did not address this item.

1. The House Committee recommends \$12,277,000 from Kansas Special Capital Improvements Fund for FY 1993 to construct and equip a new Center for Historical Research.

Sec. 12 – Kansas School for the Blind

The Governor did not address this item.

1. The House Committee recommends \$130,000 for FY 1993 from the State Institutions Building Fund for track completion, parking, and handicapped accessibility.
2. The House Committee recommends \$1,631,200 for FY 1993-FY 1996 from the State Institutions Building Fund for a project to renovate a building for administrative use and the planning of a student group home prototype.

Sec. 13 – Kansas State School for the Deaf

The Governor recommended in GBA No. 4 \$250,000 for FY 1993 from the State Institutions Building Fund for the renovation of the existing elementary school on campus.

1. The House Committee recommends \$6,240,000 for FY 1993-FY 1996 from the State Institutions Building Fund for the construction of a new elementary school.

Sec. 14

The bill as introduced did not include this item.

This section transfers \$54,827,000 from the Social Welfare Fund (disproportionate share) to a newly created Special Capital Improvements Fund.

Sec. 15 – Department of Administration

The Governor did not address this item.

The Committee recommends the transfer of approximately \$90,000,000 from the Social Welfare Fund (disproportionate share) to a newly created State Debt Prepayments Fund to retire the following state debt:
(1) outstanding loans authorized by the Pooled Money

Agency Request/Governor's RecommendationHouse Committee AdjustmentsSenate Committee Adjustments

Investment Board under laws effective prior to July 1, 1992 (approximately \$42.7 million); (2) certificates of participation and blanket financing payables outstanding as of June 30, 1992 (approximately \$27.0 million); and (3) agency installment purchase obligations as of June 30, 1992 (approximately \$20.3 million). Further, state agencies whose debts are retired under this section are required to continue to make payments in an amount equivalent to the amounts that would be paid if the debts had not been retired to the proposed Reimbursement of Debt Prepayments Fund for transfers to the State General Fund. For FY 1993, the transfer would be approximately \$17 million (of which \$3.3 million is already credited to the General Fund as PMIB interest income) and would decline annually as the agencies complete the required payments.

State General Fund Summary

	FY 1992 Gov Rec	FY 1992 Legis	FY 1993 Gov Rec	FY 1993 House	FY 1993 Senate	FY 1994 Gov Rec
Beginning Balance:	\$162.2	\$162.2	\$128.2	\$126.2	\$126.2	\$95.3
Lapsed Encumbrances	2.9	2.9				
Revenue:						
Consensus Revenue Estimates	2,443.7	2,443.7	2,547.1	2,547.1	2,547.1	2,649.0
Governor's Adjustments			3.9	3.9	3.9	4.2
Accelerators	9.4	9.4	13.6	13.6	13.6	
Military Retirement			(8.5)	(8.5)	(8.5)	(8.5)
School Finance			349.1	349.1	349.1	363.1
Legislative Adjustments	2.2	2.2	(5.2)	(5.2)	(5.2)	(5.4)
Subtotal Revenue	\$2,455.3	\$2,455.3	\$2,900.0	\$2,900.0	\$2,900.0	\$3,002.3
Expenditures:						
Governor's Rec	2,494.6	2,494.6	2,523.6	2,523.6	2,523.6	2,599.3
GBA #1			0.3	0.3	0.3	0.4
GBA #2			0.1	0.1	0.1	0.1
GBA #3	(2.4)	(2.4)	5.9	5.9	5.9	6.1
State Employee Pay Bill				43.6	21.2	
School Cap Imp Aid				26.5	16.5	
KPERS Payment			3.0	3.0	3.0	3.1
School Finance & KSDE			196.1	245.2	201.7	317.5
Legislative Adjustments		0.2		44.3	(40.0)	
Omnibus Adjustments		1.8		(12.5)	17.3	
Subtotal Expenditures	\$2,492.2	\$2,494.2	\$2,729.0	\$2,880.0	\$2,749.6	\$2,926.4
Ending Balance	\$128.2	\$126.2	\$299.3	\$146.3	\$276.7	\$171.2
School Finance Adjustment			(192.9)	(192.9)	(192.9)	(93.2)
Special Educ Adjustment			(11.1)	33.1	(11.1)	(11.4)
Effective Ending Balance	\$128.2	\$126.2	\$95.3	(\$13.5)	\$72.7	\$66.6
Effective Shortfall			(\$4.7)	(\$113.5)	(\$27.3)	(\$33.4)

As % of Expenditures 5.1% 5.1% 11.0% 5.1% 10.1% 5.9%

Notes:

The Senate and House versions reflect the conference committee agreements and their respective versions of remaining issues.

Revenue Accelerators are assumed as in the current version of the bill.

The school finance adjustment is the amount of carry forward required for the next year funding.

The special education adjustment is an adjustment to reflect 80 percent funding for all parties.

The effective shortfall assumes passage of SB 539 reducing SGF balance requirements to \$100.0 million.

SWAM
 May 6, 1992
 Attachment 3
 Division of the Budget

House Position (\$151.0 million in overspending)

SRS - Amount above Governor's recommendation	\$51.6
2.5% COLA unfunded salary adjustment	22.4
HB 2835 - Current school bond & interest aid	26.5
Special Education at 100% of excess cost	33.1
Other overspending	17.4
Total Overspending	\$151.0

Senate Position (\$20.6 in overspending)

SRS - Savings below Governor's recommendation	(\$12.2)
Special Education savings at 73% of excess cost	(11.4)
HB 2835 - Current school bond & interest aid	16.5
Other overspending	27.7
Total Overspending	\$20.6

Note: Special Education calculations are based on the Governor's revised recommendation for 80% funding of excess cost.

SELECTED DEBT OBLIGATIONS

(Thousands of Dollars)

	Principal Balance 6/30/92	Callable **	FY 1993 Debt Service	
			General Fund	All Funds
PMIB Loans Outstanding				
Purchase/Renovation of Landon SOB	\$ 11,755	Unrestricted	\$ --	\$ 1,675
State Printing Plant	2,660	Unrestricted	--	267
Correctional Industries -- Meat Packing	86	Unrestricted	--	25
KUMC Animal Research	3,830	Unrestricted	--	500
Corrections -- El Dorado and Larned	24,401	Unrestricted	2,393	2,393
Subtotal	\$ 42,732		\$ 2,393	\$ 4,860
Certificates of Participation and Master Lease Purchases				
	\$ 26,956 *	***	\$ 715	\$ 9,722
Other Agency Installment Purchase Obligations				
	\$ 20,321 *	Varies	\$ 253	\$ 2,944
KDFA Financing				
Wichita State Office Building	\$ 3,930	Callable	\$ 135	\$ 135
Capital Improvements -- Department of Administration	1,255	8-1-95	--	165
Energy Conservation	4,410	3-1-97	572	572
KBI Office Building	3,685	4-1-95	319	319
Insurance Department	1,765	8-1-97	132	37
Correctional Facility	32,795	8-1-95	3,490	3,490
Larned Mental Health Correctional Facility	13,920	2-1-96	1,453	1,453
Wichita Work Release	1,680	8-1-96	164	164
Ellsworth Facility (B)	10,025	8-1-98	700	700
Ellsworth Facility (C)	7,515	8-1-95	1,013	1,013
			<u>11,339</u>	<u>25,574</u>

* Total agency obligations, including both principal and interest as of June 30, 1991.

** Premium may be required.

*** 1986 COP -- can prepay without penalty -- pays off May, 1993.
 1987 COP -- can prepay after April, 1992 without penalty.
 MLP -- 2 percent prepayment penalty.