

Approved: 2/16/95
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 1:30 p. m. on February 13, 1995 in Room 514-S of the Capitol.

All members were present except: Representative Gross, excused

Committee staff present: Alan Conroy, Legislative Research Department
Pat Mah, Legislative Research Department
Patricia Pierron, Legislative Research Department
Kathy Porter, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Jim Wilson, Revisor of Statutes
Lenore Olson, Committee Secretary

Conferees appearing before the committee:
None

Others attending: See attached list

Subcommittee reports were given on appropriations for elected state officials for FY 95 and FY 96 contained in HB 2234 and HB 2085.

HB 2234 - Appropriations for FY 95, supplemental appropriations for various state agencies.

SB 2085 - Appropriations for FY 96, legislative agencies, governor's department, lieutenant governor, attorney general, secretary of state, state treasurer, insurance dept.

Representative Gatlin presented the subcommittee reports for FY 95 and FY 96 for the Office of the Secretary of State (Attachment 1). A motion was made by Representative Helgerson, seconded by Representative Gatlin to amend the subcommittee report to have the Division of Budget review the estimated implementation costs of the National Motor Voter Registration Act upon the State and counties, and to attach it to the subcommittee reports as soon as it is available. The motion carried with Representative Cornfield requesting to be recorded as voting nay.

A motion was made by Representative Gatlin, seconded by Representative Carmody to adopt as amended the subcommittee reports for FY 95 and FY 96 for the Office of the Secretary of State. The motion carried.

The subcommittee reports for FY 95 and FY 96 for the Office of the Attorney General were presented by Representatives Lowther and Carmody (Attachment 2). A motion was made by Representative Allen, seconded by Representative Helgerson, to amend the subcommittee report for FY 96, subcommittee recommendation item 5, that the Governor's recommendation of \$43,975 for additional rent from the SGF for agency operations be carried forward and counted as part of the FY 96 appropriations. The motion failed with a count of 7 ayes and 12 nays.

A motion was made by Representative Carmody, seconded by Representative Lowther, to adopt the subcommittee reports for FY 95 and FY 96 for the Office of the Attorney General. The motion carried with a count of 12 ayes and 7 nays.

Representative Carmody presented the subcommittee reports for the Office of the Lieutenant Governor for FY 95 and FY 96 (Attachment 3). A motion was made by Representative Carmody, seconded by Representative Haulmark, to adopt the subcommittee reports for the Office of the Lieutenant Governor for FY 95 and FY 96. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 p.m. on February 13, 1995.

The subcommittee reports for Fy 95 and FY for the Office of the Governor were reported by Representative Carmody (Attachment 4). A motion was made by Representative Carmody, seconded by Representative Lowther, to adopt the subcommittee reports for FY 95 and FY 96 for the Office of the Governor. The motion carried.

Representative Carmody presented the committee reports for FY 95 and FY 96 for the Insurance Department (Attachment 5). A motion was made by Representative Carmody, seconded by Representative Gatlin, to adopt the subcommittee reports for FY 95 and FY 96 for the Insurance Department. The motion carried.

The committee reports for FY 95 and FY 96 for the Health Care Stabilization Fund Board of Governors was presented by Representative Gatlin (Attachment 6). A motion was made by Representative Gatlin, seconded by Representative Carmody, to adopt the committee reports for FY 95 and FY 96 for the Health Care Stabilization Fund Board of Governors. The motion carried.

Representative Carmody presented the subcommittee reports for FY 95 and FY 96 for the State Treasurer (Attachment 7). A motion was made by Representative Cornfield, seconded by Representative Haulmark to amend the subcommittee report for FY 96 for the State Treasurer, to remove the 2.0 FTE positions for the Unclaimed Property Program. The motion carried with a count of 11 ayes and 10 nays.

A motion was made by Representative Gatlin, seconded by Representative Lowther, to adopt as amended the subcommittee reports for FY 95 and FY 96 for the State Treasurer. The motion carried.

Representative Wilk presented the subcommittee reports for the Legislative Coordinating Council (LCC) for FY 95 and FY 96 (Attachment 8). A motion was made by Representative Wilk, seconded by Representative Reinhardt, to adopt the subcommittee reports for FY 95 and FY 96 for the LCC. The motion carried.

The subcommittee reports for FY 95 and FY 96 for the Kansas Legislative Research Department (KLRD) were presented by Representative Wilk (Attachment 9). A motion was made by Representative Wilk, seconded by Representative Reinhardt, to adopt the subcommittee reports for FY 95 and FY 96 for the KLRD. The motion carried.

Representative Reinhardt presented the subcommittee reports for FY 95 and FY 96 for the Office of the Revisor of Statutes (Attachment 10). A motion was made by Representative Reinhardt, seconded by Representative Wilk, to adopt the subcommittee reports for FY 95 and FY 96 for the Office of the Revisor of Statutes. The motion carried.

Representative Reinhardt presented the subcommittee reports for FY 95 and FY 96 for the Division of Post Audit (Attachment 11). A motion was made by Representative Reinhardt, seconded by Representative Wilk, to adopt the subcommittee reports for FY 95 and FY 96 for the Division of Post Audit. The motion carried.

Representatives Wilk and Allen presented the subcommittee reports for FY 95 and FY 96 for the Legislature (Attachment 12).

The Committee recessed and 3:40 p.m. and reconvened at 5:00 p.m.

Staff distributed a corrected copy of page 2, item 5 of the subcommittee report for FY 96 for the Legislature (Attachment 13). A motion was made by Representative Bradley, seconded by Representative Carmody, to amend the FY 96 subcommittee report, to eliminate \$208,000 for out-of-state subsistence and mileage for legislators, leadership staff, and chamber staff, \$84,849 dues for the National Conference of State Legislatures (NCSL), and \$72,500 dues for the Council of State Governments (CSG.)

Representative Wilk requested the question be divided and the out-of-state travel and the dues be considered separately. Representative Hochhauser requested the question be further divided to consider the NCSL dues as a separate item. A vote was taken to remove the NCSL dues for FY 96 and the motion carried.

The Chair directed the Committee to return to the part of the motion to amend the subcommittee report for FY 96 to remove the CSG dues. a vote was taken and the motion to amend carried.

The Chair directed the Committee to return to the part of the motion to amend the subcommittee report for FY 96 to remove the funds for the out-of-state travel. A vote was taken and the motion to amend carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 p.m. on February 13, 1995.

A motion was made by Representative Nichols, seconded by Representative Helgerson, to amend the subcommittee report for FY 96 for the Legislature, to remove exemptions 1 through 5 on page 3 regarding LCC expenditures.

A substitute motion was made by Representative Haulmark, seconded by Representative Carmody to strike exemption 2 only (payment of dues and other expenses related to membership in national governmental organizations) on page 3 of FY 96 subcommittee report for the Legislature. The substitute motion failed with a count of 8 ayes and 10 nays.

The Chair directed the Committee to return to the motion by Representative Nichols. The motion failed.

A motion was made by Representative Dean, seconded by Representative Cornfield, to add to the subcommittee report for FY 96 for the Legislature a proviso that any legislator who lives within 30 miles of the State Capitol building is not eligible for any per diem subsistence. After Committee discussion, Representative Dean, with the approval of Representative Cornfield, modified his motion to within 50 miles of the State Capitol building. The motion failed.

A motion was made by Representative Neufeld, seconded by Representative Hochhauser, to amend the subcommittee report for FY 96 for the Legislature to allocate a total of \$165,000 for travel expenses, a ceiling of \$1,000 for each member of the Legislature who submits receipts for travel expenses for out of state travel. The motion carried.

A letter from the Division of Post Audit on cost estimates for audits was distributed to the Committee (Attachment 14).

A motion was made by Representative Allen, seconded by Representative Helgerson, to amend the previously adopted subcommittee report for FY 96 for the Division of Post Audit by removing \$27,121 for contractual expenditure requests for audits. The motion carried.

A motion was made by Representative Allen, seconded by Representative Wilk to adopt as amended the subcommittee reports for FY 95 and FY 96 for the Legislature. The motion carried. Representative Gatlin requested to be recorded as voting nay on the Legislative budget.

A motion was made by Representative Carmody, seconded by Representative Helgerson, to pass favorably as amended HB 2085. The motion carried.

A letter from Sally Thompson, State Treasurer, in reply to the Post Audit item on the exchange of securities was distributed (Attachment 15).

A motion was made by Representative Cornfield, seconded by Representative Carmody, to approve the minutes of February 7 and February 9, 1995. The motion carried.

The meeting adjourned at 6:20 p.m.

The next meeting is scheduled for February 14, 1995.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2/13/95

NAME	REPRESENTING
Neil Woerman	Attorney General
Amy Howell	Intern
James Crawford	Intern
BOB HAYES	HCSF
David B. Dallam	Div of Budget
Sabrina Wells	Div of Budget
Kathy Sexton	"
Jessica Simon	State Treasury
Roger Franke	Ks gov. Consulting
Alan Holne	Division of Budget
Paul Hinton	Post Audit
Kathy M. Sachs	Secretary of State
Randy Mathe	KS INS. DEPT.
Jama Wagner	STO

SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. --

Bill Sec. --

Analyst: Pierron

Analysis Pg. No. 242

Budget Page No. 455

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	1,491,446	1,485,548	0
Other Special Revenue Funds	1,087,684	1,085,932	0
TOTAL	\$ 2,579,130	\$ 2,571,480	\$ 0
FTE Positions	60.0	60.0	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	60.0	60.0	0.0

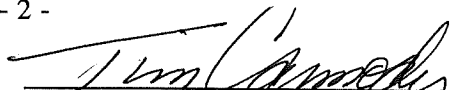
Agency Estimate/Governor's Recommendation

The agency estimates FY 1995 expenditures of \$2,579,130, a reduction of \$185,031 from the amount approved by the 1994 Legislature as adjusted by State Finance Council action. The reductions are in the area of salaries and wages (\$168,602), contractual services (\$21,152) and commodities (\$3,314). The reductions are offset by an increase in capital outlay of \$8,037. The agency's FY 1995 revised estimate from the State General Fund totals \$1,491,446, an increase of \$2,475 from the amount approved by the 1994 Legislature. No State General Fund supplemental appropriation is necessary to cover the additional expenditures since the agency has available State General Fund monies of \$29,194 due to underspending in FY 1994. Special revenue fund expenditures are estimated at \$1,087,684 for FY 1995, a reduction of \$187,506 from the amount approved. For FY 1995 the Governor recommends total operating expenditures of \$2,571,480 or \$7,650 less than the agency requested. The Governor adjusts health insurance rates downward in the current year.

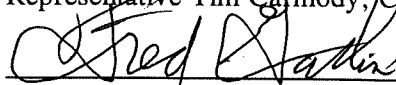
House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Governor.

*2/13/95
Appropriations Cmtte
Attachment 1*

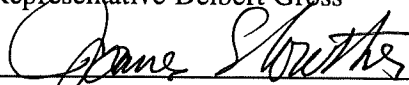


Representative Tim Carmody, Chair



Representative Fred Gatlin

Representative Delbert Gross



Representative James Lowther

SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. 2085

Bill Sec. 8

Analyst: Pierron

Analysis Pg. No. 242

Budget Page No. 455

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,495,219	\$ 1,490,775	\$ (29,576)
Special Revenue Funds	1,417,531	1,087,956	(22,601)
TOTAL	<u><u>\$ 2,912,750</u></u>	<u><u>\$ 2,578,731</u></u>	<u><u>\$ (52,177)</u></u>

FTE Positions

Agency Request/Governor's Recommendation

For FY 1996, the Secretary of State requests expenditures of \$2,912,750, an increase of \$333,620 over the revised FY 1995 estimate. The request includes funding of \$1,495,219 from the State General Fund (an increase of \$3,733 from the revised FY 1995 amount), and \$1,417,531 from special revenue funds (an increase of \$329,847 from the revised FY 1995 estimate). The agency's FY 1996 request also includes fee fund expenditures of \$337,000 for a UCC optical disk image system. Approximately \$63,000 in additional funding would also be required to implement this system.

For FY 1996, the Governor recommends a total of \$2,578,731, a decrease of \$334,019 below the amount requested by the agency. For FY 1996, the Governor recommends the funds to provide unclassified merit of 3.5 percent instead of 2.5 percent that the agency requested.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Governor, with the following observations:

1. The Subcommittee notes that the agency did not request nor did the Governor recommend the estimated \$1.5 million State General Fund appropriation that would be necessary to implement the statutorily required Presidential Primary. The Subcommittee therefore recommends that the statute be repealed. If this action is not taken then funding for the Presidential Primary would need to be addressed in the Omnibus Session.
2. The Subcommittee has reviewed the agency request and the Governor's recommendation for an Optical Disc Imaging System and the agency's two fee funds that would be used to pay for the system. The Subcommittee notes that the agency has been requesting stages of this system since 1990, and continuing the policy of prior

years, also agrees that the agency has amassed adequate funds to purchase this stage of the system at this time. The tables below show the status of the fee funds after payment for the Optical Disc Imaging System:

	<u>FY 1991</u> <u>Actual</u>	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Revised</u>	<u>FY 1996</u> <u>Request</u>
Beginning Balance	\$ 66,203	\$ 3,843	\$ 16,951	\$ 20,138	\$ 89,987	\$ 172,975
Receipts	356,982	380,215	359,088	432,869	432,869	375,000
Expenditures	419,342	367,107	355,901	363,020	349,881	499,170
Balance Forward	\$ 3,843	\$ 16,951	\$ 20,138	\$ 89,987	\$ 172,975	\$ 48,805


	<u>FY 1991</u> <u>Actual</u>	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Revised</u>	<u>FY 1996</u> <u>Request</u>
Beginning Balance	\$ 58,858	\$ 31,018	\$ 62,818	\$ 28,330	\$ 76,736	\$ 147,582
Receipts	910,876	716,317	581,409	612,333	612,333	612,333
Expenditures	938,716	684,517	615,897	563,927	541,487	715,840
Balance Forward	\$ 31,018	\$ 62,818	\$ 28,330	\$ 76,736	\$ 147,582	\$ 44,075

3. The Subcommittee notes that it inquired as to the move of the agency offices and that the agency is progressing on this matter but that it will not be an issue in FY 1996.
4. The Subcommittee notes that it inquired as to the costs of the National Motor Voter Registration Act upon the State and counties. The agency provides the following information that explains and details those costs.

