

Approved: 3/6/95
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 22, 1995 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Julian Efird, Legislative Research Department
Pat Mah, Legislative Research Department
Eric Milstead, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Subcommittee reports were given for FY 95 and FY 96 for the state board of tax appeals, department of revenue, Kansas lottery, Kansas racing commission, department of commerce and housing, Kansas, Inc. and Kansas technology enterprise corporation covered under **HB 2132**.

HB 2132 - Appropriations for FY 96; state board of tax appeals, department of revenue, Kansas lottery, Kansas racing commission, department of commerce & housing, Kansas development finance authority, Kansas, Inc., KTEC.

Representative Haulmark presented the FY 95 and FY 96 subcommittee reports for the Board of Tax Appeals (Attachment 1). A motion was made by Representative Haulmark, seconded by Representative Mollenkamp, to adopt the FY 95 and FY 96 subcommittee reports for the Board of Tax Appeals. The motion carried.

Representative Mollenkamp presented the FY 95 and FY 96 subcommittee reports for the Department of Revenue (Attachment 2). A motion was made by Representative Mollenkamp, seconded by Representative Haulmark, to adopt the subcommittee reports for FY 95 and FY 96 for the Department of Revenue. The motion carried.

The FY 95 and FY 96 subcommittee reports for the Kansas Lottery were presented by Representative Nichols (Attachment 3). A motion was made by Representative Nichols, seconded by Representative Mollenkamp, to adopt the FY 95 and FY 96 subcommittee reports for the Kansas Lottery. The motion carried.

Representative Nichols presented the FY 95 and FY 96 subcommittee reports for the Kansas Racing Commission (Attachment 4). A motion was made by Representative Nichols, seconded by Representative Mollenkamp, to adopt the FY 95 and FY 96 subcommittee reports for the Kansas Racing Commission. The motion carried.

As Chairperson Jennison left the room, Representative Carmody took over as Chair.

Representative Haulmark presented the FY 95 and FY 96 subcommittee reports for the Department of Commerce and Housing. Representative Nichols presented the minority report for the Department of Commerce and Housing (Attachment 5). A motion was made by Representative Haulmark, seconded by Representative Mollenkamp, to adopt the majority subcommittee reports for FY 95 and FY 96 for the Department of Commerce and Housing. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 p.m. on February 22, 1995.

The FY 95 and FY 96 subcommittee reports for the Kansas Technology Enterprise Corporation (KTEC) were presented by Representative Haulmark. Representative Nichols presented the minority report for KTEC (Attachment 6). A motion was made by Representative Haulmark, seconded by Representative Mollenkamp, to adopt the majority subcommittee reports for FY 95 and FY 96 for KTEC. The motion carried.

Chairperson Jennison returned to the meeting and took over as Chair.

Representative Nichols presented the FY 95 and FY 96 subcommittee reports for Kansas Inc (Attachment 7). A motion was made by Representative Nichols, seconded by Representative Mollenkamp, to adopt the FY 95 and FY 96 subcommittee reports for Kansas, Inc. The motion carried.

The Committee turned to consideration of amending previously adopted subcommittee reports.

A motion was made by Representative Helgerson, seconded by Representative Dean, to amend the FY 96 subcommittee report for the Board of Tax Appeals to return 1.0 FTE attorney position and any additional funding for it. The motion failed with a count of 9 ayes and 11 nays.

A motion was made by Representative Dean, seconded by Representative Haulmark to amend the FY 96 subcommittee report for the Department of Revenue to add to subcommittee recommendation no. 5 that the quarterly report include reporting to the Joint Computer Committee. The motion carried.

A motion was made by Representative Gatlin, seconded by Representative Gross, to amend the FY 96 subcommittee report for the Department of Revenue to remove subcommittee recommendations no. 7 and no. 8 and replace language with the Department's alternative, to reduce 22.0 FTE's in 18 months and to instruct the Division of Property Valuation to undergo a thorough review of the agency to recommend changes in policy, recommend changes in law, recommend changes in structure that will be necessary to get this system into a more workable condition. Representative Gatlin said he would be amenable to dividing the question. He distributed an organizational chart for the Division of Property Valuation which included where 61.0 FTE cuts could be made (Attachment 8).

The Chair divided the question and a vote was taken to remove recommendations no. 7 and no. 8. The motion carried with a count of 13 ayes and 7 nays. Representatives Bradley, Cornfield, Farmer, Haulmark, Jennison, Kejr, Mollenkamp and Neufeld requested to be recorded as voting nay. Representatives Lowther and Hochhauser requested to be recorded as voting aye.

The Chair directed the Committee to return to the portion of the motion by Representative Gatlin to replace the language with the Department of Revenue's alternative.

A substitute motion was made by Representative Bradley, seconded by Representative Kline, to amend the FY 96 subcommittee report for the Department of Revenue to show that if only 22.0 FTE's are cut, the cuts be made in a 12 month period in FY 96. Representative Gatlin said he would accept the substitute motion as a friendly amendment. The motion carried.

A motion was made by Representative Gross, seconded by Representative Wilk, to amend the FY 96 subcommittee report recommendation no. 4 for the Department of Commerce and Housing to reinstate the \$900,000 (EDIF) funding for the Micro-Loan Program.

A substitute motion was made by Representative Haulmark, seconded by Representative Mollenkamp, to add only \$500,000 (EDIF) back into the Micro-Loan Program. With Representative Mollenkamp concurring, Representative Haulmark withdrew his substitute motion.

The Chair directed the Committee to return to the original motion by Representative Gross. Representative Gross agreed with a request by Representative Wilk to include in the motion that the Department of Commerce and Housing report back to the Legislature next year performance measures on the Micro-Loan program. A vote was taken and the motion failed.

A motion was made by Representative Dean, seconded by Representative Helgerson, to amend the FY 96 subcommittee report for the Department of Commerce and Housing regarding the Kansas Industrial Training and Retraining grants, that the grants be distributed in four equal releases once each quarter. The motion failed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 p.m. on February 22, 1995.

A motion was made by Representative Nichols, seconded by Representative Helgerson, that wherever new jobs created are shown in performance indicators, the cost per new employee in comparison to the dollars the state contributes is included. The motion failed.

A motion was made by Representative Allen, seconded by Representative Wilk, to delete subcommittee recommendations no. 2, no. 3 and no. 4 in the FY 96 report for the Kansas Technology Enterprise Corporation.

The Chair divided the question on the motion by Representative Allen.

A vote was taken on the motion to delete subcommittee recommendation no. 2 and the motion failed with a count of 9 ayes and 10 nays.

A vote was taken on the motion to delete subcommittee recommendation no. 3 and the motion failed with a count of 9 ayes and 10 nays.

A vote was taken on the motion to delete subcommittee recommendation no. 4 and the motion failed with a count of 4 ayes and 14 nays.

A motion was made by Representative Lowther, seconded by Representative Helgerson, to amend the subcommittee report for Kansas, Inc. to restore the funding to the Governor's recommendation. The motion carried with a vote count of 12 ayes and 9 nays.

A motion was made by Representative Carmody, seconded by Representative Haulmark, to pass as amended HB 2132. The motion carried.

A motion was made by Representative Dean, seconded by Representative Kline, to introduce a KPERS omnibus bill. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Kline, to introduce a bill regarding a classification system and other changes to the juvenile justice system. The motion carried.

The meeting adjourned at 4:40 p.m.
The next meeting is scheduled for February 23, 1995.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2/22/95

NAME	REPRESENTING
Connie Hoch	Leadership Barber County Barber Co Extension Service
Jim Matsumura	Leadership Barber County
Jim West	" " "
Glenn Newdiggs	Leadership Barber County
Chris Cooper	KTEC
RICH BENNIS	KTEC
Cindy Diehl	KTEC
JOHO LAFAYER	KDOP
James Crawford	Intern
WALT DARLING	Ks Division of Budget
JACK SHRIVER	B.O.T.A.
RITA Maichel	B.O.T.A.
Diane Waterworth	Division of the Budget
MIKE WOSCICKI	KTEC
Charles Ware	Kansas Inc
John Walsh	KDOP
Kevin Carr	KTEC
Proby Pate	Kansas, Inc.
Mikel Mella	KANSAS INC

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2/22/95

NAME	REPRESENTING
John Rolfe	KS Dept. of Comm. & Housing
Sherry Brown	"
Kary Saville	Kansas Lottery
Kym Smith	KANSAS Lottery
Mike TODD	KANSAS Lottery
Pamela Doonan	Kansas World Trade Center
ALAN STEPPAT	PETE MCGILL + Assoc.
George Teagarden	K A H D
GARY SHERRER	KS DEPT. of Commerce & Housing
Cyndra Spriggs	Leadership Barber County
Juliana Myers	Leadership Barber County
Bernie Koch	Wichita Area Chamber
Chida Hamilton	Barber County Treasurer
Joe DONOVAN	Sen. Bud Burke
Julie Wright	Wichita Eagle

SUBCOMMITTEE REPORT

Agency: Board of Tax Appeals

Bill No. --

Bill Sec. --

Analyst: Mah

Analysis Pg. No. 409

Budget Page No. 501

<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	\$ 1,715,403	\$ 1,711,008	\$ 0
Other Funds	17,000	17,000	0
TOTAL	<u><u>\$ 1,732,403</u></u>	<u><u>\$ 1,728,008</u></u>	<u><u>\$ 0</u></u>
FTE Positions	36.0	36.0	--
Special Project Appointments	0.0	0.0	--
TOTAL	<u><u>36.0</u></u>	<u><u>36.0</u></u>	<u><u>--</u></u>

Agency Estimate/Governor's Recommendation

The Board's current year estimate of \$1,732,403 is the amount authorized by the Legislature last year, as adjusted by State Finance Council action for a 1.5 percent cost-of-living adjustment. Salary expenses total \$1,442,989 while other operating expenses total \$289,414.


The Governor recommends \$1,728,008 for current year operating expenditures, a reduction of \$4,395 from the Board's estimate. The only adjustment is in salary and wage expenditures mostly to reflect lower than originally anticipated health insurance rates.

House Subcommittee Recommendation

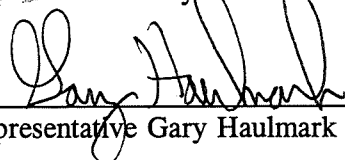
The House Subcommittee concurs with the Governor's recommendation and notes the Governor's following performance indicators:

<u>Performance Measures</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate*</u>
Cases received	13,749	19,000	19,000
Review of local decisions	6,929	8,500	8,500
Hearings held	2,878	3,100	3,100
* Estimated level of performance under Governor's recommendation.			

*2/22/95
Appropriations Cmte
Attachment 1*



Representative Gayle Mollenkamp, Chair



Representative Gary Haulmark

Representative Rocky Nichols

SUBCOMMITTEE REPORT

Agency: Board of Tax Appeals

Bill No. 2132

Bill Sec. 2

Analyst: Mah

Analysis Pg. No. 409

Budget Page No. 501

<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	\$ 1,743,454	\$ 1,665,648	\$ (85,064)
Other Funds	20,000	17,000	0
TOTAL	<u>\$ 1,763,454</u>	<u>\$ 1,682,648</u>	<u>\$ (85,064)</u>
FTE Positions	35.0	35.0	(1.0)
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>35.0</u>	<u>35.0</u>	<u>(1.0)</u>

Agency Request/Governor's Recommendation

The Board's FY 1996 request provides for an increase of \$31,051 over the current year estimate. Included in the request is a proposal to delete an existing FTE court reporter position and shift a portion of the moneys so that it can be used to contract for court reporter services during peaks periods of appeal hearings. The FY 1996 request also includes the usual annual step movement for classified employees and an unclassified merit pool of 2.5 percent for unclassified employees, including moneys for the five Board members whose salaries are set by statute. Although the Board proposes reducing travel and communication expenses due to efficiency measures, the reductions are offset by requested increases mostly for contractual and capital outlay purchases. The Board is requesting moneys to hire a computer consultant to determine necessary equipment to update the Board's computer system. The existing computer system limits the Board's capacity to generate needed information and requires additional keystroking for staff. Capital outlay purchases are requested to provide for computer equipment necessary to implement the changes that will be taking place for the state's employee payroll system beginning in the middle of FY 1996; to obtain a new microfilm reader/printer so that staff will no longer need to go to another agency to use its equipment; to replace a FAX machine; and to provide for new and replacement office equipment.

The Governor recommends \$1,682,648 for FY 1996, a reduction of \$80,806 from the Board's request. The recommendation finances the requested 35.0 FTE positions instead of the current 36.0 FTE positions. In addition, the Governor does not recommend, as proposed by the Board, that a portion of the salary moneys for the deleted FTE position be used instead for contracting for court reporter services. All moneys for the currently existing position are deleted in FY 1996. Also, moneys for the hiring of a computer consultant and capital outlay purchases are deleted except for \$5,144 to provide for the state's new employee payroll system. The recommendation for FY 1996 expenditures is made in conjunction with new language that will be included in the appropriation bill so that, if the Board has any unanticipated savings in the current year, the unbudgeted savings can be expended in FY 1996 by the Board. The recommendation is made with the intent of giving the Board flexibility and encouraging savings. Although the Governor's recommendation reflects a net reduction of \$80,806 from the Board's request in FY 1996, moneys are included to provide for an additional 1.0 percent salary adjustment over

the requested rate of 2.5 percent. Included in the FY 1996 recommendation are salary enhancements of 3.5 percent for classified employees and a merit pool of 3.5 percent for unclassified employees.

House Subcommittee Recommendation

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

1. Delete \$35,703 from the State General Fund for a 1.0 Attorney position. As reflected in the table below, the number of case filings has dropped for the agency since FY 1990, when the Legislature enhanced positions and financing for the agency because of a law enacted by the 1985 Legislature. The law required implementing statewide reappraisal of property in 1989. With a drop in the agency's caseload since the surge caused by the state mandate, the Subcommittee believes that less staff is necessary. The Governor also recommended deleting an existing position for a court reporter, which the agency indicated had not been filled in the past two years. However, the Governor's recommendation is not reflected in the appropriations bill. With a technical amendment to correctly reflect the Governor's recommendation, the appropriations bill would be amended to reduce the agency's position limitation by a net of 2.0 FTE positions, for a total of 34.0 FTE positions in FY 1996.