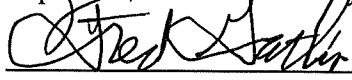
First-year estimated costs for the Secretary of State's Office are \$76,500. First-year estimated costs for counties are \$887,500. First-year estimated costs for other state agencies are \$631,251. These costs are detailed in the attached document provided by the Secretary of State's Office and are based upon the following assumptions:

- The state pays for first-year start up costs and continuing annual costs for affected state agencies.
- Each state agency budgets and secures funding for itself.
- The state pays for counties' first-year start up costs.
- The counties pay for the continuing annual costs attributed to increased registration, including postage, personnel, printing, and ballot preparation, among other administrative expenses.
- The plan is for a computerized, automated transfer of motor voter data.

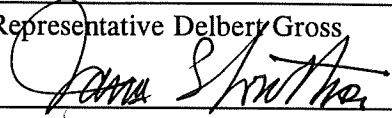
5. Delete \$52,177 for unclassified merit pay; \$29,576 from the State General Fund and \$22,601 from other agency funds.



Representative Tim Carmody, Chair



Representative Fred Gatlin

Representative Delbert Gross


Representative James Lowther

**SECRETARY OF STATE BUDGET
NATIONAL VOTER REGISTRATION ACT**

Printing	FEC Cards (75,000)	\$	42,000
	State Cards (100,000)		8,000
	Manuals		8,000
NCOA			12,500
Training/Travel			6,000
TOTAL		\$	<u>76,500</u>

**National Voter Registration Act of 1993
Budget Estimates
January 17, 1995**

	Implementation Costs	Annual Costs
County Costs		
State funding is sought for certain first-year costs associated with the electronic transfer of data to county election officers. No funding is being sought for county annual costs.		
a. PC Software Software to receive and process motor-voter data from DMV.	\$40,000	0
b. Computer/Communication Hardware PC/Modem/Laser printer/Communication software, installation and support. To process and print captured motor-voter data from DMV onto 5" x 8" cards at each of 105 locations.	\$367,500	0
c. PC Support on System 36/400 (Licensing fees) Software that resides on System 36 or 400 to allow communication with the PC. Fees vary depending on whether the county already has PC support software and how many users are licensed for PC support.	\$105,000	0
d. Computer programming to upload/download data between PC and System 36 or 400 Provides for the integration of captured DMV data into the current voter registration file. Each county will determine how to combine the records. Some will manually re-enter the data, however, most will want to acquire software that will automatically assign information such as ward and precinct, check for duplication and allow for edit screens.	\$200,000	0
e. File Cabinets To accommodate 5" x 8" cards for active records.	\$175,000	0
County Total	\$887,500	0

NOTE: State Agency Costs \$707,751 \$759,283
 Each state agency will prepare its own budget and request its own appropriations. The state estimates were provided in December of 1993. See exhibit attached.

1-97

Office of the Secretary of State
 County Budget Estimate for
 National Voter Registration
 1/18/95

	File Cabinets	Computer Programming	PC Support	Grand Total
Allen	\$900.00	\$500.00	\$0.00	\$1,400.00
Anderson	\$150.00	\$400.00	\$900.00	\$1,450.00
Atchison	\$955.70	\$400.00	\$0.00	\$1,355.70
Barber	\$500.00	\$750.00	\$1,000.00	\$2,250.00
Barton	\$0.00	\$4,000.00	\$500.00	\$4,500.00
Bourbon	\$550.00	\$1,000.00	\$1,500.00	\$3,050.00
Brown	\$842.00	\$400.00	\$900.00	\$2,142.00
Butler	\$1,300.00	\$3,000.00	\$1,000.00	\$5,300.00
Chase	\$300.00	\$400.00	\$900.00	\$1,600.00
Chautauqua	\$500.00	\$400.00	\$900.00	\$1,800.00
Cherokee	\$450.00	\$800.00	\$500.00	\$1,750.00
Cheyenne	\$100.00	\$0.00	\$900.00	\$1,000.00
Clark	\$300.00	\$0.00	\$600.00	\$900.00
Clay	\$275.00	\$1,000.00	\$100.00	\$1,375.00
Cloud	\$500.00	\$0.00	\$600.00	\$1,100.00
Coffey	\$800.00	\$500.00	\$500.00	\$1,800.00
Comanche	\$120.00	\$0.00	\$240.00	\$360.00
Cowley	\$750.00	\$250.00	\$0.00	\$1,000.00
Crawford	\$0.00	\$800.00	\$0.00	\$800.00
Decatur	\$100.00	\$400.00	\$0.00	\$500.00
Dickinson	\$400.00	\$0.00	\$3,500.00	\$3,900.00
Doniphan	\$120.00	\$400.00	\$0.00	\$520.00
Douglas	\$150.00	\$0.00	\$0.00	\$150.00
Edwards	\$290.00	\$475.00	\$1,000.00	\$1,765.00
Elk	\$250.00	\$400.00	\$900.00	\$1,550.00
Ellis	\$3,200.00	\$2,000.00	\$0.00	\$5,200.00
Ellsworth	\$300.00	\$400.00	\$0.00	\$700.00
Finney	\$1,000.00	\$0.00	\$0.00	\$1,000.00
Ford	\$356.45	\$500.00	\$400.00	\$1,256.45
Franklin	\$800.00	\$400.00	\$900.00	\$2,100.00
Geary	\$500.00	\$400.00	\$0.00	\$900.00
Gove	\$140.00	\$750.00	\$2,000.00	\$2,890.00

	File Cabinets	Computer Programming	PC Support	Grand Total
Graham	\$250.00	\$1,000.00	\$0.00	\$1,250.00
Grant	\$500.00	\$0.00	\$0.00	\$500.00
Gray	\$303.80	\$0.00	\$0.00	\$303.80
Greely	\$350.00	\$400.00	\$900.00	\$1,650.00
Greenwood	\$420.00	\$2,000.00	\$1,000.00	\$3,420.00
Hamilton	\$200.00	\$0.00	\$0.00	\$200.00
Harper	\$150.00	\$1,200.00	\$0.00	\$1,350.00
Harvey				\$0.00
Haskell	\$350.00	\$0.00	\$0.00	\$350.00
Hodgeman	\$100.00	\$400.00	\$900.00	\$1,400.00
Jackson	\$300.00	\$400.00	\$0.00	\$700.00
Jefferson	\$955.70	\$0.00	\$1,370.00	\$2,325.70
Jewell	\$600.00	\$400.00	\$900.00	\$1,900.00
Johnson	\$36,000.00	\$0.00	\$0.00	\$36,000.00
Kearny	\$750.00	\$0.00	\$4,000.00	\$4,750.00
Kingman	\$189.00	\$3,000.00	\$500.00	\$3,689.00
Kiowa	\$43.99	\$400.00	\$0.00	\$443.99
Labette	\$4,000.00	\$600.00		\$4,600.00
Lane	\$0.00	\$150.00	\$554.00	\$704.00
Leavenworth	\$750.00	\$400.00	\$900.00	\$2,050.00
Lincoln	\$250.00	\$400.00	\$0.00	\$650.00
Linn	\$300.00	\$400.00	\$0.00	\$700.00
Logan	\$70.00	\$400.00	\$900.00	\$1,370.00
Lyon	\$2,000.00	\$600.00	\$0.00	\$2,600.00
Marion	\$0.00	\$1,500.00	\$2,500.00	\$4,000.00
Marshall	\$604.50	\$400.00	\$0.00	\$1,004.50
McPherson	\$800.00	\$400.00	\$0.00	\$1,200.00
Meade	\$150.00	\$400.00	\$900.00	\$1,450.00
Miami	\$2,000.00	\$3,700.00	\$0.00	\$5,700.00
Mitchell	\$0.00	\$1,000.00	\$0.00	\$1,000.00
Montgomery	\$5,500.00	\$0.00	\$0.00	\$5,500.00
Morris	\$0.00	\$0.00	\$0.00	\$0.00
Morton	\$500.00	\$600.00	\$0.00	\$1,100.00
Nemaha	\$225.00	\$400.00	\$1,900.00	\$2,525.00
Neosho	\$956.00	\$400.00	\$900.00	\$2,256.00
Ness	\$100.00	\$750.00	\$0.00	\$850.00
Norton	\$274.00	\$750.00	\$0.00	\$1,024.00

	File Cabinets	Computer Programming	PC Support	Grand Total
Osage	\$800.00	\$1,000.00	\$1,500.00	\$3,300.00
Osborne	\$600.00	\$400.00	\$0.00	\$1,000.00
Ottawa	\$150.00	\$1,000.00	\$0.00	\$1,150.00
Pawnee	\$700.00	\$1,000.00	\$0.00	\$1,700.00
Phillips	\$0.00	\$400.00	\$0.00	\$400.00
Pottawatomie	\$500.00	\$2,000.00	\$500.00	\$3,000.00
Pratt	\$600.00	\$400.00	\$0.00	\$1,000.00
Rawlins	\$850.00	\$0.00	\$500.00	\$1,350.00
Reno				\$0.00
Republic	\$100.00	\$500.00	\$0.00	\$600.00
Rice	\$250.00	\$750.00	\$1,000.00	\$2,000.00
Riley	\$660.00	\$400.00	\$0.00	\$1,060.00
Rooks	\$750.00	\$750.00	\$1,000.00	\$2,500.00
Rush	\$1,600.00	\$1,000.00	\$0.00	\$2,600.00
Russell	\$0.00	\$0.00	\$2,000.00	\$2,000.00
Saline	\$0.00	\$0.00	\$0.00	\$0.00
Scott	\$50.00	\$400.00	\$0.00	\$450.00
Sedgwick	\$46,800.00	\$116,500.00	\$43,700.00	\$207,000.00
Seward	\$206.00	\$400.00	\$0.00	\$606.00
Shawnee	\$18,000.00	\$7,000.00	\$0.00	\$25,000.00
Sheridan	\$85.00	\$400.00	\$0.00	\$485.00
Sherman	\$69.00	\$400.00	\$900.00	\$1,369.00
Smith	\$1,000.00	\$750.00	\$1,000.00	\$2,750.00
Stafford	\$0.00	\$750.00	\$1,000.00	\$1,750.00
Stanton	\$300.00	\$0.00	\$0.00	\$300.00
Stevens	\$250.00	\$0.00	\$0.00	\$250.00
Sumner	\$1,000.00	\$4,000.00	\$1,000.00	\$6,000.00
Thomas	\$220.00	\$500.00	\$500.00	\$1,220.00
Trego	\$205.35	\$400.00	\$0.00	\$605.35
Wabaunsee	\$0.00	\$400.00	\$900.00	\$1,300.00
Wallace	\$500.00	\$400.00	\$900.00	\$1,800.00
Washington	\$275.00	\$1,000.00	\$150.00	\$1,425.00
Wichita	\$55.00	\$400.00	\$0.00	\$455.00
Wilson	\$400.00	\$400.00	\$0.00	\$800.00
Woodson	\$50.00	\$400.00	\$0.00	\$450.00
Wyandotte	\$20,000.00	\$10,000.00	\$10,000.00	\$40,000.00
TOTAL	\$173,866.49	\$197,275.00	\$104,414.00	\$475,555.49

Figures provided by counties to the Secretary of State's Office, November 1994 - January 1995.

1-10

Office of the Secretary of State
 NVRA Advisory Panel
 Implementation Estimates
 Estimates provided in December of 1993

Agency	Date	Estimate	Annual
KS. House of Rep. Office of Minority Leader	12/15/93	\$0	\$0
KS. Human Rights Commission	12/15/93	\$101,188	\$92,345
KS. Division of the Budget		NR	NR
Sedgwick County Election Commissioner		NR	NR
KS. Department of Health & Environment	11/29/93	\$0	\$0
KS. Department of Human Resources	11/29/93	\$605	\$520
Office of Senator Robert Dole		NR	NR
KS. County Treasurers Association		NR	NR
U.S. Postal Service		NR	NR
KS. House of Representatives Office of the Speaker		NR	NR
KS. Senate, Office of the Minority Leader		NR	NR
Office of Senator Nancy Kassebaum		NR	NR
Office of Representative Jim Slattery		NR	NR
ADA State Coordinator	12/6/93	\$0	\$0
Kansas Department of Revenue	12/8/93	\$25,058	\$153,316
Division of Information Systems and Communications		NR	NR
Kansas Secretary of State	12/8/93	\$76,500	\$96,500
Social and Rehabilitation Services	12/27/93	\$449,900	\$383,387
Kansas Department on Aging	12/15/93	\$500	\$2,215
Kansas Senate Office of the President		NR	NR
County Treasurers	12/6/93	\$54,000	\$31,000
Advisory Panel Totals		\$707,751	\$759,283

Rev 3/14/94

NR=No Response

1-11

SUBCOMMITTEE REPORT

Agency: Attorney General

Bill No. 2234

Bill Sec. 24

Analyst: Rampey

Analysis Pg. No. 232

Budget Page No. 85

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 4,781,506	\$ 5,235,011	\$ (500,000)
Aid to Local Units	1,574,144	1,574,144	0
Other Assistance	3,620,400	3,600,000	0
TOTAL	<u>\$ 9,976,050</u>	<u>\$ 10,409,155</u>	<u>\$ (500,000)</u>
State General Fund:			
State Operations	\$ 3,637,945	\$ 4,094,361	\$ (500,000)
FTE Positions	68.0	68.0	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>68.0</u>	<u>68.0</u>	<u>0.0</u>

Agency Overview

The Office of the Attorney General consists of 68.0 FTE positions, including the Attorney General. The approved budget for FY 1995 was described by the former Attorney General as a maintenance budget because he did not want to make decisions that would bind his successor who took office the second half of the fiscal year. However, General Stephan informed the 1994 Legislature that, in his opinion, there was a need to add more staff and to find additional office space. Both of those issues are addressed in the FY 1996 budget. The FY 1996 budget also has been revised slightly since it was submitted, in part to reflect the priorities of the new Attorney General.

Agency Estimate/Governor's Recommendation

The Attorney General estimates total expenditures of \$9,976,050 for FY 1995, of which \$3,637,945 is from the State General Fund (SGF). The amount from the SGF exceeds the amount approved by the 1994 Legislature by \$60,000. The additional amount, for which a supplemental appropriation is requested, is for expenses related to charges the Attorney General has filed against former Insurance Commissioner Fletcher Bell. Following a report by the Kansas Bureau of Investigation in FY 1994 concerning a worker's compensation claim, the Attorney General contracted with prosecutors with expertise in worker's compensation. The requested supplemental appropriation is for expenses connected with three or four weeks of hearings or trial time, including payment for preparation work; fees for expert witnesses; transcripts; and other costs. The Attorney General requests that the money be included in the emergency supplemental appropriations bill. (Staff Note: There is a separate fund in the Attorney General's budget for litigation costs associated with special prosecutions. The amount of money appropriated to the fund by the 1994 Legislature is \$12,000.) Included in the FY 1995 budget are costs

*2/13/95
Appropriations Cmte
Attachment 2*

associated with the transition to a new Attorney General. These costs, estimated to be under \$5,000, are mainly for travel and office equipment. They will be absorbed as part of the agency's regular operating expenses. (The Attorney General, like the other state-level elected officials, is automatically authorized to spend any reappropriation from the SGF from the prior year. The reappropriation from FY 1994 to FY 1995 was \$60,066, which gives the Attorney General some flexibility to absorb additional expenses.)

For FY 1995, the Governor recommends a total of \$10,409,155, an increase of \$433,105 above the estimate of \$9,976,050. The Governor approves the requested supplemental appropriation of \$60,000 for litigation relating to the investigation of the former Insurance Commissioner and adds another supplemental appropriation of \$500,000 for water litigation. The purpose of the Governor's recommendation with regard to water litigation (for which he provides no additional funding in FY 1996) is to recognize that it is difficult for the agency to predict when various court-related activities will take place and to make money available in the current year that can be carried over to FY 1996 to pay for expenses when they occur.

The Governor changes the policy relating to the use of reappropriated balances by elected state officials and uses part of the balance to finance his recommendations for the current year. Balances remaining at the end of FY 1995 (estimated to be \$43,584) are used to fund the budget in FY 1996.

House Subcommittee Recommendation

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

1. Delete the \$500,000 supplemental appropriation recommended by the Governor for water litigation that was not part of the Attorney General's request. The Attorney General has \$733,594 available in the current year for water litigation, which is expected to be adequate to cover estimated expenses. The \$500,000 added by the Governor brings the total to \$1,233,594, an amount the Attorney General does not believe will be needed. Although the Governor's recommendation is to carry any unspent money forward to FY 1996, it is the Subcommittee's opinion that it is more reasonable to appropriate funds for the year in which they most likely will be spent. Therefore, the Subcommittee deletes the \$500,000 added by the Governor in FY 1995 and recommends that it be appropriated for FY 1996.

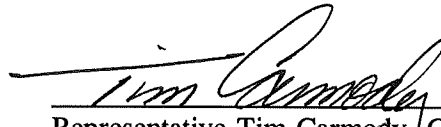
Shown below is the anticipated schedule of activities and costs related to the water litigation in FY 1995 and FY 1996:

FY 1995 Revised Kansas v. Colorado Budget and Schedule

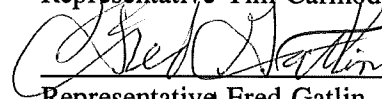
Month	Amount	Anticipated Activity
July	\$ 10,195	Actual expenses
August	23,399	Actual and approximate expenses
September	35,000	Exception/briefing; data collection
October	80,000	Exceptions/briefing; data; model; choose economics expert
November	90,000	Exceptions/briefing; data; model; economic work
December	95,000	Exceptions/briefing; data; model; economic work; Arkansas River Compact Administration (ARCA)
January	80,000	Prepare court argument; data; economic work
February	80,000	Present court argument; data; economic work
March	60,000	Economic work; model update; data
April	60,000	Economic work; model update; data
May	60,000	Analyze court decision; prepare next phrase; economic work
June	60,000	Amend complaint, prep., next phase; economic work
TOTAL	\$ 733,594	

FY 1996 Kansas v. Colorado Budget and Schedule

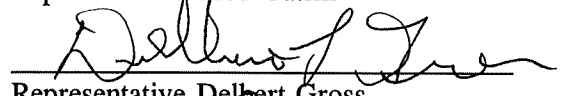
July	\$ 110,000	Status/schedule conference; expert opinion preparation
August	120,000	Discovery
September	110,000	Discovery
October	110,000	Trial preparation
November	200,000	Trial (Trinidad, 1985-present, damages, decree)
December	120,000	Trial preparation; ARCA meeting
January	320,000	Trial; special master assessment
February	110,000	Trial; preparation proposed decree/judgment
March	70,000	Argument/briefing on trial issues
April	45,000	Briefing
May	25,000	Follow-up with special master
June	55,000	Review draft special master report; brief
TOTAL	\$ 1,395,000	



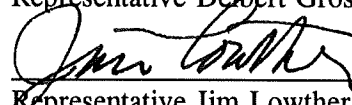
Representative Tim Carmody, Chair



Representative Fred Gatlin



Representative Delbert Gross



Representative Jim Lowther

SUBCOMMITTEE REPORT

Agency: Attorney General

Bill No. 2085

Bill Sec. 7

Analyst: Rampey

Analysis Pg. No. 232

Budget Page No. 85

Expenditure Summary	Agency Request FY 96	Governor's Recommendation FY 96	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 5,834,061	\$ 4,027,227	\$ 463,904
Aid to Local Units	1,643,644	1,551,805	0
Other Assistance	3,792,325	3,392,900	0
TOTAL	\$ 11,270,030	\$ 8,971,932	\$ 463,904
State General Fund			
State Operations	\$ 4,877,896	\$ 2,882,466	\$ 568,675
FTE Positions	68.0	68.0	2.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	68.0	68.0	2.0

Agency Request/Governor's Recommendation

The Attorney General has budgeted expenditures of \$11,270,030 in FY 1996, of which \$4,877,896 is from the SGF. The request includes funding for 10.0 FTE new positions and money to rent new office space in addition to the agency's main office at the Judicial Center. Also included is \$1,395,000 (revised downward after the budget was submitted to \$750,000) for on-going costs associated with the *Kansas v. Colorado* water litigation. Salaries for the requested new positions are estimated to be \$315,168 (excluding fringe benefits), plus \$73,550 for office furniture, equipment, and supplies associated with the positions (of which \$71,300 would be from the SGF). The move, necessary if the new positions are approved, is expected to cost a total of \$49,975 (\$6,000 for moving expenses and \$43,975 for additional rent, all from the SGF). Since the original budget document was submitted, some revisions have been made by the new Attorney General. In addition, the relative importance of some of the items has been shifted to reflect her priorities.

The Governor recommends expenditures of \$8,971,932, a reduction of \$2,298,098 from the agency's request. Most of the reduction is associated with three items. First, the Governor does not recommend an additional appropriation for water litigation in FY 1996 (\$750,000 was requested). Instead, he adds \$500,000 in the current year, for a total available of \$1,233,594, some of which most likely will be carried forward and used in FY 1996. Second, the Governor recommends only two of the ten new positions requested, which results in lower costs for salaries. Although specific areas of reductions are unspecified, it seems apparent that the Governor does not include any of the costs associated with new office space and moving expenses. In addition, the Governor reduces expenditures associated with the Crime Victims Compensation Board by \$488,329 (from \$4,129,591 to \$3,641,262) in order to stay within available resources.

House Subcommittee Recommendations


The House Subcommittee concurs with the Governor, with the following exceptions:

1. Delete \$84,988, including \$76,004 from the SGF, based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$81,934); classified step movement (\$1,892); a one percent base adjustment for classified employees (\$620); and the longevity bonus (\$542) from individual agency budgets.
2. Add \$28,661 for salaries and benefits and \$42,000 for associated operating costs, for a total of \$70,661 from the SGF, to the Governor's recommendation for 2.0 FTE new positions. (The Governor recommended base salaries totaling \$61,020 for the positions; the Subcommittee recommends base salaries totaling \$87,360.) The Subcommittee increases the base salary of the Assistant Attorney General position recommended by the Governor from \$39,540 to \$55,632, as requested by the Attorney General, and replaces the recommended Legal Assistant (base salary of \$21,480) with a Special Agent II (base salary of \$32,728) who would be an investigator assigned to death penalty cases. The purpose of the addition made by the Subcommittee is to strengthen the Attorney General's ability to provide assistance to local units that will be faced with death penalty and sexual predator cases.
3. Reduce estimated expenditures from the Tort Claims Fund by \$95,787. The reduction is the net effect of adding \$104,213 for the salaries and associated operating expenditures of 2.0 FTE new Assistant Attorneys General I for the litigation division and reducing expenditures for contractual services by \$200,000. (Because expenditures from the Tort Claim Funds are paid for by transfers from the SGF, the savings ultimately would be to the SGF.) Information presented by the Attorney General indicates that the workload of the litigation division has increased by 25 percent from fall, 1993, to fall, 1994. When cases involve defense of the Tort Claims Fund, it is customary for the Attorney General to contract with outside attorneys. For FY 1995 and FY 1996, it is estimated that defense costs will total \$750,000 a year. According to the Attorney General, adding two attorneys to the litigation division staff would save \$200,000 in fees paid for contracts with outside attorneys. The Subcommittee believes it would be more economical and would provide better continuity to hire permanent staff to defend the Tort Claims Fund than to pay hourly rates to attorneys on a contractual basis.
4. Add \$30,043 from the SGF in order to provide salary increases for unclassified attorneys that are comparable to salary increases for classified attorneys under the Comprehensive Classification and Job Rate Study. Because attorneys who work for the Attorney General are unclassified, they were not included in salary upgrades that occurred for their counterparts in the classified service. According to the Attorney General, the fact that these attorneys receive less pay for comparable work could make it difficult for the agency to attract and retain highly qualified employees. The Subcommittee agrees that an inequitable situation exists and recommends the additional funding in order to establish parity between unclassified and classified employees.


5. Add \$43,975 from the SGF for agency operations, which is the amount of estimated savings in the current year that will be carried forward into FY 1996. For the past several years, it has been the policy of the Governor and the Legislature to permit the Attorney General and the other state-level elected officials to use their carry-forward funds to supplement their appropriations for the following year. The Governor has departed from this policy and has reduced the amount of the FY 1996 appropriation by the reappropriated amount. The Subcommittee's recommendation would restore prior policy and give more flexibility to the Attorney General to manage the agency's resources and to reallocate savings.
6. Add \$500,000 to fund water litigation activities. As explained in the report for FY 1995, the Subcommittee shifts \$500,000 recommended by the Governor for FY 1995 to FY 1996. The Subcommittee calls attention to the fact that the Attorney General originally requested almost \$1.4 million for water litigation in FY 1996, and later revised the estimate downward to \$750,000. If the revised estimate is accurate, it is likely the Attorney General will come before the 1996 Legislature asking for a supplemental appropriation.
7. The Attorney General informed the Subcommittee that federal law requires states to have a Medicaid Fraud Control Unit as a condition of eligibility to receive federal Medicaid funding. The purpose of the unit is to investigate and prosecute provider fraud and patient abuse involving providers who receive Medicaid dollars. Federal law prohibits the state Medicaid agency, which in Kansas is the Department of Social and Rehabilitation Services (SRS), from being the fraud control unit. It is expected that Kansas will receive between \$400,000 and \$500,000 in federal funds for the federal fiscal year that begins October 1, 1995. Federal funds provide 90 percent of the cost of the units for the first three years and 75 percent thereafter. The Attorney General believes the agency can provide the 10 percent match from existing funds once the federal money is received, but is requesting \$10,000 for start-up costs prior to the receipt of the federal funds in October. The start-up funds would enable the agency to begin to form the unit so that it would be ready to operate when the federal funds are available.