State Board of Tax Appeals -- FY 1985 - FY 1994										
	<u>FY</u> <u>1985</u>	<u>FY</u> <u>1986</u>	<u>FY</u> <u>1987</u>	<u>FY</u> <u>1988</u>	<u>FY</u> <u>1989</u>	<u>FY</u> <u>1990</u>	<u>FY</u> <u>1991</u>	<u>FY</u> <u>1992</u>	<u>FY</u> <u>1993</u>	<u>FY</u> <u>1994</u>
Filings:										
Appeals from the County Board of Equalization	49	176	74	55	361	1,769	1,058	2,309	1,524	1,870
Appeals from Director of Taxation	6	15	44	29	32	54	66	69	111	131
Appeals from Director of Property Valuation	16	11	28	--	3	20	26	28	17	35
Tax Exemptions	856	955	1,403	3,691	4,023	3,635	4,263	6,562	8,899	5,267
Tax Grievances	3,492	3,921	6,867	1,056	1,620	1,607	2,093	2,734	3,026	2,661
No-Fund Warrants	36	27	37	27	27	48	43	23	21	36
Appeals to Exceed Budget -School Districts	6	2	5	9	44	72	--	--	--	2
IRB Filings and Appeals	249	204	148	28	41	47	22	34	45	38
Economic Development Exemptions	--	--	--	27	46	76	71	71	37	45
Protests	--	--	--	1,053	1,242	15,468	3,831	3,619	6,035	3,652
School Appeals	--	--	--	10	11	13	11	5	6	12
Informal Results Reviews	--	--	--	--	--	51,598	13,186	12,614	8,487	6,886
Reappraisal Reviews	--	--	--	--	4	1	--	--	--	--
Complaints	--	--	--	--	--	--	--	--	7	43
TOTAL	<u>4,710</u>	<u>5,311</u>	<u>8,606</u>	<u>5,985</u>	<u>7,454</u>	<u>74,408</u>	<u>24,670</u>	<u>28,068</u>	<u>28,215</u>	<u>20,678</u>
SGF Expenditures										
Per Filing	\$128.06	\$115.67	\$75.59	\$113.61	\$120.02	\$16.42	\$67.08	\$54.37	\$52.14	\$75.51
Agency Total FTE	14.0	14.0	15.0	15.0	20.0	37.0	37.0	36.0	36.0	35.0*
Filings Per FTE	336.4	379.4	573.7	399.0	372.7	2,011.0	666.8	779.7	783.75	590.8

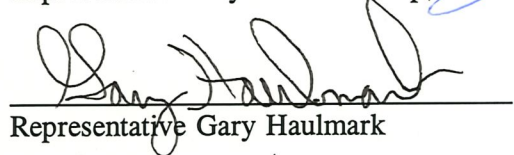
* Position limitation was actually 36.0 FTE positions, but one position was vacant entirely during FY 1994.

1-4

2. The Subcommittee was told that it is not uncommon for the Board to replace the person appointed to fill its General Counsel position when the appointment of certain Board members end. The term for two Board members, one of whom is the Board's Chairperson, will end July 1, 1995. The Subcommittee asks the Board and encourages the Governor to give very strong consideration to hiring someone who has real estate appraisal experience, including perhaps being a certified real estate appraiser. The Board reported that no one on its current staff has real estate appraisal experience. The Subcommittee believes that personnel with appraisal experience are essential in enabling the agency to work toward its mission of ensuring that all property in the State of Kansas is assessed in an equal and uniform manner.
3. Delete \$44,217 from the State General Fund based on the House Appropriations Committee's recommendation to delete funding for a 3.5 percent unclassified merit pool (\$27,438); classified step movement (\$6,538); a one percent base adjustment for classified employees (\$4,749); and the longevity bonus (\$5,492) from individual budgets.
4. Delete \$5,144 from the State General Fund based on the House Appropriations Committee's recommendation to delete funding for computer equipment related to the state's new payroll system.



Representative Gayle Mollenkamp, Chair



Representative Gary Haulmark

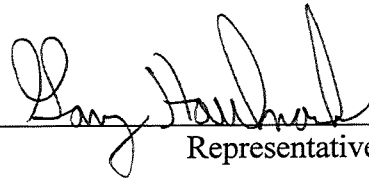
Representative Rocky Nichols

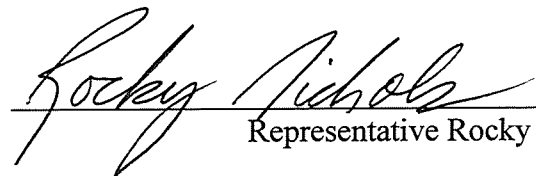
SUBCOMMITTEE REPORTS

H.B. 2234

Department of Revenue


Representative Gayle Mollenkamp, Chairperson


Representative Gary Haulmark


Representative Rocky Nichols

2/22/95
Appropriations Comte
Attachment 2

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 2234

Bill Sec. --

Analyst: Julian Efird

Analysis Pg. No. 383

Budget Page No. 435

Expenditure Summary	Agency Estimate FY 95	Governor's Recommendation FY 95	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 57,814,847	\$ 57,637,935	\$ (412,752)
Aid, Assistance, Claims	12,875,400	12,875,400	0
Total -- Operating	<u>\$ 70,690,247</u>	<u>\$ 70,513,335</u>	<u>\$ (412,752)</u>
State Operations:			
General Fund	\$ 28,932,877	\$ 28,863,228	\$ 0
DOV Op. Fund	27,107,896	27,000,633	(412,752)
FTE Positions	1,260.5	1,260.0	0.0
Special Project Appointments	10.0	10.0	0.0
TOTAL	<u>1,270.5</u>	<u>1,270.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

Agency Request. The agency's revised budget for current year state operations expenditures is a net increase of \$2,856,375 more than actual FY 1994 expenses. A significant portion of this net increase is for the Division of Motor Vehicles, where part of this increase is attributed to one-time costs for an optical imaging system budgeted at \$412,752 in FY 1995 and to implementation of a new, digitized photo driver license system. The other primary reason for the increase in all program expenditures, including Motor Vehicles, is the growth in salary expenses as employees are paid higher compensation and corresponding higher benefits costs which result from salary increases. The Kansas Tax 2000 project is anticipated to begin in January of 1995 with the award of a service provider contract to a consultant who will assist the agency in this work. The agency's current year request for staffing is a decrease of 0.5 FTE from the FY 1994 level of staffing. Increased compensation costs, as noted above, for the agency's workforce account for almost \$2.5 million of higher FY 1995 agency expenses compared with actual FY 1994 expenditures. The agency's revised estimate of payments is a decrease of \$130,832 from the actual FY 1994 amounts paid. An increase in payments from the County Drug Tax Fund is offset by even greater reductions in the estimated payments from the Special County Mineral Production Tax Fund.

Governor's Recommendation. The Governor recommends adjustments in the salaries and benefits, eliminating 0.5 FTE position, recalculating the salary base for classified employees, reducing overtime compensation, and reducing health insurance expenditures. No changes are recommended in other operating expenses for the current fiscal year. The Governor's recommendations reflect a reduction of \$796,581 in salaries and benefits from the approved FY 1995 amount and net reductions of \$1,080,122 in state operations when considering the agency's reduction of \$283,541 in other operating expenditures

this fiscal year. A reduction of 0.5 FTE position in the Taxation program is recommended by the Governor in addition to the 1.5 FTE reduction proposed by the agency in its current fiscal year approved staffing level of 1,262.0 FTE positions. The Governor's recommendations include 10.0 Special Projects positions which would be in addition to the recommended 1,260.0 FTE positions. The Governor concurs with the state aid and other assistance estimate for FY 1995.

House Subcommittee Recommendation

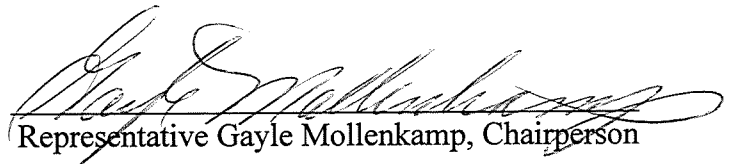
The Subcommittee concurs with the Governor's recommendations in FY 1995 and makes the following adjustment:

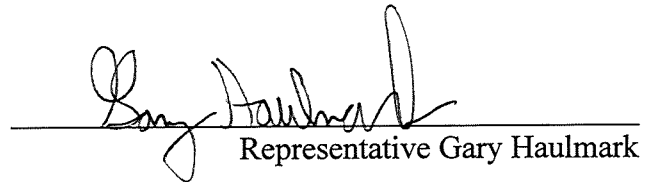
1. Reduce \$412,752 in expenditures from the DOV Operating Fund in the approved budget for an automation project in the Dealers Licensing Bureau and shift the expenditures to FY 1996 since the agency indicates that it will be unable to undertake this project in the current fiscal year.

SUBCOMMITTEE REPORTS

H.B. 2132

Department of Revenue


Representative Gayle Mollenkamp, Chairperson


Representative Gary Haulmark

Representative Rocky Nichols

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 2132

Bill Sec. 3

Analyst: Julian Efird

Analysis Pg. No. 383

Budget Page No. 435

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 62,428,999	\$ 59,375,643	\$ (2,671,357)
Aid, Assistance, Claims	21,255,400	9,255,400	0
Total -- Operating	<u>\$ 83,684,399</u>	<u>\$ 68,631,043</u>	<u>\$ (2,671,357)</u>
State Operations:			
General Fund	\$ 31,583,174	\$ 29,493,127	\$ (2,450,170)
DOV Op. Fund	29,565,534	28,697,554	(201,628)
FTE Positions	1,293.5	1,266.0	(61.0)
Special Project Appointments	10.0	10.0	0.0
TOTAL	<u>1,303.5</u>	<u>1,276.0</u>	<u>(61.0)</u>

Agency Request/Governor's Recommendation

The Department of Revenue is divided into major divisions which reflect the programs that the agency is charged with administering and the support functions that serve the regular programs. The present structure of the Department was established in 1972 by an Executive Reorganization Order that consolidated a number of then separate programs. Several modifications have been made in the structure since 1972. The present organizational structure includes the following units: Alcoholic Beverage Control regulates the sale and distribution of alcoholic beverages and enforces bingo regulations; Motor Vehicles issues titles, registers vehicles, and licenses drivers; Property Valuation appraises state property and exercises supervision over local appraisers; Taxation administers and enforces the major state taxes; Collections identifies and collects delinquent taxes; Administrative Services provides management and support services to the other programs; and Aid, Assistance and Claims include payments for which the agency is responsible (except Homestead which is budgeted separately and not included in this budget).

Performance Measures. Some examples of the dozens of indicators presented by the Department of Revenue in its budget are attached to this Subcommittee Report.

Agency Request. The agency's FY 1996 request is an increase of \$4,614,152 more than the revised FY 1995 agency request for operating expenses. More than half of the increase is attributed to the Administrative Services Division which is seeking increased expenditures in a variety of areas, including capital outlay, communications and computer-related upgrades. As in FY 1995, increases budgeted for employee compensation account for a large part of the growth in requested expenditures in every division. Additionally, the request for new staff positions also accounts for a substantial increase in the budget. The most significant programmatic enhancement is a request for \$594,263 and 12.0 FTE

positions in order to increase enforcement efforts regarding the motor fuels tax. The request is scattered throughout the agency and is noted in the budget detail section later in this analysis. The Department of Revenue amended its FY 1996 budget request on October 14, 1994, to include this information in response to a Legislative Division of Post Audit 1994 performance audit report, Reviewing the Department of Revenue's Enforcement of Kansas Motor Fuels Tax.

The agency requests an increase of 33.0 FTE staff for FY 1996. Over one-third of these new positions are new positions are requested for the Property Valuation Division which is under a court mandate. Three new positions are intended to provide better customer services at driver license examining centers. Four new positions are to be assigned to the legal staff in the Collections Division to assist in reducing the workload and enhance collection of accounts overdue. Three other positions are to be assigned auditing corporate income taxes in an effort to augment the six current corporate auditors.

For aid and other assistance, the agency's FY 1996 estimate is a net increase of \$8,380,000 more than the FY 1995 revised estimate. The main reason for this increase is an additional \$9.0 million proposed for state aid enhancement to counties for reappraisal assistance. The agency's budget request would increase the FY 1995 amount of \$3.0 million to \$12.0 million in FY 1996. Also noted are an increase in payments from the County Drug Tax Fund and a reduction in the estimated payments from the Special County Mineral Production Tax Fund. The other categories are relatively stable from FY 1995 to FY 1996.

Governor's Recommendation. Recommended funding for state operations expenditures would increase \$1.7 million by the Governor's actions, with \$1.2 million of the increase attributed to the Administrative Services program. Salary turnover savings are increased by the Governor's recommendation from 4.2 percent in FY 1995 to 4.9 percent in FY 1996, yielding a net savings of \$2,156,591 in the agency's salary base. Funding for eight new positions for motor fuels tax enforcement are included in the Governor's recommendations. The Governor recommends step movement, longevity pay, and a 1.0 percent base salary adjustment for classified employees, and a 3.5 percent merit pool for unclassified employees.

The only new positions recommended by the Governor are associated with the motor fuels tax enhancements: 8.0 FTE limited term appointments are recommended by the Governor for expanded motor fuels tax enforcement. Reduction of 2.0 FTE positions in other areas are recommended for a net increase of 6.0 FTE from 1,260.0 in FY 1995 to 1,266.0 FTE positions in FY 1996. The Governor's recommendations also include 10.0 Special Projects appointments which would be in addition to the FTE limitation.

The Governor recommends eliminating state aid of \$3.0 million for county reappraisal funding in FY 1996 which has been financed by the State Gaming Revenues Fund. The Governor concurs with the state aid and other assistance estimate for FY 1996.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations in FY 1996 and makes the following adjustments:

1. Reduce \$1,484,874 for salaries and benefits enhancements which were recommended by the Governor for classified and unclassified personnel. This reduction includes \$850,935 SGF and 614,380 DOV Operating Fund, with the remaining \$19,559 from other funding sources.