The Subcommittee supports the creation of the Medicaid Fraud Control Unit within the Attorney General's Office and recommends that a fund with a "no limit" expenditure limitation be created for the purpose of receiving federal and other funds associated with the program. The Subcommittee suggests the possibility of using funds available to SRS to pay the \$10,000 start-up costs for the unit and requests that the Subcommittee reviewing the SRS budget give consideration to this expenditure. The Subcommittee requests that the Senate Subcommittee on the Attorney General's budget review this issue when the response from the SRS Subcommittee is available.
8. The Subcommittee calls attention to the fact that the Attorney General's budget for FY 1996 does not take into account any federal funding the state may receive under the Violent Crime Control Act of 1994, commonly called the Crime Bill. According to the Attorney General, few programs actually were funded in the current year and funding for the next year is highly speculative, particularly in

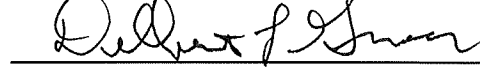
view of discussion in Congress that the Crime Bill grant programs could be changed. Because the impact of this federal legislation and associated funding will not be known until perhaps the beginning of the next fiscal year, neither the Attorney General's request nor the Subcommittee's recommendations take the legislation into account.




Representative Tim Carmody / Chair



Representative Fred Gatlin



Representative Delbert Gross




Representative Jim Lowther

SUBCOMMITTEE REPORT


H.B. 2085

FY 1995 and FY 1996

Governor's Department
Office of Lieutenant Governor




Representative Tim Carmody
Subcommittee Chairperson



Representative Fred Gatlin

Representative Delbert L. Gross



Representative James E. Lowther

2/13/95
Appropriations Cmte
Attachment 3

SUBCOMMITTEE REPORT

Agency: Office of Lieutenant Governor

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 230

Budget Page No. 409

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 120,628	\$ 117,796	\$ --
FTE Positions	3.0	3.0	--
Special Project Appointments	--	--	--

Agency Estimate/Governor's Recommendation

The revised FY 1995 budget estimate is \$28,239 less than the amount authorized by the 1994 Legislature, including the reappropriation. The Governor for FY 1995 recommends \$117,796 or \$2,832 less than the agency requested.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations with the following comment:

1. The Subcommittee notes that the agency is currently in the process of updating its computing and telecommunications capabilities. The updating includes acquisition of personal computers, networking of computers, and additional phone lines into the office. Not all of the bills have been received by the agency for the improvements. The Subcommittee recommends that the Senate Ways and Means Subcommittee for the agency review the issue to determine if additional funding might be needed in the current year.

SUBCOMMITTEE REPORT

Agency: Office of Lieutenant Governor

Bill No. 2085

Bill Sec. 6

Analyst: Conroy

Analysis Pg. No. 230

Budget Page No. 409

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 130,044	\$ 129,270	\$ (3,155)
FTE Positions	3.0	3.0	--
Special Project Appointments	--	--	--

Agency Request/Governor's Recommendation

The FY 1996 budget request totals \$130,044 of which \$98,191 (or 75.5 percent) is for salaries and benefits of the Lieutenant Governor and two staff positions and \$31,853 is for other operating expenditures, primarily for travel and communications. The Governor recommends FY 1996 expenditures of \$129,270, a reduction of \$774 below the agency's request. The Governor does reduce contractual services by \$1,900 from the \$30,153 that the agency requested to the recommendation of \$28,253. The Governor's FY 1996 recommendation for contractual services is \$397 or a 1.4 percent reduction below the recommended FY 1995 amount.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations with the following adjustment:

1. Delete \$3,155 (State General Fund) based on the recommendation to delete funding for a 3.5 percent unclassified merit pool.

SUBCOMMITTEE REPORT

Agency: Governor's Department

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 228

Budget Page No. 201

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,719,369	\$ 1,716,044	\$ --
State General Fund	1,661,011	1,657,686	
FTE Positions	28.0	28.0	--
Special Project Appointments	--	--	--

Agency Estimate/Governor's Recommendation

A revised FY 1995 budget estimate is submitted which is financed by \$1,661,011 from the State General Fund and \$58,358 from the Special Revenue Program Fund. The General Fund amount is \$195,579 less than the amount the agency is authorized to spend. The Governor recommends FY 1995 expenditures of \$1,716,044 or \$3,325 less than the request.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

*2/13/95
Appropriations Cmte
Attachment 4*

SUBCOMMITTEE REPORT

Agency: Governor's Department

Bill No. 2085

Bill Sec. 5

Analyst: Conroy

Analysis Pg. No. 228

Budget Page No. 201

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,797,184	\$ 1,807,660	\$ (37,272)
State General Fund	1,727,578	1,738,054	(37,272)
FTE Positions	28.0	28.0	--
Special Project Appointments	--	--	--

Agency Request/Governor's Recommendation

The FY 1996 budget request of the agency is financed by \$1,727,578 from the State General Fund and \$69,606 from special revenue funds. Expenditures for salaries and wages total \$1,271,209, an increase of \$89,789 or 7.6 percent above the revised FY 1995 estimate. The estimated number of positions financed for FY 1996 is 28.0, the same number as in FY 1995. Nonsalary expenses total \$525,975 or \$11,974 less than the agency requested for FY 1996. Special revenue resources of \$11,632 would be available to finance expenditures in excess of those identified in the requested budget.

The Governor recommends expenditures of \$1,807,660 for FY 1996 of which \$1,738,054 is financed from the State General Fund and \$69,606 from special revenue funds. The Governor concurs with the agency's request of financing for 28.0 FTE positions. The Governor recommends \$1,281,685 for salaries and wages, an increase of \$103,590 or 8.8 percent above the FY 1995 recommendation. Additional special revenue sources would be available as in the requested budget. The Governor recommends a 3.5 percent unclassified merit pool for all employees.

House Subcommittee Recommendation

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

1. Delete \$37,272 (State General Fund) based on the recommendation to delete funding for a 3.5 percent unclassified merit pool.
2. The Subcommittee requests that the agency report back to the 1996 Legislature on the continuing need for a branch office in Wichita. The Subcommittee notes that there is a toll-free telephone number that citizens may use to contact the agency.

SUBCOMMITTEE REPORT

Agency: Insurance Department

Bill No. --

Bill Sec. --

Analyst: Mah

Analysis Pg. No. 259

Budget Page No. 307

<u>Expenditure Summary</u>	<u>Agency Estimate FY 1995</u>	<u>Governor's Recommendation FY 1995</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 13,418,112	\$ 13,400,318	\$ 0
Local Aid	4,080,711	4,080,711	0
Other Assistance	40,718,890	40,718,890	0
Capital Improvements	240,543	240,543	0
TOTAL	\$ 58,458,256	\$ 58,440,462	\$ 0
FTE Positions	162.5	162.5	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	162.5	162.5	0.0

Agency Estimate/Governor's Recommendation

The Department became entirely fee funded in FY 1993. Prior to that time, the Department received a State General Fund appropriation for its Insurance Company Regulation program. The Department estimates total FY 1995 expenditures of \$58,458,256, an increase of \$3,684,922 from the \$54,773,334 authorized by the 1994 Legislature. With the use of actual FY 1994 data, the agency estimates that payments from the Workers' Compensation Fund will be \$3.5 million more than originally anticipated (from \$37,000,000 to \$40,500,000). Also, there is an anticipated increase of \$166,895 in aid payments to local firefighters relief associations. There is no major change in the total amount approved for the Department's state operations. However, the Department reports that moneys were shifted within its approved budget so that more will be spent on capital outlay purchases than originally anticipated. The shifted moneys will provide for additional computer equipment needed to allow staff who will be relocated soon to a new office space in another building to continue to access the agency's AS 400 computer. Additional computer equipment also is being purchased to provide for the development and installation of a computer networking system. The agency says that this is necessary so that its staff can continue to directly access the National Association of Insurance Commissioners (NAIC) records. The NAIC is converting its current database for use in a client server environment, which allows the user of information to retrieve it to a personal computer and to manipulate it to fit the needs of the user.

The Governor concurs with the agency's current year revised estimate except for a reduction of \$17,794 in salary and wage expenditures. Salaries and wages are reduced to reflect lower than originally anticipated health insurance rates. The Governor's recommendation totals \$58,440,462, including \$13,400,318 for state operations.

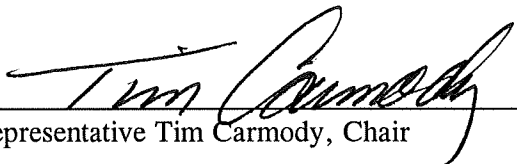
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Appropriations Cmte
Attachment 5*

House Subcommittee Recommendation

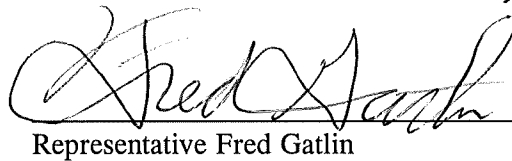
The House Subcommittee concurs with the Governor's recommendation.

Insurance Regulation Fee Fund Analysis. Around 85 percent of the agency's FTE positions are paid for from the Insurance Department Service Regulation Fund. The analysis below reflects the status of this fee fund.

<u>Resource Estimate</u>	<u>Actual FY 1994</u>	<u>Estimated FY 1995</u>
Beginning Balance	\$ 2,393,174	\$ 2,399,617
Net Receipts	5,302,562	5,629,794
Total Available	\$ 7,695,736	\$ 8,029,411
Transfer Out	173,775	260,815
Less: Expenditures	5,122,344	5,651,980
Ending Balance	<u>\$ 2,399,617</u>	<u>\$ 2,116,616</u>

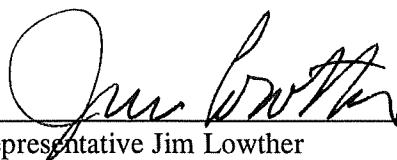


Representative Tim Carmody, Chair



Representative Fred Gatlin

Representative Delbert Gross



Representative Jim Lowther

SUBCOMMITTEE REPORT

Agency: Insurance Department

Bill No. 2085

Bill Sec. 10

Analyst: Mah

Analysis Pg. No. 259

Budget Page No. 307

<u>Expenditure Summary</u>	<u>Agency Request FY 1996</u>	<u>Governor's Recommendation FY 1996</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 14,704,644	\$ 14,489,153	\$ (97,351)
Local Aid	4,140,849	4,140,849	0
Other Assistance	42,222,861	42,222,861	0
Capital Improvements	100,044	100,044	0
TOTAL	\$ 61,168,398	\$ 60,952,907	\$ (97,351)
FTE Positions	171.2	162.5	3.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	171.2	162.5	3.0

Agency Request/Governor's Recommendation

For FY 1996, the Department requests expenditures of \$61,168,398, an increase of \$2,710,142 from the revised current year estimate of \$58,458,256. The Department requests funding for 171.2 FTE positions, an increase of 8.7 FTE positions above those approved by the 1994 Legislature. Of the 8.7 new positions requested, three are because of the law passed by the 1993 Legislature regarding positions left vacant by retirements. The law (H.B. 2211) allows up to 75 percent of the total number of retiring FTE positions within executive branch state agencies to be refilled upon approval of the Governor. The State Finance Council must approve refilling any FTE positions over the 75 percent cap. The Department estimates that out of 11.0 FTE positions filled with employees who may retire during FY 1996 and the current year, the Department may lose three. The Department says that the requested 3.0 new positions would be filled only if there is a need because of retirements. Also, costs for professional services fees are expected to increase by \$814,388 over the current year. Most of the additional expenditures would come from the Workers' Compensation Fund to pay for attorneys, physicians, ambulances, and court costs because of a continued rise in claim filings against the Fund. Although the 1993 Legislature enacted major reform to Workers' Compensation legislation, the anticipated reduction in the number of claims on moneys in the Fund due to the new legislation is not expected until after FY 1996. Therefore, an additional \$1.5 million is requested in FY 1996 over the revised current year estimate for claim payments from the Workers' Compensation Fund (from \$40.5 million to \$42.0 million).

The Governor recommends expenditures of \$60,952,907 in FY 1996, including \$14,489,153 for state operations. The Governor's recommendation is a reduction of \$215,491 from the agency's request. Salaries are reduced by \$181,600 and capital outlay by \$33,891. Most of the reductions relate to requested new positions that were not recommended by the Governor. The Governor recommended no new positions

for the agency in FY 1996. Included in the recommendation is an additional 1.0 percent salary adjustment for the agency's staff, allowing for a total base salary adjustment of 3.5 percent for classified staff and a 3.5 percent merit pool for unclassified staff.

New Positions. Besides 3.0 FTE positions (Office Assistant III, Administrative Secretary, and Storekeeper II) which are requested as new positions because of the previously mentioned 1993 H.B. 2211, the Department requests moneys for 5.7 new FTE positions. Included in the requested 5.7 new positions are: 2.0 Policy Examiner II positions to be assigned to the Consumer Assistance Division; 1.0 Attorney position to be assigned to the Legal Division and the Workers' Compensation Fund program; 0.7 Policy Examiner Trainee position to be assigned to the Fire and Casualty Division; and 2.0 Office Assistant II positions also to be assigned to the Fire and Casualty Division.