2. Reduce \$36,530 SGF for SHaRP computers and add a like amount to the Department of Administration's budget for the same purpose, subject to determination that the quantity and configuration of equipment needed for the personnel/payroll project is appropriate to this agency.
3. Add \$412,752 in DOV Operating Fund expenditures for FY 1996 which were reduced in FY 1995 for the optical imaging project in the Dealers Licensing Bureau. No additional funding will be transferred since the savings in the current fiscal year will carry over to FY 1996.
4. Make a technical correction in the FTE count which was recorded incorrectly in the bill as drafted.
5. Add a provision providing for transfers from the State General Fund to the Automated Tax Systems Fund which was left out of the Governor's recommended appropriations bill (H.B. 2132). Quarterly reports to the Chairs of House Appropriations and Senate Ways and Means will be made on receipts and expenditures for this project. The Kansas Tax 2000 project is scheduled to begin in early 1995 when a contract is expected to be awarded to a service provider. This is a multiyear, multimillion dollar project. The Governor endorses the Kansas Tax 2000 project as ". . . an innovative approach in using new monies gained through the program to finance its costs."

The 1994 Legislature appropriated the Automated Tax Systems Fund which was intended as the finance mechanism and the same fund is included in the Governor's FY 1996 bill. However, the problem which the 1995 Legislature needs to address is providing for transfers from State General Fund receipts into this dedicated fund in order to pay for the contract. The Department of Revenue has indicated that it will not need funding in FY 1995 for this project, but that transfers will be needed in FY 1996 to pay the service provider once a contract is signed later in calendar 1995. K.S.A. 1994 Supp. 75-5147 is the statutory basis for this finance mechanism which will pay for the project out of "new" revenues attributable to implementation of the automated tax systems.

6. Note that state aid to counties for reappraisal payments in FY 1996 is \$0 under the Governor's recommended budget. The FY 1995 amount is \$3,000,000 from the EDIF. Historically, the state has provided aid since implementing statewide reappraisal in the 1980s and FY 1996 will be the first year that no aid will be provided, if the Governor's recommendation is adopted.
7. Reduce \$2,312,705 for salaries and benefits financed from the State General Fund (SGF) and also eliminate 61.0 FTE positions in order to downsize the Property Valuation Division (PVD) to 45.0 FTE positions. The Subcommittee further recommends that any new staff hired into the Property Appraiser classification be certified and/or licensed by the appropriate organizations.

8. Add \$750,000 to the PVD budget to provide SGF financing for outsourcing: \$250,000 for a sales/ratio study; \$200,000 for a agricultural land-use study; and \$300,000 for other consultant services.

*Attachment - House Subcommittee Report
1995*

KANSAS Department of Revenue

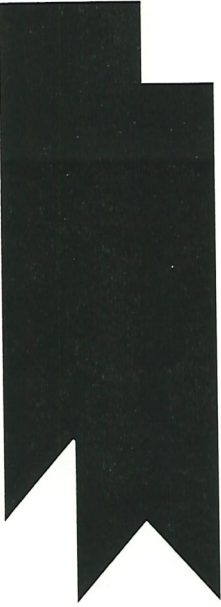
STRATEGIC BUSINESS PLAN

January 1994

2-9

A-1

OBJECTIVES



- Improve customer service
- Develop quality business processes
- Maximize voluntary compliance
- Sustain a skilled and motivated workforce



OBJECTIVES

The Department has established four primary Objectives, listed below. We believe that accomplishing these Objectives is essential to achieving our Vision of providing service for Kansans in a fair, firm, responsive and professional manner.

Improve customer service

Our customers deserve the finest service that can be provided. We also recognize that the needs of our customers are constantly changing. We will put processes in place that will enable us to understand and respond to the needs of our customers and stakeholders.

Maximize voluntary compliance

We will promote maximum voluntary compliance. Simplification, uniformity, education, assistance and enforcement are the key components to achieving the highest rate of voluntary compliance.

Develop quality business processes

We will fundamentally change the way we manage and operate our business. We will seek ways to continually improve the quality of our products and services, increase the satisfaction of our internal and external customers and reduce processing costs.

Sustain a skilled and motivated workforce

We will achieve quality service through a skilled, motivated and proactive workforce. Management will foster an environment where associates can develop their skills and participate in decision making activities. Each associate must have the proper tools, training and techniques to deliver quality customer service.

2-11

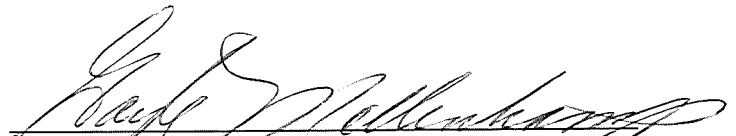
A-3

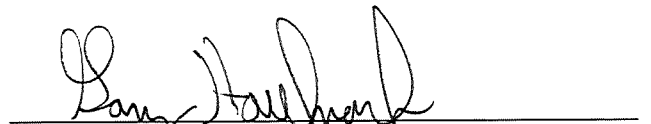
SUBCOMMITTEE REPORTS

H.B. 2234 & H.B. 2132

Kansas Lottery

Kansas Racing Commission


Representative Gayle Mollenkamp, Chairperson


Representative Gary Haulmark


Representative Rocky Nichols

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 2234

Bill Sec. --

Analyst: Efirid

Analysis Pg. No. 396

Budget Page No. 411

<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	\$ 18,617,483	\$ 18,568,070	\$ 0
Prizes and Retailer Commissions ^(a)	84,276,000	84,276,000	0
TOTAL	<u><u>\$ 102,893,483</u></u>	<u><u>\$ 102,844,070</u></u>	<u><u>\$ 0</u></u>
FTE Positions	98.0	98.0	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u><u>98.0</u></u>	<u><u>98.0</u></u>	<u><u>0.0</u></u>

a) Category of prizes and retailer commissions includes some transactions which are never recorded in the State Treasury as either receipts or expenditures.

Agency Estimate/Governor's Recommendation

The agency's revised estimate for the current fiscal year projects sales at \$147.0 million. The current approved sales estimate for FY 1995 is \$130.0. An increase in state operations of almost \$1.3 million over actual FY 1994 is requested, including a one-time expenses of \$485,000 for computer equipment and \$245,000 for software modification associated with implementation of an instant ticket scanning system. The 1994 Legislature approved a 1994 Governor's Budget Amendment for this new system based on expenditures of \$471,530 for printing bar codes on tickets and for other costs.

SGRF Transfers. The Lottery's projected transfers of \$45.9 million to the State Gaming Revenues Fund (SGRF) are based on 30.0 percent of sales as provided by statute, plus an additional \$1.8 million approved by the 1994 Legislature.

The Governor concurs with the Lottery estimate of \$147.0 million in FY 1995 sales. The Governor concurs with the Lottery's state operations expenditures, with minor adjustments in salaries and benefits. Funding for additional costs of computer equipment and software modifications is included in the Governor's recommendations as requested by the Lottery.

SGRF Transfers. The estimated transfers are \$46,175,163, based on the Governor's assumptions about monthly cashflow, with \$45,250,755 anticipated for the SGRF and, if racing revenues are realized as estimated by the Governor, then \$924,408 for the State General Fund (SGF) will accrue in FY 1995 for deposit into the SGF on July 15 of FY 1996.

*2/22/95
Appropriations Cmte
Attachment 3*

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 1995 recommendations.

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 2132

Bill Sec. 4

Analyst: Efirid

Analysis Pg. No. 396

Budget Page No. 411

Expenditure Summary	Agency Request FY 96	Governor's Recommendation FY 96	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 19,543,722	\$ 19,473,212	\$ (109,201)
Prizes and Retailer Commissions ^a	89,516,278	89,516,278	0
TOTAL	\$ 109,060,000	\$ 108,989,490	\$ (109,201)
FTE Positions	98.0	98.0	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	98.0	98.0	0.0

a) Category of prizes and retailer commissions includes some transactions which are never recorded in the State Treasury as either receipts or expenditures.

Article 15, Section 3c of the *Kansas Constitution* authorizes a state-owned and operated lottery. K.S.A. 74-8710(a) allows by rule and regulation the establishment of the types of lottery games to be conducted, including but not limited to instant lottery, online and traditional games, but not including games on video lottery machines. The Lottery conducts several different types of games: instant or scratch ticket games, pull tabs, and online games, including PowerBall, CashLotto, Club Keno and Pick 3. Video lottery is prohibited by statute and the law authorizing instant bingo (which was not conducted by the Kansas Lottery) recently was ruled unconstitutional by the Kansas Supreme Court.

Performance Measures

See Attached examples.

Agency Request/Governor's Recommendation

The agency estimates net lottery sales of \$155.8 million next fiscal year. Expenditures for state operations would increase \$926,239 over the revised FY 1995 estimate. Included is an additional \$671,761 in Marketing, primarily for increased costs of ticket printing and advertising services. Some of the increase for state operations is attributed to paying additional fees for online communications and online service providers due to increased sales of Club Keno and other lotto games.

SGRF Transfers. SGRF transfers in FY 1996 are estimated at \$46.7 million, based on 30.0 percent of retail sales, and no special transfers of additional funds.

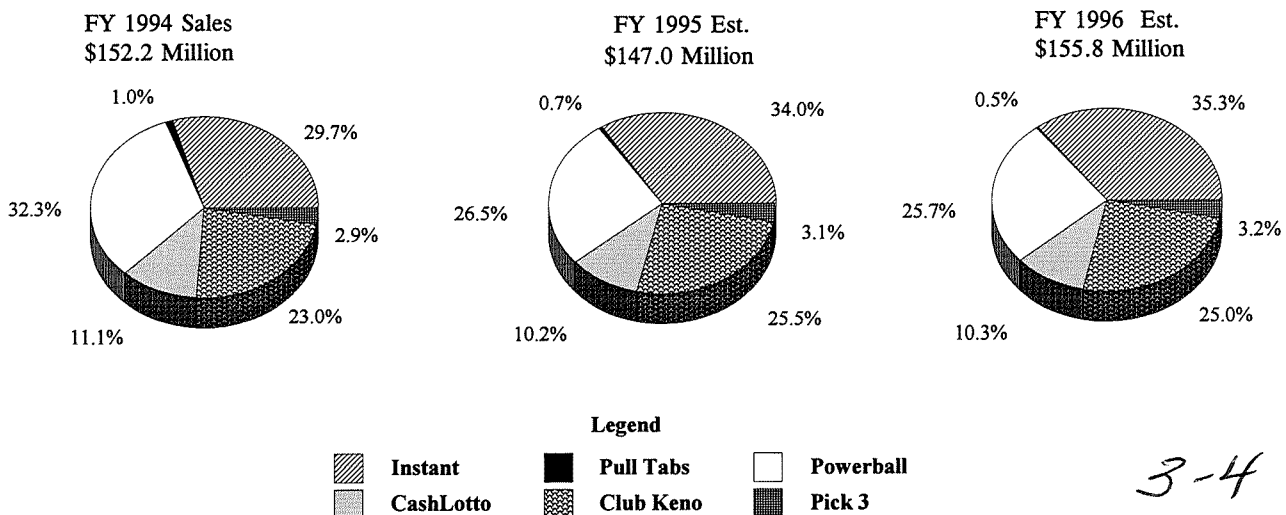
The Governor concurs with the Lottery estimate of \$155.8 million in FY 1996 sales. Expenditures from state operations would increase \$905,142 by the Governor's recommendations. Included in the Governor's budget is an additional \$632,947 for the Marketing Program, primarily for increased ticket costs, advertising services, online communications, and the online service provider.

SGRF Transfers. The Governor recommends transfers of \$49,613,357. Based on the Governor's assumptions, the SGRF would be credited \$44,872,900 in FY 1996 and the SGF would receive \$4,740,457 on July 15 in FY 1997. (Staff Note: Any amount greater than 30.0 percent of sales must be transferred by special appropriations language. The Governor's recommended transfers in excess of 30.0 percent are addressed in the FY 1996 appropriations bill for the Lottery, with \$1,687,894 recommended for transfer on October 31, 1995, and a like amount March 31, 1996.)

Fund Status. The following table summarizes the status of the Lottery Operating Fund as estimated by the Lottery and recommended by the Governor. The agency's figures reflect ending balances of more than \$4.8 million in FY 1995 and \$6.0 million in FY 1996, indicating considerable cash on hand at the close of each fiscal year. In FY 1994, the Legislature authorized an additional transfer of \$2.0 million to the SGRF in order to reduce the unexpended cash balance. For FY 1995, the Legislature authorized additional transfers of \$1.8 million to the SGRF which is reflected in the estimates for this fiscal year shown below.

The Governor's recommendations provide for ending balances of \$4.8 million in FY 1995 and \$3.0 million in FY 1996, including the authorized, special transfers of \$1,808,130 in FY 1995 and the proposed special transfers of \$3,375,788 in the Governor's FY 1996 recommended cashflow.

Resource Estimate	Actual FY 94	Agency Est. FY 95	Gov. Rec. FY 95	Agency Est. FY 96	Gov. Rec. FY 96
Beginning Balance	\$ 3,303,938	\$ 5,994,084	\$ 5,994,084	\$ 4,972,347	\$ 4,846,851
Net Receipts	96,309,819	99,536,000	99,718,124	105,553,346	105,572,222
Total Funds Available	\$ 99,613,757	\$ 105,530,084	\$ 105,712,208	\$ 110,525,693	\$ 110,419,073
Less:					
Expenditures	\$ 17,331,660	\$ 18,617,483	\$ 18,568,070	\$ 19,543,722	\$ 19,473,212
Transfers to Prize Fund	28,400,000	36,000,000	36,000,000	38,200,000	38,200,000
Transfers to SGRF	47,787,329	45,918,130	46,175,163	46,740,000	49,613,357
Transfers to KBI	100,684	122,124	122,124	0	124,008
Nonreportable	0	0	0	0	0
Ending Balance	\$ 5,994,084	\$ 4,872,347	\$ 4,846,851	\$ 6,041,971	\$ 3,008,496



Lottery Sales. The Governor concurs with the Lottery estimates for FY 1995 and FY 1996 sales. After record-breaking sales of over \$152 million last fiscal year, the revised FY 1995 estimate shows a slight decrease to \$147 million in the current period, increasing to almost 156 million next fiscal year.

Transfers to the SGRF. The Lottery contributes a disproportionately larger share of the transfers to the State Gaming Revenues Fund (SGRF) than does parimutuel betting. A statutory provision requires that any funding in excess of \$50.0 million be deposited in the State General Fund in the subsequent fiscal year. The threshold will be exceeded in both FY 1995 and FY 1996, based on the estimates provided in the budgets submitted by the Lottery and Racing Commission, and as recommended by the Governor.

Financial Activity	Approved FY 1995	Agency Est. FY 95 a)	Gov. Rec. FY 95	Agency Est. FY 96 a)	Gov. Rec. FY 96
Transfers by Source:					
Lottery	\$ 40,607,553	\$ 45,918,130	\$ 46,175,163	\$ 46,740,000	\$ 49,613,357
Parimutuel	5,175,267	5,684,865	4,749,245	4,698,948	5127100
Total Estimated ^a	<u>\$ 45,782,820</u>	<u>\$ 51,602,995</u>	<u>\$ 50,924,408</u>	<u>\$ 51,438,948</u>	<u>\$ 54,740,457</u>
 SGF Estimate	 \$ 0	 \$ 1,602,995	 \$ 924,408	 \$ 1,438,948	 \$ 4,740,000

a) Any amount in excess of \$50.0 million will be transferred to the State General Fund in the following fiscal year.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations in FY 1996, with the following exceptions:

1. Reduce \$99,707 from agency operations for salaries and benefits enhancements which were recommended by the Governor for classified and unclassified personnel.
2. Reduce \$9,494 or 1.5 percent of the \$632,947 increase recommended by the Governor for the Marketing program. This adjustment would affect expenses subject to an expenditure limitation, such as advertising and ticket printing, to adjustment rather than the online communications and lotto service provider payments which are not subject to an expenditure limitation. The Lottery presented information about a revision in the contract with GTech, the lotto service provider, associated with implementation of the instant ticket scanning system (ITSS). It should be noted that the GTech commission decreased from 6.5 percent to 5.85 percent for online sales effective November 14, 1994, when ITSS was implemented, until the end of FY 1995. At the same time, the Lottery began paying GTech 2.9 percent for instant sales to help offset the costs of the ITSS supplied by the lotto service provider. In FY 1996, the commission for online

sales is further reduced to 5.75 percent by the new contract, while instant sales under \$60 million will generate payments based on 2.9 percent to GTech.

3. Revise the special FY 1996 SGRF transfer schedule to quarterly instead of biannually, with transfers to take place on and after July 31 (or as soon as sufficient funds are available) and quarterly thereafter in the amount of \$843,947 (for a grand total of \$3,375,788 as recommended by the Governor). The Subcommittee understands that this schedule and new language would give the Lottery more flexibility to avoid any cashflow problems and that the Lottery will transfer more funds earlier, if possible.

NARRATIVE INFORMATION - DA 400

DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME
AGENCY NUMBER **450-00**
PROGRAM TITLE AND NUMBER
SUBPROGRAM TITLE AND NUMBER

KANSAS
NCT
EXECU
DOB U

EXECUTIVE

GOALS:

To insure that Kansas Lottery personnel are aware and knowledgeable of the newest and most effective products, technologies, security operations and marketing and advertising strategies within the gaming and lottery industries.

OBJECTIVE # 1:

To continue the attendance of Kansas Lottery Commission members and selected staff to pertinent gaming and lottery organization and industry conferences, meetings and seminars.

Strategies for Objective # 1

1. Determine which industry organizations the Kansas Lottery should join.
2. Determine industry periodicals and informational newsletters to which the Kansas lottery should subscribe.
3. Determine which meetings and conferences the Commissioners and Lottery staff should attend and schedule attendance at these meetings.

Performance Measures for Objective # 1:

	FY 94	FY 95	FY 96 Level A	FY 96 Level B	FY 96 Level C
OUTCOMES MEASURES:					
--Member Organizations	1	2	1	2	2
--Projected number of Commissioners and staff		12	8	12	14
--Subscriptions to industry periodicals	2	3	2	3	3
OUTPUT MEASURES:					
--Percentage of industry organizations joined	100	100	100	100	100
--Percentage attendees to conferences	100	100	100	100	100
--Percentage of subscriptions	100	100	100	100	100

8-9
A-1

Attachment - House Subcommittee Report 1995

NARRATIVE INFORMATION - DA 400

DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME
AGENCY NUMBER 450-00
PROGRAM TITLE AND NUMBER
SUBPROGRAM TITLE AND NUMBER

KANSAS
FUNCTIONAL
ELEMENTS

DOB U

SALES

GOAL:

To increase sales by offering both new and exciting products and improved service to Lottery retailers and players.

OBJECTIVE # 1:

Increase placement of instant ticket dispensers.

Strategies for Objective # 1

1. Inventory current dispenser placement at retail locations.
2. Train District Managers for sell-in of multiple game strategy.
3. Place a minimum of 125 additional drop-in dispensers in FY 95 and from 60 to 150 in FY 96.
4. Improve placement and increase number of counter top dispensers with a minimum increase of 1,000 dispensers.

Performance Measures for Objective # 1:

	FY 94	FY 95	FY 96 Level A	FY 96 Level B	FY 96 Level C
OUTCOMES MEASURES:					
--Observe dispenser placement percent at all retail locations	0	100	100	100	100
--Percent of DM's trained for multiple game sell-in	0	100	100	100	100
OUTPUT MEASURES:					
--Retailers with 3 or more counter top dispensers	0	1500	1500	1600	1800
--Number of retailers with in-counter dispensers	0	500	560	600	650
--Retailers selling 4 or more games	0	1200	1300	1400	1500

OBJECTIVE # 2:

Improve game specific awareness through point of sale and its placement at retail locations.

Strategies for Objective # 2

1. Gather input from field regarding the type of point of sale needed.
2. Work with corporate accounts to meet their needs and improve placement.
3. Develop game specific needs:
 - Special \$2.00 instant tickets
 - Pick 3
 - Cash Lotto

Attached to the report - 1/19/95
 Submitted by 1/19/95

3-8
 A-2

NARRATIVE INFORMATION - DA 400

DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME
AGENCY NUMBER 450-00
PROGRAM TITLE AND NUMBER
SUBPROGRAM TITLE AND NUMBER

KANSAS
FUNCTION
METI

DOB USE

MARKETING

GOALS:

To market and promote the Kansas Lottery and its games in an effective and responsible manner.

OBJECTIVE # 1

To produce and place quality and unified advertising messages in electronic and print media for the Kansas Lottery Powerball game that results in an increase in sales over FY 1994 and an increase in each of the following fiscal years.

Strategies for Objective # 1

1. Produce and place television and radio advertisements promoting the benefits of the game and its current jackpot.
2. Produce and place radio advertisements highlighting significant Kansas Powerball winners.
3. Continue television placement of the live Powerball drawings on Wednesday and Saturday evenings in a majority of television markets in the state so that a majority of the population has access to the live drawings.
4. Continue the current program of placing point of sale signs at stores selling Powerball so the public knows where to purchase the game.

Performance Measures for Objective # 1:

	FY 94	FY 95	FY 96 Level A	FY 96 Level B	FY 96 Level C
OUTCOMES MEASURES:					
--Per capita sales	\$19.87	\$15.76	\$15.15	\$15.76	\$16.16
OUTPUT MEASURES:					
--Number of new TV commercials	3	3	1	2	4
--Number of new radio commercials	4	4	3	4	4
--Live drawings broadcast per week	2	2	0	2	2
--TV gross rating points	200/wk	150/wk	100/wk	100/wk	175/wk
--Radio gross rating points	150/wk	150/wk	100/wk	125/wk	150/wk
--Average quantity of point of sale placed	2/store	2/store	1/store	1/store	2/store

*3-9
A-3*

Attachment - House Subcommittee Report 1995

NARRATIVE INFORMATION - DA 400

DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME
AGENCY NUMBER 450-00
PROGRAM TITLE AND NUMBER
SUBPROGRAM TITLE AND NUMBER

KANSAS LOT
FUNCTION NO
SECURITY 70

DOB USE ON

SECURITY

GOAL:

Enactment and enforcement of proper security procedures to insure the integrity of lottery products, personnel, retailers and operations.

OBJECTIVE # 1:

To make certain that only tickets of the highest quality are printed for the Kansas Lottery, that Security personnel remain current on law enforcement qualifications and that all personnel and vendors are properly processed and screened.

Strategies for Objective # 1

1. Assign personnel to attend each ticket printing.
2. Seek out training sessions that will meet the 40 hour annual training requirement for the Director of Security and the enforcement agents.
3. Conduct thorough background investigations of perspective retailers, vendors and employees.

Performance Measures for Objective #1:

	FY 94	FY 95	FY 96 Level A	FY 96 Level B	FY 96 Level C
--	-------	-------	------------------	------------------	------------------

OUTCOMES MEASURES:

--Percent of ticket printing observed	100	100	100	100	100
--Number of Security personnel involved	4	4	4	4	4
--Percent of retailers/vendors screened	100	100	100	100	100

OUTPUT MEASURES:

--Percent of defective tickets accepted	0	0	0	0	0
--Number of enforcement agents certified	4	4	4	4	4
--Percent of unqualified retailer/vendors signed	0	0	0	0	0

A-4
3-10

Attachment - House Subcommittee Report 1995

SUBCOMMITTEE REPORT

Agency: Kansas Racing Commission

Bill No. 2234

Bill Sec. --

Analyst: Efird

Analysis Pg. No. 404

Budget Page No. 423

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations	\$ 3,330,063	\$ 3,139,148	\$ 0
Other Assistance	1,336,730	1,336,730	0
TOTAL	<u>\$ 4,666,793</u>	<u>\$ 4,475,878</u>	<u>\$ 0</u>
FTE Positions	49.5	49.5	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>49.5</u>	<u>49.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The Racing Commission estimates an increase in expenditures for state operations, in part due to the anticipated opening of a new race track in Southeast Kansas. Nine new staff scheduled for the Frontenac facility are included in the agency's request rather than 11.0 FTE approved by the 1994 Legislature. The revised FY 1995 expenditure are less than what was approved by the 1994 Legislature. Expenditures of \$3,623,519 for state operations and 51.5 FTE positions were approved. The agency estimates a reduction in expenditures from the State Racing Fund which is subject to an approved limitation of \$2,210,026, based on its request of \$2,056,251, or \$153,775 less than current authority. Transfers to the State Gaming Revenues Fund (SGRF) are revised, increasing from \$5.2 million approved last year to almost \$5.7 million by the agency's revised estimate.

In FY 1995, the Governor's recommendations would provide a reduction in state operations expenditures of \$484,371 from the approved amount. A reduction in the current expenditure limitation for the State Racing Fund, based on the Governor's recommended spending level of \$1,992,236 is indicated, with the reduction amounting to \$217,790 in expenditure authority. Transfers to the SGRF are estimated at \$4,749,245, or \$945,620 less than the agency estimate in FY 1995 for SGRF transfers, in part due to a delayed opening of the new Southeast Kansas race track and reduced attendance at the Kansas City race track. A reduction of 2.0 FTE from the approved limit of 51.5 is recommended.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations and further recommends the following action be taken:

1. Reduce the line item expenditure limitation on the State Racing Fund in the amount recommended by the Governor. The Subcommittee notes that the Governor's recommended reduction in FY 1995 expenditures is not reflected in the supplemental appropriations bill and therefore recommends that an item be added to H.B.

*2/22/95
Appropriations Cmte
Attachment 4*

2234 to reduce the FY 1995 approved expenditure limitation from \$2,207,526 to \$1,992,236.

SUBCOMMITTEE REPORT

Agency: Kansas Racing Commission

Bill No. 2132

Bill Sec. 5

Analyst: Efirid

Analysis Pg. No. 404

Budget Page No. 423

<u>Expenditure Summary</u>	<u>Agency Requested FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
State Operations	\$ 3,667,711	\$ 3,543,542	\$ (103,536)
Other Assistance	1,536,294	1,536,294	0
TOTAL	<u>\$ 5,204,005</u>	<u>\$ 5,079,836</u>	<u>\$ (103,356)</u>
FTE Positions	49.5	49.5	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>49.5</u>	<u>49.5</u>	<u>0.0</u>

Agency Requested/Governor's Recommendation

The Kansas Racing Commission administers provisions of the Parimutuel Racing Act and serves as the regulatory entity for horse and greyhound racing. The primary charge of the Commission is to regulate the racing industry and the parimutuel wagering associated with the racing industry. The Commission's primary objectives are to (1) regulate the racing industry; (2) issue licenses and conduct hearings involving licensees; (3) supervise race meetings; (4) enforce Commission policies and regulations; (5) protect the safety and welfare of racing animals and the wagering public; (6) maintain public confidence in the parimutuel wagering system; and (7) encourage the growth of the racing industry.

The Kansas Racing Commission is a five-member entity appointed by the Governor and confirmed by the Senate. The Commission appoints an Executive Director who administers the agency. Staff are located in Topeka at the headquarters, in Kansas City at the Woodlands, and in Wichita at the Wichita Greyhound Park. The Commission plans to open an office in Frontenac at the new greyhound race facility in Southeast Kansas. Staff also are sent to the tracks where intermittent racing takes place, such as Eureka Downs and Anthony, when the race meets are in session.

The following information presents the actual and projected figures for betting (handle) at the Kansas race tracks. A decline in handle at the Woodlands has been reported in calendar year 1994 due to the introduction of river boat gambling in the Kansas City area. It would appear that based on these projections from the Racing Commission that parimutuel handle peaked in FY 1994 and is less in both FY 1995 and FY 1996, even with the opening of the new track in Southeast Kansas.