The Governor deleted the requested moneys for the 3.0 new FTE positions to replace existing positions that may be lost due to the retirement legislation. The recommendation provides for continuing the 3.0 positions as existing ones, not as new positions. The Division of the Budget is awaiting information from the agency before budget adjustments are made for one of the positions which is already vacant due to a retirement. Moneys also were deleted for the other requested 5.7 new FTE positions.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governors recommendation, with the following adjustments:

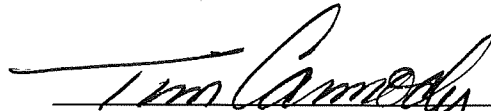
1. Add \$87,541 from the Insurance Department Regulation Fund (\$68,759) and Workers' Compensation Fund (\$18,782) for salary costs of 3.0 new FTE positions. Included in the recommendation is a 1.0 Consumer Representative position who would assist with answering phone calls and resolving consumer complaints (\$33,199). The Subcommittee was told that the number of consumer complaints has increased by 26.0 percent over the last six years. Since January of 1993, when the Department's consumer phone line referred to as "Readyline" was installed, telephone calls to the Department for assistance have risen by 12.0 percent. The recommendation also includes 1.0 limited-term FTE Attorney position to provide legal assistance on consumer complaint files, which have averaged 11,580 per year over the last four years(\$36,643). The Attorney also would assist with cases related to the Workers' Compensation Fund. As reported last year, a backlog of Workers' Compensation case filings has been created in recent years because it has been impossible for the Department's one attorney who is assigned to the Workers' Compensation Fund program to keep up with the rapid growth in the number of claims filed and added responsibilities due to legislative changes. Since a reduction in the number of claims being filed against the Workers' Compensation Fund is expected after FY 1996, the Subcommittee wants the agency to report next year on whether the recommended limited-term Attorney position is still needed. The number of claims against the Workers' Compensation Fund is expected to drop because of Workers' Compensation reform legislation enacted by the 1993 Legislature. The Subcommittee also recommends the addition of 1.0 Office Assistant II position to help the Department toward its goal of maintaining a ratio of one clerk for every 2.5 to 3.0 policy examiners (\$17,699). Currently two existing Office Assistants are having to support ten policy examiners. While the

Department requests additional capital outlay equipment for these recommended positions, as well as equipment for completion of its computer networking, the Subcommittee believes the Governor's recommendation of \$100,000 for capital outlay purchases in FY 1996 provides the agency with enough resources to make any necessary equipment purchases. The Subcommittee also notes that the Department already has been provided by the National Association of Insurance Commissioners (NAIC) with computer equipment valued at around \$40,000 for the new computer networking system.


2. Delete \$179,892 from various fee funds based on the House Appropriations Committee's recommendation to delete funding for a 3.5 percent unclassified merit pool (\$128,826); classified step movement (\$18,624); a one percent base adjustment for classified employees (\$12,811); and the longevity bonus (\$19,631) from individual budgets.
3. Delete \$5,000 from the Insurance Department Regulation Fund based on the House Appropriations Committee's recommendation to delete funding for computer equipment related to the state's new payroll system.

Insurance Regulation Fee Fund Analysis. The analysis below reflects the status of the agency's Insurance Department Service Regulation Fund, which is used to finance nearly 85 percent of the agency's FTE positions.

Resource Estimate	Estimated FY 1995	Estimated FY 1996
Beginning Balance	\$ 2,399,617	\$ 2,116,616
Net Receipts	5,629,794	5,953,336
Total Available	\$ 8,029,411	\$ 8,069,952
Transfer Out	260,815	165,848
Less: Expenditures	5,651,980	5,758,587
Ending Balance	<u>\$ 2,116,616</u>	<u>\$ 2,145,517</u>




Representative Tim Carmody, Chair



Representative Fred Gatlin

Representative Delbert Gross



Representative Jim Lowther

SUBCOMMITTEE REPORT

Agency: Health Care Stabilization Fund
Board of Governors

Bill No. --

Bill Sec. --

Analyst: Mah

Analysis Pg. No. 273

Budget Page No. 317

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
Fee Fund:			
State Operations	\$ 2,834,734	\$ 2,831,399	\$ 177,165
Other Assistance	26,150,000	26,150,000	0
TOTAL	<u>\$ 28,984,734</u>	<u>\$ 28,981,399</u>	<u>\$ 177,165</u>
FTE Positions	14.7	14.7	--
Special Project Appointments	0.0	0.0	--
TOTAL	<u>14.7</u>	<u>14.7</u>	<u>--</u>

Agency Estimate/Governor's Recommendation

The Board is a new state agency that was created with passage of 1994 H.B. 2730, which removed duties related to the Health Care Stabilization Fund from the Kansas Insurance Department. On January 1, 1995, the existing Health Care Stabilization Board of Governors, which was an advisory group to the Commissioner of Insurance, was abolished and replaced with an independent Board. The Board is authorized after July 1, 1995, to appoint any employees necessary to carry out its duties and is responsible for all budgeting, personnel, purchasing, and related management functions in relation to the Health Care Stabilization Fund. Between January 1, 1995 and July 1, 1995, the new Board is required to contract with the Insurance Department for all of its staff needs except for an Executive Director whom it was authorized to hire in January. The 1994 Legislature left 13.7 FTE positions whose salaries are paid for from the Fund with the Insurance Department for the second half of FY 1995, allowing for a six-month transition period for the new Board to take over its administrative functions. The Fund is still liable for the expenses of the employees through a contractual agreement. The Board's current year estimate of \$28,984,734 is \$6,380,660 more than the authorized budget of \$22,604,074. While state operations are reduced by \$0.5 million for contractual attorneys and court reporters, claim payments against the Fund are expected to increase by \$6.9 million. The Fund has historically been established with an expenditure limitation of "no limit," which gives the agency the authority to cover the additional expense. The Board reports that the original estimate for claim payments was understated due to some recent rather large judgements against health care providers, making claim payments from the Fund go from \$20.2 million in FY 1993 to \$26.7 million in FY 1994.

The Governor concurs with the Board's current year estimate except for a reduction of \$3,335 due to adjustments to fringe benefit costs. The Governor's recommendation totals \$28,981,399.

*2/13/95
Appropriations Cmte
Attachment 6*

House Subcommittee Recommendation

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

1. Add \$177,165 from the Health Care Stabilization Fund to provide for start-up costs of this new state agency. The 1994 legislature provided for salary money for the Executive Director and 13.7 FTE positions in the Insurance Department, but no start-up costs for the new office, such as office equipment, additional rent, and office supplies. These start-up expenses were not included in the FY 1995 budget prepared by the Insurance Department on behalf of this new agency, which did not come into being until January 1, 1995. Although the Governor basically concurs with the budget prepared by the Insurance Department, it is clear from the 1994 legislation that the intent of the Legislature was to create an agency that is separate from the Insurance Department. Therefore, the Subcommittee has no choice but to recommend that start-up costs be appropriated from the Health Care Stabilization Fund for this agency. Specific items, which total \$177,165, include \$16,423 for office space rent, \$100,000 for office furniture, \$5,742 for telephone installation, \$50,000 for computer equipment, and \$5,000 for office supplies. The Subcommittee asks the second house to specifically review the recommended \$100,000 for office furniture and \$50,000 for computer equipment. The agency is in the early stages of getting estimated costs and Department of Administration approval for purchasing the equipment. The Subcommittee believes that the second house may be in a better position to evaluate appropriate moneys to cover necessary expenses.

2. The Subcommittee notes the Governor's following performance indicators:

<u>Performance Indicators</u>	<u>Actual FY 1994</u>	<u>Est. FY 1995</u>	<u>Est. FY 1996*</u>
Number of Cases Filed	247	250	253
Number of Cases Closed	268	295	322
Percentage Increase in State General Fund Transfers Associated with University of Kansas Medical Center and Wichita Graduate Medicine Education	26.8%	22.9%	20.0%
* Estimated level of performance under Governor's recommendation.			

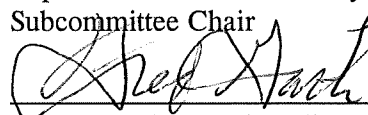
Health Care Stabilization Fund Analysis. The Health Care Stabilization Fund was created in 1976 to stabilize the availability of professional liability insurance coverage by establishing a money pool to pay damages for personal injury or death arising from care by a health provider. The Fund was created

with passage of the Health Care Provider Insurance Availability Act which mandates professional liability coverage for health care providers as a precondition to rendering services. The Fund is financed by a surcharge levied against the premium paid by each provider for private malpractice insurance. Surcharge receipts were \$19,572,108 in FY 1994 and are estimated to be \$17,799,600 in the current year. The table below shows the status of the Fund on a cash-in and cash-out basis only. It does not reflect the balance of the Fund based on actuary studies. Actuary reports on the Fund indicate that as of June, 30, 1994, the Fund has a surplus balance ranging from \$38.0 to \$62.0 million if all current liabilities were paid and the Fund ended.

<u>Resource Estimate</u>	<u>Actual FY 94</u>	<u>Estimated FY 95</u>
Beginning Balance	\$ 543,379	\$ 481,130
Net Receipts	170,680,349	173,813,155
Total Funds Available	<u>\$ 171,223,728</u>	<u>\$ 174,294,285</u>
Less: Expenditures	29,356,965	29,158,564
Less: Nonreportable	141,385,633	144,837,886
Ending Balance	<u><u>\$ 481,130</u></u>	<u><u>\$ 297,835</u></u>

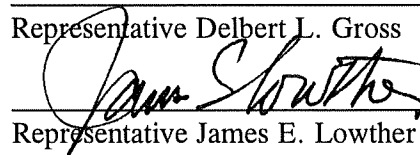


Representative Tim Carmody
Subcommittee Chair



Representative Fred Gatlin

Representative Delbert L. Gross



Representative James E. Lowther

SUBCOMMITTEE REPORT

Agency: Health Care Stabilization Fund
Board of Governors

Bill No. 2085

Bill Sec. 10

Analyst: Mah

Analysis Pg. No. 273

Budget Page No. 317

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
Fee Fund:			
State Operations	\$ 2,967,293	\$ 2,906,758	\$ 113,374
Other Assistance	27,885,000	27,885,000	0
TOTAL	<u>\$ 30,852,293</u>	<u>\$ 30,791,758</u>	<u>\$ 113,374</u>
FTE Positions	15.0	14.7	1.3
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>15.0</u>	<u>14.7</u>	<u>1.3</u>

Agency Request/Governor's Recommendation

For FY 1996, the Board requests \$30,852,293 in expenditures from the Health Care Stabilization Fund, of which \$27,885,000 is for claim payments and \$2,967,293 is for state operations. Included in the request are moneys to provide for an additional 0.3 FTE Policy Examiner Trainee position and equipment purchases for furnishing new office space that the Board is in the process of renting. The Board plans to separate from the Insurance Department and relocate to another building, taking the 13.7 FTE positions that it currently pays for though a contractual agreement with the Insurance Department.

The Governor recommends total expenditures of \$30,791,758 to the Insurance Department in FY 1996 for the Board of Governors from the Health Care Stabilization Fund, a reduction of \$60,535 from the Board's request of \$30,852,293. The Governor's recommendation fails to take into account the fact that the Board is a new agency that is separate from the Insurance Department as of January 1, 1995. Under the Governor's recommendation, all funding for the Board is appropriated to the Insurance Department. All staff positions associated with the Board, including the Executive Director and the 13.7 FTE Insurance Department employees who currently perform work associated with the Health Care Stabilization Fund, are funded as part of the Insurance Department, even though the legislation that created the Board of Governors gives the Commissioner of Insurance no control over expenditures from the Health Care Stabilization Fund. On the contrary, the legislation that created the Board specifically says that all expenditures from the Fund must be pursuant to vouchers signed by the Chairperson of the Board or by the Chair's designee. Included in the Governor's recommendation is an additional 1.0 percent salary adjustment for the Board's employees. Funding is deleted for the requested 0.3 FTE position and equipment purchases for furnishing new office space.

House Subcommittee Recommendation

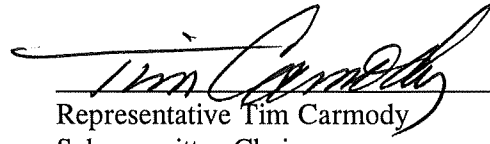
The House Subcommittee concurs with the Governor's recommendation, with the following adjustments:

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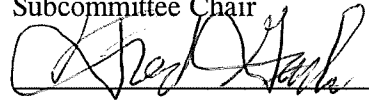
1. The Subcommittee believes it is inappropriate for the Insurance Commissioner to be responsible for expenditures over which she has no statutory control. Therefore, the Subcommittee recommends that the appropriation for the Board of Governor's be separate from the Insurance Department. To accomplish this, the Subcommittee recommends the following:
 - a. Amend 1995 H.B. 2085 to remove funding for the Health Care Stabilization Fund Board of Governors from the Insurance Department and create a new section in the bill to fund the Board as a separate agency. In addition, reduce the position limitation for the Insurance Department by the 14.7 FTE positions that are being financed by the Health Care Stabilization Fund. (The positions include the Board's Executive Director and the 13.7 FTE Insurance Department employees who work with the Fund.)
 - b. Authorize a position limitation for the Board of 16.0 FTE positions. In addition to funding for the 13.7 FTE positions currently associated with the Board and for the Executive Director, the Subcommittee recommends the addition of 1.3 FTE positions, at a total cost of \$31,968. The recommendation would allow an existing employee whose salary is partly paid from the Health Care Stabilization Fund and partly from Insurance Department funds to be paid entirely from the Health Care Stabilization Fund (\$9,856). The recommended additional salary moneys also provide for a new 1.0 Secretary II position so that the Board will have two instead of just one secretarial employee (\$22,112).
 - c. Place a limitation on operating expenditures from the Fund except for legal and professional services fees and claims and benefit payments, including proviso language that allows expenditures for the fees and claim payments to be made regardless of when the services were rendered or when the judgement or settlement was made.
3. Add \$99,482 from the Health Care Stabilization Fund to continue the full year costs of agency operations. Included in the recommendation is \$49,482 for office rent and \$50,000 for computer equipment. As recommended for FY 1995, the Subcommittee asks the second house to review the amount being recommended for computer equipment. Further, the Subcommittee wants the computer equipment moneys to be subject to State Finance Council release after review by the Joint Committee on Computers and Telecommunications. Finally, the Subcommittee understands that the agency is not in the best position to be making estimates for start-up costs since it was just established this past January. Therefore, the Subcommittee believes that it is important for the 1996 Legislature to review whether adequate moneys have been appropriated to cover the operations of the new agency.
4. Delete \$18,076 from the Health Care Stabilization Fee Fund based on the House Appropriations Committee's recommendation to delete funding for a 3.5 percent unclassified merit pool (\$11,391); classified step movement (\$2,585); a one percent base adjustment for classified employees (\$1,705); and the longevity bonus (\$2,395) from individual budgets.

Health Care Stabilization Fee Fund Analysis. The analysis below reflects the status of the agency's Fund, on a cash-in and cash-out basis only. As mentioned in the FY 1995 report, this analysis does not reflect the balance of the Fund based on actuary studies. Actuary reports on the Fund indicate that as of June, 30, 1994, the Fund has a surplus balance ranging from \$38.0 to \$62.0 million if all current liabilities were paid and the Fund ended.

<u>Resource Estimate</u>	<u>Actual FY 94</u>	<u>Estimated FY 95</u>	<u>Estimated FY 96</u>
Beginning Balance	\$ 543,379	\$ 481,130	\$ 297,835
Net Receipts	170,680,349	173,813,155	178,942,080
Total Funds Available	\$ 171,223,728	\$ 174,294,285	\$ 179,239,915
Less: Expenditures	29,356,965	29,158,564	30,905,132
Less: Nonreportable	141,385,633	144,837,886	\$ 148,155,322
Ending Balance	\$ 481,130	\$ 297,835	\$ 179,461

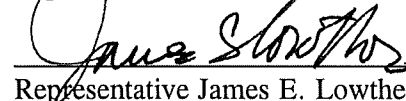


Representative Tim Carmody
Subcommittee Chair



Representative Fred Gatlin

Representative Delbert L. Gross



Representative James E. Lowther

SUBCOMMITTEE REPORT

Agency: State Treasurer

Bill No. --

Bill Sec. --

Analyst: Porter

Analysis Pg. No. 247

Budget Page No. 517

<u>Expenditure Summary</u>	<u>Agency Estimate FY 1995</u>	<u>Governor's Recommendation FY 1995</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,115,982	\$ 3,109,409	\$ (3,000)
Aid to Local Units	92,403,463	92,413,300	(9,837)
Subtotal	\$ 95,519,445	\$ 95,522,709	\$ (12,837)
Debt Service	227,149	227,149	--
TOTAL	<u>\$ 95,746,594</u>	<u>\$ 95,749,858</u>	<u>\$ 12,837</u>
State General Fund:			
State Operations	\$ 2,382,534	\$ 2,326,714	\$ (3,000)
Aid to Local Units	78,024,163	78,034,000	(9,837)
TOTAL	<u>\$ 80,406,697</u>	<u>\$ 80,360,714</u>	<u>\$ (12,837)</u>
FTE Positions	57.5	57.5	--
Special Project Appointments	0.0	0.0	--
TOTAL	<u>57.5</u>	<u>57.5</u>	<u>--</u>

Agency Estimate/Governor's Recommendation

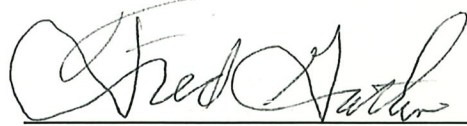
The House Subcommittee concurs with the recommendations of the Governor with the following adjustments:

1. Delete \$3,000 recommended from the State General Fund SGF for a computer for the SHARP (Statewide Human Resource and Payroll System Project).
2. As a technical adjustment, adjust the amounts of the demand transfers recommended by the Governor to reflect the actual amounts to be transferred under current law. The Governor's recommendation reflects transfers based on the November 1994 consensus estimates. FY 1995 demand transfers include \$44,648,745 for the Local Ad Valorem Tax Reduction Fund and \$33,375,418 for the County and City Revenue Sharing Fund.

*2/13/95
Appropriations Cmte
Attachment 7*

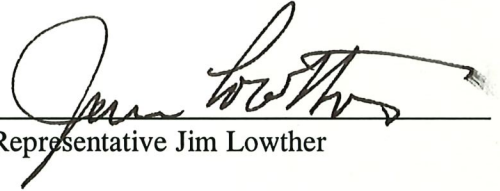


Representative Tim Carmody, Chair



Representative Fred Gatlin

Representative Delbert Gross



Representative Jim Lowther

SUBCOMMITTEE REPORT

Agency: State Treasurer

Bill No. 2085

Bill Sec. 9

Analyst: Porter

Analysis Pg. No. 247

Budget Page No. 517

<u>Expenditure Summary</u>	<u>Agency Request FY 1996</u>	<u>Governor's Recommendation FY 1996</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,291,134	\$ 3,148,209	\$ (26,967)
Aid to Local Units	97,864,613	95,502,758	(10,201)
Subtotal	\$ 101,155,747	\$ 98,650,967	\$ (37,168)
Debt Service	229,674	229,674	--
TOTAL	<u>\$ 101,385,421</u>	<u>\$ 98,880,641</u>	<u>\$ (37,168)</u>
State General Fund:			
State Operations	\$ 2,492,627	\$ 2,404,920	\$ (56,829)
Aid to Local Units	83,283,113	80,921,258	(10,201)
TOTAL	<u>\$ 85,775,740</u>	<u>\$ 83,326,178</u>	<u>\$ (67,030)</u>
FTE Positions	61.5	57.5	2.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>61.5</u>	<u>57.5</u>	<u>2.0</u>

Agency Request/Governor's Recommendation

The agency requests FY 1996 state operations expenditures of \$3,291,134, an increase of \$175,153, or 5.6 percent, above the FY 1995 estimate. Requested State General Fund expenditures of \$2,492,627 reflect an increase of \$110,094, or 4.6 percent, above the FY 1995 estimate. Of the increase from all funds, \$127,026 is for salaries and wages, including 4.0 new FTE positions at a cost of \$85,180 from the Unclaimed Property Expense Fund.

The Governor recommends \$3,148,209 for state operations in FY 1996, a reduction of \$142,925 from the agency request. Reductions are recommended from the agency requests for salaries and wages (\$66,751), contractual services (\$28,903), commodities (\$7,350), and capital outlay (\$39,921). The Governor does not recommend the 4.0 new FTE positions requested for the Unclaimed Property Program.

House Subcommittee Adjustments

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

1. Delete \$70,158 (including \$56,829 from the State General Fund) based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$24,713); classified step movement (\$20,768); a one percent base adjustment for classified employees (\$10,880); and the longevity bonus (\$13,797) from individual agency budgets.

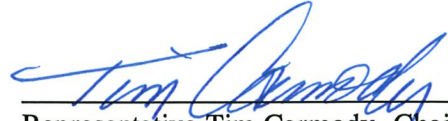
2. Add language to the appropriations bill to carry out the Governor's recommendation to cap demand transfers at 3.7 percent above actual FY 1995 transfers. This language was inadvertently omitted from the bill. As a technical adjustment, amend the amounts of the transfers recommended by the Governor to reflect more recent estimates. The following table compares the amounts of the demand transfers in FY 1995, the amounts which would be transferred under current law in FY 1996, and the Governor's recommendations for FY 1996.

Demand Transfers	Actual FY 1995	Current Law FY 1996	Increase Above FY 1995	Gov. Rec. FY 1996 (Based on 3.7 % Increase Above FY 1995 Actual)	Increase Above FY 1995	Difference from Current Law FY 1996
LAVTRF	\$ 44,648,745	\$ 47,213,128 (est.)	\$ 2,564,383	\$ 46,300,749	\$ 1,652,004	\$ (912,379)
CCRSF	33,375,418	36,069,985 (act.)	2,694,567	34,610,308	1,234,890	(1,459,677)
TOTAL	<u>\$ 78,024,163</u>	<u>\$ 83,283,113</u>	<u>\$ 5,258,950</u>	<u>\$ 80,911,057</u>	<u>\$ 2,886,894</u>	<u>\$ (2,372,056)</u>
% Increase	10.0%	6.7%	6.7%	3.7%	3.7%	(2.8)%

3. Add 2.0 FTE positions and authorize additional expenditures of \$43,191 from the Unclaimed Property Expense Fund for salaries and wages (\$33,191) and other operating expenses (\$10,000) associated with the positions. These positions are for the Unclaimed Property Program, which seeks to return to the rightful owner certain types of abandoned personal property, such as bank deposits, funds paid toward the purchase of shares in financial organizations, certified checks, drafts, money orders, contents of safe deposit boxes removed for the nonpayment of rent, unclaimed funds help by insurance companies under life insurance policies, utility deposits, stocks, dividends, and miscellaneous other intangible property held by one party for another. If the property is not claimed after efforts have been made to locate the rightful owner, the State Treasurer is authorized to dispose of the property, with receipts of the sale of the property credited to the State General Fund. In FY 1995, the Unclaimed Property Program is estimated to return property valued at \$2,000,000 to the rightful owners and is estimated to generate

receipts of \$3,500,000 to the State General Fund. The agency requested an additional 4.0 FTE positions for the Unclaimed Property Program, whose duties were to include seeking out additional holders of unclaimed property. The agency estimated that the requested 4.0 positions could generate an additional \$1,750,000 in State General Fund receipts and could return an additional \$1,000,000 to Kansas residents. The Subcommittee recommends that the agency report the financial impact of the 2.0 additional positions to the 1996 Legislature.

4. The Subcommittee notes that the Treasurer requested \$12,000 from the Bond Services Fee Fund for two laser printers to print warrants for the Bond Services Program. The agency testified that internal printing of warrants would improve the efficiency of its operation. Current statutes authorize the Director of Accounts and Reports to issue warrants drawn on the State Treasurer. The Subcommittee will reconsider this issue during its review of the Department of Administration budget, which includes the Division of Accounts and Reports, and anticipates that it will make a recommendation following this additional review. The Subcommittee recommends that the Senate Subcommittee review this issue.
5. The Subcommittee notes that the Governor's recommendation for FY 1995 includes expenditures of \$2,326,714 from the State General Fund, which is a reduction of \$337,522 from the amount approved by the 1994 Legislature. The reduction is the result of a decrease of \$281,702 achieved by the agency through increased reliance on special revenue funds and a reduction in expenditures and a further reduction of \$55,820 recommended by the Governor. The Subcommittee notes that the practice in previous years has been to allow the Treasurer to spend any State General Fund balances reappropriated from the previous year. However, the Governor's recommendation includes a lapse of \$74,000 in FY 1995 and reappropriates \$263,522 from FY 1995 to FY 1996. The \$263,522 is carried forward into FY 1996, which means that the FY 1996 State General Fund appropriation is reduced by the same amount. The effect of the recommendation is to eliminate some of the discretion allowed to this agency in previous years. Because the agency is required to spend its carry forward balance in FY 1996, the agency may require a greater State General Fund appropriation in FY 1997. The Subcommittee concurs with the recommendation, and encourages the agency to continue to look for efficiencies and savings.

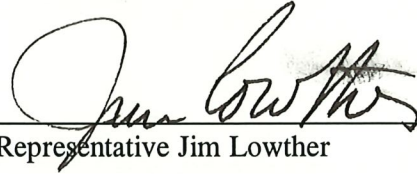


Representative Tim Carmody, Chair



Representative Fred Gatlin

Representative Delbert Gross



Representative Jim Lowther

SUBCOMMITTEE REPORTS

H.B. 2085

FY 1995 AND FY 1996

**Legislative Coordinating Council
Legislative Research Department
Office of Revisor of Statutes
Legislature
Legislative Division of Post Audit**



Representative Barbara P. Allen
Subcommittee Chairperson

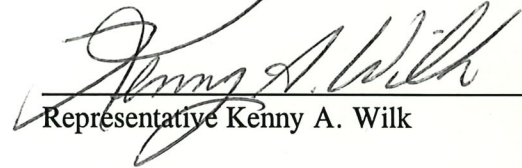
Representative Henry M. Helgerson, Jr.



Representative Robin L. Jennison



Representative Richard R. Reinhardt



Representative Kenny A. Wilk

2/13/95
Appropriations Cmte
Attachment 8

SUBCOMMITTEE REPORT

Agency: Legislative Coordinating Council **Bill No. --** **Bill Sec. --**
 Analyst: Conroy **Analysis Pg. No. 217** **Budget Page No. 387**

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 451,971	\$ 450,660	\$ 0
FTE Positions	10.0	10.0	10.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>

Agency Estimate/Governor's Recommendation

The FY 1995 revised budget submitted by the Legislative Coordinating Council (LCC) is \$451,971 or the currently authorized level, including reappropriations. The budget includes \$17,902 for the compensation and expenses associated with Council meetings and \$434,069 for salaries and travel of employees of the Division of Legislative Administrative Services. The Governor's revised estimate in FY 1995 is \$450,660 or \$1,311 less than the agency requested.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations.