<u>Track Location</u>	<u>Actual FY 1993</u>	<u>Actual FY 1994</u>	<u>Estimated FY 1995</u>	<u>Revised FY 1995</u>	<u>Estimated FY 1996</u>
Kansas City Woodlands	\$ 155,862,512	\$ 171,777,302	\$ 163,982,529	\$ 151,394,700	\$ 146,176,500
Wichita Greyhound Park	66,680,059	65,521,140	54,609,941	74,905,300	72,323,500
Frontenac Track Southeast	0	0	11,588,176	8,700,000	17,500,000
Eureka, Anthony	0	841,794	0	0	0
Total Handle	<u>\$ 222,542,571</u>	<u>\$ 238,140,236</u>	<u>\$ 230,180,646</u>	<u>\$ 235,000,000</u>	<u>\$ 236,000,000</u>

Agency Request

For state operations, the Racing Commission requests a net increase of \$337,648 in FY 1996. No new positions are requested, but the Commission proposed to shift the financing of 20.0 FTE positions from the Racing Reimbursable Expense Fund to the State Racing Fund. The Commission estimates a reduction in SGRF transfers to less than \$4.7 million in FY 1996, a decrease of almost \$1.0 million compared with the estimate for this fiscal year. This shift in financing accounts for \$977,466 of this reduction in transfers next fiscal year.

Governor's Recommendation

In FY 1996, the Governor recommends an increase in expenditures totaling \$404,394 for state operations. The Governor's recommendations maintain staffing at its current level and continue financing of salaries and benefits in the present manner, with the Reimbursement Fund to finance race officials who are employed by the Commission and stationed at the different tracks. An increase in expenditures of \$280,898 from the Reimbursable Fund is attributed to the annualizing costs for the new facility in Southeast Kansas. Transfers to the SGRF are estimated at \$5,127,100 in FY 1996 and include anticipated revenues from the new Southeast Kansas facility on an annual basis.

Performance Measures

See Attached information.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations and makes the following additional adjustments in the FY 1996 budget:

1. Reduce \$58,536 from salaries and benefits enhancements which were recommended by the Governor for classified and unclassified personnel.
2. Delete 1.0 FTE positions for the Director of Racing which has never been filled and reduce \$45,000 for salaries and benefits associated with the position.

*Attachment - House Subcommittee Report
1995*

Kansas Racing Commission
Performance Indicators
FY 96

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>
<u>All tracks</u>				
Handle	236,000,000	235,000,000	238,000,000	222,000,000
Attendance	1,700,000	1,579,310	1,653,000	1,733,109
Race Days	820	715	620	618
<u>Revenue</u>				
Parimutuel tax	7,760,000	7,285,000	7,616,000	7,188,501
Admissions tax	244,000	229,000	239,000	228,314
Daily license fee	164,000	143,000	123,900	123,600

Frontenac data is included for the entire FY 96 period and for a half-year for FY 95 as follows:

	<u>FY 96</u>	<u>FY 95</u>
Handle	17,500,000	8,700,000
Attendance	154,000	84,000
Race days	207	101
<u>Revenue</u>		
Parimutuel tax	551,000	271,000
Admissions tax	21,600	11,700
Race days	41,400	20,200

Perfini

4-5

A-1

*Attachment - House Subcommittee Report
1995*

October 25, 1994

Kansas Racing Commission
Performance Indicators
FY 96

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>
<u>All tracks</u>				
Handle	236,000,000	235,000,000	236,000,000	222,000,000
Attendance	1,700,000	1,579,310	1,653,000	1,733,109
Race Days	820	715	619	618
<u>Revenue</u>				
Parimutuel tax	7,760,000	7,285,000	7,594,000	7,188,501
Admissions tax	244,000	229,000	236,000	228,314
Daily license fee	164,000	143,000	129,600	123,600

Frontenac data is included for the entire FY 96 period and for a half-year for FY 95 as follows:

	<u>FY 96</u>	<u>FY 95</u>
Handle	17,500,000	8,700,000
Attendance	154,000	84,000
Race days	207	101
<u>Revenue</u>		
Parimutuel tax	551,000	271,000
Admissions tax	21,600	11,700
Race days	41,400	20,200

Perfindl:A1

4-6

A-2

*Attachment - Horse Showmaster Report
1995*

████████████████████

Kansas Racing Commission
Performance Indicators
By Track

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>
<u>Handle</u>				
Kansas City	146,176,500	151,394,700	172,000,000	155,000,000
Wichita	72,823,500	74,905,300	66,000,000	67,000,000
Frontenac	17,500,000	8,700,000	0	0
	<u>236,000,000</u>	<u>235,000,000</u>	<u>238,000,000</u>	<u>222,000,000</u>
<u>Revenue</u>				
Kansas City	4,822,324	4,693,236	5,300,000	4,671,015
Wichita	2,866,676	2,320,764	2,294,000	2,317,486
Frontenac	551,000	271,000	0	0
	<u>7,760,000</u>	<u>7,285,000</u>	<u>7,594,000</u>	<u>7,188,501</u>
<u>Attendance</u>				
Kansas City	1,062,102	1,027,278	1,136,000	1,177,736
Wichita	483,898	468,032	517,000	555,373
Frontenac	154,000	84,000	0	0
	<u>1,700,000</u>	<u>1,579,310</u>	<u>1,653,000</u>	<u>1,733,109</u>
<u>Revenue</u>				
Kansas City	152,783	148,955	162,000	148,958
Wichita	69,617	68,345	74,000	79,356
Frontenac	21,600	11,700	0	0
	<u>244,000</u>	<u>229,000</u>	<u>236,000</u>	<u>228,314</u>
<u>Race Days</u>				
Kansas City	328	332	311	312
Wichita	285	282	308	306
Frontenac	207	101	0	0
	<u>820</u>	<u>715</u>	<u>619</u>	<u>618</u>
<u>Revenue</u>				
Kansas City	65,600	66,400	62,200	62,400
Wichita	57,000	56,400	61,600	61,200
Frontenac	41,400	20,200	0	0
	<u>164,000</u>	<u>143,000</u>	<u>123,800</u>	<u>123,600</u>

Perfindi:A40

4-7

A-3

SUBCOMMITTEE REPORT

Agency: Department of Commerce
and Housing

Bill No. --

Bill Sec. --

Analyst: Milstead

Analysis Pg. No. 414

Budget Page No. 107

<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	\$ 12,937,434	\$ 12,924,468	\$ 0
Aid and Other Assistance	68,183,788	68,183,788	0
Capital Improvements	878,025	878,025	0
TOTAL	<u>\$ 81,999,247</u>	<u>\$ 81,986,281</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 2,084,639	\$ 2,071,673	\$ 0
Aid and Other Assistance	794,216	794,216	0
TOTAL	<u>\$ 2,878,855</u>	<u>\$ 2,865,889</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 5,274,613	\$ 5,274,613	\$ 0
Aid and Other Assistance	6,794,520	6,794,520	0
Capital Improvements	878,025	878,025	0
TOTAL	<u>\$ 12,947,158</u>	<u>\$ 12,947,158</u>	<u>\$ 0</u>
FTE Positions	116.5	116.5	--
Special Project Appointments	12.0	12.0	--
TOTAL	<u>128.5</u>	<u>128.5</u>	<u>--</u>

Agency Estimate/Governor's Recommendation

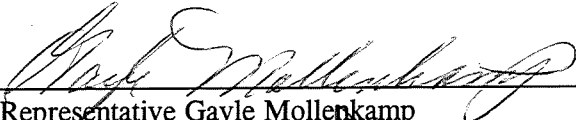
The agency's current year estimate is an increase of \$21,464,551 from federal and special revenue funds compared to the approved budget. Most of the increase (\$15,078,683, CDBG-Disaster Relief) reflects KDCH's estimate of the additional dollars it anticipates from the federal government to cope with disaster relief efforts following the 1993 flood. Increased expenditures of HOME federal dollars (\$1,144,695) also contributed to the increase.

The Governor's current year recommendation is a decrease of \$12,966 from the agency's estimate. The entire decrease comes from State General Fund expenditures and is primarily attributable to a decrease in salary and wage expenditures (health insurance adjustments).

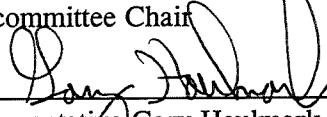
*2/22/95
Appropriations Cmte
Attachment 5*

House Subcommittee Recommendation

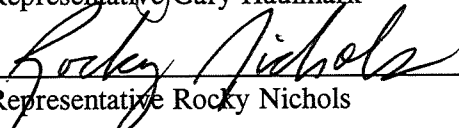
The House Subcommittee concurs with the Governor's FY 1995 recommendation.



Representative Gayle Mollenkamp



Representative Gary Haulmark



Representative Rocky Nichols

SUBCOMMITTEE REPORT

Agency: Department of Commerce
and Housing

Bill No. 2132

Bill Sec. 6

Analyst: Milstead

Analysis Pg. No. 414

Budget Page No. 107

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 14,755,987	\$ 13,120,538	\$ (160,294)
Aid and Other Assistance	80,060,786	66,920,446	(900,000)
Capital Improvements	35,000	35,000	0
TOTAL	\$ 94,851,773	\$ 80,075,984	\$ (1,060,294)
State General Fund:			
State Operations	\$ 2,173,152	\$ 1,499,407	\$ (57,936)
Aid and Other Assistance	695,928	280,732	0
TOTAL	\$ 2,869,080	\$ 1,780,139	\$ (57,936)
Economic Development Initiatives Fund:			
State Operations	\$ 6,960,596	\$ 6,150,914	\$ 15,000
Aid and Other Assistance	18,330,000	11,589,600	(900,000)
Capital Improvements	35,000	35,000	0
TOTAL	\$ 25,325,596	\$ 17,775,514	\$(885,000)
FTE Positions	120.5	116.5	--
Special Project Appointments	7.0	10.0	--
TOTAL	127.5	126.5	--

Agency Request/Governor's Recommendation

1. New Positions. The Kansas Department of Commerce and Housing for FY 1996 requests the conversion of three current special projects positions to F.T.E. status. The agency states that each of the special project positions (High Performance Incentive Program Senior Financial Analyst, Community Development Block Grant Business Finance Specialist, and Kansas Rural Development Council Office Assistant) concern permanent functions of KDCH. The agency also requests the creation of one new FTE position (Economic Development Rep. III, \$46,133) in the Division of Community Development.

The Governor does not recommend the requested new FTE positions.

2. Other Operating Expenditures. KDCH requests \$9,497,626 for other operating expenses in FY 1996, an increase of \$1,669,383 from the current year. Of the requested increase, \$1,420,892 is associated with expenditures in the Travel and Tourism Division. Specifically, \$1,000,000

is requested for out-of-state television and print advertising, \$430,000 for marketing strategies regarding the 175th anniversary of the Santa Fe Trail, \$100,000 for a public relations campaign and \$80,000 for community tourism development.

The Governor's FY 1996 recommendation for other operating expenses totals \$7,872,119, a reduction of \$1,625,507 from the agency's request. A lower level of activity in the State of Kansas Investments in Lifelong Learning (SKILL) program accounts for \$288,752 of the reduction, while a reduction of \$1,372,755 in Economic Development Initiative Fund (EDIF) expenditures account for the majority of the reduction.

3. Local Aid/Other Assistance. The agency requests \$80,060,786 for local aid and other assistance payments, financed by \$695,928 from the State General Fund, \$18,330,000 from the EDIF, and \$61,034,858 from federal and special revenue funds. The request represents a decrease of \$98,288 from the State General Fund and increases of \$11,535,480 from the EDIF and \$439,806 from other funding sources compared to the current year. Major increases from the EDIF are requested for new State Community Development Block Grant (\$10,000,000), and Microloan (\$2,400,000) programs and expansions of the Kansas Economic Initiative Opportunity Fund (from \$1,700,000 to \$5,000,000), Kansas Industrial Training and Retraining (from \$2,727,500 to \$3,000,000), and Tourism Grants (from \$379,600 to \$1,120,000) programs.

The Governor's FY 1996 recommendation for local aid and other assistance funding is a reduction of \$13,140,340 from the agency's request. No funding is recommended for the new EDIF funded State Economic Block Grant program while the Governor recommends \$4,000,000 for the Kansas Economic Initiative Opportunity Fund (\$1,000,000 less than the agency's request). The Governor also recommends lower than requested expenditures for SKILL program services (\$1,399,940 less than requested) and for tourism grants (\$740,400 less than requested).

4. Capital Improvements. The agency requests \$35,000 from the EDIF in FY 1996 for rehabilitation and repairs to the state's traveler information centers (TIC).

The Governor concurs with the agency's request for capital improvements.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's FY 1996 recommendations, with the following adjustments:

1. Delete \$165,294, including \$47,936 from the State General Fund based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$29,514); classified step movement (\$74,095); a one percent base adjustment for classified employees (\$38,206); and the longevity bonus (\$23,479) from individual agency budgets.
2. Reduce by \$65,000 -- to zero -- funding for the Kansas Quality Information Network (KQIN). This program has been financed by EDIF funds. The Subcommittee recommends eliminating this program. Currently, KQIN is administered through the agency's Business Development Division.

5-4

3. Add \$65,000 (EDIF) funding for the Mid-America World Trade Center, located in Wichita. State funding for the program for FY 1996 would total \$65,000.
4. Reduce by \$900,000 (EDIF) funding for the Micro-Loan Program within the Business Development Division. The reduction leaves funding for the Program of \$1,500,000 (EDIF). The Subcommittee believes that because this is a new program, the reduction in funding is warranted for the initial year of operation in order to determine the program's efficacy.
5. Delete \$10,000 of State General Fund financing from the agency's state operations, leaving State General Fund financing for state operations of \$1,489,407.
6. Add \$15,000 as a carryover from funds originally appropriated for FY 1994. \$100,000 was originally appropriated in FY 1994 for database development. The agency projected spending the last of the \$100,000 in FY 1995 but because of a personnel change, the agency now estimates that \$15,000 will remain to be carried over for FY 1996.
7. The Subcommittee recommends proviso language be included in H.B. 2132 clarifying that the Low Income Tax Credit Fee Fund be allowed to be used for financing needy (particularly rural) housing projects.
8. The Subcommittee recommends that an appropriation line item be included in H.B. 2132 to establish a General Fees Fund for financing expenditures of the new Olathe Travel Information Center and the new South Haven Travel Information Center. The Fund is expected to be financed by revenues generated at the Information Centers from advertising, travel agents, gift shop sales, etc.
9. The Subcommittee recommends the addition to the appropriations bill of proviso language establishing a fund regarding the Microloan program. The fund will allow the program to receive microloan repayments and use those revenues for new loans.
10. The following tables reflect the agency's performance indicators for a number of its programs.