SUBCOMMITTEE REPORT

Agency: Legislative Coordinating Council **Bill No.** 2085 **Bill Sec.** 2
Analyst: Conroy **Analysis Pg. No.** 217 **Budget Page No.** 387

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 461,548	\$ 466,098	\$ (15,015)
FTE Positions	10.0	10.0	--
Special Project Appointments	0.0	0.0	--
TOTAL	<u>10.0</u>	<u>10.0</u>	<u>--</u>

Agency Request/Governor's Recommendation

The agency's FY 1996 budget request is \$9,577 greater than the revised agency estimate for FY 1995. Of the increase, \$9,364 is for salaries and benefits, almost all of which is for employees of Legislative Administrative Services (\$9,366). Salaries and benefits for Council meetings decreases \$2 from \$5,796 to \$5,794. The FY 1996 request for salaries and benefits continues the present 10.0 FTE positions.

Contractual services increase by \$213 in FY 1996 above the agency's FY 1995 revised estimate. The Governor's recommendation is \$4,550 above the budget request of the agency. The amount represents a 1.0 percent base salary adjustment for all employees and a merit salary pool for employees who are not assigned to the basic state pay plan.

House Subcommittee Recommendation

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

1. Delete \$15,015 (State General Fund) based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$11,219); and longevity bonus (\$3,796) from individual agency budgets.
2. The Subcommittee encourages all of the legislative agencies to develop performance measures for inclusion in the FY 1997 budget request.
3. The Subcommittee, as a courtesy to the President of the Senate, requests introduction of a bill to make the Senate Vice-President a member of the Legislative Coordinating Council (LCC). Currently, the seven-member LCC is composed of the Speaker of the House, President of the Senate, Speaker Pro Tem of the House, and the majority and minority leaders from each chamber.

SUBCOMMITTEE REPORT

Agency: Kansas Legislative Research
Department

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 219

Budget Page No. 391

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,979,526	\$ 1,974,720	\$ 0
FTE Positions	35.3	35.3	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u><u>35.3</u></u>	<u><u>35.3</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The FY 1995 revised budget estimate of the Legislative Research Department is \$1,979,526, or \$146,405 less than the currently authorized amount by the 1994 Legislature, including reappropriations but excluding a \$15,000 contingency amount. The Governor's revised estimate in FY 1995 is \$1,974,720 or \$4,806 less than the agency requested.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation.

2/13/95
Appropriations Comte
Attachment 9

SUBCOMMITTEE REPORT

Agency: Kansas Legislative Research
Department

Bill No. 2085

Bill Sec. 2

Analyst: Conroy

Analysis Pg. No. 219

Budget Page No. 391

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,029,139	\$ 2,048,797	\$ (84,351)
FTE Positions	35.3	35.3	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>35.3</u>	<u>35.3</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency's FY 1996 budget request is \$49,613 greater than the revised agency estimate for FY 1995. Of the increase, \$62,013 is for salaries and benefits of the present 35.3 FTE positions and contractual services and commodities decrease \$500, while capital outlay is reduced \$11,900. The Governor's recommendation adds \$19,658 to the budget request of the agency. The amount represents a 1.0 percent base salary adjustment for all employees and a merit salary pool for employees who are not assigned to the basic state pay plan.

House Subcommittee Recommendation

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

1. Delete \$81,951 (State General Fund) based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$60,799); and longevity bonus (\$21,152) from individual agency budgets.
2. Delete \$2,400 for SHaRP computer equipment based on the Committee's decision to remove all SHaRP funding from individual agency budgets.
3. The Subcommittee encourages all of the legislative agencies to develop performance measures for inclusion in the FY 1997 budget request.

SUBCOMMITTEE REPORT

Agency: Revisor of Statutes

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 221

Budget Page No. 453

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,150,816	\$ 2,147,108	\$ 0
FTE Positions	27.8	27.8	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>27.8</u>	<u>27.8</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The revised FY 1995 agency estimate is \$65,328 less than authorized by the 1994 Legislature, including the reappropriated amount. The Governor's recommendation for FY 1995 is \$3,708 less than the agency's revised estimate.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

*2/13/95
Appropriations Cmte
Attachment 10*

SUBCOMMITTEE REPORT

Agency: Revisor of Statutes

Bill No. 2085

Bill Sec. 2

Analyst: Conroy

Analysis Pg. No. 221

Budget Page No. 453

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,179,060	\$ 2,192,217	\$(62,605)
FTE Positions	27.8	27.8	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>27.8</u>	<u>27.8</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The FY 1996 budget request of the Revisor of Statutes is \$28,244 more than the revised expenditure estimate for FY 1995. Salaries and wages increase \$36,164, contractual services increase by \$10,580, commodities increase by \$2,000 and capital outlay decreases by \$20,500. For FY 1996 the Governor recommends \$13,157 more than the agency requested.

House Subcommittee Recommendation

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

1. Delete \$62,605 (State General Fund) based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$44,707); and longevity (\$17,898) from individual agency budgets.
2. The Subcommittee encourages all of the legislative agencies to develop performance measures for inclusion in the FY 1997 budget request.

SUBCOMMITTEE REPORT

Agency: Legislative Division of Post Audit **Bill No. --** **Bill Sec. --**
Analyst: Conroy **Analysis Pg. No. 226** **Budget Page No. 389**

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,496,303	\$ 1,493,471	\$ 0
FTE Positions	20.0	20.0	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>20.0</u>	<u>20.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The revised agency estimate of FY 1995 expenditures from the State General Fund is \$53,164 less than authorized by the 1994 Legislature, including the reappropriation. Expenditures from the non-reportable Audit Services Fund are estimated at \$296,682. The Governor's recommendation for FY 1995 is \$2,832 below the agency's revised estimate.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations.

*2/13/95
Appropriations Cmte
Attachment 11*

SUBCOMMITTEE REPORT

Agency: Legislative Division of Post Audit **Bill No.** 2085 **Bill Sec.** 4
Analyst: Conroy **Analysis Pg. No.** 226 **Budget Page No.** 389

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,543,002	\$ 1,551,859	\$(46,719)
FTE Positions	20.0	20.0	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>20.0</u>	<u>20.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The FY 1996 budget request of the Division of Post Audit is financed entirely by the State General Fund in the amount of \$1,543,002. Requested non-reportable expenditures from the Audit Services Fund in FY 1996 total \$296,921. The General Fund request is an increase of \$46,699 or 3.1 percent above the agency's revised current year estimate. Of the requested increase, \$38,094 is for salaries and benefits of the present 20.0 FTE positions, contractual services increases \$13,505, while commodities increase \$1,250. Capital outlay is requested at amount that is \$6,150 less than the agency's revised current year estimate. For FY 1996 the Governor recommends \$1,551,859, all from the State General Fund. The Governor's recommendation adds \$8,857, all in salaries and wages, to the budget request of the agency. The amount represents a 1.0 percent base salary adjustment for all employees, a merit salary pool for the one employee who is not assigned to the basic state pay plan, and adjustments to the employer health insurance rates.

House Subcommittee Recommendation

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

1. Delete \$44,319 (State General Fund) based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$34,285); and longevity (\$10,034) from individual agency budgets.
2. Delete \$2,400 for SHaRP computer equipment based on the Committee's decision to remove all SHaRP funding from individual agency budgets.
3. The Subcommittee commends the agency for developing a strategic plan, including performance measures as part of the FY 1996 budget request and encourages the agency to continue this effort in FY 1997.

SUBCOMMITTEE REPORT

Agency: Legislature Bill No. -- Bill Sec. --
 Analyst: Conroy Analysis Pg. No. 223 Budget Page No. 393

Expenditure Summary	Agency Estimate FY 95	Governor's Recommendation FY 95	House Subcommittee Adjustments
Operating Expenditures:			
All Funds	\$ 10,401,645	\$ 10,062,487	\$ --
State General Fund	9,892,418	9,553,260	--
FTE Positions	30.0	30.0	--
Special Project Appointments	0.0	0.0	--
TOTAL	<u>30.0</u>	<u>30.0</u>	<u>--</u>

Agency Estimate/Governor's Recommendation

The FY 1995 budget estimate for the Legislature as submitted with the approval of the Legislative Coordinating Council (LCC) is \$316,742 above the amount authorized by the 1994 Legislature. The agency requests a State General Fund supplemental request to finance increased expenditures. The 1994 Legislature did authorize, but did not specifically finance three items totaling \$623,300 in the approved FY 1995 budget for the agency. The three items include data processing improvements for the Legislative Research Department and the Revisor of Statutes Office (\$500,000); matching funds for developing a statewide telecommunications strategic plan (\$90,000); and the services of an executive secretary for the Health Care Reform Legislative Oversight Committee (\$33,300). The Governor for FY 1995 recommends a total of \$10,062,487 or \$339,158 less than the agency requested. The Governor does not recommend any supplemental State General Fund financing for the agency in the current year.

House Subcommittee Recommendation

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

- The Subcommittee notes the agency did request a State General Fund supplemental appropriation of \$316,742, although the Governor did not recommend funding for it in the current year. The Subcommittee also notes that the 1994 Legislature did authorize, but did not specifically finance three items totaling \$623,300 in the approved FY 1995 budget for the agency. The three items include data processing improvements for the Legislative Research Department and the Revisor of Statutes Office (\$500,000); matching funds for developing a statewide telecommunications strategic plan (\$90,000), and services of an executive secretary for the Health Care Reform Legislative Oversight Committee (\$33,300). It appears that the data processing improvements will cost substantially less than the authorized amount.

2/13/95
Appropriations Cmte
Attachment 12

However, given the multiple factors that could impact the Legislature's budget in the current year (length of the session, printing costs for the session, and how quickly interim meetings begin) the Subcommittee recommends that the Senate Ways and Means Subcommittee closely review the issue of whether or not any supplemental funding is warranted for this agency.

SUBCOMMITTEE REPORT

Agency: Legislature

Bill No. 2085

Bill Sec. 3

Analyst: Conroy

Analysis Pg. No. 223

Budget Page No. 393

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
All Funds	\$ 10,048,448	\$ 10,156,596	\$(170,399)
State General Fund	9,919,848	10,027,996	(170,399)
FTE Positions	30.0	30.0	--
Special Project Appointments	0.0	0.0	--
TOTAL	<u>30.0</u>	<u>30.0</u>	<u>--</u>

Agency Request/Governor's Recommendation

The FY 1996 budget request for the Legislature as submitted by the LCC totals \$10,048,448, of which \$9,919,848 is from the State General Fund and \$128,600 is from special revenue funds. The Governor recommends a budget of \$10,156,596 for FY 1996, an increase of \$108,148 above the requested expenditures. The Governor's recommendation includes \$10,027,996 from the State General Fund and \$128,600 in special revenue funds.

House Subcommittee Recommendation

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

1. The Subcommittee notes the FY 1996 Governor's recommended all funds budget for this agency is a 0.9 percent increase, while the State General Fund recommended financing increases 5.0 percent. The large State General Fund increase reflects the expenditure from the Special Legislative Revenue Fund of \$509,227 in FY 1995 and \$128,600 in FY 1996.
2. Delete \$141,399 (State General Fund) based on the recommendation to delete funding for a 3.5 percent unclassified merit from individual agency budgets.
3. The Subcommittee does concur with the \$70,000 as requested by the agency and as recommended by the Governor for the U.S. Census Bureau's Block Boundary Suggestion Project. The project will provide Kansas with the opportunity to suggest census block boundaries that might be used as voting district (precinct) boundaries in the year 2000. Census blocks are the smallest geographic units for tabulation of the census. The effort is one, that if done correctly, can result in the Census Bureau

being able to report to the state the 2000 population of those precincts which serve as the building blocks of legislative and congressional districts. The Census Bureau would conduct the project in two phases, with the first beginning in FY 1996. Kansas participated with the U.S. Census Bureau in a similar project for the 1990 census.