According to the agency, the following performance indicators reflect the technical and support assistance to businesses for workforce training provided by the KIT, KIR, SKILL, and KQIN programs:

<u>Outcome Measures</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
Number of new jobs created as a result of training assistance	3,799	3,000	3,750	3,000	3,000
Number of existing jobs retained as a result of retraining assistance	3,689	3,000	3,250	3,000	3,000
Percent of businesses rating training assistance as satisfactory or better	--	90%	90%	90%	90%
Percent of businesses and other clients rating quality-based services as satisfactory better	--	90%	90%	90%	90%
<u>Output Measures</u>					
Number of workforce training contracts	77	75	85	75	75
Number of contracts related to quality improvement	--	100	100	100	100

Business Finance Program. According to the agency, the following table reflects business assistance provided by Certified Development Companies and Small Business Development Centers. The Tables also reflect the assistance to business regarding tax incentives and financial assistance for job creation through the following program: KEOIF, Venture Capital, KBEL, Investment Tax Credit, and the High Performance Incentive Program (HPIP):

<u>Outcome Measures --</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
Financing dollars leveraged from nonprogram sources	--	\$ 120,000,000	\$ 130,000,000	\$ 130,000,000	\$ 130,000,000
Jobs created/retained	--	3,000	3,400	3,600	3,600
Percent inquiries satisfied by assistance provided	--	90%	90%	90%	90%
<u>Output Measures</u>					
Number of clients/inquiries	8,000	8,600	8,600	9,000	9,000
Number of businesses receiving funding/incentives	340	380	410	450	450
Training/seminars conducted	110	130	130	140	150

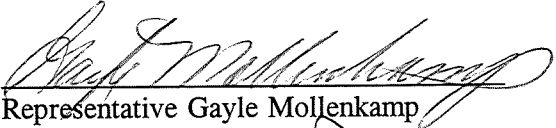
Community Development Division. The following table reflects the Division's efforts to facilitate the growth of downtown commercial districts. The Division provides training and advice and technical assistance regarding design, economic restructuring, promotion, and organization.

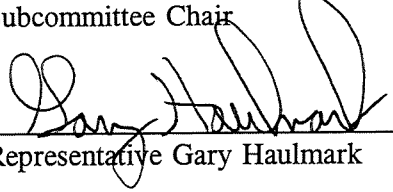
Outcome Measures	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Designated cities:	20	22	24	24	24
Year 1	1	2	2	2	2
Years 2-5	9	8	8	8	8
Post Year 5	10	2	14	14	14
Partnership cities	15	20	25	25	25
Number of new businesses	33	40	44	44	44
Number of new jobs	188	200	225	225	225
Output Measures					
On-site assistance	57	62	65	65	65
Conference and workshops	6	7	10	65	65
Design assistance	33	40	44	44	44
Facade renovations	18	20	22	22	22
Other rehabilitation	55	60	65	65	65
Investment-public and private	\$11.3 M	\$12.4 M	\$15.0 M	\$15.0 M	\$15.0 M

5-7

The following table illustrates the Division's efforts to encourage metropolitan and nonmetropolitan counties to develop and implement economic development strategic plans:

Outcome Measures	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Planning grants	37,530	260,000	90,000	75,000	--
Action grants	374,430	340,000	520,000	125,000	200,000
Conferences	20	25	25	15	15
Workshops	3	3	3	3	1
Output Measures					
Conferences	20	25	25	15	15
Workshops	3	3	3	3	3


Representative Gayle Mollenkamp
Subcommittee Chair


Representative Gary Haulmark

Representative Rocky Nichols

Minority Report

My concerns are submitted while acknowledging the important role that state-assisted economic development can play in the State of Kansas. The positive effect that economic development can provide Kansans in terms of job creation, job growth, higher paying jobs, more equitable tax policies and a more competitive and diverse State economy should not be understated. With that in mind, I encourage the Appropriations Committee and the Legislature, as a whole, to thoroughly examine the performance of the Kansas Department of Commerce and Housing. The agency should be scrutinized to determine if the Kansas economy is benefitting today and will benefit in the future because of the agency's efforts:

1. I encourage the Appropriations Committee to closely examine the growth in agency requests and subsequent appropriations for programs in the Business Development Division. That growth far exceeds both the rate of inflation and the traditional growth in government spending. The Kansas Economic Opportunity Initiative Fund (KEOIF), for example, has seen its Governor's recommended appropriations rise from \$1,700,000 in FY 1995 to \$4,000,000 in FY 1996. That is an increase of 135 percent over the course of one fiscal year. The State of Kansas Investments in Lifelong Learning (SKILL) program's recommended appropriations have also risen dramatically. The Governor's recommended funding for the program rose from \$5,642,361 for FY 1995 to \$8,353,020 for FY 1996. That represents a 48 percent increase in just one fiscal year. Such significant increases can be justified only on the basis of merit. It is not clear, at this point, that the foregoing programs warrant such increases. I would recommend that the full committee examine the individual performance indicators of these programs. If adequate performance indicators are not present, then indicators should be adopted by the full committee.
2. I commend the Majority Report's \$900,000 reduction in the newly created Microloan program. This program may have merit and may well prove cost effective. But because this is a new program the Appropriations Committee should closely examine it with an eye toward providing a more modest funding level, at least until the program demonstrates its efficiency. I encourage the Committee to, at the least, examine setting up the Microloan program as a "pilot program" in this, the program's first year. Or the Committee may examine whether we should start this new Microloan program at all, considering the fiscal restraints.
3. I also commend the Majority's recommendation to eliminate funding for the Kansas Quality Information Network. In testimony before the Subcommittee, the Department admitted that this program is high on their list to evaluate or target for elimination.


Representative Rocky Nichols

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corp. **Bill No.** 2234 **Bill Sec.** 2
Analyst: Milstead **Analysis Pg. No.** 435 **Budget Page No.** 375

<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	\$ 3,050,972	\$ 3,046,844	\$ 0
Other Assistance	14,398,714	14,427,507	0
TOTAL	\$ 17,449,686	\$ 17,474,351	\$ 0
EDIF:			
State Operations	\$ 2,360,414	\$ 2,356,286	\$ 0
Other Assistance	11,172,191	11,200,984	0
TOTAL	\$ 13,532,605	\$ 13,557,270	\$ 0
FTE Positions	11.0	11.0	--
Special Project Appointments	20.8	20.8	--
TOTAL	31.8	31.8	--

Agency Estimate/Governor's Recommendation

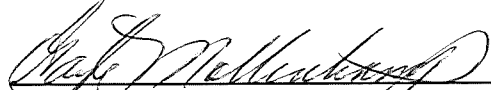
KTEC's revised current year estimate of expenditures exceeds the amount anticipated by the 1994 Legislature by \$895,801. The estimated increase is reflected in increased federal funds expended in the Mid-America Manufacturing Technology Center (MAMTC) program. These federal funds were carried over from FY 1994. Also, there was an increase in expenditures from the KTEC Special Revenue Fund (\$71,788). There is no change in approved EDIF expenditures of \$13,532,604. The Governor recommends funding of \$17,474,351 for FY 1995, a slight increase of \$24,665.

House Subcommittee Recommendation

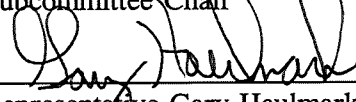
The House Subcommittee concurs with the Governor's recommendation for FY 1995, with the following modifications:

*2/22/95
Appropriations Cmte
Attachment 6*

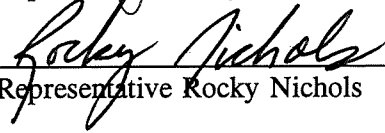
1. The Subcommittee recommends that the agency be given authority to increase the expenditure limitation for the Experimental Program to Stimulate Competitive Research (EPSCoR) by \$28,793 to cover an anticipated shortfall in that program. This request involves no additional appropriation request -- the request will be met by a shift in funding from a lapsed grant in the Applied Research Matching Grant Program.



Representative Gayle Mollenkamp
Subcommittee Chair



Representative Gary Haulmark



Representative Rocky Nichols

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corp. **Bill No.** 2132

Bill Sec. 9

Analyst: Milstead

Analysis Pg. No. 435

Budget Page No. 375

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,589,001	\$ 3,320,106	\$(57,340)
Other Assistance	22,682,046	17,992,960	478,000
TOTAL	\$ 26,271,047	\$ 21,313,066	\$ 420,660
EDIF:			
State Operations	\$ 2,739,001	\$ 2,470,106	\$(57,340)
Other Assistance	20,294,348	15,605,262	478,000
TOTAL	\$ 23,033,349	\$ 18,075,368	\$ 420,660
FTE Positions	35.8	13.0	(2.0)
Special Project Appointments	0.0	20.8	--
TOTAL	35.8	33.8	(2.0)

Agency Request/Governor's Recommendation

KTEC's FY 1996 budget request totals \$26,271,047, of which \$20,633,349 is for KTEC's administrative operations, special projects, and grants; \$1,400,000 is for the Kansas Value-Added Center (KVAC) program; and \$4,237,698 is for the Mid-America Manufacturing Technology Center (MAMTC).

The Governor's FY 1996 recommendation totals \$21,313,066 of which \$16,194,631 is for KTEC's administrative operations and grants; \$880,737 is for the KVAC program; and \$4,237,698 for MAMTC, as requested. The Governor's FY 1996 recommendation includes \$1,851,411 in salaries and wages (\$132,218 less than the agency's request), \$1,358,542 for contractual services (\$126,780 below the agency's request), \$57,353 for commodities (\$4,897 less than the agency's request), and \$52,800 for capital outlay (\$3,000 below the agency's request). According to the Governor, the recommended budget for KTEC from the EDIF (\$18,075,368) continues all programs at least at the level of service and performance expected in the current year. Programs continued at the current level include applied research matching grants, innovation research grants, and support for Centers of Excellence, the agriculture value added center, and the Mid-America Manufacturing Technology Center.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations for FY 1996, with the following modifications:

1. Delete \$57,340 (all from EDIF) based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$57,340); classified step movement (\$0); a one percent base adjustment for classified employees (\$0); and the longevity bonus (\$0) from individual agency budgets.
2. Add \$250,000 in funding for the Commercialization\Innovation Centers. Funding for the Centers will consequently increase from \$1,400,000 to \$1,650,000. All funding is from the EDIF.
3. Add \$100,000 in funding for the Centers of Excellence. Funding for the Centers will consequently increase from \$4,250,000 to \$4,350,000. All funding is from EDIF.
4. Add \$100,000 in funding for the Training Equipment Grants program. Funding for the program will total \$350,000.
5. The Subcommittee recommends keeping the number of FTEs and special project positions at 31.8--the same number for FY 1995.
6. The Subcommittee notes the following performance indicators provided by the agency.

a. Applied Research Matching Fund -- the program's objective is to generate new products and processes:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
Technologies/Products Introduced	25	25	25
Product Sales Revenues	\$28,462,323	\$32,000,000	\$35,000,000
New Jobs Created	304	250	300
Output Measures			
Project \$ Leverage	\$2,202,499	\$2,200,000	\$3,200,000
Follow-on Risk Capital Investment	\$10,826,000	\$8,000,000	\$8,000,000

b. Centers of Excellence -- the following two tables reflect the Centers' efforts in generating new products/processes and providing technical assistance to Kansas manufacturers:

6-4

New Products/Processes	FY 1994	FY 1995	FY 1996
Outcome Measures			
Increased sales of client companies	n/a	\$9,000,000	\$9,000,000
Reduced costs of client companies	n/a	\$500,000	\$500,000
Jobs created or saved at client companies	n/a	100	100
Output Measures			
Numbers of companies assisted	110	125	150
Federal/industrial funding leveraged	\$10,500,000	\$11,000,000	\$12,000,000
Number of technologies commercialized	10	12	12
License and royalty fees generated	\$33,000	\$50,000	\$50,000

Provision of Technical Assistance	FY 1994	FY 1995	FY 1996
Outcome Measures			
Increased sales of client companies	\$7,365,000	\$7,500,000	\$7,500,000
Reduced costs of client companies	\$1,487,000	\$1,500,000	\$1,500,000
Jobs created or saved at client companies	438	450	450
Output Measures			
Number of companies assisted	366	370	420
Number of informal assistance contracts	180	185	210
Number of fee-for-service contracts	186	185	210

c. Commercialization/Innovation -- the following tables reflect the programs' efforts stemming from the three commercialization centers (Kansas Innovation Corporation; Mid-America Commercialization Corporation; Wichita Technology Center):

6-5

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
Number of companies formed	n/a	6	12
Number of jobs created	n/a	12	24
Number of technologies transferred	n/a	6	12
Amount of new sales generated	n/a	0	0
License or royalty fees generated	n/a	0	\$100,000
Number of joint ventures formed	n/a	3	6
Output Measures			
Number of technologies reviewed	n/a	30	60

The following reflects the program's efforts in commercializing through entrepreneurship program:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
Number of interns recruited	n/a	18	18
Number of entrepreneurs services	n/a	6	12
Private \$ leveraged for entrepreneurial programs	n/a	0	.5:1
Output Measures			
Number of interns interviewed	54	54	54

d. Experimental Program to Stimulate Competitive Research (EPSCoR) -- the following table reflects the program's efforts to increase the award of federal research and development grants to Kansas universities:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
No. of proposals accepted/continued by federal agencies	1	2	6
Federal \$ awarded in accepted proposals	\$1,500,000	\$2,000,000	\$4,000,000
Per capita amount of federal R&D grants awarded in Kansas	\$20	\$20	\$24
Output Measures			
No. of proposals submitted to federal agencies	5	6	6
No. of junior faculty participating in accepted proposals	30	30	60
No. of senior faculty in mentor role	35	35	70

6-6

e. Industrial Liaison Offices -- this program encourages greater use of technologies by Kansas enterprises:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
Companies submitting proposals	29	30	30
Companies funded for R&D	18	18	20
Jobs created	56	90	105
Output Measures			
Companies interacted with	418	300	300
Companies assisted	230	220	220
Proposal evaluations conducted	142	150	150
Hours of technical consulting	n/a	300	300
SBIR workshops assisted with	n/a	2	3

f. Innovation Research -- the following table reflects the program's efforts in providing information to Kansas' small businesses on the benefits of participation in federally-funded programs:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
Number of proposals submitted	10	56	80
Number of proposals awarded	3	13	19
\$ obtained by Kansas' small businesses	\$500,000	\$4,100,000	\$6,400,000
Output Measures			
Number of seminars given	1	10	15
Number of small businesses attending seminars	4	60	150
Number of individuals attending seminars	30	460	640

The following reflects the program's efforts to provide information and assistance on the invention development process to assist the inventor with commercialization:

6-7

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
Number of inventions licensed	3	5	6
Number of start-up companies formed	3	8	10
Number of technologies licensed	2	3	4
Output Measures			
Number of companies benefitting from KTEC assistance	165	170	180
Number of inventors assisted	520	580	620
Number attending seminars	60	65	75
Number requesting financial assistance	10	15	50
Number receiving financial assistance	4	6	25
Number receiving patent search assistance	14	18	21

g. Research Equipment Grants -- the program encourages development of the state's research and development infrastructure:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
Companies involved in lab R&D	n/a	n/a	20
New technologies developed	n/a	n/a	15
Output Measures			
Industry sectors supported	n/a	n/a	4
Federal, industry \$ leverage	n/a	n/a	\$2,000,000

h. Seed Fund -- the following tables reflect the agency's performance indicators regarding Ad Astra I and Ad Astra II:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
Total revenue of portfolios			
Fund I	\$9,600,000	\$10,750,000	\$19,300,000
Fund II	\$192,800*	\$700,000*	\$3,000,000*
Number of employees			
Fund I	183	233	283
Fund II	11*	21*	31*
Number of investments made			
Fund I = 10 (fund closed)	0	0	0
Fund II (cumulative)	8	14	24
Dollars leveraged			
Fund I (cumulative)	\$15,450,000	\$20,000,000	\$30,000,000
Fund II	\$1,515,000	\$3,515,000	\$6,000,000
No. of Co. receiving follow-on funding			
Fund I	8	8	8
Fund II	3	7	20
*Does not include companies invested in by both funds			
Output Measures			
Number of business plans reviewed (does not include other forms of serious contact)	55	70	100
Percent of plans outside of NE Kansas (excluding K.C., MO metro area)	40%	30%	30%

i. Training Equipment Grants -- this program seeks to aid in the creation of new and/or improved technical, skilled, and scientific job opportunities:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures			
Companies supported by training	66	75	125
Industry employees trained	1,639	1,700	2,450
Vocational students trained	755	775	1,000
Output Measures			
New equipment investments	3	2	4
Federal/industry/local \$ leveraged	\$1,815,665	\$900,000	\$1,800,000

j. Kansas Value Added Center -- this program promotes economic development of agriculture as a vehicle for improving the state's economy as a whole. The following tables reflect some of the Center's efforts:

	<u>Actual</u> <u>FY 1993</u>	<u>Actual</u> <u>FY 1994</u>	<u>Goal</u> <u>FY 1995</u>	<u>Goal</u> <u>FY 1996</u>
Clients served				
New	100	120	130	150
Ongoing	202	150	150	200
Counties Served	59	46	59	59
New products commercialized	25	15	20	25
Projects authorized	26	17	20	25
Cost/project	\$7,650	\$16,000	\$15,000	\$20,000
Training programs	6	5	6	12

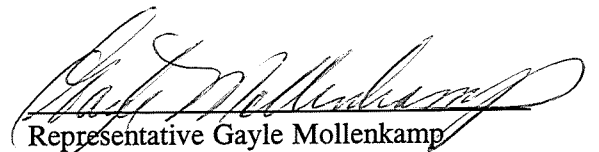
KVAC -- technical services:

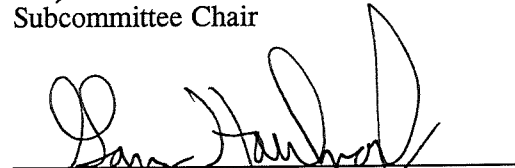
	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
Outcome Measures				
Satisfactory client services	75%	100%	100%	100%
Efficiencies in assessing technical, marketing, and financial information	Good	Excellent	Excellent	Excellent
Business developed based upon new ideas from tech. service program	1	8	8	8
Output Measures				
Number of workshops conducted	1	6	6	6
Number of attendees per workshop	12	35	50	50
Number of accessions to database by entrepreneurs	15	200	200	400
Number of referral of entrepreneurs to other resources in the state	6	75	100	100

j. Mid-America Manufacturing Technology Center (MAMTC) -- the program strives to enhance the competitive position of small and medium sized manufacturers. The following tables reflect the program's efforts to increase interaction with the client manufacturing base while increasing the size of individual client projects:

6-10

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Outcome Measures				
\$ Increase in sales (clients)	\$2,140,000	\$22,330,000	\$28,257,505	\$38,094,980
\$ Decreases in Costs (clients)	\$410,000	\$2,850,477	\$3,607,137	\$4,862,914
\$ Increase in Capital Investments (clients)	n/a	\$1,683,300	\$2,130,132	\$2,871,710
Jobs Created and Retained (clients)	83	617	781	1,053
Customer satisfaction index	3.75	3.94	3.95	3.95
Output Measures				
Informal Engagement Projects	201	322	445	646
Technical Assistance Contracts	135	275	417	588
Industry Funds Booked in Projects	\$383,155	\$1,142,102	n/a	n/a
Industry Funds Invoiced in Projects	\$150,016	\$1,125,054	\$1,423,700	\$1,919,227
Number of Consultants Used for Projects	82	156	394	394
% of Proposals Accepted as Contracts	53	55	55	55
Number of Manufacturers Visited	990	1,000	1,250	1,250
Number of Seminars and Workshops Held	40	29	53	60
Attendance at Seminars and Workshops	834	950	1,010	1,450


Representative Gayle Mollenkamp
Subcommittee Chair

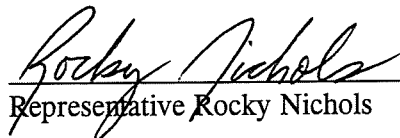

Representative Gary Haulmark

Representative Rocky Nichols

Minority Report

My concerns are submitted while acknowledging the important role that state-assisted economic development can play in the State of Kansas. The positive effect that economic development can provide Kansas in terms of job creation, job growth, higher paying jobs, more equitable tax policies, and a more competitive and diverse state economy should not be understated. With that in mind, I encourage the Appropriations Committee and the Legislature, as a whole, to thoroughly examine the performance of the Kansas Technology Enterprise Corporation. The agency should be scrutinized to determine if the Kansas economy is benefitting today and will benefit in the future because of the agency's efforts:

1. I disagree with the Majority's recommendation to increase, by \$250,000, the recommended funding for the Commercialization/Innovation Centers. I note that the three main commercialization centers (located in Manhattan, Lawrence, and Wichita) each have a President who is paid \$100,000 annually. I recommend that the full Committee consider reducing the number of Presidents to one or two and replacing those positions with lesser paid employees to handle day-to-day operations. According to the agency, KTEC intends to increase the number of satellite locations within this program which will be administered by a given President. I encourage the full Committee to consider recommending the addition of fewer satellite locations while concurrently reducing the number of Presidents in order to maintain a comparable workload for the executives.
2. I have reservations about the recommended appropriation for the new Venture Capital Fund (\$3,300,000). This new program picks up where the Ad Astra I and Ad Astra II Seed Funds left off. (The Ad Astra Funds made \$50,000 to \$250,000 seed investments in companies during the pre-prototype stage while the Venture Capital Fund is to provide the next stage of financing for product launch and company growth. According to the agency, investments would typically be in the \$1 million to \$2 million range.) My concern stems, in part, from the agency's data regarding the efficiency of the Ad Astra Funds. For example, according to information provided by KTEC, Ad Astra II investments of \$693,000 led to the creation of 22 jobs -- an average investment of \$31,500 per new job. We must ask ourselves, as members of the Appropriations Committee, whether we are getting our money's worth out of these programs. I recommend that the Appropriations Committee and the Legislature, as a whole, examine the agency's methodology in determining the "jobs created/investment" relationship. If accurate performance indicators are not available, then the full Committee should adopt such performance indicators.
3. I commend the Majority Report for adding additional funding (an additional \$100,000) to the Training Equipment Grants program. This program benefits Community Colleges and area vocational schools to purchase state-of-the-art training equipment for the training of existing industry employees and vocational education students.


Representative Rocky Nichols

SUBCOMMITTEE REPORT

Agency: Kansas Inc.

Bill No. --

Bill Sec. --

Analyst: Milstead

Analysis Pg. No. 431

Budget Page No. 355

<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	\$ 440,725	\$ 436,764	\$ 0
State General Fund	178,385	177,677	0
Eco. Dev. Initiatives Fund	116,889	113,636	0
Special Studies:*			
Eco. Dev. Initiatives Fund	\$ 400,000	\$ 400,000	0
EPSCoR:			
Eco. Dev. Initiatives Fund	\$ 0	\$ 0	\$ 0
FTE Positions**	0.0	0.0	0.0
Special Projects Appointments	0.0	0.0	0.0
TOTAL	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

* Special Studies: \$400,000 was added from the EDIF as an Omnibus appropriation for FY 1995 only.

** Kansas Inc. is not subject to a position limitation. For FY 1995, the agency's estimate assumes funding for 5.0 positions. For FY 1996, the agency requests funding to support 5.0 positions.

Agency Estimate/Governor's Recommendation

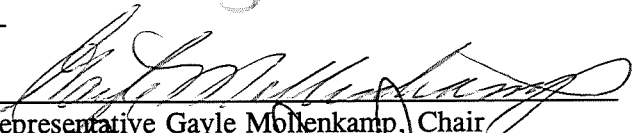
For FY 1995 the agency's current year estimate is \$1,199 (0.1 percent) above the approved appropriations though the agency's estimated expenditures are within the approved funding for both the State General Fund and the Economic Development Initiatives Fund (EDIF). The increase is attributable to higher private sector matching funds.

The Governor's recommendation is a slight reduction (\$3,961) from the agency's request. The bulk of the reduction stems from minor adjustments to salaries and wages in the current year.

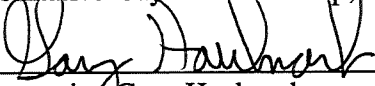
House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1995.

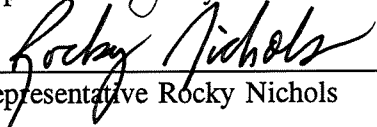
*2/22/95
Appropriations Cmte
Attachment 7*



Representative Gayle Mollenkamp, Chair



Representative Gary Haulmark



Representative Rocky Nichols

SUBCOMMITTEE REPORT

Agency: Kansas Inc.

Bill No. 2132

Bill Sec. 8

Analyst: Milstead

Analysis Pg. No. 431

Budget Page No. 355

<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	\$ 496,000	\$ 451,649	\$ (451,549)
State General Fund	199,392	170,195	(170,195)
Eco. Dev. Initiatives Fund	132,928	132,410	(132,410)
TOTAL	<u><u>\$ 828,320</u></u>	<u><u>\$ 754,254</u></u>	<u><u>\$ (754,154)</u></u>
FTE Positions*	0.0	0.0	0.0
Special Projects Appointments	0.0	0.0	0.0
TOTAL	<u><u>0.0</u></u>	<u><u>0.0</u></u>	<u><u>0.0</u></u>

* Kansas Inc. is not subject to a position limitation. For FY 1996, the agency requests funding to support 5.0 positions. The agency's FY 1995 estimate was for 5.0 positions.

Agency Request/Governor's Recommendation

1. State Operations. The agency's request for FY 1996 operating expenses is a net increase of \$55,275 or 12.5 percent from the current year. Included in the FY 1996 request is \$132,901 in fees for contractual research, an increase of \$34,004 from the FY 1995 estimate. This includes expenses associated with various research and education related programs. In FY 1996 Kansas Inc. proposes to refine and implement the strategic goals articulated in the 1993 economic development strategy, *A Kansas Vision*. The agency will implement those goals through four action planning committees composed of public and private leaders. Other topics cited by the agency include an extensive examination of education and workforce training and an evaluation of business taxes including the completion of a cost/benefit model regarding property tax abatements.

The Governor recommends funding of \$451,649, a decrease of \$44,351 from the agency's request. Reductions in recommended funding from the State General Fund account for \$29,197 of the decrease. The Governor's FY 1996 recommendation includes \$247,155 for salaries and wages (a reduction of \$4,180 below the agency request), \$199,194 for contractual services (a reduction of \$35,441), \$3,800 for commodities (a reduction of \$700), and \$1,500 for capital outlay (a reduction of \$4,030).

2. Private Sector Partnership. During FY 1996, Kansas Inc. expects to raise \$163,680 from the private sector, necessary for meeting the mandated private sector match of 33.0 percent.

The Governor recommends reductions of \$14,636 in funding from the Kansas Inc. Matching Fund.

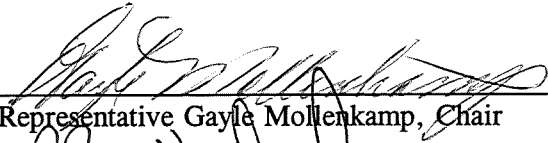
State Operations Budget Summary
FY 1995-FY 1996

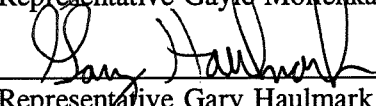
Item	Agency Req. FY 96	Change From FY 95	Gov. Rec. FY 96	Change From FY 95
Salaries and Wages	\$ 251,335	\$ 5,584	\$ 247,155	\$ 5,365
Other Operating Ex- penditures	244,665	49,691	204,494	9,520
TOTAL	<u>\$ 496,000</u>	<u>\$ 55,275</u>	<u>\$ 451,649</u>	<u>\$ 14,885</u>
Financing:				
State General Fund	\$ 199,392	\$ 21,007	\$ 170,195	\$ (7,482)
EDIF	132,928	16,039	132,410	18,774
Private Sector	163,680	18,229	149,044	3,593
TOTAL	<u>\$ 496,000</u>	<u>\$ 55,275</u>	<u>\$ 451,649</u>	<u>\$ 14,885</u>

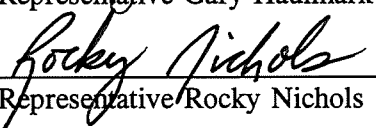
House Subcommittee Recommendation

The House Subcommittee recommends the elimination of all state funding for Kansas Inc. for FY 1996. The Subcommittee believes the agency has been unable to adequately justify further state expenditures for Kansas Inc. The Subcommittee believes that the private sector can and will provide the service now provided by Kansas Inc. The Subcommittee recommends that the full Committee consider the possibility of shifting Kansas Inc.'s mission and role to the Department of Commerce and Housing, especially in the areas of research and the contracting out of studies. Such shift might appropriately occur at a future time.