4. The Subcommittee also concurs with the \$72,500 as requested by the agency and as recommended by the Governor for annual dues for the Council of State Governments. The Subcommittee notes that in the current year Kansas has paid only \$34,450 or one-half of the dues that were requested to be paid by the Council of State Governments.
5. Delete \$29,000 (State General Fund) for out-of-state travel. The reduction reflects the Legislature's proportional cut if all State General Fund expenditures as recommended by the Governor were reduced \$100 million. The Subcommittee does have concerns about the amount of funds (\$157,349) for dues to national organizations (National Conference of State Legislatures - \$84,849 and Council of State Governments - \$72,500) and the \$541,880 in the recommended budget for out-of-state subsistence and mileage for legislators, leadership staff, and chamber staff. The later figure includes \$365,138 for the House and \$176,742 for the Senate. The FY 1995 amount for out-of-state includes \$522,420, of which \$352,050 is for the House and \$170,370 is for the Senate.
6. Add proviso language to the State General Fund appropriation and the Legislative Special Revenue Fund requiring the Legislative Coordinating Council to approve (by a majority vote of five members) any expenditure above \$2,500 for any non-routine expense. Similar language is currently in place on the agency's FY 1995 appropriations. The proviso would read as follows:

"That, when the legislature is not in session, expenditures shall be made from this account for Fiscal Year 1996 only upon approval pursuant to specific authorization of the Legislative Coordinating Council pursuant to the majority vote of five members of the Council, except that any approval for any such expenditure from this account for Fiscal Year 1996 relating solely to one house of the Legislature may be authorized by the unanimous vote of or other authorization by all members of the Legislative Coordinating Council who are members of such house of the Legislature: And provided further, That when the legislature is not in session, any expenditure from this account for Fiscal Year 1996 which is not in excess of \$2,500 may be approved by either the President of the Senate or the Speaker of the House of Representatives: And provided further, That in no case shall any such expenditures from this account for Fiscal Year 1996 that are authorized by law for expenses, allowances or payrolls for members, members-elect or employees of the Legislature or for expenses or allowances for nonlegislator members of certain committees, as provided in

K.S.A. 46-1209, and amendments thereto, and any such expenditures from this account may be approved as provided in K.S.A. 46-137c, 46-153 or 46-1209, and amendments thereto, or as otherwise specifically authorized by statute: And provided further, That expenditures may be made from this account, pursuant to vouchers approved by the chairperson vice-chairperson of the Legislative Coordinating Council, to pay compensation and travel expenses and subsistence expenses or allowances as authorized by K.S.A. 75-3213, and amendments thereto, for members and associate members of the Advisory Committee to the Kansas Commission on interstate Cooperation established under K.S.A. 46-407a, and amendments thereto, for attendance at meetings of the advisory committee which are authorized by the Legislative Coordinating Council, except that (1) the Legislative Coordinating Council may establish restrictions or limitations, or both, on travel expenses, subsistence expenses or allowances, or any combination thereof, paid to members and associate members of such advisory committee, and (2) any person who is an associate members of such advisory committee, by reason of such person having been accredited by the National Conference of Commissioners on Uniform State Laws as a life member of that organization, shall receive the same travel expenses and subsistence expenses for attendance at meetings of the advisory committee as a regular member, but shall receive no per diem compensation: And provided further, That expenditures may be made from this account in Fiscal Year 1996 for the following purposes may be made pursuant to vouchers approved by the Chairperson or the Vice-Chairperson of the Legislative Coordinating Council: (1) Payment for goods and services provided state agencies, (2) payment of dues and other expenses related to membership in national governmental organizations, (3) acquisition of printed material supplies, (4) acquisition of copy machine supplies and rental and lease purchase payments for copying machines, (5) payment for regular replacement of furniture for legislative offices and committee rooms, and (6) for any payment required to be made to comply with the provisions of the Kansas Prompt Payment Act which require payment by the 30th calendar day after the later of either the date of receipt of the goods or services of the date of the receipt of the bill thereto: Provided, That all such expenditures to comply with the Kansas Prompt Payment Act shall be reported to the Legislative Coordinating Council.”

The Subcommittee recommends introduction of a bill that would make statutory the preceding proviso language dealing with the required approval of the Legislative Coordinating Council before certain expenditures would be authorized.

7. The Subcommittee recommends that the special Kansas Public Employees Retirement System (KPERS) House Appropriations Subcommittee review the issue of the retirement program for legislative session-only employees and report back to the full Committee. The FY 1996 budget includes \$299,658 (State General Fund) for the program. The current provisions of the retirement program provide a benefit of \$15 per month for each year of legislative session service, with a minimum requirement of ten years of service and attainment of age 65. There are presently 129 former and current, session-only legislative employees receiving retirement benefits. Once qualified employees reach age 65, they can elect to start receiving benefits and continue to work for the Legislature, if they so choose. There are 41 employees who worked last year and drew these benefits. The monthly benefits payments total \$24,105 for 129 who receive benefits, with an average individual monthly benefit of \$186.98. Since its inception ten years ago, this program has paid out \$1,262,353. It should be noted that the Director of Legislative Administrative Services testified before the Joint Committee on Pensions, Investments, and Benefits this last interim that the retirement program facilitates employee recruitment, especially for secretaries, and encourages employees to remain employed with the Legislature.

The Subcommittee suggests that the House Appropriations KPERS Subcommittee carefully examine the concept of requiring legislative session-only employees to work a minimum of 500 hours per session to qualify for the retirement program. Currently, file clerks who may work only two or three hours a day receive the same retirement benefit as secretaries or administrative assistants who work at least eight hours a day. In addition, the Subcommittee suggests that legislative session-only employees should not be allowed to continue to work for the Legislature once they begin drawing their retirement benefits under the retirement program. The Subcommittee would also note that the Joint Committee on Pensions, Investments, and Benefits has requested information to change this program to a prefunded or actuarially sound retirement program that would require that the employees contribute four percent of their gross salaries, as regular KPERS members contribute to their own retirement benefits. The Subcommittee suggests the House Appropriations KPERS Subcommittee review any final recommendations that the Joint Committee on Pensions, Investments, and Benefits might make at their next meeting, which is scheduled for February 23, 1995.

8. The agency should be encouraged to develop performance information that could be included within the FY 1997 budget request.

being able to report to the state the 2000 population of those precincts which serve as the building blocks of legislative and congressional districts. The Census Bureau would conduct the project in two phases, with the first beginning in FY 1996. Kansas participated with the U.S. Census Bureau in a similar project for the 1990 census.

4. The Subcommittee also concurs with the \$72,500 as requested by the agency and as recommended by the Governor for annual dues for the Council of State Governments. The Subcommittee notes that in the current year Kansas has paid only \$34,450 or one-half of the dues that were requested to be paid by the Council of State Governments.
5. Delete \$29,000 (State General Fund) for out-of-state travel. The reduction reflects the Legislature's proportional cut if all State General Fund expenditures as recommended by the Governor were reduced \$100 million. The Subcommittee does have concerns about the amount of funds (\$157,349) for dues to national organizations (National Conference of State Legislatures - \$84,849 and Council of State Governments - \$72,500) and the ~~\$541,880~~ \$208,000 in the recommended budget for out-of-state subsistence and mileage for legislators, leadership staff, and chamber staff. The later figure includes ~~\$365,138~~ \$124,800 for the House and ~~\$176,742~~ \$83,200 for the Senate. The FY 1995 amount for out-of-state includes ~~\$522,420~~ \$200,000, of which ~~\$352,050~~ \$120,000 is for the House and ~~\$170,370~~ \$80,000 is for the Senate.
6. Add proviso language to the State General Fund appropriation and the Legislative Special Revenue Fund requiring the Legislative Coordinating Council to approve (by a majority vote of five members) any expenditure above \$2,500 for any non-routine expense. Similar language is currently in place on the agency's FY 1995 appropriations. The proviso would read as follows:

“That, when the legislature is not in session, expenditures shall be made from this account for Fiscal Year 1996 only upon approval pursuant to specific authorization of the Legislative Coordinating Council pursuant to the majority vote of five members of the Council, except that any approval for any such expenditure from this account for Fiscal Year 1996 relating solely to one house of the Legislature may be authorized by the unanimous vote of or other authorization by all members of the Legislative Coordinating Council who are members of such house of the Legislature: And provided further, That when the legislature is not in session, any expenditure from this account for Fiscal Year 1996 which is not in excess of \$2,500 may be approved by either the President of the Senate or the Speaker of the House of Representatives: And provided further, That in no case shall any such expenditures from this account for Fiscal Year 1996 that are authorized by law for expenses, allowances or payrolls for members, members-elect or employees of the Legislature or for expenses or allowances for nonlegislator members of certain committees, as provided in

2/13/95
Appropriations Cmte
Attachment 13



LEGISLATURE OF KANSAS
LEGISLATIVE DIVISION OF POST AUDIT

MERCANTILE BANK TOWER
800 SOUTHWEST JACKSON STREET, SUITE 1200
TOPEKA, KANSAS 66612-2212
TELEPHONE (913) 296-3792
FAX (913) 296-4482

February 13, 1995

Representative Robin Jennison, Chair
House Appropriations Committee
Room 514-S, Statehouse
Topeka, Kansas 66612

Dear Representative Jennison:

As you may know, State law requires a number of financial-compliance audits to be conducted each year. Those audits are conducted by public accounting firms under contract with Legislative Post Audit. Every three years, we competitively rebid the contracts for those financial-compliance audits, and new contracts are awarded.

When I prepared Legislative Post Audit's fiscal year 1996 budget request, I did not have final figures for the General Fund's cost of contracting for audits in fiscal year 1996. The contracting process for audits of the next three fiscal years has now been completed, and new contracts have been awarded.

I had estimated those costs would be \$209,000. The new figure for those contract costs is \$181,879. Thus, I'm happy to report that I would like to lower our contractual expenditure request for fiscal year 1996 by \$27,121.

Please call me if you have any questions about this matter.

Sincerely,

Barbara J. Hinton
Legislative Post Auditor

cc: Members, Legislative Post Audit Committee
Alan Conroy, Legislative Research Department
Louis Chabira, Division of the Budget

2/13/95
Appropriations Conte
Attachment 14



STATE OF KANSAS

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February 9, 1995

TO: Members of the House Appropriations Committee
FROM: JoLana R. Pinon, Assistant State Treasurer
RE: Post Audit Report on the Municipal Investment Pool

I would like to take this opportunity to review one item, the exchange of securities, from the Post Audit report which I believe is of interest to your committee.

Attached are Post Audit's own schedules that demonstrate that there was value to idle funds (in exchange for liquidity) based upon any of the three methods they used. Consequently, it is our contention that there is no loss of \$2,000,000 as the report outlines. There is, on the other hand, net benefit over the life of the securities to state idle funds of at least \$5,500,000.

As we indicated in our response to the Audit, we suggest that in the normal course of the statewide audit that these transactions be reviewed and a definitive answer issued.

2/13/95
Appropriations Cmte
Attachment 15

MUNICIPAL INVESTMENT POOL

STATE IDLE FUNDS

Dr. Cr.

Dr. Cr.

If you assume no gain or loss on the exchange, you must record the new investments at the book value of the old investments. I think this is how the Treasurer's Office would account for this.

No entry is needed to record the exchange.

No entry is needed to record the exchange.

The summary entry below records the net effect of all amortizations, interest income, gains, and losses.

The summary entry below records the net effect of all amortizations, interest income, gains, and losses.

Cash	72,800,000	
Income/Gains		1,600,000
Investments		71,200,000

Cash	78,200,000	
Income/Gains		7,100,000
Investments		71,100,000

BEGINNING CASH	10,000,000
ENDING CASH	82,800,000
INCREASE IN CASH	72,800,000
NET INCOME/GAINS/LOSSES	1,600,000

BEGINNING CASH	10,000,000
ENDING CASH	88,200,000
INCREASE IN CASH	78,200,000
NET INCOME/GAINS/LOSSES	7,100,000

15-2

MUNICIPAL INVESTMENT POOL

STATE IDLE FUNDS

Dr. Cr.

Dr. Cr.

Using GAAP as I understand them, you would revalue the new investments at current market value.

The entry below records the exchange.

The entry below records the exchange.

Investments (Mkt of New)	70,800,000	
Loss in Market Value	2,600,000	
(to the time of exchange)		
Gain on Exchange		2,200,000
(MIP "paid" less than mkt.)		
Investments (Amort Cost of Old)		71,200,000

Investments (Mkt of New)	68,600,000	
Loss in Market Value	300,000	
(to the time of exchange)		
Loss on Exchange		2,200,000
(Idle "paid" more than mkt.)		
Investments (Amort Cost of Old)		71,100,000

The summary entry below records the net effect of all amortizations, interest income, gains, and losses.

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Cash	72,800,000	
Income/Gains		2,000,000
Investments		70,800,000

Cash	78,200,000	
Income/Gains		9,600,000
Investments		68,600,000

BEGINNING CASH	10,000,000
ENDING CASH	82,800,000
INCREASE IN CASH	72,800,000
NET INCOME/GAINS/LOSSES	1,600,000

BEGINNING CASH	10,000,000
ENDING CASH	88,200,000
INCREASE IN CASH	78,200,000
NET INCOME/GAINS/LOSSES	7,100,000

15-3

MUNICIPAL INVESTMENT POOL

STATE IDLE FUNDS

Dr. Cr.

Dr. Cr.

If both Funds had sold their old investments and bought their new investments in the market place ...

The entry below records the sale of the old investments.

The entry below records the sale of the old investments.

Cash	68,600,000	
Loss on Sale of Investments	2,600,000	
Investments (Amort Cost)		71,200,000

Cash	70,800,000	
Loss on Sale of Investments	300,000	
Investments (Amort Cost)		71,100,000

The entry below records the purchase of the new investments.

The entry below records the purchase of the new investments.

Investments	70,800,000	
Cash		70,800,000

Investments	68,600,000	
Cash		68,600,000

The summary entry below records the net effect of all amortizations, interest income, gains, and losses.

The summary entry below records the net effect of all amortizations, interest income, gains, and losses.

Cash	72,800,000	
Income/Gains	2,000,000	
Investments		70,800,000

Cash	78,200,000	
Income/Gains	9,600,000	
Investments		68,600,000

BEGINNING CASH	10,000,000
ENDING CASH	70,600,000
INCREASE IN CASH	60,600,000
NET INCOME/GAINS/LOSSES	-600,000

BEGINNING CASH	10,000,000
ENDING CASH	80,400,000
INCREASE IN CASH	70,400,000
NET INCOME/GAINS/LOSSES	9,300,000

15-14