The Subcommittee notes that Kansas Inc.'s budget includes no performance indicators. It is partially because of that omission that the Subcommittee finds it difficult to determine the agency's effectiveness through the use of performance indicators, because there are none. Considering the current mood of the full House Appropriations Committee regarding the importance of performance indicators, the Subcommittee believes that Kansas Inc. should be held to the same standards of other agencies. However, it should be noted that the lack of performance indicators was only one factor in the Subcommittee's decision to delete funding for Kansas Inc.


 Representative Gayle Mollenkamp, Chair


 Representative Gary Haulmark


 Representative Rocky Nichols

ORGANIZATION CHART
 KANSAS DEPARTMENT OF REVENUE
 DIVISION OF PROPERTY VALUATION
 8600

Acting Director
 PROPERTY VALUATION
 (72493)
 Susan K. Duffy

PERSONAL PROPERTY

STATE APPRAISED BUREAU
 PROPERTY APPRAISER IV
 (63351) 9
 Robert Badenoch
 SEE SEPARATE ORGANIZATIONAL CHART

COMPLIANCE BUREAU
 PROPERTY APPRAISER IV
 (113839)
 Larry Reynolds
 SEE SEPARATE ORGANIZATIONAL CHART

LEGAL STAFF
 ATTORNEY
 (72306)
 Bill Waters

COUNTY APPRAISED BUREAU
 PROPERTY APPRAISER IV
 (44947)
 Ronald Swisher
 SEE SEPARATE ORGANIZATIONAL CHART

ADMINISTRATIVE SERVICES BUREAU
 PUBLIC SERVICE ADMINISTRATOR
 III
 (121957)
 Kim Moore
 SEE SEPARATE ORGANIZATIONAL CHART

106.11E
 45
 61-cut

19 Counties in Compliance according to judge standards

45
 40 F.T.E.

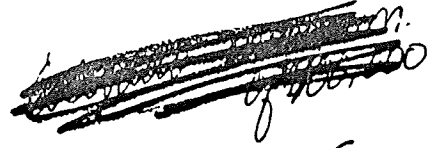
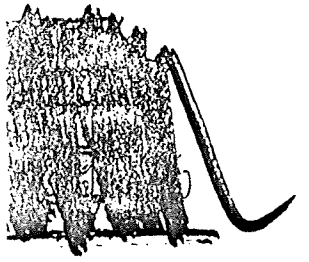
2/22/95

Appropriations Ante Attachment 8

3 Unclassified
 37 Classified
 42

- ① CMA IN TACT
- ② FOCUS IS ON ASSISTANCE
- ③ COMPLIANCE ASSURED

- ① OUT SOURCE (OOE)
 + 250,000 ← CONTRACT ON SALES RATIO STUDY
- ② 200,000 ← CONTRACT ON AC USE
- ③ 300,000 ← CONTRACT FOR CONSULTANTS TO PREPARE COMMERCIAL MAPS



ORGANIZATION CHART
 KANSAS DEPARTMENT OF REVENUE
 DIVISION OF PROPERTY VALUATION
 ADMINISTRATION BUREAU (8601)
 14 TOTAL POSITIONS

ADMINISTRATIVE BUREAU

8-2

Acting Director
 PROPERTY VALUATION
 (72493)
 Susan K. Duffy

UNCLASS.

ADMINISTRATIVE SERVICES
 BUREAU

PUBLIC SERVICE
 ADMINISTRATOR
 III
 (121957)
 KIM MOORE

~~NOT CLASSIFIED~~

Legal Staff
 ATTORNEY
 (72308)
 BILL WATERS

UNCLASS.

~~SECRETARY III
 KAREN ENGLER
 (72975)~~

SUPPORT
 SERVICES

OFFICE ASSISTANT III (167959) VACANT	OFFICE ASSISTANT III (163958) KATHIE GUSTAFSON	OFFICE ASSISTANT IV (114376) JOAN PAGEL
OFFICE ASSISTANT III (67961) VACANT	OFFICE ASSISTANT III (112698) SUE HUGHES	OFFICE ASSISTANT II (52064) MARY ALICE MUNOZ
	SECRETARY II (72978) JOLAND GOMEZ	

~~EDUCATION INFO~~
 PUBLIC SERVICE
 ADMINISTRATOR I
 (54360)
 DEBBIE MCKNIGHT
 Office Specialist
 MARILYN CATHY
 (174213)
 Office Assistant
 (112699)
 HELEN CRAIG

P.V.D.
 OVERALL

8 GENERAL OFFICE

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE

Division of Property Valuation
Compliance Bureau (8815)
Fiscal Year 1994 Update

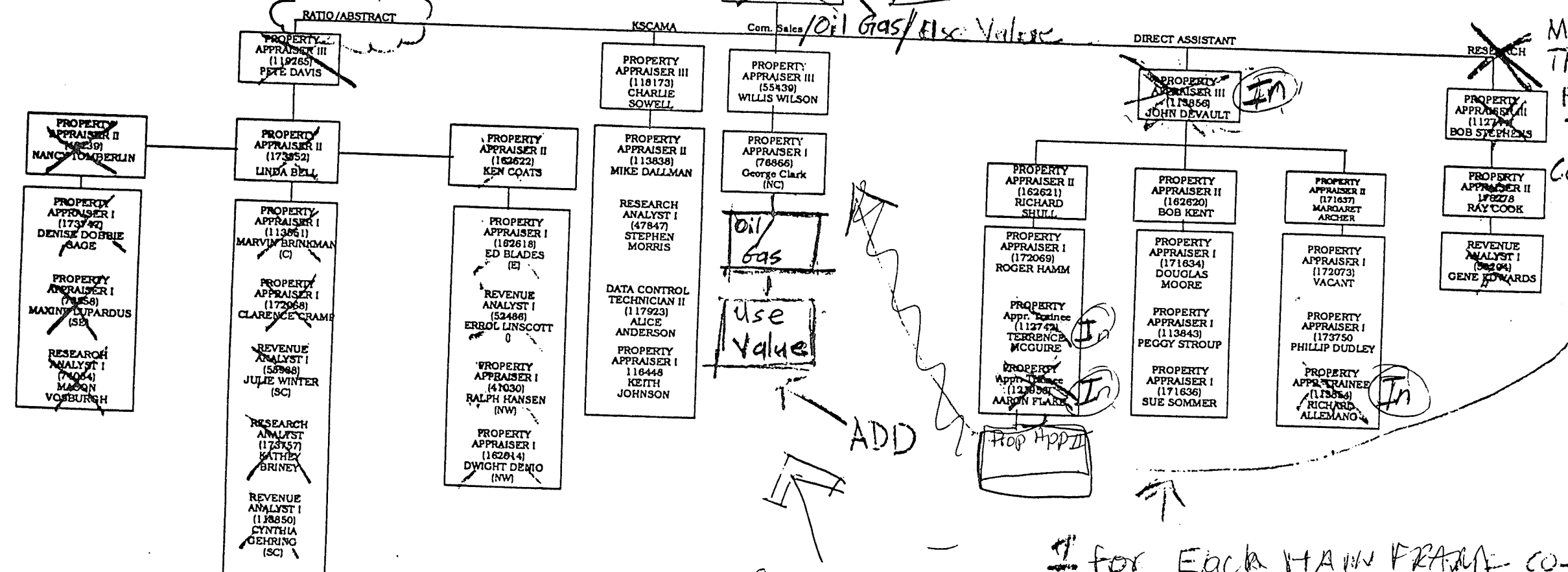
CONTRACT (ON GOING)
\$200,000 CURRENTLY IN BUDGET
CONSULTANT TO ASSIST WITH MONITORING

LIANCE BUREAU &
COMBINE

CONTRACT (ON GOING)



PROPERTY APPRAISER IV
(13839)
LARRY REYNOLDS



MOVE THIS FUNC TO COMMERCIAL

Oil Gas
use Value

ADD

Prop Appr II

CONTRACT (ONE TIME)
\$200,000

AG USE - TO BE COMPLETED BY DEC. 1, 1995

1 for EACH MAIN FRAME CO=5

1 for EVERY 5 COS. = 4

+5

9

8.3

PERSONNEL

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE
DIVISION OF PROPERTY VALUATION
STATE APPRAISED PROPERTY BUREAU
(861.1)
13 POSITIONS TOTAL

PERSONAL PROPERTY,
STATE APPRAISE I

8-4

PROPERTY APPRAISER IV
(63351)
ROBERT M. BADENOCH

PUBLIC UTILITY SECTION

MOTOR CARRIER SECTION

PROPERTY APPRAISER III
(76994)
FLOYD RUMSEY

PUBLIC UTILITY DISTRIBUTION

TAX EXAMINER II
(70422)
JANE GORDON

OFFICE ASSISTANT III
(43418)
CYNDI ESTRADA

MOTOR CARRIER ACCOUNTING

TAX EXAMINER IV
(113841)
SHAUNA HASTINGS

APPRAISAL

TAX EXAMINATION

PROPERTY APPRAISER I (71145) GARY SMITH	PROPERTY APPRAISER I (73867) ROGER DALLAM
PROPERTY APPRAISER I (69280) KEVIN SUBLER	PROPERTY APPRAISER I (69014) JOHN HUGHES
PROPERTY APPRAISER I (64355) VACANT	

TAX EXAMINER II (75373) MARY ANN MCGAUGH
TAX EXAMINER II (61366) LAVON YOUNG
TAX EXAMINER II (67366) DOROTHY LEE

9 Positions

7-8

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE

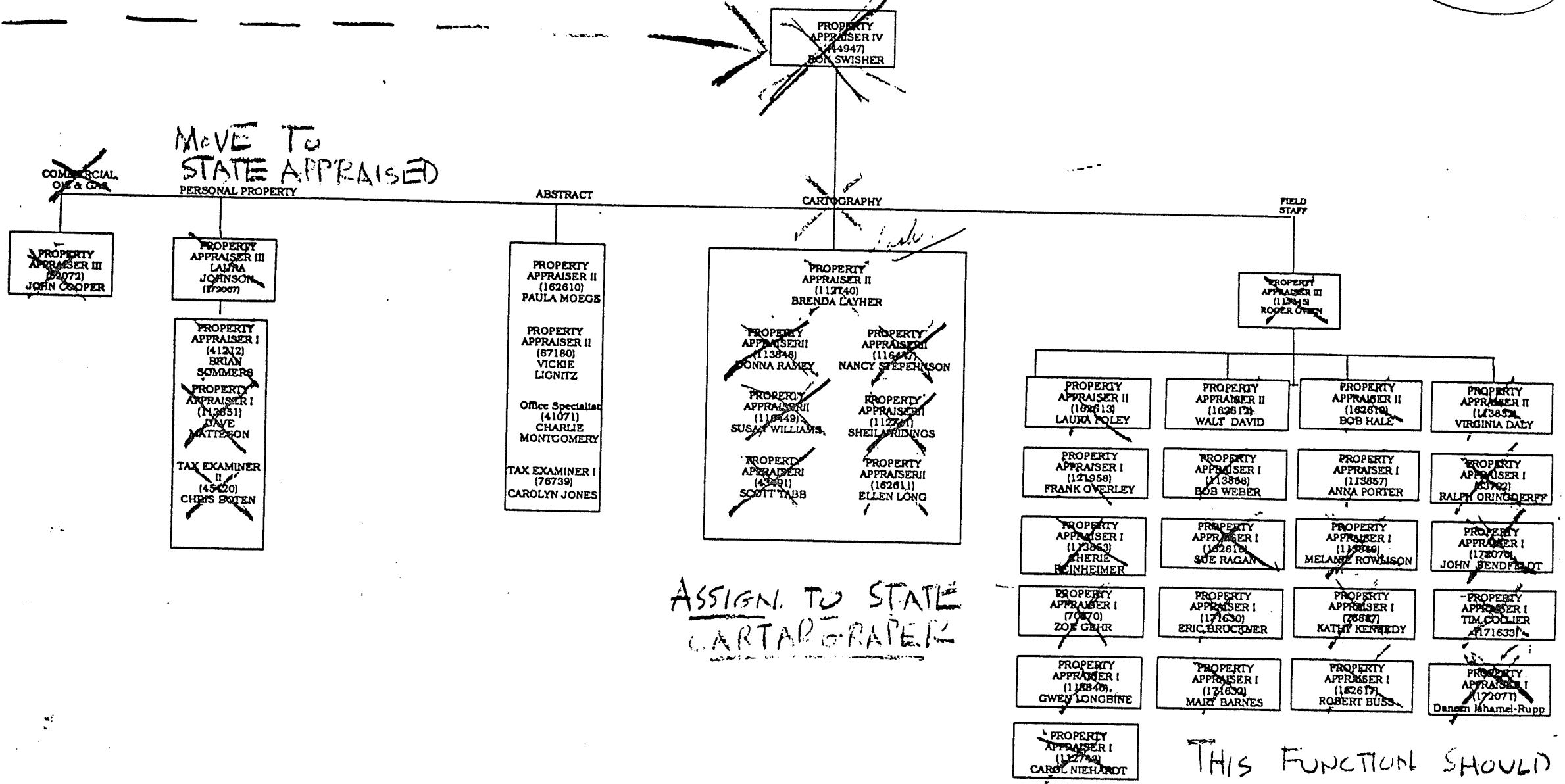
Division of Property Valuation
County Appraised Bureau (8613)
Fiscal Year 1994 Update

38 TOTAL POSITIONS

4 FTE
8-5

COMBINE
for

MOVE TO
STATE APPRAISED



ASSIGN TO STATE
APPRAISER

THIS FUNCTION SHOULD
BE HANDLED BY
DIRECT ASSISTANCE